



CABINET

12 November 2019

Financial Performance 2019-20 - Position at the end of September 2019

Report of Alison Elsdon, Service Director Finance

Cabinet Member: Nicholas Oliver, Portfolio Holder for Corporate Services

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 £0.445 million.
 - c. note the pressures currently identified.
 - d. note the current position in relation to the capital programme following the previous reprofiling exercise.
 - e. note the virements at Appendix A.
 - f. approve the new grants at Appendix B and the required changes to the budgets.
 - g. note the progress on the delivery of the approved savings at Appendix C.

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 September 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 September 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 September, within each service area is shown in summary at Section 6 of the report (figures in brackets denote an underspend); and in detail within Appendices D - N of the report.
- 5.2 A summary of the significant variances within each service area, since the report to Cabinet on 17 September 2019 showing the position as at the end of July is contained within the report.
- 5.3 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 £142.135 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.

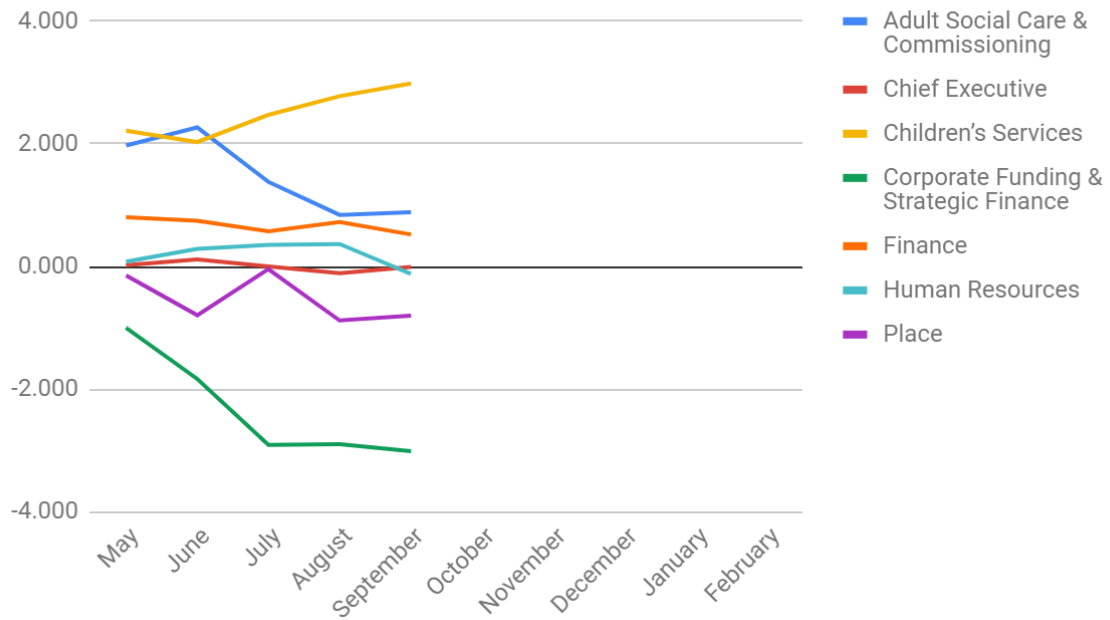
6. General Fund

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

| Service | Base Budget | Current Budget | Forecast Outturn | Variance |
|-----------------------------------|----------------|----------------|------------------|----------------|
| | £m | £m | £m | £m |
| Adult Social Care & Commissioning | 92.916 | 92.954 | 93.838 | 0.884 |
| Chief Executive | 1.710 | 1.767 | 1.758 | (0.009) |
| Children's Services | 60.447 | 60.703 | 63.688 | 2.985 |
| Finance | 36.725 | 36.750 | 37.272 | 0.522 |
| Human Resources | 18.257 | 18.558 | 18.437 | (0.121) |
| Place | 78.581 | 79.024 | 78.223 | (0.801) |
| Total Services | 288.636 | 289.756 | 293.216 | 3.460 |
| Corporate Expenditure and Income | 9.262 | 8.142 | 5.718 | (2.424) |
| Total Net Expenditure | 297.898 | 297.898 | 298.934 | 1.036 |
| | | | | |
| Budget funded by: | | | | |
| Council Tax | 188.947 | 188.947 | 188.947 | - |
| Retained Business Rates | 86.302 | 86.302 | 86.893 | (0.591) |
| Other Corporate Grants | 20.721 | 20.721 | 20.721 | - |
| Strategic Management Reserve | 1.928 | 1.928 | 1.928 | - |
| Total Funding of Services | 297.898 | 297.898 | 298.489 | (0.591) |
| Net Total | - | - | 0.445 | 0.445 |

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 - £0.884 million forecast overspend

| 2019-20 Budget | Gross Expenditure | Gross Income | Net Revenue Budget | Net Outturn | Variance |
|---|-------------------|------------------|--------------------|---------------|----------------|
| | £m | £m | £m | £m | £m |
| Adult Services | 203.455 | (110.501) | 92.954 | 93.838 | 0.884 |
| Outturn position forecast at month 4 - end of July | | | | | 1.379 |
| Change in Forecast - decrease in the overspend | | | | | (0.495) |

7.1 There has been a decrease in the forecast overspend position of £0.495 million since the period 4, end of July 2019 report. The summary below highlights the significant movements within each area:

| Movement in Variance | £m |
|---|----------------|
| Commissioned Services | 0.444 |
| In-House Services | (0.655) |
| Care Management | 0.081 |
| Adult Support Services | (0.365) |
| Total Variances in Adult Social Care & Commissioning | (0.495) |

7.2 The significant movements in the forecast position for Adult Services are outlined below:

- a. The pressure on the Commissioned Care budget escalated by £0.432 million as the upward trend in the growth in demand for services to support vulnerable people continues.
- b. Revisions to the forecast basis to reflect the current level of vacant posts has reduced the forecast for Employee costs by £0.738 million.
- c. The level of income anticipated to be received by the Telecare Service has increased by £0.088 million and relates to a charge to Homes for Northumberland for services provided within the sheltered housing accommodation.
- d. The remaining balance comprises a number of minor variances.

8. Chief Executive - £0.009 million forecast underspend

| 2019-20 Budget | Gross Expenditure | Gross Income | Net Revenue Budget | Net Outturn | Variance |
|--|-------------------|--------------|--------------------|--------------|----------------|
| | £m | £m | £m | £m | £m |
| Chief Executive | 3.462 | (1.695) | 1.767 | 1.758 | (0.009) |
| Outturn position forecast at month 4 - end of July | | | | | 0.000 |
| Change in Forecast - increase in the underspend | | | | | (0.009) |

8.1 There has been a slight improvement in the forecast position since the period 4, end of July 2019 report. The summary below highlights the significant movements within each area:

| Movement in Variance | £m |
|--|----------------|
| Transformation | 0.119 |
| Chief Executive | (0.040) |
| Procurement | (0.088) |
| Total Variances in Chief Executives | (0.009) |

8.2 There are no significant movements to report.

9. Children's Services - £2.985 million forecast overspend

| 2019-20 Budget | Gross Expenditure | Gross Income | Net Revenue Budget | Net Outturn | Variance |
|---|-------------------|--------------|--------------------|-------------|--------------|
| | £m | £m | £m | £m | £m |
| Children's Services | 83.008 | (22.305) | 60.703 | 63.688 | 2.985 |
| Outturn position forecast at month 4 - end of July | | | | | 2.474 |
| Change in Forecast - increase in the overspend | | | | | 0.511 |

9.1 There has been an increase in the forecast overspend position of £0.511 million since the period 4, end of July 2019 report. The summary below highlights the significant movements within each area:

| Movement in Variance | £m |
|---|--------------|
| Purchase Budgets | 1.171 |
| Family Placement | (0.250) |
| Minor Variances | (0.410) |
| Total Variances in Children's Services | 0.511 |

9.2 The significant movements in the forecast position for Children's Services are outlined below:

- a. An increase in the forecast overspend on Out of County residential placements of £1.029 million due to an additional 7 placements since July 2019 and an updated position regarding all other placements.
- b. A reduction in the forecast overspend on Family Placement of £0.250 million due largely to an underspend on staffing following a restructure in which new posts are yet to be filled.
- c. The remaining balance comprises a number of minor variances.

10. Finance - £0.522 million forecast overspend

| 2019-20 Budget | Gross Expenditure | Gross Income | Net Revenue Budget | Forecast Outturn | Variance |
|---|-------------------|--------------|--------------------|------------------|----------------|
| | £m | £m | £m | £m | £m |
| Finance | 133.220 | (96.470) | 36.750 | 37.272 | 0.522 |
| Outturn position forecast at month 4 - end of July | | | | | 0.572 |
| Change in Forecast - decrease in the overspend | | | | | (0.050) |

10.1 There has been a decrease in the forecast overspend position of £0.050 million since the period 4, end of July 2019 report. The summary below highlights the significant movements within each area:

| Movement in Variances | £m |
|-----------------------------------|----------------|
| Revenues & Benefits | 0.253 |
| Customer Service | (0.068) |
| Internal Audit | 0.000 |
| Information Services | (0.556) |
| Corporate Finance | 0.246 |
| Fire & Rescue | 0.036 |
| Strategic Property | 0.039 |
| Total Variances in Finance | (0.050) |

10.2 The significant movements in the forecast position for Finance are outlined below:

- a. A £0.409 million forecast overspend on the cost of benefits payments. This is due to two reasons; an increased number of overpayments following scrutiny of claims through the DWP claim vetting system, which cannot be claimed through the subsidy but will be recovered over time ; and, a change to the scheme in relation to supported accommodation resulting in an increased number of claims that do not attract 100% subsidy. This is offset by an estimated over recovery of overpaid benefits of £0.308 million.
- b. An increase in the forecast underspend within Revenues & Benefits of £0.129 million due to vacant posts that are no longer expected to be filled in year.
- c. The removal of an anticipated shortfall in schools SLA income from the Information Services budget of £0.556 million.
- d. Corporate savings targets of £0.410 million which will not be achieved in year are now included in the forecast position.
- e. The remaining balance comprises a number of minor variances.

11. Human Resources & OD - £0.121 million underspend

| 2019-20 Budget | Gross Expenditure | Gross Income | Net Revenue Budget | Net Outturn | Variance |
|---|-------------------|--------------|--------------------|-------------|----------------|
| | £m | £m | £m | £m | £m |
| Human Resources & OD | 22.793 | (4.235) | 18.558 | 18.437 | (0.121) |
| Outturn position forecast at month 4 - end of July | | | | | 0.354 |
| Change in Forecast - decrease in the overspend | | | | | (0.475) |

11.1 There has been a decrease in the forecast overspend position of £0.475 million since the period 4, end of July 2019 report. The summary below highlights the significant movements within each area:

| Variances | £m |
|--|----------------|
| Human Resources | (0.373) |
| Democratic Services | (0.112) |
| Registrars and Coroners | 0.102 |
| Communications | (0.041) |
| Elections | 0.038 |
| Legal | (0.039) |
| Tourism, Culture, Leisure and Heritage | (0.050) |
| Total Variances in HR & OD | (0.475) |

11.2 The significant movements in the forecast position for Human Resources & OD are outlined below:

- a. The removal of non achievable income targets in relation to schools SLA income totalling £0.285 million.
- b. A forecast underspend of £0.164 million in relation to vacant posts across the service.
- c. A £0.120 million overspend in Coroners in relation to body conveyancing, computer software and additional staff costs.
- d. A £0.066 million reduction in the overspend on advertising and publicity due to some costs being funded corporately and by additional income.
- e. The remaining balance comprises a number of minor variances.

12. Place - £0.801 million forecast underspend

| 2019-20 Budget | Gross Expenditure | Gross Income | Net Revenue Budget | Net Outturn | Variance |
|--|-------------------|--------------|--------------------|-------------|----------|
| | £m | £m | £m | £m | £m |
| Place | 143.005 | (63.981) | 79.024 | 78.223 | (0.801) |
| Outturn position forecast at month 4 - end of July | | | | | (0.042) |
| Change in Forecast - increase in the underspend | | | | | (0.759) |

12.1 There has been an increase in the forecast underspend position of £0.759 million since the period 4, end of July 2019 report. The summary below highlights the significant movements within each area:

| Movement in Variance | £m |
|---------------------------------|----------------|
| Waste PFI | 0.550 |
| Planning | (0.384) |
| Technical Services | (0.865) |
| Minor Variances | (0.060) |
| Total Variances in Place | (0.759) |

12.2 The significant movements in the forecast position for Place are outlined below:

- a. There has been an increase in the forecast overspend for the Waste PFI budget of £0.550 million to £1.300 million. Whilst the energy from waste plant has operated during August and September without further interruption the growth in waste volumes evident in the early part of the year have continued into August and September. The forecast has therefore been revised to take into account the increased tonnages being processed.
- b. The forecast underspend for the Planning Service has increased by £0.384 million. The staffing budget is now forecast to underspend by £0.160 million (forecasted to overspend by £0.240 million in July) as a result of holding vacancies pending the review of the service which is now underway.
- c. The forecast underspend for Technical Services has increased by £0.865 million, mainly due to:
 - i. Following the return to school in September and applications and transport arrangements made over the summer, there has been an increase in the forecast underspend for the home to school transport budget by £0.475 million. This is based on changes that are required to the transport network following the processing of

applications for the new academic year with an allowance for those applications that have not yet been processed and any successful appeals;

- ii. Following the implementation of the revised car parking charging arrangements earlier in the year there is now sufficient information to provide a reliable forecast and the car parking income budget which is now expected to be overachieved by £0.393 million (£0.100 million reported in July); and,
 - iii. The forecast underspend for Highways Network Management has increased by £0.106 million due to additional income from road closure fees and fixed penalty notices.
- d. The remaining balance comprises a number of minor variances.

13. Other Corporate Expenditure and Income - £3.015 million underspend

| 2019-20 Budget | Gross Expenditure | Gross Income | Net Revenue Budget | Net Outturn | Variance |
|--|-------------------|------------------|--------------------|------------------|----------------|
| | £m | £m | £m | £m | £m |
| Strategic Finance | 36.430 | (28.288) | 8.142 | 5.718 | (2.424) |
| Corporate Funding | 0.000 | (297.898) | (297.898) | (298.489) | (0.591) |
| Total | 36.430 | (326.186) | (289.756) | (292.771) | (3.015) |
| Outturn position forecast at month 4 - end of July | | | | | (2.911) |
| Change in Forecast - increase in the underspend | | | | | (0.104) |

13.1 There has been an increase in the forecast underspend position of £0.104 million since the period 4, end of July 2019 report. The summary below highlights the significant movements within each area:

| Variance | £m |
|--|----------------|
| Corporate Items | (0.543) |
| Treasury Management | 0.000 |
| Capital Financing | 0.030 |
| Corporate Funding | 0.409 |
| Total Variances in Other Corporate Expenditure & Income | (0.104) |

13.2 The significant movements in the forecast position are outlined below:

- The forecast in relation to the overachievement of Business Rates income has reduced by £0.409 million due to the acceleration of the payment of additional income retained locally to the North of Tyne Pool.
- An over recovery of pension deficit recharges from grant funded budgets of £0.505 million.
- The remaining balance comprises a number of minor variances.

14. Other General Fund Items

- 14.1 During August and September the following has been released from the contingency:

| | 2019-20 | 2020-21 |
|---------------------|---------|----------|
| | £ | £ |
| Recurrent Items | 313,360 | *550,860 |
| | | |
| Non-recurrent Items | 872,460 | 2,500 |

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

- 14.2 Appendix A 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 B is a schedule of all new grants and amendments to existing grants (capital and revenue) which the Council has been awarded during August and September. 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 | ESF and match Fund Partners | North of Tyne Working Homes | 113,920 |
| Place | MHCLG | EU Exit Funding | 104,984 |
| Place | Heritage Lottery Fund | Union Chain Bridge | 3,140,000 |
| Children's Services | Department for Education | Dedicated Schools Grant (amendment) | 438,850 |

- 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 C. For those savings that remain undelivered compensating non-recurrent savings have been identified.

15. Ring-fenced Accounts - Dedicated Schools' Grant (DSG) - £0.644 million overspend

| 2019-20 Budget | Gross Expenditure | Gross Income | Net Revenue Budget | Net Outturn | Variance |
|---|-------------------|--------------|--------------------|-------------|--------------|
| | £m | £m | £m | £m | £m |
| Dedicated Schools Grant | 140.986 | (140.986) | 0.0 | 0.644 | 0.644 |
| Outturn position forecast at month 4 - end of July | | | | | 0.0 |
| Change in Forecast - increase in the overspend | | | | | 0.644 |

- 15.1 In 2019-20, the Council expects to receive £142.135 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 £90.574 million in 2019-20.
- 15.2 There was a deficit of £1.236 million carried forward from 2018-19 and the 2019-20 grant allocation must be used to offset this position before any new commitments for the current year.
- 15.3 Additional grant for 2018-19 has been received of £0.087 million relating to the Early Years block allocation following confirmation of the January census data and this has been used to reduce the deficit position.
- 15.4 In conjunction with Schools' Forum, further work is ongoing to mitigate against further rises by reviewing the demand for special schools places and the use of independent special schools, provision of alternative learning provision and resource base funding.
- 15.5 Due to reductions in schools' funding, and inflationary pressures, the level of schools' financial surpluses has 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.
- 15.6 There has been an increase in the forecast overspend position of £0.644 million since the period 4, end of July 2019 report. The following summary highlights the significant movements within each area:

| Variance | £m |
|---|--------------|
| High Needs Block | 0.911 |
| Schools Block | (0.365) |
| Minor Variances | 0.098 |
| Total Variances in the Dedicated Schools Grant | 0.644 |

15.7 The significant movements in the forecast position for the Dedicated Schools Grant are outlined below:

- a. High Needs block has an overspend of £0.911 million due to a shortfall of £0.524 million between the deficit carried forward from 2018-19 and the funds previously identified to meet this position. There is an overspend of £0.507 million on special school sixth form funding. From August this funding transferred into the DSG, but no budget was set aside for this additional demand when the budget was set by schools forum earlier in the year.
- b. The Schools block has a forecast underspend of £0.344 million as there are no current commitments to the schools' contingency fund for 2019-20.
- c. The remaining balance comprises a number of minor variances.

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 the 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:

| | Current Budget | Forecast Outturn | Variance |
|---|-------------------|---------------------|----------------|
| | £m | £m | £m |
| Staffing and Support Costs | 1.317 | 1.218 | (0.099) |
| Stop Smoking Initiatives | 0.796 | 0.778 | (0.018) |
| Drug & Alcohol Services | 3.111 | 3.085 | (0.026) |
| Sexual Health Services | 2.127 | 2.072 | (0.055) |
| 0-19 Public Health Services | 6.107 | 6.033 | (0.074) |
| Other Health Initiatives | 2.735 | 2.718 | (0.017) |
| Total Variances in Public Health | 16.193 | 15.904 | (0.289) |

- 16.5 It is anticipated that £0.289 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) - £0.449 million forecast underspend

| 2019-20 Budget | Gross Expenditure | Gross Income | Net Revenue Budget | Net Outturn | Variance |
|--|-------------------|--------------|--------------------|-------------|----------------|
| | £m | £m | £m | £m | £m |
| Housing Revenue Account | 35.771 | (36.244) | (0.473) | (0.922) | (0.449) |
| Outturn position forecast at month 4 - end of July | | | | | (0.132) |
| Change in Forecast - increase in the underspend | | | | | (0.317) |

17.1 There has been an increase in the forecast underspend position of £0.317 million since the period 4, end of July 2019 report. The summary below highlights the significant movements within each area:

| Variance | £m |
|---|----------------|
| Housing Management | (0.346) |
| Minor Variances | 0.029 |
| Total Variances in the Housing Revenue Account | (0.317) |

17.2 The significant movements in the forecast position for Place are outlined below:

- a. The Housing Management budget now includes a forecast underspend for salary budgets of £0.350 million due a number of vacant posts and the implementation of the new structure from 23 September rather than 1 April which had been assumed when setting the budget.
- b. The remaining balance comprises a number of minor variances.

18. CAPITAL PROGRAMME

- 18.1 The capital programme for 2019-20 totalling £159.006 million 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). At the Cabinet meeting of 17 September 2019 reprofiling of £46.577 million from 2019-20 to 2020-21; and £10.386 million from 2020-21 to 2019-20 was approved to reflect estimated expenditure levels in the current financial year. In addition approvals totalling £8.382 million for additional schemes and resourcing has been agreed.

18.3 The following table sets out the position as at the end of September:

| Directorate | 2019-20 Approved Budget Full Council 20.02.19 | Approved Adjustments | Revised 2019-20 Budget | Expenditure to 30.09.19 | Forecast Expenditure | Net Variance | Over / (Under) spend | Reprofiling |
|---|--|-------------------------|------------------------------|----------------------------|-------------------------|-----------------|----------------------------|--------------|
| | £m | £m | £m | £m | £m | £m | £m | £m |
| Adult Social Care & Commissioning | 4.320 | (2.034) | 2.286 | 0.611 | 2.286 | - | - | - |
| Chief Executive's | 1.000 | 0.464 | 1.464 | 0.100 | 0.931 | (0.533) | (0.533) | - |
| Children's Services | 40.020 | (4.166) | 35.854 | 15.887 | 35.854 | - | - | - |
| Finance | 50.563 | (1.004) | 49.559 | 7.438 | 50.480 | 0.921 | (0.373) | 1.294 |
| Human Resources & OD | 2.000 | 0.231 | 2.231 | 1.303 | 2.231 | - | - | - |
| Place | 61.103 | (2.957) | 58.146 | 27.143 | 58.328 | 0.182 | 0.182 | - |
| Total Programme | 159.006 | (9.466) | 149.540 | 52.482 | 150.110 | 0.570 | (0.724) | 1.294 |
| Financed by: | | | | | | | | |
| External Grants | 51.872 | (1.283) | 50.589 | | | | | |
| Capital Receipts | 4.343 | - | 4.343 | | | | | |
| GF Revenue Contributions | 0.755 | - | 0.755 | | | | | |
| HRA Contributions | 11.113 | (2.625) | 8.488 | | | | | |
| GF Borrowing | 90.923 | (5.558) | 85.365 | | | | | |
| Total Financing | 159.006 | (9.466) | 149.540 | | | | | |

18.4 The major areas of capital investment during the first six months of the year were as follows:

- a. £19.769 million invested in transport schemes including infrastructure, traffic management and integrated transport schemes.
- b. £15.887 million invested in school buildings, including the construction of new schools at Morpeth and Ponteland.
- c. £2.400 million invested in fleet replacement.
- d. £3.038 million invested in the Council's housing stock.

18.5 There is a net forecast overspend of £0.570 million across the 2019-20 Capital Programme comprising of £1.294 million reprofiling from 2020-21 and £0.724 million underspend. The following is a summary of the significant variances:

- a. Chief Executive's - £0.533 million underspend due to the Council not fully utilising all of the Warm Homes Fund grant it was awarded. The Council received funding to undertake 81 heating installations throughout the County but due to the time constraints for delivering the programme it is envisaged that a maximum of only 60 will be completed.

- b. Finance - £0.373 million underspend and £1.295 million reprofiling from 2020-21 as follows:

Corporate Finance

- i £0.421 million underspend in relation to the loans to NELEP for East Sleekburn, Bates and Ashwood sites where the overall loan value has been reduced from what was initially budgeted.

Information Services

- ii £1.295 million reprofiling from 2020-21 in relation to the desktop refresh programme. A bid of £3.000 million has been presented for inclusion in the Medium Term Financial Plan for the period 2020-21 to 2022-23 and it is anticipated that £1.295 million will be spent in the current financial year with the remainder in 2020-21 and 2021-22.

- c. Place - £0.182 million overspend as follows:

Technical Services

- i £0.210 million overspend in relation to the Lady's Walk river collapse scheme in Morpeth. Costs increased on the scheme due to delays and abortive work resulting from restrictions placed on the Council by the Environment Agency. During the delays caused by the Crayfish breeding season the Council maintained

some progress but this increased the duration of the works. The forecast expenditure also includes an element for repairs to the road caused by the large construction plant needed to deliver the scheme.

- 18.6 It is recommended that Cabinet note the current position in relation to the capital programme.

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:

| General Fund Capital Receipts Activity During 2019-20 | Actual £m |
|--|----------------------|
| 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

| | |
|---|---|
| Policy | 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. |
| Finance and value for money | The report is of a financial nature and the detail is contained within the body of the report. |
| Legal | There are no specific legal implications within this report. |
| Procurement | There are no specific procurement implications within this report. |
| Human Resources | There are no specific human resources implications within this report. |
| Property | There are no specific property implications within this report. |
| Equalities (Impact Assessment attached) Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> N/A <input type="checkbox"/> | There are no specific equalities implications within this report. |
| Risk Assessment | The risks associated with the budget were considered in February 2019 and were considered to be acceptable. |
| Crime & Disorder | There are no specific crime and disorder implications within this report. |
| Customer Consideration | There are no specific customer consideration implications within this report. |
| Carbon reduction | There are no specific carbon reduction implications within this report. |
| Health & Wellbeing | The Council's budget is founded on the principle of promoting inclusivity. |
| Wards | 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 | Daljit Lally |
| Portfolio Holder(s) | Nick Oliver |

Author and Contact Details

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Alison.Elsdon@northumberland.gov.uk

Schedule of Budget Virement Approved August 2019**Appendix A**

| Directorate | Reason for Virement | Virement from | Virement to | £ |
|--------------------|---|--|--|----------|
| Place | Change of income stream to meet previously agreed savings target | Planning Consultancy income | Planning Pre-app and PPA agreements | 39,000 |
| Place | Additional Health & Safety post employed from SLA agreement with Advance Northumberland | Corporate Health & Safety income | Corporate Health & Safety Salary costs | 56,610 |
| Place | Staffing restructure within Fleet section | Various efficiencies within Neighbourhood Services | Fleet staffing costs | 37,010 |

Schedule of New Grants and Amendments to Existing Grants

Appendix B

| | |
|---------------------------------|--|
| Directorate: | Place |
| Grant Awarding Body: | 50% ESF and 50% Match Funding Partners |
| Name of Grant: | North of Tyne Working Homes |
| Purpose: | Employment Support Programme for housing tenants |
| Value: | £113,920 |
| Recurrent/Non-recurrent: | Recurrent |
| Profiling | 2019-20 |

| | |
|---------------------------------|---|
| Directorate: | Place |
| Grant Awarding Body: | Ministry of Housing, Communities and Local Government |
| Name of Grant: | EU Exit Funding |
| Purpose: | Support for Council's in preparation for leaving the EU |
| Value: | Increase of £104,984 (Revised total grant £314,952) |
| Recurrent/Non-recurrent: | Non-recurrent |
| Profiling | 2019-20 |

| | |
|---------------------------------|--|
| Directorate: | Place |
| Grant Awarding Body: | Heritage Lottery Fund |
| Name of Grant: | Union Chain Bridge |
| Purpose: | Refurbishment and preservation of Union Chain Bridge |
| Value: | £3,140,000 |
| Recurrent/Non-recurrent: | Non-recurrent |
| Profiling | Spans numerous financial years |

| | |
|---------------------------------|---|
| Directorate: | Children's Services |
| Grant Awarding Body: | Department for Education |
| Name of Grant: | Dedicated Schools' Grant |
| Purpose: | To support maintained schools, high needs and early years |
| Value: | Increase of £438,850 (Revised total grant £142,134,905) |
| Recurrent/Non-recurrent: | Non-recurrent |
| Profiling | 2019-20 |

Savings Analysis

Appendix C

| | 2019-20 | | | | | | 2020-21 | | | | |
|---------------|--------------|--------------|--------------|--------------|---------------|--|--------------|--------------|--------------|--------------|--------------|
| | | | | | Total | | | | | | Total |
| | £m | £m | £m | £m | £m | | £m | £m | £m | £m | £m |
| Adults | 0.788 | 0.000 | 2.000 | 3.498 | 6.286 | | | 2.450 | | | 2.450 |
| Children's | | | | 0.580 | 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 | 0.049 | 0.314 | 1.184 | 2.483 | 4.030 | | 0.145 | 1.646 | 0.479 | | 2.270 |
| Total | 1.517 | 0.344 | 3.184 | 7.753 | 12.798 | | 0.545 | 4.402 | 0.829 | 1.020 | 6.796 |

| | 2021-22 | | | | | | 3 Year Total | | | | |
|---------------|--------------|--------------|--------------|--------------|--------------|--|--------------|--------------|--------------|--------------|---------------|
| | | | | | Total | | | | | | Total |
| | £m | £m | £m | £m | £m | | £m | £m | £m | £m | £m |
| Adults | | 2.750 | | | 2.750 | | 0.788 | 5.200 | 2.000 | 3.498 | 11.486 |
| Children's | 0.084 | 0.109 | 0.131 | | 0.324 | | 0.154 | 0.415 | 0.281 | 1.580 | 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 | | 0.514 | 2.075 | 1.872 | 2.483 | 6.944 |
| Total | 1.914 | 3.174 | 0.640 | 0.000 | 5.728 | | 3.976 | 7.920 | 4.653 | 8.773 | 25.322 |

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

Period 6 Forecast Revenue Outturn - Detailed budget summary by Service
Service: Adult Services

| Summary by Service | Budget | Forecast Expenditure | Variance |
|-----------------------------|---------------|----------------------|--------------|
| Service | £m | £m | £m |
| Commissioned Services | 66.411 | 68.363 | 1.952 |
| In-house Services | 8.252 | 7.643 | (0.609) |
| Care Management | 12.105 | 11.803 | (0.302) |
| Support & Other Services | 6.186 | 6.029 | (0.157) |
| Total Adult Services | 92.954 | 93.838 | 0.884 |

NOTES - Predicted Year End Variances of £0.250 million or more

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

- a. Commissioned Services is forecast to overspend by £1.952 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 underspend by £0.609 million. This is due to the following:
 - i. It is anticipated that income will be £0.404 million in excess of budget. This income is received from Northumberland CCG for service users who have been assessed as being eligible for Continuing Health Care or Section 117 funding; and,
 - ii. The unachieved savings balance of £0.588 million from in-house services will be met from additional income to the Short Term Support Service (STSS) from the Commissioned Services care budget; which in turn reflects the pressure in 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 £0.302 million. This is due to the following:
 - i. Staffing related budgets are forecast to underspend by £0.090 million as a result of vacant

- posts; and,
- 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 underspend by £0.157 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 £0.196 million due to the increased level of mental health assessments that have been requested;
 - iii. Staffing related budgets are forecast to underspend by £0.400 million as a result of vacant posts; and,
 - iv. 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.

Note - The difference between the figures shown in the table and the explanations above consist of a number of minor variations within each area.

Appendix E

Period 6 Forecast Revenue Outturn - Detailed budget summary by Service

Service: Adult Services: Public Health

| Summary by Service | Budget | Expenditure | Variance |
|----------------------------|--------------|--------------|--------------|
| Service | £m | £m | £m |
| Public Health | 0.000 | 0.000 | 0.000 |
| Northumberland Sport | 0.000 | 0.000 | 0.000 |
| Total Public Health | 0.000 | 0.000 | 0.000 |

NOTES - Predicted Year End Variances of £0.250 million or more

There are no significant variances to report within the Public Health budgets.

Period 6 Forecast Revenue Outturn - Detailed budget summary by Service
Service: Chief Executive

| Summary by Service | Budget | Expenditure | Variance |
|------------------------------|---------------|--------------------|-----------------|
| Service | £m | £m | £m |
| Chief Executive | 0.479 | 0.456 | (0.023) |
| Procurement | 0.997 | 0.909 | (0.088) |
| Transformation | 0.291 | 0.393 | 0.102 |
| Total Chief Executive | 1.767 | 1.758 | (0.009) |

NOTES - Year End Variances of £0.250 million or more

There are no significant variances to report within the Chief Executive's budgets.

Period 6 Forecast Revenue Outturn - Detailed budget summary by Service
Service: Children's Services: Children's Social Care

| Summary by Service | Budget | Forecast Expenditure | Variance |
|-------------------------------------|---------------|----------------------|--------------|
| Service | £m | £m | £m |
| Adolescent Services | 3.584 | 3.323 | (0.261) |
| Family Placement | 10.750 | 10.784 | 0.034 |
| Purchase Budgets | 2.282 | 7.037 | 4.755 |
| Early Intervention and Prevention | 4.872 | 4.583 | (0.289) |
| Local Children's Safeguarding Board | 0.131 | 0.131 | 0.000 |
| Looked after Children | 3.506 | 2.598 | (0.908) |
| Social Work Teams | 9.455 | 8.999 | (0.456) |
| District Admin Offices | 0.737 | 0.635 | (0.102) |
| Family and Disability Services | 2.604 | 2.720 | 0.116 |
| Safeguarding Standards | 1.109 | 1.118 | 0.009 |
| Other Children's Services | 2.342 | 2.235 | (0.107) |
| Total Children's Social Care | 41.372 | 44.163 | 2.791 |

NOTES - Year End Variances of £0.250 million or more

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

- a. The Adolescent Service has an underspend on staffing of £0.333 million. Several staff have left on voluntary redundancy and a restructure has taken place, but there are a number of new posts yet to be filled.
- b. The Purchase budgets are forecast to overspend by £4.755 million. This is due to the following:
 - i £5.897 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 44 placements with 41 anticipated to remain for the full year; and,
 - ii The overspend on Purchase budgets is offset by £1.100 million additional income anticipated from Northumberland CCG in respect of jointly funded clients.
- c. The Early Intervention and Prevention Service is forecast to underspend by £0.291 million on staff.

This is as a result of a number of staff taking voluntary severance and several staff vacancies with some assumed to be filled before the end of the financial year.

- d. The budget for Looked after Children is forecast to underspend by £0.908 million. This is due to the following:
 - i. Kylloe House secure unit is expected to underspend by £0.611 million, with income from Other Local Authorities that purchase placements exceeding the budget by £0.461 million and an underspend on staffing of £0.100 million;
 - ii. There is an underspend on the Family Support Service of £0.106 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 October 2019; and,
 - iii. There is also a staffing underspend across the in house residential homes and the administrative support team for the service of £0.166 million.
- e. The Social Work Teams budget is forecast to underspend by £0.456 million. This is due to the following:
 - i. an underspend on staff costs of £0.706 million due to staff turnover and vacant posts, offset by £0.573 million agency costs which are not included in the budget; and,
 - ii. an underspend on the service contingency provision of around £0.200 million based upon latest commitments.

Note - The difference between the figures shown in the table and the explanations above consist of a number of minor variations within each area.

Period 6 Forecast Revenue Outturn - Detailed budget summary by Service

Service: Children's Services: Education & Skills

| Summary by Service | Budget | Forecast Expenditure | Variance |
|---|---------------|-----------------------------|-----------------|
| Service | £m | £m | £m |
| Director of Education & Skills | 0.281 | 0.280 | (0.001) |
| Curriculum & Learning | 1.967 | 1.967 | 0.000 |
| Alternative Education (Virtual Headteacher) | 0.030 | 0.030 | 0.000 |
| Special Educational Needs & Disability | 5.267 | 5.457 | 0.190 |
| School Organisation | 11.786 | 11.826 | 0.040 |
| School Improvement | 0.000 | (0.035) | (0.035) |
| Total Education & Skills | 19.331 | 19.525 | 0.194 |

NOTES - Year End Variances of £0.250 million or more

The forecast position for Education & Skills comprises a number of minor variances.

Period 6 Forecast Revenue Outturn - Detailed budget summary by Service
Service: Children's Services: Dedicated Schools Grant

| Summary by Service | Budget | Forecast Expenditure | Variance |
|--------------------------------------|----------------|----------------------|--------------|
| Service | £m | £m | £m |
| Schools Block | 90.046 | 89.681 | (0.365) |
| Central Schools Block | 3.533 | 3.643 | 0.098 |
| High Needs Block | 30.361 | 31.272 | 0.911 |
| Early Years Block | 17.046 | 17.046 | 0.000 |
| Total Dedicated Schools Grant | 140.986 | 141.642 | 0.644 |

NOTES - Year End Variances of £0.250 million or more

The main reasons for the forecast position for the Dedicated Schools Grant are outlined below:

Schools Block:

- a. There is a forecast underspend of £0.344 million on the schools' contingency budget, this is following an agreement by schools forum to redirect up to £0.100 million towards additional support to prevent permanent exclusions.

High Needs Block:

- a. There is a forecast overspend of £0.524 million which is the shortfall between the actual deficit carried forward from 2018-19 and the funds that had been set aside to meet the deficit previously.
- b. There is a forecast overspend of £0.507 million on special school sixth form funding. From August this funding was transferred into the DSG High Needs block, but this was not built into budget previously set by the schools forum in February 2019 and funds had already been allocated elsewhere across the block.
- c. A predicted underspend of £0.112 million on EHCP/STAR funding will offset the overspends above.

Note - The difference between the figures shown in the table and the explanations above consist of a number of minor variations within each area.

Period 6 Forecast Revenue Outturn - Detailed budget summary by Service
Service: Finance

| Summary by Service | Budget | Forecast Expenditure | Variance |
|---------------------------|---------------|-----------------------------|-----------------|
| Service | £m | £m | £m |
| Revenues & Benefits | 2.196 | 1.645 | (0.551) |
| Customer Services | 1.928 | 1.795 | (0.133) |
| Internal Audit | 0.466 | 0.466 | 0.000 |
| Information Services | 6.388 | 7.433 | 1.045 |
| Corporate Finance | 4.763 | 4.907 | 0.144 |
| Fire & Rescue | 15.475 | 15.533 | 0.058 |
| Strategic Property | 5.534 | 5.493 | (0.041) |
| Total Finance | 36.750 | 37.272 | 0.522 |

NOTES - Year End Variances of £0.250 million or more

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

- a. The Revenues and Benefits Service is forecast to underspend by £0.551 million due to :
 - i An overspend on Cost of Benefits in relation to Rent Allowance and Rent Rebate payments of £0.409 million. This is due to two reasons: an increased number of overpayments which cannot be claimed through the subsidy but will be recovered over time; and, a change to the scheme in relation to supported accommodation resulting in an increased number of claims that do not attract 100% subsidy. This is offset by an estimated over recovery of overpaid benefits of £0.333 million;
 - ii Additional new burdens grant income of £0.267 million, mainly for the transition to Universal Credit; and,
 - iii Staff vacancies of £0.368 million. It is not anticipated that these vacancies will be filled in year.

- b. Information Services is forecast to overspend by £1.045 million. This is mainly due to the following:
- i An overspend on software of £0.744 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; and
 - iv There is a recurrent overspend against data lines of £0.208 million.
- c. Corporate Finance is forecast to overspend by £0.144 million. This is mainly due to the following:
- i An underspend of £0.222 million due to a number of vacant posts across the service which are in the process of being filled; and,
 - ii An overspend of £0.410 million due to corporate savings that will not be delivered in year.

Note - The difference between the figures shown in the table and the explanations above consist of a number of minor variations within each area.

Period 6 Forecast Revenue Outturn - Detailed budget summary by Service
Service: Human Resources & OD

| Summary by Service | Budget | Forecast Expenditure | Variance |
|---------------------------------------|---------------|-----------------------------|-----------------|
| Service | £m | £m | £m |
| Human Resources | 2.497 | 2.447 | (0.050) |
| Democratic Services | 2.824 | 2.645 | (0.179) |
| Registrars & Coroners | 1.017 | 1.077 | 0.060 |
| Communications | 0.625 | 0.686 | 0.061 |
| Elections | 0.455 | 0.511 | 0.056 |
| Legal | 2.054 | 2.199 | 0.145 |
| Tourism, Culture, Leisure & Heritage | 9.085 | 8.871 | (0.214) |
| Total Human Resources & OD | 18.557 | 18.436 | (0.121) |

NOTES - Year End Variances of £0.250 million or more

The forecast position for Human Resources & OD comprises a number of minor variances.

Period 6 Forecast Revenue Outturn - Detailed budget summary by Service
Service: Place

| Summary by Service | Budget | Forecast Expenditure | Variance |
|-----------------------------|---------------|----------------------|----------------|
| Service | £m | £m | £m |
| Economy & Regeneration | 2.541 | 2.496 | (0.045) |
| Executive Director of Place | 24.346 | 24.382 | 0.036 |
| Head of Local Services | 0.122 | 0.122 | 0.000 |
| Housing & Public Protection | 3.556 | 3.534 | (0.022) |
| Neighbourhood Services | 10.418 | 10.511 | 0.093 |
| Waste PFI Contract | 17.427 | 18.727 | 1.300 |
| Planning | 0.902 | 0.172 | (0.730) |
| Technical Services | 19.712 | 18.279 | (1.433) |
| Total Place | 79.024 | 78.223 | (0.801) |

NOTES - Year End Variances of £0.250 million or more

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

- a. The waste PFI budget is now expected to overspend by £1.300 million. The growth in waste volumes evident in April and July has continued into August and September, therefore the projected annual volume of tonnage is in line with the average tonnage over the last 5 years. Waste growth at the kerbside and Household Waste Recovery Centres is likely to be a consequence of residential house building across Northumberland, whilst seasonal climatic conditions exert a strong influence on compost volumes. The Energy from Waste plant continues to operate without interruption following an unexpected shut down in July. The current forecast assumes that the plant will continue at normal capacity for the remainder of the financial year.

NOTES - Year End Variances of £0.250 million or more

- b. The Planning Service is forecast to underspend by £0.730 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. There is also a forecast net underspend on staffing budgets of £0.160 million, (including the planned savings of £0.240 million) as a result of vacant posts that will not be filled as a review of the service is currently underway.
- c. Technical Services is forecast to underspend by £1.433 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 £0.125 million compared to a forecast overspend of £0.250 million in July. There has been significant progress made with clearing the backlog of timesheets to be processed which has reduced the year to date overspend to £0.200 million. Additional further transfer of costs to the capital programme have been identified which will further reduce the current overspend;
 - iii. Income from Road Closure Fees and Penalty notices, partially offset by increased advertising costs means the Streetworks budget is anticipated to underspend by £0.256 million;
 - iv. The Manager of the Parking budget has undertaken a review of the financial position of the service and it is forecast to underspend by £0.394 million in the current financial year. Parking charge income is forecast to exceed the budget by £0.268 million due to the introduction of charging at various coastal locations that commenced in August 2019 with the full year budget adjustment commencing from April 2020. Parking Fines are forecast to exceed the budget by £0.192 million and the sale of parking discs by £0.055 million. Expenditure on rents and leases is forecast to overspend by £0.115 million due to the implementation of the new lease arrangements with the owners of the land that the car parks occupy; and,
 - v. The Home to School Transport budget is estimated to underspend by £1.275 million based on all of the transport that is to be provided across mainstream and Post 16 transport for the remainder of the financial year. The forecast includes an allowance to cover any additional Post 16 or concessions applications received, any successful appeals and any new transport that may require adding to the network prior to 31 March 2020.

Note - The difference between the figures shown in the table and the explanations above consist of a number of minor variations within each area.

Period 6 Forecast Revenue Outturn - Detailed budget summary by Service

Service: Other Corporate Expenditure and Income

| Summary by Service | Budget | Forecast Expenditure | Variance |
|---|------------------|----------------------|----------------|
| Service | £m | £m | £m |
| Corporate Items | 28.981 | 27.350 | (1.631) |
| Treasury Management | (26.609) | (26.300) | 0.309 |
| Capital Financing | 5.770 | 4.669 | (1.101) |
| Corporate Funding | (297.898) | (298.489) | (0.591) |
| Total Other Corporate Expenditure & Income | (289.756) | (292.770) | (3.014) |

NOTES - Year End Variances of £0.250 million or more

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

- a. Within Corporate Items there is a £1.000 million underspend anticipated in relation to the contingency provision within the budget and the level of pension deficit recharges recovered from grant funded budgets is expected to exceed the budgeted amount by £0.505 million.
- 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 £1.101 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 £0.591 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 has 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.

Period 6 Forecast Revenue Outturn - Detailed budget summary by Service
Service: Housing Revenue Account Expenditure and Income

| Summary by Service | Budget | Forecast Expenditure | Variance |
|---|----------------|-----------------------------|-----------------|
| Service | £m | £m | £m |
| Housing Management | 5.696 | 5.369 | (0.327) |
| Housing Special | 0.616 | 0.705 | 0.089 |
| Repairs and Maintenance | 7.698 | 7.844 | 0.146 |
| Housing Capital Works | 0.592 | 0.569 | (0.023) |
| Other HRA Services | 14.172 | 13.728 | (0.444) |
| HRA Income | (29.247) | (29.137) | 0.110 |
| Total HRA Expenditure & Income | (0.473) | (0.922) | (0.449) |

NOTES - Year End Variances of £0.250 million or more

The main reasons for the forecast position for the Housing Revenue Account are outlined below:

- a. Salary budgets are forecast to underspend by £0.350 million due to a number of vacant posts and the implementation of the new structure from 23 September 2019 rather than 1 April which had been assumed in the budget.
- b. Reduction in interest payable on HRA loans of £0.223 million due to the refinancing of an existing loan at a more favourable rate.
- c. 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.
- d. 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 £0.172 million.
- e. The remaining balance comprises a number of minor variances.