

# Economy and Enterprise Overview and Scrutiny Committee

25 March 2021



## Regeneration, Economy and Growth – Quarter Three: Forecast of Revenue and Capital Outturn 2020/21

### Report of Corporate Directors

**Paul Darby, Corporate Director of Resources (Interim)**

**Amy Harhoff, Corporate Director of Regeneration, Economy and Growth**

#### **Electoral division(s) affected:**

Countywide

#### **Purpose of the Report**

- 1 To provide details of the forecast outturn position for quarter 3 revenue and capital for Regeneration, Economy and Growth (REG) as at 31 December 2020.

#### **Executive summary**

- 2 This report provides an overview of the updated forecast of outturn, based on the position at quarter 3, 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 underspend of £1.761 million, against a revised budget of £55.018 million (3.2%).
- 4 In arriving at the cash limit position, Covid-19 related expenditure of £17.227 million, offset by Covid-19 related savings of £6.148 million within REG 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 £69.211 million with expenditure to 31 December of £42.097 million.

- 6 Details of the reasons for under and overspending against relevant budget heads are disclosed in the report.

**Recommendation(s)**

- 7 Economy and Enterprise 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 - £55.018 million (original £52.770 million)
- (b) Capital Programme – £69.211 million (original £85.434 million)

9 The original service budgets have been revised in year to incorporate a number of budget adjustments as follows:

• Transfer from NCC – CPPMU Team	£0.086m
• Transfer from AHS – Repairs & Maintenance	£0.003m
• Transfer from Resources – Surplus Assets	£0.025m
• Transfer from Resources – Asset Sales (temp position)	£0.018m
• Transfer from Contingencies – Apprenticeship Grades	£0.007m
• Transfer from Contingencies – Wolsingham Sports Hall	£0.052m
• Transfer to Resources – Lease	-£0.095m
• Transfer to Contingencies - NI Reduction	-£0.023m
• Transfer to Contingencies – Concessionary Fares	-£0.518m
• 2020/21 Pay Award	£1.035m
• Net Use of Reserves – Quarters 1 and 2	£1.658m

10 The summary financial statements contained in the report cover the financial year 2020/21 and show: -

- (a) The approved annual budget;
- (b) The actual 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

11 The service is reporting a cash limit underspend of **£1.761 million** against a revised budget of **£55.018 million** (3.2%).

12 The following two tables show the budget analysed by subjective category (type of expense), and then by Head of Service area.

### Service Budget – Subjective Analysis £'000

REG	Annual Budget	Forecast Position	Variance	From Earmarked Reserves	Net Covid Adj	Outside the cash limit	Adj. Variance
Subjective Analysis	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Employees	58,799	55,714	(3,084)	(90)	(163)	0	(3,337)
Premises	16,037	15,441	(596)	400	(7)	0	(202)
Transport	1,617	1,340	(277)	0	204	0	(72)
Supplies & Services	19,709	22,638	2,929	(270)	1,636	279	4,573
Agency & Contracted	40,789	37,759	(3,029)	8,722	739	154	6,586
Transfer Payments	0	0	0	0	0	0	0
Central Costs	11,957	11,721	(236)	500	2	0	266
Capital Financing	8,464	8,464	0	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>157,372</b>	<b>153,078</b>	<b>(4,294)</b>	<b>9,262</b>	<b>2,412</b>	<b>433</b>	<b>7,813</b>
Grants	(20,669)	(31,289)	(10,620)	347	2,006	(280)	(8,547)
Fees & Charges	(34,251)	(23,156)	11,095	727	(16,091)	0	(4,268)
Recharges	(47,434)	(44,876)	2,559	89	594	0	3,242
Income	(102,354)	(99,320)	3,034	1,163	(13,491)	(280)	(9,574)
<b>NET EXPENDITURE</b>	<b>55,018</b>	<b>53,758</b>	<b>(1,260)</b>	<b>10,426</b>	<b>(11,079)</b>	<b>153</b>	<b>(1,761)</b>

### Service Budget - Analysis by Head of Service £'000

REG	Annual Budget	Forecast Position	Variance	From Earmarked Reserves	Net Covid Adj	Outside the cash limit	Adj. Variance
Service Analysis	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Culture & Sport	22,884	20,544	(2,340)	8,646	(6,434)	0	(127)
Business Durham	26	(53)	(79)	242	(550)	0	(387)
Transport & CS	2,897	4,138	1,241	(93)	(1,504)	153	(203)
Development & Housing	7,756	7,400	(356)	456	(642)	0	(543)
Corporate Property & Land	118	394	277	1,174	(1,845)	0	(394)
REAL Central Costs	21,142	20,992	(150)	0	0	0	(150)
Corporate Director	195	343	147	0	(104)	0	44
<b>NET EXPENDITURE</b>	<b>55,018</b>	<b>53,758</b>	<b>(1,260)</b>	<b>10,426</b>	<b>(11,079)</b>	<b>153</b>	<b>(1,761)</b>

- 13 The council has faced significant additional costs in relation to the Covid-19 outbreak and significant loss of income. In many areas the costs and loss of income for the first quarter are known. The likely impact over the remainder of the year however is much more uncertain. All additional costs and loss of income, net of Covid-19 related underspending, is being treated corporately and is therefore excluded from the cash limit.
- 14 The major areas of forecast Covid-19 additional cost and loss of income in respect of REG are as follows:
- (a) Culture Sport and Tourism – it is forecast that during 2020/21 the service will lose income from leisure centres (£8.706 million) and cultural venues (£2.851 million);
  - (b) Corporate Property and Land – it is forecast that there will be lost income of £1.625 million in Building and Catering Services;
  - (c) Transport and Contracted Services – it is forecast that there will be reduced income from parking services (£1.187 million) and enforcement (£0.255 million);
  - (d) Development and Housing – Income is forecast to be £0.308 million lower from planning and building regulation fees and other income, whilst there are additional costs of £0.434 million for bed and breakfast accommodation and shopping for the vulnerable; and
  - (e) Business Durham – There are projected rental losses of £0.113 million in respect of Business Space and £0.500 million has been included in respect of grant support for businesses. This is to safeguard jobs and facilitate economic recovery.
- 15 The major areas of forecast Covid-19 related savings in respect of REG are as follows:
- (a) Savings due to the closure of leisure facilities (£2.452 million) and cultural facilities (£2.145 million) are forecast;
  - (b) Savings from the closure of facilities operated by Corporate Property and Land are expected to be £0.846 million; and
  - (c) Additional savings across the service of £0.204 million from transport and other operational costs are anticipated.

## Cash Limit Outturn – Explanation of Over and Under Spending

16 The main reasons accounting for the outturn position are as follows:

- a) Transport is forecast to be £0.203 million underspent. This is mainly due to an underspend in Traffic due to an increase in enforcement and advertising income (£0.193 million) and other minor variances across the service.
- b) Corporate Property and Land is forecast to be £0.394 million underspent, mainly resulting from an underspend of £0.174 million relating to an insurance claim for fire damage at Dale View Caravan Park, unbudgeted rental income in Assets of £75,000 and overachievement of income of £0.148 million for capital and revenue projects in CPPMU. Building Services construction and repairs / maintenance teams are currently forecasting a break-even position. There were also a number of other minor variances across the service. In order to mitigate workload shortages arising from the Covid-19 pandemic, an additional sum of £1.2 million has been included in the forecast spend in respect repairs and maintenance. The funding for this work is included in the £17.227 million additional costs, and lost income relating to Covid-19 shown above.
- c) Development and Housing is forecast to be underspent by £0.543 million. This is mainly due to underspends in Housing Solutions of £0.454 million and in Planning Development of £0.254 million, offset by a projected overspend in Economic Development of £0.142 million. There were also a number of other minor overspends across the service.
- d) Business Durham is forecast to be £0.387 million underspent. This is mainly as a result of underspending within Business Space, which has an underspend of £0.598 million due to the service achieving higher than budgeted levels of income and savings in Corporate employee costs (£0.106 million) and Innovation and Marketing (£42,000), offset by an overspend in Operations (£0.359 million). An additional sum of £0.500 million has been included in the forecast spend in respect of grant support for businesses. This is to safeguard jobs and facilitate economic recovery. The funding for this work is included in the £17.227 million additional costs, and lost income relating to Covid-19 shown above.
- e) Culture Sport and Tourism is forecast to be underspent by £0.127 million. This is mainly the result of an underspend of £0.481 million

across Locality Delivery offset by an overspend of £0.342 million relating to the former Leisureworks Service There are also a number of other minor variances across the service.

- 17 **Appendix 2** provides a more detailed breakdown of variations across the service area contained within the revenue budget.
- 18 In summary, the service grouping has successfully maintained spending within its cash limit.

### Capital Programme

- 19 The capital programme makes a significant contribution to the regeneration ambitions of County Durham. The programme is relatively large and diverse and is managed by project delivery officers throughout the service.
- 20 The capital programme was revised in May for budget re-phased from 2019/20. This increased the 2020/21 original budget, since then 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 **£69.211 million**.
- 21 Summary financial performance to the end of December is shown below.

Service	Revised Annual Budget 2020/21 £000	Actual Spend to 31 December £000	Remaining Budget 2020/21 £000
Culture, Sport and Tourism	3,189	1,411	1,778
Development & Housing	18,519	9,783	8,736
Business Durham	6,704	5,573	1,131
Corporate Property & Land	26,967	15,272	11,695
Transport & Contracted Services	13,832	10,058	3,774
<b>Total</b>	<b>69,211</b>	<b>42,097</b>	<b>27,114</b>

- 22 Officers continue to carefully monitor capital expenditure on a monthly basis. Actual spend for the first 9 months amounts to **£42.097 million**. **Appendix 3** provides a more detailed breakdown of spend across the major projects contained within the capital programme.

- 23 The key areas of spend during the year to date are on Major Transport Schemes (£9.010 million), Office Accommodation (£13.402 million) and Industrial Estates (£5.573 million). Other areas of the programme are profiled to be implemented during the remainder of the year and 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.

### **Background papers**

- Cabinet Report (17 March 2021) – Forecast of Revenue and Capital Outturn 2020/21 – Period to 31 December 2020.

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## **Appendix 1: Implications**

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### **Legal Implications**

The consideration of regular budgetary control reports is a key component of the Council's Corporate and Financial Governance arrangements. This report shows the forecast spend against budgets agreed by the Council in February 2020 in relation to the 2020/21 financial year.

### **Finance**

Financial implications are detailed throughout the report which provides an analysis of the revenue and capital outturn position alongside details of balance sheet items such as earmarked reserves held by the service grouping to support its priorities.

### **Consultation**

Not applicable.

### **Equality and Diversity / Public Sector Equality Duty**

Not applicable.

### **Climate Change**

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 Councils Corporate and Financial Governance arrangements.

### **Procurement**

The outcome of procurement activity is factored into the financial projections included in the report.

## Appendix 2: Revenue Budget Variances – Quarter 3 2020-21

### Culture Sport and Tourism

	Variance	Explanation
<b>Culture &amp; Sport Management</b>	240	<b>C&amp;S Management £241k over budget</b> - additional posts not budgeted for £44k, (£5k) underspend on supplies and services to offset additional cost of temporary post. MTFP Savings to be achieved pending restructure £202k
<b>Service Development</b>	(221)	<b>Place &amp; Experience (£92k) under budget</b> - mainly due to underspend in Community Arts and Visual Arts.
		<b>Wellbeing (£132k) under budget</b> - due to 2 vacant posts and supplies and services underspends. Staff vacancies to cover Leisure Transformation Manager post in CS&T Mgt
		<b>Growing &amp; Learning (£59k) under budget</b> - Mainly vacant posts within Library, Stock and Distribution and Volunteer and Skills supplies and services underspends offset with additional Bowes payment in year 1 of the five year agreement
		<b>Improvement &amp; Development £70k over budget</b> -primarily overspent on leisure contracts including payments to 1Life and Premises related costs for DLI museum
		<b>Externally Funded (£8k) under budget</b> - surplus on the prison library service
<b>Locality Delivery- Mgt</b>	(4)	<b>Localities Management (£4k) under budget</b> - saving against mileage and supplies and services offset with staff turnover saving
<b>Locality 1</b>	(72)	<b>Locality 1 (£72k) under budget</b> - Mainly a shortfall in income of £254k and a £92k overspend on Agency and Contracted Services offset with savings against Employees of (£168k) Premises (£119K) - primarily utilities and Supplies and Services of (£132k)
<b>Locality 2</b>	(169)	<b>Locality 2 (£169k) under budget</b> - Mainly Leisure Centre income saving of (£705k) due to adjustments in line with 2019/20 final position plus saving on staffing of (£117k), Premises (£66K) - primarily utilities and supplies and services of (£30k) offset with overspend against transport £4k and agency and contracted services of £745k
<b>Locality 3</b>	(236)	<b>Locality 3 (£236k) under budget</b> - Mainly made up of (£199k) underspend staffing, (£255k) saving on Premises Costs offset by underachievement of income of £37k and overspends against transport £1k, supplies and services £82k and agency and contract related services of £98k
<b>Visit County Durham</b>	(7)	<b>VCD (£7k)</b> primarily underspend against employees (£47k) offset with overspend against staff travelling £2k and supplies and services £38k
<b>Derwentside Culture &amp; Sport</b>	342	<b>Derwentside £342k over budget</b> - Employees (£65k), utilities £182k, rates £17k, cleaning £9k and income £460k overspends offset with underspends against insurance (£27k), transport (£6k) and agency and contract related expenditure (£228k)
<b>TOTAL</b>	<b>(127)</b>	

## Business Durham

	Variance	Explanation
<b>Operations</b>	359	359k Operations - There is a 46k overspend on employees due to honorarium. Also 1.414m additional Consultancy and Project Management expenditure with a further 3.025m Agency expenditure with the introduction of the UMI contract for Durham SME Digital Programme and County Durham Growth Fund. This is offset by (3.632m) ERDF grant and additional income from DIT KAM contract. The overspend is the match funding for the various programmes which will be met by the over achieved income in Business Space. Premises show a small overspend of 14k and underspend in Transport of (8k). There is 0.500m to be offset by a COVID adjustment for Business Recovery Grant.
<b>Corporate Costs</b>	(106)	(106k) Corporate - (108k) savings on Employee vacancies, (4k) Transport and (8k) Supplies. COVID savings adjustment of 14k.
<b>Innovation &amp; Marketing</b>	(42)	(42k) Innovation & Marketing. Inward Investment shows and underspend of (30k) with a saving on Transport of (26k) and Supplies (4k). Business Growth shows an underspend of (£48k) with savings on Employees (23k), Transport (7k) and Supplies (18k). COVID savings adjustment of 36k.
<b>Business Space</b>	(598)	<p>3k Business Space Mgmt &amp; Admin - Employees underspend of (48k) to offset with the Employee overspend in Operations. 14k overspend on Premises and Supplies and 38k underspend in Premises. Unachieved Income of £3k and an underspend on Transport of (4k).</p> <p>(1k) Business Services - An underspend in employees of (24k) offset by 23k overspend on Supplies and Services.</p> <p>(139k) Business Space South - Underspend on industrial sites of Premises (73k) and over achieved of Income (101k). There is also an overspend in Supplies of 45k for proposed works to units. There is no provision for debt written off at this time giving an additional saving of (10k).</p> <p>41k Business Space Dales - Premises show an overspend of 13k due to rates and cleaning costs which is offset by savings of (18k) in Supplies and Services. Under achieved Income for Dales Centre of 46k.</p> <p>(140k) Business Space North - Overspend on Premises 139k for various programmed repairs. There is an underspend in Supplies of (18k) and no provision for debt written off (12k). Over achieved Income of (491k). Proposed transfer to Reserve of 242k Income for JADE.</p>

		<p>(8k) Business Space Central - An underspend in Employees (9k), Premises (19k) offset by an overspend in Supplies of 13k. Under achieved Income of 12k and no projected debt written off giving a further saving of (5k).</p> <p>(248k) Business Space NETPark - There is over achieved Income of (357k) and an overspend in Premises of 136k with further savings in other areas of (£27k).</p>
		<p>It should be noted that a 10% fall in rental income totalling 400k was projected at Quarter 1, despite the fact that income and occupancy levels were good in the early months of the year. This was considered prudent in light of the potential impact on deferred and future rent yields as the local economy emerges from the effects of the COVID crisis. This was reviewed and revised for Quarter 2 to project a 5% projected fall in rental income of 237k and has been revised further for Quarter 3 to show projected Income losses of 50k, with further adjustments being done for (63k) of COVID related additional costs and a 9k adjustment for savings in transport, supplies, etc. and other adjustments of (2k).</p>
<b>TOTAL</b>	<b>(387)</b>	

## Transport and Contracted Services

	Variance	Explanation
Management	(16)	<p>COVID-19 COSTS - None.</p> <p>COVID-19 SAVING £1k - Minor savings on staff travelling, mileage and conference costs.</p> <p>Savings on staff budget (£12k) due to Head of Service leaving and being covered by temporary arrangement and (£5k) underspend on premises costs</p>
Strategic Traffic	(190)	<p>COVID-19 COSTS (£1,563k) - Loss of income estimated at £1,183k related primarily to reduced usage of car parking facilities throughout the county, £254k loss of income related to reduced enforcement activity and an additional cost of £114k related to works in Town Centres to comply with Covid guidance.</p> <p>COVID-19 SAVINGS £52k - Due to (£10k) reduced costs across service in relation to pool car usage, staff travelling &amp; mileage, (£5k) saving on training costs due to lack of available courses, (£12k) saving due to reduced usage of utilities, (£8k) saving on bus stations due to toilet facilities not being in demand, (£15k) reduced costs due to events being cancelled due to pandemic and some other minor savings.</p> <p><b>Employees</b> - £10k overspend - Staff turnover savings requirement £52k, offset by some savings (£38k) due to staff changes in year and appointments of Apprentices to other permanent posts.</p> <p><b>Premises</b> - £37k overspend - £71k overspend on rates, offset by (£17k) underspend on utilities costs, (£12k) underspend on Durham Bus Station due to close in January.</p> <p><b>Transport</b> - £68k overspend - mainly due to £81k overspend on repairs to bus shelters, being offset by savings across mileage/pool cars of (£10k).</p> <p><b>Supplies and Service</b> - £226k overspend - Additional £35k spend on LCWIPs, £114k overspend in traffic related to works in Town Centres related to COVID activities, plus an additional £37k overspend in Traffic, £13k overspend on Bus Shelters and £26k on providing consultant cover for a post in Highways Development.</p> <p><b>Third Party Payments</b> - £127k overspend - £118k overspend related to reimbursements from Parking shop, a £107k overspend on Enforcement activities, additional spend due mainly to the costs related to Quarryheads Lane camera, plus a £9k overspend on On &amp; Off Street parking, mainly on reimbursements and £37k overspend on Pennine Way footway maintenance. Overspends partially offset by drawdown of reserve (£28k) to cover Traffic Camera purchases, (£107k) underspend on Park &amp; Ride sites and (£7k) saving on Durham Bus Station due to closure in year.</p> <p><b>Central charges/Capital</b> - (£25k) underspend - due mainly to underspend in relation to recharge for winter maintenance activities on car parks.</p> <p><b>Income</b> - £877k under-achievement on income - Mainly due to loss of income related to COVID-19. This includes shortfalls of £1,186 related to on and off street parking, £34k at park and ride sites, excluding fares income covered by CBSSG grant. Offset partially by (£248k) additional income in Enforcement, an additional (£52k) income from bus shelter advertising and (£20k) additional income from recharges in Transport Project.</p>

<p style="text-align: center;"><b>Sustainable Transport</b></p>	<p style="text-align: center;">18</p>	<p>COVID-19 COSTS - (£108k) - Due to reduced income in Bus &amp; Rail contracts not covered by CBSSG funding.</p> <p>COVID-19 SAVINGS - £125k - Due to reduced contract costs (£115k) in Bus &amp; Rail services for usual road closures, events expenditure. Additional savings (£6k) on transport savings in the service and (£6k) related to training and general Supplies &amp; Services type savings.</p> <p><b>Employees</b> - (£152k) underspend - (£159k) underspend due to vacancies and reduced hours/days in Adult Fleet staff offsetting some overspends in Integrated Transport main centre for agency staff covering vacant posts.</p> <p><b>Transport</b> - (£136k) underspend - due mainly to (£130k) underspend in Adult Fleet due to reduced usage as a consequence of COVID-19 and vehicle excess not required.</p> <p><b>Supplies &amp; Services</b> - £80k overspend - mainly due to extra £150k spend in School &amp; Workplace travel plans (covered by additional grants received) and an additional £50k required for new database payments required in year for Traveline replacement. Being offset by (£29k) underspend on printing, (£23k) underspend on telephone costs, (£48k) underspend on Computer related expenditure and (£24k) reduced spend on DBS checks.</p> <p><b>Third Party Payments</b> - £543k overspend - mainly due to additional £638k overspend related to Home to School &amp; College travel arrangements (covered by additional specific COVID related income) being offset by (£82k) underspend on regular Bus and Rail contracts. Central Support Services - (£11k) underspend - Due mainly to reduced recharges to Traveline anticipated because of vacant post connected not being filled most of year.</p> <p><b>Income</b> - (£323k) over-achievement - Mainly due additional specific grants detailed above of (£150k) for travel plans and equipment to assist schools with virtual learning and additional (£638k) Home to School travel arrangements put in place to assist with social distanced travel. Which is offsetting £299k reduced recharges for fleet services (due to underspends detailed above mostly in employees &amp; transport), reduced income of £35k for DBS checks. £14k shortfall on Health transport fees and £111k shortfall on income in Bus &amp; Rail Services.</p>
<p style="text-align: center;"><b>Care Connect</b></p>	<p style="text-align: center;">(15)</p>	<p>COVID-19 COSTS - (£36k) - Related to extra costs incurred for equipment, uniforms and cleaning materials required in addition to normal levels.</p> <p>COVID-19 SAVINGS - £24k - Due to saving (£14k) on training, due to lack of available options, (£6k) saving on transport costs for staff, mainly due to not using pool cars and (£4k) saving on reduced utilities costs.</p> <p><b>Employees</b> - £2k overspend - due mainly to vacant posts not being filled offsetting levels of overtime in the service.</p> <p><b>Premises</b> - (£2k) underspend - due to reduction in electricity charges.</p> <p><b>Transport</b> - (£7k) underspend - due mainly to reduced usage of pool cars, staff travelling and mileage across service.</p> <p><b>Supplies &amp; Service</b> - (£19k) underspend - mainly due to (£25k) underspend related to Service Development, due to staff member only starting mid year.</p> <p><b>Third Party Payments</b> - £25k overspend - due to extension of Baydale contract for additional 6 months.</p> <p><b>Central costs</b> - £9k overspend - due to writing off of bad debts in year and additional transfer to capital for Call Handling System overspend.</p> <p><b>Income</b> - (£11k) over-achievement on income - Due mainly to (£65k) drawdown of reserve for income related to Occupational Therapist and NEAS, additional (£28k) income in CCTV budget and (10k) additional income for Home to Hospital scheme. This is being offset by £67k reduced income from SLA's and £28k shortfall on Subsidised client income.</p>
<p style="text-align: center;"><b>TOTAL</b></p>	<p style="text-align: center;">(203)</p>	

## Development and Housing

	Variance	Explanation
<b>Head of Dev &amp; Housing</b>	90	<p>7k Plant Hire for demolition work.</p> <p>2k Advertising New HQ, Milburngate, Junction 61, etc.</p> <p>30k Womble Bond Legal Expenses, various.</p> <p>34k Powered by People, Durham City Film, etc.</p> <p>28k Database &amp; license for housing stock modelling.</p> <p>52k Legal recharge.</p> <p>2k Employees and Transport additional costs.</p> <p>(65k) Projected saving on Other Expenses, etc.</p>
<b>Planning Development</b>	(254)	<p>8k Development Management overspend. Saving on Employees and Transport of net (155k) due to vacancies. Underspend of (21k) on Supplies &amp; Services due to reduced projected spend on consultants, legal and other professional fees and demolition costs. Under achieved fee income of 93k offset by COVID adjustment. Net overspend on Agency and Management of 91k for financial support given to Community Safety re 20% increase in planning fees charges 2018/19 onwards.</p> <p>Nil Net Spend Business Development Support.</p> <p>Nil Net Spend Planning Archiving.</p> <p>(65k) Planning Appeals underspend due to savings in legal and professional fees.</p> <p>(19k) Planning Software underspend on rental maintenance and software costs.</p> <p>(108k) Building Control underspend due to savings on Employees and Transport of (103k) due to delays filling vacancies. Saving on Supplies and Agency of (28k) on equipment, subscriptions, IT costs and advertising. Under achieved income of 23k projected offset by COVID adjustment.</p> <p>36k Dangerous Structures overspend. Additional spend on repairs in Premises of 66k offset by savings in Supplies of (10k) and additional Income of (20k).</p> <p>Net COVID adjustment of (106k) for projected income losses in Planning and Building Control offset by savings elsewhere.</p>
<b>Spatial Policy</b>	27	<p>27k Spatial Policy overspend. Savings of (61k) on Employees and Transport and net overspend of 110k on Supplies and Agency largely on planning inspectors' fees, legal and consultancy costs. Additional grant Income of (40k). Net COVID adjustment of 18k.</p>
<b>Economic Development</b>	142	<p>(16k) Community Econ Dev. Small savings on Transport (4k) and Supplies (13k) offset by COVID saving of 1k.</p>

		<p>126k Durham Employment &amp; Skills. An overspend due in the main to the cessation of various work programmes where the budgeted surplus of 357k from income will not be realised. This is offset by underspends on employees for two vacancies (64k), Transport (14k) and Supplies (28k). An adjustment of (139k) has been made for the under achievement of income caused by the COVID pandemic and a further adjustment of 14k was made for COVID related savings in transport, supplies, etc. Where work contracts have ceased budgets have been re-aligned as far as possible from Quarter 1 to reflect the service's current workload and income expectations.</p> <p>(6k) Economic Development. Expenditure for Sherburn Hill Community Centre worker 29k. Anticipated spend of 150k in professional fees for Stronger Towns plus 732k Section 106 (3 schemes) offset by increased grant income of (912k). The one off additional investment budget of 250k allocated in 2020-21 will not be spent in year and the balance will be transferred to an earmarked reserve. Further small variances in Employees, Transport and Supplies of (7k) and a COVID saving of 3k.</p> <p>Nil Net Spend Employability. All Employee savings in the Core budget offset the Employee expenditure in other programme areas. There is a transfer from reserves to offset over/under spends in Durham Advance and LINKCD.</p>
		<p>37k International Relations. Reduced income figure of 213k offset by reduction in related expenditure of (137k). There are also savings in employees of (15k) and Transport (2k) and a COVID adjustment of (22k).</p>
<b>Physical Development</b>	(109)	<p>Management &amp; Admin - (86k). Underspend of (60k) on employees for vacancies. Saving of (9k) on transport for staff travel and car allowances. Overspend on Supplies of 62k due in the main to Professional fees for Milburngate House. Under recovery on income of 81k. Proposed draw down of reserves for Milburngate House (99k) and ER/VR contribution (72k). COVID savings adjustment of 11k.</p> <p>Durham City Promotions (40k). Saving of (40k) on promotions budget in Agency. Best Bar None event will not be held.</p> <p>Community Led Housing (2k). Surplus due to additional Income of (4k) offset by small savings of 2k in other expenditure.</p> <p>Strategic Housing Delivery nil net spend.</p> <p>Strategic Housing Delivery - Chapter Homes 18k. Overspends on Employees 14k due to honoraria payment and Transport 1k. Underachieved Income from recharges of 3k.</p> <p>Town Centres nil net spend. Overspend of 40k in Supplies on professional fees to be financed from earmarked reserve.</p> <p>Strategic Employment Site nil net spend. Overspend of 12k in Strategic Sites on Supplies, professional fees, to be financed from earmarked reserve.</p>
<b>Housing Solutions</b>	(454)	<p>(25k) Area Based Housing. Overspend on Employees of 33k, Supplies &amp; Services overspend of 34k. Overspend in Agency &amp; Contracted Services of 49k which is offset with (141k) additional Income. The underspend is largely from Warm Homes Fund and Group Repair, which will be carried forward as receipts in advance at year end to fund work next year.</p>

		<p>Nil net balance Housing Improvement. Very little activity within this area, all Expenditure is offset by Income.</p> <p>(213k) Activities. An overspend of 198k in Bed &amp; Breakfast, 18k Out of Hours, 6k miscellaneous other overspends, and a COVID additional costs adjustment of (434k).</p> <p>Nil Net Spend Family Intervention Project. Underspend on Employees (53k) offset by reduced Income 53k.</p> <p>(5k) GRT Sites. Underspend on Employees (3k). A projected underspend on Premises (38k) due mainly to general repairs and minor improvements (the previous quarter projected overspend on utilities has been reduced and is now shown as on budget). Underspend on Supplies (46k) for general expenses. Income has been reduced to show unachieved income of 37k for Housing Benefit payments. The recharge for employees has been increased which results in a further overspend of 45k.</p> <p>156k Housing Initiatives. Prevention Initiatives overspend of 140k to be reduced with drawdown from reserves of (122k) for Welfare Assistance Staff. Homeless Support Grant shows an underspend of (90k) to be transferred to reserve to fund 21/22. New Burdens HRA underspend of (239k) DCLG grant to be transferred to reserves to fund initiatives in 2021/22 and 2022/23. Selective Licensing overspend of £138k for employees and set up costs to be covered from other service underspends.</p> <p>(367k) Core Funded. Employees underspend (268k) re vacancies and MTFP saving to be taken in 2021/22. There is an overspend in Supplies of 76k due mainly to conference and seminar additional expenditure. Transport shows an underspend of (47k) for staff travel. Income is (132k) more than budget due in the main to HIA quarterly recharge of (187k) which will be adjusted to a final figure at year end; therefore all income is projected as actuals. COVID savings adjustment of 4k. In Q3 the DRF budget of 500k will be transferred to a reserve for social housing improvement.</p>
<b>Funding &amp; Programmes</b>	2	Nil net spend and COVID adjustment of 2k.
<b>Strategy &amp; Project Development</b>	13	13k Strategy & Project Dev overspend. Additional Supplies 7k due largely to planning inspector costs this year offsetting other supplies savings. COVID adjustment of 6k.
<b>TOTAL</b>	<b>(543)</b>	

## Corporate Property and Land

	Variance	Explanation
Head of CPAL	(12)	Minor variance
Assets	(103)	<p>(£75k) underspend for unbudgeted rental income in Assets General</p> <p>£13k overspend at Murton Resource due to tenant vacating</p> <p>£21k overspend at Horden Offices due to tenant vacating (Acumen)</p> <p>£14k overspend at Beveridge Arcade due to underachieved income</p> <p>(£13k) underspend at North Road Durham, payments due to HCA to be finalised in 20/21 when demolition date is known</p> <p>£15k overspend on Property Surveys for structures</p> <p>£28k overspend on ecological surveys</p> <p>(£14k) underspend at Millennium Square due to unbudgeted rental income</p> <p>£6k overspend at Freemans Reach 1</p> <p>£18k overspend on Freemans Hydro scheme due to repair works</p> <p>£54k overspend at Freemans Reach 2 due to ongoing dispute with tenant</p> <p>(£243k) underspend for Surplus Property which relates to insurance for Dale View Caravan Park fire damage £174k and Utilities £69k</p> <p>£57k overspend at various other buildings</p> <p>£20k addition to reserve for restructure</p>
Buildings & FM	(270)	<p>No variance Construction / R&amp;M - claimed lost income from Covid grant for early part of year</p> <p>(£23k) underspend on Management due to vacant trade union post</p> <p>(£18k) underspend on Business Development due to staff vacancy and supplies</p> <p>£9k overspend on Compliance due to underachieved income being offset by vacant posts</p> <p>£175k addition to reserve for Coram, Concerto and Estimating system upgrades</p> <p>£44k overspend on closed buildings awaiting disposal</p> <p>(£55k) underspend at Seaham due to £44k unbudgeted income</p> <p>(£62k) underspend on rate refunds from 19/20 not processed in time due to Covid</p> <p>(£36k) underspend on staffing due to vacancies</p> <p>(£239k) underspend on utilities across the buildings</p> <p>(£45k) underspend on cleaning materials</p> <p>(£36k) underspend on general supplies</p> <p>(£35k) surpluses made on R&amp;M SLAs</p> <p>£50k addition to reserve for catering review</p>
Building Design	100	£100k added to reserve for CAD development
CPPMU	(108)	<p>£40k overspend on staffing due to honorarium and an additional Senior Project Manager post to cover additional work</p> <p>(£14k) underspend on Transport and Supplies</p> <p>(£134k) over achievement of income £26k on Capital projects and £108k on revenue projects which have increased significantly in the later part of the year</p>
TOTAL	(393)	

## Appendix 3: Capital Programme 2020/21

	Revised Annual Budget £000	Profiled Budget £000	Actual Spend to 31 December £000	Remaining Budget £000
<b>General Fund</b>				
<b>Development &amp; Housing</b>				
North Dock, Seaham	72	72	72	0
Town Centres	3,596	1,643	1,146	2,450
Town & Village Centre	826	392	232	594
Minor Schemes	168	126	126	42
Disabled Facilities Grant /FAP	4,616	3,432	3,776	840
Housing Renewal	3,430	1,359	942	2,488
Housing Development	832	488	412	420
Chapter Homes	4,885	2,895	3,075	1,810
Beamish Capital Project	38	7	0	38
Strategy & Programmes Minor Schemes	55	0	0	55
	<b>18,519</b>	<b>10,414</b>	<b>9,783</b>	<b>8,736</b>
<b>Business Durham</b>				
Industrial Estates	6,704	5,430	5,573	1,131
	<b>6,704</b>	<b>5,430</b>	<b>5,573</b>	<b>1,131</b>
<b>Corporate Property and Land</b>				
Structural Capitalised Maintenance	3,592	1,726	1,870	1,722
Office Accommodation	23,375	13,936	13,402	9,973
	<b>26,967</b>	<b>15,662</b>	<b>15,272</b>	<b>11,695</b>
<b>Transport &amp; Contracted Services</b>				
Local Transport Plan	1,902	1,180	1,048	854
Transport Major Schemes	11,773	9,674	9,010	2,763
T&CS Minor Schemes	156	75	1	155
	<b>13,831</b>	<b>10,929</b>	<b>10,059</b>	<b>3,772</b>
<b>Culture, Sport and Tourism</b>				
AAP Schemes	0	0	0	0
Culture and Museums	2,678	1,029	924	1,754
Leisure Centres	357	118	367	(10)
Library	0	0	0	0
Outdoor Sports and Leisure Facilities	154	154	120	34
	<b>3,189</b>	<b>1,301</b>	<b>1,411</b>	<b>1,778</b>
<b>Regeneration Economy and Growth</b>	<b>69,211</b>	<b>43,736</b>	<b>42,097</b>	<b>27,114</b>