

18 April 2016



**NEIGHBOURHOOD SERVICES QUARTER 3
REVENUE & CAPITAL OUTTURN 2015 / 2016**

Report of Neighbourhood Services Management Team

Purpose of the report

1. To set out details of the forecast outturn as at Quarter 3 for 2015/16, highlighting variances against revenue and capital budgets for Neighbourhood Services.

Executive Summary

2. The Q3 forecast for the 2015/16 Revenue Outturn for Neighbourhood Services was under budget against the cash limit by £1.290million. 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 Q3 forecast for the 2015/16 Capital Outturn is currently estimated to be in line with the budget.

Neighbourhood Services Revenue 2015/2016

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 3 Report			Cash limit Variance Over/ (Under) £'000
		Quarter 3 Forecast (Apr-Dec) £'000	Variance Over/ (Under) £'000	Reserves / outside cash limit £'000	
Central Costs	1,349	1,478	129	0	129
Direct Services	37,906	35,010	(2,895)	479	(2,416)
Env, Health & C. Prot	5,583	5,325	(258)	21	(237)
Proj & Business Serv	18,184	18,007	(177)	1,200	1,023
Culture & Sport	19,390	19,678	288	(77)	211
Technical Services	26,845	27,028	183	(183)	0
Total	109,257	106,526	(2,730)	1,440	(1,290)

5. The forecast revenue outturn for 2015/16 is under budget against the cash limit by £1.290million, after taking account of the forecast use of reserves, and items outside the cash limit.

6. The forecast underspend is a managed position, reflecting the proactive management of activity by Heads of Service across Neighbourhoods to remain within the cash limit. The main reasons accounting for the outturn position are shown below:
- Within Direct Services, there is an overachievement in the surplus generated by Building Services of approximately £0.900million due to the level of turnover being significantly higher than originally anticipated. A review of the charge out rates has been carried out which involved increasing the income budget to a more realistic level for 2016/17, and this should result in the surplus being closer to the budgeted level next year. In addition, there is £0.810million of 2016/17 MTFP savings that have been achieved early in 2015/16, and also £0.540million of savings relating to premises costs of Administrative Buildings that are closing as part of the office accommodation programme.
 - Technical Services is showing a break-even position. This is due to additional income within Design Services (£0.400 million) and Strategic Highways (£0.160 million) which is being offset by a net overspend of approximately £0.560 million within Highways Services, where the additional surplus on the trading account areas have offset additional policy led expenditure on highways maintenance in relation to Category 1 and 2 defects. The outturn also takes account of £0.800 million of flooding repair costs which is to be funded from Neighbourhood services cash limit (£0.400 million) and Revenue Contingency Budget (£0.400 million).
 - Environment, Health and Consumer Protection is projected to underspend by £0.237million, largely attributable to underspends on employees, supplies and services and transport in Health Protection, Consumer Protection and Environmental Protection.
 - Within Culture & Sport, there are overspends on facilities premises costs (£0.200 million), and additional development expenditure that is earmarked for the Gala and Durham Town Hall (£0.300 million), but these are offset by savings in Leisure Contracts with 3rd party providers (£0.300 million)
 - Within Strategic Waste there have been significant increases in the Materials Recycling Facility (MRF) costs within the Strategic Waste Service (£1.200 million) which are as a result of a national reduction in the market value of recycled materials and therefore outside the control of the Council, These overspends are being offset by savings on the waste disposal contract budgets (£0.700 million) and underspends on employee and supplies and services (£0.400 million) across all other areas of Projects & Business Services. In addition an amount of £1 million has been transferred to the Capital Expenditure Earmarked Reserve in relation to additional costs of the capital scheme for Thornley Waste Transfer Station.
7. 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 £3.264m.

Neighbourhood Services Capital 2015 / 2016

- 8 The following table sets out details of forecast 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	4,153	4,153	0
Projects & Business Services	5,143	5,143	0
Culture and Sport	3,537	3,537	0
Technical Services	28,071	28,071	0
Total	40,904	40,904	0

As at 31 March 2015, the NS Capital Programme for 2015/16 was £39.119m. Re-profiling of budget from 2014/15 of £7.237m was then agreed at the Capital Member/Officer Working Group on 22 May 2015. This resulted initially in a revised budget of £46.356m.

- 9 The capital budget has subsequently been adjusted at MOWG meetings during the year as a result of additional funding sources and areas of slippage being identified, and this has now resulted in a revised 2015/16 Capital Programme of £40.904million. It is currently anticipated that the full budget of £40.904million will be spent in 2015/16.

Recommendations

- 10 It is recommended that:
- Overview and Scrutiny note the Quarter 3 forecast outturn position on Revenue and Capital for 2015/16.

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APPENDIX 1 - Implications

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.