

**13 January 2017**



**Regeneration and Economic  
Development Service – Quarter 2:  
Forecast of Revenue and Capital  
Outturn 2016/17**

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

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**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 September 2016.

**Background**

2. County Council approved the Revenue and Capital budgets for 2016/17 at its meeting on 24 February 2016. 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 - £26.781 million (original £25.257 million)*
  - *RED Capital Programme – £39.992 million (original £33.523 million)*
3. The original RED General Fund budget has been revised to incorporate a number of budget adjustments as follows:
  - Cost of 2016-17 pay award +£230,000
  - Lone Working adjustment +£50,000
  - Transfer from Neighbour hoods Services +£3,000
  - Pension auto enrolment adjustment +£20,000
  - Use of Office Accommodation Support Reserve +£575,000
  - Use of strategic reserves for redundancies for MTFP savings +£22,000
  - Use of Cash Limits – Strategy Partnerships Performance +£50,000
  - Use of Cash Limits – Transport & Contracted Services +£425,000
  - Use of Restructure Reserve +£60,000
  - Use of Planning Reserve +£164,000
  - Use of Housing Regen Reserve (Warm and Healthy Homes) +£100,000

- Use of Economic Employability Reserve +£12,000
- Use of Performance Reward Grant +£47,000
- Use of Housing Solutions Reserve +£154,000
- Under budget for Concessionary Fares (corporate saving) - £388,000

The revised General Fund Budget now stands at £26.781 million.

4. The summary financial statements contained in the report cover the financial year 2016/17 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 **£0.392 million** against a revised budget of **£26.781 million**. This compares with a forecast underspend of £0.299m at Quarter 1.
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

£'000	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
<b>Employees</b>	28,389	14,153	28,199	(190)	(53)	<b>(264)</b>
<b>Premises</b>	4,578	3,959	5,523	945	(78)	<b>867</b>
<b>Transport</b>	866	310	803	-63	0	<b>(63)</b>
<b>Supplies and Services</b>	7,446	2,884	8,336	890	(467)	<b>423</b>
<b>Agency and Contracted</b>	19,290	8,242	19,379	89	0	<b>89</b>
<b>Transfer Payments</b>	95	0	79	(16)	0	<b>(16)</b>
<b>Central Costs</b>	10,747	760	11,079	332	0	<b>332</b>
<b>GROSS EXPENDITURE</b>	<b>71,411</b>	<b>30,308</b>	<b>73,398</b>	<b>1,987</b>	<b>(598)</b>	<b>1,389</b>
<b>INCOME</b>	(44,630)	(24,455)	(46,411)	(1,781)	0	<b>(1,781)</b>
<b>NET EXPENDITURE</b>	<b>26,781</b>	<b>5,853</b>	<b>26,987</b>	<b>206</b>	<b>(598)</b>	<b>(392)</b>

### 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	1,847	1,034	1,707	(140)	0	(140)
Economic Development & Housing	6,837	2,676	6,715	(122)	(511)	(633)
Planning & Assets	5,584	3,016	5,962	378	(78)	300
Transport & Contracted	2,090	(1,064)	2,180	90	(9)	81
Central Managed Costs	10,423	191	10,423	0	0	0
<b>NET EXPENDITURE</b>	<b>26,781</b>	<b>5,853</b>	<b>26,987</b>	<b>206</b>	<b>(598)</b>	<b>(392)</b>

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	(Under) / Overspend
Strategy Programmes Performance	Head of SPP	Minor variance	(1)	(140)
	Strategy, Policy, Partnerships, Support	Staff vacancy savings	(49)	
	Planning & Performance	Staff vacancy savings	(56)	
	Funding and Programmes	Staff vacancy savings	(34)	
Economic Development & Housing	Head of Economic Development	Minor variance	(7)	(633)
	Physical Development	£144k Chapter Homes SLA income £15k over budget on supplies	(129)	
	Visit County Durham	Minor variance	3	
	Business Durham	£82k over budget on employees £174k over recovery of income Business Space £47k over budget on supplies	(45)	
	Economic Development	£90k under budget on employee costs due to vacancies £11k over recovery of income	(101)	
	Housing Solutions	£50k planned under budget on GRT sites from rents and supplies and services £304k under budget due to staff vacancies and a planned underspend on supplies and services (ahead of 2017/18 MTFP savings)	(354)	
Spatial Policy, Planning Assets & Environment	Head of SPPAE	Minor variance	(1)	
	Spatial Policy	Agreed spending to progress County Durham Local Plan	288	

Head of Service	Service Area	Description	(Under) / Overspend	(Under) / Overspend
	Development Management	£245k under budget on employees £92k under budget on other running costs £100k agreed spend on appeals (West Mount Park Drive / Newbiggen Lane Lancaster, Edenfield & Sedgfield) £60k underachieved building control income	(177)	
	Environment & Design	£50k under budget on employees £38k under budget on other running expenses £28k overachieved Feed In Tariff income	(116)	
	Asset Management	£134k under budget on employees £366k underachieved income and costs for unlet premises e.g. Newgate Street, Brackenhill, Tommy Armstrong, Millennium Place £74k over budget on supplies and services	306	<b>300</b>
Transport	Head of Transport	£15k over budget on supplies and services relating to NECA admin fee and legal fees Durham Tees Valley Airport (DTVA)	15	
	Traffic	£56k overspend on parking services contract payments £147k under budget on income due to - parking income lower than budget (£34k), estimated £43k net loss of North Bondgate Car Park, reduced bus shelter advertising (£32k), reduced fees from accident data and land searches (£25k), and no rental income from Peterlee bus station kiosk (13k)	203	
	Sustainable Transport	£17k under budget on supplies, mainly due to renegotiated computer contracts	(17)	
	Supported Housing	£160k over budget on employee and supplies and services costs, due mainly to 24/7 cover for holidays and sickness £280k net over budget on income due to higher number of clients £115k and additional SLA income £165k	(120)	<b>81</b>
Central	Central Costs	No variances		<b>0</b>
<b>TOTAL</b>				<b>(392)</b>

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 2016/17 which amount to £1.118 million.

### Capital Programme

9. 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.
10. The Regeneration and Economic Development capital programme was revised at Outturn for budget rephased from 2015/16. This increased the 2016/17 original budget. Further reports to the MOWG detailed further revisions, for grant additions/reductions, budget transfers and budget reprofiling into later years. The revised budget now stands at **£39.992 million**.
11. Summary financial performance to the end of September is shown below.

Service	Original Annual Budget 2016/17 £000	Revised Annual Budget 2016/17 £000	Actual Spend to 30 September £000	Remaining Budget £000
Economic Dev & Housing	14,767	19,380	9,351	10,029
Planning & Assets	7,494	9,066	3,488	5,578
Transport & Contracted	11,012	11,292	4,375	6,917
Strategy & Programmes	250	254	0	254
<b>Total</b>	<b>33,523</b>	<b>39,992</b>	<b>17,214</b>	<b>22,778</b>

12. Actual spend for the first six months amounts to **£17.214 million**. **Appendix 2** provides a more detailed breakdown of spend across the major projects contained within the RED capital programme.
13. The key areas of spend to date have been on Industrial Estates (£3.596 million), Structural Capitalised Maintenance (£2.962 million), and the Transport Major Schemes (£3.091 million). 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 2017 will be in line with the revised budget.
14. 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:

15. The Scrutiny Committee is requested to note the contents of this report.

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## **Appendix 1: Implications**

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### **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 2016-17

<b>General Fund</b>	<b>Revised Annual Budget £000</b>	<b>Profiled Budget £000</b>	<b>Actual Spend to 30 September £000</b>	<b>Remaining Budget £000</b>
<b>Economic Development &amp; Housing</b>				
Barnard Castle Vision	243	97	118	125
Durhamgate	50	20	1	49
Industrial Estates	6,653	2,661	3,596	3,057
North Dock, Seaham	767	307	203	564
Office Accommodation	1,808	723	219	1,589
Town Centres	2,519	1,008	681	1,838
Minor Schemes	173	69	89	84
Disabled Facilities Grant /FAP (1)	3,294	1,318	1,826	1,468
Gypsy Roma Travellers	99	39	-1	100
Housing Renewal	909	363	244	665
Chapter Homes	2,865	1,185	2,375	490
<b>Planning &amp; Assets</b>				
Renewable Energy Schemes	443	177	87	356
Structural Capitalised Maintenance	7,648	3,059	2,962	4,686
Minor Schemes	975	390	439	536
<b>Transport &amp; Contracted Services</b>				
Local Transport Plan	3,312	1,325	1,227	2,085
Transport Corridors	31	12	31	0
Transport Major Schemes	7,839	3,136	3,091	4,748
Transit 15	15	6	9	6
CCTV	60	24	17	43
Minor Schemes	35	14	0	35
<b>Strategy &amp; Programmes Minor Schemes</b>				
	254	102	0	254
<b>RED Total</b>	<b>39,992</b>	<b>16,035</b>	<b>17,214</b>	<b>22,778</b>

(1) Financial Assistance Programme