

7 October 2016



## NEIGHBOURHOOD SERVICES QUARTER 4 REVENUE & CAPITAL OUTTURN 2015 / 2016

### Report of Regeneration and Local Services Management Team

#### Purpose of the report

- 1 To set out details of the final outturn for 2015/16, highlighting variances against revenue and capital budgets for Neighbourhood Services.

#### Executive Summary

- 2 The final 2015/16 Revenue Outturn for Neighbourhood Services was under budget against the cash limit by £0.860million. This takes into account adjustments for sums outside the cash limit such as redundancy costs which are met from the strategic reserves, and use of / contributions to earmarked reserves.
- 3 The final 2015/16 Capital Outturn for Neighbourhood Services was under budget by £3.182m

#### Neighbourhood Services Revenue 2015/16

- 4 The summary of the revenue outturn position, is shown in the following table analysed by Head of Service:

Head of Service	Revised Base Budget 2015/16 £'000	QTR 4 Report			Cash limit Variance Over/ (Under) £'000
		Final Outturn 2015/16	Variance Over/ (Under)	Reserves / outside cash limit	
		£'000	£'000	£'000	
Central Costs	1,348	1,542	194	0	194
Direct Services	36,426	34,948	(1,478)	405	(1,073)
Env, Health & C. Prot	5,562	5,233	(329)	143	(186)
Proj & Business Serv	17,983	17,928	(55)	(102)	(157)
Culture & Sport	19,470	19,284	(186)	430	244
Technical Services	27,030	25,688	(1,342)	1,460	118
<b>Total</b>	<b>107,819</b>	<b>104,631</b>	<b>(3,196)</b>	<b>2,336</b>	<b>(860)</b>

- 5 The final revenue outturn for 2015/16 was under budget against the cash limit by £0.860million, after taking account of the forecast use of reserves, and items outside the cash limit.
- 6 The cash limit outturn position compares to the previously forecast Quarter 3 position of a cash limit underspend of £1.290million.

7 The following section outlines the main reasons for the variance against budget;

- Direct Services - £1.060 million underspend. The main reasons for this were that there was an overachievement in the surplus generated by Building Services of approximately £0.754 million due to the level of turnover being significantly higher than originally anticipated. In addition there was an underspend of £0.600 million relating to savings in premises costs of Administration Buildings mainly relating to the early achievement of future MTFP savings. These underspends were partially offset by a contribution to an earmarked reserve of £0.300 million for capital works in cemeteries.
- Technical Services £0.105 million overspend. Within this overall position, there was an overspend of circa £1 million on highways maintenance relating to additional policy led expenditure in relation to Category 1 and 2 defects, offset by increased income of approximately £0.9 million that was generated within Design Services.
- Environment, Health and Consumer Protection - £0.187 million underspend, which was largely attributable to underspends on employees, supplies and services in Health Protection, Consumer Protection and Environmental Protection, as a result of the early achievement of future MTFP savings.
- Culture & Sport £0.255 million overspend. The main reason for this is a contribution to earmarked reserves to fund additional capital works associated with a proposed cinema partnership arrangement. This capital work will greatly enhance the cinema offer and result in additional revenue income in future years.
- Within Strategic Waste there have been significant increases in the Materials Recycling Facility costs (£0.500 million) as a result of a national reduction in the market value of recycled materials. A new contract for this service has been procured recently and this will reduce the budget pressure going forward. This overspend is being offset by savings on employee and supplies and services (£0.488 million) across all other areas of Projects & Business Services.

8 Further to the quarter 3 forecast outturn report, the following items have been excluded from the outturn in arriving at the cash limit:

- £2.327 million – relates to a net contribution to earmarked reserves and cash limits to support specific projects in 2016/17, including a £1.430m contribution to earmarked reserves to support one off expenditure in Highways; a £0.430m contribution to earmarked reserves in respect of Culture and Sport; and a £0.405m contribution to earmarked reserves in respect of Buildings and Grounds Maintenance, and Street Cleaning.
- The movement on Reserves includes a contribution of £0.729 million to the Winter Maintenance Reserve that was established at the end of 2013/14. This contribution represents the additional underspend since Quarter 3 on Winter Maintenance activities during 2015/16, and reflects the relatively mild conditions that were experienced during the last winter. The Winter Maintenance Reserve (now £3.074 million) will be utilised when severe winter

or weather events occur and the annual budget is insufficient to meet the unavoidable costs in this area.

- £0.582 million net contribution to reserves in relation to ER/VR costs, Job Evaluation Settlement and Insurance recharges.
- £0.310 million relates to a range of adjustments associated with capital charges, centralised repairs and maintenance and central administration recharges.

9 Taking the outturn position into account, the Cash Limit Reserve to be carried forward for Neighbourhood Services is £2.579 million.

### Neighbourhood Services Capital 2015/2016

10 The following table sets out details of final spend for 2015/16 analysed by individual Heads of Service areas within the Neighbourhoods capital programme against the revised budget.

Head of Service	Revised Budget £'000	Outturn £'000s	Variance £'000s
Direct Services	4,152	3,102	(1,050)
P & B Services	5,143	3,786	(1,357)
Culture and Sport	3,537	3,085	(452)
Technical Services	28,071	27,748	(323)
<b>Total</b>	<b>40,903</b>	<b>37,721</b>	<b>(3,182)</b>

11 The 2015/16 capital spend for Neighbourhood Services was £37.721 million against a revised budget of £40.903 million, which is a £3.182 million underspend for the year. The main reasons accounting for the outturn position are as follows:

12 The underspend of £3.182million for Neighbourhood Services is mainly due to:

- **Direct Services** – Underspend £1.050 million. This is primarily due to revisions to the delivery date of vehicles ordered during 2015/16 with delivery expected in 2016/17 (£0.531 million) and the delay in the start of the Bereavement improvement projects (£0.198 million).
- **Culture and Sport** – Underspend £0.452 million. The under spend in this area is due mainly to the reprofiling of works to Wharton Park Project of £0.290 million, which was completed in the current financial year.

- **Projects and Business** – Underspend £1.357 million. Mainly due to an under spend on the CRM project of £0.767 million, which is programmed over two years. The majority of the scheme will now be completed in 2016/17. The remaining underspend of £0.504 million relates to some delays in Waste Management schemes where site investigation works have not yet been completed, and also due to the requirement to provide data to the Environment Agency before the St Bede’s project can commence.
- **Technical Services** – Underspend £0.323 million. Mainly due to the under spend on Seaham North Pier of £0.675 million and £0.124 million on the Wolsingham Depot project along with an overspend on the Street Lighting Energy Reduction programme of £0.503 million for which budget has been brought forward from 2016/17.
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## Recommendations

13 It is recommended that:

- Overview and Scrutiny note the final outturn position on Revenue and Capital for 2015/16.

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## **APPENDIX 1 - Implications**

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### **Finance**

To set out details of the final outturn for 2015/16, highlighting areas of over / underspend against the revenue and capital budgets for Neighbourhood Services, at each Head of Service level and for the whole of Neighbourhood Services.

### **Staffing**

There are no implications associated with this report.

### **Risk**

There are no implications associated with this report.

### **Equality and Diversity/Public Sector Equality Duty**

There are no implications associated with this report.

### **Accommodation**

There are no implications associated with this report.

### **Crime and Disorder**

There are no implications associated with this report.

### **Human Rights**

There are no implications associated with this report.

### **Consultation**

There are no implications associated with this report.

### **Procurement**

There are no implications associated with this report.

### **Disability Issues**

There are no implications associated with this report.

### **Legal Implications**

There are no implications associated with this report.