

**Corporate Overview and Scrutiny
Management Board**

8 April 2024



**Resources – Quarter 3 December 2023:
Forecast of Revenue and Capital
Outturn 2023/24**

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 December 2023.

Executive Summary

- 2 The quarter 3 forecast position shows that the service is forecasting a cash limit underspend of £1.434 million against a revised budget of £27.328 million.
- 3 The Resources cash limit balance carried forward at 31 March 2024 is forecast to be circa £2.460 million. Other earmarked reserves under the direct control of Resources Management Team (RMT) are forecast to total £5.701 million at 31 March 2024.
- 4 The revised Resources capital budget is £4.746 million for 2023/24, with a total expenditure to 31 December 2023 of £3.096 million (65.2%).

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 2023/24 at its meeting on 22 February 2023. 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 - £27.328 million (original £25.082 million)
- Capital Programme - £4.746 million (original £8.400 million)

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

	<u>£,000s</u>
Quarter 1:	
Transfer to CEO – Design Services	28
Transfer to CEO – Corporate Policy Planning & Performance	(1,932)
Transfer to CEO – Corporate Affairs & Management	(299)
Transfer from CEO – Web Team	134
Quarter 2:	
Transfer from REG – Business Support Posts	48
Transfer from Contingencies – Customer Relations Manager	49
Transfer from Contingencies – Loss of Diocese school SLA income	132
Transfer from CEO – Corporate Affairs & Management	(16)
Transfer from AHS – Business Support Posts	26
Quarter 3:	
23-24 Pay award	4,076
TOTAL	<u>2,246</u>

The revised General Fund Budget for Resources is £27.328 million.

8 The summary financial statements contained in the report cover the financial year 2023/24 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 £1.434 million (5.2%) against a revised budget of £27.328 million.

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)

	2023/24 Budget £000	YTD Actual £000	QTR3 Forecast of Outturn £000	(From) / To Reserves £000	Items Outside Cash Limit £000	Cash Limit Variance £000	Memo Item: Q2 Cash Limit Variance £000
Employees	70,315	51,947	68,789	-	418	(1,108)	(373)
Premises	2,212	779	2,076	-	37	(99)	(130)
Transport	647	366	518	-	-	(129)	(124)
Supplies and Services	17,909	17,889	20,315	-	-	2,406	817
Third Party Payments	51	6,174	87	-	-	36	1
Transfer Payments	819	822	822	-	-	3	-
Central Support and Capital	12,649	652	12,635	(990)	(133)	(1,137)	(1,391)
Gross Expenditure	104,602	78,629	105,242	(990)	322	(28)	(1,200)
Income	(77,274)	(25,075)	(78,680)	-	-	(1,406)	274
Net Expenditure	27,328	53,554	26,562	(990)	322	(1,434)	(926)
HB Transfer payments	103,426	84,810	118,923	-	(3,200)	12,297	-
HB Central Support and Capital	300	-	300	-	-	-	-
HB Income	(103,726)	(93,164)	(116,023)	-	-	(12,297)	-
HB Net Expenditure	-	(8,354)	3,200	-	(3,200)	-	-
Total Net Expenditure	27,328	45,200	29,762	(990)	(2,878)	(1,434)	(926)

By Head of Service (£000's)

	2023/24 Budget £000	YTD Actual £000	QTR3 Forecast of Outturn £000	(From) / To Reserves £000	Items Outside Cash Limit £000	Cash Limit Variance £000	Memo Item: Q2 Cash Limit Variance £000
Corporate Finance & Commercial Services	3,794	3,753	3,721	(44)	(35)	(152)	(182)
Digital Services	15,977	9,935	15,261	(220)	-	(936)	(424)
HR & Employee Services	4,919	3,842	5,439	(277)	(48)	195	184
Internal Audit & Insurance	1,212	840	1,131	(46)	-	(127)	(49)
Legal & Democratic Services	9,222	7,292	9,162	(65)	(50)	(175)	(234)
Pensions	83	1,207	83	-	-	-	-
Procurement Sales & Business Services	18,600	14,883	18,476	65	-	(59)	(32)
Resources Central Establishment Recharges	(38,665)	-	(38,665)	-	-	-	-
Resources Management / Central Charges	990	173	953		455	418	-
Transactional & Customer Services	11,196	11,629	11,001	(403)	-	(598)	(189)
Net Expenditure Excluding HB	27,328	53,554	26,562	(990)	322	(1,434)	(926)
Housing Benefit	-	(8,354)	3,200	-	(3,200)	-	-
Total Net Expenditure	27,328	45,200	29,762	(990)	(2,878)	(1,434)	(926)

- 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	(Under) / Over Budget £000	(Under) / Over Budget £000
Resources Central Establishment Recharges	Central Establishment Recharges	No material variances	0	0
Resources Management / Central Charges	Central Charges	£418,000 transferred to corporate contingencies for pay award relating to vacant posts	418	418
Corporate Finance & Commercial Services	Corporate Management	(£54,000) under budget on employees	(54)	
	Management Priority	No material variances	1	
	Financial Systems	£10,000 over budget due to unachieved staff turnover savings	10	
	Financial Management	No material variance	3	
	Strategic Finance	(£76,000) under budget on employees due to vacant posts in advance of planned MTFP 14 savings £13,000 over budget due to treasury management software (£50,000) overachieved income from the Pension Fund in advance of planned MTFP 14 savings	(112)	
Procurement Sales & Business Services	Procurement	(£49,000) under budget on employees due to a vacant post within the Corporate Procurement team (£20,000) under budget on subscriptions. Plus other minor variances	(59)	(59)
Digital Services	Digital and Customer Services	(£1,135,000) under budget due to vacant posts for impending service restructure and planned MTFP savings (£81,000) under budget on premises due to reduction in service charge at EDC and electricity at the Data Centre (£22,000) under budget on transport due to a reduction in car allowances and staff travel (£392,000) under budget on consumables due to reduced ad-hoc work.		

Head of Service	Service Area	Description	(Under) / Over Budget £000	(Under) / Over Budget £000
		(£248,000) under budget due to a 22-23 related recharge not being processed until 23-24 £388,000 under achieved Income on Schools SLAs due to loss of customers and academisation £371,000 under achieved income on recharges to other bodies. £191,000 under achieved Income on Non-SLA work due to lower ad-hoc work expected	(936)	(936)
Pensions	Pensions	No material variance	0	0
HR & Employee Services	Advice & Guidance	(£49,000) under budget on employees due to vacant posts. £68,000 under achieved income due to loss of school SLAs, which is partly offset by £36,000 generating other business. Plus other minor variances	16	195
	Head of HR & Employee Services	No material variance	3	
	Payroll & Employee Services	(£12,000) under budget due to reduced printing £189,000 under achieved income mainly due to loss of school SLAs	180	
	Occupational Health	(£44,000) under budget due to flexible retirement and temporary vacant post (£10,000) under budget due to increased telephone counselling rather than face to face counselling £45,000 under achieved income due to loss of school SLAs	(4)	
Transactional & Customer Services	Customer Relations	(£80,000) under budget on employees due to vacant posts in advance of planned MTFP 13 savings (£130,000) under budget on employees due to vacant posts. (£17,000) under budget on car allowances and staff traveling. (£39,000) under budget on telephony and computer software. (£28,000) under budget due to rent no longer required at CLS CAP.	(277)	

Head of Service	Service Area	Description	(Under) / Over Budget £000	(Under) / Over Budget £000
		£17,000 under achieved rechargeable income.		
	Service Management	£21,000 over budget on employees.	21	
	Revenue & Benefits	(£224,000) under budget on employees due to vacant posts and other minor variances. (£30,000) under budget on staff travel due to new ways of working (£39,000) under budget due to reduction in subscriptions (£23,000) over achieved income due to £270,000 unbudgeted New Burdens funding, £62,000 additional Council Tax Court Fees, offset by a loss of £290,000 enforcement fees.	(342)	(598)
Internal Audit and Risk	Insurance and Risk	(£25,000) under budget on employees due to vacancies throughout the year (£100,000) unbudgeted recharge to the Insurance Fund (£7,000) over achieved income on SLA's.	(137)	
	Internal Audit	(£25,000) under budget on employees due to vacancies during the year (£10,000) under budget in advance of planned MTFP 13 savings £17,000 unachieved income due to loss of SLAs.	(25)	
	Corporate Fraud	£10,000 over budget due to unachieved staff turnover savings £6,000 over budget due to NFI subscription £5,000 under achieved income on recharging other bodies	21	(127)
Legal and Democratic Services	Corporate and Democratic Core	(£63,000) under budget on employees due to vacant posts in Committee Secretariat. (£57,000) under budget due to reduction in travelling and conferences. (£16,000) overachieved income due to unbudgeted Election income.	(134)	

Head of Service	Service Area	Description	(Under) / Over Budget £000	(Under) / Over Budget £000
	Legal and Other Services	(£223,000) under budget on employees due to vacant posts. £77,000 over budget due to solicitor and professional fees. £93,000 under achieved income for land charges. £50,000 unbudgeted recharge to the insurance fund. (£15,000) overachieved income in the Registration Service.	(42)	(175)
TOTAL				(1,434)

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

Capital Programme

- 13 The original Resources capital programme was £8.400 million, and this has been revised for additions, reductions, budget transfers and budget profiling. The revised budget remains at £4.746 million.
- 14 Summary financial performance to the end of December 2023 is shown below:

	Original Annual Budget 2023/24	Revised Annual Budget 2023/24	Actual Spend 31/12/2023	Remaining Budget 2023/24
	£000	£000	£000	£000
Digital & Customer Services	8,387	4,729	3,079	1,650
Corporate Finance & Commercial Services and Finance & Transactional Services	13	17	17	-
Total	8,400	4,746	3,096	1,650

- 15 The revised Resources capital budget is £4.746 million with a total expenditure to 31 December 2023 of £3.096 million (65.2%). A full breakdown of schemes and actual expenditure to 31 December 2023 is given in Appendix 2.

- 16 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 (22 February 2023) – [Medium Term Financial Plan 2023/24 to 2026/27 and Revenue and Capital Budget 2023/24](#)
- Cabinet Report (13 September 2023) – [Forecast of Revenue and Capital Outturn 2023/24 - Period to 30 June 2023](#)
- Cabinet Report (15 November 2023) – [Forecast of Revenue and Capital Outturn 2023/24 - Period to 30 September 2023](#)
- Cabinet Report (13 March 2024) - [Forecast of Revenue and Capital Outturn 2023/24 - Period to 31 December 2023](#)

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 2023 in relation to the 2023/24 financial year.

Finance

Financial implications are detailed throughout the report which provides an analysis of the revenue and capital outturn position alongside details of balance sheet items such as earmarked reserves held by the service grouping to support its priorities.

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 2023/24 – Detailed Monitoring Statement to 31 December 2023

Resources	Revised Annual Budget	Actual Spend	Remaining Budget
	2023/24	31-Dec-23	2023/24
	£000	£000	£000
Applications and Development	253	188	65
Design and Print	233	72	161
Technical Services	3,743	2,667	1,076
Digital Durham	457	118	339
Digital Engagement	43	34	9
ICT Services Include Design and Print Total	4,729	3,079	1,650
Migration of HR/Payroll Functionality	17	17	-
Financing Resources Total	17	17	-
RES Total	4,746	3,096	1,650