

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



4 October 2024

**Neighbourhoods & Climate Change –
Quarter 1: Forecast of Revenue and
Capital Outturn 2024/25**

Joint Report of Corporate Directors

Paul Darby, Corporate Director of Resources

**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 2024).

Executive summary

- 2 This report provides an overview of the updated forecast of outturn, based on the position at Quarter 1 for 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 (including Culture, Sport & Tourism which is in Regeneration rather than Neighbourhoods & Climate Change (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 overspend of £0.211 million, against a revised budget of £117.417 million for NCC. Culture, Sport & Tourism is forecasting an overspend of £1.385 million, against a budget of £16.803 million.

- 4 The revised service capital budget is £79.623 million with expenditure to 30 June of £3.660 million. Culture & Sport's revised capital budget is £26.824 million with expenditure of £3.218 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 2024/25 at its meeting on 28 February 2024. 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) NCC Revenue Budget - £117.417 million
 - (b) NCC Capital Programme – £79.623 million
 - (c) Culture, Sport & Tourism Revenue Budget – £16.803 million
 - (d) Culture, Sport & Tourism Capital Budget - £26.824 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 2024/25

- 9 NCC is reporting a cash limit overspend of **£0.211 million** against a revised budget of **£117.417 million**, while Culture, Sport & Tourism is reporting a cash limit overspend of **£1.385 million** against a revised budget of **£16.803 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

Service Analysis	Annual Budget	Forecast Position	Variance	From Earmarked Reserves	Inflation Adj	Outside the cash limit	Adj. Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Culture, Sport & Tourism	16,803	20,030	3,227	(1,614)	0	(228)	1,385
NCC							
Environmental Services	63,489	65,123	1,634	(865)	(157)	(102)	510
Highways	11,121	11,037	(84)	(61)	0	0	(145)
Community Protection	6,837	7,082	245	(409)	0	0	(164)
Community Engagement	0	0	0	0	0	0	0
NCC Central Costs	35,970	35,192	(778)	177	611	0	10
NET EXPENDITURE	117,417	118,434	1,017	(1,158)	454	(102)	211

- 11 The cash limit outturn position takes into account adjustments for sums outside the cash limit such as MTFP related redundancy costs that are met from corporate reserves and use of / contributions to earmarked reserves. Net inflationary reductions on energy (net underspend of £0.454 million) have been excluded from the cash limit outturn position along with £0.102 million in relation to Depot Business Rates.
- 12 The main reasons accounting for the outturn position are as follows:
- (a) Environmental Services is forecast to be £0.510 million overspent. This is mainly due to overspends of £0.274 million associated with increased repairs and business rates costs for premises, £0.865 million on transport and supplies and services (with fuel and spot hire of vehicles being the most significant areas of overspend) and £0.374 million underachieved car parking income at Noses Point and Crimdon due to delays in implementation of the new charging regime linked to MTFP(14) savings. These overspends are partly offset by over-achieved income of £0.673 million in

relation to fees and charges and contributions, along with an underspend of £0.330 million on employees due to ongoing vacancies.

- (b) Highways is forecast to be underspent by £0.145 million. Maintenance work, including additional gulley cleansing costs, drainage and bridge works is forecast to overspend by £0.238 million, and there is a small overspend of £71,000 in the trading areas. This is more than offset by underspends on Strategic Highways of £0.454 million, due to managed staff savings in lieu of future MTFP savings, and, more significantly, the overachievement of income on enforcement and inspections, including defect inspections, and fixed penalty notices.
- (c) Community Protection is forecast to be underspent by £0.164 million. This is due to an overachieved MTFP(13) saving, vacancies within the service, and there is also funding within the base budget to accommodate future increment increases associated with career grades, which isn't required this year.
- (d) 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.

- 13 A net £1.1 million relating to movement to and from reserves has also been excluded from the outturn. The major items being:
- a) £0.728 million drawdown relating to Clean & Green, Low Carbon and environmental issues;
 - b) £0.516 million drawdown from the Horden Together Reserve to fund planned activity in the year; and
 - c) £0.100 million contribution to the Community Protection Workforce Reserve.
- 14 Taking the projected outturn position into account, including the transfers to/ from and between reserves in year, the forecasted cash limit reserve balance for NCC will be £0.359 million at 31 March 2025.

Capital Programme

15. The Neighbourhoods & Climate Change capital programme was revised at year-end for budget re-phased from 2023/24. This increased the 2024/25 original budget to a level of £77.763 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 £79.623 million.

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
Culture, Sport & Tourism	26,824	3,218	23,606
NCC			
Community Protection	712	44	668
Environmental Services	25,433	1,084	24,349
Highways	53,478	2,532	50,946
NCC Total	79,623	3,660	75,963

- 16 Officers continue to carefully monitor capital expenditure on a monthly basis. Actual spend for the first 3 months amounts to **£3.660 million**. **Appendix 3** provides a more detailed breakdown of spend across the major projects contained within the capital programme.
- 17 The key areas of spend during the year to date are on Strategic Highways (£2.532 million) and Low Carbon (£0.691 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

- 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: Phil Curran

Tel: 03000 261967

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

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	68,997	67,374	(1,623)	0	0	0	(1,623)
Premises	8,849	8,529	(320)	(102)	0	611	189
Transport	21,765	22,544	779	0	0	0	779
Supplies & Services	19,490	26,163	6,673	0	0	0	6,673
Third Party Payments	55,348	52,897	(2,451)	0	0	0	(2,451)
Transfer Payments	0	0	0	0	0	0	0
Capital	25,393	25,393	0	0	0	0	0
Central Costs	11,283	11,657	374	(1)	(1,158)	0	(785)
DRF	0	0	0	0	0	0	0
Gross Expenditure	211,125	214,557	3,432	(103)	(1,158)	611	2,782
Grant	(2,151)	(2,207)	(56)	0	0	0	(56)
Contributions	(1,131)	(1,733)	(602)	0	0	0	(602)
Sales	(679)	(673)	6	0	0	0	6
Charges	(15,745)	(15,222)	523	0	0	(157)	366
Rents	(106)	(101)	5	0	0	0	5
Recharges	(72,606)	(74,916)	(2,310)	0	0	0	(2,310)
Other Income	(1,290)	(1,270)	20	0	0	0	20
Gross Income	(93,708)	(96,122)	(2,414)	0	0	(157)	(2,571)
Total	117,417	118,435	1,018	(103)	(1,158)	454	211

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

NCC	Revised Annual Budget 2024/25 £000	Actual Spend 30/06/24 £000	Remaining Budget £000
Community Protection			
Comm Protection	658	26	632
AAP Schemes-Community Protection	54	18	36
Community Protection Total	712	44	668
Environmental Services			
Strategic Waste	4,004	136	3,868
Fleet	3,060	-	3,060
Clean & Green	1,695	111	1,584
Refuse & Recycling	1,750	-	1,750
Environment & Design	1,530	43	1,487
Depots	945	103	842
Low Carbon	11,995	691	11,304
Neighbourhood Protection	419	-	419
North Pennines Partnership	35	-	35
Environmental Services Total	25,433	1,084	24,349
Highways			
Strategic Highways	43,145	1,531	41,614
Strategic Highways Bridges	10,320	1,001	9,319
Highway Operations	13	-	13
Highways Total	53,478	2,532	50,946
NCC Total	79,623	3,660	75,963
Culture and Sport			
Culture & Museums	13,267	1,002	12,265
Leisure	13,506	2,211	11,295
Outdoor Sports & Leisure Facilities	51	5	46
Culture and Sport Totsl	26,824	3,218	23,606

Appendix 4: Heads Of Service Analysis – Environmental Services

	Variance	Explanation
Head of Environment	(3)	Minor Variance
Refuse & Recycling	(9)	(£8k) underspend on Employees due to a number of vacant posts with a combined saving of (£557k) but Agency costs are expected to overspend by £549k due to sickness and vacant post cover.
Strategic Waste	11	(£60k) underspend on staffing due to vacancies and turnover £5k overspend on premises due to rents for compounds at Frosterley & Middleton in Teesdale £4k overspend on transport mainly due to spot hire costs with minimal budget £41k overspend on supplies & service mainly due to Garden Waste postages and Environmental Monitoring software covering 3 years £23k underachievement of income on Garden Waste Contracts £47k (£2k) other minor underspends £157k under achieved Joint Stocks Power Generation Income but this will be Outside the Cash Limit so nil variance
Clean & Green	(21)	(£265k) net underspend on staffing vacancies as new posts not being appointed to, however this is offset by increased agency costs £75k overspend on Premises, mainly due to £63k site accommodation costs £334k overspend on Transport - mainly due to daywork repairs, spot hire and fuel £113k overspend on Supplies & Services and Agency & Contracted Services, mainly due to machinery hire while waiting for replacement mowers arriving and payments to sub-contractors (£215k) drawdown from reserves to cover works which were carried forward from 2023/24 (£63k) overachieved income on SLAs, recharges and contributions, offset by a forecast underachievement of parking income at Noses Point forecast of £178k
Neighbourhood Protection	124	£121k overspend in staffing due to staff turnover savings not being achieved. £2k overspend on premises, mainly cleaning materials. £12k overspend on transport - increased Daywork recharges within Pest Control and Wardens, covered partly by a large underspend in fleet management recharges. £15k overspend on Supplies and Services in other expenses due to fencing in Wardens which is covered from reserves. (£39k) drawdown from reserves (£11k fencing, £6k Warden overtime, £22k to fund post in Bereavement) £36k Debt written off (£23k) overachieved income on minor works
Fleet	(4)	Minor Variance
Depots	313	(£26k) underspend on staffing but covers some overspend in Security as they are now covering the post. £125k overspend on General Repairs £48k overspend on Rents & Wayleaves for Beechburn Depot £13k overspend on Refuse Collection £152k overspend on Security Costs
North Penines AONB	0	No Variance
Low Carbon	(33)	(£32k) underspend on staffing due to vacancies/delays in filling posts on the management cost centre which will be filled in the ongoing restructure. BEEP posts offset by reserve, and receiving grant to cover salaries on Electric Vehicles. £12k overpend on supplies & services, mainly due to consultant fees on core cost centre. (£13k) over achieved income mainly due to fees and charges/additional contributions
Environment & Design	132	(£68k) underspend on Tech & Service Development due to vacancies and over achievement on income. Overspend on supplies & services offset by reserve contributions. £5k overspend on Landscape/Forest Estate mainly due to under achievement on staff turnover savings. £173k overspend on Heritage Coast due to underachievement of parking income at Crimdon. £16k overspend on Archaeology, mainly due to overspend on Binchester for premises and supplies & services. £7k overspend on Ecology due to under achievement on staff turnover savings. (£1k) underspend on management cost centre.
TOTAL	510	

Highways Outturn 2024/25 - Reasons for Variances - Quarter 1

Service	Over / (Under) £000s	Reason for Variance
Head of Highways	0	
Highways Services Trading	27	Trading Overspend £27k - Street Lighting (£153k) underspend - staff vacancies, Commercial Group (£10k) underspend mainly on staffing, Countywide £190k overspend mainly due to high materials costs - including £40k from cash limit reserve for Clean & Protect.
Highways Services Non-Trading	282	Highways Revenue Maintenance - Overspend of £238k. Overspend of £26k on employees. Overspend of £5k on premises due to car park utility charges. Overspend of £17k on Transport and Supplies £9k over. Overspend of £41k on Agency. Overspends including cyclic works gully emptying £218k, Drainage £184k Under achievement of Income £139k. Management & Admin Overspend of £25k - Driven by overspend of £28k on employees, underspend on General office repairs (£3k). Large underspend on staffing travelling (£38k) and overspend in Supplies and Services £15k, overspend in Agency £20k plus no income contribution expected £3k Stores Overspend of £19k, Underspend in staffing (£14k), overspend in Transport £18k & Supplies £15k. Winter Maintenance - Currently as budget
Strategic Highways	(454)	Street Lighting - Underspend of (£28k) Underspend of (£20k) on employees - Staff vacancies Street Lighting electricity budget - Covered from central finance, net nil. Underspend of (£11k) on S&S mainly due to consultancy coming under budget Underachievement of income on fees received £2k Highways Permit Scheme £21k - Overspend covered from Permit reserve.
		Technical Team - Underspend of (£99k) Underspend of (£7k) on employees Overspend of £8k on Transport Overspend of £89k on Supplies due to increased advertising costs however recovered in full through income plus admin fee. Over achieved Income of (£189k) - Mainly Emergency Road Closures (£9k), TRO's (£120k) and recharge off staff to permit scheme (£95k) offsets £87k Supplies overspend. Other income down such as Street Naming and Numbering and Section 50 licencing £34k.
		Asset Management - Overspend of £95k Underspend of (£41k) on employees - Vacancies in team. Underspend of (£20k) on premises due to reduced rates. Overspend £7k in transport, underpsend in supplies services (£3k) Overspend of £1k on agency. Overspend £36k due to Commercial Group officer recharge Under achieved Income of £115k - £62k due to Licensing of Highway space
		Drainage & Coast Protection - On budget Underspend of (£34k) on employees - Reduction in hours across a few of the team. Overspend on transport of £7k - Mainly short term spot hire of vehicle for full year. Overspend on agency of £28k - Drainage contract payments Income (£1k) underspend
		Structures - Overspend of £20k Overspend of £19k on employees due to unbudgeted degree apprentice Overspend of £5k on Transport for unbudgeted short term hire of vehicle (recharged in income). Additional income of (£4k) due to capital funded salaries and vehicles.
		Public Right of Way - Overspend of £20k Overspend of £4k on employees . Overspends in Supplies £14k, Transport £1k. Under achievement of income £1k.
		Enforcement & Inspections - Underspend of (£408k) Overspend of £7k on employees - Minor Variance offset by underspend of (£21k) on Transport - Fuel, fleet management and car allowances. Overspend of £70k on S&S Over achieved Income of (£464k) - Over-recovered income Fixed Penalty notices, default inspections and Section74 over-runs (£303k). Also includes part of salaries recharged for Highways Permit work (£170k).
		Highways Adoptions - Underspend of (£54k) Underspends on employees (£58k), overspend supplies & services £1k, under achievement of income £3k
GRAND TOTAL	(145)	

Appendix 4: Heads Of Service Analysis – Community Protection

Service	Over / (Under) £000s	Reason for Variance
Head of Community Protection	(66)	Contribution to reserve of £100k unspent growth allocated back to Workforce Development Reserve offset by unspent growth (£92k) and overachievement of MTFP Savings (£74k)
Business Compliance	(138)	Business Compliance Management - £52k unallocated MTFP saving for Fees and £2k minor overspend on staffing. Consumer Safety (£115k) under - (£76k) under in staffing due to vacant posts in year and career graded posts, (£3k) under on premises due to market rates revaluations, £7k over on subcontractors and supplies and services mainly due to vet inspections, (£44k) over achievement on income expected mainly due to Animal Licences. Health Protection (£4k) - £6k over in staffing due to not meeting efficiency saving, (£17k) under on supplies and services mainly due to additional budget for Natasha's Law, and £7k under achievement on income. Environment Protection (£67k) - (£12k) under in staffing due to moderated posts, £5k over on staff travelling, (£37k) under on Supplies and Services, £8k over on Private Water Testing fees and (£31k) over achievement of income mainly due to private water testing. Better Business for All and Primary Authority - (£3k) income received.
Licensing	161	(£17k) under spend in staffing due to moderated posts, offset by overspend on taxi related costs of £53k and £125k under achievement within licencing income mainly taxi licencing and gaming and lotteries.
Strategic Regulation	70	Strategic Regulation Management £12k - £1k over in staffing plus overspend in Supplies and Services £11k mainly relating to training costs. Civil Contingencies Unit (£20k) - (£2k) under in staffing, (£6k) under in supplies and services (£12k) Additional Income above budget for CCU Darlington contract CP Professional Development £97K over in staffing due to reserve funded posts funded from the service underspend. GRT (£21k) - underspend on mainly on staffing due to leaver and Supplies and Services. Information & Intelligence - £11k overspend within supplies and services. Special Investigations £8k - (£7k) staffing underspend due to obsolescence of one post from June. £18k over in supplies and services offset by (£7k) income contributions towards illicit tobacco projects. Plus minor overspends in Transport and Subcontractor payments £4k. Regulatory Systems (£17k) - (£48k) under in staffing due to vacancies in year and career graded posts plus underspends in transport of (£5k) offset by £2k supplies and services. £34k under on capital funding for posts due to reorganisation within team leaving one post instead of two.
NEPPP	(0)	Income funded area, difference of net costs are put to reserves at yearend.
Safer Places	(191)	Safer Places Management (£23k) - mainly due to vacancy during first quarter. ASB Interventions (£105k) - (£102k) under in staffing due to vacancies, minor underspends in supplies (£3k) Safer Communities (£35k) - (£9k) underspend on staffing plus by saving on subcontractors and supplies budget (£24k), transport under by (£2k). Nuisance Action Team (£18k) - Underspend (£12k) across staffing, supplies and transport (£8k) plus £2k under achievement on income. Community Action Team (£53k) - (£37k) under in staffing due to moderated posts plus underspend in transport and supplies (£16k). Housing Action Team (£33k) - (£31k) under in staffing due to vacancies, (£2k) under in transport £77k Trailblazer Funding to support ASB Posts
GRAND TOTAL	(164)	