

Corporate Overview and Scrutiny Management Board

15 September 2017



Transformation and Partnerships – Quarter 1 June 2017: Forecast of Revenue and Capital Outturn 2017/18

Joint Report of John Hewitt, Corporate Director Resources and Lorraine O'Donnell, Director of Transformation & Partnerships

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 June 2017.

Background

2. County Council approved the Revenue and Capital budgets for 2017/18 at its meeting on 22 February 2017. 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 TAP service grouping:
 - (a) *TAP Revenue Budget - £10.738 million (original £8.716 million)*
 - (b) *TAP Capital Programme – £4.572 million (original £4.149 million)*
3. The original TAP budget has been revised to incorporate a number of budget adjustments since the original budget was approved in February, details as follows:
 - (a) Transfer into TAP former CAS – Unitisation – £1.094 million
 - (b) Transfer into TAP from REAL Culture & Sport – Unitisation – £14,000
 - (c) Transfer into TAP from REAL PPP – Unitisation – £0.192 million
 - (d) Transfer into TAP from former RED PPP – Unitisation – £0.713 million
 - (e) Transfer into TAP from Contingencies £10,000 – Removal of income for internal recharges (website)

The revised General Fund Budget now stands at £10.738 million.

4. The summary financial statements contained in the report cover the financial year 2017/18 and show:-
- (a) The approved annual budget;
 - (b) The actual income and expenditure as recorded in the Council's financial management system;
 - (c) The variance between the annual budget and the forecast outturn;
 - (d) 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 overspend of **£0.440 million** against a revised budget of **£10.738 million**.
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)

Subjective Analysis	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Employees	9,586	2,637	10,386	800	-293	507
Premises	284	39	284	0	0	0
Transport	67	9	67	0	0	0
Supplies and Services	1,747	323	1,849	102	-100	2
Agency and Contracted	146	0	146	0	0	0
Transfer Payments	1,196	330	1,586	390	-390	0
Central Costs	2,281	73	2,484	203	-203	0
GROSS EXPENDITURE	15,307	3,411	16,802	1,495	-986	509
INCOME	-4,569	-615	-4,647	-78	9	-69
NET EXPENDITURE	10,738	2,796	12,155	1,417	-977	440

Analysis by Head of Service (£000's)

Head of Service	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
T&P MTFP (Managed Savings)	-565	0	0	565	0	565
Partnership and Community Engagement Strategy	7,089	1,388	7,561	472	-530	-57
Comms & Information Management	2,568	688	2,535	-33	-16	-49
Transformation	2,638	523	2,922	284	-269	15
Central	653	197	781	128	-162	-34
	-1,645	0	-1,645	0	0	0
NET EXPENDITURE	10,738	2,796	12,155	1,417	-977	440

7. The table below provides a brief commentary on the variances against the revised budget, analysed by individual Head of Service. 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	Forecast Year End (Under) / overspend £000's	Forecast Year End Underspend £000's
TAP MTFP (Managed Savings)	Service Grouping Management	The previously planned restructure of the former ACE service grouping has been delayed following the unitisation of services into TAP. A larger restructure, incorporating both the 2017/18 and 2018/19 savings targets is now planned across the new TAP service grouping. This has resulted in a delay in achieving £565k of the 2017/18 MTFP savings. The net overspend as a result of the savings delay is fully covered by the use managed underspends and the TAP cash limit reserve.	565	565
Partnership and Community Engagement (PACE)	Head of PACE	(£20k) Income Recharge-GE to Syrian Vulnerable Persons Scheme – MTFP.	-20	-57
	Area Action Partnerships	£75k managed overspend on employees (63k 3% staff turnover not met).	71	
	Community Buildings	No material variances.	0	
	PACE	(£40k) managed underspend on employees.	-41	
	CCU	(£68k) managed underspend on employees.	-68	

Head of Service	Service Area	Description	Forecast Year End (Under) / overspend £000's	Forecast Year End Underspend £000's
Strategy	Head of Planning and Performance	£1k managed overspend on employees (3% staff turnover not met).	1	-49
	Service Grouping Management	(£21k) managed underspend on employees.	-21	
	Research and Equalities	£8k managed overspend on employees (3% staff turnover not met).	8	
	Scrutiny & Performance	(£12k) managed underspend on employees.	-12	
	Policy & Planning	(£25k) managed underspend on employees (G. Robinson 17k for MTFP).	-25	
Comms & Information Management	Head of Communications & Marketing	£4k managed overspend on employees (3% staff turnover not met).	4	15
	Comms & Marketing	£14k managed overspend on employees (3% staff turnover not met).	14	
	County Records	£57k managed overspend on employees met from external funding sources.	0	
	Information Management	(£10k) managed underspend on employees.	-10	
	Public Relations	Durham County News £7k unachievable Income.	7	
Transformation	Head of Transformation	Minor Variances.	0	-34
	Programme Office	(£34k) managed underspend on employees (Anne Smith 29k MTFP).	-34	
Central	Central Costs	No material variances.	0	0
TOTAL				440

8. In summary, the service grouping is not forecast to maintain its spending in line with its cash limit this year. This is largely due to a planned delay in the restructure of the former Assistant Chief Executives Service Grouping, which has been delayed following the unitisation of services into TAP, with a larger restructure, incorporating 2018/19 savings targets, now planned. MTFP savings required in 2017/18 amounted to £0.979 million of which £0.414 million will be delivered, leaving £0.565 million yet to be achieved.

Members Neighbourhoods Revenue Budget

9. The Members Initiative Fund has been merged with the Members Neighbourhoods Revenue budget.
10. An MTFP saving of £0.330 million has been applied as a reduction in the individual Members' allocation from £6,000 to £3,400 this year.
11. Each elected member now receives an annual allocation of £19,400; £5,400 (including £2,000 from the former Members' Initiatives Fund) revenue and £14,000 capital.
12. The revenue budget allocation for the current year is £0.680 million. Previous years unspent allocations totalling £1.047 million are held in an earmarked reserve. At 30 June, 2017, £1.093 million of the total budget allocation of £1.728 million has been either spent or committed and it is expected that the remaining budget will be allocated during the remainder of the year.
13. There is a remaining balance of £4,246 held in an earmarked reserve in respect of the former Members Initiative Fund.

AAP Area Budgets

14. Each of the 14 Area Action Partnerships (AAP) has an annual allocation of £100,000; £76,000 revenue and £24,000 capital.
15. The revenue budget allocation for the current year is £1.064 million to develop projects to meet the agreed AAP priorities.
16. Previous years unspent allocations totalling £0.875 million are held in an earmarked reserve. At 30 June a total of £0.681 million has either been committed or spent and it is expected that the remaining £1.258 million will be committed later in the year.

Transformation Challenge Award

17. The Transformation Challenge Award 2015/16 is a Government programme to support local authorities to transform the way they work. Durham's bid focused on the 'Durham Ask' which is about working with community groups and other local organisations to transform the way local services are provided.
18. A grant of £1.400 million was received during 2015/16 of which £0.233 million was spent in 2015/16 on grants and staffing, with a further £0.264 million expended in 2016/17. The remaining balance of £0.903 million has been placed in an earmarked reserve. At present expenditure is forecast of £0.586 million during 2017/18, leaving a year-end balance of £0.317 million.

Capital Programme

19. The TAP capital programme comprises four main schemes, Assets in the Community, Area Action Partnerships Capital, Members Neighbourhoods Capital and Community Facilities in Crook.

20. The TAP capital programme has been revised to take into account the 2016/17 outturn position, where unspent budget was transferred from 2016/17. This increased the 2017/18 budget to £4.149m. Further revisions were approved at MOWG in June 2017 and the revised budget now stands at **£4.572m**.

21. Summary financial performance to the end of June is shown below:

Service	Original Annual Budget 2017/18 £000	Revised Annual Budget 2017/18 £000	Actual Spend to 30 June £000	Remaining Budget £000
Assets in the Community	1,018	1,018	82	936
Area Action Partnership	342	480	9	471
Members Neighbourhoods	2,378	2,665	273	2,392
Community Facilities Crook	344	344	337	7
AAP Initiatives	66	66	32	34
Total	4,149	4,572	733	3,840

22. Officers continue to carefully monitor capital expenditure on a monthly basis. £733,000 of actual expenditure has been incurred to date. This is 16% of the total estimated spend in the year.

23. 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:

24. The Corporate Overview and Scrutiny Management Board 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.