

Environment & Sustainable Communities Overview and Scrutiny

6 October 2017



FORMER NEIGHBOURHOOD SERVICES QUARTER 4 REVENUE & CAPITAL OUTTURN 2016 / 2017

Joint Report of Corporate Director, Resources and Corporate Director, Regeneration & Local Services

Purpose of the report

1. In September 2016 the former Neighbourhood, and Regeneration and Economic Development (RED) service areas combined to form Regeneration and Local Services. The former Neighbourhoods service areas report to this committee while the former RED service areas report to the Economy & Enterprise Scrutiny Committee.
2. To provide details of the outturn budget position for the former Neighbourhoods service grouping highlighting major variances in comparison with the budget.

Executive Summary

3. The final 2016/17 Revenue Outturn for former Neighbourhood Services was under budget against the cash limit by £1.116million. This takes into account adjustments for sums outside the cash limit such as redundancy costs that are met from the strategic reserves, and use of / contributions to earmarked reserves.
4. The final 2016/17 Capital Outturn for former Neighbourhood Services was under budget by £3.487m

Revenue 2016/17

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

Head of Service	Revised Base Budget 2016/17 £'000	QTR 4 Report			Cash limit Variance Over/ (Under) £'000
		Final Outturn 2016/17 £'000	Variance Over/ (Under) £'000	Reserves / outside cash limit £'000	
Central Costs	1,408	1,421	13	35	48
Direct Services	36,039	34,245	(1,794)	1,733	(61)
Proj & Business Serv	16,904	16,374	(530)	(500)	(1,030)
Culture & Sport	21,142	21,288	146	(278)	(132)
Technical Services	28,577	13,258	(15,319)	15,378	59
Total	104,070	86,586	(17,484)	16,368	(1,116)

- 6 The final revenue outturn for 2016/17 was under budget against the cash limit by £1.116million, after taking account of the forecast use of reserves, and items outside the cash limit.
- 7 The cash limit outturn position compares to the previously forecast Quarter 3 position of a cash limit underspend of £0.888million.
- 8 The following section outlines the main reasons for the variance against budget;
- Direct Services was £61,000 underspent, which was the net effect of increased income relating to Trade and Bulky Waste (£0.340 million) offset by short term planned overspends due to the re-organisation of refuse collection rounds and new trade waste bin purchases (£0.190 million), along with unachieved 2016/17 MTFP savings relating to Fleet (£89,000), which were delayed until 2017/18.
 - Technical Services was £59,000 overspent. This is the net position and takes into account an overspend of £0.630 million within Highway Services, due to additional policy led expenditure on highways maintenance, mainly in relation to Category 1 and 2 defects and footway maintenance. The overspend was however offset by additional surpluses generated within Design Services (£0.227 million) and savings on employees and premises costs in Strategic Highways (£0.351 million).
 - Culture & Sport was £0.132 million underspent, relating mainly to modest savings in leisure and library facilities across a range of budget heads.
 - Projects & Business Services was £1.030 million underspent. This is the net position and takes into account savings achieved within Strategic Waste of £0.160 million, within Business Support of £0.222 million, Customer Services of £0.296 million and Policy & Performance of £0.056 million, which are all mainly due to the early achievement of MTFP savings. Within Strategic Waste there were also underspends on Garden Waste of £0.310 million.
- 9 Further to the quarter 3 forecast outturn report, the following items were excluded from the outturn in arriving at the cash limit:
- £1.984 million – relating to a net contribution to earmarked reserves and cash limit reserves to support specific projects in 2017/18. This includes;
 - £0.452 million contribution to earmarked reserves to support one off expenditure in Highways;
 - £0.505 million contribution to earmarked reserves in respect of Culture and Sport;
 - £0.454 million drawdown from earmarked reserves in respect of Buildings and Grounds Maintenance, and Street Cleaning
 - £70,000 contribution to earmarked reserves for Customer Services
 - £1.411 million net contribution to reserves in relation to ER/VR costs, equal pay and insurance costs

- The movement on Reserves includes a contribution of £0.521 million to the Winter Maintenance Reserve that was established at the end of 2013/14. This contribution represents the additional underspend experienced in the service since the Quarter 3 forecast was prepared, reflecting the relatively mild conditions that were experienced during the last winter. The Winter Maintenance Reserve now stands at £3.925 million and is available to be drawn down when severe winter or weather events occur and the annual budget is insufficient to meet the unavoidable costs in this area in that year.
- £14.383 million relates to a range of adjustments associated with items such as capital charges, centralised repairs and maintenance and central administration recharges.

10 Taking the outturn position into account, the Cash Limit Reserve to be carried forward for former Neighbourhood Services is £1.494 million.

Capital 2016/2017

11 The following table sets out details of final spend for 2016/17 analysed by individual Heads of Service areas within the former Neighbourhoods capital programme against the revised budget.

Head of Service	Revised Budget £'000	Outturn £'000s	Variance £'000s
Direct Services	2,902	1,654	(1,248)
P & B Services	7,446	6,737	(709)
Culture and Sport	3,641	2,846	(795)
Technical Services	28,240	27,505	(735)
Total	42,229	38,742	(3,487)

12 The 2016/17 capital spend for former Neighbourhood Services was £38.742 million against a revised budget of £38.742 million, which is a £3.487 million underspend for the year. The main reasons accounting for the outturn position are as follows:

13 The underspend of £3.487million for former Neighbourhood Services is mainly due to:

(a) **Direct Services** – underspend £1.248 million.

A number of schemes within this service area were underspent. These include £52,205 for the upgrade to the Locomotion Café and kitchen due to ongoing discussions regarding the design of the front of house seating. Also, the play area budget was underspent by £0.522 million due to a delay in final invoices being received from contractors. The refurbishment of Mountsett Crematorium was underspent by £0.201 million, because the external contractor did not claim the bond for the project. Other underspends include the Environmental Improvement project £0.157million and the Bereavement Improvement project £0.155 million.

- (b) **Project and Business** – underspend £0.710 million.

Primarily due to the underspend of £0.358 million for the CRM system as the go live date was initially delayed by the implementation partner. The underspend of £0.248 million on a number of Waste Management schemes was due to awaiting agreement on the contract price for the Stainton Grove project as well as issues relating to the design work for the Thornley Waste Transfer Station project.

- (c) **Culture and Sport** – underspend £0.795 million.

The underspend within this service area is mainly due the delay in obtaining DfE approval for the upgrading of the changing facilities at Roseberry and Blackfyne (£0.441 million) and the fact that additional works were requested during the year for the Newton Aycliffe CAP project £0.317 million.

- (d) **Technical Services** – underspend £0.735 million.

The outturn is due to a combination of under and over spending on the major areas within the service. Accelerated work led to overspending in the following areas: Street Lighting Reduction Energy Programme (£0.671 million), Footways (£0.133 million), Street Lighting (£0.124 million) and Drainage (£0.141 million). The Traffic and Community Engagement schemes were underspent by £0.158 million and the Highways Maintenance programme by £1.204 million.

Recommendations

14 It is recommended that:

- Overview and Scrutiny note the final outturn position on Revenue and Capital for 2016/17.

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APPENDIX 1 - Implications

Finance

To set out details of the final outturn for 2016/17, 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.