

Corporate Issues Overview and Scrutiny Committee

25 November 2013

Assistant Chief Executives: Quarter 2 Revenue and Capital Forecast Outturn 2013/14



Joint Report of Corporate Director Resources and Assistant Chief Executive

Purpose of the Report

1. To provide details of the forecast outturn budget position for the Assistant Chief Executive's (ACE) service grouping highlighting major variances in comparison with the budget based on the position to the end of September 2013.

Background

2. County Council approved the Revenue and Capital budgets for 2013/14 at its meeting on 20 February 2013. These budgets have subsequently been revised to account for grant additions/reductions, budget transfers between service groupings and budget reprofiling between years. This report covers the financial position for the following major accounts maintained by the ACE service grouping:

- ACE Revenue Budget - £11.391m (original £11.178m)
- ACE Capital Programme – £2.545m (original £3.959m)

3. The original ACE General Fund budget has been revised to incorporate a number of budget adjustments as follows:

- Job evaluation adjustment and appeals +£13k
- Luncheon Club Transport -£3k
- Purchase of annual leave adjustment -£12k
- Transfer of Web Development Team +£84k
- Adjustment for staff not in pension fund -£22k
- Reduction in stationery budget -£3k
- Use of Strategic reserve to meet redundancy costs +76K
- Increase in Pay Budget for 1% Pay Award +£47k
- Central Support Recharge adjustment +£35k
- Transfer of budget for Durham Managers Programme -£2k

The revised General Fund Budget now stands at £11.391m.

4. The summary financial statements contained in the report cover the financial year 2013/14 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 ACE 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.

Revenue - General Fund Services

5. The service is reporting a cash limit underspend of **£0.366m** against a revised budget of **£11.391m**. The previous Quarter 1 forecast was an underspend of £0.229m which represents an improvement of £0.137m. There has been further tight control of spending across all three areas within the ACE service grouping.
6. 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.

Subjective Analysis

£'000	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Employees	6,952	3,675	6,827	(125)	36	(161)
Premises	276	176	278	2	-	2
Transport	75	29	78	3	-	3
Supplies and Services	2,560	1,092	2,561	1	4	(3)
Agency and Contracted	-	-	-	-	-	-
Transfer Payments	2,154	974	2,154	-	-	-
Central Costs	2,398	152	2,398	-	-	-
GROSS EXPENDITURE	14,415	6,098	14,296	(119)	40	(159)
INCOME	(3,024)	(716)	(3,231)	(207)	0	(207)
NET EXPENDITURE	11,391	5,382	11,065	(326)	40	(366)

Analysis by Head of Service

Head of Service Grouping	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Partnership & Community Engagement	8,056	3,559	8,073	17	-	17
Planning and Performance	1,916	815	1,625	(291)	-	(291)
Policy and Communications	2,264	1,008	2,212	(52)	40	(92)
Central Managed Costs	(845)	-	(845)	-	-	0
NET EXPENDITURE	11,391	5,382	11,065	(326)	40	(366)

7. Attached in the table below is a brief commentary of the variances with the revised budget analysed into Head of Service groupings. The table identifies variances in the core budget only and excludes items outside of the cash limit (e.g. central repairs and maintenance) and technical accounting adjustments (e.g. capital charges):

Head of Service	Service Area	Description	Forecast Year End (Under) / overspend	Forecast Year End (Under) / overspend
Partnership and Community Engagement (PACE)	PACE	Minor variance	(3)	17
	Area Action Partnerships	£22k overspend on employees (fully staffed) £6k overspend on car allowances £8k underspend on supplies	20	
	Community Buildings	No major variances	0	
Planning and Performance	Planning, Performance, Improvement	£43k underspend on employees through management of staff vacancies £95k managed underspend on supplies and services including residents place survey £15k over recovery of income	(153)	(291)
	Overview and Scrutiny	£104k underspend on employees as a result of restructure and vacancies £34k over recovery of PCP Grant income against budget	(138)	
Policy and Communications	Policy, Communications, Public Relations	£15k overspend on employees (fully staffed) £39k managed underspend against supplies and services £27k additional income from advertising	(51)	(92)
	Civil Contingencies Unit and Programme Office	£37k underspend on employees as a result of vacancies £7k underspend on staff training £21k underspend on supplies £24k under recovery of income	(41)	
Central Managed Costs	Central Costs	No major variances		0
TOTAL				(366)

8. In summary, the service grouping is on track to maintain spending within its cash limit. It should also be noted that the estimated outturn position incorporates the MTFP savings required in 2013/14 which amount to £0.653m.

Members Neighbourhoods Revenue Budget

9. Each elected member receives an annual allocation of £20,000; £10,000 revenue and £10,000 capital. The revenue budget allocation for the current year is £1.260m. Previous years unspent allocations totalling £0.886m are held in an earmarked reserve as all spending has been committed to specific projects. The previous year's unspent allocations have all been committed with the exception of £7k. At present £0.230m of the current year's budget allocation has been committed and it is expected that the remaining budget will be allocated during the 2013/14 financial year.

10. The members Initiative Fund Element of this budget equates to £252k based on £2k per elected member. At this stage of the year it is expected that this will be fully expended.

AAP Area Budgets

11. Each of the 14 Area Action Partnerships (AAP) has an annual allocation of £120k to develop projects to meet the agreed AAP priorities. Combined with revenue budgets carried forward from previous years (relating to committed expenditure on agreed projects) the total revenue budget available is £2.636m. At this stage in the year a total of £1.612m has either been committed or spent and it is expected that the remaining £1.024m will be committed later in the year.

Capital Programme

12. The ACE capital programme comprises three schemes, Assets in the Community, Members Neighbourhoods Capital and Community Facilities in Crook.
13. The Assistant Chief Executive capital programme was revised at Outturn for budget rephased from 2012/13. This increased the 2013/14 budget to £3.959m. Further reports to the MOWG in May, June, July, September and October detailed further revisions, for grant additions/reductions, budget transfers and budget reprofiling into later years. The revised budget now stands at **£2.545m**.
14. Summary financial performance to the end of September is shown below.

Service	Original Annual Budget 2013/14 £000	Revised Annual Budget 2013/14 £000	Actual Spend to 30 September £000	Remaining Budget £000
Assets in the Community	2,130	323	28	295
Members Neighbourhoods	1,260	2,154	321	1,833
Community Facilities Crook	569	68	50	18
Total	3,959	2,545	399	2,146

15. Officers continue to carefully monitor capital expenditure on a monthly basis, and £399k of actual expenditure has been incurred to date. This is 16% of the total estimated spend in the year. At this stage it is anticipated that the full budget will be committed in 2013/14.
16. At year end the actual outturn performance will be compared against the revised budgets and service and project managers will need to account for any budget variance.

Recommendations:

17. The Corporate Issues Overview and Scrutiny Committee is requested to note the contents of this report.

Appendix 1: Implications

Finance

Financial implications are detailed throughout the report which provides an analysis of the revenue and capital projected outturn position for 2013/14.

Staffing

None.

Risk

None.

Equality and Diversity / Public Sector Equality Duty

None.

Accommodation

None.

Crime and disorder

None.

Human rights

None.

Consultation

None.

Procurement

None.

Disability Issues

None.

Legal Implications

None.