

**Environment and Sustainable
Communities Overview and Scrutiny
Committee**



16 November 2020

**Neighbourhoods & Climate Change –
Quarter 1: Forecast of Revenue and
Capital Outturn 2020/21**

Report of Corporate Directors

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Change**

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide details of the forecast outturn budget for this service area highlighting major variances in comparison with the budget, based on the position to the end of Quarter 1 (30 June 2020).

Executive summary

- 2 This report provides an overview of the updated forecast of outturn, based on the position at Quarter 1, 2020/21. It provides an analysis of the budgets and forecast outturn for the service areas falling under the remit of this Overview and Scrutiny Committee and complements the reports considered and agreed by Cabinet on a quarterly basis.
- 3 The updated position is that there is a forecast revenue underspend of £0.531 million, against a revised budget of £108.523 million.
- 4 In arriving at the cash limit position, Covid-19 related expenditure of £10.497 million, offset by Covid-19 related savings of £0.237 million within Neighbourhoods & Climate Change have been excluded from the forecasts. Covid-19 related costs are being treated corporately and offset by Government funding so far as is possible, though forecast net costs currently exceed the grant that has been made available.

- 5 The revised service capital budget is £44.631 million and this is forecast to be fully spent by year-end.
- 6 Details of the reasons for under and overspending against relevant budget heads is disclosed in the report.

Recommendation(s)

- 7 Environment and Sustainable Communities Overview and Scrutiny Committee is requested to note the contents of this report.

Background

- 8 County Council approved the Revenue and Capital budgets for 2020/21 at its meeting on 26 February 2020. These budgets have subsequently been revised to account for changes in grant (additions/reductions), budget transfers between service groupings and budget re-profiling between years (in terms of capital). This report covers the financial position for the following budgets of the services within the scope of this committee;
 - (a) Revenue Budget - £108.523million
 - (b) Capital Programme – £44.631 million
- 9 The summary financial statements contained in the report cover the financial year 2020/21 and show: -
 - (a) The approved annual budget;
 - (b) The forecast of income and expenditure as recorded in the Council's financial management system;
 - (c) The variance between the annual budget and the forecast outturn;
 - (d) For the revenue budget, adjustments for items outside of the cash limit (outside of the Service's control) to take into account such items as redundancies met from the strategic reserve, capital charges and use of / or contributions to earmarked reserves.

Forecast Revenue Outturn 2020/21

- 10 The service is reporting a cash limit underspend of **£0.531 million** against a revised budget of **£108.523 million**.
- 11 The following table shows the revenue outturn position analysed by Head of Service area.

Service Budget - Analysis by Head of Service £'000

Head of Service	2020/21 Budget £'000	Forecast Of Outturn £'000	Variance (under) / over spend £'000	Net Covid Adjustment £'000s	Items Outside Cash Limit – Transfers to / From Reserves £'000	Cash Limit Variance QTR1 £'000
Central Costs	33,361	33,211	(150)	0	0	(150)
Environmental Services	50,674	55,133	4,459	(4,962)	489	(14)
Technical Services	12,770	15,004	2,233	(1,987)	(657)	(411)
Community Protection	4,281	4,584	303	(67)	(115)	121
Partnerships & Community Engagement	7,437	10,777	3,340	(3,244)	(173)	(77)
NET EXPENDITURE	108,523	118,709	10,185	(10,260)	(456)	(531)

Cash Limit Outturn – Explanation of Over and Under Spending

- 12 The forecast revenue outturn for 2020/21 is under budget against the cash limit by £0.531 million, after taking account of the forecast use of reserves, and items outside the cash limit.
- 13 The main reasons accounting for the outturn position are shown below:
- Environmental Services is forecast to underspend by £14,000. Within this area there are overspends relating to unbudgeted pay re-gradings for Refuse Collection drivers of £0.215 million and Neighbourhood Wardens of £0.188 million, and unachieved MTFP savings from previous years within Fleet of £0.166 million and Clean & Green of £73,000 that have not yet been addressed in the base budget. These base budget overspends have however been offset by savings due to delays in implementing the two new refuse collection rounds resulting in an underspend of £0.137 million; a delay in the procurement of the Household Waste Recycling Centre contract resulting in a saving of £0.346 million and savings due to vacancies as a result of a delay in appointing the new Neighbourhood Wardens resulting in further savings of £0.154 million. The service received full year budget growth in 2020/21 for the new refuse rounds and the additional

Neighbourhood Wardens, meaning that the delays in implementation are producing one-off underspends.

- Technical Services is forecast to underspend by £0.411million. There is an additional trading surplus within Highways Services of £0.326 million forecast, and employee vacancy savings of £0.306 million, along with additional income of £0.292m relating to additional permit income and other fees and charges in Strategic Highways. There is also a £0.109m underspend due to savings on electricity charges forecast. These savings are partially offset however by a predicted overspend in winter maintenance costs of £0.446 million after utilising the remaining winter maintenance reserve and overspends of £0.167million on agency costs relating to condition surveys, contractor costs and rechargeable works.
- Partnerships & Community Engagement is forecast to underspend by £77,000. This is mainly due to a managed underspend in Supplies and Services, that will be utilised in 2021/22 for a delayed MTFP saving.
- Community Protection is forecast to overspend by £0.121 million. This is mainly due to £0.109 million costs relating to staff regradings, £23,000 reduction in partner funding and £78,000 under achieved licensing income. These overspends are partially offset by savings of £68,00 due to a number of posts currently being vacant and a further £21,000 underspend on transport and supplies.

14 **Appendix 2** provides a more detailed breakdown of variations across the service area contained within the revenue budget.

Capital Programme

- 15 The capital programme was revised in May for budget re-phased from 2019/20. This increased the 2020/21 original budget. Further reports to the MOWG detailed further revisions, for grant additions/reductions, budget transfers and budget re-profiling into later years. The revised budget now stands at **£44.631 million**.
- 16 Summary financial performance to the end of June is shown below.

Service	Original Annual Budget 2020/21 £000	Revised Annual Budget 2020/21 £000	Forecast Outturn 2020/21 £000	Variance 2020/21 £000
Environmental Services	6,237	2,978	2,978	0
Technical Services	30,954	32,469	32,469	0
Partnerships & Community Engagement	5,972	5,967	5,967	0
Community Protection	106	106	106	0
Total	43,269	44,631	44,631	0

- 17 As at 31 March 2020, the capital programme for 2020/21 was £43.269 million. The capital budget has subsequently been adjusted at MOWG meetings during the year as a result of additional funding sources being identified, along with virements in to future years, and this has now resulted in a revised 2020/21 Capital Programme of £44.631 million. It is currently anticipated that the full budget will be spent in 2020/21.

Background papers

- County Council Report (26 February 2020) – Medium Term Financial Plan 2020/21 to 2023/24 and Revenue and Capital Budget 2020/21.
- Cabinet Report (16 September 2020) – Forecast of Revenue and Capital Outturn 2020/21 – Period to 30 June 2020.

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Appendix 1: Implications

Legal Implications

Not applicable.

Finance

Financial implications are detailed throughout the report which provides an analysis of the revenue and capital projected outturn position.

Consultation

Not applicable.

Equality and Diversity / Public Sector Equality Duty

Not applicable.

Human Rights

Not applicable.

Crime and Disorder

Not applicable.

Staffing

Not applicable.

Accommodation

Not applicable.

Risk

The consideration of regular budgetary control reports is a key component of the Council's Corporate and Financial Governance arrangements.

Procurement

Not applicable.

Appendix 2: Heads Of Service Analysis – Environmental Services

	Variance	Explanation
Head of Environment	0	No variance
Environment & Design	3	Minor variance
North Penines AONB	0	No variance
Clean & Green	(16)	<p>£73k overspend due to unachieved 18/19 savings</p> <p>(£38k) underspend re unbudgeted Commuted Sums from developers</p> <p>£66k overspend on 3 unbudgeted posts at Wharton park (Programme Officer and 2 apprentices)</p> <p>£29k overspend on 1 unbudgeted post for Playing Fields & Pitches</p> <p>(£39k) underspend on Morrison Busty Nursery due to additional Parish Council income</p> <p>(£107k) underspend on transport due to lower contract hire costs until new vehicles arrive</p>
Depots	30	<p>£34k overspend due to 18/19 MTFP (£30k) security saving not achieved</p> <p>(£78k) underspend on utilities</p> <p>£58k overspend on additional repairs incl £10k at Morrison Busty workshop where pit is to fill and £15k works at Meadow field IT building</p> <p>£16k overspend on supplies such as refuse collection and equipment</p>
Fleet	123	<p>(£13k) underspend on a vacant post for part of the year</p> <p>£93k overspend due to 18/19 MTFP restructure</p> <p>£43k overspend due to historic 16/17 MTFP Business Support saving</p>
Neighbourhood Protection	69	<p>£188k overspend due to Wardens pay increase as well as £15k unachieved income on FPN offset by £15k additional SLA income</p> <p>(£154k) underspend on Neighbourhood Wardens mainly due to new wardens not being appointed until part way through the year</p> <p>£35k overspend on Bereavement mainly due to lower levels of cemetery income and planning application fee</p>
Refuse & Recycling	85	<p>£7k overspend on staffing</p> <p>£215k overspend on job evaluation of drivers</p> <p>£41k overspend to remove/re-fit cameras & brakesafe equipment on new vehicles</p> <p>(£137k) underspend on delay of new rounds not starting until September</p> <p>(£71k) underspend on transport costs due to vehicle replacement</p> <p>£30k overspend on legal fees relating to EU challenge</p>
Strategic Waste	(309)	<p>(95k) underspend on Employees due mainly to vacant posts</p> <p>(£346k) underspend on HWRC contract - delay in procuring new contract</p> <p>(£137k) underspend on Garden Waste scheme where the sign ups have increased</p> <p>£306k underachieved Income - £336k Power generation less £30k additional trade waste disposal</p> <p>(£37k) underspend on other areas such as power generation maintenance</p>
TOTAL	(15)	

Appendix 2: Heads Of Service Analysis – Partnerships & Community Engagement

	Variance	Explanation
AAP	(63)	£6k overspend on Employees due to fully staffed so not able to meet the 3% turnover saving. (£4k) Premises underspend. (£65K) managed underspend on S&S
CCU & Policy	25	£8k overspend due to fully staffed due to fully staffed so not able to meet the 3% turnover saving. (£8k) managed underspend on S&S (£25k) unachievable income, due to the schools having received training and are now in a position to prepare their own emergency plans.
Community Buildings	0	No material variance
PACE Management	0	No material variance
PACE	(37)	(£20k) on Employees due to vacant posts (£17k) managed underspend on S&S
TOTAL	(75)	

Appendix 2: Heads Of Service Analysis – Technical Services

	Variance	Explanation
Head of Technical Services	(61)	Underspend on Employees of (£63k) re vacancy offset by overspend on Supplies of £2k.
Highways Services Trading	(326)	Reduced income of £2,674k generated by trading activities in Highways, Street Lighting and Commercial Group, offset by reduced related cost of sales of (£1,002k) on Employees, Supplies and Agency. Adjustment of (£1,998k) for COVID related costs and lost income.
Highways Services Non-Trading	447	Overspend of £27k on Highways Services Revenue for additional scheduled work on Category 1 and 2 highways repair work, street lighting and cable testing. All overspends to be partially offset by additional surplus on trading activities. Net overspend of £420k on Winter Maintenance due to shortfall in earmarked reserve.
Strategic Highways	(470)	Employees net underspend of (£306k) due to vacancies and reduced hours in Street Lighting Drainage, Traffic, Road Safety and Asset Management, offset by additional overtime and agency staff and apprenticeships in Structures. Saving projection to be reviewed and updated once restructure proposals approved. Highways Permit scheme Employee expenditure offset by matching Income.
		Underspend of (£109k) on Premises for electricity saving of (£114k) offset by additional business rates of £5k.
		Underspend of (£37k) on Transport for car allowances and fuel largely in Traffic, Road Safety and Asset Management.
		Overspend of £60k on Supplies and Services with overspends of £62k on consultants, legal expenses and other hired services, and £27k on ICT, offset by underspends of (£29k) on equipment and general expenses across all service areas.
		Overspend of £167k on Agency. Additional spend of £32k in Traffic on rechargeable works, offset by recharged income. Additional spend of £135k on condition surveys, Section 38 supervision and rechargeable works in Asset Management.
		Overspend of £35k in Asset Management on Central due to additional staff recharges.
		Over recovered Income of (£292k). Street Lighting additional fees of (£16k). Traffic & Street Works (£429k) additional income from fixed penalty notices, street naming, inspections, and the new permit scheme. Drainage additional SUDS and planning fees and Government grant of (£4k). Asset Management reduced sponsorship and other income of £60k. Structures additional recharge income (£6k). Road Safety reduced grant, contributions and fee income of £103k.
		Adjustment of (£20k) for COVID related lost income on roundabout sponsorship and £32k for savings on transport, supplies, etc. making a net adjustment of £12k.
TOTAL	(411)	

Appendix 2: Heads Of Service Analysis – Community Protection

	Variance	Explanation
Head of CP	109	£109k overspend due to 20/21 staffing budget increase not being funded (regrades/increments)
Consumer Protection	43	(£35k) underspend on staffing due to vacancies £78k underachieved income due to historic bad budget
Health Protection	61	£46k overspend on staffing mainly due to staff turnover saving and agency (£8k) underspend on transport and supplies £23k underachieved income on Feed project where income from Northumberland CC has reduced over the years
Strategic Regulation	22	£22k overspend on staffing due to unachieved turnover saving and regrading of post
Environment Protection	(10)	(£10k) underspend on transport and supplies
Neighbourhood Interventions	(67)	(£70k) underspend on staffing due to vacancies £3k overspend on supplies and services
Safer Communities	(37)	(£31k) underspend on staffing due to vacancies (£6k) underspend on transport and supplies
TOTAL	121	