

Corporate Issues Overview and Scrutiny Committee

28 September 2015



Assistant Chief Executive – Revenue and Capital Outturn 2014/15

Joint Report of Corporate Director Resources and Assistant Chief Executive

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 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 ACE service grouping:
 - ACE Revenue Budget - £10.873m (original £10.200m)
 - ACE Capital Programme – £3.566m (original £3.472m)
3. The original ACE General Fund budget has been revised to incorporate a number of budget adjustments as follows:
 - Purchase of annual leave adjustment -£15k
 - Adjustment for staff not in pension fund -£20k
 - Reduction in car mileage budget -£5k
 - Use of strategic reserve to meet redundancy +£56k
 - Use of modern ways of working reserve +£39k
 - Pay protection outside cash limit +£7k
 - Minor budget adjustment from Resources +£4k
 - Corporate subscription to LGC +£5k
 - Use of customer focus reserve +£36k
 - Use of disable go reserve +£8k
 - Use of AAP reserve +£111k
 - Pay award +£46k
 - Capital charges budget adjustment +£401k
4. The revised General Fund Budget now stands at £10.873m.
5. 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 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 **£0.234m** under budget against a revised annual budget of **£10.873m**. The forecast outturn position at Quarter 3 was a cash limit spend of £0.130m under budget, a variance of £0.104m against the previous forecast.
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 (£'000)

	Annual Budget	Actual Outturn	Variance	Items Outside Cash Limit	Final Variance
Employees	6,678	6,718	40	(36)	4
Premises	301	606	305	(294)	11
Transport	50	58	8	0	8
Supplies and Services	1,789	1,308	(481)	336	(145)
Agency and Contracted	0	0	0	0	0
Transfer Payments	2,438	2,375	(63)	96	33
Central Costs	2,372	2,751	379	(324)	55
GROSS EXPENDITURE	13,628	13,816	188	(222)	(34)
INCOME	(2,755)	(3,031)	(276)	76	(200)
NET EXPENDITURE	10,873	10,785	(88)	(146)	(234)

Analysis by Head of Service (£'000)

£'000 Head of Service Grouping	Annual Budget	Actual Outturn	Variance	Items Outside Cash Limit	Final Variance
Partnership and Community Engagement	7,213	7,423	210	(164)	46
Planning and Performance	1,510	1,435	(75)	(6)	(81)
Policy and Communications	2,323	2,128	(195)	(3)	(198)
Central	(173)	(201)	(28)	27	(1)
NET EXPENDITURE	10,873	10,785	(88)	(146)	(234)

8. 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) / overbudget £'000s
Partnership and Community Engagement (PACE)	Area Action Partnerships, Community Buildings, PACE	£84k managed over budget on employees (fully staffed). £11k over budget on staff travel. £49k managed under budget on a range of supplies and services.	46
Planning and Performance	Planning, Performance, Overview and Scrutiny, County Records	£11k managed over budget on employees. £92k managed under budget on supplies and services.	(81)
Policy and Communications	Policy, Communications Public relations, CCU and Programme Office	£98k managed under budget on employees. £89k under budget on a range of supplies and services. £11k additional income generated through advertising.	(198)
Central	Central Costs	No material variances.	(1)
TOTAL			(234)

9. The final outturn position is broadly in line with forecasts prepared during the year. The net underspend of £0.234m 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 estimated outturn position incorporates the MTFP savings required in 2014/15 which amount to £0.410m.

Members Neighbourhoods Budgets and Members Initiative Fund

10. During 2014/15 each elected member received an annual allocation of £20,000; £6k revenue and £14k capital. The revenue budget allocation for 2014/15 was £0.756m. Previous years unspent allocations totalling £0.979m are held in an earmarked reserve. During 2014/15 £0.576m was spent resulting in the balance of £0.186m being transferred to the reserve leaving a closing balance on the reserve of £1.159m.
11. The Members Initiative Fund element of this budget equates to £252k based on £2k per elected member. The 2014/15 outturn expenditure amounted to £223k with the unspent balance of £29k being transferred to the Members Initiative Fund reserve resulting in a closing balance on the reserve of £89k.

AAP Area Budgets

12. Each of the 14 Area Action Partnerships (AAP) has an annual allocation of £120k; £96k revenue and £24k capital. The revenue budget allocation for 2014/15 was £1.344m. Combined with revenue budgets carried forward from previous years of £2.236m and £0.649m of contributions from Public Health, Clinical Commissioning Group and Welfare Assistance the total revenue budget available is £4.229m to develop projects to meet agreed AAP priorities. Actual spend of £1.812m was incurred during 2014/15 leaving a balance of £2.417m on the reserve.

Capital Programme

13. The ACE capital programme comprises four schemes, Assets in the Community, Area Action Partnerships Capital, Members Neighbourhoods Capital and Community Facilities in Crook.
14. The Assistant Chief Executives capital programme was revised at Outturn for budget rephrased from 2013/14. This increased the 2014/15 budget to £3.472m. Further reports to MOWG in 2014/15 detailed further revisions, for grant additions/reductions, budget transfers and budget reprofiling into later years. The revised budget at the year-end was £3.566m.
15. Summary financial performance to the end of March is shown below.

Service	Original Annual Budget 2014/15 £'000	Revised Annual Budget 2014/15 £'000	Actual Spend to 31 March £'000	Spend %
Assets in the Community	871	798	558	70
Area Action Partnership	336	295	203	69
Members Neighbourhoods	1,764	2,473	824	33
Community Facilities Crook	501	0	0	n/a
Total	3,472	3,566	1,585	44

16. £1.585m of actual expenditure has been incurred during 2014/15. This is 44% of the revised annual capital budget. The remainder of the capital budget will be reprofiled to 2015/16.

Recommendations and Reasons

17. The Corporate Issues and Scrutiny Committee is requested to note the contents of this report.

Contact: Azhar Rafiq, Finance Manager, Finance Manager - ACE/RED/RES
Tel: 03000 263 480 **E-mail:** azhar.rafiq@durham.gov.uk

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.