

Corporate Issues Overview and Scrutiny Committee

26 January 2016

Resources – Quarter 2 September 2015: 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 September 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, budget transfers between service groupings and budget profiling between years. This report covers the financial position for the following major accounts maintained by the Resources service grouping:

- *Revenue Budget - £17.295m (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
- Transfer of Tribal Software from CAS - +£50k
- Transfer of Adults Financial Services Team - +£1.348m
- Corporate Saving Adjustment– Car Allowances - +£45k
- Contribution from MTFP ER/VR Reserve - +£296k
- Contribution from Cash Limit Reserve – E-Learning -+£25k
- Contribution from Cash Limits Reserve – Revenues and Benefits - +£35k
- Contribution from Welfare Rights Reserve - +£67k
- Contribution from Oracle Development Reserve - +£205k
- Contribution to Legal Services Reserve - -£154k
- Contribution to Single Fraud Incentive Scheme Reserve - -£257k
- Transfer from Neighbourhoods – Depot Storage - +£6

The revised General Fund Budget now stands at £17.295m.

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

5. The service is reporting a cash limit underbudget of **£990k** against a revised budget of **£17.295m**. This compares with an underbudget of £685k that was reported at Quarter 1.
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)

Category	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Employees	40,805	21,965	40,638	(168)	(100)	(268)
Premises	5,788	110	5,765	(22)	0	(22)
Transport	1,052	332	844	(209)	0	(209)
Supplies and Services	15,865	9,555	16,400	535	(26)	510
Agency & Contracted	19	0	19	0	0	0
Transfer Payments	0	491	491	491	(491)	0
Central Costs	9,574	77	9,575	2	0	2
Gross Expenditure	73,102	32,531	73,732	630	(617)	13
Income	(55,549)	(15,230)	(56,443)	(894)	(109)	(929)
Net Expenditure	17,553	17,301	17,289	(264)	(726)	(990)
HB Transfer payments	190,359	91,669	186,920	(3,439)	0	(3,439)
HB Central Costs	400	0	400	0	0	0
HB Income	(191,017)	(1,102)	(187,578)	3,439	0	3,439
HB Net Expenditure	(258)	90,567	(258)	0	0	0
Total Net Expenditure	17,295	107,868	17,031	(264)	(726)	(990)

By Head of Service (£000's)

Head of Service	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Central Estab. Recharges	(15,471)	0	(15,471)	0	0	0
Corporate Finance	1,815	1,714	1,653	(162)	0	(162)
Financial Services	10,106	4,743	9,773	(334)	58	(276)
Human Resources	2,655	1,202	2,633	(22)	0	(22)
ICT Services	9,238	4,460	9,401	164	(167)	(3)
Internal Audit and Risk	1,349	668	1,257	(92)	(27)	(119)
Legal & Dem. Services	7,497	4,400	7,770	274	(590)	(316)
Service Management	364	113	272	(92)	0	(92)
Net Expenditure Excl HB	17,553	17,301	17,289	(264)	(726)	(990)
Housing Benefit	(258)	90,567	(258)	0	0	0
NET EXPENDITURE	17,295	107,868	17,031	(264)	(726)	(990)

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	Forecast (Under) / overbudget £000's	Forecast (Under) / overbudget £000's
Corporate Finance	Management	£35k underbudget against employees reflecting early achievement of 2016/17 MTFP savings	(35)	
	Financial Systems	£58k underbudget employees reflecting early achievement of 2016/17 MTFP savings £7k underbudget on supplies and services £2k underbudget on transport	(67)	
	Procurement	£3k underbudget on employees £2k overbudget on transport £15k underbudget on supplies and services £18 over achieved income	(34)	
	Strategic Finance	£26k underbudget on employees through the pro-active management of vacancies, maternity leave and redundancies	(26)	(162)
Financial Services	Management	£72k managed underbudget for employees and £18k supplies reflecting early achievement of 2016/17 MTFP savings	(90)	
	Operations & Data	£10k overbudget on employees £8k underbudget on supplies and services £4k overachieved income	(2)	
	Pensions	£14k overbudget on employees £5k overbudget on printing	19	
	Financial Services/ Assessments	£72k managed underbudget for employees £26k underbudget on transport £17k overbudget on supplies and services £35k over recovery of income	(116)	
	Financial Management	£18k underbudget on employees due to early achievement of 2016/17 MTFP Savings £2k underbudget on transport £12k underbudget on supplies and services £34k over recovery of SLA income	(66)	

Head of Service	Service Area	Description	Forecast (Under) / overbudget £000's	Forecast (Under) / overbudget £000's
	Revenues and Benefits	£66k underbudget on employees £85k underbudget on transport £117k overbudget on supplies and services £150k overbudget on agency work packages £137k overachieved income from government grant	(21)	(276)
Human Resources	Occupational Health	£11k overbudget on employees £1k overbudget on transport £10k underbudget on supplies and services £35k overachieved income	(33)	(22)
	Health and Safety	£29k overachieved income	(29)	
	Human Resources	£7k underbudget on employees £7k underbudget on supplies and services £54k underachieved income	40	
ICT	ICT Services	£76k overbudget on employees £3k underbudget on premises £70k underbudget on transport £66k underbudget on supplies and services £60k overbudget on the Digital Durham project	(3)	(3)
Internal Audit and Risk	Insurance and Risk	Minor variance	2	(119)
	Internal Audit	£82k underbudget on employees through close management and control of vacancies £5k overbudget on supplies and services £38k over recovery of income from DCLG Grant	(115)	
	Corporate Fraud	£6k underbudget on employees £2k underbudget on transport £2k overbudget on supplies and services	(6)	
Legal and Democratic Services	Corporate and Democratic Core	£72k underbudget on employees £5k over achieved income	(77)	(316)
	Democratic Services	£64k underspend on employees (future years MTFP savings) £16k overspend on election expenses £85k underachieved income	37	
	Legal Services	£218k underbudget on employees from restructure to meet future years MTFP savings £29k underbudget on supplies and services £29k overachieved income	(276)	
Service Management	Service Management	Unbudgeted income from SLAs with Northumberland and North East Combined Authority for HR support	(92)	(92)
Central Estab. Recharges	Central Establishment Recharges	No variance		0
TOTAL				(990)

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 22 schemes, 20 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 profiling. The revised budget now stands at £14.024m
11. Summary financial performance to the end of September 2015 is shown below.

Service	Original Annual Budget 2015/16 £'000	Revised Annual Budget 2015/16 £'000	Profiled Budget £'000	Actual Spend to 30 September £'000	Remaining Budget £'000
ICT	13,257	13,754	6,828	4,367	9,387
Legal and Democratic	100	100	50	0	100
Human Resources	65	170	85	75	95
Total	13,422	14,024	6,963	4,442	9,582

12. The revised Resources capital budget is £14.024m with a total expenditure to 30 September 2015 of £4.442m (32%). A full breakdown of schemes and actual expenditure to 30 September 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.

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 Budget 2015/16	Profiled Budget	Actuals to 30/09/15	Remaining Budget
	£'000	£'000	£'000	£'000
Councillor Replacement Of ICT Equipment	54	27	2	52
Dark Fibre Installation of Circuit/Microwave Upgrades	451	225	317	134
Desktop Mailing Solution	41	17	0	41
Digital Durham	10,119	5,018	3,429	6,690
Homeworking	200	100	57	143
ICT Vehicle Purchase	25	10	0	25
Infra Environment Monitoring	74	37	0	74
Langley Park Institute Internet Provision	1	0	0	1
Ongoing Server Replacement	201	100	10	191
Replacement Desktop	1,204	602	466	738
Big Data	150	75	0	150
Forensic Investigation - Hardware and Software Replacement	25	12	0	25
ICT Mobile/Field Workforce System	80	40	0	80
Payment Card Industry (PCI) Code Of Compliance	20	10	0	20
Sharepoint Upgrade	50	25	0	50
Upgrade of ISP Provision	85	43	0	85
Wireless Network Replacement	195	97	86	109
Tanfield Datacentre Core Switching Replace	64	32	0	64
Tanfield Datacentre LAN Switching Replace	465	233	0	465
Tanfield Power Upgrade	250	125	0	250
ICT Total	13,754	6,828	4,367	9,387
Electronic Voting Equipment	100	50	0	100
Legal and Democratic Total	100	50	0	100
Civica Pension Fund Administration System	170	85	75	95
Corporate Finance Total	170	85	75	95
Resources Capital Programme Total	14,024	6,963	4,442	9,582