

**Corporate Overview and Scrutiny
Management Board**

7 September 2022

**Resources - Revenue and Capital
Outturn 2021/22**

Ordinary Decision



Report of Paul Darby, Corporate Director of Resources

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide details of the final revenue and capital position for the Resources service grouping in 2021/22, highlighting major variances in comparison with the budget.

Executive summary

- 2 In 2021/22 the service achieved a cash limit variance (underspend) of £1.520 million against a revised budget of £27.118 million. This compares to the previously forecast position (at quarter 3) of a £0.761 million underspend for the year. The outturn position was therefore £0.759 million more underspent than previously reported.
- 3 The Resources Cash Limit balance carried forward at 31 March 2022 is £1.092 million. Other earmarked reserves under the direct control of RMT total £17.411 million at 31 March 2022.
- 4 In arriving at the Resources Cash Limit variance, Covid-19 related savings, net of Covid-19 related expenditure and loss of income, of £0.358 million have been excluded from the outturn. Covid-19 related costs are being treated corporately and offset by Government funding.
- 5 The final Resources capital budget was £9.330 million for 2021/22, with total expenditure incurred to 31 March 2022 of £9.042 million (96.9%). A request was made to the Member Officer Working Group to carry forward the £0.288 million underspend to the current year to augment the 2022/23 Capital Programme.

Recommendation(s)

- 6 Corporate Overview and Scrutiny Management Board is recommended to note the final outturn position against the 2021/22 revenue and capital budgets.

Background

7 County Council approved the Revenue and Capital budgets for 2021/22 at its meeting on 24 February 2021. 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 major accounts maintained by the Resources service grouping:

- Revenue Budget - £27.118 million (original £21.425 million)
- Capital Programme - £9.330 million (original £16.805 million)

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

£,000s

Quarter 1:

Transfer from Contingencies - Web Development Group	117
Transfer from Contingencies - Coroners Budget	192
Transfer from Contingencies - RC Lost SLA Income	103
Transfer to Interest Payable & similar Charges-Leasing	(9)
Transfer from CYPS - Business Support Post	23
Transfer to REG - Business Support Post	(26)
Transfer from AHS - Centralisation of First Aid Budgets	4
Transfer from CYPS - Centralisation of First Aid Budgets	5
Transfer from REG - Centralisation of First Aid Budgets	3
Transfer from Corporate ER/VR Reserve	33
Transfer from Office Accommodation Capital Reserve	66
Transfer from Commercialisation Support Reserve	2
Transfer from Business Support Reserve	50
Transfer from Human Resources Reserve	207
Transfer from Legal Expenses Reserve	30
Transfer from Benefit Take Up Reserve	198
Transfer from Digital Workforce Transformation Reserve	28
Transfer from Test & Trace Support Scheme Reserve	245
Transfer from Additional Restrictions Grant Reserve	4,237
Transfer from Archives Project Reserve	32
Transfer from Residents Research & Consultation	108
Transfer to Transformation Programme Reserve	(327)
Transfer from Resources Cash Limit Reserve	69

Quarter 2:

Transfer to Contingencies - Coroners Forecast	(38)
Transfer to REG – Additional Business Support Post	(29)

Transfer from CEO – Service Management	270
Transfer from Oracle Development Reserve	45
Transfer from Internal Audit & Fraud Reserve	41
Transfer from ICT Reserve	79
Transfer to Microsoft Office 365 Reserve	(14)
Transfer from Elections Reserve	598
Transfer from Corporate Procurement Reserve	70
Transfer to New Burdens Reserve	(251)
Transfer to Welfare Assistance Scheme Reserve	(191)
Transfer from Resources Cash Limit Reserve	65
Quarter 3:	
Transfer from Contingencies – funding to support admin	92
Transfer from Corporate ER/VR Reserve	87
Transfer from ICT Reserve	38
Transfer from Elections Reserve	137
Transfer from Oracle Development Reserve	65
Transfer to Resourcelink ICT Reserve	(200)
Transfer to Internal Audit Reserve	(70)
Transfer to HRS Digital Transformation Reserve	(29)
Transfer to Welfare Assistance Scheme Reserve	(309)
Transfer to Benefits Take Up Reserve	(52)
Transfer to HR Reserve	(101)
TOTAL	5,693

The revised General Fund Budget for Resources is £27.118 million

- 9 The summary financial statements contained in the report cover the financial year 2021/22 and show:
- The approved annual budget;
 - The actual income and expenditure as recorded in the Council’s financial management system;
 - The variance between the annual budget and the forecast outturn;
 - 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 £1.520 million against a revised budget of £27.118 million.

- 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)

	2021/22 Budget	Actual Outturn	Variance (under) / over spend	Items Outside Cash Limit	COVID-19 Outside Cash Limit	Cash Limit Variance	Memo Item: Q3 Cash Limit Variance
Employees	69,079	66,972	(2,107)	(840)	5	(2,942)	(2,509)
Premises	7,916	2,416	(5,500)	5,416	(12)	(96)	(106)
Transport	770	391	(379)	(11)	446	56	29
Supplies and Services	17,872	19,816	1,944	556	915	3,415	2,457
Third Party Payments	51	5,817	5,766	-	(929)	4,837	4,656
Transfer Payments	4,329	6,753	2,424	(24)	(2,400)	-	-
Central Support and Capital	27,407	18,926	(8,481)	9,558	-	1,077	1,108
Gross Expenditure	127,424	121,091	(6,333)	14,655	(1,975)	6,347	5,634
Income	(100,305)	(92,051)	8,254	(18,454)	2,334	(7,866)	(6,395)
Net Expenditure	27,118	29,040	1,922	(3,800)	358	(1,520)	(761)
HB Transfer payments	115,249	111,837	(3,412)	-	-	(3,412)	1,412
HB Central Support and Capital	300	(345)	(645)	-	-	(645)	-
HB Income	(115,549)	(113,448)	2,101	1,956	-	4,057	(1,412)
HB Net Expenditure	-	(1,956)	(1,956)	1,956	-	-	-
Total Net Exp	27,118	27,084	(34)	(1,844)	358	(1,520)	(761)

By Head of Service (£000's)

	2021/22 Budget	Actual Outturn	Variance (under) / over spend	Items Outside Cash Limit	COVID-19 Outside Cash Limit	Cash Limit Variance	Memo Item Cash Limit Variance Q3
Central Establishment Recharges	(27,556)	(37,473)	(9,917)	9,917	-	-	-
Corporate Finance & Commercial Services	2,887	2,571	(316)	(6)	57	(265)	(250)
Financial & Transactional Services	14,721	12,858	(1,863)	920	(335)	(1,278)	(829)
Digital & Customer Services	17,122	19,581	2,459	(2,073)	175	561	534
Internal Audit and Insurance	1,057	1,015	(42)	17	25	-	-
Legal & Democratic Services	9,267	7,072	(2,195)	1,285	235	(675)	(136)
Service Management / Central Charges	(11,277)	3,335	14,612	(14,532)	6	86	(37)
People & Talent Management	2,663	2,582	(81)	174	29	122	84
Procurement Sales & Business Services	15,722	15,085	(637)	473	135	(29)	(82)
Transformation	871	716	(155)	39	8	(108)	(99)
Strategy	1,640	1,698	58	(14)	22	66	54
Net Expenditure Excluding HB	27,118	29,040	1,922	(3,800)	358	(1,520)	(761)
Housing Benefit	-	(1,956)	(1,956)	1,956	-	-	-
Net Expenditure	27,118	27,084	(34)	(1,844)	358	(1,520)	(761)

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	No material variances.	0	0
Corporate Finance & Commercial Services	Management	£14,000 overbudget on supplies & services. £2,000 overbudget on central expenses.	16	(265)
	Financial Systems	£5,000 underbudget on employees. £3,000 overbudget on supplies & services.	(2)	
	Pensions	No material variances.	0	
	Strategic Finance	£97,000 underbudget on employees. £16,000 overbudget on supplies & services. £79,000 additional income.	(160)	
	Occupational Health	£50,000 underbudget on employees. £17,000 underbudget on supplies & services. £60,000 underachievement on income.	(7)	
	Health and Safety	£5,000 underbudget on employees. £3,000 overbudget on supplies & services. £110,000 additional income.	(112)	
People & Talent Management	People & Talent Management	£202,000 overbudget on employees. £56,000 overbudget on supplies & services. £26,000 overbudget on central expenses (recharge of staff) £162,000 additional income.	122	122

Head of Service	Service Area	Description	Year End (under) / overbudget £000s	Year End (under) / overbudget £000s
Finance & Transactional Services	Management	£16,000 overbudget on employees. £30,000 underbudget on supplies & services.	(14)	
	Payroll & Employee Services	£51,000 overbudget on employees. £7,000 overbudget on supplies & services. £46,000 underachieved income.	104	
	Financial Management	£77,000 overbudget on employees. £708,000 overbudget on supplies & services (largely relating to NECA) £191,000 overbudget on central expenses. £959,000 additional income (largely relating to NECA).	17	
	Revenues and Benefits	£695,000 underbudget on employees. £18,000 overbudget on premises. £11,000 overbudget on transport. £431,000 overbudget on supplies & services. £4,855,000 overbudget on third party payments (including grant related) £6,005,000 additional income (including grant related).	(1,385)	
Digital and Customer Services	Digital and Customer Services	£767,000 underbudget on employees. £88,000 underbudget on premises. £33,000 overbudget on transport. £1,941,000 overbudget on supplies & services.		(1,278)

Head of Service	Service Area	Description	Year End (under) / overbudget £000s	Year End (under) / overbudget £000s
		Supplies and services includes an overbudget of £535,000 relating to Oracle software (as the saving will not be realised until 2022/23). £157,000 overbudget on central expenses (including Direct Revenue Funding for capital schemes). £715,000 additional income.	561	561
Internal Audit and Risk	Insurance and Risk	£9,000 underbudget on employees. £1,000 overbudget on supplies & services.	(8)	0
	Internal Audit	£54,000 underbudget on employees. £9,000 overbudget on supplies & services. £131,000 overbudget on central expenses. £76,000 additional income.	10	
	Corporate Fraud	£20,000 overbudget on employees. £9,000 underbudget on supplies & services. £13,000 additional income.	(2)	
Legal and Democratic Services	Corporate and Democratic Core	£89,000 underbudget on employees. £5,000 underbudget on transport £49,000 underbudget on supplies & services. £6,000 additional income.	(149)	
	Legal and Other Services	£439,000 underbudget on employees. £29,000 underbudget on premises. £5,000 overbudget on transport	(526)	

Head of Service	Service Area	Description	Year End (under) / overbudget £000s	Year End (under) / overbudget £000s
		£349,000 overbudget on supplies & services. £98,000 overbudget on central expenses. £510,000 additional income.		(675)
Service Management	Service Management/Central Charges	£16,000 overbudget on employees. £110,000 overbudget on central expenses. £40,000 additional income.	86	86
Strategy		£56,000 overbudget on employees. £6,000 overbudget on supplies & services. £4,000 under-achieved income.	66	66
Transformation		£89,000 underbudget on employees. £19,000 underbudget on supplies & services.	(108)	(108)
Procurement Sales & Business Services	Procurement	£5,000 overbudget on employees. £4,000 overbudget on transport. £12,000 underbudget on supplies & services. £26,000 additional income.	(29)	(29)
Benefits Payments and Subsidy	Benefits	No material variances	-	-
TOTAL				(1,520)

- 13 The final outturn position was £0.759 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 £2.227 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 The final position against this budget was an underspend of £44,000 million. The underspend is mainly due to reduced expenditure on legal expenses, expenses associated with raising loans, corporate subscriptions and increased income from de-minimis capital receipts.

Capital Programme

- 16 The original Resources capital programme was £16.805 million, and this has been revised for additions/reductions, budget transfers and budget profiling. The revised budget now stands at £9.330 million.
- 17 Summary financial performance to the end of March 2022 is shown below:

	Original Annual Budget 2021/22 £000	Final Annual Budget 2021/22 £000	Actual Spend 2021/22 £000	(Under) / Over Spend in Year £000	Actual Spend as a % of Budget
Digital & Customer Services	16,780	9,305	9,005	(300)	97
Corporate Finance & Commercial Services and Finance & Transactional Services	25	25	37	12	148
Total	16,805	9,330	9,042	(288)	97

- 18 The outturn position will be reported to MOWG in May 2022 as part of the capital outturn and requests were made to carry forward the budget variances and incorporate these as changes to the 2022/23 budget. A full breakdown of schemes and actual expenditure to 31 March 2022 is given in Appendix 2.

Background papers

- County Council Report (24 February 2021) – Medium Term Financial Plan 2021/22 to 2024/25 and Revenue and Capital Budget 2021/22.
- Cabinet Report (15 September 2021) – Forecast of Revenue and Capital Outturn 2021/22 – Period to 30 June 2021 and Update on Progress towards achieving MFTP(11) savings.
- Cabinet Report (17 November 2021) – Forecast of Revenue and Capital Outturn 2021/22 – Period to 30 September 2021 and Update on Progress towards achieving MFTP(11) savings
- Cabinet Report (16 March 2022) – Forecast of Revenue and Capital Outturn 2021/22 – Period to 31 December 2021 and Update on Progress towards achieving MFTP(11) savings
- Cabinet Report (13 July 2022) – 2021/22 Final Outturn for the General Fund and Collection Fund.

Other useful documents

- Previous Cabinet reports / None

Author(s)

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Appendix 1: Implications

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 actual spend against budgets agreed by the Council in February 2021 in relation to the 2021/22 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 2021/22 – Detailed Monitoring Statement to 31 March 2022

Resources	Revised Annual Budget	Profiled Budget	Actual Spend	Remaining Budget
	2021/22	2021/22	31-Mar-22	2021/22
	£000	£000	£000	£000
Applications and Development	11	11	11	-
Design and Print	33	33	31	(2)
Head of Service	54	54	54	-
Technical Services	3,498	3,498	3,273	(225)
Customer Relations	9	9	10	1
Digital Durham	5,665	5,665	5,602	(63)
Digital Engagement	35	35	25	(10)
ICT Services Include Design and Print Total	9,305	9,305	9,005	(300)
Migration of HR/Payroll Functionality	25	25	37	12
Civica Pension Fund Administration System	-	-	-	-
Financing Resources Total	25	25	37	12
RES Total	9,330	9,330	9,042	(288)