

# Corporate Issues Overview and Scrutiny Committee

26 January 2017



## Transformation and Partnerships – Quarter 2 September 2016: Forecast of Revenue and Capital Outturn 2016/17

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### Report of Finance Manager – Azhar Rafiq

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#### Purpose of the Report

1. To provide details of the forecast outturn budget position for the Transformation and Partnerships (TAP) service grouping highlighting major variances in comparison with the budget based on the position to the end of September 2016.

#### Background

2. County Council approved the Revenue and Capital budgets for 2016/17 at its meeting on 24 February 2016. 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:

- *TAP Revenue Budget - £10.622 million (original £9.447 million)*
- *TAP Capital Programme – £5.364 million (original £5.622 million)*

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

- Budget increase for the pay award +£60,000
- Budget transfer from HR – Inspiring People +95,000
- Transport adjustment -£5,000
- To Modern Ways of Working Reserve -£40,000
- Use of Disabled Go Reserve +£8,000
- Use of Customer Focus Reserve +£12,000
- Use of Community Reserve +£85,000
- Use of Community Led Development Reserve +£15,000
- Use of Transformation Challenge Reserve +£294,000
- Use of AAP Reserve +£622,000
- Use of MTFP Redundancy Reserve +£29,000

The revised General Fund Budget now stands at £10.622 million.

4. The summary financial statements contained in the report cover the financial year 2016/17 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 TAP 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 under budget of **£22,000** against a revised budget of **£10.622 million**. This compares with the forecast cash limit under budget at Quarter 1 of £10,000.
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

£'000	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
<b>Employees</b>	6,937	3,511	7,030	93	(75)	18
<b>Premises</b>	273	74	272	(1)	0	(1)
<b>Transport</b>	50	16	51	1	0	1
<b>Supplies and Services</b>	1,703	760	2,025	322	(258)	64
<b>Agency and Contracted</b>	78	0	78	0	0	0
<b>Transfer Payments</b>	2,193	1,217	2,213	20	(20)	0
<b>Central Costs</b>	2,485	191	2,485	0	0	0
<b>GROSS EXPENDITURE</b>	<b>13,719</b>	<b>5,769</b>	<b>14,154</b>	<b>435</b>	<b>(353)</b>	<b>82</b>
<b>INCOME</b>	<b>(3,097)</b>	<b>(634)</b>	<b>(3,201)</b>	<b>(104)</b>	<b>0</b>	<b>(104)</b>
<b>NET EXPENDITURE</b>	<b>10,622</b>	<b>5,135</b>	<b>10,953</b>	<b>331</b>	<b>(353)</b>	<b>(22)</b>

#### Analysis by Head of Service £'000

£'000	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Partnership and Community Engagement	7,799	3,185	7,833	34	(20)	14
Planning and Performance	1,503	743	1,545	42	0	42
Policy and Communications	2,509	1,207	2,764	255	(333)	(78)
Central	(1,189)	0	(1,189)	0	0	0
<b>NET EXPENDITURE</b>	<b>10,622</b>	<b>5,135</b>	<b>10,953</b>	<b>331</b>	<b>(353)</b>	<b>(22)</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	£14,000 managed over budget on employees.	14
Planning and Performance	Planning, Performance, Overview and Scrutiny, County Records	£42,000 managed over budget the majority of which is employee related.	42
Policy and Communications	Policy, Communications Public relations, CCU and Programme Office	£56,000 managed under budget on employees. £22,000 managed under budget across a range of other areas.	(78)
Central	Central Costs	No variances.	0
<b>TOTAL</b>			<b>(22)</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 2016/17 which amount to £0.832 million.

### Members Neighbourhoods Revenue Budget

9. Each elected member receives an annual allocation of £20,000; £6,000 revenue and £14,000 capital. The revenue budget allocation for the current year is £0.756 million. Previous years unspent allocations totalling £1.287 million are held in an earmarked reserve. At present £0.922 million of the total budget allocation of £2.043 million has been either spent or committed.
10. The Members' Initiative Fund element of this budget equates to £0.252 million based on £2,000 per elected member. At this stage of the year it is expected that this will be fully expended.

## AAP Area Budgets

- Each of the 14 Area Action Partnerships (AAP) has an annual allocation of £100,000; £76,000 revenue and £24,000 capital. The revenue budget allocation for the current year is £1.064 million to develop projects to meet the agreed AAP priorities. Previous years unspent allocations totalling £1.997 million are held in an earmarked reserve. At this stage in the year a total of £2.193 million has either been committed or spent.

## Capital Programme

- The TAP capital programme comprises four main schemes, Assets in the Community, Area Action Partnerships Capital, Members Neighbourhoods Capital and Community Facilities in Crook.
- The Transformation and Partnerships capital programme was revised at Outturn for budget rephased from 2015/16. This increased the 2016/17 budget to £5.622m. Further reports to the MOWG in 2016/17 detailed further revisions, for grant additions/reductions, budget transfers and budget reprofiling into later years. The revised budget now stands at **£5.364m**.
- Summary financial performance to the end of September is shown below.

Service	Original Annual Budget 2016/17 £000	Revised Annual Budget 2016/17 £000	Actual Spend to 30 September £000	Remaining Budget £000
Assets in the Community	1,151	1,196	38	1,158
Area Action Partnership	434	455	197	258
Members Neighbourhoods	3,530	3,206	422	2,784
Community Facilities Crook	507	507	0	507
<b>Total</b>	<b>5,622</b>	<b>5,364</b>	<b>657</b>	<b>4,707</b>

- Officers continue to carefully monitor capital expenditure on a monthly basis. £657,000 of actual expenditure has been incurred to date. This is 12% of the total estimated spend in the year.
- 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:

- The committee is recommended to note the contents of the 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