

# Corporate Issues Overview and Scrutiny Committee

19 September 2014

## Assistant Chief Executive's – Revenue and Capital Outturn 2013/14



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### Joint Report of Corporate Director Resources and Assistant Chief Executive

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#### Purpose of the Report

1. To provide details of the outturn budget position for the Assistant Chief Executive's (ACE) service grouping highlighting major variances in comparison with the budget.

#### 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 - £10.220m (original £11.178m)
  - ACE Capital Programme – £2.244m (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 +136k
  - 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
  - Use of Modern Ways of Working Reserve +£25k
  - Use of Disabled GO Project Reserve +£8k
  - Pay Protection Outside Cash Limit +£7k
  - Contribution to AAP Reserve -£790k
  - Contribution to Cash Limit Reserve (Community Buildings) -£180k
  - Contribution to Corporate Strategic Redundancy Reserve -£353k

4. The revised General Fund Budget now stands at £10.220m.
5. 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 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

6. The Assistant Chief Executive Service is reporting a cash limit spend which is **£0.121m** under budget against a revised annual budget of **£10.220m**. The forecast outturn position at Quarter 3 was a for cash limit spend of £0.084m under budget a variance of £0.037m against the previous forecast.
7. Members will recall that the outturn position includes an in year cash limit contribution to the Corporate ER/VR Reserve of £0.353m, therefore the underlying cash limit position is £0.474m under budget in 2013/14 (£0.437m at Quarter 3).
8. 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	Actual Outturn	Variance	Items Outside Cash Limit	Final Variance
<b>Employees</b>	7,016	6,953	(63)	54	(117)
<b>Premises</b>	221	612	391	450	(59)
<b>Transport</b>	75	62	(13)	0	(13)
<b>Supplies and Services</b>	2,396	2,072	(324)	(399)	75
<b>Agency and Contracted</b>	0	0	0	0	0
<b>Transfer Payments</b>	2,213	1,994	(219)	(193)	(26)
<b>Central Costs</b>	2,096	3,228	1,132	774	358
<b>GROSS EXPENDITURE</b>	<b>14,017</b>	<b>14,921</b>	<b>904</b>	<b>686</b>	<b>218</b>
<b>INCOME</b>	<b>(3,797)</b>	<b>(3,778)</b>	<b>19</b>	<b>358</b>	<b>(339)</b>
<b>NET EXPENDITURE</b>	<b>10,220</b>	<b>11,143</b>	<b>923</b>	<b>1,044</b>	<b>(121)</b>

## Analysis by Head of Service

Head of Service Grouping	Annual Budget	Actual Outturn	Variance	Items Outside Cash Limit	Final Variance
Partnership and Community Engagement	7,159	7,752	593	664	(71)
Planning and Performance	1,932	1,602	(330)	4	(334)
Policy and Communications	2,327	2,229	(98)	(28)	(70)
Central	(1,198)	(440)	758	404	354
<b>NET EXPENDITURE</b>	<b>10,220</b>	<b>11,143</b>	<b>923</b>	<b>1,044</b>	<b>(121)</b>

9. 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	(Under) / Over Budget
Partnership and Community Engagement (PACE)	Area Action Partnerships, Community Buildings, PACE	£55k managed over budget on employees mainly agency to cover sickness and maternity. £56k under budget on premises. £30k under budget on supplies and running costs. £33k over recovery of income.	(71)
Planning and Performance	Planning, Performance, Overview and Scrutiny, County Records	£178k managed under budget on employees as a result of restructure and holding vacancies to meet MTFP savings. £156k managed under budget on supplies, services and income.	(334)
Policy and Communications	Policy, Communications Public Relations, CCU and Programme Office	£38k under budget on employees £30k under budget on supplies £2k additional income	(70)
Central	Central Costs	Contribution to the Corporate Strategic Redundancy Reserve	354
<b>TOTAL</b>			<b>(121)</b>

10. The final outturn position is broadly in line with forecasts prepared during the year. The net underspend of £0.121m will be carried forward under the "cash limit" regime and will be available to support the ACE service grouping priorities over the medium term. It should also be noted that the outturn position incorporates the MTFP savings required in 2013/14 which amount to £0.653m.

## **Members Neighbourhoods Budgets and Members Initiative Fund**

11. During 2013/14 each elected member received an annual allocation of £20,000; £10,000 revenue and £10,000 capital. The revenue budget allocation for 2013/14 was £1.260m. Previous years unspent allocations totalling £0.892m are held in an earmarked reserve as all spending has been committed to specific projects. During 2013/14 £1.173m was spent resulting in the balance of £0.087m being transferred to the reserve leaving a closing balance on the reserve of £0.979m.
12. The Members Initiative Fund element of this budget equates to £252k based on £2k per elected member. The 2013/14 outturn expenditure amounted to £196k with the unspent balance of £56k being transferred to the Members Initiative Fund reserve resulting in a closing balance on the reserve of £60k.

## **AAP Area Budgets**

13. Each of the 14 Area Action Partnerships (AAP) has an annual allocation of £120k (see Appendix 3) to develop projects to meet 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. In addition, CCG (North Durham) contributions of £0.100m and a contribution from the cash limit reserve of £0.072m were used to support the participatory budget exercise and this resulted in a final balance of £1.095m being carried forward after net spending of £1.541m.
14. The AAPs were also in receipt of additional funding as follows:
  - £0.150m from Public Health (£10k per AAP plus £10k)
  - £0.300m from the Clinical Commissioning Group (CCG)
  - £0.140m from the Welfare Assistance Fund
  - £0.550m from Public Health for Community Health Champions

## **Capital Programme**

15. The ACE capital programme comprises three schemes, Assets in the Community, Members Neighbourhoods Capital and Community Facilities in Crook.
16. The Assistant Chief Executives capital programme was revised in year to take account of underspends in 2012/13 which were subsequently carried forward and added to the 2013/14 programme. This increased the 2013/14 budget to £3.959m. Further reports to MOWG in 2013/14 detailed further revisions, for grant additions/reductions, budget transfers and budget reprofiling into later years. The revised budget, agreed by Cabinet as part of the Quarter 3 budgetary control report, was £2.244m.
17. Summary financial performance to the end of March is shown below.

<b>Service</b>	<b>Original Annual Budget 2013/14 £000</b>	<b>Revised Annual Budget 2013/14 £000</b>	<b>Actual Spend to 31 March £000</b>	<b>Spend %</b>
Assets in the Community	2,130	120	81	68
Members Neighbourhoods	1,260	2,056	796	39
Community Facilities Crook	569	68	56	82
Area Action Partnerships	0	0	225	n/a
<b>Total</b>	<b>3,959</b>	<b>2,244</b>	<b>1,158</b>	<b>52</b>

18. £1.158m of actual expenditure has been incurred during 2013/14. This is 52% of the revised annual capital budget. The remainder of the capital budget will be reprofiled to 2014/15. Please note that included in the figures above is expenditure of £225k in relation to AAPs that has been charged to capital.

### **Recommendations and Reasons**

19. The Corporate Issues and 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 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.