



# Northumberland

## County Council

### CABINET

11 February 2020

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## Financial Performance 2019-20 - Position at the end of December 2019

Report of Chris Hand, Executive Director of 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 underspend of £0.052 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 and amendment to existing 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 December 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 December 2019 and the projected year end position at that point in time.

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

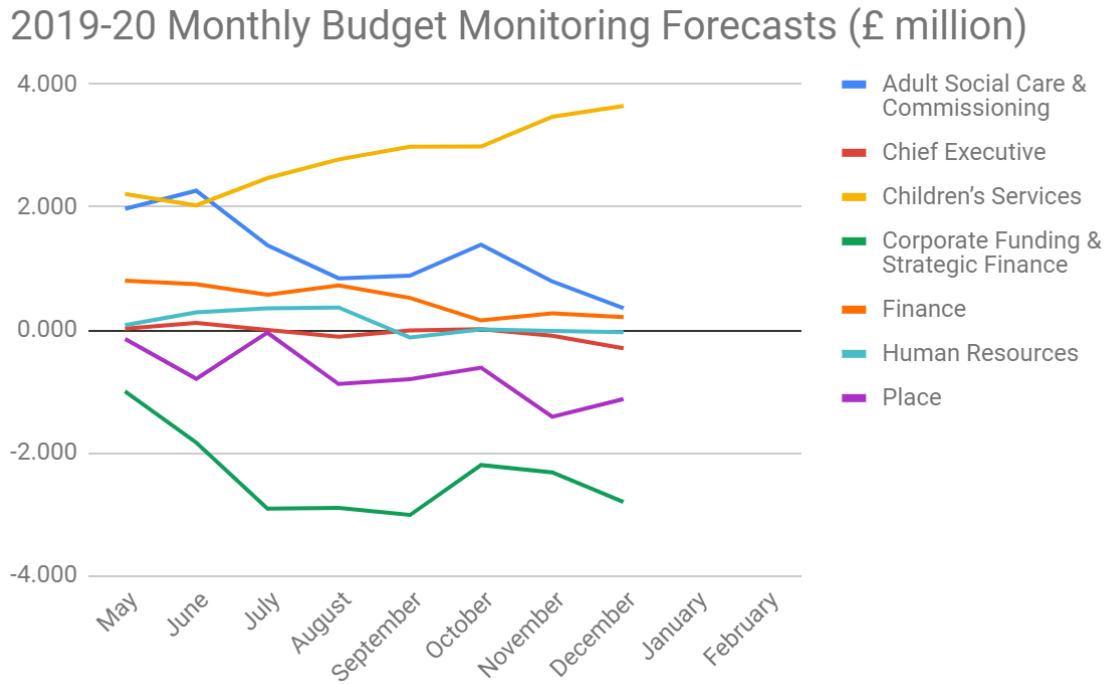
- 5.1 The Council's projected revenue outturn position at the end of December, within each service area is shown in summary at Section 6 of the report (figures in brackets denote an underspend); and in detail within Appendices D - N of the report.
- 5.2 A summary of the significant variances within each service area, since the report to Cabinet on 12 November 2019 showing the position as at the end of September 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 £137.557 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	<b>92.984</b>	93.340	0.356
Chief Executive	1.710	<b>1.477</b>	1.177	(0.300)
Children's Services	60.447	<b>60.957</b>	64.605	3.648
Finance	36.725	<b>38.058</b>	38.267	0.209
Human Resources	18.257	<b>18.846</b>	18.810	(0.036)
Place	78.581	<b>79.209</b>	78.083	(1.126)
<b>Total Services</b>	<b>288.636</b>	<b>291.531</b>	<b>294.282</b>	<b>2.751</b>
Corporate Expenditure and Income	9.262	<b>6.367</b>	4.155	(2.212)
<b>Total Net Expenditure</b>	<b>297.898</b>	<b>297.898</b>	<b>298.437</b>	<b>0.539</b>
<b>Budget funded by:</b>				
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	-
<b>Total Funding of Services</b>	<b>297.898</b>	<b>297.898</b>	<b>298.489</b>	<b>(0.591)</b>
<b>Net Total</b>	<b>-</b>	<b>-</b>	<b>(0.052)</b>	<b>(0.052)</b>

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



## 7. Adult Social Care & Commissioning - £0.356 million forecast overspend

2019-20 Budget	Gross Expenditure	Gross Income	Net Revenue Budget	Net Outturn	Variance
	£m	£m	£m	£m	£m
<b>Adult Services</b>	203.608	(110.624)	92.984	93.340	0.356
Outturn position forecast at month 6 - end of September					0.884
<b>Change in Forecast - decrease in the overspend</b>					<b>(0.528)</b>

7.1 The summary below highlights the significant movements within each area:

Movement in Variance	£m
Commissioned Services	(0.313)
In-House Services	(0.110)
Care Management	(0.011)
Adult Support Services	(0.094)
<b>Total Variances in Adult Social Care &amp; Commissioning</b>	<b>(0.528)</b>

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

- a. Non-recurrent funding of £0.235 million will be received from the Learning Disability Transformation Fund. This will be used to fund existing pressures within the Commissioned Care budget.
- b. It is anticipated that the level of expenditure on Deprivation of Liberty will be lower than the budget, resulting in a reduction in the forecast of £0.197 million.
- c. The other changes are made up of a number of smaller scale variances.

## 8. Chief Executive - £0.300 million forecast underspend

2019-20 Budget	Gross Expenditure	Gross Income	Net Revenue Budget	Net Outturn	Variance
	£m	£m	£m	£m	£m
<b>Chief Executive</b>	3.157	(1.680)	1.477	1.177	(0.300)
Outturn position forecast at month 6 - end of September					(0.009)
<b>Change in Forecast - increase in the underspend</b>					<b>(0.291)</b>

8.1 The summary below highlights the significant movements within each area:

Movement in Variance	£m
Transformation	(0.107)
Chief Executive	0.019
Procurement	(0.203)
Improvement & Innovation	0.000
<b>Total Variances in Chief Executives</b>	<b>(0.291)</b>

8.2 There are no significant movements to report.

## 9. Children's Services - £3.648 million forecast overspend

2019-20 Budget	Gross Expenditure	Gross Income	Net Revenue Budget	Net Outturn	Variance
	£m	£m	£m	£m	£m
<b>Children's Services</b>	83.307	(22.352)	60.955	64.603	3.648
Outturn position forecast at month 6 - end of September					2.985
<b>Change in Forecast - increase in the overspend</b>					<b>0.663</b>

9.1 The summary below highlights the significant movements within each area:

Movement in Variance	£m
Adolescent Services	0.330
Looked After Children	0.346
Family Placement	0.222
Minor Variances	(0.235)
<b>Total Variances in Children's Services</b>	<b>0.663</b>

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

- a. An increase in the demand for Supported Accommodation has resulted in an additional pressure of £0.437 million for Adolescent Services.
- b. The Looked After Children overspend has increased due to a reduction in the income forecast of £0.102 million from selling secure bed spaces at Kylee House; and, an additional £0.085 million staffing costs forecast due to the continued use of agency staff.
- c. Additional placements and extension of existing placements of Foster Care has increased the forecast overspend within Family Placements by £0.193 million.
- d. The remaining balance comprises a number of minor variances.

## 10. Finance - £0.209 million forecast overspend

2019-20 Budget	Gross Expenditure	Gross Income	Net Revenue Budget	Forecast Outturn	Variance
	£m	£m	£m	£m	£m
<b>Finance</b>	133.994	(95.936)	38.058	38.267	0.209
Outturn position forecast at month 6 - end of September					0.522
<b>Change in Forecast - decrease in the overspend</b>					<b>(0.313)</b>

10.1 The summary below highlights the significant movements within each area:

Movement in Variance	£m
Revenues & Benefits	0.077
Customer Services	(0.089)
Internal Audit	0.022
Information Services	0.162
Corporate Finance	(0.632)
Fire & Rescue	0.110
Strategic Property	0.037
<b>Total Variances in Finance</b>	<b>(0.313)</b>

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

- a. A non achieved corporate cross-Directorate saving of £0.410 million has been transferred to Strategic Finance.
- b. There is an expected shortfall in schools' SLA income within Information Services of £0.225 million.
- c. The remaining balance comprises a number of minor variances.



## 11. Human Resources & OD - £0.036 million forecast underspend

2019-20 Budget	Gross Expenditure	Gross Income	Net Revenue Budget	Net Outturn	Variance
	£m	£m	£m	£m	£m
<b>Human Resources &amp; OD</b>	22.636	(3.790)	18.846	18.810	(0.036)
Outturn position forecast at month 6 - end of September					(0.121)
<b>Change in Forecast - decrease in the underspend</b>					<b>0.085</b>

11.1 The summary below highlights the movements within each area:

Movement in Variance	£m
Human Resources	(0.050)
Democratic Services	(0.003)
Registrars and Coroners	0.020
Communications	0.051
Elections	0.023
Legal	0.004
Tourism, Culture, Leisure and Heritage	0.040
<b>Total Variances in HR &amp; OD</b>	<b>0.085</b>

11.2 There are no significant movements to report.

## 12. Place - £1.126 million forecast underspend

2019-20 Budget	Gross Expenditure	Gross Income	Net Revenue Budget	Net Outturn	Variance
	£m	£m	£m	£m	£m
Place	143.344	(64.135)	79.209	78.083	(1.126)
Outturn position forecast at month 6 - end of September					(0.801)
<b>Change in Forecast - increase in the underspend</b>					<b>(0.325)</b>

12.1 The summary below highlights the significant movements within each area:

Movement in Variance	£m
Neighbourhood Services	(0.260)
Waste PFI Contract	(0.275)
Planning	0.275
Minor Variances	(0.065)
<b>Total Variances in Place</b>	<b>(0.325)</b>

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

- a. Neighbourhood Services is now forecast to underspend by £0.167 million, mainly due to additional commercial income received in waste services, which is partly offset by additional agency and staff costs across waste services due to additional costs for covering sickness and maternity leave.
- b. The forecast overspend for the Waste PFI contract has reduced by £0.275 million as the growth in waste volumes evident in the early part of the year has reduced since October.
- c. The forecast underspend for Planning Services has reduced by £0.275 million, mainly due to a forecast underachievement of planning fee income and S38/278 income following a review of when fees from major applications and developments are likely to be received.
- d. The remaining balance comprises a number of minor variances.

**13. Other Corporate Expenditure and Income - £2.803 million forecast underspend**

2019-20 Budget	Gross Expenditure	Gross Income	Net Revenue Budget	Net Outturn	Variance
	£m	£m	£m	£m	£m
Strategic Finance	34.655	(28.288)	6.367	4.155	(2.212)
Corporate Funding	0.000	(297.898)	(297.898)	(298.489)	(0.591)
<b>Total</b>	<b>34.655</b>	<b>(326.186)</b>	<b>(291.531)</b>	<b>(294.334)</b>	<b>(2.803)</b>
Outturn position forecast at month 6 - end of September					(3.015)
<b>Change in Forecast - decrease in the underspend</b>					<b>0.212</b>

13.1 The summary below highlights the significant movements within each area:

Movement in Variance	£m
Corporate Items	(0.200)
Treasury Management	0.588
Capital Financing	(0.176)
Corporate Funding	0.000
<b>Total Variances in Other Corporate Expenditure &amp; Income</b>	<b>0.212</b>

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

- a. A non achieved corporate cross-Directorate saving of £0.410 million has been transferred from Finance.
- b. The forecast underachievement of interest from third party loans has increased by £0.545 million due to the number of loans granted in the year being lower than anticipated, along with a number of loans being delayed.
- c. The remaining balance comprises a number of minor variances.

#### 14. Other General Fund Items

- 14.1 During October, November and December the following has been released from the contingency:

	2019-20	2020-21
	£	£
Recurrent Items	1,137,080	*1,301,340
Non-recurrent Items	791,050	269,810

\* 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 during October, November and December.
- 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 October, November and December. It is recommended that 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	£
Children's Services	Department for Education	Extension of the role of Virtual School Heads to Certain Previously Looked after Children Implementation Grant	69,616
Local Services	Forestry Commission	Urban Tree Challenge Fund	265,050
Children's Services	Department for Education	Dedicated Schools' Grant	4,577,900
Local Services	Homes England	Community Housing Fund	62,807

- 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 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) - £0.765 million forecast overspend**

2019-20 Budget	Gross Expenditure	Gross Income	Net Revenue Budget	Net Outturn	Variance
	£m	£m	£m	£m	£m
<b>Dedicated Schools' Grant</b>	140.265	(140.265)	0.000	0.765	0.765
Outturn position forecast at month 6 - end of September					0.644
<b>Change in Forecast - increase in the overspend</b>					<b>0.121</b>

15.1 In 2019-20, the Council expects to receive Dedicated Schools' Grant totalling £137.557 million, 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 £95.152 million for 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 Despite a rise in school funding for 2020-21, there are several schools that are currently predicting a deficit position, their financial position is being closely monitored and we are working with those schools to devise an achievable budget recovery plan.

15.6 There has been an increase of £0.121 million in the forecast overspend position of £0.765 million since the period 6, end of September 2019 report. The following summary highlights the significant movements within each area:

Movement in Variance	£m
High Needs Block	0.269
Minor Variances	(0.148)
<b>Total Variances in the Dedicated Schools' Grant</b>	<b>0.121</b>

- 15.7 There continues to be an increasing demand for placements in Independent Special Schools and Alternative Provision which is the main driver behind the increasing overspend on the High Needs block.

## 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. An additional £0.190 million was also transferred from the Public Health reserve during the year to fund new health initiatives. However, there is an overall underspend anticipated in relation to various Public Health activities which is shown in the table below.

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	1.239	1.126	(0.113)
Stop Smoking Initiatives	0.776	0.751	(0.025)
Drug & Alcohol Services	3.421	3.380	(0.041)
Sexual Health Services	2.127	2.060	(0.067)
0-19 Public Health Services	6.085	6.032	(0.053)
Other Health Initiatives	2.735	2.748	0.013
<b>Total Variances in Public Health</b>	<b>16.383</b>	<b>16.097</b>	<b>(0.286)</b>

16.5 It is anticipated that £0.286 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 is possible.

**17. Ring-fenced Accounts - Housing Revenue Account (HRA) - £0.381 million forecast underspend**

2019-20 Budget	Gross Expenditure	Gross Income	Net Revenue Budget	Net Outturn	Variance
	£m	£m	£m	£m	£m
<b>Housing Revenue Account</b>	35.771	(36.244)	(0.473)	(0.854)	(0.381)
Outturn position forecast at month 6 - end of September					(0.449)
<b>Change in Forecast - reduction in the underspend</b>					<b>0.068</b>

17.1 There are no significant movements to report.



## **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, approval totalling £8.695 million for additional schemes and resourcing has been agreed.

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

Directorate	2019-20 Approved Budget Full Council 20.02.19	Approved Adjustments	Revised 2019-20 Budget	Expenditure to 31.12.19	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	1.207	1.801	(0.485)	-	(0.485)
Chief Executive's	1.000	0.464	1.464	0.303	1.339	(0.125)	-	(0.125)
Children's Services	40.020	(4.111)	35.909	29.139	38.429	2.520	0.013	2.507
Finance	50.563	(0.596)	49.967	28.513	49.575	(0.392)	1.666	(2.058)
Human Resources & OD	2.000	0.231	2.231	3.013	4.358	2.127	0.063	2.064
Place	61.103	(3.107)	57.996	40.994	51.184	(6.812)	0.376	(7.188)
<b>Total Programme</b>	<b>159.006</b>	<b>(9.153)</b>	<b>149.853</b>	<b>103.169</b>	<b>146.686</b>	<b>(3.167)</b>	<b>2.118</b>	<b>(5.285)</b>
<b>Financed by:</b>								
External Grants	51.872	(1.025)	50.847					
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	(5.503)	85.420					
<b>Total Financing</b>	<b>159.006</b>	<b>(9.153)</b>	<b>149.853</b>					

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

- a. £28.417 million invested in transport schemes including infrastructure, traffic management and integrated transport schemes.
- b. £29.139 million invested in school buildings, including the construction of new schools at Morpeth and Ponteland.
- c. £4.019 million invested in fleet replacement.
- d. £5.575 million invested in the Council's housing stock.

18.5 There is a net forecast underspend of £3.167 million across the 2019-20 Capital Programme comprising of £5.285 million reprofiling (£9.359 million reprofiling from 2020-21 into 2019-20 and £14.644 million from 2019-20 into 2020-21) and £2.118 million overspend. The following is a summary of the significant variances:

- a. Adult Services - £0.485 million reprofiling from 2019-20 to 2020-21 as follows:
  - i. £0.200 million reprofiling from 2019-20 to 2020-21 in relation to Disabled Facilities Grant based on the current level of applications.
  - ii. £0.285 million reprofiling from 2019-20 to 2020-21 in relation to Community Capacity Grant as no further business cases are expected to be approved in this financial year.
- b. Chief Executive's - £0.125 million reprofiling from 2019-20 to 2020-21 on the Warm Homes Fund due to the Council being granted an extension to the scheme until May 2020 with the final project report due by August 2020.
- c. Children's Services - £0.013 million overspend, £1.553 million reprofiling from 2019-20 to 2020-21 and £4.060 million reprofiling from 2020-21 to 2019-20 as follows:
  - i. £0.150 million reprofiling from 2019-20 to 2020-21 in relation to developing two children's homes within the County to accommodate up to four young people. Two sites at Pegswood and Hadston have been identified with works expected to commence in April 2020.
  - ii. £0.567 million reprofiling from 2019-20 to 2020-21 in relation to the Schools' Capital Investment Programme based on the programme manager's forecast expenditure.
  - iii. £0.175 million reprofiling from 2019-20 to 2020-21 in relation to Morpeth First School. The school opened in September 2019

with some snagging works and potential roundabout works expected in 2020-21.

- iv £0.161 million reprofiling from 2019-20 to 2020-21 in relation to Stannington First School Additional Places with the installation of the modular classrooms expected to be completed by August 2020.
  - v £0.500 million reprofiling from 2019-20 to 2020-21 in relation to Devolved Formula Capital as grant conditions allow schools three years to spend their allocations.
  - vi £1.351 million reprofiling from 2020-21 to 2019-20 in relation to Ponteland Secondary School and Leisure Centre. The schemes are progressing ahead of the original programme with the fire station already completed. It is expected that the construction of the Secondary School and Leisure Centre will be completed by Summer 2020.
  - vii £2.709 million reprofiling from 2020-21 to 2019-20 in relation to School Reorganisation in the West of the County. The schemes are progressing ahead of the original programme and it is expected that Haydon Bridge Secondary School will be completed by the end of the financial year with the works at Bellingham Children's Centre complete by December 2020.
- d. Finance - £1.666 million overspend, £5.237 million reprofiling from 2019-20 to 2020-21 and £3.179 million reprofiling from 2020-21 to 2019-20 as follows:
- Corporate Finance
- i £0.421 million underspend in relation to the loans to the North East Local Enterprise Partnership for the East Sleekburn, Bates and Ashwood sites where the overall loan values have been less than originally anticipated.
  - ii £1.355 million reprofiling from 2019-20 to 2020-21 in relation to Bedlington Town Centre Grant following an update in the expenditure profile of the scheme.
  - iii £2.900 million reprofiling from 2019-20 to 2020-21 in relation to Portland Park Grant following an update in the expenditure profile of the scheme.
  - iv £2.980 million reprofiling from 2020-21 to 2019-20 in relation to loans to third parties due to accelerated expenditure from future years including Tyne Valley and Amble Retail Parks.

## Information Services

- i Note the overspend in relation to the Desktop Refresh Programme of £1.614 million. 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 £1.614 million will be incurred in the current financial year with the remainder in 2020-21 and 2021-22. Should the capital programme; including this bid be approved by County Council in February the budget will be reprofiled.
- ii £0.110 million reprofiling from 2020-21 to 2019-20 along with an expected overspend of £0.500 million in relation to the upgrading of the County Hall IT Infrastructure. Additional capacity has been included compared to the original estimate, and cabling changing from Cat 5 to 6 for future proofing as well as fire regulations.

## Property Services

- i £0.049 million overspend in relation to Prudhoe Eastwood with the additional cost being recovered from Northumbrian Water.
- ii £0.076 million underspend in relation to the relocation of Northumberland Adult Learning Service into Wentworth Leisure Centre due to some expenditure now being incurred within the main Wentworth Leisure Centre project.
- iii £0.412 million reprofiling from 2019-20 to 2020-21 in relation to the refurbishment of County Hall with the expenditure profile amended to reflect the latest Phase 1 target completion dates.
- iv £0.070 million reprofiling from 2019-20 to 2020-21 in relation to Alnwick Lindisfarne Site with asbestos removal commencing in March with main construction occurring in 2020-21.
- v £0.400 million reprofiling from 2019-20 to 2020-21 in relation to the purchasing of Choppington Road Land Mineral Rights which is not expected to complete until 2020-21.
- vi £0.100 million reprofiling from 2019-20 to 2020-21 in relation to the grant to Morpeth Town Council as there has been a slight delay in the planning approval.
- vii £0.050 million reprofiling from 2020-21 to 2019-20 in relation to the Property Stewardship Fund due to an acceleration of the work on key toilet blocks.
- viii £0.039 million reprofiling from 2020-21 to 2019-20 in relation to Cowley Road Depot Refurbishment and Car Park and West Hartford Parking.

- e. Human Resources & OD - £0.063 million overspend and £2.064 million reprofiling from 2020-21 to 2019-20 as follows:
  - i £0.063 million overspend in relation to the relocation of Northumberland Adult Learning Service in Wentworth Leisure Centre with the expenditure now being incurred as part of the main contract.
  - ii £1.287 million reprofiling from 2020-21 to 2019-20 in relation to Berwick Leisure Centre with the contractor commencing on site 27 January 2020.
  - iii £0.202 million reprofiling from 2020-21 to 2019-20 in relation to Blyth Sports Centre due to an acceleration of the pool refurbishment works.
  - iv £0.575 million reprofiling from 2020-21 to 2019-20 in relation to the provision of leisure facilities within Morpeth. [The planning application has now been submitted.
  
- f. Place - £0.376 million overspend, £7.244 million reprofiling from 2019-20 to 2020-21 and £0.056 million reprofiling from 2020-21 to 2019-20 as follows:
  - Housing Revenue Account
    - i £0.019 million underspend in relation to the implementation of the Housing Management System.
    - ii £0.050 million reprofiling from 2020-21 to 2019-20 in relation to the award of a Section 106 grant as a result of the planning conditions in Blyth.
    - iii £0.600 million reprofiling from 2019-20 to 2020-21 in relation to HRA reprovision and new build as the site at Foggins Yard will be purchased in the current financial year with the redevelopment occurring in 2020-21.
  
  - Housing General Fund
    - i. £0.050 million reprofiling from 2019-20 in relation to the Community Housing Fund with four grants anticipated to be made in the current financial with the remainder in 2020-21.
  
  - Technical Services
    - i. £0.259 million overspend in relation to the Lady's Walk river collapse scheme in Morpeth. As a result of the restrictions placed on the Council by the Environment Agency the costs have increased on the scheme due to both delays and abortive work. During the delays caused by the Crayfish breeding season the

Council made some progress but this did increase the duration of the works.

- ii. £0.063 million overspend in relation to the Morpeth Surface Water scheme due to difficult ground conditions following high rainfall and to re-work some plans on site due to unexpected utilities.
- iii. £0.087 million overspend in relation to Seahouses Pier. The project is now complete with a forecast £0.325 million increase in costs due to the need to address some pre-construction uncertainties and the realisation of some risks associated with working in a coastal location. Whilst most of the increased cost has been met from the contingency within the Environment Agency Grant, any costs incurred above the maximum £3.110 million grant was at the Council's risk; therefore, the remaining £0.087 million will need to be funded by the Council subject to the final account being settled.
- iii. £0.250 million reprofiling from 2019-20 to 2020-21 in relation to the construction of the new salt barns for winter services. Schemes completed since 1 April 2019 are Bellingham, Morpeth and Otterburn.
- iv. £0.186 million reprofiling from 2019-20 to 2020-21 in relation to Berwick Quayside Car Park as the land has been recently acquired with the works expected to be concluded in 2020-21.
- v. £1.782 million reprofiling from 2019-20 to 2020-21 in relation to Street Lighting Replacement and Modernisation Programme. The adjudication process between the Council and Galliford Try is now complete. The adjudicators decision was that the original contract sum for the Phase 2 contract was £21.932 million which was the Council's best possible position. However, this could still be challenged by Galliford Try. The project is now expected to reach completion at the end of January/early February.
- vi. £1.000 million reprofiling from 2019-20 to 2020-21 in relation to the Department for Transport (DfT) Challenge Fund Bid Support. The bids are currently being evaluated by DfT with an announcement of the successful bids expected prior to the end of the financial year.
- vii. £0.674 million reprofiling from 2019-20 to 2020-21 in relation to Flood and Coastal schemes at Beadnell, Hexham, Loansdean, Ovingham and Chathill. The schemes will commence in the summer when ground conditions are more favourable.

#### Neighbourhood Services

- i. £2.503 million reprofiling from 2019-20 to 2020-21 in relation to the Fleet Replacement Programme. There are 158 vehicles that cannot be delivered prior to 31 March 2020 as a result of various reviews which are on-going. (e.g. electric vehicles, weight capacity issues, utilisation and lead in times for delivery).

#### Planning and Economy

- i. £0.200 million reprofiling from 2019-20 to 2020-21 in relation to the construction of the Blyth Relief Road. The scheme continues to be developed and is currently funded from the revenue budget due to uncertainties around the external funding and timing of delivery.

- 18.6 It is recommended that Cabinet notes 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 £2.991 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	2.991
On the market	0.075
Term Agreed	0.200
Contracts exchanged	1.840

- 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"/> /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>Health &amp; Wellbeing</b>	The Council's budget is founded on the principle of promoting inclusivity.
<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
Executive Director of Finance & Section S151 Officer	Chris Hand
Relevant Executive Director	Chris Hand
Chief Executive	Daljit Lally
Portfolio Holder(s)	Nick Oliver

## Author and Contact Details

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**Schedule of Budget Virement Approved October, November and December 2019**

Directorate	Reason for Virement	Virement from	Virement to	£
Adult Services: Public Health	To fund new Health initiatives	Public Health Reserve	Public Health commissioned services	190,000
Adult Services	To create an income budget to reflect the In-House Short Term Support Team delivering home care packages when the independent sector cannot meet the demand	Commissioned Care	In-House Services	588,100

<b>Directorate:</b>	Children's Services
<b>Grant Awarding Body:</b>	Department for Education
<b>Name of Grant:</b>	Extension of the role of Virtual School Heads to Certain Previously Looked after Children Implementation Grant
<b>Purpose:</b>	Promote the education of certain previously looked after children, including appointing an officer to discharge this duty through the provision of information and advice to relevant parties supporting the education of those children.
<b>Value:</b>	£69,616
<b>Recurrent/Non-recurrent:</b>	Unknown at present so treat as non-recurrent
<b>Profiling:</b>	Grant received in two instalments, August and December.

<b>Directorate:</b>	Local Services
<b>Grant Awarding Body:</b>	Forestry Commission
<b>Name of Grant:</b>	Urban Tree Challenge Fund
<b>Purpose:</b>	Planting and maintenance of trees within urban areas
<b>Value:</b>	£265,050
<b>Recurrent/Non-recurrent:</b>	Non-recurrent
<b>Profiling:</b>	Paid in various instalments over a 5 year period.

<b>Directorate:</b>	Children's Services
<b>Grant Awarding Body:</b>	Department for Education
<b>Name of Grant:</b>	Dedicated Schools Grant
<b>Purpose:</b>	The grant is paid in support of the local authority's schools budget. The grant to the Council has been reduced as a result of nine schools converting to an academy. The funding will be paid directly to the academy trust in the future.
<b>Value:</b>	£4,577,900 (reduction)
<b>Recurrent/Non-recurrent:</b>	Recurrent
<b>Profiling:</b>	Grant received in 2 weekly payments across the year.

<b>Directorate:</b>	Place
<b>Grant Awarding Body:</b>	Homes England
<b>Name of Grant:</b>	Community Housing Fund
<b>Purpose:</b>	To enable the delivery of Community Led Housing
<b>Value:</b>	£62,807
<b>Recurrent/Non-recurrent:</b>	Non-Recurrent
<b>Profiling:</b>	Grant received in two instalments - December and March.

## Savings Analysis

## Appendix C

	2019-20				
	£m	£m	£m	£m	Total £m
Adults	0.200		0.518	5.568	6.286
Children's				0.580	0.580
Finance	0.680			0.944	1.624
Fire & Rescue	0.015	0.015		0.148	0.178
HR & OD				0.100	0.100
Place	0.049	0.085	0.826	3.070	4.030
<b>Total</b>	<b>0.944</b>	<b>0.100</b>	<b>1.344</b>	<b>10.410</b>	<b>12.798</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

## Appendix D

### Period 9 Forecast Revenue Outturn - Detailed budget summary by Service

#### Service: Adult Services

Summary by Service	Budget	Forecast Expenditure	Variance
Service	£m	£m	£m
Commissioned Services	65.483	67.122	1.639
In-house Services	8.447	7.728	(0.719)
Care Management	12.868	12.556	(0.312)
Support & Other Services	6.186	5.934	(0.252)
<b>Total Adult Services</b>	<b>92.984</b>	<b>93.340</b>	<b>0.356</b>

#### 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 £1.639 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 £2.000 million approved savings target within this area.
- b. In-House Services is forecast to underspend by £0.719 million. This is due to the following:
  - i. Staffing-related budgets are forecast to underspend by £0.129 million as a result of vacant posts; and,
  - ii. It is anticipated that income will be £0.423 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.
- c. Care Management is forecast to underspend by £0.312 million. This is due to the following:
  - i. Staffing-related budgets are forecast to underspend by £0.144 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

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

already being incurred and forecast.

- d. Support & Other Services is forecast to underspend by £0.252 million. This is due to the following:
  - i. Staffing-related budgets are forecast to underspend by £0.334 million as a result of vacant posts.

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 9 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
<b>Total Public Health</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

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

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

## Appendix F

### Period 9 Forecast Revenue Outturn - Detailed budget summary by Service

Service: Chief Executive

Summary by Service	Budget	Expenditure	Variance
Service	£m	£m	£m
Chief Executive	0.491	0.487	(0.004)
Procurement	0.444	0.153	(0.291)
Transformation	0.291	0.286	(0.005)
Improvement & Innovation	0.251	0.251	0.000
<b>Total Chief Executive</b>	<b>1.477</b>	<b>1.177</b>	<b>(0.300)</b>

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

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

## Appendix G

### Period 9 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	3.607	3.676	0.069
Family Placement	10.750	11.005	0.255
Purchase Budgets	2.282	7.062	4.780
Early Intervention and Prevention	4.916	4.671	(0.245)
Local Children's Safeguarding Board	0.131	0.129	(0.002)
Looked after Children	3.511	2.949	(0.562)
Social Work Teams	9.460	8.920	(0.540)
District Admin Offices	0.736	0.661	(0.075)
Family and Disability Services	2.604	2.591	(0.013)
Safeguarding Standards	1.109	1.125	0.016
Other Children's Services	2.345	2.207	(0.138)
<b>Total Children's Social Care</b>	<b>41.451</b>	<b>44.996</b>	<b>3.545</b>

#### 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 Services budgets are forecast to overspend by £0.069 million. This is due to the following:
  - i. The Adolescent Service has an underspend on staffing of £0.313 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;
  - ii. Supported Accommodation is forecast to overspend by £0.492 million due to the high number of complex placements; and,
  - iii. Grant income relating to Unaccompanied Asylum Seeking Children is forecast to be £0.194 million more than budget.
- b. The Family Placement budgets are forecast to overspend by £0.255 million. This is due to the following:

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

- i. Family Placement is forecast to overspend by £0.267 million on Fostering services due to the high volume of payments;
  - ii. An overspend of £0.227 million on Adoption Agency is forecast; NCC will place 6 children with adopters this year; and,
  - ii. A staff restructure has resulted in a staffing underspend of £0.241 million.
- c. The Purchase budgets are forecast to overspend by £4.780 million. This is due to the following:
- i. £5.734 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 42 placements with 40 anticipated to remain for the full year; and,
  - ii. The overspend on Purchase budgets is offset by £0.900 million additional income anticipated from Northumberland CCG in respect of jointly funded clients.
- d. The Early Intervention and Prevention Service is forecast to underspend by £0.386 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.
- e. The budget for Looked after Children is forecast to underspend by £0.562 million. This is due to the following:
- i. Kylee House secure unit is expected to underspend by £0.402 million, with income from Other Local Authorities that purchase placements exceeding the budget by £0.357 million.
  - ii. There is an underspend on the Family Support Service of £0.103 million as there has been a delay in appointing to newly created posts when the service has transferred in house.
- f. The Social Work Teams budget is forecast to underspend by £0.540 million. This is due to the following:
- i. An underspend on staff costs of £0.802 million due to staff turnover and vacant posts, offset by £0.655 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.

## Appendix H

### Period 9 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	0.431	0.419	(0.012)
Curriculum & Learning	1.992	1.992	0.000
Alternative Education (Virtual Head Teacher)	0.030	0.030	0.000
Special Educational Needs & Disability	5.267	5.555	0.288
School Organisation	11.786	11.785	(0.001)
School Improvement	0.000	(0.172)	(0.172)
<b>Total Education &amp; Skills</b>	<b>19.506</b>	<b>19.609</b>	<b>0.103</b>

#### 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. An overspend on SEN Home to School transport is currently forecast to be £0.297 million due to an increase of 47 pupils over the last academic 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.

## Appendix I

### Period 9 Forecast Revenue Outturn - Detailed budget summary by Service

#### Service: Children's Services as at November: Dedicated Schools' Grant

Summary by Service	Budget	Forecast Expenditure	Variance
Service	£m	£m	£m
Schools Block	85.702	85.111	(0.591)
Central Schools Block	3.311	3.462	0.151
High Needs Block	30.349	31.609	1.260
Early Years Block	17.046	16.991	(0.055)
<b>Total Dedicated Schools' Grant</b>	<b>136.408</b>	<b>137.173</b>	<b>0.765</b>

#### 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 £0.596 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. The underspend has increased following the closure of Haltwhistle Upper School as a proportion of that budget share has now been returned to the Authority.

##### **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 £0.539 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 the budget previously set by the Schools Forum in February 2019 and funds had already been allocated elsewhere across the block.
- c. There is a forecast overspend on the cost of placements at Independent Special Schools of £0.329 million, this is following an increase in demand for placements of 14 over the last academic year to 186 as at December 2019.

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 J

### Period 9 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	1.722	(0.474)
Customer Services	1.953	1.731	(0.222)
Internal Audit	0.557	0.579	0.022
Information Services	7.148	8.355	1.207
Corporate Finance	5.173	4.685	(0.488)
Fire & Rescue	15.474	15.642	0.168
Strategic Property	5.557	5.553	(0.004)
<b>Total Finance</b>	<b>38.058</b>	<b>38.267</b>	<b>0.209</b>

#### 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 £0.474 million due to:
  - i. An overspend on the Cost of Benefits in relation to Rent Allowance and Rent Rebate payments of £0.409 million. This is due to 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 in year and historic overpaid benefits of £0.327 million identified during the year;
  - ii. Additional new burdens grant income of £0.267 million, mainly for the transition to Universal Credit; and,
  - iii. Staff vacancies of £0.416 million. It is not anticipated that these vacancies will be filled during the year.

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

- b. Internal Audit - forecast overspend £0.022 million due largely to an unallocated savings target.
- c. Information Services is forecast to overspend by £1.207 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 for the current financial year 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 £0.109 million;
  - iv. There is a recurrent overspend against data lines of £0.208 million; and,
  - v. An under recovery of schools' SLA income of £0.225 million.
- d. Corporate Finance is forecast to underspend by £0.488 million. This is largely due to the following:
  - i. An underspend of £0.131 million in relation to a number of part year vacant posts, most of which have now been filled;
  - ii. An underspend on professional services of £0.118 million;
  - iii. An underspend of £0.070 million on Computer Software within Transactional Services;
  - iv. Additional one off income in relation to VAT recovery of £0.076 million; and,
  - v. An overachievement of schools' SLA income of £0.041 million.

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 K

### Period 9 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	2.605	2.505	(0.100)
Democratic Services	2.836	2.654	(0.182)
Registrars & Coroners	1.017	1.097	0.080
Communications	0.702	0.814	0.112
Elections	0.455	0.534	0.079
Legal	2.090	2.239	0.149
Tourism, Culture, Leisure & Heritage	9.141	8.967	(0.174)
<b>Total Human Resources &amp; OD</b>	<b>18.846</b>	<b>18.810</b>	<b>(0.036)</b>

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

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

## Appendix L

### Period 9 Forecast Revenue Outturn - Detailed budget summary by Service

Service: Place

Summary by Service	Budget	Forecast Expenditure	Variance
Service	£m	£m	£m
Economy & Regeneration	2.634	2.575	(0.059)
Executive Director of Place	24.346	24.346	0.000
Head of Local Services	0.122	0.120	(0.002)
Housing & Public Protection	3.556	3.521	(0.035)
Neighbourhood Services	10.216	10.049	(0.167)
Waste PFI Contract	17.427	18.452	1.025
Planning	0.902	0.447	(0.455)
Technical Services	20.006	18.573	(1.433)
<b>Total Place</b>	<b>79.209</b>	<b>78.083</b>	<b>(1.126)</b>

#### 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 £1.025 million as a consequence of additional waste volumes and a prolonged and unexpected shut down of the Energy from Waste Plant in July. The growth in waste volumes evident in the early part of the year has reduced since October. 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 the unexpected shut down in July with the current forecast assuming that the plant will continue at normal capacity for the remainder of the financial year.
- b. The Planning Service is forecast to underspend by £0.455 million mainly due to additional income expected from S38/S278 agreements of £0.735 million. This is in part offset by additional agency staffing costs and design costs of £0.320 million required to undertake the additional work. There is also a forecast net underspend on staffing budgets of £0.160 million as a result of vacant posts that

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

will not be filled as a review of the service is currently underway and a forecast £0.150 million underachievement of planning fee income mainly due to slippage in major applications.

- 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 as these cannot be charged to the capital scheme;
  - ii. The budget for construction is forecast to overspend by £0.100 million and the budget for highways maintenance is forecast to overspend by £0.150 million, mainly due to additional expenditure on general maintenance activities in the North and Central areas in order to catch up with the backlog of maintenance arising from highways inspections;
  - iii. Rechargeable works are forecast to overspend by £0.225 million. This is mainly due to an under-recovery of costs in relation to the operation of road planings recycling activities at Powburn. The ability to recycle the material for new projects in the current year has been limited. There would be a significant increase in costs if this material was disposed of in landfill. Opportunities to reduce this cost in the current year are being explored and it is anticipated that processed materials will be stockpiled for use in the 2020-21 programme;
  - iv. Additional 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;
  - v. The Parking budget is forecast to underspend by £0.393 million in the current financial year. Parking charge income is forecast to exceed the budget by £0.268 million due to the effects resulting from the introduction of charging and/or increase in existing tariffs at various railway station car parks and coastal locations during 2019 and significant capital investment made in several car parks to improve capacity. This increase is partially offset by increased expenditure on rents and leases for car parks which 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. This in-year overachievement of parking income reflects the early implementation of some of the schemes/parking charges and is in accordance with the anticipated full year revenue budget income position for 2020-21. Parking Fines are forecast to exceed the budget by £0.192 million; and,
  - vi. The Home to School Transport budget is estimated to underspend by £1.500 million based on all of the transport that is to be provided for the remainder of the financial year. The work of the transport team to integrate as much of the Post 16 Transport arrangements into existing school transport services has significantly mitigated the financial impact associated with the introduction of free Post 16 transport. The forecast includes an allowance to cover any new transport that may be required up to 31 March.

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 M

### Period 9 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	27.206	25.375	(1.831)
Treasury Management	(26.609)	(25.713)	0.896
Capital Financing	5.770	4.493	(1.277)
Corporate Funding	(297.898)	(298.489)	(0.591)
<b>Total Other Corporate Expenditure &amp; Income</b>	<b>(291.531)</b>	<b>(294.334)</b>	<b>(2.803)</b>

#### 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 £1.831 million forecast underspend. This is due to a £1.500 million underspend in relation to the contingency provision within the budget; an over-recovery of pension deficit recharges from grant funded budgets of £0.578 million; a reduction in the number of enhanced pension claimants resulting in a forecast underspend of £0.053 million, and an underspend of £0.099 million in relation to the Apprenticeship Levy charges; offset by a corporate savings target of £0.410 million that will not be achieved in year.
- b. There is an overspend of £0.896 million in relation to the Treasury Management function. 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. In addition, the number of third party loans granted within the year is lower than initially anticipated, resulting in an underachievement of investment interest of £0.940 million.
- c. There is a forecast underspend of £1.277 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

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

previous financial year.

- d. Within Corporate Funding 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.

## Appendix N

### Period 9 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	5.380	(0.316)
Housing Special	0.616	0.715	0.099
Repairs and Maintenance	7.698	7.885	0.187
Housing Capital Works	0.592	0.568	(0.024)
Other HRA Services	14.172	13.683	(0.489)
HRA Income	(29.247)	(29.085)	0.162
<b>Total HRA Expenditure &amp; Income</b>	<b>(0.473)</b>	<b>(0.854)</b>	<b>(0.381)</b>

#### 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 £0.256 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 £0.150 million and an increase in Council Tax charges on void properties of £0.240 million.
- e. The remaining balance comprises a number of minor variances.