

Economy and Enterprise Scrutiny Committee

24 September 2013

Regeneration and Economic Development Service – Revenue and Capital Outturn 2012/13



Joint Report of Corporate Director - Resources and Corporate Director - Regeneration and Economic Development

Purpose of the Report

1. To provide details of the outturn budget position for the Regeneration and Economic Development (RED) service grouping highlighting major variances in comparison with the budget.

Background

2. County Council approved the Revenue and Capital budgets for 2012/13 at its meeting on 22 February 2012. 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 three major accounts maintained by the RED service grouping:
 - *RED Revenue Budget - £53.186m (original £42.513m)*
 - *Housing Revenue Account - £61.579m*
 - *RED Capital Programme – £85.995m (original £89.571m)*
3. The RED General Fund budget has been revised to incorporate a number of budget adjustments as follows:
 - Use of range of earmarked and cash limit reserves to support service delivery £1,544k
 - Concessionary Fares reduction -£556k
 - Increase in Assets budget relating to security at former Whinney Hill School £80k
 - Transfer of range of subscriptions budget to Resources -£122k
 - Reduction in democratic recharge income of £16k
 - Carbon Reduction Commitment allowances £13k
 - Increased capital and central support recharges of £602k
 - Transfer support recharge for County Durham Development Company to Resources following in-house merger -£114k
 - Additional budget for disturbance allowances following office accommodation moves £54k.
 - Reduction in Licence Fee budgets -£9k

- Reduction in CDDC budget for loan charges and maintenance - £294k
- Increase in Energy Budgets from services £36k
- Repayment of Loan charges for Solar Panels Project -£194k
- Increase in Depot Recharge £4k and accommodation budget £25k
- Reduction in NetPark Repair & Maintenance budget -£20k
- Additional budget for refinancing of Airport £9,385k
- Additional budget for impact of job evaluation £223k

The revised General Fund Budget now stands at £53.186m.

4. The summary financial statements contained in the report cover the financial year 2012/13 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 Regeneration and Economic Development Service Grouping is reporting a cash limit underspend of **£0.556m** against the revised annual budget of **£53.186m**. The forecast outturn position reported at Quarter 3 was a cash limit underspend of £0.615m – a variance of only £59k.
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	Actual Outturn	Variance	Items Outside Cash Limit	Final Variance
Employees	27,749	28,321	612	-251	361
Premises	2,805	3,885	1,080	-1,002	78
Transport	1,499	1,042	-457	0	-457
Supplies and Services	10,468	9,611	-857	1,650	793
Agency and Contracted	18,800	19,194	394	-83	311
Transfer Payments	245	150	-95	0	-95
Central Costs	18,151	33,982	15,831	-14,732	1,099
GROSS EXPENDITURE	79,677	96,185	16,508	-14,418	2,090
INCOME	-26,491	-41,737	-15,246	12,600	-2,646
NET EXPENDITURE	53,186	54,448	1,262	-1,818	-556

Analysis by Head of Service

Head of Service Grouping	Annual Budget	Actual Outturn	Variance	Items Outside Cash Limit	Final Variance
Strategy Programmes Performance	1,876	1,777	-99	-22	-121
Economic Development & Housing	7,796	17,552	9,756	-9,873	-117
Planning & Assets	6,747	7,186	439	-929	-490
Transport & Contracted	27,359	30,264	2,905	-2,704	201
Central Managed Costs	9,408	-2,331	-11,739	11,710	-29
NET EXPENDITURE	53,186	54,448	1,262	-1,818	-556

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	Year end (Under) / overspend	Year end (Under) / overspend	
Strategy Programmes and Performance (SPP)	Management	Minor variance	(3)	(121)	
	Strategy policy partnerships & Support	£47k saving due to close management and control of staffing related budgets £14k underspend on supplies and services due to general efficiency savings	(61)		
	County Durham Economic Partnership	£3k underspend on training £32k underspend on supplies covering printing, advertising, professional fees and other running expenses	(35)		
	Planning & Performance	£11k saving due to close management and control of staffing related budgets £13k underspend on supplies and services mainly due to savings on printing and conferences and seminars and furniture	(24)		
	Funding & Programmes	Minor variance	2		
Economic Development	Head of Economic Development	£60k underspend on third party commitments which never materialised	(60)		
	Physical Development	Minor variance	1		
	Visit County Durham	£55k approved overspend on festivals and events	55		
	Business Durham		£85k overspend on Business Space debts written off relating to prior years		85
			£90k overspend on NNDR relating to vacant units		90
			£12k underspend on supplies and services		(12)
			£40k underspend relating to agreements now ended where proportion of rent was paid to One North East		(40)
	Economic Development		£100k approved overspend on apprenticeship support		100
£25k underspend on International Relations service due to favourable			(25)		

Head of Service	Service Area	Description	Year end (Under) / overspend	Year end (Under) / overspend
		exchange rates on overseas exchange visits		
		£55k saving due to close management and control of staffing related budgets	(55)	
	Housing Solutions	£55k saving due to close management and control of staffing related budgets	(55)	
		£14k underspend on transport costs	(14)	
		£18k underspend on bed and breakfast accommodation costs	(18)	
		£46k underspend on supplies, services and activities	(46)	
		£45k underspend on temporary accommodation costs	(45)	
	Housing Regeneration	£5k general underspend on premises costs, renegotiation of rent	(5)	
		£10k underspend on transport costs	(10)	
		£63k saving due to close management and control of staffing related budgets	(63)	
				(117)
Spatial Policy, Planning, Assets & Environment	Head of Planning	Agreed overspend due to £11k contribution to Durham Tyne & Wear City Region Secretariat £50k overspend due to Warm Up North Partner Authority Contribution	61	
	Spatial Policy	£8k saving due to close management and control of staffing related budgets	(8)	
	Development Management	£348k over achieved income partly due to statutory increase of 15% from November 2012 £46k saving due to close management and control of staffing related budgets £203k underspend on printing, advertising, legal fees and other supplies budgets £71k underspend on area of blight works £112k overspend on IT Software until single planning system is implemented	(556)	
	Building Control	£295k under achieved income on fees £23k saving due to close management and control of staffing related budgets £104k underspend on transport costs, professional fees and supplies £38k underspend on dangerous structures as no major works have been required in the year	130	
	Conservation and Design	£29k saving due to close management and control of staffing related budgets £21k underspend on transport and supplies and services budgets	(50)	
	Archaeology	No major variances	(2)	
	Landscape	Overall saving of £18k due to one-off SLA income of £36k offsetting other overspends of £18k	(18)	
	Ecology	£40k underspend on supplies and services	(40)	

Head of Service	Service Area	Description	Year end (Under) / overspend	Year end (Under) / overspend
	Sustainability	£11k overspend on employee costs due to not meeting 3% turnover target £23k underspend on transport and supplies and services £38k over achieved income relating to unbudgeted year 1 RENERGY claim £22k underspend on SPA equipment maintenance £15k overspend on revenue feasibility studies regarding capital project	(57)	
	Heritage Coast	£14k overspend due to reduced funding from Partners	14	
	Assets - Asset Management	£134k saving due to close management and control of staffing budgets £42k underspend on running expenses £71k over achieved income due to large property sale in year £24k overspend relating to debts written off	(223)	
	Assets - Farms	Minor variance	(2)	
	Assets - Reclamation Sites	Minor variance	4	
	Assets - Property Management	£41k under achieved income relating to empty shops at Newgate Street Bishop Auckland £65k under achieved income relating to Brackenhill Centre including debt written off £8k under achieved income on garage plots due to debt written off £42k overspend on Allensford Caravan Park following new management arrangements being put in place from April 2012 £9k over achieved income Murton resource centre £15k under achieved income Horden resource centre £24k under achieved income relating to vacant units at North Road Durham £113k overspend on vacant units at Millennium Square Durham due to NNDR costs and under achieved income £4k overspend on various other properties	303	
	Closed Waste Disposal Sites	Minor variance	(5)	
	Surplus Property	£40k underspend on premises £23k overspend on supplies £6k overspend relating to debts written off £30k overachieved income	(41)	
				(490)
Transport	Head of Transport	Minor variance	3	
	Strategic Transport	£90k overspend on employees due to non-realisation of vacancy savings and extra spending on agency staff to cover for statutory duties due to sickness absence £15k overspend in running expenses £293k increase in third party payments largely due to £144k price increase in contract costs to NSL Ltd for parking services, £85k one off costs, including equipment and taxi enforcement	531	

Head of Service	Service Area	Description	Year end (Under) / overspend	Year end (Under) / overspend
		<p>£133k overspend due to non-achievement of income arising from delay in implementation of civic parking enforcement in the South £50k, £38k loss of income from Newgate Car Park, £45k loss of income from car parking charges due to poor visitor numbers since December due to weather</p>		
	Passenger Transport	<p>£95k saving due to close management and control of staffing related budgets</p> <p>£151k underspend on vehicle costs mainly due to rationalisation of vehicles used and reduced vehicle repairs costs</p> <p>£8k underspend on Concessionary Fares (outside of cash limits)</p> <p>£29k underspend due to increase in income from DfT re Local Sustainable Travel Fund administration charge (2% allowable accountable body fee)</p> <p>£162k underspend due to increase in income arising from changes in bus and rail contracts - contracts renegotiated allowing council to retain income from fares</p> <p>£38k overspend due to decrease in income from other local authorities regarding cross boundary fares</p> <p>£99k increase in recharges to Health due mainly to prior year income being received in 12-13</p> <p>£54k decrease in CRB income for checks on home to school transport</p> <p>£6k underspend on other supplies and services</p> <p>£320k decrease in recharges to other services due to savings made throughout Sustainable Transport</p>	(130)	
	Supported Housing	<p>£94k overspend on employees costs mainly due to vacancy savings not being achieved</p> <p>£15k overspend on vehicle costs</p> <p>£308k underspend on equipment purchases budget of which £112K to cover overspends elsewhere and £196k planned reduction in equipment purchase due to reducing client numbers</p> <p>£19k underspend on smoke alarm cleaning budget</p> <p>£30k underspend on telephones due to changes in CCTV delivery and rationalisation of monitoring centres</p> <p>£16k underspend on licence fees due to changes to security industry authority (SIA) legislation, advertising, CRB checks and security services</p> <p>£55k reduction in leasing payments and maintenance costs</p> <p>£13k less income from CAS - Adults regarding Supporting People charging weeks</p> <p>£87k overspend due to reduction in income due to falling client base</p> <p>£17k underspend due to savings in other running costs</p>	(203)	

Head of Service	Service Area	Description	Year end (Under) / overspend	Year end (Under) / overspend
		£6k overspend due to reduction in CCTV income from non chargeable - non strategic cameras £27k reduction in SLA income of which £19k from internal services		201
Central	Central Costs	Rebate from commensura £10k and savings on other expenses £19k		(29)
TOTAL				(556)

8. The final outturn position was in line with forecasts prepared during the year. The under spend of £0.556m will be carried forward under the 'cash limit' regime and will be available to support the RED service grouping priorities over the medium term. It should also be noted that the MTFP saving target for RED in 2012/13 of £2.612m was delivered.

Revenue – Housing Revenue Account (HRA)

9. The Authority is responsible for managing the HRA which is concerned solely with the management and maintenance of its housing stock of around 19,000 dwellings. Two arms length management organisations (ALMOs) have been established to manage Easington and Wear Valley housing stock (East Durham Homes and Dale and Valley Homes respectively) whilst Durham City is managed in-house. The responsibility for managing the HRA lies solely with the Authority and this is not delegated or devolved to the ALMOs.
10. The table in **Appendix 2** shows the outturn position on the HRA showing the actual position compared with the original budget. In summary it identifies a surplus outturn position on the revenue account alongside a balance on the general HRA reserve of **£7.154m**. The following table summarises the position.

Housing Revenue Account	Budget £'000	Actual Outturn £'000	Variance £'000
Income			
Dwelling Rents	(60,115)	(60,173)	(58)
Other Income	(1,350)	(1,546)	(196)
Interest and investment income	(114)	(266)	(152)
	(61,579)	(61,985)	(406)
Expenditure			
ALMO Fees	17,266	17,266	0
Repairs, Supervision and Management Costs	11,975	11,964	(11)
Negative Subsidy Payment to CLG	0	(94)	(94)
Depreciation	15,510	7,851	(7,659)
Interest Payable	12,234	11,303	(931)
Revenue contribution to capital programme	4,570	13,671	9,101
	61,555	61,961	406
Net Position	(24)	(24)	0

11. In summary, the main variances with the budget are explained below and relate to the figures and corresponding notes shown in Appendix 2:

- a) **Dwelling Rents £58k additional income** – Overall rental income was in line with the budget with a slightly lower than anticipated void rate;
- b) **Charges for Services and Facilities £22k additional income** – Primarily resulting from the enhanced management of Communal Halls within the Durham City area;
- c) **Contributions towards Expenditure £163k additional income** – Resulting from additional water rates collection commission, furniture pack administration service charge and right to buy administration allowance;
- d) **Repairs & Maintenance £536k overspend** – During the year pressures were identified with respect to increased costs resulting from an increase in void levels and also as a result of the failure of certain gas boilers. Early identification of these pressures during the year allowed mitigating action to be taken to minimise the overspend position. In addition at the year end a review of the capital programme identified costs which were more aligned to revenue spend as opposed to capital, which explains the higher spend but this is offset by a corresponding reduction in the revenue contribution to the capital programme;
- e) **Supervision & Management £36k underspend** – a small underspend in overall terms. This is partly off-set by an overspend on customer services of £100k and additional expenditure on the housing stock options process;
- f) **HRA Subsidy £94k underspend** – this is a refund due to the Council resulting from Housing Subsidy payments made to the DCLG in 2011/12;
- g) **Depreciation £7,659K underspend** – Under HRA Self Financing Local Authorities can no longer use the Major Repairs Allowance as proxy for depreciation. Underspends on depreciation reduce the finance available to finance the HRA Capital Programme and as such an increased Revenue Contribution is required (see note j);
- h) **Bad Debt Provision £514k underspend** – this is due to lower than anticipated rent arrears at the year end;
- i) **Interest Payments £931k underspend** – this results from a lower interest rate achieved and lower overall level of debt;
- j) **Revenue Support to Capital £9,101k available** – the balancing item on the HRA which identifies the potential resources available to support the capital programme and reduce our reliance on borrowing.

- k) **Interest and Investment Income £152k additional income** – resulting from an increase in the value of Investment Properties held in the HRA (such as shops).

12. The final position on HRA earmarked balances as at 31 March 2013 is as follows:

- Stock Options Reserve £500k
- Durham City Homes Improvement Plan £650k
- HRA Reserve £7,154k

Volatility Reporting (Risk Based Reporting)

13. There are certain budgets, both income and expenditure, that can be volatile in nature and require close scrutiny throughout the year. These include budgets that are subject to external demand beyond the immediate control of the Council and also include income which can be affected by economic pressures. Efforts are specifically directed at these areas, which pose the greatest financial risk to budget management and managing our cash limits effectively.

14. The following items currently form part of the 'volatility' reporting framework and the outturn position on these for the RED Service Grouping is as follows:

Cost Centre	Description	2012-13 Budget £'000	2012-13 Outturn £'000	Variance £'000	Status
Development Control	Planning Fees	-1,654	-2,002	-348	GREEN
Building Control	Building Control Fees	-1,100	-805	295	RED
Concessionary Fares	Contract Payments	11,350	10,786	-564	GREEN
Bus Contracts	Contract Payments less Income	3,331	3,176	-155	GREEN
Business Space	Rental Income & Sales	-2,561	-2,561	0	GREEN
DCH Housing Repairs	Repairs and Maintenance	4,187	4,229	42	GREEN

15. The volatility status indicates the outturn on the specific budget head, with red indicating that the target is not being achieved, amber indicating that the target is not being achieved but the overall variance is within acceptable tolerances and green indicating that the target is being achieved or exceeded.

16. The outturn position shows that the outturn position is broadly in line with forecasts and the Durham City Homes repairs and maintenance budget has been managed down to a broadly neutral position (compared to a forecast overspend of £558k at Quarter 3). Close monitoring of this volatile budget during the year enabled effective action to be taken to manage the year end outturn position and bring it on track with the budget.

Capital Programme

17. The RED capital programme makes a significant contribution to the Regeneration ambitions of County Durham. The programme is relatively large and comprises over 200 schemes managed by around 40 project delivery officers.
18. The outturn position of the 2012/13 Regeneration and Economic Development capital programme has been finalised. The revised budget was £85.995m - consisting of £40.521m for the General Fund and £45.474m for the HRA.
19. Actual spend for 2012/13 amounts to **£80.146m** – consisting of **£36.227m** for the General Fund and **£43.919** for the HRA. This is shown in the following table:

Service	Final Annual Budget 2012/13 £m	Final Outturn	
		Amount £m	% Spend
General Fund			
Economic Development & Housing	20.349	23.672	116%
Planning & Assets*	9.153	7.757	85%
Transport & Contracted Services	5.682	3.694	65%
Minor Schemes & Contingency	5.337	1.104	21%
Total General Fund	40.521	36.227	89%
HRA	45.474	43.919	97%
Total General Fund & HRA	85.995	80.146	93%

* Amount includes £5.230m of expenditure recorded against other services in the ledger.

20. **Appendix 3** provides a more detailed breakdown of spend across the major projects contained within the RED capital programme. Most of the RED capital programme is covered by a small number of significant projects which have long lead times, where implementation is over more than one financial year, and 2012/13 has seen significant progress made for a number of major schemes.

Recommendations:

21. The Scrutiny Committee 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 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: 2012-13 Housing Revenue Account Outturn Position

	2012/13 Budget	2012/13 Actual Outturn	Variance	
	£000	£000	£000	
Income				
Dwelling Rents	(60,115)	(60,173)	(58)	a
Non Dwelling Rents	(995)	(1,005)	(10)	
Charges for Services and Facilities	(105)	(127)	(22)	b
Contributions towards Expenditure	(250)	(413)	(163)	c
Total Income	(61,465)	(61,718)	(253)	
Expenditure				
ALMO Management Fee	17,266	17,266	0	
Repairs and Maintenance	4,187	4,723	536	d
Supervision and Management - General	4,550	4,514	(36)	e
Supervision and Management - Special	549	555	6	
Rent, Rates, Taxes and Other Charges	100	111	11	
Negative HRA Subsidy Payable to CLG	0	-94	(94)	f
Depreciation and Impairment of Fixed Assets	15,510	7,851	(7,659)	g
Bad Debt Provision and Debts Written Off	916	402	(514)	h
Debt Management Costs	186	186	0	
Total Expenditure	43,264	35,514	(7,750)	
Net Cost of HRA Services per I&E Account	(18,201)	(26,204)	(8,003)	
Share of Corporate and Democratic Core	1,085	1,085	0	
Share of Other Costs Not Allocated to Specific Services	402	387	(15)	
Net Cost of HRA Services	(16,714)	(24,732)	(8,018)	
Interest Payable and Similar Charges	12,234	11,303	(931)	i
Direct Revenue Financing (Contribution to Capital)	4,570	13,671	9,101	j
Interest and Investment Income	(114)	(268)	(152)	k
(Surplus)/Deficit for Year	(24)	(24)	0	
HRA Reserves	7,821	7,154		
Stock Options Reserve	60	500		
Durham City Homes Improvement Plan	400	650		
Capital Reserve	2,000	0		

Appendix 3: RED Capital Programme 2012-13 Outturn Position
GENERAL FUND (GF)

Scheme	Final Annual Budget 2012/13 £m	Final Outturn	
		Amount £m	Variance £m
ECONOMIC DEVELOPMENT & HOUSING			
Barnard Castle Vision	2.324	1.961	(0.363)
North Dock Seaham	0.701	0.684	(0.017)
Durham City Vision	1.057	1.352	0.295
Durhamgate	0.533	4.966	4.433
Town Centres	2.367	1.810	(0.557)
Industrial Estates	3.348	3.305	(0.043)
Durham City Plus	0.339	0.185	(0.154)
Disabled Facilities Grant/FAP	4.384	4.244	(0.140)
Office Accommodation	0.889	0.670	(0.219)
Housing Renewal Programme	4.055	3.970	(0.085)
Travellers Sites – General	0.352	0.525	0.173
TOTAL ECONOMIC DEVELOPMENT & HOUSING	20.349	23.672	3.323
PLANNING & ASSETS			
Energy Schemes	2.103	1.718	(0.385)
URRI Programme	0.940	0.701	(0.239)
Structural Capitalised Maintenance (1)	5.360	5.338	(0.022)
Woodham CTC	0.750	0	(0.750)
TOTAL PLANNING & ASSETS	9.153	7.757	(1.396)
TRANSPORT & CONTRACTED SERVICES			
Transit 15	0.450	0.490	0.040
Major Schemes	0.723	0.394	(0.329)
Local Transport Plan	3.538	2.289	(1.249)
Transport Corridors	0.010	0.043	0.033
CCTV	0.683	0.200	(0.483)
Newcastle Airport Refinancing	0.278	0.278	0
TOTAL TRANSPORT & CONTRACTED SERVICES	5.682	3.694	(1.988)
Minor Schemes & Contingency	5.337	1.104	(4.233)
Total General Fund (GF)	40.521	36.227	(4.294)

HOUSING REVENUE ACCOUNT (HRA)

Scheme	Final Annual Budget 2012/13 £m	Final Outturn	
		Amount £m	Variance £m
Dale & Valley Homes	5.580	5.595	0.015
Durham City Homes	8.965	7.650	(1.315)
East Durham Homes	29.113	28.946	(0.167)
Housing Regeneration (Demolitions)	0.667	0.505	(0.162)
New Build II: Wear Valley	1.149	1.223	0.074
Total Housing Revenue Account (HRA)	45.474	43.919	(1.555)

Overall Total GF & HRA	85.995	80.146	(5,849)
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(1) The budget for structural maintenance is held within RED but the expenditure is carried out by Neighbourhoods and charged against other service groupings.

Appendix 4: RED CAPITAL PROGRAMME DELIVERY 2012/2013

Barnard Castle Vision - Actual Spend £1.961m

The programme has:

- strengthened the town's independent retail offer
- restored and conserved the Witham Hall, as well as building a new glass and steel atrium that links the existing buildings
- as part of the above project rebuilt and extended the library and included new council offices and a customer access point
- carried out a Heritage Activities Programme linked to the Witham project
- restored and celebrated Teesdale's landscape and heritage
- developed the creative hub at NeST
- operated a wireless broadband infrastructure across Teesdale
- created Wi-Fi hubs in Middleton-in-Teesdale, NeST and The Bowes Museum
- revived the Scar Top with new landscaping and play area
- repaired the Grade I Listed Market Cross
- worked with Digital City in support of the creative industries

The team has bid for external funding to supplement DCC budgets to realise projects on the ground.

The Teesdale Business Awards recognised this town centre work with a special achievement award presented in October 2012.

North Dock, Seaham - Actual Spend £0.684m

The marina completion works in 2011/2012 led to the marketing and allocation of moorings in 2012/2013. The marina is now well used and shows continuing steady take up of moorings.

The minor works to the areas around the workspaces were completed and the first unit let to a café business. This has now opened and initial indications are that it is acting as a valuable focus drawing people into the previously underused dock area.

These both provide a valuable platform for consideration of potential grant funding to tackle access and the valuable heritage and natural assets of the North Dock area.

Durham City Vision - Actual Spend £1.352m

Heart of the City - Market Place & Vennels

Although the majority of the site works were complete in June 2011 a significant dispute with the main contractor for the works, Carillion remained to be settled. A final account was agreed during 2012/2013 with the payment of a final settlement to the value of £650,000.

As this sum was the result of a significant dispute, finally executed by a deed of settlement, additional legal and consultancy costs were incurred to the value of £34,000.

The two most significant ongoing items of expenditure, not completed as part of the previous project, were to undertake shop front improvements to the value of £41,000 and preparatory work for lighting improvements to the value of £60,000. The lighting work is due to be completed during the current financial year. In addition £75,000 was used to purchase improved cleaning machinery. The remaining funds were used to meet project management costs and internal staff recharges.

The two shop frontage improvements were in key locations. The long vacant shop units owned by the Salvation Army (47 Saddler Street) were brought back into use with a grant. This extended and broadened the range of repairs and included an innovative permanent display of the remains of the Castle's North Gate in the basement. The first phase of the frontage improvement for 10 Market Place was supported by a grant to conserve the heavily ornate upper storeys that form a key part of the Market Place setting.

Lindisfarne Gospels

The Council also supported the preparatory work of the Lindisfarne Gospels team with funding to assist the management of the project.

WHS Visitor Centre

The principal DCC funding for the WHS Visitor Centre project by the University was in previous years. The project won the RICS award for Tourism and Leisure buildings in 2012. The last element of the grant was used in 2012/2013 to support display and finishing works to enhance the visitor experience. Visitor rates continue to be high and above predictions in the business plan

Claypath

We are still awaiting a decision on the end use for this building. The Office Accommodation Team has decommissioned the building with the CCTV and masts still to be relocated by the end of July. A "pop up" art gallery was delivered on time and in budget within vacant premises.

Millennium Place - Gala Theatre

The benchmarking exercise is now complete, highlighting the need to retain cinema and catering. Gala now has 3D digital projectors installed in the Auditorium, and screens 2 and 3. Delivered on time and within budget. Catering will be tackled alongside a visioning exercise for the square in 2013/2014.

Durhamgate - Actual Spend £4.966m

The work in 2012/2013 has concentrated on finishing works to complete the principal projects underway in 2011/2012, these included:

- Completion works to the A167/A688 Thinford roundabout and new access to the development including drainage, kerbing, street lighting, surfacing and signage. It also included resolving the gas utility diversion.
- Street lighting and signage to the A167/York Hill Road junction;
- Further completion of the non-adoptable public realm works including soft landscaping, street lighting and street furniture
- The last phases of the programme for street lighting, signage, road markings, bus shelters and soft landscaping are due for completion by September 2013.

The design and contractual issues from earlier stages of the project have required resolution and led to delays in completion including solving utilities problems.

Town Centres - Actual Spend £1.810m

The town centres capital programme seeks to support and stimulate further private sector investment across the County's main centres.

Targeted Business Improvements

The Targeted Business Improvement Grant Scheme continued throughout the major centres of Seaham, Spennymoor, Chester le Street, Crook, Consett & Stanley. The scheme was accessed by over 50 individual businesses and returned the following outputs:

- 90 units brought back into use or refurbished (approx. 20% first floor residential)
- 10 business start ups
- 64 Jobs Created
- 26 business accessing training/mentoring
- Circa 250 jobs supported
- Nearly £1 million private investment
- 45 Businesses Assisted / signpost (outside Targeted Business Improvement Grant Applicants)

Public Realm

Major public realm improvement works were delivered in Seaham, which included de cluttering Church Street, re paving and introduction of new street furniture. The works links the major investment at the Marina and Dock Entrance Scheme looking to increase the flow of tourism into the centre.

Stanley Front Street saw phase one of its improvement scheme start on site February and sees major improvements to public realm including new lighting, street furniture and paving. Having consulted and having agreement on a pallet of materials, work started at the north of the street, and the phased delivery will continue to the south over a period of three financial years, with further works along linkages beyond that.

Consett public realm schemes included improvements to Middle Court, a main entrance to the town centre and link to the C2C. This scheme saw an unslightly grass area turned into an inviting gateway to the retail area, seating and kick rails to deter vehicular parking. Victoria Road also saw major paving works which will continue during 2013/2014 to the bus station.

Spennymoor town centre saw improvements to the link from Cheapside to the Leisure Centre, with the removal of the squash statue (as this is no longer something the leisure centre offers), and opening up the site by removal of some of the shrubbery and improved paving.

In Bishop Auckland we assisted a small group of businesses who was experiencing significant anti-social behaviour problems in a shared courtyard area which backed onto Morrison's car park. We worked with the businesses and supported a project to introduce secure fencing and gates and clearing of the yard. This was further supported by the Safer Neighbourhood Partnership with advice on security and the fitting of alarms.

The Chester-le-Street development masterplan was produced after extensive stakeholder consultation and approved by Cabinet on the 14th November 2012. This summarises issues and challenges facing the town and the strategic context determining the way forward. The masterplan identifies actions that the Council will be undertaking to stimulate and carry out regeneration within the town including the future major strategic impacts of the emerging County Durham Plan.

Chester-le-Street benefited from improvements to some of the major access points into the centre, at Ropery Lane and Picktree roundabouts. Works included paving and fencing, renewal or improvements and will compliment other works being undertaken in the centre to support the Ashes.

Targeted Business Improvements, public realm, and Highway improvements will continue to be developed in the major centres in line with the priorities of the agreed and emerging Master Plans

Industrial Estates - Actual Spend £3.305m

Consett Business Park - Final Phase

The construction of Consett Business Park Final Phase started on site on 7 January 2013. This BREEAM Excellent building will provide 2,000 sqm of business accommodation for over 35 new SME's and aims to create over 120 jobs in the Consett area. All structural works are now complete; with the roof membrane and curtain walling system currently being installed. The build is anticipated to be completed by November 2013.

Industrial Properties Refurbishment Programme

The refurbishment of Sacriston and Coulson Street Industrial Estates completed this financial year, resulting in the refurbishment of approximately 2,823 sqm of floor space. Works included roof, window and door replacements, together with the installation of emergency lighting and the upgrading of void properties to current standards. In addition 4230 sqm of floor space has been refurbished at Stella Gill Industrial Estate with the remaining 50 sqm to be completed during 13/14.

Rural Workshop Development Programme

Improvement works to the restaurant and former TIC at The Durham Dales Centre has been carried out. This includes the refurbishment of the tea room to make it more contemporary and more welcoming to a wider audience. In addition the former TIC area has been remodelled to increase the retail space and hosting of the Tele Talk point.

Derwentside Business Development Centre

Refurbishment works to the E-Business Centre at Consett Business Park completed in December 2012. This involved the refurbishment of 11 offices, extending to 690 sqm, providing replacement flooring, lighting, ceilings, blinds and general redecoration. Since the refurbishment completed a further four offices have been let.

Novus II Business Space - EDBS

A grant of £223,000 was provided to East Durham Business Service (EDBS) towards the provision of 2,000 sqm of SME accommodation in Seaham. Works are now complete and enabled the remodelling of a redundant call centre into small units suitable for occupation by SME's.

Durham City Plus - Actual Spend £0.185m

Dun Cow Lane

The highway works to the Dun Cow Lane were completed in December 2012. This work was undertaken by the same team from Neighbourhood Services which undertook the work at the adjacent Bow Lane in 2011. These improvements provide a high quality pedestrian route for people to access Durham Cathedral and Palace Green from the Elvet area of the City, and they have been completed in advance of the arrival of Lindisfarne Gospels this summer.

Freemans Reach

Following the appointment of the Mapleoak team as preferred bidder, work during 2012/2013 concentrated on the preparation and negotiation of the planning submission. Based on the specialist input drawn into the later stages of the development competition, pre-application discussion moved into greater detail and was broadened to cover all of the technical background to this complex project.

Refinement of the design and inclusion of alternative energy production by an Archimedes Screw led to evolution into an effective final planning submission package. As a result of this process and consultation by the developer's team, there were minimal objections to the final proposals. The scheme received planning approval on the 5th March 2013.

Back Elvet

Resurfacing scheme delayed due to unknown ownership issues. Materials ordered from 2012/2013 budget and are held in storage awaiting confirmation from Design Services of their availability for the scheme starting in 2013/2014.

Disabled Facilities Grants (DFG's) & Financial Assistance Policy (FAP) - Actual Spend £4.244m

Disabled Facilities Grants

This is a mandatory grant awarded under the Housing Grants, Construction and Regeneration Act 1996 to eligible applicants who have been assessed by an Occupational Therapist as having an essential need for an adaptation to make the properties safer and applicants more independent in their own homes. The maximum DFG award is £30,000 and each applicant (except where the adaptation is for a child) is subject to a test of resources to determine their financial contribution (if any).

511 Disabled Facilities were completed by financial year end. Total DFG spend for 2012/2013 was £3,149,785.

Financial Assistance Policy

Durham County Council is a key partner in the North East Regional Loans Scheme and working together has procured the Five Lamps organisation to administer the loans across the region.

All participating local authorities pay their FAP funding to the Loans Administrator who manages payments to and from the loan portfolio on behalf of the Council. The Policy provides a range of loan types for property owners who are excluded from mainstream sources of finance. Eligible works can include bringing properties up to the Decent Homes Standard, measures to make the property more energy efficient, relocation loans and measures to help qualifying owner-occupiers and landlords to bring long-term empty properties back into use. Loans can also help to fund adaptation works where the DFG maximum is exceeded or where applicants are unable to afford their assessed contribution.

£1,093,900 was spent from our budget in 2012/2013. Of this amount £1,000,000 was transferred to the Five Lamps Organisation, with £800,527 given in loans and a current commitment to future loans of £441,769.

Office Accommodation - Actual Spend £0.670m

Expenditure during the financial year 2012/2013 supported the following projects:

- Former Easington District Council Offices - partial demolition of buildings 6-10 as part of the site redevelopment. The project will be completed in 2013/2014.
- Former Chester-Le-Street Civic Centre - options appraisal for the relocation of staff remaining in the Civic Centre with a view to closure and disposal of the site during 2013/2014.
- Crook Customer Access Point (CAP) and Library - refurbishment of the former Crook Civic Centre to co-locate the reconfigured CAP and Library to maximise the use of available space in Council assets and reduce revenue running costs.
- Completion of the co-location of Durham CAP and Clayport Library in Millennium Square.
- Refurbishment to Northumbria House and Crook Civic Centre to enable relocation of staff from Rivergreen to accrue revenue savings.
- Design options for the co-location of the CAP and Library into the Louisa Centre in Stanley.

Housing Renewal - Actual Spend £3.970m

The Area Based Housing Regeneration Delivery Section resources are targeted on holistic regeneration projects in areas with the worst concentrations of housing problems. Each element plays its part in co-ordinated local action focused on sustainable improvements.

The delivery of capital investment programmes for the Area Based Housing Regeneration Delivery Section includes acquisition and demolition of private sector housing stock, group repair schemes, environmental improvements, new housing development, return of empty homes back into use and the promotion and installation of energy efficiency measures.

Schemes include Craghead, Wembley, Easington Colliery and West Chilton.

Craghead

30 properties benefitted from external solid wall energy efficiency measures and small scale group repair works. Additional funding was levered into the programme via Energy Company Obligation (ECO) funding and Department of Energy and Climate Change (DECC) funding which enabled the scheme to be extended into two further streets within Craghead. 15 long term empty properties have been brought back into use via work with partners Derwentside Homes and Craghead Development Trust.

Wembley, Easington Colliery

Wembley Phase 3 Group Repair scheme commenced in February 2013 and will continue into 2013/2014. It will see external improvements to, potentially, 52 properties in James and Hawthorn Streets, Easington Colliery. An external funding award from the Department of Energy and Climate Change (DECC) has also enabled boiler replacements for up to 30 properties within the programme.

West Chilton

The acquisition of 41 (of 52 properties) in Dene Terrace has been completed and residents have been successfully re-housed. Demolition will be progressed across three phases within 2013/2014. Environmental and street lighting works within Raby and Ford Terrace have been completed in conjunction with the AAP and community safety service.

Travellers Sites Refurbishment - Actual Spend £0.525m

Successful appointment of 2 Project Managers and a Project Support Officer. Planning permission awarded for the first two sites in the renewal programme which include Adventure Lane, West Rainton and Tower Road, Stanley. Successfully re-accommodated all residents from the above sites. Appointment of contract administration, design team and principal contractor completed. Adventure Lane and Tower Road secured and handed over to the principal contractor, demolition of existing blocks on Adventure Lane and 2 no at Tower Road completed. Site investigations and asbestos testing carried out.

Energy Schemes - Actual Spend £1.718

Energy Efficiency Fund

This is part of the Carbon Management Plan to reduce CO2 emissions from council operations by 40% by 2015. The fund is to enable capital schemes with a good return on investment, generally of 8 years or less.

For 2012/2013 the fund was used for two schemes; the Building Energy Efficiency Retrofit (BEER) scheme phase 1 and Evaporative Cooling at Tanfield Data Centre.

BEER Phase 1 is an Invest to Save scheme delivered by the appointed contractor, British Gas in four buildings:

- Chester-le-Street Leisure centre
- Crook Civic centre
- Stanley Bowls Centre
- Newton Aycliffe Leisure Centre

In each case, a package of measures appropriate to the specific building was installed. These included boiler controls, lighting controls, combined heat and power (CHP) schemes, etc.

The energy savings resulting from these installations will pay back the total cost of the work within a few years (exact and verified calculations are ongoing now that the four schemes are commissioned). A 10% retention will be paid to British Gas after one year so long as they can demonstrate that the promised energy savings have been achieved.

BEER 1 is projected to save £151,530 per annum which equates to a reduction of 787 tons of CO₂

The BEER project is regarded as a major success which British Gas wants to promote nationally and swimmer Duncan Goodhew will be the attraction for a celebratory public event at Chester-le-Street Leisure Centre on 30th May to promote the joint achievements of the Council and the company, funded by British Gas.

The schemes were all completed to time and within budget and Phase II of the BEER project will be rolled out during 2013-14.

The Evaporative Cooling scheme at Tanfield Data Centre uses an innovative technology to cool the IT servers in a significantly more energy efficient manner than by the current, expensive air conditioning units. Commissioning will take place within the next few weeks and impressive financial savings of around £123,472 per annum are expected. This will equate to a saving of 558 tons of CO₂. The contractor for this scheme was Celcius.

The total spend on Evaporative Cooling and BEER in 2012-13 came to £1,393,011

Biomass Boilers

A biomass boiler has been installed at Killhope Lead Mining Museum utilising felled timber from the museum's own woodland as a fuel. The museum is situated in a very remote spot without mains services and had previously relied on an LPG boiler with bulk propane being delivered from Teesport which was both expensive and unsustainable.

A 91% efficient, split log fuelled biomass boiler and a log storage unit were installed although installation was not fully completed within the financial year because of exceptionally heavy snow throughout March and into April which prevented access to the site for a time.

A £50,000 grant was received from the Arts Council to help fund the works and Renewable Heat Incentive (RHI) income will be received annually for 20 years.

Total spend on this project came to £106,000

Away From G

This scheme is funded under the Council's Capitalised Maintenance funding and is therefore not Invest to Save, having longer payback periods. Some initial problems arose owing to uncertainty as to whether the Council was retaining particular buildings and the project had to be curtailed as a result. One scheme was completed in year, comprising boiler and mechanical works at Startforth Morritt School.

Total spend on this project was £99,000

Urban and Rural Renaissance Initiative (URRI) - Actual Spend £0.701m

The URRI programme in its old format has been phased out and this funding has been utilised to complete several environmental projects throughout the County. Two schemes at Consett and Romalldkirk were unable to progress in 2012/2013 re planning and funding issues and these will be brought forward in 2013/2014.

Future works of this type will now be brought forward within the "Towns" programme.

Structural Capitalised Maintenance - Actual Spend £5.338m

This includes the budget areas of Structural and Capitalised Maintenance (to all non schools assets), DDA, Fire Safety, Boiler Replacement and County Farms

The value of work commissioned / agreed amounted to just under £10million and the actual spend of £5.338m is a significant improvement on previous years.

A breakdown of expenditure is as follows:-

- Administration Buildings - £1.6million
- Children & Adult Services Buildings - £189,000
- Caravan Parks - £30,000
- Children's Homes - £400,000
- Community Centres - £37,500
- DDA Improvement Works - £214,000
- Depot Building works - £600,000
- Boiler Replacements - £336,000
- Fire Safety Works - £438,000
- Industrial Estate Works - £62,000
- Leisure Centre - £373,000
- Libraries & Museums - £611,000
- Youth Centres - £216,000
- Miscellaneous works - £81,500

Major schemes included

- Repair scheme to mine workings and installation of water supply at Killhope Lead Mine -£290,000
- Boiler Replacements to 3 primary schools: Dipton Colliery Primary, Acre Rigg Junior & Infants, Hutton Henry CE Primary £336,000
- Re-roofing of Seaham and South Stanley Youth Centres, Stanley Education Centre and Bowburn Library-£330,000
- Window replacements to Spennymoor Jubilee Centre - £105,183

The programme is co-ordinated through an AOWG Property Sub-Group, involving teams within Asset Management, Finance, Building and Facilities Management, Design Services and Project Support.

Woodham CTC - Actual Spend £nil

The authority is in the process of acquiring land at Woodham Community Technology College however approval is still awaited from the DFE before the purchase can be progressed.

Transit 15 - Actual Spend £0.490m

A further scheme at Croxdale has been completed this year introducing a bus lane at the junction of the A167 and B6288. Three mobile Variable Message Signs (VMS) have been purchased aiming to be positioned at various congestion locations advising drivers on using the road layout more efficiently to reduce congestion. The final works costs for the previous year's Barley Mow scheme were also claimed and design works for the remaining schemes has been undertaken.

Major Schemes - Actual Spend £0.394m

The land costs for the previously constructed Drum Industrial Estate Roundabout were claimed this year. Improvement of Bishop Auckland Railway Station began with works to the car park and continues into 2013/2014 to include improvements to the building. Works were also carried out to repair some of the numerous Public Rights of Way that were damaged due to flooding last year. Part 1 claims for previously completed major schemes continue to be received.

Local Transport Plan - Actual Spend £2.289m

LTP3 covers a wide range of transport schemes and is split into three areas, Sustainable Travel, Economic/Transport Corridors and Whole-Town Approach.

Sustainable travel focuses on alternative modes of transport to the private car. This has involved bus infrastructure improvements, new and improved walking & cycling routes and road casualty reduction schemes. Improving driver information, developing Urban Traffic Control and electric vehicle infrastructure has also taken place.

The Community Transport sector has been supported with the funding of two minibuses as has the Local Sustainable Transport Fund programme with match funding to provide facilities at schools being worked with.

Economic/Transport Corridors involve improvements to the principal road network and major transport routes throughout the county. Design work and investigation has taken place for the improvements at Belmont Business Park and feasibility studies carried out for the Durham Relief Roads as outlined in the County Durham Plan. Also under this title within LTP3 are the more substantial Transit 15 and Sunderland Bridge schemes which are funded separately.

Whole-Town Approach deals with the twelve main settlements in the county, aiming to improve transport to regenerate the town and attract businesses. This has involved improvements to bus stations and car parks as well as transport links identified through Masterplans or the Community Economic Development team.

Transport Corridors - Actual Spend £0.043m

Site investigation works and the continuation of the design of the Sunderland Bridge Roundabout scheme have taken place. Issues with land acquisition have delayed progression to the construction phase of the project.

CCTV - Actual Spend £0.200m

The funding was utilised to support equipment and a wireless infrastructure on a countywide basis to reduce revenue costs for the connectivity of the CCTV systems. The savings from this upgrade are linked to the MTFP and work continues to implement the CCTV strategy. The Derwentside shop watch and pub watch airwaves radios have also been upgraded.

Newcastle International Airport - Actual Spend £0.278m

Cabinet has previously approved the participation of the Council in the £0.278m purchase of shares from Darlington Borough Council.

Housing Revenue Account Decent Homes (DCH, DVH, EDH) - Actual Spend £42.191m

In-year works to some 3,439 homes have been completed to reduce and maintain decency levels across all council owned housing stock. This compares to 2,208 properties in 2011/2012. As a result 19% of council homes are currently classed as non-decent (3,444 properties) as opposed to 28% (5,253 homes) at the end of 2011/2012. Capital programmes are in place to ensure full decency is achieved by March 2015.

Durham City Homes

In-year Durham City Homes completed decent homes improvements to 1,205 properties in total. This ensured DCH maintained a 0% non-decency level at the end of the financial year and included the provision of;

- 657 new central heating systems and/or boiler replacements,
- 494 properties with new UPVC double-glazed windows,
- 444 homes with replacement external doors,
- 346 replacement kitchens,
- 367 replacement bathroom suites or additional WCs,
- 352 full or partial electrical re-wires, and
- 4 major roofing schemes

Dale & Valley Homes

Dale & Valley Homes completed decent homes improvements to a total of 474 properties. Their non-decent stock now stands at 0.59% (25 homes) but capital programmes are in place to ensure full decency is met by August 2013. Work undertaken in-year includes;

- 345 new central heating systems and/or boiler replacements,
- 84 homes with replacement external doors,
- 364 replacement kitchens,
- 343 replacement bathroom suites or additional WCs,
- 457 full or partial electrical re-wires, and
- 22 major roofing schemes

East Durham Homes

East Durham Homes completed decent homes improvements to a total of 1,760 properties, exceeding an original works target of 1,500 properties. EDHs non-decent stock now stands at 41% (3,419 properties) which is a 20% reduction from the end of 2011/2012 when 61% of stock was non-decent. Works undertaken include;

- 1,904 new central heating systems and/or boiler replacements,
- 77 properties with new UPVC double-glazed windows,
- 203 homes with replacement external doors,
- 1,509 replacement kitchens,
- 1,498 replacement bathroom suites or additional WCs,
- 1,532 full or partial electrical re-wires, and
- 241 major roofing schemes

Housing Regeneration (Demolitions) - Actual Spend £0.505m

Wheatley Hill

8 properties in Henderson Avenue and 8 properties in Ryan Terrace were demolished as part of the wider masterplan. Further demolitions will take place in 2013/2014 on remaining properties in Cain Terrace and 3 Henderson Avenue once negotiations to acquire are concluded with the owner. The area once cleared will benefit from small scale landscaping and be available for new development in the longer term.

Thornley

8 properties demolished at St Bede's Crescent.

Station Town

Dormand Villa sheltered unit was demolished making the land available for new development in the longer term.

Esh Winning

8 properties demolished and stopping up order achieved. Planning permission granted in January 2013 for The Oaks and Rowan site.

The master plan build programme is progressing in association with our partner Keepmoat. Within 2012/2013, 21 market sale houses were built on the Ridding Road site, 22 affordable units comprising of 12 houses and 10 bungalows (managed by ISOS Housing and DAMHA) were built, and all allocated, on the College View site, with a further 8 houses built on this site for market sale. ISOS Housing received HCA grant to build out a further 10 affordable houses on the Pine Tree site of which the Council facilitated via the use of land and which will continue into 2013/2014.

New Build II - Actual Spend £1.223m

Park Avenue Close - Crook

A total of 46 apartments and 4 bungalows have now been successfully completed, within time and within budget. The scheme has been hugely successful and all tenants have now moved into their new homes. Other than a retention payment, this scheme has now come to successful end.