

Economy and Enterprise Overview and Scrutiny Committee

11 September 2024

Regeneration, Economy and Growth – Quarter 4: Revenue and Capital Outturn 2023/24



Report of Corporate Directors

Paul Darby, Corporate Director of Resources

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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 2023/24.

Executive Summary

2. This report provides an overview of the final outturn for 2023/24. It provides an analysis of the budgets and final 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. In 2023/24 the service reported a cash limit underspend of £0.343 million against a revised budget of £57.322 million after taking account of use of reserves and items outside the cash limit, including redundancy costs which are met from the corporate reserve, capital accounting entries and use of / contributions to earmarked reserves. This compares to a forecast quarter three overspend position of £90,000.
4. Net adjustments on energy reductions of £1.805 million have been excluded from the REG cash limit outturn position. Also excluded is £1.554 million in respect of Leisure Centre income shortfalls post Covid (£0.825 million) and losses due to Leisure Transformation closures that

are being covered corporately (£0.735 million) and £0.245 million linked to pay award vacancies.

5. In arriving at the outturn position, £32.009 million has also been excluded for 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.
6. The REG Cash Limit balance carried forward at 31 March 2024 is £1.462 million. Other earmarked reserves under the direct control of REG total £28.018 million at 31 March 2024.
7. Capital expenditure incurred in 2023/24 was £125.951 million, representing 94% of the revised REG capital budget of £134.505 million. A request was made to the Member Officer Working Group to carry forward the £8.554 million underspend to the current year to augment the 2024/25 Capital Programme.
8. Details of the reasons for under and overspending against relevant budget heads are disclosed in the report.

Recommendation(s)

9. Economy and Enterprise Overview and Scrutiny Committee is requested to note the final outturn position against the 2023/24 revenue and capital budgets.

Background

10. County Council approved the Revenue and Capital budgets for 2023/24 at its meeting on 22 February 2023. 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 - £57.322 (original £56.363 million)
- (b) Capital Programme – £134.505 million (original £131.502 million).

11. The original service revenue budget of £56.363 million has been revised to incorporate various permanent budget adjustments. These are shown in the table below:

Description	Transfer in	Transfer out
Permanent	£m	£m
Q1		
Comms & Marketing - from REG to CEO		(1.935)
Q2		
Design & Conservation – from NCC to REG (P&H)	0.262	
Post Transfer to Care Connect – RES to REG (P&H)	0.030	
Post Transfer from B&FM – REG (CPaL) to RES		(0.028)
Post Transfer from H&S – REG (CPaL) to RES		(0.011)
Post Transfer from T&CS – REG to RES		(0.038)
LTP Income from NCC to REG (T&CS)		(0.017)
EV Charging Infrastructure – from REG (T&CS) to NCC		(0.011)
Transfer of restructure budget – REG (Central) to Corporate		(0.101)
Self-Financing Capital Charges: House Building/CDLA – REG (P&H) to Corporate		(0.048)
Q3		
2023/24 Pay Award	2.857	
Total changes	£3.149	(£2.190)
Net budget change	£0.959	

12. The summary financial statements contained in the report cover the financial year 2023/24 and show:

- (a) The approved annual budget;
- (b) The 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 2023/24

- 13. The service is reporting a cash limit underspend of **£0.343 million** against the revised budget of **£57.322 million** (0.6%).
- 14. 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

	Revised Annual Budget	Outturn	Items Outside Cash Limit	Earmarked Reserves	Net Inflation	Cash Limit Variance
Head of Service	£000	£000	£000	£000	£000	£000
Economic Development	258	(4,798)	6,001	(914)	0	31
Corporate Property & Land	2,125	542	(995)	1,359	597	(622)
Culture Sport & Tourism	18,258	27,380	(7,191)	(2,373)	922	480
Planning & Housing	8,015	1,132	5,921	610	(44)	(396)
Transport & Contracted Servs	3,126	(2,892)	2,563	3,280	(27)	(202)
REG - Central Costs	25,540	940	24,401	207	357	366
Total	57,322	22,304	30,700	2,169	1,805	(343)

- 13. The cash limit underspend of £0.343 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 outturn position reflects the proactive management of activity by Heads of Service across REG to try and remain within the cash limit. The main reasons accounting for the outturn position are as follows:
 - (a) Culture, Sport and Tourism was overspent by £0.480 million against budget. The main reasons are:
 - (i) An unrealised MTFP saving of £75,000;

- (ii) A capital contribution of £86,000 to the leisure transformation programme;
 - (iii) A £0.167 million overspend at the two completed leisure transformation sites (Abbey and Peterlee); and
 - (iv) Income shortfalls of £0.242 million at Killhope Museum;
 - (v) These overspends were partially offset by short term equipment underspends whilst new gym equipment is awaited at seven leisure centres.
- (b) Transport and Contract Services underspent by £0.202 million against budget. The main reasons are:
- (i) An under-recovery of departure charge income at Durham Bus Station of £0.116 million;
 - (ii) Under-achievement of income for park and ride of £0.241 million;
 - (iii) Increased business rate charges on car parks of £0.135 million;
 - (iv) Under-recovery of bus shelter advertising income of £0.111 million, which was a MTFP saving proposal in a previous MTFP round and an overspend on bus shelter repairs and maintenance of £90,000;
 - (v) These were partially offset by an underspend of £0.175 million against Durham bus station during its closure in year, £0.319 million overachievement of parking income, an underspend of £0.426 million on bus and rail contracts and £88,000 of underspends mainly relating to road safety employee costs and school crossing patrols. The 2024/25 budget includes an adjustment to rebase the park and ride income, which will then be unwound over the following four years.
- (c) Planning and Housing was underspent by £0.396 million against budget. This was largely due to staffing underspends of £0.782 million across the service, partially offset by an underachievement of income of £0.331 million relating planning fee income.
- (d) Economic Development was overspent by £31,000 against budget, which was mainly a result of underachieved training income in Employment & Skills.

- (e) Corporate Property and Land was underspent by £0.622 million against budget.
- (i) Within Buildings & Facilities Management, there was an overspend of £0.159 million, mainly relating to the catering service, which includes a shortfall in income as a result of Page 496 hybrid working and reduced footfall in staff facilities such as County Hall and Green Lane;
 - (ii) Strategy and Property Management was underspent by £0.626 million due primarily to additional budget growth of £0.600 million included in the base budget from 2022/23 for a staffing restructure that had not been implemented and is not now expected to be in place until 2024/25; and
 - (iii) There were also minor underspends elsewhere within the service, including additional unbudgeted income in Business Development of £67,000 along with underspends on supplies and services of £92,000.
- 15 The outturn position has been adjusted by £32.009 million relating 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, £2.169 million relating to contributions to and from reserves, £1.804 million net inflation adjustment for energy reductions, £1.554 million in respect of Leisure Centre income shortfalls post COVID (£0.825 million) and losses due to Leisure Transformation closures that are being covered corporately (£0.735 million) and £0.245 million linked to pay award vacancies.
- 16 The Cash Limit Reserve carried forward for Regeneration, Economy and Growth is £1.462 million after taking the outturn position into account.
- 17 In summary, the service grouping reported an underspend of £0.343 million 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 2022/23. This increased the

2023/24 original budget to a level of £131.502 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 **£134.505 million**.

20. Summary financial performance for 2023/24 is shown below.

Service	Revised Annual Budget 2023/24 £000	Actual Spend to 31 March £000	Remaining Budget 2023/24 £000
Economic Development	30,756	31,188	(432)
Planning & Housing	17,289	16,690	599
Corporate Property & Land	21,275	21,129	146
Transport & Contracted Services	40,390	33,166	7,223
Culture Sport & Tourism	24,705	23,778	928
Strategy, Prog & Performance	90	0	90
Total	134,505	125,951	8,554

21. Actual spend for 2023/24 amounts to **£125.951 million**. **Appendix 3** provides a more detailed breakdown of spend.

22. The key areas of spend during the year are on NETPark Phase 3 (£18.285 million), Aykley Heads Rivergreen (£11.540 million), Disabled Facilities Grant (£9.368 million) and Durham Bus Station and North Road Development (£8.004 million).

Background papers

- a) [County Council Report \(22 February 2023\) – Medium Term Financial Plan 2023/24 to 2026/27 and Revenue and Capital Budget 2023/24.](#)
- b) [Cabinet Report \(13 September 2023\) – Forecast of Revenue and Capital Outturn 2022/23 – Period to 30 June 2023.](#)
- c) [Cabinet Report \(15 November 2023\) – Forecast of Revenue and Capital Outturn 2022/23 – Period to 30 September 2023.](#)
- d) [Cabinet Report \(13 March 2024\) – Forecast of Revenue and Capital Outturn 2022/23 – Period to 31 December 2023.](#)
- e) [Cabinet Report \(10 July 2024\) – 2023/24 Final Outturn for the General Fund and Collection Fund.](#)

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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 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 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 2023/24 – Subjective Analysis

REG Subjective analysis	Revised Annual Budget	Outturn	Items Outside Cash Limit	Earmarked Reserves	Net Inflation Adjustment	Cash Limit Variance
	£000	£000	£000	£000	£000	£000
Employees	78,476	74,590	663	0	0	(3,223)
Premises	23,367	25,515	1,051	4	1,805	5,008
Transport	1,635	1,935	0	0	0	300
Supplies & Services	19,023	31,758	0	0	0	12,735
Third Party Payments	45,597	45,673	0	0	0	76
Transfer Payments	0	1	0	0	0	1
Capital	13,592	26,855	(13,263)	0	0	0
Central Support	11,996	12,182	1,012	2,165	0	3,363
DRF	0	6,164	0	0	0	6,164
Grant	(9,436)	(15,024)	0	0	0	(5,588)
Contributions Summary	(19,943)	(20,853)	0	0	0	(910)
Sales Summary	(2,519)	(2,145)	0	0	0	374
Charges	(30,073)	(35,449)	(1,555)	0	0	(6,931)
Rents	(10,543)	(18,291)	0	0	0	(7,748)
Recharges	(62,981)	(62,521)	(847)	0	0	(387)
Other Income Summary	(869)	(4,447)	0	0	0	(3,578)
Capital Accounting Income	0	(43,639)	43,639	0	0	0
Total	57,322	22,304	(30,700)	(2,169)	1,805	(343)

Appendix 3: Regeneration, Economy and Growth Capital Programme 2023/24

General Fund	Revised Annual Budget £000	Actual Spend to 31 March £000	Remaining Budget £000
Economic Development			
Industrial Estate (Business Durham)	18,022	19,189	(1,167)
Minor Schemes	150	113	37
North Dock Seaham	25	33	(8)
Beamish Capital Project	1,879	5,533	(3,654)
Town & Village Centre	4,025	2,783	1,242
Forrest Park Dev	0	100	(100)
<u>Town Centres:</u>			
Barnard Castle	76	70	6
Bishop Auckland	3,985	1,848	2,137
Consett	516	519	(3)
Peterlee	284	40	244
Seaham	936	502	434
Spennymoor	327	311	16
Other	532	147	385
	30,756	31,188	(432)
Planning & Housing			
Housing Renewal	9,149	6,686	2,463
Housing Development	195	49	146
DFG/FAP	7,176	9,503	(2,327)
Minor P&H	769	452	317
	17,289	16,690	599
Corporate Property and Land			
Office Accommodation	17,014	17,324	(310)
Structural Capitalised Maint	3,858	3,644	214
Milburngate	403	160	243
Aykley Heads	0	1	(1)
	21,275	21,129	146
Transport & Contracted Services			
Local Transport Plan	1,790	1,982	(192)
Transport Major Schemes	37,852	30,559	7,292
T&CE	748	625	123
	40,390	33,166	7,223
Culture, Sport and Tourism			
<u>Culture and Museums:</u>			
The Story	4,471	4,258	213

	Revised Annual Budget £000	Actual Spend to 31 March £000	Remaining Budget £000
General Fund			
Shildon Coal Drops	513	367	146
Redhills Refurbishment	815	710	105
Locomotion New Building	2,975	2,975	0
Weardale Railway	977	656	321
Killhope Museum	602	550	52
DLIMAG	1,434	849	585
Other	18	49	(31)
<u>Leisure Centres:</u>			
Teesdale LC	361	198	163
Spennymoor LC	2,015	2,050	(35)
Woodhouse Close LC	950	662	288
Peterlee LC	4,645	4,543	102
Abbey LC	2,330	2,237	93
Louisa LC	2,164	3,308	(1,144)
Other	372	325	47
Outdoor S&L Facilities	63	40	23
	24,705	23,778	928
Strategic Programmes			
Minor SPP	90	0	90
	90	0	90
REG Total	134,505	125,951	8,554