

**Corporate Overview and Scrutiny
Management Board**

02 December 2022

**Resources – Quarter 2 September 2022:
Forecast of Revenue and Capital
Outturn 2022/23**

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 updated forecast revenue and capital outturn budget position for the Resources service grouping, highlighting major variances in comparison with the budget based on the position to the end of September 2022.

Executive summary

- 2 The quarter 2 forecast position shows that the service is forecasting a cash limit underspend of £0.324 million against a revised budget of £25.961 million.
- 3 The Resources Cash Limit balance carried forward at 31 March 2023 is forecast to be circa £0.864 million. Other earmarked reserves under the direct control of RMT are forecast to total £15.476 million at 31 March 2023.
- 4 The revised Resources capital budget is £10.546 million for 2022/23, with a total expenditure to 31 August 2022 of £1.443 million (13.68%).

Recommendation(s)

- 5 Corporate Overview and Scrutiny Management Board is recommended to note the forecast of outturn position.

Background

6 County Council approved the Revenue and Capital budgets for 2022/23 at its meeting on 23 February 2022. 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 budget areas maintained by the Resources service grouping:

- Revenue Budget - £25.961 million (original £25.249 million)
- Capital Programme - £10.546 million (original £11.977 million)

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

£,000s

Quarter 1:

Transfer to NCC – Business Support	(22)
Transfer to REG – Business Support	(176)
Transfer to REG – Health & Safety	(795)
Transfer to REG – County Records	(258)
Transfer from CYPS to HR	71
Transfer to Contingencies	26
2021/22 Pay award	977
Transfer to Corporate Budget	(8)
Transfer from Business Support Reserve	24
Transfer from Procurement Development Reserve	77
Transfer from Human Resources Reserve	95
Transfer from ICT Reserve	19
Transfer from Legal Expenses Reserve	27
Transfer from Legal Services Reserve	34
Transfer from Digital Workforce Transformation Reserve	30
Transfer from Revenue & Benefits Reserve	193
Transfer from Internal Audit & Corporate Fraud Reserve	67
Transfer to Transformation Programme Reserve	(90)
Transfer from Resources Cash Limit Reserve	292

Quarter 2:

Transfer from REG – Business Support	38
Transfer from AHW – Business Support	49
Transfer from AHW – Strategy	43

TOTAL **713**

The revised General Fund Budget for Resources is £25.961 million

- 8 The summary financial statements contained in the report cover the financial year 2022/23 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.
- 9 The service is forecasting a cash limit underspend of £0.324 million (1.25%) against a revised budget of £25.961 million. This compares to the previous forecast, reported at quarter 1 of a cash limit overspend of £0.139 million and is therefore an increase in the underspend of £0.463 million across the two forecasts.
- 10 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)

	2022/23 Budget £000	YTD Actual £000	QTR2 Forecast of outturn £000	Variance (under) / over spend £000	Items Outside Cash Limit £000	Reserves £000	Cash Limit Variance £000	Memo Item: Q1 Cash Limit Variance £000
Employees	68,409	31,054	69,279	870	(1,662)	-	(792)	(233)
Premises	2,049	381	1,975	(74)	55	-	(19)	(20)
Transport	729	308	585	(144)	-	-	(144)	(139)
Supplies and Services	17,012	11,214	17,169	157	-	-	157	(435)
Third Party Payments	52	4,474	44	(8)	-	-	(8)	(8)
Transfer Payments	-	11	-	-	-	-	-	-
Central Support and Capital	27,031	271	27,063	32	(62)	(937)	(968)	80
Gross Expenditure	115,282	47,713	116,115	769	(1,587)	(937)	(1,774)	(755)
Income	(89,923)	(13,902)	(88,473)	1,450	-	-	1,450	894
Net Expenditure	25,359	33,811	27,642	2,219	(1,587)	(937)	(324)	139
HB Transfer payments	104,245	46,997	104,245	-	-	-	-	-
HB Central Support and Capital	300	-	300	-	-	-	-	-
HB Income	(103,943)	(907)	(103,943)	-	-	-	-	-
HB Net Expenditure	602	46,090	602	-	-	-	-	-
Total Net Exp	25,961	79,901	28,243	2,282	(1,669)	(937)	(324)	139

By Head of Service (£000's)

	2022/23 Budget £000	YTD Actual £000	QTR2 Forecast of outturn £000	Variance (under) / over spend £000	Items Outside Cash Limit £000	Reserves £000	Cash Limit Variance £000	Memo Item: Q1 Cash Limit Variance £000
Central Establishment Recharges	(24,184)	-	(24,184)	-	-	-	-	-
Corporate Finance & Commercial Services	4,079	2,149	4,006	(73)	(109)	-	(182)	(86)
Internal Audit and Insurance	1,172	482	1,148	(24)	(30)	-	(54)	(42)
Legal & Democratic Services	8,593	4,035	8,639	46	(135)	-	(89)	(136)
Service Management / Central Charges	(10,497)	124	(10,715)	(218)	218		-	-
HR & Employee Services	4,972	2,041	5,251	279	(133)		146	141
Transactional & Customer Services	8,556	9,405	8,636	80	(473)		(392)	(175)
Digital Services	13,940	6,868	14,687	746	(269)	(136)	341	488
Corporate Policy Planning & Performance	2,263	997	2,288	25	(85)	(33)	(93)	(48)
Procurement Sales & Business Services	16,368	7,277	17,767	1,399	(632)	(768)	(1)	(3)
Pension	97	434	118	21	(21)		-	-
Net Expenditure Excluding HB	25,359	33,812	27,641	2,282	(1,669)	(937)	(324)	139
Housing Benefit	602	46,089	602	-	-		-	-
Net Expenditure	25,961	79,901	28,243	2,282	(1,669)	(937)	(324)	139

- 11 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 £000	Year End (under) / overbudget £000
Central Establishment Recharges	Central Establishment Recharges	No material variances.	0	0
Corporate Finance & Commercial Services	Corporate Management	£1,000 under budget on supplies & services	(1)	(182)
	Management Priority	£26,000 under budget on employees.	(26)	
	Financial Systems	£49,000 over budget on employees.	49	
	Financial Management	£97,000 under budget on employees. £42,000 over budget on supplies & services. £54,000 overachieved income.	(109)	
	Strategic Finance	£95,000 under budget on employees.	(95)	
Procurement Sales & Business Services	Procurement	£1,000 overachieved income.	(1)	(1)
Pensions	Pension	No material variance.	0	0
HR & Employee Services	Advice & Guidance	£6,000 over budget on employees £10,000 under budget on transport £17,000 over budget on supplies & services. £35,000 under achieved income	48	146
	Head of People & Talent Management	£14,000 over budget on employees.	14	
	Payroll & Employee Services	£17,000 over budget on employees. £4,000 under budget on transport £77,000 under achieved income.	90	
	Occupational Health	£6,000 under budget on supplies & services.	(6)	

Head of Service	Service Area	Description	Year End (under) / overbudget £000	Year End (under) / overbudget £000
Transactional & Customer Services	Customer Relations	£134,000 under budget on employees. £10,000 under budget on transport £23,000 under budget on supplies & services	(167)	(392)
	Service Management	£23,000 under budget on employees. £14,000 over budget on supplies & services	(9)	
	Revenue & Benefits	£191,000 under budget on employees. £17,000 under budget on supplies & services. £8,000 overachieved on income	(216)	
Digital Services	Digital Services	£192,000 underbudget on employees. £34,000 underbudget on premises. £50,000 underbudget on transport. £192,000 underbudget on supplies & services £136,000 underbudget on central £10,000 overbudget on direct revenue funding for capital schemes. £935,000 under achieved income.	341	341
Internal Audit and Risk	Insurance and Risk	£3,000 underbudget on employees.	(3)	(54)
	Internal Audit	£38,000 underbudget on employees £2,000 overbudget on supplies & services £2,000 overachieved income.	(38)	
	Corporate Fraud	£16,000 underbudget on employees. £12,000 underbudget on supplies & services £15,000 underachieved income	(13)	

Head of Service	Service Area	Description	Year End (under) / overbudget £000	Year End (under) / overbudget £000
Legal and Democratic Services	Corporate and Democratic Core	£48,000 underbudget on employees. £17,000 overbudget on supplies & services £29,000 overachieved income.	(60)	(89)
	Legal and Other Services	£285,000 underbudget on employees. £16,000 underbudget on premises. £8,000 underbudget on transport £187,000 overbudget on supplies & services. £93,000 under achieved income.	(29)	
Corporate Policy Planning & Performance	Head of Transformation	£1,000 underbudget on employees	(1)	(93)
	Equality & Strategy	£42,000 overbudget on employees. £2,000 underbudget on transport £2,000 underbudget on supplies & services £35,000 overachieved on income (relating to the overspend on employees)	3	
	Research & Intelligence	£26,000 overbudget on employees.	26	
	Transformation	£116,000 underbudget on employees. £5,000 underbudget on supplies & services	(121)	
TOTAL				(324)

13 In summary, the service grouping is on track to maintain spending within its cash limit.

Capital Programme

14 The original Resources capital programme was £11.977 million, and this has been revised for additions/reductions, budget transfers and budget profiling. The revised budget now stands at £10.546 million.

15 Summary financial performance to the end of August 2022 is shown below:

	Original Annual Budget 2022/23	Revised Annual Budget 2022/23	Actual Spend 31/08/2022	Remaining Budget 2022/23
	£000	£000	£000	£000
Digital Services	10,561	9,130	1,320	7,810
Corporate Finance & Commercial Services and Transactional & Customer Services	16	16	6	10
Corporate Policy, Planning & Performance	1,400	1,400	117	1,283
Total	11,977	10,546	1,443	9,103

16 The revised Resources capital budget is £10.546 million with a total expenditure to 31 August 2022 of £1.443 million (13.68%). A full breakdown of schemes and actual expenditure to 31 August 2022 is given in Appendix 2.

17 At year end the actual outturn performance will be compared against the revised budgets and at that time service and project managers will need to account for any budget variance.

Background papers

- County Council Report (23 February 2022) – Medium Term Financial Plan 2022/23 to 2025/26 and Revenue and Capital Budget 2022/23.
- Cabinet Report (14 September 2022) – Forecast of Revenue and Capital Outturn 2022/23 – Period to 30 June 2022.
- Cabinet Report (16 November 2022) – Forecast of Revenue and Capital Outturn 2022/23 – Period to 30 September 2022.

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 forecast spend against budgets agreed by the Council in February 2022 in relation to the 2022/23 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 2022/23 – Detailed Monitoring Statement to 31 August 2022

Resources	Revised Annual Budget	Actual Spend	Remaining Budget
	2022/23	31-Aug-22	2022/23
	£000	£000	£000
Applications and Development	549	-	549
Design and Print	2	-	2
Head of Service	2	-	2
Technical Services	5,007	1,191	3,816
Customer Relations	137	-	137
Digital Durham	1,673	129	1,544
Digital Engagement	1,760	-	1,760
ICT Services Include Design and Print Total	9,130	1,320	7,810
Migration of HR/Payroll Functionality	16	6	10
Policy Planning & Performance	1,400	117	1,283
Financing Resources Total	1,416	123	1,293
RES Total	10,546	1,443	9,103