

# Corporate Issues Overview and Scrutiny Committee

26 November 2015



## Assistant Chief Executives – Quarter 2 September 2015: Forecast of Revenue and Capital Outturn 2015/16

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### Joint Report of Corporate Director Resources and Assistant Chief Executive

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#### Purpose of the Report

1. To provide details of the forecast outturn budget position for the Assistant Chief Executive's (ACE) 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 reprofiling between years. This report covers the financial position for the following major accounts maintained by the ACE service grouping:
  - ACE Revenue Budget - £9.430m (original £10.163m)
  - ACE Capital Programme – £5.354m (original £3.776m)
3. The original ACE General Fund budget has been revised to incorporate a number of budget adjustments as follows:
  - Energy Reduction -£1k
  - Car Mileage outside cash limit +£4k
  - Creation of Transformation Challenge Reserve -£1,123
  - Use of AAP Reserve +£342k
  - Use of Modern Ways of Working Reserve +£35k
  - Use of Customer Focus Reserve +£2k
  - Use of Disabled Go Reserve +£8k

The revised General Fund Budget now stands at £9.430m.

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 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

5. The service is reporting a cash limit underbudget of **£0.237m** against a revised budget of **£9.430m**. This compares to an underbudget of £0.152m 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 (£'000s)

£'000	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
<b>Employees</b>	6,629	3,483	6,586	-43	19	<b>-24</b>
<b>Premises</b>	232	76	260	28	-16	<b>12</b>
<b>Transport</b>	48	20	48	0	0	<b>0</b>
<b>Supplies and Services</b>	1,648	658	1,517	-131	-7	<b>-138</b>
<b>Agency and Contracted</b>	0	0	0	0	0	<b>0</b>
<b>Transfer Payments</b>	2,233	1,207	2,380	147	-147	<b>0</b>
<b>Central Costs</b>	2,239	58	2,239	0	0	<b>0</b>
<b>GROSS EXPENDITURE</b>	<b>13,029</b>	<b>5,502</b>	<b>13,030</b>	<b>1</b>	<b>-151</b>	<b>-150</b>
<b>INCOME</b>	<b>-3,599</b>	<b>-2,003</b>	<b>-3,774</b>	<b>-175</b>	<b>88</b>	<b>-87</b>
<b>NET EXPENDITURE</b>	<b>9,430</b>	<b>3,499</b>	<b>9,256</b>	<b>-174</b>	<b>-63</b>	<b>-237</b>

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

Head of Service Grouping	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Partnership and Community Engagement	6,961	2,630	7,072	111	-140	<b>-29</b>
Planning and Performance	1,504	757	1,482	-22	0	<b>-22</b>
Policy and Communications	1,541	112	1,278	-263	77	<b>-186</b>
Central	-576	0	-576	0	0	<b>0</b>
<b>NET EXPENDITURE</b>	<b>9,430</b>	<b>3,499</b>	<b>9,256</b>	<b>-174</b>	<b>-63</b>	<b>-237</b>

7. 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	£7k managed under budget on employees. £22k managed under budget on a range of supplies and services.	(29)
Planning and Performance	Planning, Performance, Overview and Scrutiny, County Records	£14k managed under budget on employees. £5k managed under budget on supplies and services. £3k over recovery of income.	(22)
Policy and Communications	Policy, Communications Public relations, CCU and Programme Office	£95k managed under budget on employees. £88k under budget on a range of supplies and services. £3k over recovery of income.	(186)
Central	Central Costs	No material variances.	0
<b>TOTAL</b>			<b>(237)</b>

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 MTFP savings required in 2015/16 which amount to £0.278m.

### Members Neighbourhoods Revenue Budget

9. Each elected member receives an annual allocation of £20k; £6k revenue and £14k capital. The revenue budget allocation for the current year is £0.756m. Previous years unspent allocations totalling £1.159m are held in an earmarked reserve. At present £0.743m of the total budget allocation of £1.915m has been either spent or committed.
10. The members Initiative Fund Element of this budget equates to £252k based on £2k per elected member. At this stage of the year it is expected that this will be fully expended.

### AAP Area Budgets

11. Each of the 14 Area Action Partnerships (AAP) has an annual allocation of £120k; £96k revenue and £24k capital. The revenue budget allocation for the current year is £1.344m to develop projects to meet the agreed AAP priorities. Previous years unspent allocations totalling £2.417m are held in an earmarked

reserve. At this stage in the year a total of £1.971m has either been spent or committed.

## Capital Programme

12. The ACE capital programme comprises four main schemes, Assets in the Community, Area Action Partnerships Capital, Members Neighbourhoods Capital and Community Facilities in Crook.
13. The Assistant Chief Executive capital programme was revised at Outturn for budget rephased from 2014/15. This increased the 2015/16 budget to £3.776m. Further reports to the MOWG in 2015/16 detailed further revisions, for grant additions/reductions, budget transfers and budget reprofiling into later years. The revised budget now stands at **£5.354m**.
14. Summary financial performance to the end of September is shown below.

Service	Original Annual Budget 2015/16 £000	Revised Annual Budget 2015/16 £000	Actual Spend to 30 September £000	Remaining Budget £000
Assets in the Community	1,163	1,371	236	1,135
Area Action Partnership	336	420	137	283
Members Neighbourhoods	1,764	3,050	474	2,576
Community Facilities Crook	513	513	0	513
<b>Total</b>	<b>3,776</b>	<b>5,354</b>	<b>847</b>	<b>4,507</b>

15. Officers continue to carefully monitor capital expenditure on a monthly basis. £847k of actual expenditure has been incurred to date. This is 16% of the total estimated spend in the year.
16. At year end the actual outturn performance will be compared against the revised budgets and service and project managers will need to account for any budget variance.

## Recommendations:

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

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

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## **Appendix 1: Implications**

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### **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