

# Corporate Issues Overview and Scrutiny Committee

27 March 2014

## Resources: Quarter 3 Revenue and Capital Forecast Outturn 2013/14



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### Report of Corporate Director – Resources

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#### 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 December 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 Resources service grouping:

- *RES Revenue Budget - £23.623m (original £22.326m)*
- *RES Capital Programme – £5.267m (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
- Sure Start budget target for Financial Services team +£82k
- Transfer of Direct Debit admin from CAS + £5k
- Durham Manager Programme from ACE +£2k
- Transfer of Welfare Rights service from CAS +£1,084k
- 1% Pay Award for 2013/14 +£262k
- Cash Limit - Discretionary Rate Relief -£330k
- Cash Limit – Coroner’s Pay +£29k
- Corporate Funding of Redundancy Payments +£242k

- Cash Limit- Reserve contribution to Local Council Tax Support Scheme - £1,031k and Welfare Reform New Burdens Grant -£201k
- Cash Limit-Reserve contribution for Strategic Pay and Conditions +£12k
- Revision to Capital Charges +£1,014k

The revised General Fund Budget now stands at **£23.623m**.

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 spend which is £0.379m overbudget against the **£23.623m** allocation. However, this includes a contribution of £2.573m to the Council's Strategic Reserve to aid the meeting of future redundancy payments. Excluding this contribution it is forecast that spend is £2.194m underbudget (excluding Centrally Administered Costs). This is an increase of £0.512m from the previous forecast (Quarter 2) of spend of £1.682m underbudget.
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	41,620	30,893	40,349	(1,271)	(305)	(1,576)
Premises	349	314	317	(32)	-	(32)
Transport	1,300	643	919	(381)	-	(381)
Supplies and Services	18,159	13,561	17,869	(290)	85	(205)
Agency and Contracted	4,399	2,951	3,037	(1,362)	1,348	(14)
Central Costs	31,001	548	30,615	(386)	3,086	2,700
<b>Gross Expenditure Exc HB</b>	<b>96,828</b>	<b>48,910</b>	<b>93,106</b>	<b>(3,722)</b>	<b>4,214</b>	<b>492</b>
Income	(72,947)	(20,774)	(73,241)	(294)	45	(249)
<b>Net Expenditure Exc HB</b>	<b>23,881</b>	<b>28,136</b>	<b>19,865</b>	<b>(4,016)</b>	<b>4,259</b>	<b>243</b>
<b>HB Transfer Payments</b>	188,244	140,300	188,772	528	-	528
<b>HB Central Costs</b>	300	179	300	-	-	-
<b>HB Income</b>	(188,802)	(1,638)	(189,000)	(198)	(330)	(528)
Housing Benefit Net Expenditure	(258)	138,841	72	330	(330)	-
<b>TOTAL NET EXPENDITURE</b>	<b>23,623</b>	<b>166,977</b>	<b>19,937</b>	<b>(3,686)</b>	<b>3,929</b>	<b>243</b>
<b>Excluding Centrally Administered Costs</b>						<b>379</b>

## 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	1,123	1,534	(1,484)	1,348	(136)
Central Establishment Recharges	(12,674)	-	(12,674)	-	2,573	2,573
Corporate Finance	2,686	2,810	2,258	(428)	260	(168)
Financial Services	7,034	7,456	5,835	(1,199)	308	(891)
Human Resources	6,228	4,410	6,052	(176)	(27)	(203)
ICT Services	9,266	6,490	9,345	79	(200)	(121)
Internal Audit and Insurance	1,175	764	979	(196)	-	(196)
Legal & Democratic Services	6,739	4,794	6,158	(581)	(3)	(584)
Service Management	409	289	378	(31)	-	(31)
<b>Net Expenditure Excl HB</b>	<b>23,881</b>	<b>28,136</b>	<b>19,865</b>	<b>(4,016)</b>	<b>4,259</b>	<b>243</b>
Housing Benefit	(258)	138,841	72	330	(330)	-
<b>NET EXPENDITURE</b>	<b>23,623</b>	<b>166,977</b>	<b>19,937</b>	<b>(3,686)</b>	<b>3,929</b>	<b>243</b>
<b>Excluding Centrally Administered Costs</b>						<b>379</b>

7. The table below includes 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. coroner's service) and technical accounting adjustments (e.g. capital charges):

Head of Service	Service Area	Description	Forecast Year End (Under) / overbudget	Forecast Year End (Under) / overbudget
Centrally Administered Costs (C.A.C.)	C.A.C.	£22k underbudget for Audit Fees £30k underbudget on costs associated with raising loans £62k underbudget against bank charges/payment cards £22k underbudget on various subscriptions	(136)	(136)
Corporate Finance	Management	£49k managed underbudget against employees reflecting early achievement of 14/15 savings £21k underbudget on supplies and services available for 14/15 savings	(70)	(168)
	Financial Systems	£47k underbudget on pay as a result of holding a vacancy £15k overbudget for software	(32)	
	Procurement	£11k overbudget on employees £19k overbudget on supplies and services £65k additional income from SLAs and Community Right to Challenge Grant	(35)	
	Strategic Finance	£38k overbudget on employees( fully staffed) £15k overbudget against a range of supplies and services £84k over recovery of income for VAT work	(31)	
Financial Services	Management	£270k managed underbudget for employees reflecting early achievement of 14/15 savings £107k underbudget on supplies and services	(377)	(891)
	Financial Management	£5k underbudget on employees £3k underbudget on car allowances £38k managed underbudget against supplies and services £24k over recovery of SLA income	(70)	
	Revenues and Benefits	£326k underbudget on employees due to close management and control of vacancies pending restructure £162k underbudget on transport £380k managed overbudget on work packages £24k overbudget on supplies and services £360k over recovery of income including £10k DWP grant and £350k on court fee income	(444)	
Human Resources	Occupational Health	Minor variance	(2)	(203)
	Health and Safety	£169k underbudget on employees arising from service restructure and vacancies monitoring. £11k additional SLA income Minor variances of £13k	(193)	
	Payroll and Pensions	£55k underbudget on employees from vacant post being held open to meet future MTFP savings £22k overbudget on pensions computer software £2k minor variance	(35)	
	Human Resources	£19k increased income from payroll services to schools £46k overbudget on supplies and services	27	

Head of Service	Service Area	Description	Forecast Year End (Under) / overbudget	Forecast Year End (Under) / overbudget
ICT	Design and Print	£52k underbudget on printing costs, £158k underbudget on materials and communications, and £56k underbudget on postages. Minor variance of £6k overbudget	(260)	
	ICT Services	£225k underbudget on employees pending future restructure to meet 14/15 MTFP savings. £31k underbudget on premises due to movement of staff from the Renny's Lane property £83 underbudget on transport costs £191k overbudget on supplies and services £279k under recovery of income £7k minor overbudget variance	138	(121)
Internal Audit and Risk	Insurance and Risk	£5k overbudget on employees (fully staffed)	5	
	Internal Audit	£195k underbudget on employees through close management and control of vacancies and secondments pending restructure £6k additional income from SLAs	(201)	(196)
Legal and Democratic Services	Corporate and Democratic	£33k underbudget on computer hardware £28k underbudget on subscriptions £14k underbudget on mobile phone charges £13k underbudget on Members Support Staff Vacancies £10k underbudget on Chauffeurs Service £29k underbudget on Members Travelling, including car allowances £6k underbudget on various minor variances	(133)	
	Legal Services	£344k – underbudget from the early achievement of 2014/15 MTFP Savings £60k – underbudget on employees £18k – underbudget on transport £29k of small underbudget across various headings	(451)	(584)
Service Management	Service Management	£31k rebate income generated from the arrangement with Comensura with regard to agency staff	(31)	(31)
Benefits Payments and Subsidy	Benefits	Changes under this heading are budget neutral	-	-
Central Establishment Recharges	Central Establishment Recharges	£2.573m overbudget - contribution to Strategic ER/VR and Redundancy Reserve	-	2,573
<b>TOTAL</b>				<b>243</b>
				<b>379</b>
<b>Excluding Centrally Administered Costs</b>				

9. In summary, the service grouping is forecasting a cash limit spend of £0.379m overbudget (excluding Centrally Administered Costs). However, prior to the contribution of £2.573m to the Council's Strategic Reserve, to aid the meeting of future redundancy payments, 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

10. The Resources capital programme comprises 27 schemes managed within ICT with the exception of one scheme managed in Finance.
11. 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 **£5.267m**.
12. Summary financial performance to the end of December 2013 is shown below.

Service	Original Annual Budget 2013/14 £000	Revised Annual Budget 2013/14 £000	Actual Spend to 31 December £000	Remaining Budget £000
Finance	-	300	295	5
ICT	17,606	4,967	2,293	2,674
<b>Total</b>	<b>17,606</b>	<b>5,267</b>	<b>2,588</b>	<b>2,679</b>

13. The revised Resources capital budget is £5.267m with a total expenditure to date of £2.588m (49%). A full breakdown of schemes and actual expenditure to December 2013 is given in Appendix 2.
14. 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:

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

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## **Appendix 1: Implications**

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### **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 Capital Programme

Resources Capital Budgets	Revised Budget	Profiled Budget	Actual Spend to 31 Dec 2013	Remaining Budget
Oracle Development	300,000	289,261	295,275	4,725
<b>Finance Total</b>	<b>300,000</b>	<b>289,261</b>	<b>295,275</b>	<b>4,725</b>
.Net Application Development Architecture	50,000	25,000	0	50,000
Archiving Of Obsolete Systems Based On Non Supported Hardware	250,000	155,549	69,498	180,502
CIP Project – ICT	27,571	15,227	4,665	22,906
Telephony Replacement	21,994	21,160	77,374	(55,380)
Coco - Government Connects Secure Extranet	79,598	60,684	103,498	(23,900)
Corporate Mail Fulfilment	10,650	9,860	9,070	1,580
Councillor Replacement Of ICT Equipment	150,000	140,390	98,878	51,122
Dark Fibre Installations and Circuit/Microwave Upgrades	395,000	197,500	0	395,000
Dark Fibre Networking	283,328	185,554	152,503	130,825
Desktop Replacement	963,295	876,663	533,483	429,812
Digital Durham	11,109	5,555	0	11,109
Fibre Channel Network For Storage	60,000	58,980	53,879	6,121
GIS Architecture	60,000	30,000	0	60,000
Homeworking	6,004	6,004	6,260	(256)
ICT Business Continuity	1,119,300	807,416	752,751	366,549
ICT Vehicle Purchase 2013/14	24,881	12,440	0	24,881
Infrastructure Environmental Monitoring	216,000	112,162	8,332	207,668
Langley Park Institute Internet Provision	2,174	2,174	0	2,174
Learning Gateway	18,223	12,280	3,169	15,054
NHS Datacentres	106,752	106,752	176,063	(69,311)
Ongoing Server Replacement	110,000	101,270	57,620	52,380
Public Internet Access Portal	37,000	18,500	0	37,000
Sharepoint Architecture	58,804	32,486	6,167	52,637
Tanfield DataCentre Core Switching Replacement	175,000	110,406	66,032	108,968
Tanfield DataCentre LAN Switching Replacement	650,000	325,000	0	650,000
Voice Recording For Mitel Telephone System	80,000	80,000	113,888	(33,888)
<b>ICT Total</b>	<b>4,966,683</b>	<b>3,509,012</b>	<b>2,293,130</b>	<b>2,673,553</b>
<b>Grand Total</b>	<b>5,266,683</b>	<b>3,798,273</b>	<b>2,588,405</b>	<b>2,678,278</b>