

**Environment and Sustainable Communities  
Overview and Scrutiny Committee**

10 April 2014



**NEIGHBOURHOOD SERVICES QUARTER 3  
REVENUE & CAPITAL OUTTURN 2013 / 2014**

**Report of Neighbourhood Services Management Team**

**Purpose of the report**

- 1 To set out details of the forecast outturn as at Quarter 3 for 2013/14, highlighting variances against revenue and capital budgets for Neighbourhood Services.

**Neighbourhood Services Revenue 2013/2014**

**Executive Summary**

- 2 The Q3 forecast for the 2013/14 Revenue Outturn for Neighbourhood Services was under budget against the cash limit by £0.844m. 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.

**ANALYSIS BY HEAD OF SERVICE**

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

| Head of Service       | Revised Base Budget 2013/14<br>£'000 | QTR 3 Report                          |                                 |  | Cash limit Variance Over/ (Under)<br>£'000 |
|-----------------------|--------------------------------------|---------------------------------------|---------------------------------|--|--|
|                       |                                      | Quarter 3 Forecast (Apr-Mar)<br>£'000 | Variance Over/ (Under)<br>£'000 | Reserves / outside cash limit<br>£'000 |  |
| Central Costs         | 1,679                                | 1,558                                 | (121)                           | 180                                    | 59   |
| Direct Services       | 39,515                               | 39,447                                | (68)                            | (203)                                  | (271)                                      |
| Env, Health & C. Prot | 6,512                                | 6,182                                 | (330)                           |  | (330)                                      |
| Proj & Business Serv  | 16,239                               | 16,081                                | (158)                           |  | (158)                                      |
| Culture & Sport       | 24,087                               | 22,741                                | (1,346)                         | 1,300                                  | (46)                                       |
| Technical Services    | 25,808                               | 24,889                                | (919)                           | 821                                    | (98)                                       |
| <b>Total</b>          | <b>113,840</b>                       | <b>110,898</b>                        | <b>(2,942)</b>                  | <b>2,098</b>                           | <b>(844)</b>                               |

- 4 The forecast revenue outturn for 2013/14 is under budget against the cash limit by £0.844m, after taking account of the forecast use of reserves, and items outside the cash limit. This compares to the previous forecast, at Quarter 2, which was under budget by £0.955m.

- 5 Since the original budget was presented to Council in February 2013, the Neighbourhoods' revenue budget has been increased to take into account the 2013/14 Pay Award (£0.649m), appeal outcomes of the pay and reward project (£0.175m), additional funding from contingencies for flood investigations (£0.250m), the transfer of the BSF team from CAS (£0.762m) and some minor transfers from Neighbourhood Services to other Service Groupings. In addition, the budget has now been amended to reflect the forecast use of reserves, and items outside the cash limit that were agreed at Quarter 2. This has resulted in a revised revenue budget of £113.840m.
- 6 The main reasons for the forecast variances are as follows;
- Within Direct Services, there are savings of approximately £0.271m associated with early savings on the corporate fleet review, savings on premises costs in Facilities Management, and an increased surplus within Building Services.
  - There are savings of approximately £0.330m within Environment, Health and Consumer Protection associated with employees and supplies and services.
  - There is also a forecast saving of approximately £0.149m on employees and supplies and services within Business Support, and Policy, Performance and Communications.
  - Within Culture and Sport there is a projected saving of £0.130m within Libraries, where some elements of the planned 2014/15 MTFP savings have been achieved earlier than originally anticipated.
- 7 In addition to the above variances, Winter maintenance expenditure is projected to be over budget by £0.402m. Historically, winter maintenance expenditure has consistently been over budget, but this variance is considerably lower than in previous years due to the relatively mild winter experienced to date. It has been agreed by Cabinet that this variance should be treated as being outside of Neighbourhood Services' cash limit.
- 8 Taking the projected outturn position into account, including items proposed to be treated as outside the cash limit, the forecasted cash limit reserve to be carried forward for Neighbourhood Services is £2.660m.
- 9 At this stage of the year, there are some specific areas of the service that are over budget where it is planned to mitigate this through the use of Neighbourhood Services' cash limit reserve. These are in respect of the delayed School Crossing Patrol savings (£47k), Customer Services alterations at Clayport Customer Access Point (£34k), and also within Technical Services, where there is a projected overspend of approximately £50k associated with the engagement of Street Lighting Metering consultants. In addition, £100k from the cash limit reserve is being used to address a backlog of drainage investigations that will help to reduce the future impact of flooding.

## Neighbourhood Services Capital 2013 / 2014

- 10 The following table sets out details of forecast spend in the period 1 April to 31 March analysed by individual Heads of Service areas within the Neighbourhoods capital programme against the revised budget.

| Head of Service    | Revised Budget<br>£'000 | Outturn<br>£'000s | Variance<br>£'000s |
|--------------------|-------------------------|-------------------|--------------------|
| EH&CP              | 14                      | 14                | 0                  |
| Direct Services    | 4,082                   | 3,162             | (920)              |
| P & B Services     | 848                     | 848               | 0                  |
| Culture and Sport  | 2,043                   | 2,043             | 0                  |
| Technical Services | 23,641                  | 22,750            | (891)              |
| <b>Total</b>       | <b>30,628</b>           | <b>28,817</b>     | <b>(1,811)</b>     |

The original NS Capital Programme 2013/14 was £32.533m. Re-profiling of budget from 2012/13 of £5.673m was then agreed at the Capital Member/Officer Working Group on 14 May 2013. This resulted initially in a revised budget of £38.206m.

- 11 The capital budget has subsequently been adjusted at MOWG meetings during the year as a result of additional funding sources being identified, and some schemes being re-profiled in to future years
- 12 This has now resulted in a revised 2013/14 Capital Programme of £30.628m. It is currently anticipated that £28.817m will be spent in 2013/14, resulting in a forecast underspend of £1.811m.
- 13 The main reasons for this variance are as follows;

### Vehicle & Plant Replacement Programme

- A number of service reviews have been undertaken across the whole Council which has led to the delay in progressing with the previously planned procurement of new vehicles and equipment. As a result, this programme will be under budget by £0.920m

### Street Lighting Energy Reduction Project

- This "Invest to Save" project is part of the council's wider Carbon Management Programme. Street lighting represents 18% of the council's total carbon emissions. Therefore, reducing street lighting energy consumption is essential if the council is to meet its target of reducing its total carbon emissions by 40% by 2015.
- This scheme is a five year project and year one of the project had a budget of £3.504m. The forecasted outturn for this budget in 2013/14 is £2.76m, meaning that it will be under budget by £0.744m. This will carry forward in to the following financial year and will not impact on the overall delivery of the scheme.

## **Seaham North Pier**

- The original budget for this scheme was £2.15m following on from investigation works that had been completed in the previous year. This scheme is currently in the process of design. The latest risk assessment suggests there is no immediate threat of structural damage; however it is still a high risk project which must be completed. £1.9m has already been re-profiled into 2014/15 which was approved at the January MOWG. The current budget is now £0.347m, and the forecasted outturn for this budget is £0.200m, meaning that it will be under budget by £0.147m. This will be carried forward in to 2014/15 so that the scheme can be completed in that financial year.

## **Recommendations**

14 It is recommended that:

- Overview and Scrutiny note the Quarter 3 forecast outturn position on Revenue and Capital for 2013/14.

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## **APPENDIX 1 - Implications**

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### **Finance**

To set out details of the Q3 forecast outturn, 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.