

Corporate Overview and Scrutiny Management Board

14 September 2018



Transformation and Partnerships – Revenue and Capital Outturn 2017/18

Joint Report of Corporate Director Resources and Director of Transformation and Partnerships

Purpose of the Report

1. To provide details of the outturn budget position for the Transformation and Partnerships (TAP) service grouping, highlighting any major variances in comparison with the budget based on the outturn position at the end of March 2018.

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 - £11.918 million (original £8.716 million)*
- b) *TAP Capital Programme – £3.680 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)
- f) Use of Durham Ask Reserve - £75,000
- g) Use of AAP Reserve (Welfare Assistance) - £0.172 million
- h) Use of AAP Reserve (CCG) - £34,000
- i) Use of AAP Reserve (Health Champions) - £0.158 million
- j) Use of AAP Reserve - Public Health - £12,000
- k) Use of Flood Co-Ordinator Reserve- £73,000
- l) Use of Community Reserve - £15,000

- m) To Community Led Development Reserve - £9,000
- n) Use of Disabled Go Reserve - £8,000
- o) Use of Inspire Reserve - £0.345 million
- p) Use of Customer Focus Reserve - £66,000
- q) Use of Modern Ways of Working Reserve - £20,000
- r) Use of Contingencies - £8,000
- s) Use of Inspire Reserve - £22,000
- t) Use of Social Care Reserve - £8,000
- u) Use of MTFP Redundancy Reserve - £0.216 million
- v) Use of Contingencies - £2,000
- w) Transfer into TAP from CYPS – Youth Work Support Grants – £0.139 million
- x) To Cash Limit reserve - £44,000
- y) To Youth Work Support Reserve - £0.139 million

The final revised General Fund Budget was £11.918 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 actual 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 Outturn 2017/18

5. The service is reporting a cash limit overspend of **£0.134 million** against a revised budget of **£11.918 million**. The forecast outturn position at quarter 3 was a cash limit overspend of £0.282 million. This represents an improvement and a reduction of £0.148 million when compared with the quarter 3 forecast.
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	Actual Outturn	Variance	Items Outside Cash Limit	Final Cash Limit Variance
Employees	10,121	10,727	606	-206	400
Premises	319	357	38	-40	-2
Transport	67	40	-27	7	-20
Supplies and Services	1,970	1,880	-90	27	-63
Agency and Contracted	146	149	3	-7	-4
Transfer Payments	1,848	1,767	-81	98	17
Central Costs	2,325	4,233	1,908	-935	973
GROSS EXPENDITURE	16,796	19,153	2,357	-1,056	1,301
INCOME	-4,878	-6,157	-1,279	112	-1,167
NET EXPENDITURE	11,918	12,996	1,078	-944	134

Analysis by Head of Service (£000's)

Head of Service	Annual Budget	Actual Outturn	Variance	Items Outside Cash Limit	Final Cash Limit Variance
T&P MTFP (Managed Savings)	-379	0	379	0	379
Partnership and Community Engagement Strategy	7,259	8,186	927	-950	-23
Comms & Information Management	2,596	2,386	-210	101	-109
Transformation	3,218	3,397	179	-258	-79
Central	869	816	-53	24	-29
	-1,645	-1,789	-144	139	-5
NET EXPENDITURE	11,918	12,996	1,078	-944	134

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
T&P 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 well progressed across the new TAP service grouping. This has resulted in a delay in achieving £379k 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.	379
Partnership and Community Engagement (PACE)	Area Action Partnerships Community Buildings PACE	Managed underspend of £23k, mostly on employees and supplies & services	(£23)
Strategy	Service Management, Research & Equalities, Scrutiny & Performance, Policy & Planning	Managed underspend of £109k , mostly on employees.	(109)
Comms & Information Management	Communications & Marketing, County Records, Information Management, Civil Contingencies Unit, Public Relations	Managed underspend of £79k mostly on employees and additional income	(79)
Transformation	Transformation	Managed underspend of £29k on employees, supplies & services and additional income	(29)
Central	Central costs	No material variances	(5)
TOTAL			134

8. In summary, the service grouping did not maintain its spending in line with its cash limit this year. This is due to a planned delay in the restructure of the former Assistant Chief Executives Service Grouping, which was delayed following the unitisation of services into TAP, with a larger restructure, incorporating 2018/19 savings targets, now implemented.

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 was applied as a reduction in the individual Members' allocation from £6,000 to £3,400 this year.
11. During 2017/18 each elected member received an annual allocation of £19,400; £5,400 (including £2,000 from the former Members' Initiatives Fund) revenue and £14,000 capital. The revenue budget allocation for 2016/17 was £0.680 million. Previous years unspent allocations totalling £1.047 million were held in an earmarked reserve. At 31 March 2018, £1.472 million was either spent or committed. The remaining budget is held in an earmarked reserve.

AAP Area Budgets

12. Each of the 14 Area Action Partnerships (AAP) had an annual allocation of £100,000; £76,000 revenue and £24,000 capital. The revenue budget allocation for 2017/18 was £1.064 million. Previous years unspent allocations totalling £0.875 million were held in an earmarked reserve. At 31 March a total of £1.693 million was either committed or spent. The remaining budget is held in an earmarked reserve.

Capital Programme

13. The TAP capital programme comprises four main schemes, Assets in the Community, Area Action Partnerships Capital, Members Neighbourhoods Capital and Community Facilities in Crook.
14. The TAP capital programme was 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 December 2017 and the revised budget stood at **£3.680m**.

15. Summary financial performance to the end of March 2018 is shown below:

Service	Original Annual Budget 2017/18 £000	Revised Annual Budget 2017/18 £000	Actual Spend to 31 March £000	Spend %
Assets in the Community	1,018	343	101	29
Area Action Partnership	342	475	339	71
Members Neighbourhoods	2,379	2,427	888	37
Community Facilities Crook	344	344	337	98
AAP Initiatives	66	91	27	30
Total	4,149	3,680	1,692	46

16. £1.692 million of actual expenditure has been incurred during 2017/18. This is 46% of the revised capital budget. The remaining capital budget has been reprofiled to 2018/19.

Recommendations:

17. The Corporate Overview and Scrutiny Management Board is requested to note and comment on 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 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