

Corporate Issues Overview and Scrutiny Committee

26 January 2017

Resources – Quarter 2 September 2016: Forecast of Revenue and Capital Outturn 2016/17



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 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, 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 - £17.264 million (original £16.282 million)*
- *Capital Programme – £12.495 million (original £9.026 million)*

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

- APT &C 2016/17 Pay Award from Contingency +£368,000
- Local Council Tax Admin Grant -£46,000
- Transfer of HR staff to ACE for Inspire People project -£95,000
- Transfer from ACE – Chauffeur’s recharge adjustment +£5,000
- Use of Human Resources Reserve +£57,000
- Use of Corporate Procurement Reserve +£50,000
- Use of Oracle Development Reserve +£144,000
- Use of ICT Trading Account Reserve +£296,000
- Use of ICT/HR Modern Ways of Working Reserve +£61,000
- Use of Corporate MTFP ER/VR Reserve +£83,000
- Use of Corporate Contingency for HR Teaching Assistants exercise +£41,000
- Use of Corporate Contingency for Pensions Auto enrolmen costs +£18,000

The revised General Fund Budget now stands at £17.264 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 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.
5. The service is reporting a cash limit variance (under budget) of **£1.166 million** against a revised budget of **£17.264 million**. This is an increase from the forecast under budget of £0.913 million 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	Year To Date Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Employees	42,101	21,079	41,330	(770)	(297)	(1,067)
Premises	6,209	163	6,197	(11)	0	(11)
Transport	710	262	615	(96)	0	(96)
Supplies and Services	16,430	9,182	16,622	193	(123)	70
Transfer Payments	0	111	111	111	(111)	0
Third Party Payments	19	(17)	19	0	0	0
Central Support and Capital	9,975	44	9,977	2	0	2
Gross Expenditure	75,443	30,824	74,872	(572)	(530)	(1,102)
Income	(57,921)	(15,013)	(57,985)	(64)	0	(64)
Net Expenditure	17,522	15,811	16,886	(636)	(530)	(1,166)
HB Transfer payments	173,100	97,896	173,100	0	0	0
HB Central Support and Capital	400	0	400	0	0	0
HB Income	(173,758)	(1,391)	(173,758)	0	0	0
HB Net Expenditure	(258)	96,504	(258)	0	0	0
Total Net Expenditure	17,264	112,315	16,629	(636)	(530)	(1,166)

By Head of Service (£000's)

Category	Annual Budget	Year To Date Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Central Establishment Recharges	(16,454)	43	(16,454)	0	0	0
Corporate Finance	4,954	3,160	5,035	81	(194)	(112)
Financial Services	10,610	3,868	10,201	(409)	(21)	(430)
I.C.T. Services	9,729	4,133	9,801	72	(205)	(133)
Internal Audit and Insurance	1,231	542	1,147	(84)	0	(84)
Legal & Democratic Services	7,292	3,965	6,995	(297)	(111)	(408)
Management/ Performance	160	99	160	0	0	0
Net Expenditure Excluding HB	17,522	15,811	16,886	(636)	(530)	(1,166)
Housing Benefit	(258)	96,504	(258)	0	0	0
Net expenditure	17,264	112,315	16,629	(636)	(530)	(1,166)

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	No variances	0	0
Corporate Finance	Management	£33k underbudget on employees £7k underbudget on supplies	(40)	
	Financial Systems	£45k underbudget on employees from managing vacancies and maternity leave £8k overbudget on Supplies	(37)	
	Procurement	£18k overbudget on employees (3% staff turnover not met) £9k underbudget on supplies £1k underbudget on transport £36k overachieved income	(28)	
	Pensions	£39k overbudget on employees(3% Staff turnover not met & temporary arrangements) £8k overbudget on supplies £47k overachieved income	0	
	Strategic Finance	£12k overbudget on employees(3% Staff turnover savings not met) £21k overachieved income	(9)	
	Occupational Health	£11k overbudget on employees (3% staff turnover not met) £1k overbudget on supplies and services	12	
	Health and Safety	£18k underbudget on employees from management of vacancies £1k underbudget on supplies £2k overachieved income	(21)	

Head of Service	Service Area	Description	Year End (Under) / overbudget £000's	Year End (Under) / overbudget £000's
	Human Resources	£6k underbudget on employees £14k overbudget on supplies and services £3k underachieved income	11	(112)
Financial Services	Management	£48 underbudget on employees	(48)	(430)
	Operations & Data	£15k underbudget on employees £29k overbudget on car allowances (Disturbance) £19k overbudget on supplies and services relating to printing and postages £13k additional SLA income	20	
	Financial Management	£8k overbudget on employees £8k underbudget on supplies and services £3k underbudget on Transport £142k over achieved income (mainly SLA's)	(145)	
	Revenues and Benefits	£566k underbudget on employees from managing vacancies in advance of restructure £46k underbudget on transport £158k overbudget on supplies and services mainly due to postages, printing and telephones £350k overbudget on agency (packages) costs £153k additional grant income	(257)	
ICT	ICT Services	£164k underbudget on employees £4k underbudget on premises £70k underbudget on transport £343k underbudget on supplies and services £448k underachieved income	(133)	(133)
Internal Audit and Risk	Insurance and Risk	£6k overbudget on employees (3% staff turnover savings not met)	6	(84)
	Internal Audit	£77k underbudget on employees through close management and control of vacancies £2k underbudget on transport & supplies and services £19k overachieved income SLAs	(98)	
	Corporate Fraud	£8k overbudget on employees (3% staff turnover savings not met)	8	
Legal and Democratic Services	Corporate and Democratic Core	£95k underbudget on employees from vacancies and future MTFP savings £2k underbudget on transport £38k overbudget on supplies and services £108k overachieved income from Electoral Registration Grant	(167)	(408)
	Legal Services	£89k underbudget on employees £7k underbudget on transport £176k underbudget on supplies and services identified as future years MTFP savings £31k underachieved income	(241)	
Service Management	Service Management	No material variances		0
Benefits Payments and Subsidy	Benefits			0
TOTAL				(1,166)

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 2016/17 which amount to £1.493 million and early achievement of a number of MTFP savings in 2017/18.

Capital Programme

- 10 The Resources capital programme currently comprises 22 schemes, 19 of which are managed within ICT.
- 11 The original Resources capital programme was £11.868 million and this has been revised for additions/reductions, budget transfers and budget profiling. The revised budget now stands at £12.495 million
- 12 Summary financial performance to the end of September 2016 is shown below:

	Original Annual Budget 2016/17	Revised Annual Budget 2016/17	Profiled Budget 2016/17	Actual Spend 30/09/16	Remaining Budget 2016/17
	£000	£000	£000	£000	£000
ICT Services Include Design and Print	11,162	11,789	4,716	1,213	10,576
Legal and Democratic	60	60	24	19	41
RES - Financing Resources	646	646	259	59	587
Total	11,868	12,495	4,999	1,291	11,204

- 13 The revised Resources capital budget is £12.495 million with a total expenditure to 30 September 2016 of £1.291 million (10.3%). A full breakdown of schemes and actual expenditure to 30 September 2016 is given in **Appendix 2**.
- 14 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:

13. 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 2016/17

Programme	Revised Annual Budget 2016/17 £000	Profiled Budget 2016/17 £000	Actual Spend 30/09/16 £000	Remaining Budget 2016/17 £000
Archiving of obsolete systems based on non supported hardware.	200	80	-	200
Big Data	149	60	-	149
Broadband / Digital Durham	7,703	3,081	427	7,276
Code of Connection Compliance	20	8	-	20
Corporate Mail Fulfilment	4	2	-	4
Dark Fibre installations and Circuit/Microwave Upgrades	190	76	72	118
Email Upgrade	155	62	-	155
Homeworking	62	25	3	59
Learning Gateway	74	30	-	74
Mobile Device Management	360	144	-	360
Ongoing Server replacement	531	213	89	442
Replacement of Desktop ICT Equipment	1,227	490	358	869
Tribal ICT Project	174	70	165	9
Sharepoint Architecture	50	20	27	23
Tanfield Datacentre Core Switching Replacement	36	14	-	36
Tanfield Datacentre LAN Switching Replacement	408	163	23	385
Tanfield Power Upgrade	250	100	-	250
Applications and Development	25	10	-	25
Wireless Network Replacement	171	68	49	122
ICT Services Include Design and Print Total	11,789	4,716	1,213	10,576
RES Electronic Voting Equipment	60	24	19	41
Legal and Democratic Total	60	24	19	41
Migration of HR/Payroll functionality	596	239	85	511
Civica Pension Fund Administration System	50	20	(26)	76
RES - Financing Resources Total	646	259	59	587
Grand Totals	12,495	4,999	1,291	11,204