

Economy and Enterprise Overview and Scrutiny Committee

11 September 2024



Regeneration, Economy and Growth – Quarter 1: Forecast of Revenue and Capital Outturn 2024/25

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 forecast outturn position for quarter 1 revenue and capital for Regeneration, Economy and Growth (REG) as at 30 June 2024.

Executive summary

- 2 This report provides an overview of the forecast of outturn, based on the position at quarter 1, 2024/25. 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 position is that there is a forecast overspend of £0.966 million, against a revised budget of £59.026 million after taking account of the forecast 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.
- 4 Net adjustments on energy reductions of £1.061 million have been excluded from the REG cash limit forecast outturn position. Also excluded is £0.500 million in respect of Leisure Centre income shortfalls due to Leisure Transformation closures that are being covered corporately, £0.257 million underspend in relation to the delayed Sniperley Park & Ride route extension, £0.272 million underspend on

the Aykley Heads Cultural Venue revenue budget due to the delayed opening date and £0.364 million of costs which have been covered from central contingencies (Facilities Management dual running net costs (£43,000), under-achieved Catering income in relation to civic sites of £0.154 million, Health & Safety radon works of £43,000 and legal / professional fees for the Milburngate development of £0.210 million).

- 5 The revised service capital budget is £170.367 million with expenditure of £35.270 million as at 30 June 2024.
- 6 Details of the reasons for under and overspending against relevant budget heads are disclosed in the report.

Recommendation(s)

- 7 Economy and Enterprise Overview and Scrutiny Committee is requested to note the contents of this report.

Background

8 County Council approved the Revenue and Capital budgets for 2024/25 at its meeting on 28 February 2024. 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 - £59.026 million (original £54.929 million)
- (b) Capital Programme – £170.367 million (original £167.396 million)

9 The original service revenue budget has been revised in year to incorporate various permanent budget adjustments. These are shown in the table below:

Description	Change (£m)
AAP's – from NCC to REG (Ec Dev)	3.875
Humanitarian Support – from NCC to REG (P&H)	0.009
Post Budget (Arborist) – from REG (CPaL) to NCC	(0.049)
Post Budgets (Parking Admin) – from RES to REG (T&CS)	0.262
Total Change	4.097

10 The summary financial statements contained in the report cover the financial year 2024/25 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 2024/25

11 The service is reporting a cash limit overspend of **£0.966 million** against a revised budget of **£59.026 million** (1.6%).

- 12 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).

Service Budget - Analysis by Head of Service £'000

Head of Service	Revised Annual Budget	Forecast Outturn	Variance	Items Outside Cash Limit	Earmarked Reserves	Net Inflation Adjustment	Cash Limit Variance
	£000	£000	£000	£000	£000	£000	£000
Economic Development	3,942	5,685	1,743	0	(1,714)	0	29
Corporate Property & Land	1,041	2,650	1,609	(364)	(1,567)	0	(323)
Culture Sport & Tourism	16,803	20,030	3,227	(228)	(1,614)	0	1,385
Planning & Housing	6,523	7,165	642	0	(562)	0	80
Transport & Contracted Servs	2,662	599	(2,063)	257	1,762	0	(44)
REG - Central Costs	28,055	26,832	(1,223)	0	0	1,061	(161)
Total	59,026	62,961	3,935	(335)	(3,694)	1,061	966

- 13 The cash limit overspend of £0.966 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.

Cash Limit Outturn – Explanation of Over and Under Spending

- 14 The main reasons accounting for the outturn position are as follows:
- (a) Culture, Sport and Tourism is forecast to overspend by £1.385 million against budget. The main reasons are:
 - (i) Unrealised MTFP savings of £0.410 million relating to Culture for Clayport Library restructure and remodel (£0.200 million), Sevenhills recharge to CYPS (£75,000), Library Transformation co-location opportunities (£0.105 million) and dynamic ticketing on theatres (£30,000).

- (ii) A £0.137 million overspend relating to library facility employee costs, contract cleaning and unachieved income for fines and fees.
 - (iii) A £0.436 million anticipated overspend at the two completed leisure transformation sites (Abbey and Peterlee) and the three sites expected to complete in year (Spennymoor, Louisa and Teesdale) due to cost and income pressures not being in line with the levels anticipated / forecast as part of the Leisure Transformation programme.
 - (iv) A £0.279 million overspend within Leisure & Wellbeing as a result of unachieved staff turnover savings and increased business rate costs.
 - (v) An overspend of £0.101 million relating to a previous service restructure relating to staff working in Theatres and Durham Town Hall.
- (b) Transport and Contract Services is forecast to broadly breakeven against budget, with the following offsetting variances identified:
- (i) Under-recovery of bus shelter advertising income of £0.153 million, which was a MTFP13 saving, and an overspend on bus shelter repairs and maintenance of £81,000.
 - (ii) An overspend of £0.110 million on Bus Stations due to business rates and cleaning costs at Durham Bus Station (£96,000) and additional security costs at Peterlee and Consett Bus Stations (£45,000), offset slightly by an underspend on Bishop Auckland Bus Station following its closure in year (£30,000).
 - (iii) Increased business rate charges and contract costs on car parks of £0.477 million, offset by £0.460 million overachievement of parking income, £0.195 million underspends in Road Safety mainly relating to employee and School Crossing Patrol vacancies and £0.186 million underspend on bus & rail contracts.
- (c) Planning and Housing is forecast to overspend by £80,000 against budget. The main reasons are:
- (i) Planning - anticipated overspend of £0.208 million, largely due to under-achieved of planning fee income targets, which were a MTFP13/14 saving;

- (ii) Strategy & Delivery – anticipated underspend of £20,000 on staffing;
 - (iii) Building Safety & Standards - anticipated underspend of £49,000 on staffing and additional Building Control income;
 - (iv) Housing Access and Independent Living – anticipated underspend of £39,000, comprised of an overspend of £75,000 on Temporary Accommodation, offset by underspends on staffing, as well as additional income in Care Connect/CCTV of £114,000.
- (d) Economic Development is forecast to overspend by £29,000 against budget, which is predominantly attributed to overspends against employee's for unachieved staff turnover savings in the Area Action Partnerships team.
- (e) Corporate Property and Land is forecast to underspend by £0.323 million against budget. The main reasons are:
- (i) Building & Facilities Management – anticipated overspend of £0.155 million due to under-achieved income in public-facing catering venues (£43,000), an unrealised MTFP saving (also Catering, of £71,000) and increased contract cleaning costs in Facilities Management (£43,000);
 - (ii) Business Development – anticipated underspend of £83,000 on staffing and supplies & services;
 - (iii) Head of Service – anticipated underspend of £0.102 million on supplies & services;
 - (iv) Strategy & Property Management – anticipated underspend of £0.323 million in relation to ongoing restructure, partially offset by additional costs in relation to Freemans Reach energy centre and unbudgeted business rates (Priory House);
 - (v) Strategic Programmes – anticipated overspend of £91,000 due to unachieved capital recharge income of £0.170 million, partially offset by underspends on staffing and supplies & services.
- (f) REG Central is forecast to underspend by £0.161 million against budget, which is predominantly a result of unallocated price inflation which is being held as a contingency sum in the service.

- 15 In summary, the service grouping is not managing to maintain spending within its cash limit and as a result needs to draw £0.966 million from the Regeneration Cash Limit Reserve.

Capital Programme

- 16 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.
- 17 The Regeneration, Economy and Growth Services capital programme was revised at year-end for budget re-profiled from 2023/24. 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 £170.367 million.
- 18 Summary financial performance for 2024/25 is shown below.

Service	Revised Annual Budget 2024/25 £000	Actual Spend to 30 June £000	Remaining Budget 2024/25 £000
Economic Development	64,006	20,426	43,580
Corporate Property & Land	11,955	1,941	10,014
Culture Sport & Tourism	26,825	3,218	23,607
Planning & Housing	17,458	3,516	13,942
Transport & Contracted Services	50,123	6,169	43,954
Total	170,367	35,270	135,097

- 19 Officers continue to carefully monitor capital expenditure on a monthly basis. Actual spend for the first 3 months amounts to £35.270 million. **Appendix 3** provides a more detailed breakdown of spend across the major projects contained within the capital programme.

Background papers

- County Council Report (28 February 2024) - [Medium Term Financial Plan 2024/25 to 2027/28 and Revenue and Capital Budget 2024/25 - Report of Cabinet](#)

Contact: Ed Thompson

Tel: 03000 263481

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 2024 in relation to the 2024/25 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

None.

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

None.

Human Rights

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

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: Regeneration, Economy & Growth Forecast Outturn at Q1 – Subjective Analysis

REG Subjective analysis	Revised Annual Budget	Forecast Outturn	Variance (excl OCL & Reserve Adjustments)	Items Outside Cash Limit	Earmarked Reserves	Net Inflation Adjustment	Cash Limit Variance
	£000	£000	£000	£000	£000	£000	£000
Employees	83,057	81,039	(2,018)	272	0	0	(1,746)
Premises	21,682	22,918	1,236	0	0	1,061	2,297
Transport	1,574	1,692	118	0	0	0	118
Supplies & Services	20,802	34,573	13,771	0	0	0	13,771
Third Party Payments	46,075	44,952	(1,123)	257	0	0	(866)
Transfer Payments	980	2,493	1,513	0	0	0	1,513
Capital	14,131	14,131	0	0	0	0	0
Central Support	13,206	13,905	699	(364)	(3,694)	0	(3,359)
DRF	0	1,104	1,104	0	0	0	1,104

REG Subjective analysis	Revised Annual Budget	Forecast Outturn	Variance (excl OCL & Reserve Adjustments)	Items Outside Cash Limit	Earmarked Reserves	Net Inflation Adjustment	Cash Limit Variance
Grant	(10,523)	(27,172)	(16,649)	0	0	0	(16,649)
Contributions Summary	(20,316)	(23,109)	(2,793)	0	0	0	(2,793)
Sales Summary	(2,939)	(2,433)	505	0	0	0	505
Charges	(29,277)	(35,924)	(6,647)	(500)	0	0	(7,148)
Rents	(11,073)	(14,151)	(3,078)	0	0	0	(3,078)
Recharges	(67,293)	(49,976)	17,317	0	0	0	17,317
Other Income Summary	(1,061)	(1,081)	(20)	0	0	0	(20)
Total	59,026	62,961	3,935	(335)	(3,694)	1,061	966

Appendix 3: Regeneration, Economy and Growth Capital 2024/25

General Fund	Revised Annual Budget £000	Actual Spend to 30 June £000	Remaining Budget £000
Economic Development			
Industrial Estates (Business Durham)	40,410	17,282	23,128
Community Infrastructure	3,850	13	3,837
Minor Schemes	37	37	0
North Dock Seaham	21	0	21
Beamish Capital Project	3,318	1,983	1,334
Town & Village Centre	2,327	235	2,092
<u>Town Centres:</u>			
Barnard Castle	6	4	2
Bishop Auckland	8,105	714	7,391
Crook	40	0	40
Durham	203	0	203
Peterlee	80	0	80
Seaham	3,477	89	3,388
Spennymoor	1,167	66	1,101
Other	965	3	962
	64,006	20,426	43,579
Planning & Housing			
Housing Renewal	10,933	1,010	9,923
Housing Development	1,197	239	958
Disabled Facility Grants/Financial Assist	4,443	1,580	2,863
Minor P&H	885	687	198
	17,458	3,516	13,942
Corporate Property and Land			
Office Accommodation	2,724	821	1,903
Structural Capitalised Maint	5,221	1,112	4,109
Aykley Heads	4,009	8	4,001
	11,954	1,941	10,013
Transport & Contracted Services			
Local Transport Plan	1,362	104	1,258
Transport Major Schemes	48,195	5,919	42,276
Traffic & Community Engagement	566	146	420
	50,123	6,169	43,954
Culture, Sport and Tourism			

	Revised Annual Budget	Actual Spend to 30 June	Remaining Budget
Libraries	10	0	10
<u>Culture and Museums:</u>			
The Story	1,885	45	1,840
Station Coal Drops	140	3	137
Redhills Refurbishment	428	105	323
Locomotion New Building	6	0	6
Weardale Railway	1,472	0	1,472
Killhope Museum	835	5	830
DLIMAG	8,409	844	7,565
Other	82	0	82
<u>Leisure Centres:</u>			
Teesdale LC	1,416	568	848
Spennymoor LC	1,967	394	1,573
Woodhouse Close LC	7,702	234	7,468
Peterlee LC	265	74	191
Abbey LC	45	2	43
Louisa LC	2,004	937	1,067
Other	107	2	105
Outdoor S&L Facilities	51	5	46
	26,825	3,218	23,607
Strategic Programmes			
Minor SPP	1	0	1
	1	0	1
REG Total	170,367	35,270	135,097