

# Corporate Issues Overview and Scrutiny Committee

20 April 2016

## Resources – Quarter 3 (December 2015): Forecast of Revenue and Capital Outturn 2015/16



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### Report of Corporate Director Resources

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#### 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 December 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 profiling between years. This report covers the financial position for the following major accounts maintained by the Resources service grouping:
  - *Revenue Budget - £17.967 million (original £15.855 million)*
  - *Capital Programme – £13.909 million (original £13.422 million)*
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 +£9,000
  - ICT costs funded from New Burdens CAS grant +£20,000
  - Transfer to Corporate Contingency - Energy Costs -£1,000
  - Transfer from Corporate Contingency – Carbon Reduction Commitment +£16,000
  - Direct Revenue funding of ICT Capital Investment in year -£270,000
  - Transfer of Tribal Software from CAS +£50,000
  - Transfer of Adults Financial Services Team +£1.347,000
  - Corporate Saving – Car Allowances +£45,000
  - Contribution from MTFP ER/VR Reserve +£396,000
  - Net contribution to/from specific reserves used to support service expenditure +£547,000
  - Transfer from Neighbourhoods – Depot Storage +£6,000
  - Transfer to ACE – Performance Function -£29,000
  - Adjustment to Marriage License Income -£25,000

The revised General Fund Budget now stands at £17.967 million.

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 variance (underspend) of **£1,442,000** against a revised budget of **£17.967 million**. This compares with an underspend of £990,000 that was reported at Quarter 2.
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	Year To Date Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Employees	41,315	31,540	40,962	(353)	(360)	(713)
Premises	5,788	162	5,767	(21)	0	(20)
Transport	1,049	523	756	(292)	(1)	(293)
Supplies and Services	15,948	12,542	16,121	173	7	180
Agency & Contracted	0	0	0	0	0	0
Third Party Payments	19	(20)	19	0	0	0
Central Support and Capital	10,065	616	10,069	4	0	4
<b>Gross Expenditure</b>	<b>74,184</b>	<b>45,363</b>	<b>73,695</b>	<b>(489)</b>	<b>(353)</b>	<b>(842)</b>
<b>Income</b>	<b>(55,960)</b>	<b>(18,650)</b>	<b>(57,033)</b>	<b>(1,073)</b>	<b>474</b>	<b>(600)</b>
<b>Net Expenditure</b>	<b>18,224</b>	<b>26,713</b>	<b>16,662</b>	<b>(1,562)</b>	<b>121</b>	<b>(1,442)</b>
HB Transfer payments	190,359	136,796	186,920	(3,439)	0	(3,439)
HB Central Support and Capital	400	0	400	0	0	0
HB Income	(191,017)	(1,669)	(187,578)	3,439	0	3,439
<b>HB Net Expenditure</b>	<b>(258)</b>	<b>135,127</b>	<b>(258)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Net Expenditure</b>	<b>17,967</b>	<b>161,840</b>	<b>16,404</b>	<b>(1,562)</b>	<b>121</b>	<b>(1,442)</b>

## By Head of Service (£000's)

Head of Service	Annual Budget	Year To Date Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Central Establishment Recharges	(15,442)	11	(15,442)	0	0	0
Corporate Finance	2,373	2,893	2,292	(81)	(31)	(112)
Financial Services	9,482	8,199	9,244	(238)	(14)	(252)
Human Resources	2,629	1,952	2,687	57	(75)	(17)
I.C.T. Services	9,542	6,614	9,276	(266)	(52)	(319)
Internal Audit and Insurance	1,379	986	1,286	(93)	(50)	(143)
Legal & Democratic Services	8,036	5,934	7,152	(885)	383	(502)
Management/ Performance	224	123	167	(57)	(40)	(97)
<b>Net Expenditure Excl HB</b>	<b>18,224</b>	<b>26,713</b>	<b>16,662</b>	<b>(1,562)</b>	<b>121</b>	<b>(1,442)</b>
Housing Benefit	(258)	135,127	(258)	0	0	0
<b>NET EXPENDITURE</b>	<b>17,967</b>	<b>161,840</b>	<b>16,404</b>	<b>(1,562)</b>	<b>121</b>	<b>(1,442)</b>

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	Year End (Under) / overbudget £000's	Year End (Under) / overbudget £000's
Central Establishment Recharges	Central Establishment Recharges			0
Corporate Finance	Management	£46,000 underbudget against employees £4,000 underbudget on supplies and services	(50)	
	Financial Systems	£67,000 under budget on pay as a result of holding a vacancy £4,000 underbudget on supplies and services	(71)	
	Procurement	£13,000 underbudget on employees due to restructure £1,000 overbudget on transport £9,000 underbudget on supplies and services £32,000 overachieved income	(53)	
	Pensions	£18,000 overbudget on employees £10,000 overbudget on supplies and services	28	
	Strategic Finance	£7,000 overbudget on employees £25,000 overbudget on supplies and services £2,000 underachieved income	34	(112)
Financial Services	Management	£41,000 managed underbudget for employees and £17,000 supplies reflecting early achievement of 2016/17 MTFP savings	(58)	

Head of Service	Service Area	Description	Year End (Under) / overbudget £000's	Year End (Under) / overbudget £000's
	Operations & Data	£6,000 underbudget on employees £2,000 overbudget on supplies and services £18,000 overachieved income	(22)	
	Financial Assessments (CAS)	£25,000 managed underbudget for employees £16,000 underbudget on transport £32,000 over budget on supplies and services £38,000 over recovery of income	(47)	
	Financial Management	£46,000 underbudget on employees due to early MTFP savings £1,000 underbudget on transport £8,000 under budget on supplies and services £71,000 over recovery of SLA income	(126)	
	Revenues and Benefits	£70,000 under budget on employees. £103,000 under budget on transport. £257,000 over budget on supplies £64,000 overbudget on work packages. £148,000 over recovery of grant income	0	
				(252)
Human Resources	Occupational Health	£15,000 overbudget on employees £1,000 over budget on transport £9,000 underbudget on supplies and services £38,000 overachieved income	(31)	
	Health and Safety	£3,000 under budget on employees £6,000 overbudget on transport £5,000 overbudget on supplies and services £30,000 overachieved income	(22)	
	Human Resources	£13,000 under budget on employees £5,000 underbudget on supplies and services £59,000 underachieved income	36	
				(17)
ICT	ICT Services	£58,000 underbudget on employees £261,000 underbudget on supplies and services	(319)	(319)
Internal Audit and Risk	Insurance and Risk	£7,000 over budget on employees (fully staffed) £2,000 overbudget on supplies and services £14,000 over recovery of SLA income	(5)	
	Internal Audit	£77,000 underbudget on employees through close management and control of vacancies £4,000 underbudget on staff mileage £11,000 underbudget on supplies and services £40,000 over recovery of income from DCLG Grant	(132)	

Head of Service	Service Area	Description	Year End (Under) / overbudget £000's	Year End (Under) / overbudget £000's
	Corporate Fraud	£6,000 underbudget on employees £3,000 underbudget on staff travel £5,000 over budget on supplies and services £2,000 unbudgeted income	(6)	(143)
Legal and Democratic Services	Corporate and Democratic Core	£43,000 underbudget on employees £22,000 underbudget on transport £69,000 underbudget on supplies and services £6,000 over achieved income	(140)	(502)
	Democratic Services	£10,000 underbudget on employees £21,000 underbudget on premises £3,000 underbudget on transport £38,000 overbudget on supplies and services £60,000 overachieved income	(56)	
	Legal Services	£33,000 identified MTFP savings £238,000 underbudget on employees due to restructure for MTFP savings £66,000 underbudget on supplies and services £31,000 underachieved income	(306)	
Service Management	Service Management	Unbudgeted SLA income		(97)
Benefits Payments and Subsidy	Benefits	No variance		0
<b>TOTAL</b>				<b>(1,442)</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 net MTFP savings required in 2015/16 which amount to £1.646 million 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 £13.423 million and this has been revised for additions/reductions, budget transfers and budget profiling. The revised budget now stands at £11.616 million
11. A summary of the financial performance to the end of December 2015 is shown below.

Service	Original Annual Budget 2015/16 £'000	Revised Annual Budget 2015/16 £'000	Profiled Budget £'000	Actual Spend to 31 December £'000	Remaining Budget £'000
ICT	13,257	11,406	8,408	6,263	5,143
Legal and Democratic	100	40	28	0	40
Human Resources	65	170	128	74	96
<b>Total</b>	<b>13,422</b>	<b>11,616</b>	<b>8,564</b>	<b>6,337</b>	<b>5,279</b>

12. The revised Resources capital budget is £11.616 million with a total expenditure to 31 December 2015 of £6.337 million (54.6%). The profiled budget for this period is £8.564 million, therefore spend is below profiled / expected spend in the year to date. A full breakdown of schemes and actual expenditure to 31 December 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**

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### **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

	Revised Annual Budget 2015/16 £000	Profiled Budget 2015/16 £000	Actual Spend 31/12/15 £000	Remaining Budget £000
Big Data	20	15	1	19
Broadband / Digital Durham	8,761	6,463	5,054	3,707
Code of Connection Compliance	10	8	-	10
Corporate Mail Fulfilment	67	47	-	67
Dark Fibre installations and Circuit/Microwave Upgrades	451	338	339	112
Homeworking	120	53	113	7
Learning Gateway	74	55	-	74
Mobile Device Management	165	124	-	165
Ongoing Server replacement	201	151	35	166
Replacement of Desktop ICT Equipment	1,008	756	825	183
Sharepoint Architecture	50	38	-	50
Tanfield Datacentre Core Switching Replacement	64	48	-	64
Tanfield Datacentre LAN Switching Replacement	265	199	(190)	455
Applications and Development	25	19	-	25
Wireless Network Replacement	125	94	86	39
<b>ICT Services Include Design and Print Total</b>	<b>11,406</b>	<b>8,408</b>	<b>6,263</b>	<b>5,143</b>
RES Electronic Voting Equipment	40	28	-	40
<b>Legal and Democratic Total</b>	<b>40</b>	<b>28</b>	<b>-</b>	<b>40</b>
Civica Pension Fund Administration System	170	128	74	96
<b>Corporate Finance Total</b>	<b>170</b>	<b>128</b>	<b>74</b>	<b>96</b>
<b>GRAND TOTAL</b>	<b>11,616</b>	<b>8,564</b>	<b>6,337</b>	<b>5,279</b>