

# Economy and Enterprise Overview and Scrutiny Committee

18 September 2023

Regeneration, Economy and Growth –  
Quarter 4: Revenue and Capital Outturn  
2022/23



## Report of Corporate Directors

Paul Darby, Corporate Director of Resources

Amy Harhoff, Corporate Director of Regeneration, Economy and Growth

### Electoral division(s) affected:

Countywide

### Purpose of the Report

1. To provide details of the final revenue and capital outturn position for the Regeneration, Economy and Growth (REG) service grouping in 2022/23, highlighting major variances in comparison with the budget.

### Executive Summary

2. In 2022/23 the service reported a cash limit variance (overspend) of £0.698 million against a revised budget of £57.778 million. This compares to the previously forecast position (at quarter 3) of a £0.586 million overspend for the year.
3. The REG Cash Limit balance carried forward at 31 March 2023 is £1.373 million. Other earmarked reserves under the direct control of REG total £25.297 million at 31 March 2023.
4. Capital expenditure incurred in 2022/23 was £76.159 million, representing 89.9% of the revised REG capital budget of £84.734 million. A request was made to the Member Officer Working Group to carry forward the £8.575 million underspend to the current year to augment the 2023/24 Capital Programme.
5. Details of the reasons for under and overspending against relevant budget heads are disclosed in the report.

## **Recommendation(s)**

6. Economy and Enterprise Overview and Scrutiny Committee is requested to note the final outturn position against the 2022/23 revenue and capital budgets.

## Background

7. County Council approved the Revenue and Capital budgets for 2022/23 at its meeting on 23 February 2022. 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 - £57.778 (original £54.934 million)
  - (b) Capital Programme – £84.734 million (original £129.318 million).

## Revenue

8. The original revenue budget of £54.934 million has been revised to incorporate a number of budget adjustments and the final revised budget for the service is £57.778 million.
9. The summary financial statements contained in the report cover the financial year 2022/23 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 actual 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.

## Revenue Outturn 2022/23

10. The service is reporting a cash limit overspend of **£0.698 million** against the revised budget of **£57.778 million** (1.21%).
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

Head of Service	Revised Annual Budget	Outturn	Variance	Items Outside Cash Limit	Earmarked Reserves	Net Inflation Adjustment	Cash Limit Variance
	£000	£000	£000	£000	£000	£000	£000
Business Durham	(374)	(1,377)	(1,003)	274	730	0	0
Economic Development	1,415	2,818	1,404	(428)	(942)	(33)	0
Corporate Property & Land	5,411	51,797	46,386	(48,787)	2,671	(367)	(98)
Culture Sport & Tourism	15,796	33,163	17,368	(7,666)	(7,562)	(2,084)	56
Planning and Housing	5,585	5,903	318	(432)	1,690	(709)	868
Transport & Contract	1,307	9,584	8,277	(6,779)	86	(862)	723
Communications Mgt	1,947	1,773	(174)	(53)	(24)	(65)	(315)
REG - Central Costs	26,692	7,029	(19,668)	19,289	(156)	(1)	(536)
<b>Total</b>	<b>57,778</b>	<b>110,690</b>	<b>52,909</b>	<b>(44,582)</b>	<b>(3,508)</b>	<b>(4,121)</b>	<b>698</b>

13. The cash limit overspend of £0.698 million takes into account adjustments for sums outside the cash limit such as redundancy costs that are met from corporate reserves, year-end capital accounting entries and use of / contributions to earmarked reserves.

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

- 14 The main reasons accounting for the outturn position are as follows:
- Culture Sport and Tourism is an overspend of £56,000 against budget. The main reasons are a reduction in fine and reservation income in libraries £90,000 and an unrealised MTFP saving of £0.136 million pending the full year effect of the current service restructure. A one-off benefit arising from the agreement to take full control of the gym facilities at 7 of our leisure centres is offset by a projected overspend at Consett Leisure Centre.
  - Business Durham is in line with budget after a £0.211 million contribution to reserves, largely as a result of higher than anticipated occupancy rates across a range of Business Space sites.
  - Transport and Contracted Services is an overspend of £0.723 million against budget. In Strategic Traffic there is an overspend on Parking Services £0.220 million, traffic control measures for events £42,000, bus shelter advertising income loss £0.130 million higher than anticipated, NNDR costs for a multi storey car park £90,000 and a charge for apprentices of £60,000. In addition, there were one off costs for Wheels to Work and a Service Database totalling £91,000, in addition to minor over/underspends across the service.
  - Planning and Housing is an overspend against budget by £0.868 million. This is the net impact of overspends in Housing Solutions

primarily relating to temporary accommodation £0.737 million, and Care Connect on staffing and under-achieved income in relation to the subsidised client income stream £0.456 million; and underspends in Planning Development £0.119 million resulting from higher than budgeted levels of income from planning/building control fees and staffing vacancies, and Spatial Policy £0.136 million relating to staffing vacancies.

- (e) Economic Development was on budget with only minor over and underspends across the service.
  - (f) Corporate Property and Land is an underspend of £98,000 against budget. This results from an overall underspend in Strategy & Property Management of £0.118 million, largely attributable to lower costs associated with vacant buildings & land and the Energy Centre at Freeman's Reach. The position is partially offset by minor overspends elsewhere within the service.
  - (g) Communications Management is an underspend against budget of £0.315 million against budget due to the volume of staff turnover and subsequent vacant posts experienced during 2022/23.
  - (h) Central Costs is an underspend of £0.536 million against budget pending a re-allocation of budget to services which will be actioned in quarter one 2023/24.
- 15 The outturn position has been adjusted by £44.582 million relates to a range of adjustments associated with year-end accounting entries for capital charges, centralised repairs and maintenance and central administration recharges as well as a small number of other agreed sums outside the cash limit funded from corporate contingencies, £3.508 million relating to contributions to and from reserves and £4.121 million net inflation adjustment.
- 16 The Cash Limit Reserve carried forward for Regeneration, Economy and Growth is £1.373 million after taking the outturn position into account.
- 17 In summary, the service grouping reported an overspend of £0.698 million and is taking measures to reduce this in 2023/24.

### **Capital Programme**

18. 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.

19. The Regeneration, Economy and Growth Services capital programme was revised for budget re-phased from 2021/22. This increased the 2022/23 original budget to a level of £129.318 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 final capital budget was **£84.734 million**.
20. Summary financial performance for 2022/23 is shown below.

<b>Service</b>	<b>Revised Annual Budget 2022/23 £000</b>	<b>Actual Spend to 31 March £000</b>	<b>Remaining Budget 2022/23 £000</b>
Culture, Sport and Tourism	19,683	16,064	3,619
Economic Development	7,883	8,261	(378)
Planning and Housing	23,702	23,523	179
Business Durham	4,162	3,200	962
Corporate Property & Land	14,475	14,120	355
Transport & Contracted Services	14,829	10,991	3,838
<b>Total</b>	<b>84,734</b>	<b>76,159</b>	<b>8,575</b>

21. Actual spend for 2022/23 amounts to **£76.159 million**. **Appendix 3** provides a more detailed breakdown of spend.
22. The key areas of spend during the year to date are on Office Accommodation (£8.952 million), Housing Renewal (£14.530 million) and Culture and Museums (£10.923 million).

### **Background papers**

- a) County Council Report (23 February 2022) – [Medium Term Financial Plan 2022/23 to 2025/26 and Revenue and Capital Budget 2021/22](#)
- b) Cabinet Report (14 September 2022) – [Forecast of Revenue and Capital Outturn 2022/23 - Period to 30 June 2022](#)
- c) Cabinet Report (16 November 2022) – [Forecast of Revenue and Capital Outturn 2022/23 - Period to 30 September 2022](#)
- d) Cabinet Report (15 March 2023) – [Forecast of Revenue and Capital Outturn 2022/23 - Period to 31 December 2022](#)
- e) Cabinet Report (12 July 2023) – [2022/23 Final Outturn for the General Fund and Collection Fund](#)

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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 2022 in relation to the 2022/23 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 Council's Corporate and Financial Governance arrangements.

### **Procurement**

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

**Appendix 2: Regeneration, Economy and Growth Outturn 2022/23 – Subjective Analysis**

<b>REG Subjective analysis</b>	<b>Revised Annual Budget</b>	<b>Outturn</b>	<b>Variance</b>	<b>Items Outside Cash Limit</b>	<b>Earmarked Reserves</b>	<b>Net Inflation Adjustment</b>	<b>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	70,447	70,132	(315)	485	0	(2,433)	(2,263)
Premises	19,444	23,833	4,388	151	0	(1,088)	3,451
Transport	1,674	1,976	303	(100)	0	(600)	(397)
Supplies & Services	22,828	31,941	9,113	(312)	0	0	8,802
Third Party Payments	45,626	53,154	7,529	0	0	0	7,529
Transfer Payments	0	0	0	0	0	0	0
Capital	15,217	95,107	79,890	(79,890)	0	0	0
Central Support and Other	11,696	12,193	496	(1,252)	(3,508)	0	(4,263)
DRF	280	4,240	3,960	0	0	0	3,960
Grant	(8,634)	(11,386)	(2,752)	0	0	0	(2,752)
Contributions	(18,241)	(19,265)	(1,024)	0	0	0	(1,024)
Sales	(2,566)	(1,953)	609	0	0	0	609
Charges	(27,452)	(34,192)	(6,740)	0	0	0	(6,740)
Rents	(9,427)	(16,102)	(6,676)	0	0	0	(6,676)
Recharges	(62,244)	(64,362)	(2,118)	2,182	0	0	64
Other Income	(871)	(34,625)	(33,755)	34,153	0	0	398
<b>Total</b>	<b>57,778</b>	<b>110,690</b>	<b>52,909</b>	<b>(44,582)</b>	<b>(3,508)</b>	<b>(4,121)</b>	<b>698</b>



**Appendix 3: Regeneration, Economy and Growth Capital Programme 2022/23**

	<b>Revised Annual Budget £000</b>	<b>Actual Spend to 31 March £000</b>	<b>Remaining Budget £000</b>
<b>General Fund</b>			
<b>Planning &amp; Housing</b>			
Disabled Facilities Grant /FAP	7,231	8,340	(1,109)
Housing Renewal	15,879	14,530	1,349
Housing Development	580	649	(69)
Minor Schemes (P&H)	12	4	8
	<b>23,702</b>	<b>23,523</b>	<b>179</b>
<b>Economic Development</b>			
Chapter Homes	260	100	160
North Dock, Seaham	25	25	0
Town Centres	3,187	2,422	765
Town & Village Centre	1,168	1,325	(157)
Minor Schemes	180	180	0
Beamish Capital Project	2,609	3,709	(1,100)
Forrest Park	400	500	(100)
Strategy & Programmes Minor Schemes	55	0	55
	<b>7,883</b>	<b>8,261</b>	<b>(378)</b>
<b>Business Durham</b>			
Industrial Estates	4,162	3,200	962
	<b>4,162</b>	<b>3,200</b>	<b>962</b>
<b>Corporate Property and Land</b>			
Structural Capitalised Maintenance	3,081	2,657	424
Milburngate	3,109	2,511	598
Office Accommodation	8,285	8,952	(667)
	<b>14,475</b>	<b>14,120</b>	<b>355</b>
<b>Transport</b>			
Local Transport Plan	2,420	2,538	(118)
Transport Major Schemes	11,978	7,928	4,050
T&CS Minor Schemes	431	525	(94)
	<b>14,829</b>	<b>10,991</b>	<b>3,838</b>
<b>Culture, Sport and Tourism</b>			
AAP Schemes	5	5	0
Culture and Museums	12,927	10,923	2,004
Leisure Centres	6,718	5,136	1,582
Outdoor Sports and Leisure Facilities	34	0	34
	<b>19,683</b>	<b>16,064</b>	<b>3,619</b>
<b>REG Total</b>	<b>84,734</b>	<b>76,159</b>	<b>8,575</b>