

4 October 2018



**REGENERATION & LOCAL SERVICES  
QUARTER 4  
REVENUE & CAPITAL OUTTURN 2017 / 2018**

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

**Purpose of the report**

1. To provide details of the outturn budget position for the service areas within Regeneration & Local Services (REAL) that report to this committee. The remaining areas of the service report to the Economy & Enterprise Scrutiny Committee. The report highlights and explains any major variances in comparison with the budget.

**Executive Summary**

2. The final 2017/18 Revenue Outturn for those services within REAL that report to this committee was over budget against the cash limit by £0.425 million. 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.
3. The final 2017/18 Capital Outturn was under budget by £2.757million.

**Revenue 2017/18**

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 2017/18 £'000	QTR 4 Report			Cash limit Variance Over/ (Under) £'000
		Final Outturn 2017/18 £'000	Variance Over/ (Under) £'000	Reserves / outside cash limit £'000	
Central Costs	1,471	5,865	4,394	(4,386)	8
Direct Services	53,031	49,990	(3,041)	3,123	82
Business Support	269	0	(269)	133	(136)
Culture & Sport	20,593	20,916	322	171	493
Technical Services	27,212	12,326	(14,886)	14,864	(22)
<b>Total</b>	<b>102,576</b>	<b>89,097</b>	<b>(13,480)</b>	<b>13,905</b>	<b>425</b>

5. The final revenue outturn for 2017/18 was over budget against the cash limit by £0.425million, 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 overspend of £0.114million.
- 7 The following section outlines the main reasons for the variance against budget;
- Direct Services was £82,000 overspent. This was the net effect of early achievement of 2018/19 MTFP savings (£0.851 million) that were largely offset by an overspend of £0.294 million on waste disposal contracts, lease extension costs on refuse vehicles of £0.171 million and contributions to capital expenditure of £0.468 million relating to Refuse & Recycling.
  - Culture and Sport was £0.493 million overspent. This was mainly due to overspends on Events and the Gala Theatre (£0.478 million), and Leisure Centres (£0.158 million). These overspends were partially offset by savings on Libraries (£0.103 million) and staff vacancies (£40,000).
  - Technical Services was £22,000 underspent. This takes into account an overspend of £1.4 million within Highway Services, due to additional policy led expenditure on essential highways maintenance, mainly in relation to Category 1 and 2 defects. This overspend was offset by additional surpluses generated within Highways Services trading areas of £0.860 million. There were underspends in Design Services and Project & Programme Management of £0.460 million, attributable to employee vacancy savings and additional income generated. Strategic Highways and other service areas also had a net underspend of £0.140 million mainly due to employee savings and additional income.
  - Business Support was £0.137 million underspent due to savings on vacant posts and reductions in hours.
- 8 Further to the quarter 3 forecast outturn report, the following items were excluded from the outturn in arriving at the cash limit:
- £0.392 million – relating to a net use of earmarked reserves and cash limit reserves to support specific projects in 2017/18. This includes;
    - (i) - £0.192 million use of earmarked reserves in respect of Events and externally funded Culture and Sport projects;
    - (ii) £0.200 million use of earmarked reserves for Transport related schemes.
  - In addition, the movement on Reserves includes a use of £1.634 million from the Winter Maintenance Reserve that was established at the end of 2013/14. This has been drawn down to offset the in-year overspend on Winter Maintenance, reflecting the conditions that were experienced during the last three months of the financial year. The Winter Maintenance Reserve now stands at £2.247 million and is available to be drawn down when severe winter or weather events occur in future years, and the annual budget is insufficient to meet the associated unavoidable costs.

- £11.879 million relates to a range of adjustments associated with items such as capital charges, centralised repairs and maintenance and central administration recharges.

## Capital 2017/2018

- 9 The following table sets out details of final spend for the capital programme in 2017/18 analysed by individual Heads of Service areas against the revised budget.

Head of Service	Revised Budget £'000	Outturn £'000s	Variance £'000s
Direct Services	5,492	3,614	(1,878)
Culture and Sport	2,217	1,959	(258)
Technical Services	32,867	32,246	(621)
<b>Total</b>	<b>40,576</b>	<b>37,819</b>	<b>(2,757)</b>

- 10 The 2017/18 capital spend was £37.819 million against a revised budget of £40.576 million, which is a £2.757 million underspend for the year. The main reasons accounting for the outturn position are as follows:

- (a) **Direct Services** – underspend £1.878 million

There were two schemes within this service area with significant underspends. The Household Waste Recycling Facility Replacement at Stainton Grove was underspent by £0.680 million. This project was on hold until additional funds were secured and the scheme was delayed until this had been resolved. The refurbishment of Mountsett Crematorium was substantially completed and there was an underspend of £0.895 million, though £150,000 will be carried forward into 2018/19 to enable the final completion of the project. The underspend was due to the fact that the procurement exercise for the new cremators resulted in a significant reduction on the original estimated cost.

- (b) **Technical Services** – underspend £0.621 million

There were various offsetting underspend and overspends across the service, with a £0.643 million underspend against the Street Lighting Energy Reduction Programme the key element. The 2017/18 budget was based on the previous year's average unit cost for removals and retrofit of LED's. This included units that incorporated pole boxes or higher value lanterns which increased the average unit cost. It has been possible to use more standard lanterns for 2017/18 retrofits so unit costs are considerable lower than budgeted, whilst volume targets have still been met.

## Recommendations

11 It is recommended that:

- Overview and Scrutiny note the final outturn position on Revenue and Capital for 2017/18.

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## **APPENDIX 1 - Implications**

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### **Finance**

To set out details of the final outturn for 2017/18, highlighting areas of over / underspend against the revenue and capital budgets for the service areas within Regeneration and Local Services that report to this committee.

### **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.