

Overview and Scrutiny

12 October 2015



NEIGHBOURHOOD SERVICES QUARTER 4 REVENUE & CAPITAL OUTTURN 2014 / 2015

Report of Neighbourhood Services Management Team

Purpose of the report

- 1 To set out details of the final outturn for 2014/15, highlighting variances against revenue and capital budgets for Neighbourhood Services.

Executive Summary

- 2 The final 2014/15 Revenue Outturn for Neighbourhood Services was under budget against the cash limit by £2.984m. 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 2014/15 Capital Outturn for Neighbourhood Services was under budget by £5.141m

Neighbourhood Services Revenue 2014/15

- 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 2014/15 £'000	QTR 4 Report			Cash limit Variance Over/ (Under) £'000
		Final Outturn 2014/15	Variance Over/ (Under)	Reserves / outside cash limit	
		£'000	£'000	£'000	
Central Costs	2,750	1,361	(1,389)	1,468	79
Direct Services	36,745	30,084	(6,661)	4,493	(2,168)
Env, Health & C. Prot	6,087	5,426	(661)	601	(60)
Proj & Business Serv	16,123	16,323	201	(437)	(236)
Culture & Sport	22,319	16,203	(6,116)	5,626	(490)
Technical Services	26,578	8,639	(17,939)	17,833	(106)
Total	110,602	78,036	(32,569)	29,585	(2,984)

- 5 The final revenue outturn for 2014/15 was under budget against the cash limit by £2.984m, 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 £1.105m.

- 7 The following section outlines the main reasons for the variance against budget;
- Direct Services - an underspend of £2.200m. This was mainly due to Building Services generating an increased surplus of £1.000m, from a higher than anticipated workload throughout the year. There were also savings of £0.700m in Admin Buildings and Depot running costs, one-off VAT refunds of £0.200m relating to Catering and Trade Refuse, and an underspend of £0.440m throughout the service relating to the early delivery of 2015/16 MTFP savings.
 - Highway and Design Services – the trading areas of this service generated increased surpluses of approximately £2.500m in year due to higher than anticipated workloads and increased productivity, but these surpluses were largely offset by increased policy led expenditure on highway maintenance in relation to Category 1 and Category 2 defects, along with increased general maintenance around patching, drainage and footways, increased expenditure on Bridge Inspections, and increased gully cleansing activity in year. Taking these managed overspends into account, there was an overall cash limit underspend of £0.100m within Technical Services in the year.
 - Culture and Sport – the Library Service was £0.380m underspent due to savings associated with employees, as a result of a restructure linked to MTFP savings and also savings in energy costs in year.
 - Projects and Business Services - an underspend of £0.250m resulted from additional income from power generation in Strategic Waste (£0.100m) and there were also managed savings in employees and supplies and services of £0.150m across the service.
- 8 Further to the quarter 3 forecast outturn report, the following items have been excluded from the outturn in arriving at the cash limit:
- £3.866m – relates to a net contribution to earmarked reserves and cash limits to support specific projects in 2015/16, including a £1.500m contribution to earmarked reserves to support one off expenditure in Culture and Sport; a £2.600m contribution to earmarked reserves in respect of Highways, Waste Disposal, and Environmental Health; and a £0.300m contribution from earmarked reserves in respect of Buildings and Grounds Maintenance, and Street Cleaning.
 - Approximately £1.800m of the Reserves movement is due to newly identified operational issues which require addressing in 2015/16. These include essential investment in equipment, health and safety initiatives in depots, repairs to playgrounds and footpaths, and drainage inspections. In addition a reserve of £0.800m has been set up relating to funding that is held on behalf of County Durham Sport.
 - The movement on Reserves also includes a contribution of £0.755m to the Winter Maintenance Reserve that was established at the end of 2013/14. This contribution represents the underspend on Winter Maintenance activities during 2014/15, and reflects the relatively mild conditions that were experienced during the last winter. In previous years, any overspends on Winter Maintenance were treated as outside the cash limit, but in future it is expected that the Winter Maintenance Reserve (now £1.755m) will be utilised

when severe winter events occur and the annual budget, which was increased by £1.300m in 2014/15, is insufficient to meet the unavoidable costs in this area.

- £1.802m net contribution to reserves in relation to ER/VR costs, Job Evaluation Settlement and Insurance recharges.
- £23.953m relates to a range of adjustments associated with capital charges, centralised repairs and maintenance and central administration recharges. In the main, this relates to capital charges (£20.251m).

9 Taking the outturn position into account, the Cash Limit Reserve to be carried forward for Neighbourhood Services is £5.076m.

Neighbourhood Services Capital 2014/2015

10 The following table sets out details of final spend for 2014/15 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	4,464	1,949	(2,516)
P & B Services	6,639	5,503	(1,135)
Culture and Sport	823	606	(217)
Technical Services	27,193	25,919	(1,274)
Total	39,119	33,977	(5,141)

11 The 2014/15 capital spend for Neighbourhood Services was £33.977m against a revised budget of £39.119m, which is a £5.141m underspend for the year. The main reasons accounting for the outturn position are as follows:

12 The underspend of £5.141m for Neighbourhood Services is mainly due to:

- **Direct Services – Underspend £2.515m.**
This is primarily due to the supplier revising the delivery date of vehicles ordered by the Authority during 2014/15 with delivery now expected in 2015/16.
- **Culture and Sport – Underspend £0.217m.**
The underspend in this area is due mainly to the following factors:
 - Wharton Park (£44k) - The demolition of Wharton Park house came in below tender and the construction programme was revised and will progress in 2015/16.
 - Newton Aycliffe CAP (£64k) - This scheme includes the demolition of an adjacent building not owned by the Council, which was delayed. It is anticipated that construction work will continue in 2015/16.

- DLI Museum Collection Restoration Scheme (£50k) - This scheme has been delayed due to the accommodation review currently being undertaken by Neighbourhood Services and has been reprofiled into 2015/16.
- **Projects and Business – Underspend £1.135m.**
Mainly due to an underspend on the Stanley CAP project, which was programmed over two years. The majority of the construction work will now be completed in 2015/16.
- **Technical Services – Underspend £1.274m**
The outturn position is due to the following factors:
 - The underspend of £0.254m relating to Bridges is due to work on a number of structures being reprogrammed into 2015/16 as a result of on-going issues with land negotiations or further investigatory work. An additional underspend of £55k is due to a number of completed schemes for which the final account will be processed in 2015/16.
 - Overall, Street Lighting schemes were underspent by £0.220m as several schemes were reliant on the Northern Grid Programme to underground their overhead network. In addition, there were savings on a number of schemes where costs were lower than projected as well as the use of trenchless technology, which reduced disruption and led to the actual charge being lower than the original estimate.
 - Highways – Final accounts for completed work are awaited and also the Speedvisor rotation costs within Traffic and Community Engagement were lower than originally planned. Work on the AAP schemes will continue into 2015/16.

Recommendations

13 It is recommended that:

- Overview and Scrutiny note the final outturn position on Revenue and Capital for 2014/15.

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APPENDIX 1 - Implications

Finance

To set out details of the final outturn for 2014/15, 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.