

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



8 October 2021

**Neighbourhoods & Climate Change –
Quarter 1: Forecast of Revenue and
Capital Outturn 2021/22**

Report of Corporate Directors

Pau Darby, Corporate Director of Resources (Iterm)

**Alan Patrickson, Corporate Director Neighbourhoods & Climate
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 2021).

Executive summary

- 2 This report provides an overview of the updated forecast of outturn, based on the position at Quarter 1 for 2021/22. 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 cash limit underspend of £0.114 million, against a revised budget of £105.175 million.
- 4 The service is forecast to require funding of £3.560 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.

- 5 The revised service capital budget is £56.942 million with expenditure to 30 June of £7.101 million.
- 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 2021/22 at its meeting on 24 February 2021. 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 - £105.175 million (original £105.731 million)
 - (b) Capital Programme – £56.942 million (original £58.740 million)
- 9 The summary financial statements contained in the report cover the financial year 2021/22 and show: -
 - (a) The approved annual budget;
 - (b) The forecast 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 capital charges and use of / or contributions to earmarked reserves.

Forecast Revenue Outturn 2021/22

- 10 The service is reporting a cash limit underspend of **£0.114 million** against a revised budget of **£105.175 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 £'000

Head of Service	Revised Annual Budget	Forecast Outturn	Variance	Items Outside Cash Limit	Earmarked Reserves	Net COVID adjustment	Cash Limit Variance
	£000	£000	£000	£000	£000	£000	£000
Environmental Services	52,431	57,389	4,958	0	(936)	(3,518)	504
Technical Services	15,322	15,343	21	0	(400)	(23)	(402)
Community Protection	4,786	4,577	(209)	0	0	(19)	(228)
Partnerships & Comm Engagement	3,014	5,265	2,251	0	(2,240)	0	11
NCC Central Costs	29,622	29,622	0	0	0	0	0
Total	105,175	112,197	7,022	0	(3,576)	(3,560)	(114)

- 12 The cash limit underspend of £0.114 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 is forecast to be £0.504 million overspent. This is mainly resulting from overspends on the recycling contract which has had to be renegotiated with the contractor due to the reducing value of recyclable material of £0.581 million, and also £0.144 million underachieved income on soil imports at Joint Stocks where the site is almost fully capped and can't take much more soil importation. These overspends have been offset by savings associated with continuing delays in implementing the two new refuse collection rounds resulting in an underspend of £65,000, staffing underspends in Neighbourhood Wardens where staff are not on the top of the grade, resulting in further savings of £97,000 and £59,000 increased income for commercial waste at the waste transfer stations,

- (b) Technical Services is forecast to be underspent by £0.402 million, relating to additional income of £0.384 million from the street works permit scheme, and a £42,000 underspend on electricity charges,
 - (c) Consumer Protection is forecast to underspend by £0.228 million. The main reasons for this are a saving on employees of £0.167 million due to vacant posts, and transport savings of £54,000. The outturn for this service also includes planned expenditure of £1.353 million on COVID-19 Outbreak Management activities, which is offset by specific government grant,
 - (d) Partnerships & Community Engagement is forecast to overspend by £11,000, mainly due to being unable to meet the staff turnover savings. The outturn for this service also includes planned expenditure of £2.263 million on COVID-19 Outbreak Management funded activities. The budgets in this area have been augmented with £2.240 million of funding drawn down from the Towns & Villages Reserve to increase Members' budgets by £1.26 million, and AAP budgets by £0.980 million. This year there also an additional £1.400 million being provided to AAPs for Community Recovery that is being funded from the Local Council Tax Support Grant.
- 14 The forecast outturn position has been adjusted by £3.576 million relating to contributions to and from reserves and £3.560 million net COVID adjustment.
- 15 The forecast Cash Limit Reserve position at 31 March 2022 is £1.008 million after taking the latest outturn position into account.

Capital Programme

- 16 The Neighbourhoods & Climate Change capital programme was revised at year-end for budget re-phased from 2020/21. This increased the 2021/22 original budget to a level of £58.740 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 £56.942 million.
- 17 Summary financial performance for 2021/22 is shown below.

Service	Revised Annual Budget 2021/22 £000	Actual Spend to 30 June £000	Remaining Budget 2021/22 £000
Community Protection	212	0	212
Environmental Services	12,228	730	11,498
Technical Services	39,330	5,815	33,515
Partnerships & Community Engagement	5,172	556	4,616
Total	56,942	7,102	49,841

18 Officers continue to carefully monitor capital expenditure on a monthly basis. Actual spend for the first 3 months amounts to **£7.102 million**. **Appendix 3** provides a more detailed breakdown of spend across the major projects contained within the capital programme.

19 The key areas of spend during the year to date are on Highways and Bridges (£5.815 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 (15 September 2021) – Forecast of Revenue and Capital Outturn 2021/22 – Period to 30 June 2021.

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Appendix 1: Implications

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 2021 in relation to the 2021/22 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: NEIGHBOURHOODS & CLIMATE CHANGE Forecast
Outturn at Q1 – Subjective Analysis**

NCC Subjective Analysis	Revised Annual Budget	Forecast Outturn	Variance	Items Outside Cash Limit	Earmarked Reserves	Net COVID adjustment	NCC Cash Limit Variance
	£000	£000	£000	£000	£000	£000	£000
Employees	60,650	61,065	415	0	(71)	(547)	(203)
Premises	7,884	7,853	(31)	0	0	(12)	(43)
Transport	18,373	18,981	608	0	(22)	(602)	(16)
Supplies & Services	22,751	25,460	2,709	0	(677)	14	2,046
Third Party Payments	46,829	46,975	146	0	0	(2,238)	(2,092)
Transfer Payments	6,832	6,964	132	0	(2,240)	0	(2,108)
Capital	21,404	21,404	0	0	0	0	0
Central Costs	10,469	10,531	62	0	0	0	62
DRF	2,500	2,900	400	0	(400)	0	0
Gross Expenditure	197,692	202,133	4,441	0	(3,410)	(3,385)	(2,354)
Grant	(6,947)	(7,002)	(55)	0	0	0	(55)
Contributions	(4,487)	(830)	3,657	0	(166)	0	3,491
Sales	(632)	(629)	3	0	0	0	3
Charges	(12,660)	(12,545)	115	0	0	(66)	49
Rents	(91)	(93)	(2)	0	0	0	(2)
Recharges	(66,477)	(66,102)	375	0	0	(109)	266
Other Income	(1,223)	(2,735)	(1,512)	0	0	0	(1,512)
Gross Income	(92,517)	(89,936)	2,581	0	(166)	(175)	2,240
Total	105,175	112,197	7,022	0	(3,576)	(3,560)	(114)

Appendix 3: Neighbourhoods & Climate Change Capital 2021/22

NCC	Revised Annual Budget 2021/22 £000	Profiled Budget 2021/22 £000	Actual Spend 30/06/21 £000	Remaining Budget £000
Community Protection				
Community Protection	158	16	-	158
AAP Schemes-Community Protection	54	5	-	54
Community Protection Total	212	21	-	212
Environmental Services				
AAP Schemes -Environmental Services	303	30	4	299
Street Scene	1,488	82	229	1,259
Vehicle and Plant	3,150	42	54	3,096
Crematorium	144	14	39	105
Environment & Design	6,387	464	257	6,130
Waste Infrastructure Capital	756	-	147	609
Environmental Services Total	12,228	632	730	11,498
Technical Services				
Highway Operations	199	-	-	199
Strategic Highways	32,210	4,671	4,055	28,155
Strategic Highways Bridges	6,921	1,762	1,760	5,161
Technical Services Total	39,330	6,433	5,815	33,515
Members Neighbourhood Fund				
Members Neighbourhood Fund	3,407	80	470	2,937
Members Neighbourhood Fund Total	3,407	80	470	2,937
Community Buildings				
Community Buildings	956	-	-	956
Community Buildings Total	956	-	-	956
AAP Capital Budgets				
AAP Capital Budgets	603	60	69	534
AAP Capital Budgets Total	603	60	69	534
AAP Initiatives				
AAP Initiatives Other	14	1	-	14
Dipton Project Fund	1	-	-	1
Nevilles Cross Community Centre New Build	83	-	-	83
Witton Park Memorial Garden	18	-	17	1
AAP Initiatives Total	116	1	17	99
Consett Comm Facilities				
Consett Comm Facilities	90	-	-	90
Consett Comm Facilities Total	90	-	-	90
NCC Total	56,942	7,227	7,101	49,841