



To Executive Councillor for Strategy & Transformation, Councillor Lewis Herbert

Report by Chief Executive, Director of Customer and Community Services, Director of Environment, Director of Business Transformation and Head of Finance

Relevant Scrutiny Committee Strategy & Resources 4 July 2016

2015/16 Revenue and Capital Outturn, Carry Forwards and Significant Variances – Strategy & Transformation Portfolio

Key Decision

1. Executive summary

1.1 This report presents, for the Strategy & Transformation Portfolio :

- a) A summary of actual income and expenditure compared to the final budget for 2015/16 (outturn position)
- b) Revenue and capital budget variances with explanations
- c) Specific requests to carry forward funding available from budget underspends into 2016/17.

2. Recommendations

The Executive Councillor is recommended to request that the Executive Councillor for Finance and Resources approves the following:

- a) Carry forward requests totalling £122.65k revenue funding from 2015/16 to 2016/17, as detailed in **Appendix C**
- b) Carry forward requests of £325k capital resources from 2015/16 to 2016/17 to fund rephased net capital spending, as detailed in **Appendix D**.

3. Background

Revenue Outturn

3.1 The overall revenue budget outturn position for the Strategy & Transformation Portfolio is given in the table below. Detail, by service grouping, is presented in **Appendix A**.

2014/15 £'000	Strategy & Transformation Portfolio Revenue Summary	2015/16 £'000	% Final Budget
3,368	Original Budget	2,792	73.6
-	Adjustment – Prior Year Carry Forwards	19	0.5
-	Adjustment – BSR Feb 2016 approvals	408	10.8
-	Adjustment – Service Restructure Costs	(7)	(0.2)
-	Adjustment – Earmarked Reserves	(39)	(1.0)
-	Adjustment – Capital Charges	45	1.2
-	Adjustment – Central & Support reallocations	624	16.5
152	Other Adjustments	(51)	(1.4)
3,520	Final Budget	3,791	100.0
2,674	Outturn	3,178	83.8
(846)	(Under) / Overspend for the year	(613)	(16.2)
19	Carry Forward Requests	123	3.2
(827)	Resulting Variance	(490)	(12.9)

3.2 **Appendix A** shows original and final budgets for the year (with the movements summarised in the above table) and compares the final budget with the outturn position for this Portfolio for 2015/16. The original revenue budget for 2015/16 was approved by the Executive Councillor for Finance and Resources on 19 January 2015.

3.3 **Appendix B** provides explanations of the main variances.

3.4 **Appendix C** lists revenue carry forward requests.

Capital Outturn

3.5 The overall capital budget outturn position for the Strategy & Transformation Portfolio is given in the table below. **Appendix D** shows the outturn position by scheme and programme with explanations of variances.

2014/15 £'000	Strategy & Transformation Portfolio Capital Summary	2015/16 £'000	% Final Budget
236	Final Budget	407	100.0
213	Outturn	82	20.1
(23)	Variation - (Under)/Overspend for the year	(325)	(79.9)
23	Rephasing Requests	325	79.9
0	Variance	0	0

4. Implications

- 4.1 The net variance from the final budget (see above), would result in no change to the use of General Fund reserves.
- 4.2 A decision not to approve a carry forward request may impact on officers' ability to deliver the service or scheme in question and this could have staffing, equality and poverty, environmental, procurement, consultation and communication and/or community safety implications.

5. Background papers

- Closedown Working Files 2015/16
- Directors' Variance Explanations – March 2016
- Capital Monitoring Reports – March 2016
- Budgetary Control Reports to 31 March 2016

6. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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Strategy & Transformation Portfolio / Strategy & Resources Scrutiny Committee

Revenue Budget 2015/16 - Outturn

Service Grouping	Original Budget £	Final Budget £	Outturn £	Variation Increase / (Decrease) £	Carry Forward Requests - see Appendix C £	Net Variance £
Chief Executive						
Corporate Strategy	393,690	421,690	409,745	(11,945)		(11,945)
Democratic Services	316,270	316,270	299,994	(16,276)		(16,276)
Environment						
CCTV	(34,670)	(115,010)	(73,708)	41,302		41,302
Customer & Community Services						
Community Safety	116,900	129,900	107,030	(22,870)		(22,870)
Central Services						
Corporate & Democratic Services	2,296,810	1,977,150	1,895,889	(81,261)		(81,261)
Central Provisions and Centrally allocated costs	(1,507,310)	(101,010)	(530,780)	(429,770)	31,000	(398,770)
Pensions - Early Retirements and Past Deficit	1,010,600	961,870	961,873	3		3
Programme Office	200,000	200,000	108,348	(91,652)	91,650	(2)
Total Net Budget	2,792,290	3,790,860	3,178,391	(612,469)	122,650	(489,819)

Changes between original and final budgets may be made to reflect:

- portfolio and departmental restructuring
- approved budget carry forwards from the previous financial year
- technical adjustments, including changes to the capital accounting regime
- virements approved under the Council's constitution
- additional external revenue funding not originally budgeted

and are detailed and approved:

- in the January committee cycle (as part of the Budget-Setting Report)
- in the June/July committee cycle (outturn reporting and carry forward requests)
- in September (as part of the Mid-year Financial Review, MFR)
- via technical adjustments/virements throughout the year

Strategy & Transformation Portfolio / Strategy & Resources Scrutiny Committee

Revenue Budget 2015/16 - Major Variances
from Final Revenue Budgets

Service Grouping	Reason for Variance	Amount £	Contact
CCTV	Overspend relates to understating 2014/15 creditors for shared service - final invoice was higher than expected. There is also some loss of income relating to monitoring of CCTV for the County Council.	41,302	Paul Necus
Community Safety	Combination of an underspend of £8k on NRP Volunteer Training as this was picked up by the OPCC but will be required in future years. There is also an admin error in the actual amount for special projects of £8k which should be adjusted down to £2,190 (currently £10,190).	(22,870)	Lynda Kilkelly
Corporate & Democratic Services	Balances on the Corporate Management Services that have been cleared to this centre include underspends of £16k Emergency Planning (£8k additional income, £5k staffing) and £8k Finance General recharges for consultants. Balances on Corporate Services that have been cleared to this centre include underspends of £57k on Corporate Policy, Committee Management, Members Support, Civic Affairs and Twinning relating mainly to staff (including Sergeant at Mace) and office costs.	(81,261)	John Harvey
Central Provisions and Centrally allocated costs	Unspent balances on central provisions which are held on this centre may be partly offset by variances reported within service budgets. So the major areas of variances include net underspend of £34k (Maternity Fund), £80k (R&R), £75k Electricity, £20k Gas, £34k overachievement of savings on SSR phase 1&2. Other underspends are £63k Apprenticeships and £31k Programme Office (and for both of these the unspent balances will be requested to be carried forward). In addition, balances on the Central and Support Services have been cleared to this centre ready for reallocation during final accounts closedown. So, whilst the variance amounts are shown here, where variances are significant they have been explained within the source cost centre so are therefore not reproduced here. So the major variances include underspends of £84k IT, £16k Admin Buildings (primarily due to a £17k prior year service charge refund in respect of Lion House), £20k Facilities Management (staffing £7k, supplies and services £12), £32k HR, £82k Accountancy, £21k Customer Service Centre, £15k Internal Audit, partly offset by an overspend on Insurance Fund of £156k (includes MMI additional levy £76k and an additional £80k contribution towards Parkside Window replacement).	(429,770)	John Harvey
Programme Office	The variance is due to the reduced requirement in 2015/16 to fund transformation projects, as existing sources of funding such as the Efficiency Fund or TCA (Transformation Challenge Award) were available and applied. As these sources of funding are unlikely to be available again in 2016/17 and given the nature of transformation projects, it is requested the underspend is c/fwd to 2016/17 to meet future bids and commitments as they arise.	(91,652)	Ray Ward
Other		(28,219)	-
Total		(612,469)	

**Strategy & Transformation Portfolio / Strategy & Resources Scrutiny
Committee**

Revenue Budget 2015/16 - Carry Forward Requests

Request to Carry Forward Budgets from 2015/16 into 2016/17

Item	Reason for Carry Forward Request	Amount £	Contact
1	<p align="center">Central Provisions and Centrally allocated costs</p> <p>Cost of change on Business Transformation.</p> <p align="center">Programme Office</p>	31,000	Ray Ward
2	<p>The underspend occurred due to the reprioritisation of projects within the overall transformation programme. This resulted in the earlier execution of projects that were part funded from other funding streams. The carry forward request is made as the funds are required for re-phased and planned change projects.</p>	91,650	Lynda Kilkelly
	<p>Total Carry Forward Requests for Strategy & Transformation Portfolio / Strategy & Resources Scrutiny Committee</p>	122,650	

Strategy & Transformation Portfolio / Strategy & Resources Scrutiny Committee

Capital Budget 2015/16 - Outturn

Capital Ref	Description	Lead Officer	Original Budget 2015/16 £000	Final Budget 2015/16 £000	Outturn £000	Variance - Outturn compared to Final Budget £000	Rephase Spend £000	Over / (Under) Spend £000	Variance Explanation / Comments
SC586 - 38246	Wide Area Network	T Allen	0	7	7	0	0	0	Scheme completed.
SC601 - 42107	Replacement Telecommunications & Local Area Network	T Allen	0	400	75	(325)	325	0	Project is on course for delivery between May 2016 - July 2016.
Total Projects			0	407	82	(325)	325	0	
Total for Strategy & Transformation Portfolio			0	407	82	(325)	325	0	

Changes between original and final budgets may be made to reflect:

- rephased capital spend from the previous financial year
- rephased capital spend into future financial periods
- approval of new capital programmes and projects

and are detailed and approved:

- in the June/July committee cycle (outturn reporting and carry forward requests)
- in September (as part of the Mid-year Financial Review, MFR)
- in the January committee cycle (as part of the Budget-Setting Report, BSR)
- via technical adjustments/virements throughout the year