

# Environment & Sustainable Communities Overview and Scrutiny Committee

8 October 2021

## Neighbourhoods & Climate Change – Quarter 4: Revenue and Capital Outturn 2020/21



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### Report of Corporate Directors

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

**Alan Patrickson, Corporate Director Neighbourhoods & Climate Change**

#### Electoral division(s) affected:

Countywide

#### Purpose of the Report

1. To provide details of the outturn position for this service area highlighting major variances in comparison with the budget as at 31 March 2021.

#### Executive Summary

2. This report provides an overview of the final outturn position as at 31 March 2021. 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 final position shows an underspend of £1.144 million, against a revised budget of £111.681 million.
4. The revised service capital budget is £43.714 million with expenditure of £35.417 million.
5. The service required funding of £7.125 million to support budgets where income is lower or costs higher as a result of the impact of COVID. This is the net position after taking account of savings as a result of the impact of COVID.

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

## Recommendation(s)

7. Environment & 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 since been revised to account for grant (additions/reductions), budget transfers, and budget re-profiling between years (in terms of capital) as well as corporately recognised budget pressures). This report covers the financial position for the following budgets of the services within the scope of this committee;
- (a) Revenue Budget - £111.681 million (original £108.640 million)
  - (b) Capital Programme – £43.714 million (original £43.270 million).

## Revenue

- 9 The original revenue budget of £108.640 million has been revised to incorporate a number of budget adjustments and the final revised budget for the service is £111.681 million.
- 10 The service is reporting a cash limit underspend of £1.144 million against the revised budget of £111.681 million.
- 11 The table below compares the forecast outturn with the budget by Head of Service. A further table is shown at Appendix 2 analysing the position by Subjective Analysis (i.e. type of expense).

### Analysis by Head of Service £'000s

NCC							
Service Analysis	Annual Budget	Outturn Position	Variance	Earmarked Reserves	Net Covid Adj	Outside Cash Limit	Cash Limit Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Environmental Services	51,677	58,937	7,260	(72)	(4,252)	(3,103)	(23)
Technical Services	14,707	6,538	(8,169)	(250)	(1,120)	8,014	(1,025)
Community Protection	4,532	3,801	(731)	(685)	(50)	(7)	(103)
Partnerships & Community Engagement	7,598	9,864	2,266	(1,555)	(1,703)	(2,180)	(62)
Central Costs	33,167	12,279	(20,888)	(715)		20,242	69
<b>NET EXPENDITURE</b>	<b>111,681</b>	<b>91,419</b>	<b>(20,262)</b>	<b>(3,277)</b>	<b>(7,125)</b>	<b>22,966</b>	<b>(1,144)</b>

12. The cash limit underspend of £1.144 million takes into account adjustments for sums outside the cash limit such as redundancy costs that are met from corporate reserves and use of / contributions to earmarked reserves.
13. The main reasons accounting for the outturn position are as follows:
  - (a) Environmental Services underspent by £23,000. There were overspends relating to pay re-gradings for Refuse Collection drivers of £0.206 million and Neighbourhood Wardens of £0.188 million, while income at the Joint Stocks landfill site underachieved by £0.350 million for power generation. These overspends were offset by savings resulting from delays in implementing two new refuse collection rounds (£0.330 million), and delays in appointing new Neighbourhood Wardens (£0.126 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 have produced one-off underspends in 2020/21.
  - (b) Technical Services underspent by £1.025 million. The main reasons for this were: employee savings of £0.245 million due to vacancies, a £0.275 million underspend on electricity due to lower than expected prices, and additional income of £0.573 million in relation to Traffic & Street Works, and Highways Permits. There was also an overspend of £0.541 million on Winter Maintenance due to additional activity since Q3, however this was treated as outside the cash limit at year end as there was insufficient funding in the Winter Maintenance earmarked reserve to offset the in-year position.
  - (c) Community Protection underspent by £0.103 million. There are a number of vacant posts that are producing an underspend of £0.283 million, however, this was partially offset by an overspend on staff re-gradings, and under-achieved income (£0.180 million).
  - (d) Partnerships & Community Engagement underspent by £62,000. This was mainly due to a managed underspend in Supplies and Services, that will be utilised in 2021/22 for a delayed MTFP saving.
14. The forecast outturn position has been adjusted by £26.243 million relating to contributions to and from reserves, and sums outside the cash limit and it also includes a net COVID adjustment of £7.125 million.

15. The Cash Limit Reserve carried forward for Neighbourhoods & Climate Change is £1.294 million after taking the latest outturn position into account.
16. In summary, the service grouping managed to successfully maintain spending within its cash limit.

## Capital Programme

17. The Neighbourhoods & Climate Change original capital programme was revised for budget re-phased from 2019/20. This increased the 2020/21 original budget to a level of £43.270 million. Since then, reports to the MOWG have detailed further revisions, for grant additions/reductions, budget transfers and budget re-profiling into later years. The revised budget now stands at **£43.713 million**.
18. Summary financial performance for 2020/21 is shown below.

Service	Revised Annual Budget 2020/21 £000	Actual Spend to 31 March £000	Remaining Budget 2020/21 £000
Community Protection	31	15	(16)
Environmental Services	4,267	3,613	(654)
Technical Services	34,692	30,239	(4,453)
Partnerships & Community Engagement	4,723	1,549	(3,174)
<b>Total</b>	<b>43,713</b>	<b>35,416</b>	<b>(8,297)</b>

19. Actual spend for 2020/21 amounts to **£35.416 million**. **Appendix 3** provides a more detailed breakdown of spend.
20. The key areas of spend during the year were on Highways & Bridges Schemes (£30.239 million), and Environmental Design Schemes (£2.946 million).

## Background papers

- Cabinet Report (7 July 2021) –Revenue and Capital Outturn 2020/21 – Period to 31 March 2021.

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**Contact:**

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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 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.

### **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.

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**Appendix 2: NEIGHBOURHOODS & CLIMATE CHANGE Outturn 2020-21 – Subjective Analysis**


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<b>NCC Analysis</b>	<b>Subjective</b>	<b>Revised Annual Budget</b>	<b>Forecast Outturn</b>	<b>Variance</b>	<b>Items Outside Cash Limit</b>	<b>Earmarked Reserves</b>	<b>Net COVID adjustment</b>	<b>NCC Cash Limit Variance</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Employees		59,491	61,053	1,562	(1,655)	(4)	(962)	(1,059)
Premises		7,474	8,331	857	(1,124)	(175)	(2)	(444)
Transport		19,025	20,267	1,242	(28)	18	10	1,242
Supplies & Services		23,313	19,300	(4,013)	(193)	1,904	16	(2,286)
Third Party Payments		45,627	47,862	2,235	(14)	151	(2,192)	180
Transfer Payments		2,139	3,237	1,098	0	446	(1,661)	(117)
Capital		29,102	2,833	(26,269)	26,269	0	0	0
Central Costs		10,744	10,090	(654)	1,807	(143)	0	1,010
DRF		2,532	3,271	739	0	0	0	739
Other		0	162	162	0	0	0	162
<b>Gross Expenditure</b>		<b>199,447</b>	<b>176,406</b>	<b>(23,041)</b>	<b>25,062</b>	<b>2,197</b>	<b>(4,791)</b>	<b>(573)</b>
Grant		(2,899)	(10,087)	(7,188)	0	1,462	0	(5,726)
Contributions		(991)	(448)	543	0	99	0	642
Sales		(632)	(331)	301	0	0	(206)	95
Charges		(13,276)	(13,503)	(227)	(15)	44	(810)	(1,008)
Rents		(77)	(90)	(13)	0	0	(21)	(34)
Recharges		(68,560)	(58,716)	9,844	(2,081)	14	(1,309)	6,468
Other Income		(1,331)	(1,812)	(481)	0	(539)	12	(1,008)
<b>Gross Income</b>		<b>(87,766)</b>	<b>(84,987)</b>	<b>2,779</b>	<b>(2,096)</b>	<b>1,080</b>	<b>(2,334)</b>	<b>(571)</b>
<b>Total</b>		<b>111,681</b>	<b>91,419</b>	<b>(20,262)</b>	<b>22,966</b>	<b>3,277</b>	<b>(7,125)</b>	<b>(1,144)</b>

### Appendix 3: Neighbourhoods & Climate Change Capital Programme 2020/21

NCC	Revised Annual Budget 31/3/2021 £000	Profiled Budget 31/3/2021 £000	Actual Spend 31/03/21 £000	Remaining Budget £000
<b>Community Protection</b>				
Community Protection	24	24	8	16
AAP Schemes-Community Protection	7	7	7	-
<b>Community Protection Total</b>	<b>31</b>	<b>31</b>	<b>15</b>	<b>16</b>
<b>Environmental Services</b>				
AAP Schemes - Environmental Services	134	134	111	23
Building Services	-	-	-	-
Street Scene	257	257	89	168
Vehicle and Plant	145	145	108	37
Crematorium	-	-	(44)	44
Environment & Design	3,306	3,306	2,946	360
Waste Infrastructure Capital	426	426	404	22
<b>Environmental Services Total</b>	<b>4,268</b>	<b>4,268</b>	<b>3,614</b>	<b>654</b>
<b>Technical Services</b>				
Highway Operations	1	1	1	-
Strategic Highways	26,361	26,361	23,243	3,118
Strategic Highways Bridges	8,330	8,330	6,995	1,335
<b>Technical Services Total</b>	<b>34,692</b>	<b>34,692</b>	<b>30,239</b>	<b>4,453</b>
<b>Members Neighbourhood Fund</b>				
Members Neighbourhood Fund	3,792	3,792	1,103	2,689
<b>Members Neighbourhood Fund Total</b>	<b>3,792</b>	<b>3,792</b>	<b>1,103</b>	<b>2,689</b>
<b>Community Buildings</b>				
Community Buildings	206	206	-	206
<b>Community Buildings Total</b>	<b>206</b>	<b>206</b>	<b>-</b>	<b>206</b>
<b>AAP Capital Budgets</b>				
AAP Capital Budgets	618	618	334	284
<b>AAP Capital Budgets Total</b>	<b>618</b>	<b>618</b>	<b>334</b>	<b>284</b>
<b>AAP Initiatives</b>				
AAP Initiatives Other	10	10	2	8
Stanley Regeneration Works	-	-	-	-
Dipton Project Fund	1	1	-	1
Nevilles Cross Community Centre New Build	-	-	-	-
Witton Park Memorial Garden	36	36	18	18
<b>AAP Initiatives Total</b>	<b>47</b>	<b>47</b>	<b>20</b>	<b>27</b>
<b>Sherburn Hill Community Centre</b>				
Sherburn Hill Community Centre (DVR)	46	46	92	(46)
<b>Sherburn Hill Community Centre Total</b>	<b>46</b>	<b>46</b>	<b>92</b>	<b>(46)</b>
<b>Consett Comm Facilities</b>				
Consett Comm Facilities	14	14	-	14
<b>Consett Comm Facilities Total</b>	<b>14</b>	<b>14</b>	<b>-</b>	<b>14</b>
<b>NCC Total</b>	<b>43,714</b>	<b>43,714</b>	<b>35,417</b>	<b>8,297</b>