

Corporate Issues Overview and Scrutiny Committee

28 September 2015

Resources – Revenue and Capital Outturn 2014/15



Report of Corporate Director Resources

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 based on the outturn position at the end of March 2015.

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:

- *Revenue Budget - £15.693m (original £18.371m)*
- *Capital Programme – £8.434m (original £8.799m)*

3. The original Resources General Fund budget has been revised in year 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
- Items Outside of Cash Limit: Coroners Costs +£13k
- E-Learning - License Costs from Corporate Contingency +£18k
- Miscellaneous Adjustments to ACE-£5k
- Subscription to transfer to ACE -£1k
- Items outside of Cash Limit - Coroners' costs +£202k
- Pay award +£315k
- Staff transfer from Registrars to Neighbourhoods(part year) -£9k
- Staff transfer to Revenues from CAS(part year) +£6k
- Capital charges adjustment -£2,687k
- Garden Waste – electronic payments +£34k
- Corporate E-Learning +£19k
- Net contributions to or from reserves/cash limits to support spending - £263k

The revised General Fund Budget now stands at £15.693m.

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 final outturn;
 - 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 (excluding Centrally Administered Costs) is **£1.970m** under budget against a revised budget of **£15.693m**. This compares with the cash limit under budget of **£1.438m** reported at Quarter 3, giving an additional underspend variance of **£0.532m** at year end.
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	Actual Outturn	Variance	Items Outside Cash Limit	Final Cash Limit Variance
Employees	40,907	40,224	(683)	(51)	(734)
Premises	6,583	10,119	3,536	(3,512)	24
Transport	1,018	872	(146)	1	(145)
Supplies and Services	18,569	18,774	205	237	442
Third Party Payments	3,425	3,292	(133)	119	(14)
Transfer Payments	0	0	0	0	0
Central Costs	8,825	12,348	3,523	(3,375)	148
Gross Expenditure	79,327	85,629	6,302	(6,581)	(279)
Income	(63,467)	(73,658)	(10,191)	8,455	(1,736)
Net Expenditure	15,860	11,971	(3,889)	1,874	(2,015)
HB Transfer payments	190,603	192,162	1,559	(213)	1,346
HB Central Costs	400	638	238	0	238
HB Income	(191,170)	(192,754)	(1,584)	0	(1,584)
HB Net Expenditure	(167)	46	213	(213)	(0)
Total Net Expenditure	15,693	12,017	(3,676)	1,661	(2,015)
Excluding Centrally Administered Costs					(1,970)

Analysis by Head of Service (£000's)

	Annual Budget	Actual Outturn	Variance	Items Outside Cash Limit	Final Cash Limit Variance
Centrally Administered Costs	3,183	3,019	(164)	119	(45)
Central Estab. Recharges	(18,685)	(22,005)	(3,320)	3,320	0
Corporate Finance	2,495	1,941	(554)	228	(326)
Financial Services	5,601	7,357	1,756	(2,208)	(452)
Human Resources	6,618	6,339	(279)	7	(272)
ICT Services	8,185	5,645	(2,540)	2,531	(9)
Internal Audit and Insurance	1,704	1,639	(65)	(12)	(77)
Legal & Democratic Services	6,369	7,738	1,369	(2,128)	(759)
Service Management	390	298	(92)	17	(75)
Net Expenditure Excl HB	15,860	11,971	(3,889)	1,874	(2,015)
Housing Benefit	(167)	46	213	(213)	0
NET EXPENDITURE	15,693	12,017	(3,676)	1,661	(2,015)
Excluding Centrally Administered Costs					(1,970)

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	Final Year End (Under) / overbudget £000's	Final Year End (Under) / overbudget £000's
Centrally Administered Costs (C.A.C.)	C.A.C.	£80k unbudgeted payment to North East Combined Authority (NECA). £49k overbudget on expenses associated with raising loans. Underbudget on bank charges £71k, audit fees £72k and subscriptions £31k.	(45)	(45)
Corporate Finance	Management	£165k managed underbudget against employees reflecting early achievement of 15/16 MTFP savings £18k underbudget on supplies and services available for 15/16 savings	(183)	
	Financial Systems	£60k underbudget on employees £3k underbudget on staff travel £12k underbudget on supplies and services (software)	(75)	
	Procurement	£17k overbudget on employees as a result of being fully staffed and agency costs. £12k underbudget on supplies and services £38k additional income from SLA's including Academies and Community Right to Challenge Grant	(33)	
	Strategic Finance	£6k underbudget on employees £16k managed over budget on supplies and services £45k over recovery of income for VAT work	(35)	(326)

Head of Service	Service Area	Description	Final Year End (Under) / overbudget £000's	Final Year End (Under) / overbudget £000's
Financial Services	Management	£256k managed underbudget for employees reflecting early achievement of 2015/16 MTFP savings	(256)	(452)
	Financial Management	£29k underbudget on employees £77k managed underbudget against supplies and services £66k additional SLA income	(172)	
	Revenues and Benefits	£114k managed underbudget on employees from staff turnover £58k underbudget on car allowances £201k overbudget on supplies and services (mainly postages £38k, cash collection £13k, printing £49k, software £86k) £53k grant income from DWP to offset additional costs	(24)	
Human Resources	Occupational Health	£26k overbudget on employees - fully staffed so no turnover savings £4k underbudget on supplies and services	22	(272)
	Health and Safety	Minor variances	9	
	Pensions	£67k underbudget on employees due to restructure £13 underbudget on supplies and services	(80)	
	Human Resources	£320k underbudget on employees due to restructure £29k overbudget on computers £33k overbudget on equal pay advice £21k overbudget on training	(223)	
		£14k overbudget on supplies and services		
ICT	ICT Services	£100k underbudget on employees £156k overbudget on supplies and services £139k overachieved on income £74k managed overbudget on the Digital Durham project which is managed within ICT	(9)	(9)
Internal Audit and Risk	Insurance and Risk	Minor variances	3	(77)
	Internal Audit	£70 underbudget on employees through close management and control of vacancies and secondments £6k underbudget on staff mileage £11k overspend on supplies and services £13k over recovery in income from unbudgeted DCLG grant	(78)	
	Corporate Fraud	Minor variances	(2)	
Legal and Democratic Services	Corporate and Democratic Core	£35k underbudget on employees £43k underbudget on supplies and services identified as future MTFP Savings £112k underbudget on supplies and services - Democratic Representation £30k underbudget on Members' Allowances	(220)	(225)
	Democratic Services	£39k underbudget on employees £86k overachieved income for registrars and grant £57k underbudget on supplies and services £43k underbudget on elections	(225)	

Head of Service	Service Area	Description	Final Year End (Under) / overbudget £000's	Final Year End (Under) / overbudget £000's
	Legal Services	£92k underbudget - early achievement of MTFP savings 2015/16 £96k underbudget on employees £98k under budget on supplies and services £28k overachieved income	(314)	(759)
Service Management	Service Management	£75k income from SLA with Northumberland for ICT / Legal and HR support	(75)	(75)
Benefits Payments and Subsidy	Benefits	No variance		0
Central Establishment Recharges	Central Establishment Recharges	No variance		0
TOTAL				(2,015)
				Excluding Centrally Administered Costs
				(1,970)

8. The final outturn position was £532k more underspent than the forecasts prepared during the year and the additional underspends arose mainly in Legal & Democratic Services, where spending did not materialize in line with the budget managers forecasts and assumptions made at Quarter 3. The £1.970m under budget will be carried forward under the 'cash limit' regime.

Capital Programme

9. The Resources capital programme comprises 19 schemes, 18 of which are managed within ICT.
10. The original Resources capital programme was £8.799m which was amended following reports to the MOWG during the year detailing revisions, carry over from 2013/14, 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 £7.178m for 2014/15.
11. The summary outturn financial performance is shown below.

Service	Original Annual Budget 2014/15 £'000	Final Budget 2014/15 £'000	Actual Spend to 31 March 2015 £'000	Spend %
ICT	8,799	6,845	6,569	96
Human Resources	0	333	229	69
Total	8,799	7,178	6,798	95

12. The final Resources capital budget is £7.178m with a total expenditure in 2014/15 of £6.798m (95%). A full breakdown of schemes and actual expenditure to March 2015 is given in Appendix 2. The remainder of the capital budget will be reprofiled into 2015/16.

Recommendations:

13. 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 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 Capital Programme 2014/15

Resources Capital Budgets	Final 2014/15 Budget £	Final Outturn	
		Actual Spend £	Spend %
Civica Pension Fund Administration System	333,200	228,625	69
Human Resources Total	333,200	228,625	69
Desktop Replacement	1,118,802	1,114,510	100
Dark Fibre Networking	54,037	41,213	76
GIS Architecture	71,238	71,238	100
Infrastructure Environment Monitoring	106,921	114,041	107
NHS Datacentres	3,128	0	0
Digital Durham	4,573,026	4,205,807	92
Tanfield Datacentre LAN Switching Replacement	17,022	17,022	100
Tanfield Datacentre Core Switching Replacement	8,994	8,994	100
Ongoing Server Replacement	129,044	129,044	100
Councillor Replacement of ICT Equipment	1,359	1,358	100
Homeworking	39,292	15,453	39
Public Internet Access Portal	37,000	36,001	97
Dark Fibre Installations and Circuit/ Microwave Upgrades	315,001	352,301	112
ICT Business Continuity	176,244	253,372	144
Langley Park Institute Internet Provision	930	0	0
Desktop Mailing Solution	100,000	59,000	59
Payment Card Industry (PCI) Code of Compliance	43,146	26,815	62
Telephony	50,000	122,947	246
ICT Total	6,845,184	6,569,116	96
Grand Total	7,178,384	6,797,741	95