

Corporate Issues Overview and Scrutiny Committee

28 September 2015

Resources – Quarter 1: Forecast of Revenue and Capital Outturn 2015/16



Report of Corporate Director Resources

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 2015.

Background

2. County Council approved the Revenue and Capital budgets for 2015/16 at its meeting on 25 February 2015. These budgets have subsequently been revised to account for grant additions/reductions, corporate savings/adjustments, 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 - £15.629m (original £15.855m)*
- *Capital Programme – £13.909m (original £13.422m)*

3. The original Resources General Fund budget has been revised in year to incorporate a number of budget adjustments as follows:

- Funding for HR Recruitment Function from CAS +£9k
- ICT costs funded from New Burdens CAS grant +£20k
- Transfer to Corporate Contingency - Energy Costs -£1k
- Transfer from Corporate Contingency – Carbon Reduction Commitment +£16k
- Direct Revenue funding of ICT Capital Investment in year -£270k

The revised General Fund Budget now stands at £15.629m.

4. The summary financial statements contained in the report cover the financial year 2015/16 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

- The service is reporting a cash underspend of **£0.685m** against a revised budget of **£15.629m**.
- 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)

Category	Annual Budget	YTD - Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Employees	39,468	12,207	39,170	(298)	(90)	(388)
Premises	5,788	36	5,764	(24)	0	(24)
Transport	976	152	888	(88)	(39)	(127)
Supplies and Services	16,026	5,990	16,357	331	(84)	247
Agency & Contracted	19	0	19	0	0	0
Transfer Payments	0	0	0	0	0	0
Central Costs	9,297	17	9,649	352	(80)	272
Gross Expenditure	71,574	18,403	71,847	273	(293)	(20)
Income	(55,687)	(10,783)	(56,298)	(611)	(54)	(665)
Net Expenditure	15,887	7,619	15,549	(338)	(347)	(685)
HB Transfer payments	190,359	43,189	190,359	0	0	0
HB Central Costs	400	0	400	0	0	0
HB Income	(191,017)	(451)	(191,017)	0	0	0
HB Net Expenditure	(258)	42,738	(258)	0	0	0
Total Net Expenditure	15,629	50,357	15,291	(338)	(347)	(685)

Analysis by Head of Service (£000's)

Head of Service	Annual Budget	YTD - Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Central Establishment Recharges	(15,462)	0	(15,462)	0	0	0
Corporate Finance	1,608	914	1,689	81	(206)	(125)
Financial Services	8,682	1,112	8,684	2	(118)	(116)
Human Resources	2,567	531	2,615	48	(52)	(4)
ICT Services	9,159	2,655	9,447	288	(91)	197
Internal Audit and Risk	1,604	380	1,228	(376)	255	(121)
Legal & Democratic Services	7,365	1,981	7,053	(312)	(135)	(447)
Service Management	364	46	295	(69)	(0)	(69)
Net Expenditure Excl HB	15,887	7,619	15,549	(338)	(347)	(685)
Housing Benefit	(258)	42,738	(258)	0	0	0
NET EXPENDITURE	15,629	50,357	15,291	(338)	(347)	(685)

- 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 (Under) / overbudget £000's	Forecast (Under) / overbudget £000's
Corporate Finance	Management	£35k underbudget against employees	(35)	(125)
	Financial Systems	£49k under budget on pay as a result of holding a vacancy	(49)	
	Procurement	Minor variance.	(3)	
	Strategic Finance	£28k underbudget on employees through the proactive management of vacancies and from maternity leave £10k over recovery of income from VAT work.	(38)	
Financial Services	Management	£54k managed underbudget for employees and £19k on supplies reflecting early achievement of 2016/17 MTFP savings	(73)	(116)
	Operations & Data	£38k overbudget on employees (staff turnover not met) £27k overachieved income	11	
	Pensions	Minor variance	2	
	Financial Management	£14k overbudget on employees (staff turnover not met) £12k under budget on supplies and services £21k over recovery of SLA income	(19)	
	Revenues and Benefits	£7k overbudget on employees (staff turnover not met) £73k underbudget on transport £29k over budget on supplies and services	(37)	
Human Resources	Occupational Health	£19k overbudget on employees (staff turnover not met) £14k underbudget on supplies and services £35k overachieved income	(30)	(4)
	Health and Safety	£3k overbudget on employees £4k overbudget on transport £28k overachieved income	(21)	
	Human Resources	£22k overbudget on employees (staff turnover not met) £2k underbudget on supplies and services £27k underachieved income	47	
ICT	ICT Services	£79k overbudget on employees (staff turnover not met) £152k underbudget on supplies and services £270k direct revenue funding to finance capital schemes	197	197
Internal Audit and Risk	Insurance and Risk	Minor variances	2	(121)
	Internal Audit	£78k underbudget on employees through close management and control of vacancies £38k over recovery of income from DCLG Grant	(116)	
	Corporate Fraud	Minor variances	(7)	

Head of Service	Service Area	Description	Forecast (Under) / overbudget £000's	Forecast (Under) / overbudget £000's
Legal and Democratic Services	Corporate and Democratic Core	£56k underbudget on employees £2k underbudget on supplies and services £8k underbudget on members' allowances (vacancies)	(66)	
	Democratic Services	£111k underbudget on employees (future years savings) £18k underbudget on registrars premises £13k overachieved income	(142)	
	Legal Services	£32k identified MTFP savings £151k underbudget on employees following restructure in July 2015 £56k overachieved income due to increase in charge for SLAs	(239)	(447)
Service Management	Service Management	Unbudgeted income from SLA with Northumberland for HR support	(69)	(69)
TOTAL				(685)

8. 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 2015/16, which amount to £1.646m, and early achievement of a number of MTFP savings in 2016/17.

Capital Programme

9. The Resources capital programme currently comprises 18 schemes, 17 of which are managed within ICT.
10. The original Resources capital programme was £13.422m and this has been revised for additions/reductions, budget transfers and budget reprofiling. The revised budget now stands at £13.909m. It is anticipated that the budget will be further increased by £350k after proposed ICT capital schemes to be funded from Resources reserves are considered by Cabinet. The schemes are:
- SharePoint Upgrade-£50k
 - Forensic Investigation Hardware & Software Replacement-£25k
 - Server Replacement-£110k
 - Upgrade of ISP Provision-£85k
 - ICT Mobile/Field Workforce System-£80k

11. Summary financial performance to the end of June 2015 is shown below.

Service	Original Annual Budget 2015/16 £'000	Revised Annual Budget 2015/16 £'000	Profiled Budget £'000	Actual Spend to 30 June £'000	Remaining Budget £'000
ICT	13,357	13,739	3,362	2,035	11,704
Human Resources	65	170	17	75	95
Total	13,422	13,909	3,379	2,110	11,799

12. The revised Resources capital budget is £13.909m with a total expenditure to 30 June 2015 of £2.110m (15%). A full breakdown of schemes and actual expenditure to 30 June 2015 is given in Appendix 2.
13. 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:

14. 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 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 Capital Programme 2015/16

Scheme	Revised Annual Budget 2015/16	Profiled Budget	Actual Spend to 30 June	Remaining Budget
	£'000	£'000	£'000	£'000
Archive Of Obsolete Systems Based On Non Supported Hardware	430	108	0	430
Councillor Replacement Of ICT Equipment	54	14	0	54
Dark Fibre Installation of Circuit/Microwave Upgrades	451	113	192	258
Desktop Mailing Solution	41	4	0	41
Digital Durham	10,119	2,467	1,508	8,611
Homeworking	200	50	19	181
ICT Vehicle Purchase	25	2	0	25
Infra Environment Monitoring	74	18	0	74
Langley Park Institute Internet Provision	1	0	0	1
Ongoing Server Replacement	91	23	0	91
Replacement Desktop	1,204	301	316	889
Big Data	150	38	0	150
Electronic Voting Equipment	100	25	0	100
Payment Card Industry (PCI) Code Of Compliance	20	5	0	20
Tanfield Datacentre Core Switching Replace	64	16	0	64
Tanfield Datacentre Local Area Network (LAN) Switching Replacement	465	116	0	465
Tanfield Power Upgrade	250	62	0	250
ICT Total	13,739	3,362	2,035	11,704
Civica Pension Fund Administration System	170	17	75	95
Human Resources Total	170	17	75	95
Resources Capital Programme Total	13,909	3,379	2,110	11,799