

29 September 2015

**Regeneration and Economic
Development Service – Quarter 1:
Forecast of Revenue and Capital
Outturn 2015/16**

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

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 2015.

Background

2. County Council approved the Revenue and Capital budgets for 2015/16 at its meeting on 25 February 2015. 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 - £24.959m (original £25.459m)*
 - *RED Capital Programme – £40.612m (original £39.747m)*
3. The original RED General Fund budget has been revised to incorporate a number of budget adjustments as follows:
 - Transfer of repairs & maintenance budgets to Neighbourhoods Services -£3k
 - Transfer of Crimdon Park and beaches budgets from neighbourhoods Services £15k
 - Reduction in energy budgets to reflect corporate savings -£32k
 - Reduction in Concessionary Fares budget to reflect lower contract payments -£400k
 - Reduction in Carbon Tax CRC to reflect corporate savings -£64k
 - Reduction in water charge budgets to reflect corporate savings -£1k
 - Fleet Depreciation and Insurance adjustment -£15k

The revised General Fund Budget now stands at £24.959m.

4. The summary financial statements contained in the report cover the financial year 2015/16 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 **£0.293m** against a revised budget of **£24.959m**.
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	27,816	8,281	27,397	-419	-54	-473
Premises	3,000	941	2,791	-209	0	-209
Transport	941	161	897	-44	-34	-78
Supplies and Services	11,933	2,445	12,717	784	-669	115
Agency and Contracted	19,639	4,480	19,206	-433	-64	-497
Transfer Payments	95	1	86	-9	0	-9
Central Costs	10,379	280	10,448	69	0	69
GROSS EXPENDITURE	73,803	16,589	73,542	-261	-821	-1082
INCOME	-48,844	-11,772	-48,055	789	0	789
NET EXPENDITURE	24,959	4,817	25,487	528	-821	-293

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	1,733	534	1,747	14	-45	-31
Economic Development & Housing	5,770	659	6,173	403	-613	-210
Planning & Assets	5,637	2,192	6,007	370	-100	270
Transport & Contracted	1,348	1,322	1,055	-293	-29	-322
Central Managed Costs	10,471	110	10,505	34	-34	0
NET EXPENDITURE	24,959	4,817	25,487	528	-821	-293

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	£27k under budget on employees	(27)	(31)
	County Durham Economic Partnership	Minor variance	2	
	Planning & Performance	Minor variance	(6)	
	Funding and Programmes	No variance	0	
Economic Development & Housing	Head of Economic Development	No variance	0	(210)
	Physical Development	£53k under budget on employees due to restructuring	(53)	
	Visit County Durham	£89k savings on employees due to staff secondment to Visit England	(89)	
	Business Durham	£66k over budget on employees	66	
	Economic Development	£14k over budget on employees	14	
	Housing Solutions	£44k under budget on employees due to restructuring £103k income from Family Wise project	(148)	
Spatial Policy, Planning Assets & Environment	Head of SPPAE	Minor Variance	2	
	Spatial Policy	Agreed over budget on Local Development Framework	170	
	Development Management	£43k under budget on employees £11k under budget on transport £83k agreed over budget on Planning Appeals Field House , Park Hill and County Hospital	29	
	Building Control	£3k under budget on employees £44k under budget on other supplies and services	(47)	
	Environment & Design	£78k under budget on employees £18k under budget on transport £28k under budget on supplies and services £53k overachieved income i.e. timber sales, gateways and other grants/contributions	(177)	

Head of Service	Service Area	Description	(Under) / Overspend £'000	(Under) / Overspend £'000
	Asset Management	£27k under budget on employees £257k under achieved income including Newgate Street Bishop Auckland , Millenium Square, Brackenhill Centre and Beveridge Arcades £63k other under achieved income including £28k due to sale of farms previously generating rental income	293	270
Transport	Head of Transport	£2k minor variance £11k unbudgeted spend on legal costs for Durham Tees Valley Airport	13	
	Traffic	£15k over budget on employee costs £84k over budget on third party payments, mainly due to traffic management Claypath (£33k) and Lumiere (£51k) £71k under budget premises costs mainly due to recently refurbished bus shelters saving on repairs and maintenance	28	
	Sustainable Transport	£51k over budget on employee costs £5k under budget on various supplies and services £388k net under budget on third party payments mainly due to reduced bus contract prices	(342)	
	Supported Housing	£127k over budget on employee costs mainly due to 24/7 cover for holidays and sickness £119k planned under budget on equipment to cover overspend in employee costs £29k over achieved income mainly due to increased client numbers	(21)	(322)
Central	Central Costs			0
TOTAL				(293)

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 2015/16 which amount to £1.3m.

Revenue – Housing Revenue Account (HRA)

9. On 13 April 2015, the Council transferred its housing stock of 18,500 dwellings to County Durham Housing Group. Consent was received from the Secretary of State to close down the HRA any time from 30 April 2015 onwards as the Council is no longer a social housing landlord and not required to maintain a ring-fenced HRA.
10. There were and continue to be some residual transactions taking place reflecting the relatively short period of activity in 2015/16 and also other costs including those associated with delivering stock transfer in April which have been met from retained reserves.

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 2014/15. This increased the 2015/16 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 **£40.612m**.
13. Summary financial performance to the end of June is shown below.

Service	Original Annual Budget 2015/16 £000	Revised Annual Budget 2015/16 £000	Actual Spend to 30 June £000	Remaining Budget £000
Economic Dev & Housing	13,104	13,973	1,273	12,700
Planning & Assets	9,250	9,251	754	8,497
Transport & Contracted	16,893	16,888	1,573	15,315
Strategy & Programmes	500	500	0	500
Total	39,747	40,612	3,600	37,012

14. Actual spend for the first three months amounts to **£3.600m**. **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 (£0.548m), Structural Capitalised Maintenance (£0.604m), and the Local Transport Plan (£0.800m). 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 2016 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

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 2015-16

General Fund	Revised Annual Budget £000	Profiled Budget £000	Actual Spend to 30 June £000	Remaining Budget £000
Economic Development & Housing				
Barnard Castle Vision	432	108	50	382
Durhamgate	320	6	12	308
Industrial Estates	634	72	136	498
North Dock Seaham	904	0	0	904
Office Accommodation	206	0	0	206
Town Centres	3,912	140	131	3,781
Minor Schemes	672	367	198	474
Disabled Facilities Grant /FAP (1)	4,531	509	548	3,983
Gypsy Roma Travellers	323	5	14	309
Housing Renewal	2,039	170	184	1,855
Planning & Assets				
Renewable Energy Schemes	1,075	51	84	991
Structural Capitalised Maintenance	7,266	95	604	6,662
Woodham Community Tech College	750	0	0	750
Minor Schemes	160	75	66	94
Transport & Contracted Services				
Local Transport Plan	3,495	673	800	2,695
Transport Corridors	1,115	274	286	829
Transport Major Schemes	11,831	718	448	11,383
Transit 15	104	28	9	95
CCTV	93	21	0	93
Minor Schemes	250	0	30	220
Strategy & Programmes Minor Schemes				
	500	3	0	500
RED Total	40,612	3,315	3,600	37,012

(1) Financial Assistance Programme