

Corporate Issues Overview and Scrutiny Committee

25 November 2013



Resources: Quarter 2 Revenue and Capital Forecast Outturn 2013/14

Report of Corporate Director – Resources

Purpose of the Report

1. To provide details of the forecast 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 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 RES service grouping:
 - *RES Revenue Budget - £22.266m (original £22.326m)*
 - *RES Capital Programme – £6.105m (original £17.606m)*
3. The original Resources General Fund budget has been revised to incorporate a number of budget adjustments as follows:
 - Contribution to corporate budget for electrical equipment testing -£5k
 - Job Evaluation Appeals +£61K
 - Contributions received for Durham Managers Programme +£17K
 - Increase in Procurement Rebate income budget -£250K
 - Reduction in staffing budget to reflect Purchase of Annual Leave -£75K
 - Transfer of Web Development Team to ACE -£84K
 - Reduction in budget to reflect employees not in pension scheme -£164K
 - Use of Local Elections Reserve for May 2013 Elections +£650k
 - Corporate saving for reduction in stationery budget -£23k
 - Central Support Recharge adjustment -£35k
 - Sure Start budget target for Financial Services team +£82k
 - Transfer of Direct Debit admin from CAS+ £5k
 - Durham Manager Programme from ACE +£2k
 - Welfare Rights transfer from CAS +£994k
 - 1% Pay Award for 2013/14 +£291k
 - Cash Limit – adjustments relating to Rate Relief, Council Tax Support Scheme and Welfare Reform New Burdens Grant - £1,538k

- Cash Limit-Reserve contribution for Strategic Pay and Conditions +£12k

The revised General Fund Budget now stands at **£22.266m**.

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 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.

Revenue - General Fund Services

5. The service is reporting a cash limit underspend of **£1.682** (excluding Centrally Administered Costs) against a revised budget of **£22.266m**.
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 (in £'000s)

£'000	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Employees	41,225	21,071	40,049	(1,176)	(270)	(1,446)
Premises	349	202	336	(13)	-	(13)
Transport	1,300	387	1,077	(223)	-	(223)
Supplies and Services	18,082	9,873	18,393	311	-	311
Agency and Contracted	4,399	2,843	4,399	-	-	-
Central Costs	29,473	26	29,519	46	-	46
Gross Expenditure Exc HB	94,828	34,402	93,773	(1,055)	(270)	(1,325)
Income	(72,304)	(16,292)	(72,657)	(353)	24	(329)
Net Expenditure Exc HB	22,524	18,110	21,116	(1,408)	(246)	(1,654)
HB Transfer Payments	188,244	96,557	188,772	528	-	528
HB Central Costs	300	179	300	-	-	-
HB Income	(188,802)	(1,052)	(189,330)	(528)	-	(528)
Housing Benefit Net Expenditure	(258)	95,684	(258)	-	-	-
TOTAL NET EXPENDITURE	22,266	113,794	20,858	(1,408)	(218)	(1,654)
				Excluding Centrally Administered Costs		(1,682)

Analysis by Head of Service (in £'000s)

Head of Service Grouping	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Centrally Administered Costs	3,018	508	3,046	28	-	28
Central Establishment Recharges	(17,479)	-	(17,479)	-	-	-
Corporate Finance	3,154	2,132	2,998	(156)	-	(156)
Financial Services	7,232	4,096	6,448	(784)	24	(760)
Human Resources	6,254	2,842	5,960	(294)	(25)	(319)
ICT Services	12,035	4,474	12,267	232	(217)	15
Internal Audit and Insurance	1,175	526	1,025	(150)	-	(150)
Legal & Democratic Services	6,727	3,332	6,430	(297)	(28)	(325)
Service Management	408	199	421	13	-	13
Net Expenditure Excl HB	22,524	18,109	21,116	(1,408)	(246)	(1,654)
Housing Benefit	(258)	95,685	(258)	-	-	-
NET EXPENDITURE	22,266	113,794	20,858	(1,408)	(246)	(1,654)
Excluding Centrally Administered Costs						(1,682)

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. concessionary fares) and technical accounting adjustments (e.g. capital charges):

Head of Service	Service Area	Description	Forecast Year End (Under) / overspend	Forecast Year End (Under) / overspend
Centrally Administered Costs (C.A.C.)	C.A.C.	£22k underspend against Audit Fees £50k under recovery of income against Teesdale VAT shelter receipts	28	28
Corporate Finance	Management	£65k managed underspend against employees reflecting early achievement of 14/15 savings £20k underspend on supplies and services available for 14/15 savings	(85)	(156)
	Financial Systems	£27k underspend on pay as a result of holding a vacancy	(27)	
	Procurement	£7k underspend on employees £42k additional income from SLAs and Community Right to Challenge Grant	(49)	
	Strategic Finance	£35k overspend on employees(fully staffed) £15k overspend against a range of supplies and services £45k over recovery of income for VAT work	5	
Financial Services	Management	£217k managed underspend against employees reflecting early achievement of 14/15 savings £107k underspend on supplies and services available for 14/15 savings	(324)	(78)
	Financial Management	£19k underspend on employees £35k managed underspend against supplies	(78)	

Head of Service	Service Area	Description	Forecast Year End (Under) / overspend	Forecast Year End (Under) / overspend
		and services £24k over recovery of SLA income		
	Revenues and Benefits	£299k underspend on employees due to close management and control of vacancies pending restructure £84k underspend on staff travel budget £305k managed overspend on work packages £280k over recovery of income including £10k DWP grant and £270k on court fee income	(358)	(760)
Human Resources	Occupational Health	Minor variance	(6)	
	Health and Safety	£235k underspend on employees arising from service restructure and vacancies monitoring. Minor variance of £5k	(240)	
	Payroll and Pensions	£58k underspend on employees from vacant post being held open to meet future MTFP savings £22k over recovery of schools SLA income	(80)	
	Human Resources	Minor variance	7	(319)
ICT	Design and Print	£8k underspend on employees £5k overspend on staff travel £8k overspend on debt written off £30k under recovery on services to schools £143 underspend on printing costs, including £129k on outside work	(108)	
	ICT Services	£199k overall underspend on employees through close management and control of vacancies pending future restructure to meet 14/15 MTFP savings. £69k underspend on staff travel budget £11k overspend on a vehicle purchased through revenue financing £7k overspend on debt written off £337k overspend on supplies and services, mainly due to £226k overspend on computer hardware £32k under recovery of income £4k overspend on premises costs	123	15
Internal Audit and Risk	Insurance and Risk	£9k overspend on employees (fully staffed)	9	
	Internal Audit	£193k underspend on employees through close management and control of vacancies and secondments pending restructure £34k overspend on supplies and services attributable to external audit work	(159)	(150)
Legal and Democratic Services	Corporate and Democratic	£25k overspend on computer hardware £9k minor underspend	16	
	Legal Services	£341k savings relating to early achievement of 14/15 MTFP savings	(341)	(325)
Service Management	Service Management	£6k overspend on employees (fully staffed) £7k overspend due to bad debt written off	13	13
Benefits Payments and Subsidy	Benefits	£528k forecast overspend on benefits payments £528k forecast over recovery of subsidy to meet increased benefits payments	-	-

Head of Service	Service Area	Description	Forecast Year End (Under) / overspend	Forecast Year End (Under) / overspend
Central Establishment Recharges	Central Establishment Recharges	No major variances	-	-
TOTAL				(1,654)
Excluding Centrally Administered Costs				(1,682)

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 £2.137m.

Capital Programme

9. The Resources capital programme comprises 26 schemes managed within ICT with the exception of one scheme managed in Finance.
10. The Resources capital programme was revised at Outturn for budget rephased from 2012/13 which increased the 2013/14 budget. Further reports to the MOWG during the year have detailed further revisions, for grant additions/reductions, budget transfers and budget reprofiling into later years. The revised budget now stands at **£6.105m**.
11. Summary financial performance to the end of September 2013 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
Finance	-	300	236	64
ICT	17,606	5,805	998	4,807
Total	17,606	6,105	1,234	4,871

12. The revised Resources capital budget is £6.105m with a total expenditure to date of £1.234m (20%). A full breakdown of schemes and actual expenditure to September 2013 is given in Appendix 2.
13. 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:

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

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Appendix 1: Implications

Finance

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

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.

APPENDIX 2 – Resources 2013/14 Scheme breakdown

Resources Capital Budgets	Revised 2013/14 Budget Total	Profiled Budget	Actuals to 30/09/13	Remaining Budget
Oracle Development	300,000	150,000	235,567	64,433
Finance Total	300,000	150,000	235,567	64,433
.NET Application Development Architecture	50,000	25,000	-	50,000
Digital Durham	11,109	5,555	-	11,109
CIP Project - ICT	27,571	13,786	(38)	27,609
Code of Connection Compliance	79,598	39,799	25,504	54,094
Corporate Mail Fulfilment	10,650	5,325	(5,290)	15,940
Dark Fibre Networking	283,328	141,664	57,386	225,942
GIS Architecture	60,000	30,000		60,000
Homeworking	196,004	98,002	4,937	191,067
Infrastructure Environment Monitoring	216,000	108,000		216,000
Learning Gateway	18,223	9,112	3,169	15,054
NHS Data Centre	106,752	53,376	162,699	(55,947)
Replacement Desktop	1,363,295	681,648	334,459	1,028,836
Sharepoint Architecture	58,804	29,402	6,167	52,637
Tanfield Power Upgrade	250,000	125,000	-	250,000
Telephony Replacement	21,994	10,997	20,325	1,669
Archiving of Obsolete Systems on Unsupported Hardware	250,000	125,000	61,098	188,902
Councillor Replacement of ICT Equipment	150,000	75,000	130,781	19,219
Dark Fibre installations and Circuit/Microwave Upgrades	395,000	197,500	-	395,000
Fibre Channel Network for Storage	60,000	30,000	53,879	6,121
Public Internet Access Portal	37,000	18,500	-	37,000
Ongoing Server replacement	110,000	55,000	57,620	52,380
Tanfield Datacentre Core Switching Replacement	175,000	87,500	40,847	134,153
Tanfield Datacentre LAN Switching Replacement	650,000	325,000	-	650,000
Voice Recording for Mitel Telephone System	80,000	40,000	45,116	34,884
ICT Business Continuity	1,119,300	559,650	-	1,119,300
Vehicle Fleet	24,881	0	-	24,881
ICT Total	5,804,509	2,889,816	998,659	4,805,850
Grand Total	6,104,509	3,039,816	1,234,226	4,870,283