

Corporate Issues Overview and Scrutiny Committee

27 March 2014



Assistant Chief Executives: Quarter 3 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 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 ACE service grouping:

- ACE Revenue Budget - £11.443m (original £11.178m)
- ACE Capital Programme – £2.231m (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 +£9k
- 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
- Transfer of budget for Durham Managers Programme -£2k
- Use of Customer Focus Reserve +£36k
- Use of Modern Ways of Working Reserve +£4k
- Review of Capital Charges +£51k

The revised General Fund Budget now stands at £11.443m.

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 spend which is **£0.084m** underbudget against the **£11.443m** allocation. However, this includes a contribution of £0.353m to the Council's Strategic Reserve to aid the meeting of future redundancy payments. Excluding this contribution it is forecast that spend is £0.437m underbudget. The previous Quarter 2 forecast was underbudget by £0.366m which represents an improvement of £0.071m. There has been further tight control 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

| | Annual Budget | YTD Actual | Forecast Outturn | Variance | Items Outside Cash Limit | Cash Limit Variance |
|--------------------------|----------------|----------------|------------------|----------------|--------------------------|---------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Employees | 6,948 | 5,308 | 6,888 | (60) | 67 | (127) |
| Premises | 277 | 265 | 152 | (125) | (56) | (69) |
| Transport | 75 | 46 | 60 | (15) | 0 | (15) |
| Supplies and Services | 2,487 | 1,489 | 2,413 | (74) | (91) | 17 |
| Agency and Contracted | - | - | - | - | - | - |
| Transfer Payments | 2,214 | 1,437 | 2,204 | (10) | - | (10) |
| Central Costs | 2,449 | 191 | 2,453 | 4 | (353) | 357 |
| GROSS EXPENDITURE | 14,450 | 8,736 | 14,170 | (280) | (433) | 153 |
| INCOME | (3,007) | (1,314) | (4,034) | (1,027) | (790) | (237) |
| NET EXPENDITURE | 11,443 | 7,422 | 10,136 | (1,307) | (1,223) | (84) |

Analysis by Head of Service

| Head of Service Grouping | Annual Budget | YTD Actual | Forecast Outturn | Variance | Items Outside Cash Limit | Cash Limit Variance |
|--------------------------------------|---------------|--------------|------------------|----------------|--------------------------|---------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Partnership and Community Engagement | 8,068 | 4,704 | 7,098 | (970) | (910) | (60) |
| Planning and Performance | 1,917 | 1,189 | 1,642 | (275) | 15 | (290) |
| Policy and Communications | 2,303 | 1,529 | 2,241 | (62) | 25 | (87) |
| Central | (845) | - | (845) | - | (353) | 353 |
| NET EXPENDITURE | 11,443 | 7,422 | 10,136 | (1,307) | (1,223) | (84) |

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) / overbudget | Forecast Year End (Under) / overbudget |
|---|---|--|--|--|
| Partnership and Community Engagement (PACE) | Area Action Partnerships | £54k managed overbudget on employees mainly agency to cover sickness and maternity. Small underbudget on car allowances and supplies. | 48 | (60) |
| | Community Buildings | £12K managed overbudget on employees (fully staffed). £67k underbudget on premises costs. | (55) | |
| | PACE | £30k underbudget on employees as a result of vacancies and maternity. £13k underbudget on supplies. £10k underbudget on grant aid to the communities. | (53) | |
| Planning and Performance | Planning, Performance and Improvement | £30k underbudget on employees through management of staff vacancies. £85k managed underbudget on supplies and services including residents place survey. £36k over recovery of income. | (151) | (290) |
| | Overview and Scrutiny | £105k underbudget on employees as a result of restructure and vacancies £34k additional income against budget. | (139) | |
| Policy and Communications | Policy, Communications and Public Relations | £7k overbudget on employees (fully staffed) £5k underbudget on supplies. £26k additional income for advertising. | (24) | (87) |
| | Civil Contingencies Unit and Programme Office | £60k underbudget on employees as a result of vacancies. £7k underbudget on transport. £23k underbudget on supplies. £27k under recovery of income. | (63) | |
| Central | Central Costs | Contribution to the Corporate Strategic Redundancy Reserve | 353 | 353 |
| TOTAL | | | | (84) |

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 £0.892m are held in an earmarked reserve as all spending has been committed to specific projects. At present £0.386m of the current year's budget allocation has been either spent or 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 £2.132m has either been committed or spent and it is expected that the remaining £0.504m 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 2013/14 detailed further revisions, for grant additions/reductions, budget transfers and budget reprofiling into later years. The revised budget now stands at **£2.231m**.
14. Summary financial performance to the end of December 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 |
|----------------------------|--|---------------------------------------|-------------------------------------|--------------------------|
| Assets in the Community | 2,130 | 98 | 65 | 33 |
| Members Neighbourhoods | 1,260 | 2,065 | 567 | 1,498 |
| Community Facilities Crook | 569 | 68 | 56 | 12 |
| Total | 3,959 | 2,231 | 688 | 1,543 |

15. Officers continue to carefully monitor capital expenditure on a monthly basis and £688k of actual expenditure has been incurred to date. This is 31% 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.

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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 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.