

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



5 October 2023

**Neighbourhoods & Climate Change –
Quarter 1: Forecast of Revenue and
Capital Outturn 2023/24**

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 2023).

Executive summary

- 2 This report provides an overview of the updated forecast of outturn, based on the position at Quarter 1 for 2023/24. It provides an analysis of the budgets and forecast outturn for the service areas falling under the remit of this Overview and Scrutiny Committee (including Culture, Sport & Tourism which is in Regeneration rather than NCC) 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 £0.131 million, against a revised budget of £119.974 million for NCC. Culture, Sport & Tourism is forecasting an overspend of £0.196 million.

- 4 The revised service capital budget is £79.917 million with expenditure to 30 June of £4.830 million. Culture & Sport's revised capital budget is £29.140 million with expenditure of £1.917 million.
- 5 Details of the reasons for under and overspending against relevant budget heads are disclosed in the report.

Recommendation(s)

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

Background

- 7 County Council approved the Revenue and Capital budgets for 2023/24 at its meeting on 22 February 2023. 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 - £119.974 million (original £119.974 million)
 - (b) Capital Programme – £79.917 million (original £84.527 million)
 - (c) Culture, Sport & Tourism Revenue Budget – £16.797 million
 - (d) Culture, Sport & Tourism Capital Budget - £29.140 million
- 8 The summary financial statements contained in the report cover the financial year 2023/24 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 2023/24

- 9 The service is reporting a cash limit underspend of **£0.131 million** against a revised budget of **£119.974 million**.
- 10 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), and further variance explanations are shown in Appendix 4.

Analysis by Head of Service £'000

Head of Service	Revised Annual Budget	Forecast Outturn	Variance	Items Outside Cash Limit	Earmarked Reserves	Inflation adjustment	Cash Limit Variance
	£000	£000	£000	£000	£000	£000	£000
Culture, Sport & Tourism	16,797	19,593	2,796	(1,658)	(941)	0	196
NCC							
Environmental Services	61,102	62,276	1,174	(25)	(425)	(609)	115
Highways	13,304	12,941	(363)	0	422	(12)	47
Community Protection	6,177	6,437	259	0	(447)	(22)	(210)
Partnerships & Comm Engagement	5,445	9,830	4,385	0	(4,452)	(15)	(81)
NCC Central Costs	33,944	33,950	5	0	0	(7)	(2)
NCC Total	119,974	125,434	5,460	(25)	(4,902)	(665)	(131)

- 11 The NCC cash limit underspend of £0.131 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.
- 12 The main reasons accounting for the outturn position are as follows:
- (a) Environmental Services is forecast to be £0.115 million overspent. This is mainly due to an overspend in Clean and Green of £0.195 million relating to increased transport costs and underachieved income on schools SLAs, along with £0.144 million of underachieved income in Strategic Waste regarding soil imports

that have ceased due to capping of the Joint Stocks site. These overspends are offset by underspends of £0.223 million on staffing due to vacancies and turnover, including an underspend of £71,000 on staffing in Clean and Green relating to vacancies in advance of planned MTFP savings. The underachievement of income relating to Joint Stocks is being addressed in 2024/25 as part of MTFP(14);

- (b) Highways is forecast to be overspent by £47,000. The main reasons for this are Highways Revenue is forecast to overspend by £1.227 million on highways maintenance work, including cyclic works, drainage, bridges and priority action works. This is largely offset by anticipated underspends on the trading areas of £0.827 million, due to higher levels of work. Strategic Highways is forecast to underspend by £0.353 million mainly due to overachievement of income on enforcement and inspections, road closures, roundabout sponsorship, and fixed penalty notices;
- (c) Community Protection is forecast to underspend by £0.210 million, mainly due to unspent growth funding as a result of vacancies and new posts in a restructure that will be filled mid-year. There is also funding that is earmarked for future spinal column point increments causing an underspend;
- (d) Partnerships and Community Engagement is forecast to underspend by £81,000, mainly due to savings from a strategic manager post vacancy, and also a vacancy in the Civil Contingencies Unit along with overachievement of SLA income across the service;
- (e) Culture, Sport and Tourism is forecast to overspend by £0.196 million against budget. The main reasons are a loss of income at Shildon Leisure Centre of £60,000, an unachieved MTFP 13 saving for Sevenhills recharge of £75,000, an overspend in contract cleaning and materials of £0.230 million due to inflationary increases and £60,000 overspend on events. Overspends were partially offset by a one off benefit arising from the agreement to take full control of the gym facilities at seven of our leisure centres of £229,000.

- 13 A net £4.9 million relating to movement to and from reserves has also been excluded from the outturn. The major items being:
- (a) £0.317 million drawdown relating to clean and green and environmental issues;
 - (b) £89,000 drawdown from Community Protection Reserves relating to Trading Standards and the Horden Together Initiative;
 - (c) £4.017 million drawdown from PACE Reserves mainly in relation to Refugee Resettlement and AAP Towns and Village scheme funding;
 - (d) £0.422 million contribution to Highways Reserves for Section 38 Income.
- 14 The forecast Cash Limit Reserve position for NCC at 31 March 2024 is £0.221 million after taking the latest outturn position into account.

Capital Programme

- 15 The Neighbourhoods & Climate Change capital programme was revised at year-end for budget re-phased from 2022/23. This increased the 2023/24 original budget to a level of £84.527 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 £79.917 million.
- 16 Summary financial performance for 2023/24 is shown below.

Service	Revised Annual Budget 2023/24 £000	Actual Spend to 30 June £000	Remaining Budget 2023/24 £000
Culture, Sport & Tourism	29,140	1,917	27,223
NCC			
Community Protection	361	124	237
Environmental Services	26,638	2,477	24,161
Highways	46,820	1,583	45,237
Partnerships & Community Engagement	6,098	646	5,452
NCC Total	79,917	4,830	75,087

- 17 Officers continue to carefully monitor capital expenditure on a monthly basis. Actual spend for the first 3 months amounts to **£4.830 million**. **Appendix 3** provides a more detailed breakdown of spend across the major projects contained within the capital programme.
- 18 The key areas of spend during the year to date are on Strategic Highways (£1.179 million) and Environment & Design (£1.624 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 (13 September 2023) – [Forecast of Revenue and Capital Outturn 2023/24 - Period to 30 June 2023](#)

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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 2023 in relation to the 2023/24 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 Inflation adjustment	NCC Cash Limit Variance
	£000	£000	£000	£000	£000	£000	£000
Employees	67,907	69,449	1,542	0	0	(128)	1,413
Premises	11,566	10,964	(602)	0	0	0	602
Transport	21,235	22,032	797	(25)	0	0	772
Supplies & Services	21,485	26,323	4,837	0	0	0	4,837
Third Party Payments	53,830	51,353	(2,476)	0	0	0	(2,476)
Transfer Payments	1,479	4,107	2,628	0	0	0	2,628
Capital	25,188	25,188	0	0	0	0	0
Central Costs	10,264	12,315	2,075	0	(4,902)	0	(3,518)
DRF	0	1,144	1,144	0	0	0	1,144
Gross Expenditure	212,953	222,874	9,921	(25)	(4,902)	(128)	(4,865)
Grant	(4,318)	(4,646)	(328)	0	0	0	(328)
Contributions	(914)	(1,278)	(364)	0	0	0	(364)
Sales	(679)	(736)	(57)	0	0	0	(57)
Charges	(14,715)	(15,000)	(286)	0	0	(536)	(822)
Rents	(94)	(98)	(4)	0	0	0	(4)
Recharges	(70,807)	(73,186)	(2,378)	0	0	0	(2,378)
Other Income	(1,453)	(2,495)	(1,043)	0	0	0	(1,043)
Gross Income	(92,979)	(97,440)	(4,461)	0	0	(536)	(4,997)
Total	119,974	125,434	5,460	(25)	(4,902)	(665)	(131)

Appendix 3: NCC & Culture, Sport & Tourism Capital 2023/24

NCC	Revised Annual Budget 2023/24 £000	Actual Spend 30/06/23 £000	Remaining Budget £000
Community Protection			
Comm Protection	346	124	222
AAP Schemes-Community Protection	15	-	15
Community Protection Total	361	124	237
Environmental Services			
AAP Schemes - Environmental Services	188	58	130
Street Scene	3,738	120	3,618
Vehicle and Plant	642	516	126
Crematorium	335	-	335
Environment & Design	13,325	1,624	11,701
Depots	5,143	141	5,002
Waste Infrastructure Capital	3,267	18	3,249
Environmental Services Total	26,638	2,477	24,161
Highways			
Highway Operations	121	106	15
Strategic Highways	37,923	1,179	36,744
Strategic Highways Bridges	8,776	298	8,478
Highways Total	46,820	1,583	45,237
Partnerships & Community Engagement			
Members Neighbourhood Fund	4,246	470	3,776
Community Buildings	1,168	-	1,168
AAP Capital Budgets	614	176	438
AAP Initiatives Other	9	-	9
Consett Comm Facilities	61	-	61
Partnerships & Community Engagement Total	6,098	646	5,452
NCC Total	79,917	4,830	75,087
Culture and Sport			
AAP Schemes - Sport and Leisure	9	-	9
Culture and Museums	15,723	887	14,836
Leisure	13,049	1,030	12,019
Outdoor Sports and Leisure Facilities	358	-	358
Culture and Sport Total	29,139	1,917	27,222

Appendix 4: Heads Of Service Analysis – Environmental Services

	Variance	Explanation
Head of Environment	0	No variance
Refuse & Recycling	121	£183k overspend on staffing due to high levels of sickness (£388k), offset partly by the number of vacant posts which cost less when covered by agency staff. £42k overspend on business rates at Waste Transfer Stations. £193k overspend on transport due to increased fuel costs and vehicle daywork repairs. (£296k) overachieved income, mainly on trade waste collections.
Strategic Waste	(257)	£144k under achieved income on Soil Imports which have ceased due to capping of landfill site. (£142k) underspend on staffing due to vacancies and turnover. (£103k) underspend on business rates at Coxhoe Landfill following revaluation of site. (£156k) underspend on Tees Valley SPV costs. £536k under achieved Joint Stocks power generation income (to be treated as outside the cash limit).
Clean & Green	104	(£71k) underspend on staffing vacancies in advance of planned MTFP13 savings and schools SLA adjustments. (£26k) underspend in Countryside due to delays in appointing new staff. £65k overspend on vehicle daywork repairs, vehicle hire and lease extensions. £130k underachieved income on school SLAs and ad-hoc work (salary adjustments still to be made for this). £6k other minor overspends.
Neighbourhood Protection	25	(£31k) underspend on Neighbourhood Wardens, mainly staffing until staff reach the top of their grades. £29k overspend due to general repairs, council tax and rates on Bereavement. £6k overspend on transport and staffing. £21k underachieved income on Pest Control.
Fleet	(3)	Minor variance
Depots	95	£18k overspend on rates. £28k overspend due to additional leasehold costs for Meadowfield and Beechburn depots. £49k overspend on the new Security Contract
North Penines AONB	0	No variance
Low Carbon	0	No variance
Environment & Design	30	£80k overspend on staffing (overall overspend is £200k but £120k will be covered from reserves). This mostly relates to honoraria payments and temporary posts with no budget. £28k overspend on supplies and services due to additional spend with no budget (£5k for Heritage Coast ecology survey, £8k for World Heritage Site co-ordinator, £7k on Binchester re-enactment costs). (£70k) overachieved income, mainly project income on Heritage Coast and grant payments on Sustainability.
TOTAL	115	

Appendix 4: Heads Of Service Analysis – Highways

Service	Over / (Under) £000s	Reason for Variance
Head of Highways	(4)	Minor savings on transport (£1k) and supplies and services (£3k).
Highways Services Trading	(827)	Trading (£901k) underspend - Street Lighting (£339k), Commercial Group (£192k), Countywide (£370k). Management & Admin overspend of £74k - Driven by £123k overspend on employees due to not meeting efficiencies £11k, £112k overspend on compensation payments, training, and tool allowances. Supplies and Services underspend of (£20k) mainly due to telephony savings, premises under spend of (£5k) due to not spending general repairs budget. Large underspend on staffing travelling (£24k).
Highways Services Non-Trading	1,227	Overspend of £1.223m on Highways Revenue maintenance work, including street lighting maintenance, cyclic works, drainage, bridges and emergency action works. Large overspend on staffing £82k due temporary unbudgeted staff and not meeting efficiency target. Overspend of £9k on Transport due to unbudgeted short term spot hire of vehicles and S&S £17k over. Smaller overspend on premises £8k. Overspend of £1.050k on Agency. Mainly PAT, gullies, and street lighting cable testing spend. Under achievement of Income £57k, mainly skip licences and rechargeable works below budgeted level. Stores £4k over. Winter Maintenance - underspend of (£21k) using last year as a milder winter.
Strategic Highways	(349)	Street Lighting - Underspend of (£26k) Overspend of £5k on employees - Not meeting efficiency target Underspend of (£13k) on S&S mainly due to consultancy coming under budget due to LED lamps reducing costs. Overachievement of income (£18k) Surplus from permit fees of anticipated to be (£18k) in 2023/24. Reserve will be £654k balance.
		Technical Team - Underspend of (£202k) Underspend of (£56k) on employees - vacancies in team in year Overspend of £1k on Transport Overspend of £59k on S&S - Advertising Offset by over achieved Income of (£206k) - Road Closure and TRO's
		Enforcement & Inspections - Underspend of (£173k) Underspend of (£3k) on employees - Short term vacancies Underspend of (£22k) on Transport - Fuel, fleet management and car allowances Underspend of (£6k) on S&S Over achieved Income of (£142k) - Over-recovered income mainly Fixed Penalty notices and Section74 over-runs
		Asset Management - Underspend of (£33k) Underspend of (£28k) on employees - Vacancies in team Offset by design staff time recharge £36k Overspend on transport £8k due to unbudgeted short term spot hire of vehicles. Rates overspend £4k on Roundabouts. Over achieved Income of (£53k) - mainly overachievement on Roundabout Sponsorship.
		Highways Adoptions - Underspend of (£16k) Underspend of (£16k) on staffing due to vacancy in year
		Drainage & Coast Protection - Underspend of (£4k) Underspend of (£22k) on employees - Due to temporary reduction in post hours Overspend on transport of £3k - Short term spot hire of vehicle for full year Overspend on agency of £15k on Drainage reconstruction
		Structures - Overspend of £20k Overspend of £32k on employees - Unbudgeted 2 x apprentices Overspend of £3k on Transport for short term hire of vehicle Offset by additional income of (£15k) on additional capital income
		Public Right of Way - Overspend of £85k Overspend of £66k on employees - Mainly unbudgeted Definitive Map Officers x 2 Overspend of £8k on Supplies and Services due to footpath diversion costs Under achievement of income £11k
GRAND TOTAL	47	

Appendix 4: Heads Of Service Analysis – Community Protection

Community Protection 2023/24 Q1 Outturn - Reasons for Variances		
Service	Over / (Under) £000s	Reason for Variance
Head of Community Protection	100	£100k transferred to Workforce Development reserve - Staffing (£3k) under on NI and Pension. Minor £3k overspend on Supplies and Services.
Business Compliance	(172)	Underspend mainly due to staffing vacancies and restructure vacancies (£148k). Minor overspends of £11k mainly in Supplies and Services related to taxi licencing administration costs offset by overachievement of income of (£27k) related to grant income. Additional savings from vet subcontractor reductions (£8k)
Licensing	26	£26k Staffing overspend due to not meeting efficiencies
Strategic Regulation	(153)	Underspend mainly due to staffing vacancies and restructure vacancies (£146k). Small underspends in GRT on transport and supplies and services (£7k)
NEPPP	0	NEPPP spend is covered by reserve.
Safer Places	(11)	£27k over on staffing across the teams mainly due to not meeting efficiencies. (£14k) under on transport mainly due to savings on car allowances. (£16k) saving on subcontractor costs in Safer Communities. Consultancy savings in Nuisance Action Team (£13k). SWAN Overspend £5k income falling short of anticipated costs.
Horden Together	0	Horden Together costs are covered by reserve.
GRAND TOTAL	(210)	

Appendix 4: Heads Of Service Analysis – Partnerships & Community Engagement

Partnerships & Community Engagement Outturn 2023/24 - Q1 Variances

Service	Over / (Under) £000s	Reason for Variance
Head of Service	8	£8k from Other Pay budget to fund across the service
CCU & Corporate policy	(87)	Corporate Policy - (£8k) Additional income from unrecovered 22/23 agency costs £4k over on staffing due to overtime and efficiency not being met (£6k) under on Supplies and Service due to subscriptions reduction CCU - (£34k) Employee saving - Temporary vacancy Civil Contingencies (£26k) over achievement of income on CCU (£17k) underspend on Supplies and Services £28k unbudgeted Coronation spend covered from contingencies
Humanitarian Support Scheme	0	£1.114m Overspend balance to be taken from reserve at year-end.
Partnerships Team	(39)	Partnerships Team - £8k Employee overspend - not meeting efficiency target Offset by underspends of (£7k) on Supplies and Services Strategic Manager - (£40k) under due Strategic Manager vacancy
Strategic Partnerships	(10)	(£4k) underspend in supplies and services in Partnerships and Consultation team. (£6k) underspend on donations Grant aid to the communities
Funding Team & Other AAPs	0	All AAP spend covered by reserves.
AAPs South & East	33	£33k Employee costs - Mainly due to not achieving efficiencies
AAPs North & east	15	£15k Employee costs - Mainly due to not achieving efficiencies
GRAND TOTAL	(81)	