

Corporate Issues Overview and Scrutiny Committee

19 September 2014



Resources – Revenue and Capital Outturn 2013/14

Report of Finance Manager – Azhar Rafiq

Purpose of the Report

1. To provide details of the outturn budget position for the Resources 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 Resources service grouping:

- *Resources Revenue Budget - £19.694m (original £22.326m)*
- *Resources Capital Programme – £5.267m (original £17.606m)*

- 3 The original Resources 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 +£32k
- 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
- Corporate Funding of Redundancy Payments +£462k
- Contribution for Strategic Pay and Conditions -£2,573k
- Contribution from Welfare Rights Steering Group Reserve +£100k
- Contribution to Public Health Reserve -£513k
- Contribution from Resources Cash Limit for Digital Durham Development Costs +£59k
- Contribution from Resources Cash Limit for Sunderland ICT Partnership +£25k
- Contribution from Mobile Infrastructure Reserve +£17k
- Contribution from ICT Trading Reserve +£71k
- Contribution from DWP Housing Benefit Subsidy Reserve +£330k
- Contribution from Revenues and Benefits Reserve +£76k
- Contribution to Welfare Rights Macmillan Grant Reserve -£136k
- Contribution to Oracle Development Reserve -£260k
- Contribution to DWP – Welfare Assistance Funding Reserve -£708k
- Contribution to Welfare Assistance Employability Reserve (RED) -£500k
- Contribution to Welfare Assistance AAP's Reserve (ACE) -£140k

The revised General Fund Budget now stands at **£19.694m**.

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 **£367k** under budget (excluding Centrally Administered Costs) against the revised annual budget of **£19.694m**. The forecast outturn position reported at Quarter 3 was a cash limit spend of £379k over budget – a variance of £746k under the previous forecast.
6. The outturn position includes an in year cash limit contribution to the corporate ERVR reserve of £2.573m, therefore the underlying cash limit outturn position (excluding Centrally Administered Costs) is a £2.940m underspend in 2013/14 (£2.194m at Quarter 3).
7. 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)

	Annual Budget	Actual Outturn	Variance	Items Outside Cash Limit	Final Variance
Employees	41,925	40,449	(1,476)	(294)	(1,770)
Premises	349	627	278	(263)	15
Transport	1,300	921	(379)	31	(348)
Supplies and Services	18,072	17,881	(191)	30	(161)
Agency and Contracted	3,051	3,144	93	(115)	(22)
Central Costs	27,915	24,051	(3,864)	6,640	2,776
Gross Expenditure Excl. HB	92,612	87,073	(5,539)	6,029	490
Income	(72,990)	(71,434)	1,556	(2,589)	(1,033)
Net Expenditure Excl. HB	19,622	15,639	(3,983)	3,440	(543)
HB Transfer Payments	188,244	183,732	(4,512)	4,512	-
HB Central Costs	300	484	184	(184)	-
HB Income	(188,472)	(184,092)	4,380	(4,380)	-
Housing Benefit Net Expenditure	72	124	52	(52)	-
TOTAL NET EXPENDITURE	19,694	15,763	(3,931)	3,388	(543)
Excluding Centrally Administered Costs					(367)

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

Head of Service Grouping	Annual Budget	Actual Outturn	Variance	Items Outside Cash Limit	Final Variance
Centrally Administered Costs	1,670	1,609	(61)	(115)	(176)
Corporate Finance	2,426	2,052	(374)	204	(170)
Financial Services	6,726	8,271	1,545	(2,905)	(1,360)
Human Resources	6,255	6,041	(214)	(2)	(216)
ICT Services	9,466	10,920	1,454	(1,709)	(255)
Internal Audit and Insurance	1,175	1,040	(135)	(43)	(178)
Legal & Democratic Services	6,742	8,643	1,901	(2,635)	(734)
Service Management	409	443	34	(61)	(27)
Central Establishment Recharges	(15,247)	(23,380)	(8,133)	10,706	2,573
Net Expenditure Excl. HB	19,622	15,639	(3,983)	3,440	(543)
Housing Benefit	72	124	52	(52)	-
NET EXPENDITURE	19,694	15,763	(3,931)	3,388	(543)
Excluding Centrally Administered Costs					(367)

8. 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	(Under)/Over Budget £k	(Under)/Over Budget £k
Centrally Administered Costs (C.A.C.)	C.A.C.	£65k underbudget for Audit Fees partly due to a refund £40k underbudget on costs associated with raising loans £79k underbudget against bank charges/payment cards £22k underbudget on various subscriptions £30K under recovery of VAT shelter income	(176)	(176)
Corporate Finance	Management	£47k managed underbudget against employees reflecting early achievement of 14/15 savings £27k underbudget on supplies and services available for 14/15 savings £10 over on debt written off and union recharge	(64)	(170)
	Financial Systems	£47k underbudget on pay as a result of holding a vacancy £58k overbudget for software	11	
	Procurement	£6k overbudget on employees £3k overbudget on supplies and services £72k additional income from SLAs and Community Right to Challenge Grant	(63)	
	Strategic Finance	£40 overbudget on employees(fully staffed) £31k overbudget against a range of supplies and services £112k over recovery of income for VAT work together with £13K over recovery from SLA income	(54)	
Financial Services	Management	£253k managed underbudget for employees reflecting early achievement of 14/15 savings £107k underbudget on supplies and services	(360)	(1,360)
	Financial Management	£28k underbudget on employees £3k underbudget on car allowances £30k managed underbudget against supplies and services £31k over recovery of SLA income	(92)	
	Revenues and Benefits	£438k underbudget on employees due to close management and control of vacancies regarding restructure £175k underbudget on transport £225k managed overbudget on work packages £28k overbudget on supplies and services £548k over recovery of income including £15k DWP grant and £522k on court fee income	(908)	
Human Resources	Occupational Health	£9k underbudget on Physiotherapy £12k increased income	(21)	

Head of Service	Service Area	Description	(Under)/Over Budget £k	(Under)/Over Budget £k
	Health and Safety	£169k underbudget on employees arising from service restructure and vacancies monitoring. £11k additional SLA income from Stanley Town Council £13k under on supplies and services £10k under on minor variances	(203)	(216)
	Payroll and Pensions	£67k underbudget on employees from vacant posts being held open to meet future MTFP savings £22k overbudget on pensions computer software £23k overbudget on postages £45k increased income from payroll services to academies £11k increased income from payroll services to schools £5k minor variance under	(83)	
	Human Resources	£36k underbudget for Employees £19k overbudget for Union Rep £7k underachieved income £113k overbudget on specialist services £12k minor variances under	91	
ICT	Design and Print	£128k underbudget on printing costs, £134k underbudget on equipment and materials, and £16k underbudget on postages. £8k debt written off and £103k reduced income.	(167)	(255)
	ICT Services	£250k underbudget on employees pending future restructure to meet 14/15 MTFP savings. £32k underbudget on premises due to movement of staff from the Renny's Lane property £70k underbudget on transport costs Additional expenditure on equipment (£87k), extra printing (£32k), extra network for resale (£170k), with postages £21k underbudget £172k additional funding of capital expenditure £77k increased fees and charges, £300k increased charges to other services and £201k reduced sales	(88)	
Internal Audit and Risk	Insurance and Risk	No variance	-	(178)
	Internal Audit	£198k underbudget on employees through close management and control of vacancies and secondments pending restructure £12k underbudget on staff travel £32k overbudget on one off spend on software update.	(178)	
				(178)

Head of Service	Service Area	Description	(Under)/Over Budget £k	(Under)/Over Budget £k
Legal and Democratic Services	Corporate and Democratic	£33k underbudget on computer hardware £32k underbudget on subscriptions £11k underbudget on mobile phone charges £28k underbudget on Members Support Staff Vacancies £21k underbudget on Chauffeurs Service £27k underbudget on Members Travelling, including car allowances £24 underbudget on Functions £6k over achieved income	(182)	
	Legal Services	£344k underbudget from the early achievement of 2014/15 MTFP Savings £35k underbudget on employees £13k underbudget on transport £52k overbudget on premises £119k underbudget on supplies and services £95k overachievement of income £2k minor variances overbudget	(552)	(734)
Service Management	Service Management	£32k rebate income generated from the arrangement with Comensura with regard to agency staff £5k overbudget on supplies and services	(27)	(27)
Benefits Payments and Subsidy	Benefits	Changes under this heading are budget neutral	-	-
Central Establishment Recharges	Central Establishment Recharges	£2.573m overspend - contribution to Strategic ER/VR and Redundancy Reserve	-	2,573
TOTAL				(543)
Excluding Centrally Administered Costs				(367)

9. The final outturn position was £746k under the forecasts prepared during the year and arose mainly in the Revenues and Benefits service (£469k under), where recovery action taken late in the financial year generated £170k additional income and further savings in running costs were achieved. Other areas where there were additional savings were ICT (£122k under) where there were savings in software costs and Legal and Democratic Services (£115k under) where recovered income in the final quarter was greater than expected. The £367k under budget will be carried forward under the 'cash limit' regime.

Capital Programme

10. The Resources capital programme comprises 27 schemes, most of which are managed within ICT with the exception of one scheme managed in Finance.
11. The Resources capital programme was amended following reports to the MOWG during the year detailing revisions, carry over from 2012/13, grant additions/reductions, budget transfers and budget reprofiling into later years. The revised budget, agreed by MOWG in February and included in the Quarter 3 report to Cabinet in March, was **£5.267m** for 2013/14.

12. Summary outturn financial performance is shown below.

Service	Original Annual Budget 2013/14 £000	Final Budget 2013/14 £000	Actual Spend to 31 March 2014 £000	Spend %
Finance	-	300	301	100
ICT	17,606	4,967	3,592	72
Total	17,606	5,267	3,893	74

The final Resources capital budget is £5.267m with a total expenditure in 2013/14 of £3.893m (74%). A full breakdown of schemes and actual expenditure to 31st March 2014 is given in Appendix 2.

Recommendations:

13. The Corporate Issues and Overview 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 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 Outturn Position

Resources Capital Budgets	Final 2013/14 Budget £	Final Outturn	
		Actual Spend £	Spend %
Oracle Development	300,000	300,651	100
Finance Total	300,000	300,651	100
.Net Application Development Architecture	50,000	50,000	100
Archiving Of Obsolete Systems Based On Non Supported Hardware	250,000	69,498	28
CIP Project – ICT	27,571	8,579	31
Telephony Replacement	21,994	60,228	274
Coco - Government Connects Secure Extranet	79,598	127,154	160
Corporate Mail Fulfilment	10,650	9,750	92
Councillor Replacement Of ICT Equipment	150,000	94,786	63
Dark Fibre Installations and Circuit/Microwave Upgrades	395,000	4,999	1
Dark Fibre Networking	283,328	229,290	81
Desktop Replacement	963,295	1,044,493	108
Digital Durham	11,109	0	0
Fibre Channel Network For Storage	60,000	53,879	90
GIS Architecture	60,000	0	0
Homeworking	6,004	6,712	112
ICT Business Continuity	1,119,300	959,910	86
ICT Vehicle Purchase 2013/14	24,881	9,479	38
Infrastructure Environmental Monitoring	216,000	28,064	13
Langley Park Institute Internet Provision	2,174	1,244	57
Learning Gateway	18,223	24,550	135
NHS Datacentres	106,752	187,235	175
Ongoing Server Replacement	110,000	115,411	105
Public Internet Access Portal	37,000	0	0
Sharepoint Architecture	58,804	56,263	96
Tanfield DataCentre Core Switching Replacement	175,000	102,216	58
Tanfield DataCentre LAN Switching Replacement	650,000	267,551	41
Voice Recording For Mitel Telephone System	80,000	80,279	100
ICT Total	4,966,683	3,591,570	72
Grand Total	5,266,683	3,892,221	74