

Economy and Enterprise Overview and Scrutiny Committee

18 December 2024



Regeneration, Economy and Growth – Quarter 2: Forecast of Revenue and Capital Outturn 2024/25

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 forecast outturn position for quarter 2 revenue and capital for Regeneration, Economy and Growth (REG) as at 30 September 2024.

Executive summary

- 2 This report provides an overview of the forecast of outturn, based on the position at quarter 2, 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 £0.645 million, against a revised budget of £58.990 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 £1.750 million have been excluded from the REG cash limit forecast outturn position. Also excluded is £0.460 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 £0.882 million of costs which have been covered from central contingencies (Facilities Management dual running net costs £0.131 million, under-achieved Catering income in relation to civic sites of £0.146 million, Health & Safety radon works of £43,000, Sanderson's external valuation costs of £13,000 and legal / professional fees for the Milburngate development of £0.548 million).

- 5 The revised service capital budget is £178.209 million with expenditure of £70.449 million as at 30 September 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 - £58.990 million (original £54.929 million)
- (b) Capital Programme – £178.209 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)
Q1	
AAP's – from NCC to REG (Ec Dev)	3.875
Humanitarian Support – from NCC to REG (P&H)	0.009
Staff Budget (Arborist) – from REG (CPaL) to NCC	(0.049)
Staff Budgets (Parking Admin) – from RES to REG (T&CS)	0.262
Q2	
Chief Officers Pay Award	0.059
Leisure Transformation Lease Charge	(0.118)
Employee Budgets (Durham Town Hall) from RES to REG (CS&T)	0.023
Total Change	4.061

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 **£0.645 million** against a revised budget of **£58.990 million** (1.1%).
- 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

	Revised Annual Budget	Forecast Outturn	Variance	Items Outside Cash Limit	Earmarked Reserves	Net Inflation Adjustment	Cash Limit Variance
Head of Service	£000	£000	£000	£000	£000	£000	£000
Economic Development	3,953	5,739	1,785	0	(1,786)	0	0
Corporate Property & Land	1,164	3,282	2,118	(883)	(1,554)	0	(319)
Culture Sport & Tourism	16,619	19,507	2,888	(187)	(1,345)	0	1,356
Planning & Housing	6,536	6,707	171	0	(292)	0	(121)
Transport & Contracted Servs	2,671	1,076	(1,595)	257	1,213	0	(125)
REG - Central Costs	28,047	26,152	(1,895)	0	0	1,750	(146)
Total	58,990	62,463	3,472	(812)	(3,764)	1,750	645

- 13 The cash limit overspend of £0.645 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 (a) is forecast to overspend by £1.356 million against budget. The main reasons are:
- (i) Unrealised MTFP savings of £0.423 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) dynamic ticketing on theatres (£30,000) and asset transfer of Blackhill Park Lodge (£13,000).

(ii) A £0.255 million overspend relating to unachieved theatre income and overspends at library facilities relating to employee costs, contract cleaning and unachieved income for fines and fees.

(iii) A £0.475 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 £0.102 million overspend within Leisure & Wellbeing because of unachieved staff turnover savings.

(v) An overspend of £0.102 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 underspend by £0.125 million against budget. The main reasons are:

(i) Under-recovery of bus shelter advertising income of £0.153 million, which was a MTFP(13) saving, and an overspend on bus shelter repairs and maintenance of £80,000.

(ii) An overspend of £0.152 million on Bus Stations due to business rates and cleaning costs at Durham Bus Station and additional security costs at Peterlee and Consett Bus Stations.

(iii) Increased business rate charges and contract costs on car parks of £0.517 million, offset by £0.590 million overachievement of parking income, £0.138 million underspends in Road Safety relating to employee and School Crossing Patrol vacancies and £0.334 million underspend on bus & rail contracts.

(c) Planning and Housing is forecast to underspend by £0.121 million against budget. The main reasons are:

- (i) Planning - anticipated underspend of £69,000, due to £0.178 million underspend on staffing vacancies offset by overspends on external legal fees £60,000, subscriptions and postage £33,000 and compensation relating to Trinity Meadows of £50,000. Planning fee income is forecast to under achieve by £0.184 million, however this is offset by a reduction of £0.220 million in the agreed planning investment to other service areas;
 - (ii) Chapter Homes – anticipated underspend of £66,000 mainly due to a vacant post;
 - (iii) Strategy & Delivery – anticipated underspend of £8,000 on staffing;
 - (iv) Building Safety & Standards - anticipated overspend of £30,000 largely in relation to under-achieved building control income £93,000, £78,000 dangerous structures, £34,000 HUG2 scheme and £22,000 LAD scheme, partially offset by staffing vacancies of £0.176 million;
 - (v) Housing Access and Independent Living – anticipated overspend of £4,000, comprised of an overspend of £0.175 million on Temporary Accommodation, offset by £87,000 overachieved income relating to CCTV monitoring and staffing vacancies in Homeless Prevention.
- (d) Economic Development is forecast to broadly break even against budget.
- (e) Corporate Property and Land is forecast to underspend by £0.318 million against budget. The main reasons are:
 - (i) Building & Facilities Management – anticipated overspend of £0.151 million due to under-achieved income in public-facing catering venues £42,000, an unrealised MTFP saving (also Catering, of £71,000) and increased contract cleaning costs in Facilities Management £29,000;
 - (ii) Business Development – anticipated underspend of £94,000 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 £0.318 million in relation to ongoing re-structure and staffing underspends, partially offset by additional costs in relation to Freemans Reach energy centre, unbudgeted business rates costs (Priory House), underachieved income on vacant properties and underachieved income for surveyor fees;

(v) Strategic Programmes – anticipated overspend of £52,000 due to unachieved capital recharge income of £0.133 million, partially offset by underspends on staffing and supplies & services.

(f) REG Central is forecast to underspend by £0.146 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 £0.645 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 £178.209 million.

18 Summary financial performance for 2024/25 is shown below.

Service	Revised Annual Budget 2024/25 £000	Actual Spend to 30 September £000	Remaining Budget 2024/25 £000
Economic Development	72,492	36,312	36,180
Corporate Property & Land	12,185	3,226	8,959
Culture Sport & Tourism	24,976	6,739	18,236
Planning & Housing	20,824	7,116	13,708

Service	Revised Annual Budget 2024/25	Actual Spend to 30 September	Remaining Budget 2024/25
Transport & Contracted Services	47,732	17,056	30,677
Total	178,209	70,449	107,760

- 19 Officers continue to carefully monitor capital expenditure on a monthly basis. Actual spend for the first 6 months amounts to £70.449 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](#)
- Cabinet Report (18 September 2024) – [Forecast of Revenue and Capital Outturn 2024/25 – Period to 30 June 2024.](#)
- Cabinet Report (4 December 2024) - [Forecast of Revenue and Capital Outturn 2024/25 – Period to 30 September 2024](#)

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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 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 Q2 – 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	83,090	80,949	(2,141)	272	0	0	(1,869)
Premises	21,649	22,490	841	0	0	1,750	2,591
Transport	1,574	1,761	187	0	0	0	187
Supplies & Services	21,990	37,140	15,150	0	0	0	15,150
Third Party Payments	46,018	48,951	2,932	257	0	0	3,189
Transfer Payments	980	3,065	2,085	0	0	0	2,085
Capital	14,131	14,131	0	0	0	0	0
Central Support	13,335	14,120	784	(882)	(3,764)	0	(3,862)
DRF	0	1,535	1,535	0	0	0	1,535
Grant	(12,164)	(25,350)	(13,186)	0	0	0	(13,186)
Contributions Summary	(20,226)	(23,279)	(3,053)	0	0	0	(3,053)
Sales Summary	(2,889)	(2,424)	464	0	0	0	464
Charges	(29,251)	(34,894)	(5,643)	(460)	0	0	(6,103)
Rents	(11,073)	(14,132)	(3,059)	0	0	0	(3,059)
Recharges	(67,112)	(59,638)	7,473	0	0	0	7,473
Other Income Summary	(1,063)	(1,961)	(898)	0	0	0	(898)
Total	58,990	62,463	3,472	(812)	(3,764)	1,750	645

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

General Fund	Revised Annual Budget £000	Actual Spend to 30 September £000	Remaining Budget £000
Economic Development			
<u>Town Centres:</u>			
Barnard Castle	6	4	2
Bishop Auckland	7,364	2,955	4,409
Crook	40	0	40
Durham	203	39	164
Peterlee	40	10	30
Seaham	3,477	186	3,291
Spennymoor	736	145	591
Other	1,085	18	1,067
North Dock Seaham	21	0	21
Minor Schemes	37	37	0
Beamish Capital Project	3,318	3,179	139
Town & Village Centre	2,948	1,130	1,818
Industrial Estates	49,384	28,501	20,882
Community Infrastructure	3,450	105	3,345
Rural England Prosperity Fund	384	3	381
	72,492	36,312	36,180
Planning & Housing			
DFG/FAP	5,843	3,249	2,594
Housing Renewal	12,899	2,675	10,224
Housing Development	1,197	256	941
Minor P&H	885	936	-51
	20,824	7,116	13,708
Corporate Property and Land			
Office Accommodation	2,920	1,046	1,874
Structural Capitalised Maint	5,256	2,062	3,194
Aykley Heads	4,009	118	3,891

General Fund	Revised Annual Budget £000	Actual Spend to 30 September £000	Remaining Budget £000
	12,185	3,226	8,959
Transport & Contracted Services			
Local Transport Plan	1,362	478	884
Transport Major Schemes	45,413	16,265	29,148
Traffic & Comm Engagement	957	313	645
	47,732	17,056	30,677
Culture, Sport and Tourism			
Outdoor Sports and Leisure Facilities	51	52	-1
<u>Leisure Centres:</u>			
Teesdale LC	1,416	1,004	412
Spennymoor LC	1,967	751	1,216
Woodhouse Close LC	6,210	374	5,836
Peterlee LC	265	130	135
Abbey LB	45	2	43
Louisa LC	2,004	1,976	28
Other	107	2	105
<u>Culture and Museums:</u>			
The Story	1,885	76	1,809
Sildon Coal Drops	140	38	102
Redhills Refurbishment	428	105	323
Locomotion New Building	6	0	6
Weardale Railway	1,131	93	1,037
Killhope Museum	835	49	786
DLIMAG	8,390	2,055	6,335
Other	85	33	52
Libraries	10	0	10
	24,976	6,739	18,236
REG Total	178,209	70,449	107,760