



# Northumberland

## County Council

### CABINET

17 September 2019

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## **Financial Performance 2019-20 - Position at the end of July 2019**

Report of Alison Elsdon, Service Director Finance

Cabinet Member: Nicholas Oliver, Portfolio Holder for Corporate Services

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### **1. Purpose of report**

- 1.1 The purpose of the report is to ensure that the Cabinet is informed of the current financial position for the Council against the Budget for 2019-20.

### **2. Recommendations**

- 2.1 Members are requested to:

- a. note the report.
- b. note the projected overspend of £1.826 million.
- c. note the pressures currently identified.
- d. approve the adjustments to the capital programme shown at 18.3 of £0.115 million (net) to reflect the confirmation of grant allocations for the Pothole Fund, Integrated Transport and Disabled Facilities grants.
- e. approve a net re-profiling of £36.191 million: £46.577 million from 2019-20 to 2020-21; and £10.386 million from 2020-21 to 2019-20 to reflect estimated expenditure levels in the current financial year.
- f. note the virements at Appendix B.
- g. approve the new grants at Appendix C and the required changes to the budgets.
- h. note the progress on the delivery of the approved savings at Appendix D.

### **3. Link to Corporate Plan**

- 3.1 The Council's budget is aligned to the priorities outlined in the Corporate Plan 2018-21 "A Council that Works for Everyone".

## **4. Key issues**

### **4.1 Overall Position**

4.1.1 The report provides information and analysis on the Council's financial performance and use of resources to the end of July 2019. The Council set its budget for 2019-20 on 20 February 2019 and this report focuses on the financial performance to the end of July 2019 and the projected year end position at that point in time.

## **5. Projected Revenue Outturn 2019-20**

5.1 The Council's projected revenue outturn position at the end of July, within each service area is shown at Appendix A (figures in brackets denote an underspend). A summary of the position for each service is contained within the report.

5.2 The Council's overall annual revenue expenditure is managed across a number of areas:

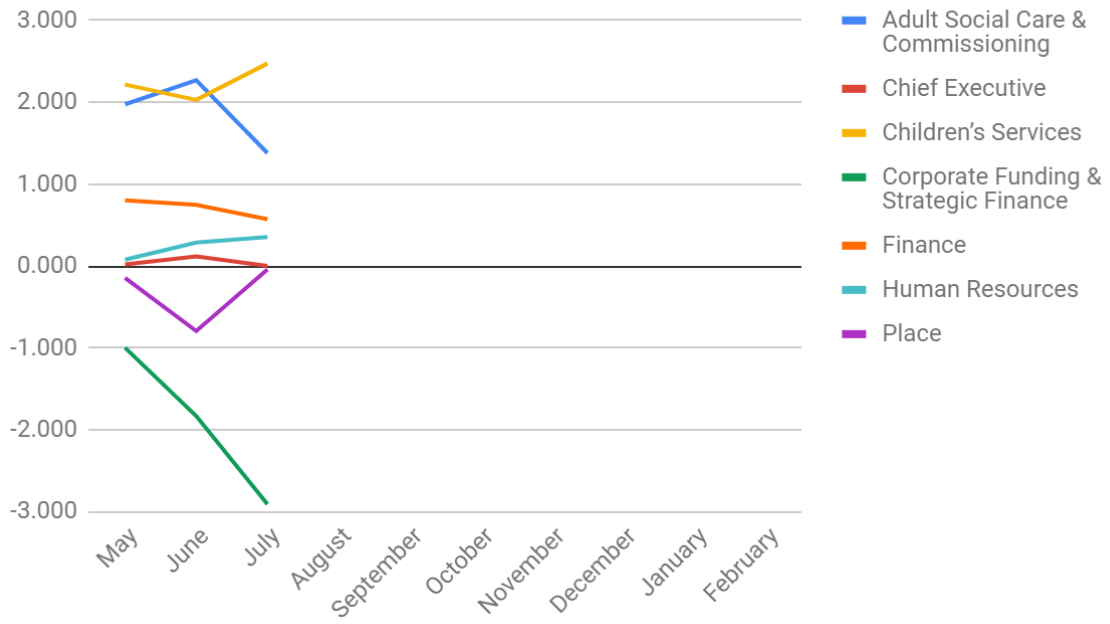
- a. The General Fund with a net budget of £297.898 million, providing revenue funding for the majority of the Council's services;
- b. The Dedicated Schools Grant (DSG) of £141.735 million in 2019-20, which is ring-fenced for schools funding, overseen by the Schools' Forum, and managed within the Children's Services Directorate;
- c. Public Health, a ring-fenced grant of £15.798 million in 2019-20, must be spent to support the delivery of the Public Health Outcomes Framework and is managed within the Adult Services Directorate;
- d. The Housing Revenue Account (HRA) with anticipated gross expenditure of £35.771 million in 2019-20, is ring-fenced, and reported separately from the General Fund, and is managed within the Place Directorate.

## **6. General Fund**

6.1 The table at Appendix A provides a summary of how each directorate is performing against the General Fund revenue budget for the 2019-20 financial year.

6.2 The following graph provides a trend analysis of the forecast outturn, by directorate over the year to date:

## 2019-20 Monthly Budget Monitoring Forecasts (£ million)



## 7. Adult Social Care & Commissioning - £1.379 million forecast overspend

2019-20 Budget	Gross Expenditure	Gross Income	Net Revenue Budget
	£m	£m	£m
<b>Adult Services</b>	202.588	(109.672)	92.916

YEAR TO DATE			FULL YEAR		
Profiled Budget	Actual Expenditure	Variance	Current Budget	Forecast Outturn	Variance
£m	£m	£m	£m	£m	£m
17.040	18.976	1.936	92.916	94.295	1.379

7.1 The summary below highlights the variances within each area:

Variations	£m
Commissioned Services	1.508
In-House Services	0.046
Care Management	(0.383)
Adult Support Services	0.208
<b>Total Variations in Adult Social Care &amp; Commissioning</b>	<b>1.379</b>

7.2 The reasons for the forecast position for Adult Services are outlined below:

- a. Commissioned Services is forecast to overspend by £1.508 million. There continues to be an upward trend in the growth in demand for services to support vulnerable people with complex care needs; in particular supported and independent living services. The service is currently reviewing all care packages in order to manage resources and meet the £2 million approved saving target within this area.
- b. In-House Services is forecast to overspend by £0.046 million. This is due to the following:
  - i. An overspend of £0.506 million on staffing related expenditure. This relates to demand led services where overtime and casual staff are used to manage staffing levels and ensure that the minimum staffing levels according to the varying number of clients and level of complex needs are in place;
  - ii. This is offset by additional income of £0.372 million, in excess of the budget, from Northumberland CCG for service users who have been assessed as being eligible for Continuing Health Care or Section 117 funding;

- iii. It is anticipated that the review of in-house services will not fully achieve the £0.715 million approved saving this financial year. The Executive Director has agreed that the unachieved balance of £0.600 million will be met in 2019-20 from additional income to the Short Term Support Service (STSS) from the Commissioned Services care budget; which in turn moves the pressure to Commissioned Services. To ensure continuity of care within Commissioned Services, the STSS (part of the in-house service) is providing care and support to clients where external providers do not have the resources to meet the level of care required.
- c. Care Management is forecast to underspend by £0.383 million. This is due to the following:
  - i. Staffing related budgets are forecast to underspend by £0.250 million as a result of vacant posts.
  - ii. The Social Care in Prisons Grant is forecast to underspend by £0.120 million. Support for this service is being provided by other areas of Adult Services where the expenditure is already being incurred and forecast.
- d. Adult Support Services is forecast to overspend by £0.208 million. This is due to the following:
  - i. A £0.500 million saving was approved from the 2019-20 budget as it was anticipated that additional income would be received from Northumberland CCG in respect of the support work provided by Adult Services for commissioning Continuing Health Care. Negotiations have secured an additional £0.300 million income resulting in a £0.200 million pressure for the service;
  - ii. The Deprivation of Liberty team is forecast to overspend by £0.242 million due to the increased level of mental health assessments that have been requested;
  - iii. Income from deputyship fees is forecast to be £0.127 million more than budget due to the increased level of vulnerable people who require help making decisions regarding their welfare and/or financial affairs; and,
  - iv. Staffing related budgets are forecast to underspend by £0.072 million as a result of vacant posts.
- e. The remaining balance comprises a number of minor variances.

## 8. Chief Executive - Break even position

2019-20 Budget	Gross Expenditure	Gross Income	Net Revenue Budget
	£m	£m	£m
Chief Executive	3.384	(1.674)	1.710

YEAR TO DATE			FULL YEAR		
Profiled Budget	Actual Expenditure	Variance	Current Budget	Forecast Outturn	Variance
£m	£m	£m	£m	£m	£m
0.572	0.370	(0.202)	1.710	1.710	0.000

8.1 The reasons for the forecast position for the Chief Executive's budget are outlined below:

- a. The budget is expected to break even. There are some minor variances which will be resolved through adjustment.
- b. In year expected income for consultancy work has been achieved.

## 9. Children's Services - £2.474 million forecast overspend

2019-20 Budget	Gross Expenditure	Gross Income	Net Revenue Budget
	£m	£m	£m
Children's Services	82.829	(22.382)	60.447

YEAR TO DATE			FULL YEAR		
Profiled Budget	Actual Expenditure	Variance	Current Budget	Forecast Outturn	Variance
£m	£m	£m	£m	£m	£m
17.593	14.948	(2.645)	60.447	62.921	2.474

9.1 The summary below highlights the variances within each area:

Variations	£m
Early Intervention and Prevention	(0.271)
Purchase Budgets	3.584
Looked after Children	(0.780)
Social Work Teams	(0.297)
Other Children's Social Care headings	0.081

<b>Total Variances in Children's Social Care</b>	<b>2.317</b>
Special Educational Needs & Disability	0.102
Other Education & Skills headings	0.055
<b>Total Variances in Education &amp; Skills</b>	<b>0.157</b>
<b>Total Variances in Children's Services</b>	<b>2.474</b>

9.2 The reasons for the forecast position for Children's Services are outlined below:

- a. The Early Intervention and Prevention Service is forecast to underspend by £0.260 million on staff and £0.025 million on staff travel. This is as a result of a number of staff taking voluntary severance and several staff vacancies which are assumed to be filled with effect from September 2019.
- b. The Purchase budgets are forecast to overspend by £4.868 million due to the overall cost of out of county residential care placements. This includes additional agency staff required to support short term placements in emergency accommodation. There are currently 37 placements, of which 35 are anticipated to remain for the full year.
- c. The overspend on Purchase budgets is offset by £1.100 million additional income anticipated from Northumberland CCG in respect of jointly funded clients.
- d. The budget for Looked after Children is forecast to underspend by £0.780 million. Kylee House secure unit is expected to underspend by £0.596 million, with income from Other Local Authorities that purchase placements exceeding the budget by £0.522 million and an underspend on staffing of £0.048 million. In addition, there is an underspend on the Family Support Service of £0.125 million as there has been a delay in appointing to newly created posts when the service has transferred in house. This is expected to be complete by the end of September 2019.
- e. The Social Work Teams budget is forecast to underspend by £0.297 million. This is a result of £0.731 million underspend on staff costs due to staff turnover and vacant posts; offset by £0.615 million agency costs which are not included in the budget. In addition, Section 17 expenditure is anticipated to be £0.151 million less than the budget. There is an underspend on the service contingency provision of around £0.100 million based upon latest commitments; and, a further £0.100 million income has been received in relation to the North of Tyne collaboration work, which is not included in the budget. This is offset by an expected overspend of £0.117 million on client transport.

f. The remaining overspend comprises a number of minor variances.

## 10. Finance - £0.572 million forecast overspend

2019-20 Budget	Gross Expenditure	Gross Income	Net Revenue Budget
	£m	£m	£m
Finance	133.184	(96.459)	36.725

YEAR TO DATE			FULL YEAR		
Profiled Budget	Actual Expenditure	Variance	Current Budget	Forecast Outturn	Variance
£m	£m	£m	£m	£m	£m
10.808	10.956	0.148	36.725	37.297	0.572

10.1 The summary below highlights the variances within each area:

Variations	£m
Revenues & Benefits	(0.805)
Customer Service	(0.065)
Internal Audit	0.000
Information Services	1.600
Corporate Finance	(0.102)
Fire & Rescue	0.022
Strategic Property	(0.078)
<b>Total Movement in Finance</b>	<b>0.572</b>

10.2 The main reasons for the forecast position for Finance are outlined below:

- a. The Revenues and Benefits Service is forecast to underspend by £0.805 million due to an estimated over recovery of overpaid benefits of £0.308 million; additional new burdens grant income of £0.267 million, mainly for the transition to universal credit; and, staff vacancies of £0.275 million. It is expected that the vacancies will be filled later this year.
- b. Information Services is forecast to overspend by £1.600 million. This is mainly due to the following:
  - i. An overspend on software of £0.743 million mainly as a result of additional non-recurrent expenditure on Google and Microsoft licences totalling £0.274 million; an extension to the Oracle R12 contract costing £0.280 million; and, a recurrent shortfall on the software budget of £0.190 million.



- ii. There is also an efficiency saving target of £0.080 million in this area which will not be achieved;
- iii. An unallocated savings target from previous years relating to a restructure within IT of £0.171 million will not be achieved, offset in year by staff vacancies amounting to £0.141 million;
- iv. There is a recurrent overspend against data lines of £0.208 million; and,
- v. As a result of schools not signing up to the IT SLA there will be an underachievement of income of £0.556 million when compared to the budget.

c. The remaining balance comprises a number of minor variances.

10.3 Following a GAD (Government Actuary's Department) valuation of the Firefighters' Pension Schemes, the Employers' contribution rates for all three of the Fire Schemes have been significantly increased. The additional cost of these increases has been calculated to be £0.984 million. Grant from HM Treasury of £0.766 million has been paid to cover an element of the increased cost, leaving a shortfall to be covered by the Authority of £0.218 million. Initial estimates had calculated that the shortfall would be £0.064 million, and this figure was included in the budget for 2019-20. The remaining shortfall of £0.154 million has been funded recurrently by the Council.

## 11. Human Resources & OD - £0.354 million overspend

2019-20 Budget	Gross Expenditure	Gross Income	Net Revenue Budget
	£m	£m	£m
Human Resources & OD	22.532	(4.275)	18.257

YEAR TO DATE			FULL YEAR		
Profiled Budget	Actual Expenditure	Variance	Current Budget	Forecast Outturn	Variance
£m	£m	£m	£m	£m	£m
4.695	4.864	0.169	18.257	18.611	0.354

11.1 The summary below highlights the variances within each area:

Variations	£m
Human Resources	0.323
Democratic Services	(0.067)
Registrars and Coroners	(0.043)

Communications	0.101
Elections	0.019
Legal	0.183
Tourism, Culture, Leisure and Heritage	(0.162)
<b>Total Variances in HR &amp; OD</b>	<b>0.354</b>

11.2 The main reasons for the forecast position for Human Resources & OD are outlined below:

- a. As a result of schools not signing up to the HR SLA there will be an underachievement of income of £0.261 million when compared to the budget.
- b. The remaining overspend comprises a number of minor variances.

## 12. Place - £0.042 million forecast underspend

2019-20 Budget	Gross Expenditure	Gross Income	Net Revenue Budget
	£m	£m	£m
Place	142.371	(63.789)	78.582

YEAR TO DATE			FULL YEAR		
Profiled Budget	Actual Expenditure	Variance	Current Budget	Forecast Outturn	Variance
£m	£m	£m	£m	£m	£m
8.032	8.999	0.967	78.581	78.539	(0.042)

12.1 The summary below highlights the variances within each area:

Variances	£m
Executive Director of Place	0.022
Housing and Public Protection	(0.038)
Neighbourhood Services	0.138
Waste PFI	0.750
Planning	(0.346)
Technical Services	(0.568)
<b>Total Variances in Place</b>	<b>(0.042)</b>

12.2 The main reasons for the forecast position for Place are outlined below:

- a. The Waste PFI budget is now forecast to overspend by £0.750 million due to several elements of the payments to Suez being higher than the assumptions used when setting the budget. For example, the landfill tax element is expected to be £0.535 million higher than forecast, largely due to unplanned maintenance at the energy from waste plant. There were 19 days in July where the plant had to shut down reflecting greater periods of unavailability at the energy from waste plant resulting in more waste being sent to landfill. In addition the tonnage of materials received was also higher than estimated, particularly compost; and, at the Household Waste Recovery Centres the processing costs are higher than anticipated. This is an indicative forecast and there is a risk that this figure will increase once the full extent and financial impact of the plant closure is calculated.
- b. Planning is forecast to underspend by £0.346 million mainly due to additional income expected from S38/S278 agreements. This is in part offset by additional agency staffing costs and design costs of £0.320 million associated with delivering the additional income of £0.925 million. A review of the service is currently underway and it has been assumed that planned staffing savings of £0.240 million will not be achieved in the current financial year.
- c. Technical Services is forecast to underspend by £0.568 million which is mainly due to the following:
  - i. There is a forecast overspend of £0.200 million due to claims that have been submitted for compensation for depreciation of property values under the Land Compensation Act Part 1. These costs cannot be charged to the capital scheme and there will therefore be an impact on the revenue budgets.
  - ii. The budget for construction is forecast to overspend by £0.250 million. There has been a significant shortfall for the year to date in the recovery of costs from labour utilised mainly on the capital programme. This issue is being investigated to ensure that all costs are correctly accounted for and an update will be provided as part of the September position.
  - iii. Network Management is forecast to underspend by £0.281 million mainly as a result of additional income of £0.150 million from road closure fees and penalty notices; and, car parking income of £0.100 million in excess of the budget.
  - iv. The home to school transport budget is forecast to underspend by £0.800 million based on an anticipated continuation of the underspend in 2018-19 where additional Post 16 pupils were largely accommodated through the existing school transport

network arrangements at minimal additional cost. This forecast will be reviewed in September once applications for the new academic year have been processed.

- d. The remaining overspend comprises a number of minor variances.

### 13. Other Corporate Expenditure and Income - £2.911 million underspend

2019-20 Budget	Gross Expenditure	Gross Income	Net Revenue Budget
	£m	£m	£m
Strategic Finance	37.550	(28.288)	9.262
Corporate Funding	0.000	(297.898)	(297.898)
<b>Total</b>	<b>37.550</b>	<b>(326.186)</b>	<b>(288.636)</b>

YEAR TO DATE			FULL YEAR		
Profiled Budget	Actual Expenditure	Variance	Current Budget	Forecast Outturn	Variance
£m	£m	£m	£m	£m	£m
(0.836)	(11.132)	(10.296)	(288.636)	(290.547)	(2.911)

13.1 The summary below highlights the variance:

Variance	£m
Corporate Items	(1.089)
Treasury Management	0.309
Capital Financing	(1.131)
Corporate Funding	(1.000)
<b>Total Variances in Other Corporate Expenditure &amp; Income</b>	<b>(2.911)</b>

13.2 The main reason for the forecast position for the Other Corporate Expenditure and Income is outlined below:

- a. There is an underspend anticipated in relation to the contingency provision within the budget.
- b. There is an overspend of £0.309 million on Treasury Management. The early repayment of a number of Advance Northumberland loans in the previous financial year has meant that the balance of loans outstanding is lower than anticipated, resulting in an underachievement of investment

interest of £0.374 million; which is also offset by an underspend on interest payable of £0.065 million.

- c. There is an underspend of £1.131 million on Capital Financing. Recent borrowing has been at a lower interest rate than that which was assumed in the budget, resulting in an underspend on interest payable. There is also an underspend on the Minimum Revenue Provision (MRP) payment in year which is also as a result of the early repayment of Advance Northumberland loans in the previous financial year.
- d. Additional Business Rates income of £1.000 million is forecast, due to an update to the forecast net business rates income achievable.

It is also worth noting that the Government has offered to make compensation payments to 75 per cent Business Rates Pool Pilots for errors within the annual NNDR1 Business Rates form, relating to the calculation of Section 31 grant payments. The error resulted in the pooled business rate income being estimated at a higher level than what will actually be received for these pools.

The Council is part of the North of Tyne 75 per cent Business Rates pool pilot and as such the pool is entitled to submit a claim for the lost funding provided that certain criteria are satisfied. Calculations across the pool area have shown that the required criteria have been satisfied and therefore a claim of £1.630 million has been submitted to Government by Newcastle City Council, who act as the lead authority. Should this claim be successful the compensation payment will be made to the pool, it does not impact on the Council's budget.

#### 14. Other General Fund Items

14.1 Between April and July the following has been released from the contingency:

	2019-20	2020-21
	£	£
Recurrent Items	490,980	*575,820
Non-recurrent Items	49,240	17,870

*\* This is the full year effect of the 2019-20 approvals*

14.2 Appendix B highlights the Virements that have been approved in accordance with the finance and contract rules for each Directorate so far this financial year.

- 14.3 Appendix C is a schedule of all new grants (capital and revenue) which the Council has been awarded since the budget was agreed at full Council on 20 February 2019. It is recommended that the Cabinet accepts the grants and that the 2019-20 budget (and subsequent years if required) is amended accordingly. In summary they are as follows:

Directorate	Grant Awarding Body	Grant	£
Place	MHCLG	Renovation and refurbishment of local parks and play areas	55,638
Place	MHCLG	Rough Sleeping Initiative 2019-20	130,000

- 14.4 The Council at its meeting in February agreed to implement a range of savings and efficiencies totalling £12.798 million in 2019-20. A recent review of the delivery of those savings, and those identified for the remainder of the Medium Term Financial Plan, has been conducted and the results are illustrated at Appendix D.

**15. Ring-fenced Accounts - Dedicated Schools' Grant (DSG) - Nil forecast variance**

- 15.1 In 2019-20, the Council expects to receive £141.735 million Dedicated Schools' Grant, which is ring-fenced and will be passported through to fund schools; with an element retained centrally by the Council to provide a range of support to Schools. Schools that have transferred to academy status receive their funding directly from the Department for Education – this amounted to a further £90.787 million in 2019-20.
- 15.2 In conjunction with Schools' Forum, further work is ongoing to mitigate against further increases to the budget by reviewing the demand for special schools places and the use of independent special schools, provision of alternative learning provision and resource base funding.
- 15.3 The level of schools financial surpluses have reduced and many of the Northumberland schools will need to devise and implement an action plan and undertake a programme of change in order to ensure a balanced budget position for 2019-20.

## 16. Ring-fenced Accounts - Public Health

16.1 The Council's Public Health service will receive grant funding of £15.798 million in 2019-20. This funding is ring-fenced for the provision of services to improve the health of the local population and reduce health inequalities.

16.2 The terms of the grant allow unspent allocations to be carried over into the next financial year. Public Health carried forward a reserve of £5.214 million to financial year 2019-20; £4.297 million carried over from previous years underspends and £0.917 million from the 2018-19 allocation.

16.3 The plan was to utilise £0.395 million from the Public Health reserve in 2019-20 to ensure that there is no impact on service delivery despite the reduction in grant funding and to fund expenditure incurred to support commitments reallocated from Adult Social Care.

16.4 The summary below analyses the planned Public Health expenditure:

	<b>Current Budget</b>	<b>Forecast Outturn</b>	<b>Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Staffing and Support Costs	1.262	1.095	(0.167)
Stop Smoking Initiatives	0.796	0.761	(0.035)
Drug & Alcohol Services	3.111	3.066	(0.045)
Sexual Health Services	2.152	2.062	(0.090)
0-19 Public Health Services	6.107	6.107	0.000
Other Health Initiatives	2.765	2.604	(0.161)
<b>Total Variances in Public Health</b>	<b>16.193</b>	<b>15.695</b>	<b>(0.498)</b>

16.5 It is anticipated that £0.498 million will be carried forward to the reserve balance at the end of 2019-20. Proposals in the Fair Funding Review are likely to result in a further grant reduction in future years and a spending plan is being developed to ensure that current service provision is maintained for as long as possible.

**17. Ring-fenced Accounts - Housing Revenue Account (HRA) £0.132 million forecast underspend**

2019-20 Budget	Gross Expenditure	Gross Income	Net Revenue Budget
	£m	£m	£m
Housing Revenue Account	35.771	(36.244)	(0.473)

YEAR TO DATE			FULL YEAR		
Profiled Budget	Actual Expenditure	Variance	Current Budget	Forecast Outturn	Variance
£m	£m	£m	£m	£m	£m
(3.890)	(3.968)	(0.078)	(0.473)	(0.605)	(0.132)

17.1 The HRA is predicted to underspend by £0.132 million. The projected underspend is a result of the following:

- a. Reduction in interest payable on HRA loans of £0.223 million due to the refinancing of an existing loan at a more favourable rate.
- b. Increase in the interest received on balances of £0.150 million based on the 2018-19 forecast position of HRA balances and current interest rates.
- c. Reduction in the estimated contribution for the provision of bad debts of £0.133 million due to the impact of the roll-out of Universal Credit across Northumberland being less than predicted in the MTFP. Currently only new tenants and existing tenants with a change in circumstances are being enrolled on to the new benefit.
- d. Additional depreciation charges of £0.056 million; a revised charge of £9.086 million for the year is based upon the 2018-19 year end valuation of Council dwellings.
- e. Void rates are higher than those assumed in the budget giving rise to a predicted shortfall in dwelling rent income of £0.110 million and an increase in Council Tax charges on void properties of £0.122 million.
- f. The remaining balance comprises a number of minor variances.



## 18. CAPITAL PROGRAMME

- 18.1 The capital programme for 2019-20 was agreed by full Council on 20 February 2019.
- 18.2 The capital programme has changed during the year as the phasing of schemes was reviewed at the end of last financial year (£18.343 million reprofiled from 2018-19 to 2019-20) and approvals totalling £7.575 million for additional schemes and resourcing has been agreed.
- 18.3 The original capital programme included assumptions on expected grant allocations to be received in respect of Pothole Fund, Integrated Transport and Disabled Facilities grant. Confirmation of these allocations has now been received and they are as follows:

<b>Grant</b>	<b>Original Allocation</b>	<b>Revised Allocation</b>	<b>Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Pothole Fund	1.328	0.900	(0.428)
Integrated Transport Grant	1.695	1.632	(0.063)
Disabled Facilities Grant	1.481	2.087	0.606
<b>Total</b>	<b>4.504</b>	<b>4.619</b>	<b>0.115</b>

The programme of work drawn up by Technical Services in relation to the Pothole Fund and Integrated Transport reflects the confirmed levels of funding.

18.4 The following table sets out the position as at the end of July:

Directorate	2019-20 Approved Budget Full Council 20.02.19	Approved Adjustments	Revised 2019-20 Budget	Expenditure to 31.07.19	Forecast Expenditure	Net Variance	Over / (Under) spend	Requested Re-profiling
	£m	£m	£m	£m	£m	£m	£m	£m
Adult Social Care & Commissioning	4.320	0.453	4.773	0.384	1.680	(3.093)	-	(3.093)
Children's Services	40.020	3.241	43.261	8.572	35.720	(7.541)	-	(7.541)
Finance	51.563	7.332	58.895	4.497	52.395	(6.500)	1.423	(7.923)
Human Resources & OD	2.000	0.299	2.299	0.826	2.231	(0.068)	-	(0.068)
Place	61.103	14.593	75.696	16.960	58.102	(17.594)	(0.028)	(17.566)
<b>Total Programme</b>	<b>159.006</b>	<b>25.918</b>	<b>184.924</b>	<b>31.239</b>	<b>150.128</b>	<b>(34.796)</b>	<b>1.395</b>	<b>(36.191)</b>
<b>Financed by:</b>								
External Grants	51.872	14.960	66.832		49.924	(16.908)	(0.455)	(16.453)
Capital Receipts	4.343	-	4.343		4.343	-	-	-
GF Revenue Contributions	0.755	-	0.755		0.755	-	-	-
HRA Contributions	11.113	(0.137)	10.976		8.451	(2.525)	-	(2.525)
GF Borrowing	90.923	11.095	102.018		86.655	(15.363)	1.850	(17.213)
<b>Total Financing</b>	<b>159.006</b>	<b>25.918</b>	<b>184.924</b>		<b>150.128</b>	<b>(34.796)</b>	<b>1.395</b>	<b>(36.191)</b>

- 18.5 The major areas of capital investment during the first four months of the year were as follows:
- a. £11.984 million invested in transport schemes including infrastructure, traffic management and integrated transport schemes.
  - b. £8.572 million invested in school buildings, including the construction of new schools at Morpeth and Ponteland.
  - c. £1.510 million invested in fleet replacement.
  - d. £2.078 million invested in the Council's housing stock.
- 18.6 There is a net forecast underspend of £34.796 million across the 2019-20 Capital Programme comprising of £36.191 million re-profiling and £1.395 million overspend. The following is a summary of the significant variances:
- a. Adult Social Care and Commissioning - £3.093 million re-profiling is requested as follows:
    - i £0.643 million in relation to the Disabled Facilities Grant allocation.
    - ii £0.450 million in relation to the Person Centred Care Information System (SWIFT) due to the tender commencing in the current financial year with work likely to commence in 2020-21.
    - iii £2.000 million in relation to the Supported Housing programme, to support the Extra Care Housing Programme but at present the Contracts team are securing sufficient external funding to support the programme. Two schemes have been identified and will be progressed in 2020-21.
  - b. Children's Services - £7.541 million re-profiling is requested as follows:
    - i £2.755 million in relation to the Schools Capital Investment Programme Grant which will support major school projects in 2020-21.
    - ii £1.543 million in relation to Basic Needs Grant as this funding is not required until 2020-21. All of the current identified schemes are on site.
    - iii £1.310 million in relation to the Wise Academy Trust, Haltwhistle as agreement on the project scope is still to be agreed.
    - iv £1.933 million in relation to the Hexham Schools Outline Business Case. The contract has been awarded but the expenditure profile requires amendment to ensure that it is in line with the delivery programme.

- c. Finance - net re-profiling of £7.923 million (£17.768 million from 2019-20 to 2020-21 and £9.845 million from 2020-21 to 2019-20) is requested as follows:

Advance Northumberland

- i £0.519 million from 2020-21 in relation to the Ashington North East Quarter Redevelopment phase 2 scheme due to expenditure currently being ahead of profile.
- ii £6.965 million from 2020-21 in relation to the East Sleekburn Enterprise Zone project due to an acceleration of future years expenditure following the finalisation of the approved business case.

Corporate Finance

- i £1.650 million in relation to the Contingency to Support Grant Funded Projects. So far this year there has been approval to underwrite the proposed Union Chain Bridge scheme.
- ii £4.000 million for Strategic Regeneration Projects. Investment has been agreed and there is to be a contribution to the works on Forum Way/Westmorland Roundabout, Cramlington and the Council will acquire the Mineral Rights on land it owns at Choppington Road, Bedlington.
- iii £6.545 million unallocated balance for grants to support Regeneration Schemes led by Advance Northumberland. Developments at Bedlington Town Centre and Portland Park have already been approved.
- iv £0.250 million in relation to the Loans to NELEP for Bates Enterprise Zone and £0.803 million for Ashwood Enterprise Zone following finalisation of the scheme costs and a review of when likely expenditure is to be incurred.
- v Members are requested to note the underspends of £0.298 million on the Loans to NELEP for East Sleekburn; £0.100 million for Bates; and £0.024 million for Ashwood due to the original budgets being based on indicative costs.

Fire and Rescue

- i £0.098 million from 2020-21 in relation to the replacement of officers pooled cars.
- ii £1.067 million in relation to the Fire and Rescue Service Fleet Replacement programme; as four fire appliances and fifteen 4x4 vehicles are due to be received in the current financial year with the balance earmarked for future replacement vehicles.

## Information Services

- i £0.189 million from 2020-21 in relation to the County Hall IT infrastructure project due to the acceleration of the internal works on the County Hall refurbishment project
- ii Members are requested to note the overspends in relation to the Desktop Refresh Programme of £1.294 million and Office 365 Implementation project of £0.963 million. The manager is currently preparing a paper requesting budget provision for the current and future financial years for both programmes.

## Procurement

- i £0.191 million in relation to the Renewable Energy Programme. A report is currently being prepared to identify a programme to address carbon emissions.
- ii £1.619 million in relation to the construction of the County Hall Solar Carport. An ERDF application for funding has been submitted with the outcome estimated to be made available in November. The project is therefore unlikely to commence in the current financial year.
- iii Members are requested to note the underspend on the Warm Home front grant of £0.468 million as it is unlikely that the approved number of installations will be completed by the end of the programme in November.

## Property Services

- i £0.930 million from 2020-21 in relation to the Property Stewardship Fund; £0.286 million in relation to the Leisure Buildings - Essential Remedials programme; and £0.850 million in relation to the County Hall Refurbishment programme due to the acceleration of the works on the internal element.
- ii £0.151 million in relation to County Hall Solar PV project as the work on Block 1 has been deferred until the front of house element is undertaken.
- iii £0.350 million in relation to the Berwick Maltings Refurbishment as the outcome of a new feasibility study and Borderlands funding support is awaited.
- iv £0.600 million in relation to the Alnwick Lindisfarne Site as the project commences on site in January 2020.
- v £0.544 million in relation to Cowley Road Depot Refurbishment and Car Park as the project has been delayed whilst the neighbouring business clarifies its expansion plans.

- vi £0.001 million from 2020-21 in relation to West Hartford Parking scheme currently in design.

Human Resources and OD - net re-profiling of £0.068 million (£0.568 million from 2019-20 to 2020-21 and £0.500 million from 2020-21 to 2019-20) is requested as follows:

- i £0.500 million from 2020-21 due to the accelerated programme of work at Berwick Leisure Centre.
- ii £0.028 million in relation to the Haltwhistle Football Project; £0.340 million for the Active Northumberland Facilities Improvements balance yet to be allocated to schemes; and £0.200 million for the Provision of Leisure Facilities within Morpeth as the scheme is currently in the design stage.

Place - £17.566 million reprofiling is requested as follows:

#### Housing General Fund

- i £0.200 million in relation to the Empty Homes Repair and Lease scheme.

#### Housing Revenue Account

- i £1.000 million in relation to the Major Repairs Reserve following a review of the current years expenditure to date and the programme for the remainder of the year.
- ii £1.150 million in relation to the re-provision, re-modelling and new build programme as suitable sites are still in the process of being identified.
- iii £0.210 million in relation to the Anchor Housing Shelter Housing Programme as the anticipated works that were identified prior to purchasing the property will be undertaken over a longer period of time.
- iv £0.058 million in relation to the New Affordable and Existing Housing Programme; and £0.107 million in relation to HRA Miscellaneous Projects.

#### Neighbourhood Services

- i £0.063 million in relation to the Parks Enhancement Programme as schemes are currently being identified.
- ii £0.076 million in relation to the Rothbury Play Area as groundworks are anticipated to commence in March 2020 and the majority of work will be undertaken in 2020-21.
- iii £0.094 million in relation to the Country Parks Improvement Programme as schemes are currently being identified. Decisions

are on hold until the outcome is known on the bid submitted for additional external funding in relation to the scheme at Druridge Bay Country Park as some of this resource may be required to finalise the project.

#### Planning and Economy

- i £3.954 million in relation to the Newcastle Northumberland Rail Line as the 2019-20 expenditure will be funded from the reserve.
- ii £1.633 million in relation to the Blyth Relief Road Scheme as design continues with construction estimated to commence on site in March 2023 depending upon confirmation of funding.
- iii £0.100 million in relation to the Rural Growth Network as one grant may not be paid until 2020-21.
- iv £0.958 million in relation to the Community Broadband Project as the scheme is dependent upon uptake.

#### Technical Services

- i £2.500 million in relation to the DfT Challenge Fund Bid Support. Guidance has been received from the DfT and applications are to be submitted by 31 October 2019 with successful projects informed in December 2019.
- ii £2.273 million in relation to Union Chain Bridge. A bid has been submitted to the Heritage Lottery Fund and the outcome will be known in September 2019. If successful it is anticipated that works will commence in February 2020 for a fourteen month period.
- iii £2.430 million net re-profiling requested in relation to the Car Parks programme due to on-going negotiations in relation to the Hexham and Amble sites.
- iv £0.296 million in relation to the erection of Salt Barns throughout the County. The sites and locations have all been identified and the schemes are in development.
- v £0.344 million in relation to Members Local Improvement Schemes based on historic expenditure levels and requests that have been received to date for new schemes.
- vi £0.045 in relation to Flood and Coastal Erosion Schemes at Beadnell and £0.075 million for Seaton Delaval.

- 18.7 It is recommended that Cabinet approve a net re-profiling of £36.191 million: £46.577 million from 2019-20 to 2020-21; and £10.386 million from 2020-21 to 2019-20.

## 19. Capital Receipts

- 19.1 The level of 2019-20 Capital Receipts available to support the 2019-20 capital programme was estimated to be £4.343 million (after costs and HRA pooling). The disposal programme has to date achieved General Fund gross cash receipts of £2.667 million in the year and the following table demonstrates the current position with regard to asset disposals:

<b>General Fund Capital Receipts Activity During 2019-20</b>	<b>Actual £m</b>
Completed and available for use in year	2.667
On the market	0.625
Term Agreed	0.145
Contracts exchanged	2.100

- 19.2 The closing balance on the capital receipts reserve at 31 March 2019 was £1.606 million. This is available to support the capital programme in 2019-20.



## Implications

<b>Policy</b>	This is the third year of this Administration's Medium Term Financial Plan; and, it fully supports the priorities outlined in the Corporate Plan 2018-21 - A Council that Works for Everyone.
<b>Finance and value for money</b>	The report is of a financial nature and the detail is contained within the body of the report.
<b>Legal</b>	There are no specific legal implications within this report.
<b>Procurement</b>	There are no specific procurement implications within this report.
<b>Human Resources</b>	There are no specific human resources implications within this report.
<b>Property</b>	There are no specific property implications within this report.
<b>Equalities</b> (Impact Assessment attached) Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A <input type="checkbox"/>	There are no specific equalities implications within this report.
<b>Risk Assessment</b>	The risks associated with the budget were considered in February 2019 and were considered to be acceptable.
<b>Crime &amp; Disorder</b>	There are no specific crime and disorder implications within this report.
<b>Customer Consideration</b>	There are no specific customer consideration implications within this report.
<b>Carbon reduction</b>	There are no specific carbon reduction implications within this report.
<b>Wards</b>	All wards.

## Background papers

Cabinet 12 February 2019 and Council 20 February 2019: Medium Term Financial Plan and 2019-22 and Budget 2019-20.

## Report sign off

	Name
Monitoring Officer/Legal	Liam Henry
Service Director Finance & Interim S151 Officer	Alison Elsdon
Relevant Director	Alison Elsdon
Chief Executive	Daljith Lally
Portfolio Holder(s)	Nick Oliver

## Author and Contact Details

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## Revenue Budget Performance to 31 July 2019

## Appendix A

Service	YEAR TO DATE			FULL YEAR		
	Budget	Actual	Variance	Budget	Forecast	Variance
	£m	£m	£m	£m	£m	£m
Adult Social Care & Commissioning	17.040	18.976	1.936	92.916	94.295	1.379
Chief Executive	0.572	0.370	(0.202)	1.710	1.710	0.000
Children's Services	17.593	14.948	(2.645)	60.447	62.921	2.474
Finance	10.808	10.956	0.148	36.725	37.297	0.572
Human Resources	4.695	4.864	0.169	18.257	18.611	0.354
Place	8.032	8.999	0.967	78.581	78.539	(0.042)
<b>Total Services</b>	<b>58.740</b>	<b>59.113</b>	<b>0.373</b>	<b>288.636</b>	<b>293.373</b>	<b>4.737</b>
Corporate Expenditure and Income	16.667	7.039	(9.628)	9.262	7.351	(1.911)
<b>Total Net Expenditure</b>	<b>57.904</b>	<b>47.981</b>	<b>(9.923)</b>	<b>297.898</b>	<b>300.724</b>	<b>2.826</b>
<b>Budget funded by:</b>						
Council Tax				188.947	188.947	-
Retained Business Rates				86.302	87.302	(1.000)
Other Corporate Grants				20.721	20.721	-
Strategic Management Reserve				1.928	1.928	-
<b>Total Funding of Services</b>				<b>297.898</b>	<b>298.898</b>	<b>(1.000)</b>
<b>Net Total</b>				<b>-</b>	<b>1.826</b>	<b>1.826</b>

**Schedule of Budget Virement Approved April, May, June and July 2019**

**Appendix B**

<b>Directorate</b>	<b>Reason for Virement</b>	<b>Virement from</b>	<b>Virement to</b>	<b>£</b>
Place	HRA - Funding allocation for North of Tyne Working Homes Project	HRA North of Tyne	HRA Contingency	34,380
Chief Executives	Northumberland Lottery start up costs	Transformation Fund	Procurement	5,648
HR & OD	Service Review Methodology	Transformation Fund	Human Resources	up to £138,000
HR & OD	Northumberland Cultural Fund	Strategic Management Reserve	Strategic Events	100,000

**Schedule of New Grants****Appendix C**

<b>Directorate:</b>	Place
<b>Grant Awarding Body:</b>	Ministry of Housing, Communities & Local Government
<b>Name of Grant:</b>	Local Authority Parks Improvement Fund
<b>Purpose:</b>	Renovation and refurbishment of local parks and play areas
<b>Value:</b>	£55,638
<b>Recurrent/Non-recurrent:</b>	Non-recurrent
<b>Profiling</b>	2019-20

<b>Directorate:</b>	Place
<b>Grant Awarding Body:</b>	Ministry of Housing, Communities & Local Government
<b>Name of Grant:</b>	Rough Sleeping Initiative 2019-20
<b>Purpose:</b>	Rough Sleeping Initiative Interventions
<b>Value:</b>	£130,000
<b>Recurrent/Non-recurrent:</b>	Non-recurrent
<b>Profiling</b>	2019-20

## Savings Analysis

## Appendix D

	2019-20					2020-21				
					Total					Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Adults	0.800	0.115	2.000	3.371	6.286		2.450			2.450
Children's			0.380	0.200	0.580	0.070	0.306	0.150	1.000	1.526
Finance	0.680			0.944	1.624	0.230				0.230
Fire & Rescue		0.030		0.148	0.178				0.020	0.020
HR & OD				0.100	0.100	0.100		0.200		0.300
Place	0.020	0.343	1.184	2.483	4.030	0.145	1.646	0.479		2.270
<b>Total</b>	<b>1.500</b>	<b>0.488</b>	<b>3.564</b>	<b>7.246</b>	<b>12.798</b>	<b>0.545</b>	<b>4.402</b>	<b>0.829</b>	<b>1.020</b>	<b>6.796</b>

	2021-22					3 Year Total				
					Total					Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Adults		2.750			2.750	0.800	5.315	2.000	3.371	11.486
Children's	0.084	0.109	0.131		0.324	0.154	0.415	0.661	1.200	2.430
Finance	0.080				0.080	0.990			0.944	1.934
Fire & Rescue	0.900				0.900	0.900	0.030		0.168	1.098
HR & OD	0.530	0.200	0.300		1.030	0.630	0.200	0.500	0.100	1.430
Place	0.320	0.115	0.209		0.644	0.485	2.104	1.872	2.483	6.944
<b>Total</b>	<b>1.914</b>	<b>3.174</b>	<b>0.640</b>	<b>0.000</b>	<b>5.728</b>	<b>3.959</b>	<b>8.064</b>	<b>5.033</b>	<b>8.266</b>	<b>25.322</b>

### Key

Red - Plans not in place or not fully developed

Amber - plans in place - awaiting delivery

Yellow - plans in place, progressing well, high confidence level that activities and savings will be delivered

Green - Fully delivered - both activities and savings