

Corporate Issues Overview and Scrutiny Committee

19 September 2014



Resources – Quarter 1: Forecast of Revenue and Capital Outturn 2014/15

Report of Finance Manager – Azhar Rafiq

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 June 2014.

Background

2. County Council approved the Revenue and Capital budgets for 2014/15 at its meeting on 26 February 2014. 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:
 - *Resources Revenue Budget - £18.051m (original £18.371m)*
 - *Resources Capital Programme – £8.701m (original £8.799m)*
3. The original Resources General Fund budget has been revised to incorporate a number of budget adjustments as follows:
 - Purchase of annual leave by staff -£96k (Corporate Saving)
 - Reduction in car mileage allowance -£53k (Corporate Saving)
 - Reduction in pensions budgets for staff not in pension scheme -£164k (Corporate Saving)
 - Transfer of Direct Revenue Financing (DRF) Contribution for ICT Capital Scheme -£3k
 - Reduction in Pension Deficit from Welfare Rights budget transfer -£4k

The revised General Fund Budget now stands at *£18.051m*.

4. The summary financial statements contained in the report cover the financial year 2014/15 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 **£0.398m** (excluding Centrally Administered Costs) against a revised budget of **£18.051m**.
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's)

	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Employees	39,668	12,034	39,959	291	(525)	(234)
Premises	6,665	11	6,613	(52)	0	(52)
Transport	980	171	951	(29)	0	(29)
Supplies and Services	17,134	6,813	17,775	641	(360)	281
Agency and Contracted	4,070	1,566	3,805	(265)	0	(265)
Transfer Payments	0	0	0	0	0	0
Central Costs	12,024	24	12,027	3	0	3
Gross Expenditure Excl. HB	80,541	20,619	81,130	589	(885)	(296)
Income	(62,232)	(11,572)	(63,011)	(779)	167	(612)
Net Expenditure Excl. HB	18,309	9,047	18,119	(190)	(718)	(908)
HB Transfer Payments	190,473	49,286	190,814	341	(91)	250
HB Central Costs	400	0	400	0	0	0
HB Income	(191,131)	(919)	(191,247)	(116)	116	0
Housing Benefit Net Expenditure	(258)	48,367	(33)	225	25	250
TOTAL NET EXPENDITURE	18,051	57,414	18,086	35	(693)	(658)
						(398)

Excluding Centrally Administered Costs

Analysis by Head of Service (£000's)

Head of Service Grouping	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Centrally Administered Costs	3,924	1,526	3,541	(383)	123	(260)
Corporate Finance	2,146	1,962	2,268	122	(340)	(218)
Financial Services	6,107	1,020	5,838	(269)	24	(245)
Human Resources	5,902	1,198	5,802	(100)	0	(100)
ICT Services	8,119	1,596	8,240	121	(115)	6
Internal Audit and Insurance	1,638	457	1,573	(65)	0	(65)
Legal & Democratic Services	6,082	1,168	6,069	(13)	(13)	(26)
Service Management	390	120	390	0	0	0
Central Establishment Recharges	(15,999)	0	(15,602)	397	(397)	0
Net Expenditure Excl. HB	18,309	9,047	18,119	(190)	(718)	(908)
Housing Benefit	(258)	48,367	(33)	225	25	250
NET EXPENDITURE	18,051	57,414	18,086	35	(693)	(658)
						(398)

Excluding Centrally Administered Costs

7. 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	Forecast Year End (Under) / Over Budget £000's	Forecast Year End (Under) / Over Budget £000's
Centrally Administered Costs (C.A.C.)	C.A.C.	£48k overbudget on expenses associated with raising loans £42k underbudget on audit fees £16k underbudget on subscriptions	(10)	
	Welfare Assistance	£250k underbudget on Welfare Assistance Scheme to be used to fund £250k overbudget on DHP in Housing Benefits	(250)	(260)
Corporate Finance	Management	£152k managed underbudget against employees reflecting early achievement of 15/16 savings £20k underbudget on supplies and services available for 15/16 savings	(172)	
	Financial Systems	£42k underbudget on pay as a result of holding a vacancy	(42)	
	Procurement	£51k overbudget on employees as a result of being fully staffed and agency £15k underbudget on supplies and services £9k over recovery of income Community Right to Challenge Grant and £12k additional income to cover staff secondment	15	
	Strategic Finance	£19k overbudget on employees (fully staffed) £38k over recovery of income for VAT work	(19)	(218)
Financial Services	Management	£156k managed underbudget for employees reflecting early achievement of 2015/16 savings	(156)	
	Financial Management	£31k overbudget on employees £3k overbudget on car allowances £47k managed underbudget against supplies and services £30k over recovery from SLA income	(43)	
	Revenues and Benefits	£26k underbudget on car allowances £20k additional income from Jobcentre Plus	(46)	(245)
Human Resources	Occupational Health	£14k overbudget on employees	14	
	Health and Safety	£14k overbudget on employees	14	

Head of Service	Service Area	Description	Forecast Year End (Under) / Over Budget £000's	Forecast Year End (Under) / Over Budget £000's
	Payroll and Pensions	£10k overbudget on employees	10	
	H.R.	£138k underbudget on employees	(138)	(100)
ICT	ICT Services	£46k overbudget on employees. £52k underbudget on premises due to movement of staff from the Renny's Lane property £3k overbudget on transport costs based on projected disturbance costs. £103k overbudget on supplies and services £3k central costs relating to annual year end contributions. £97k over recovery of income.	6	6
Internal Audit and Risk	Insurance and Risk	£5k overbudget on employees (fully staffed so no turnover savings)	5	
	Internal Audit	£64k underbudget on employees through close management and control of vacancies and secondments £5k underbudget on staff mileage £3k underbudget on supplies and services £5k under recovery of schools SLA income	(67)	
	Corporate Fraud	£8k overbudget on employees (fully staffed) £8k underbudget on staff travel £3k minor underbudget on supplies and services	(3)	(65)
Legal and Democratic Services	Corporate and Democratic Core	£10k underbudget on employees		
		£7k underbudget on Members' mobile phones	(17)	
	Democratic Services	£37k overbudget on employees	37	
	Legal Services	£58k underbudget - early achievement of MTFP Savings 2015-16 £29k overbudget on Employees £3k underbudget on travelling £2k underbudget on Conferences	(34)	(26)
Service Management	Service Management	No material variance	0	0
Benefits Payments and Subsidy	Benefits	Overbudget on DHP to be met from underbudget on Welfare Assistance Scheme	250	250
Central Establishment Recharges	Central Establishment Recharges	No variance to date		0
TOTAL				(658)
Excluding Centrally Administered Costs				(398)

9. 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 net MTFP savings required in 2014/15 which amount to £2.535m, after use of £0.358m of cash limit reserves.

Capital Programme

10. The Resources capital programme comprises 21 schemes, all of which are managed within ICT.
11. The original Resources capital programme was £8.799m and this has been revised for additions/reductions, budget transfers and budget reprofiling. The revised budget now stands at **£8.701m**.
12. Summary financial performance to the end of June 2014 is shown below.

Service	Original Annual Budget 2014/15 £000	Revised Annual Budget 2014/15 £000	Actual Spend to 30 June 2014 £000	Remaining Budget £000
ICT	8,799	8,701	672	8,029
Total	8,799	8,701	672	8,029

13. The revised Resources capital budget is £8.701m with a total expenditure to date of £0.672m (8%). A full breakdown of schemes and actual expenditure to June 2014 is given in Appendix 2.
14. 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.

Recommendations:

15. The Corporate Issues and Overview Scrutiny Committee is requested to note and comment on 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 2014/15 Capital Scheme Breakdown

Scheme	Revised Budget 2014/15 £	Profiled Budget £	Actuals to 30/06/14 £	Remaining Budget £
Archiving of obsolete systems based on non-supported hardware.	381	38	0	381
Councillor Replacement of ICT Equipment	55	6	0	55
Dark Fibre installations and Circuit/Microwave Upgrades	615	62	48	567
Dark Fibre Networking	54	5	5	49
Desktop Mailing	100	10	0	100
Digital Durham	4,295	430	241	4,054
Fibre Channel Network for Storage	10	1	0	10
GIS Architecture	71	7	71	0
Homeworking	289	29	1	288
ICT Business Continuity	159	16	94	66
ICTSS Vehicles	25	2	0	25
Infrastructure Environment Monitoring	188	19	0	188
Langley Park Institute Internet Provision	1	0	0	1
Payment Card Industry (PCI) Code of Compliance	80	8		80
NHS Datacentres	107	11	0	107
Public Internet Access Portal	37	4	0	37
Replacement Desktop	1,319	132	208	1,111
Ongoing Server Replacement	110	11	0	110
Tanfield Datacentre Core Switching Replacement	73	7	3	70
Tanfield Datacentre LAN Switching Replacement	482	0	0	482
Tanfield Power Upgrade	250	25	0	250
Total	8,701	822	672	8,029