

# Economy and Enterprise Overview and Scrutiny Committee

26 September 2016



## Regeneration and Economic Development Service – Quarter 1: Forecast of Revenue and Capital Outturn 2016/17

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### Joint Report of Corporate Director – Regeneration and Economic Development and Interim Corporate Director - Resources

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#### Purpose of the Report

1. To provide details of the forecast outturn budget position for the Regeneration and Economic Development (RED) service grouping highlighting major variances in comparison with the budget based on the position to the end of June 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 RED service grouping:
  - *RED Revenue Budget - £26.113 million (original £25.257 million)*
  - *RED Capital Programme – £34.226 million (original £33.523 million)*
3. The original RED General Fund budget has been revised to incorporate a number of budget adjustments as follows:
  - Cost of 2016-17 pay award +£231,000
  - Lone Working adjustment +£50,000
  - Use of Office Accommodation Support Reserve +£575,000

The revised General Fund Budget now stands at £26.113 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 RED 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 underspend of **£0.299 million** against a revised budget of **£26.113 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)

	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Employees	28,113	8,423	28,265	152	(258)	(106)
Premises	4,565	1,288	5,128	563	(10)	553
Transport	894	140	886	(8)	0	(8)
Supplies and Services	7,080	1,225	7,406	326	(358)	(32)
Agency and Contracted	19,266	5,139	19,354	88	32	120
Transfer Payments	95	0	95	0	0	0
Central Costs	10,697	272	10,873	176	(50)	126
<b>GROSS EXPENDITURE</b>	<b>70,710</b>	<b>16,487</b>	<b>72,007</b>	<b>1,297</b>	<b>(644)</b>	<b>653</b>
<b>INCOME</b>	<b>(44,597)</b>	<b>(13,002)</b>	<b>(45,449)</b>	<b>(852)</b>	<b>(100)</b>	<b>(952)</b>
<b>NET EXPENDITURE</b>	<b>26,113</b>	<b>3,485</b>	<b>26,558</b>	<b>445</b>	<b>(744)</b>	<b>(299)</b>

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

Head of Service Grouping	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Strategy Programmes Performance	1,741	661	1,676	(65)	(110)	(175)
Economic Development & Housing	6,493	648	6,289	(204)	(434)	(638)
Planning & Assets	5,439	1,904	5,876	437	(164)	273
Transport & Contracted	2,059	247	2,332	273	(36)	237
Central Managed Costs	10,381	26	10,385	4	0	4
<b>NET EXPENDITURE</b>	<b>26,113</b>	<b>3,486</b>	<b>26,558</b>	<b>445</b>	<b>(744)</b>	<b>(299)</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. concessionary fares) and technical accounting adjustments (e.g. capital charges):

Head of Service	Service Area	Description	(Under) / Overspend £'000	(Under) / Overspend £'000
Strategy Programmes Performance	Strategy, Policy, Partnerships & Support	Staff vacancy savings	(92)	(175)
	County Durham Economic Partnership	Minor Variance	3	
	Planning & Performance	Staff vacancy savings	(52)	
	Funding and Programmes	Staff vacancy savings	(34)	
Economic Development & Housing	Head of Economic Development	Minor variance	(5)	(638)
	Physical Development	£6k minor staffing savings £100k Chapter Homes SLA income	(106)	
	Visit County Durham	£74k staffing vacancies	(74)	
	Business Durham	£17k over budget on running expenses £157k over recovery of income Business Space	(140)	
	Economic Development	£59k under budget on employee costs £11k over budget on supplies and services £65k under recovery in income in employment and skills	17	
	Housing Solutions	£124k under budget on Gypsy Roma Traveller (GRT) sites from rents and supplies and services. £207k under budget due to staff vacancies and a planned under spend on supplies and services (ahead of 2017/18 MTFP savings)	(330)	
Spatial Policy, Planning Assets & Environment	Head of SPPAE	Minor variance	(2)	(239)
	Spatial Policy	Agreed over budget on Local Development Framework	292	
	Development Management	£119k under budget on employees £120k overachieved income planning fees	(239)	
	Building Control	£86k under budget on employees £38k under budget on supplies and services £60k underachieved building control fee income	(58)	

Head of Service	Service Area	Description	(Under) / Overspend £'000	(Under) / Overspend £'000
	Environment & Design	£69k under budget on employees £27k under budget other areas	(96)	
	Asset Management	£22k over budget on employees £354k under achieved income and rates relating to Newgate Street, Brackenhill, Millennium Place	376	273
Transport	Head of Transport	£16k over budget on supplies and services including £11k legal fees re Durham Tees Valley Airport (DTVA)	16	
	Traffic	£213k under budget on income, mainly due to parking income £29k over budget on supplies and services	242	
	Sustainable Transport	£20k over budget on employees £3k under budget on supplies services £46k under budget on income mainly due to reduced concessionary fare boardings impacting on income generated during peak time travel	63	
	Supported Housing	£104k over budget on employee costs mainly due to 24/7 cover for holidays and sickness £186k over budget on income from retained clients £69k and additional SLA income £119k	(84)	237
Central	Central Costs	Minor Variance	4	4
<b>TOTAL</b>				<b>(299)</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 £1.118 million.

### Capital Programme

11. The RED capital programme makes a significant contribution to the Regeneration ambitions of County Durham. The programme is relatively large and comprises over 138 schemes managed by around 23 project delivery officers.

12. The Regeneration and Economic Development capital programme was revised at Outturn for budget rephased from 2015/16. This increased the 2016/17 original budget. Further reports to the MOWG in May and June detailed further revisions, for grant additions/reductions, budget transfers and budget reprofiling into later years. The revised budget now stands at **£34.226 million**.
13. Summary financial performance to the end of June is shown below.

Service	Original Annual Budget 2016/17 £000	Revised Annual Budget 2016/17 £000	Actual Spend to 30 June £000	Remaining Budget £000
Economic Dev & Housing	14,767	15,469	2,000	13,469
Planning & Assets	7,494	7,492	1,531	5,961
Transport & Contracted	11,012	11,015	1,954	9,061
Strategy & Programmes	250	250	0	250
<b>Total</b>	<b>33,523</b>	<b>34,226</b>	<b>5,485</b>	<b>28,741</b>

14. Actual spend for the first three months amounts to **£5.485 million**. **Appendix 2** provides a more detailed breakdown of spend across the major projects contained within the RED capital programme.
15. The key areas of spend to date have been on Disabled Facilities Grants (£0.758 million), Structural Capitalised Maintenance (£1.379 million), and the Transport Major Schemes (£1.598 million). Other areas of the programme are profiled to be implemented during the remainder of the year it is anticipated that the projected outturn at 31 March 2017 will be in line with the revised budget.
16. 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:**

17. The Scrutiny Committee is requested to note the contents of this 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 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: RED Capital Programme 2016-17

	Revised Annual Budget £000	Profiled Budget £000	Actual Spend to 30 June £000	Remaining Budget £000
<b>General Fund</b>				
<b>Economic Development &amp; Housing</b>				
Barnard Castle Vision	243	51	24	219
Durhamgate	50	0	1	49
Industrial Estates	3,509	103	292	3,217
North Dock, Seaham	767	0	0	767
Office Accommodation	1,808	134	134	1,674
Town Centres	2,366	81	77	2,289
Minor Schemes	214	47	47	168
Disabled Facilities Grant /FAP (1)	3,294	687	758	2,536
Gypsy Roma Travellers	99	0	-2	101
Housing Renewal	918	104	99	819
Chapter Homes	2,200	770	570	1,630
<b>Planning &amp; Assets</b>				
Renewable Energy Schemes	443	28	66	377
Structural Capitalised Maintenance	6,673	858	1,379	5,294
Minor Schemes	377	62	86	290
<b>Transport &amp; Contracted Services</b>				
Local Transport Plan	3,359	265	315	3,044
Transport Corridors	0	31	31	-31
Transport Major Schemes	7,546	955	1,598	5,948
Transit 15	15	9	9	6
CCTV	60	1	1	59
Minor Schemes	35	0	0	35
<b>Strategy &amp; Programmes Minor Schemes</b>	250	0	0	250
<b>RED Total</b>	<b>34,226</b>	<b>4,186</b>	<b>5,485</b>	<b>28,741</b>

(1) Financial Assistance Programme