

# Corporate Overview and Scrutiny Management Board

2 September 2021

## Resources - Revenue and Capital Outturn 2020/21

### Ordinary Decision



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## Report of Paul Darby, Corporate Director of Resources (Interim)

### Electoral division(s) affected:

Countywide

### Purpose of the Report

- 1 To provide details of the final revenue and capital outturn position for the Resources service grouping in 2020/21, highlighting major variances in comparison with the budget.

### Executive summary

- 2 In 2020/21 the service achieved a cash limit variance (underspend) of £1.473 million against a revised budget of £23.861 million. This compares to the previously forecast position (at quarter 3) of a £0.963 million underspend for the year. The outturn position was therefore £0.510 million more underspent than previously reported.
- 3 The Resources Cash Limit balance carried forward at 31 March 2021 is £2.462 million. Other earmarked reserves under the direct control of Resources total £17.267 million at 31 March 2021.
- 4 In arriving at the Resources Cash Limit variance, Covid-19 related expenditure and loss of income, net of Covid-19 related savings, of £3.482 million have been excluded from the outturn. Covid-19 related costs are being treated corporately and offset by Government funding.
- 5 Capital expenditure incurred in 2020/21 was £3.515 million, representing 97.4% of the revised Resources capital budget of £3.610 million. A request was made to the Member Officer Working Group to carry forward the £95,000 underspend to the current year to augment the 2021/22 Capital Programme.

## **Recommendation(s)**

- 6 Corporate Overview and Scrutiny Management Board is recommended to note the final outturn position against the 2020/21 revenue and capital budgets.

## Background

7 County Council approved the Revenue and Capital budgets for 2020/21 at its meeting on 26 February 2020. These budgets have subsequently been revised to account for grant additions/reductions, corporate savings/adjustments, budget transfers between service groupings and budget profiling between years. This report covers the financial position for the following budget areas controlled by the Resources service grouping:

- a) Revenue Budget - £23.861 million (original £25.705 million)
- b) Capital Programme - £3.610 million (original £8.206 million)

8 The original Resources General Fund budget has been revised in year to incorporate a number of budget adjustments as follows:

	<b><u>£,000s</u></b>
Transfer to N&CC – Policy Officers	(71)
Transfer from CYPS (Education) – Research Post	94
Apprentices pay award	57
LCTSS Grant shortfall	1
Change in Employers NI contributions	(41)
Transfer to Business Support Reserve	(1,674)
Transfer from MTFP ER/VR Reserve	756
Transfer to ICT Reserve	(165)
Transfer from Legal Services Reserve	32
Transfer to Human Resources Reserve	(109)
Transfer to Residents Research Reserve	(45)
Transfer to Transformation Reserve	(162)
Transfer from iBCF Reserve	50
Transfer from Resources Cash Limit Reserve	152
Transfer from Commercial Reserve	50
Transfer from Insurance Reserve	6
Transfer from Revenues & Benefits Reserve	52
Transfer to Welfare Reforms New Burdens Reserve	(248)
Transfer from Microsoft Office 365 Reserve	59
Transfer from Procurement Development Reserve	26
Transfer from Resources Cash Limit Reserve	58
Transfer from Corporate Contingencies – Pay Award	1,675
Transfer from Other Services (iro Former TAP)	30
Transfer to Business Grants Scheme Reserve	(2,000)
Transfer to Corporate Procurement Reserve	(354)
Transfer to SFO Trading Reserve	(73)
<b>TOTAL</b>	<b><u>(1,844)</u></b>

The revised General Fund Budget for Resources is £23.861 million

- 9 The summary financial statements contained in the report cover the financial year 2020/21 and show:
  - a) The approved annual budget;
  - b) The actual income and expenditure ;
  - c) The variance between the annual budget and the forecast outturn;
  - d) For the Resources revenue budget, adjustments for items outside of the cash limit to take into account such items as redundancies met from the strategic reserve, capital charges not controlled by services and use of / or contributions to earmarked reserves.
- 10 The service achieved a cash limit variance (underspend) of £1.473 million against a revised budget of £23.861 million in 2020/21.
- 11 The tables below compare the actual expenditure with the budget. The first table is analysed by Subjective Analysis (i.e. type of expense), and the second by Head of Service.

### Type of Expenditure (Subjective Analysis) (£000's)

	2020/21 Budget	Actual	Variance (under) / over spend	Items Outside Cash Limit	COVID-19 Outside Cash Limit	Cash Limit Outturn 2020/21 Variance	Memo: Cash Limit Variance QTR 3
Employees	65,853	65,189	(664)	(461)	76	(1,049)	(705)
Premises	6,062	2,219	(3,843)	3,791	(1)	(53)	7
Transport	816	304	(512)	-	446	(66)	(45)
Supplies and Services	16,527	16,868	341	334	(243)	432	235
Third Party Payments	50	32	(18)	-	-	(18)	(20)
Transfer Payments	-	17,238	17,238	(449)	-	16,789	22,875
Central Support and Capital	25,027	17,774	(7,253)	8,024	-	771	298
<b>Gross Expenditure</b>	<b>114,335</b>	<b>119,624</b>	<b>5,289</b>	<b>11,239</b>	<b>278</b>	<b>16,806</b>	<b>22,645</b>
Income	(90,974)	(98,534)	(7,560)	(6,959)	(3,760)	(18,279)	(23,608)
<b>Net Expenditure</b>	<b>23,361</b>	<b>21,090</b>	<b>(2,271)</b>	<b>4,280</b>	<b>(3,482)</b>	<b>(1,473)</b>	<b>(963)</b>
HB Transfer payments	115,739	122,568	6,829	(6,829)	-	-	524
HB Central Support and Capital	300	(149)	(449)	449	-	-	-
HB Income	(115,539)	(121,438)	(5,899)	5,899	-	-	(524)
<b>HB Net Expenditure</b>	<b>500</b>	<b>981</b>	<b>481</b>	<b>(481)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL NET EXP</b>	<b>23,861</b>	<b>22,071</b>	<b>(1,790)</b>	<b>3,799</b>	<b>(3,482)</b>	<b>(1,473)</b>	<b>(963)</b>

### By Head of Service (£000's)

	2020/21 Budget	Actual	Variance (under) / over spend	Items Outside Cash Limit	COVID-19 Outside Cash Limit	Cash Limit Outturn 2020/21 Variance	Memo: Cash Limit Variance QTR 3
Central Establishment Recharges	(33,914)	(32,852)	1,062	(1,012)	-	50	-
Corporate Finance & Commercial Services	3,144	2,781	(363)	157	27	(179)	(128)
Financial & Transactional Services	8,308	4,513	(3,795)	5,530	(2,270)	(535)	(504)
Digital & Customer Services	16,950	17,551	601	(269)	(522)	(190)	25
Internal Audit and Insurance	1,081	1,065	(16)	40	(26)	(2)	(50)
Legal & Democratic Services	7,231	7,930	699	(235)	(680)	(216)	(241)
Service Management / Central Charges	721	710	(11)	(317)	(37)	(365)	3
People & Talent Management	2,248	2,217	(31)	35	(9)	(5)	(14)
Business Support	14,282	13,825	(457)	413	44	-	-
Transformation	1,567	1,691	124	(139)	(13)	(28)	(50)
Strategy	1,743	1,659	(84)	77	4	(3)	(4)
<b>Net Expenditure Excluding HB</b>	<b>23,361</b>	<b>21,090</b>	<b>(2,271)</b>	<b>4,280</b>	<b>(3,482)</b>	<b>(1,473)</b>	<b>(963)</b>
Housing Benefit	500	981	481	(481)	-	-	-
<b>Net Expenditure</b>	<b>23,861</b>	<b>22,071</b>	<b>(1,790)</b>	<b>3,799</b>	<b>(3,482)</b>	<b>(1,473)</b>	<b>(963)</b>

- 12 The table below provides a brief commentary on the variances against the revised budget analysed by Head of Service. The table identifies variances in the core budget only and excludes items outside of the cash limit (e.g. redundancy costs) and technical accounting adjustments (e.g. capital charges):

Head of Service	Service Area	Description	Year End (under) / overbudget £000s	Year End (under) / overbudget £000s
Central Establishment Recharges	Central Establishment Recharges	Increase in Resources Provision for Bad Debts.	50	<b>50</b>
Corporate Finance & Commercial Services	Management	£1,000 underbudget on employees. £5,000 overbudget on supplies & services	4	<b>(179)</b>
	Financial Systems	£25,000 underbudget on employees. £4,000 overbudget on supplies & services.	(21)	
	Procurement	No material variances.	0	
	Pensions	No material variances.	0	
	Strategic Finance	£34,000 underbudget on employees. £1,000 underbudget on transport £75,000 overachievement of income.	(110)	
	Occupational Health	£19,000 overbudget on employees. £22,000 underbudget on supplies & services. £12,000 underbudget on agency & contracted services £75,000 underachievement on income.	60	
	Health and Safety	£14,000 underbudget on employees. £3,000 underbudget on supplies & services. £95,000 additional income.	(112)	
People & Talent Management	People & Talent Management	£28,000 underbudget on employees. £6,000 underbudget on transport £35,000 overbudget on supplies & services.	(5)	<b>(5)</b>

Head of Service	Service Area	Description	Year End (under) / overbudget £000s	Year End (under) / overbudget £000s
		£2,000 overbudget on third party payments £8,000 additional income.		
Finance & Transactional Services	Management	£8,000 underbudget on employees. £2,000 overbudget on supplies & services. £16,000 additional income.	(22)	(535)
	Payroll & Employee Services	£110,000 overbudget on employees. £8,000 underbudget on supplies & services. £49,000 underachieved income.	151	
	Financial Management	£62,000 underbudget on employees. £146,000 overbudget on supplies & services £178,000 overachieved income.	(94)	
	Revenues and Benefits	£503,000 underbudget on employees. £5,000 underbudget on transport £22,000 overbudget on supplies & services. £84,000 additional income.	(570)	
Digital and Customer Services	Digital and Customer Services	£390,000 underbudget on employees. £20,000 underbudget on premises £31,000 underbudget on transport. £209,000 overbudget on supplies & services. £300,000 overbudget on central expenses (£300,000 Direct Revenue Funding for three capital schemes)	(190)	(190)



Head of Service	Service Area	Description	Year End (under) / overbudget £000s	Year End (under) / overbudget £000s
		£258,000 overachieved income.		
Internal Audit and Risk	Insurance and Risk	£5,000 overbudget on employees. £6,000 underbudget on supplies & services.	(1)	(2)
	Internal Audit	£31,000 underbudget on employees. £2,000 underbudget on supplies & services. £4,000 underachieved income.	(29)	
	Corporate Fraud	£34,000 overbudget on employees. £18,000 overbudget on supplies & services. £24,000 additional income.	28	
Legal and Democratic Services	Corporate and Democratic Core	£38,000 underbudget on employees. £2,000 underbudget on transport £109,000 underbudget on supplies & services. £34,000 additional income.	(183)	(216)
	Legal and Other Services	£30,000 underbudget on employees. £12,000 underbudget on premises. £227,000 overbudget on supplies & services. £218,000 overachieved on income.	(33)	
Service Management	Service Management/Central Charges	£317,000 underbudget on employees £11,000 underbudget on transport £3,000 overbudget on supplies & services £40,000 overachieved income.	(365)	(365)

Head of Service	Service Area	Description	Year End (under) / overbudget £000s	Year End (under) / overbudget £000s
Strategy		£3,000 underbudget on supplies & services.	(3)	(3)
Transformation		£99,000 overbudget on employees. £44,000 underbudget on supplies & services £83,000 additional income.	(28)	(28)
Business Support		No significant variances.	0	0
Benefits Payments and Subsidy	Benefits		0	0
<b>TOTAL</b>				<b>(1,473)</b>

- 13 The final outturn position was £0.510 million more underspent than the forecast prepared at Quarter 3 and reported to Cabinet in March. This means that there is an increase in the cash limit reserve carried forward at year end.
- 14 In addition to the budgets controlled by Heads of Service there is a budget of £1.536 million for Centrally Administered Costs (CAC) covering corporate items such as the Town and Parish Local Council Tax Support Scheme Grant contributions, subscriptions to the LGA, etc.
- 15 There was an underspend of £0.489 million on this budget in 2020/21. The outturn position was due to reduced expenditure on bank charges, payment card fees, corporate subscriptions and increased income from de-minimis capital receipts.

### Capital Programme

- 16 The original Resources capital programme was £8.206 million. This was revised in year for additions/reductions, budget transfers and to reflect

budget profiling. The final capital budget was £3.610 million. Summary financial performance to the end of March 2021 is shown below:

	<b>Original Budget 2020/21</b>	<b>Final Budget 2020/21</b>	<b>Actual Spend 2020/21</b>	<b>(Under) / Over Spend in Year</b>	<b>Actual Spend as a % of Budget</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	
Digital & Customer Services	7,124	3,346	3,234	(112)	97
Corporate Finance & Commercial Services and Finance & Transactional Services	82	57	56	(1)	98
Durham History Centre	1,000	207	225	18	109
<b>TOTAL</b>	<b>8,206</b>	<b>3,610</b>	<b>3,515</b>	<b>(95)</b>	<b>97</b>

- 17 The outturn position was reported to MOWG in May 2021 as part of the capital outturn and requests were made to carry forward the budget variances and incorporate these as changes to the 2021/22 budget. A full breakdown of schemes and actual expenditure to 31 March 2021 is given in Appendix 2.

### **Background papers**

- a) County Council Report (26 February 2020) – Medium Term Financial Plan 2020/21 to 2023/24 and Revenue and Capital Budget 2020/21.
- b) Cabinet Report (16 September 2020) – Forecast of Revenue and Capital Outturn 2020/21 – Period to 30 June 2020.
- c) Cabinet Report (18 November 2020) – Forecast of Revenue and Capital Outturn 2020/21 – Period to 30 September 2020.
- d) Cabinet Report (17 March 2021) – Forecast of Revenue and Capital Outturn 202/21 – Period to 30 December 2020.
- e) Cabinet Report (7 July 2021) – 2020/21 Final Outturn for the General Fund and Collection Fund.

**Other useful documents**

a) None

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## **Appendix 1: Implications**

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### **Legal Implications**

The consideration of regular budgetary control reports is a key component of the Council's Corporate and Financial Governance arrangements. This report shows the forecast spend against budgets agreed by the Council in February 2020 in relation to the 2020/21 financial year.

### **Finance**

Financial implications are detailed throughout the report which provides an analysis of the revenue and capital outturn position.

### **Consultation**

Not applicable.

### **Equality and Diversity / Public Sector Equality Duty**

Not applicable.

### **Climate Change**

Not applicable.

### **Human Rights**

Not applicable.

### **Crime and Disorder**

Not applicable.

### **Staffing**

Not applicable.

### **Accommodation**

Not applicable.

### **Risk**

The consideration of regular budgetary control reports is a key component of the Councils Corporate and Financial Governance arrangements.

## **Procurement**

The outcome of procurement activity is factored into the financial projections included in the report.

## Appendix 2 Resources Capital Programme 2020/21 – Detailed Monitoring Statement to 31 March 2021

Resources	Revised Annual Budget	Outturn Spend	In Year Variance – Over / (Under)	Actual Spend
	£000	£000	£000	%
Big Data	122	46	(76)	38
Broadband / Digital Durham	571	758	187	133
Code of Connection Compliance	160	160	-	100
Corporate Mail Fulfilment	55	22	(33)	40
Homeworking	92	59	(33)	64
ICT Business Continuity	13	7	(6)	54
Mobile Device Management	184	40	(144)	22
Ongoing Server replacement	411	411	-	100
Replacement of Desktop ICT Equipment	1,007	1,093	86	109
Sharepoint Architecture	-	-	-	-
Tanfield Datacentre LAN Switching Replacement	-	-	-	-
Applications and Development	9	9	-	100
Customer Relation Management System	8	8	-	100
Switch Replacement -Hardware	27	-	(27)	-
Middleware Software - Enterprise Application Integration	35	20	(15)	57
Integrated Customer Service Prog.	55	74	19	135
End Device Patching	152	148	(4)	97
ICT Performance Management	-	-	-	-
Technical Services	385	379	(6)	98
ICT Service Desk Replacement	60	-	(60)	-
<b>ICT Services Include Design and Print Total</b>	<b>3,346</b>	<b>3,234</b>	<b>(112)</b>	<b>97</b>
Civica Pension Fund Administration System	-	-	-	-
Migration of HR/Payroll Functionality	57	56	(1)	98
<b>Financing Resources Total</b>	<b>57</b>	<b>56</b>	<b>(1)</b>	<b>98</b>
Durham History Centre	207	225	18	109
<b>Durham History Centre Total</b>	<b>207</b>	<b>225</b>	<b>18</b>	<b>109</b>
<b>RES Total</b>	<b>3,610</b>	<b>3,515</b>	<b>(95)</b>	<b>97</b>