



# Northumberland

## County Council

### CABINET

8 September 2020

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## **Financial Performance 2020-21 - Position at the end of June 2020**

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 2020-21.

### **2. Recommendations**

- 2.1 Members are requested to:

- a. note the report.
- b. note the projected overspend of £9.335 million.
- c. note the pressures currently identified, including the impact of Covid-19.
- d. note that the Council anticipates that there will be further funding forthcoming in relation to the income that the Council has “lost” as a result of Covid-19.
- e. approve a net re-profiling of £67.370 million; £73.744 million from 2020-21 to 2021-22; and £6.374 million from 2021-22 to 2020-21 to reflect estimated expenditure levels in the current financial year.
- f. approve the new grants and amendment to existing grants at Appendix A and the required changes to the budgets.
- g. note the progress on the delivery of the approved savings at Appendix B.

### **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 June 2020. The Council set its budget for 2020-21 on 19 February 2020 and this report focuses on the financial performance to the end of June 2020 and the projected year end position at that point in time.

#### **5. Projected Revenue Outturn 2020-21**

5.1 The Council's projected revenue outturn position at the end of June, 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 C - N of the report.

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

- a. The General Fund with a net budget of £314.648 million, providing revenue funding for the majority of the Council's services;
- b. The Dedicated Schools Grant (DSG) of £137.559 million in 2020-21, 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 £16.710 million in 2020-21, must be spent to support the delivery of the Public Health Outcomes Framework and is managed within the Adult Social Care and Commissioning Directorate;
- d. The Housing Revenue Account (HRA) with anticipated gross expenditure of £36.543 million in 2020-21, is ring-fenced, and reported separately from the General Fund, and is managed within the Economy, Regeneration and Commercial 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 2020-21 financial year.

Service	Budget	Forecast	Variance	Variance	Variance
	£m	Outturn		BAU	Covid-19
	£m	£m	£m	£m	£m
Adult Social Care & Commissioning	99.271	100.599	1.328	(4.654)	5.982
Chief Executive	1.917	1.812	(0.105)	(0.105)	0.000
Children's Services	63.368	71.016	7.648	1.479	6.169
Finance	41.925	43.050	1.125	(0.881)	2.006
Human Resources	20.960	27.128	6.168	(0.106)	6.274
Local Services	71.891	81.520	9.629	0.360	9.269
Regeneration, Commercial & Economy	6.549	7.620	1.071	(0.025)	1.096
<b>Total Services</b>	<b>305.881</b>	<b>332.745</b>	<b>26.864</b>	<b>(3.932)</b>	<b>30.796</b>
Corporate Expenditure and Income	8.767	9.757	0.990	(0.087)	1.077
Advance Northumberland	0.00	5.500	5.500	0.000	5.500
<b>Total Net Expenditure</b>	<b>314.648</b>	<b>348.002</b>	<b>33.354</b>	<b>(4.019)</b>	<b>37.373</b>
<b>Budget funded by:</b>					
Council Tax	(200.886)	(200.886)	0.000	0.000	0.000
Retained Business Rates	(78.837)	(81.039)	(2.202)	(2.202)	0.000
Revenue Support Grant	(10.451)	(10.451)	0.000	0.000	0.000
Other Corporate Grants	(28.850)	(28.850)	0.000	0.000	0.000
Strategic Management Reserve	(2.160)	(2.160)	0.000	0.000	0.000
General Fund Reserve	6.536	6.536	0.000	0.000	0.000
COVID-19 Grant	0.000	(21.817)	(21.817)	0.000	(21.817)
<b>Total Funding of Services</b>	<b>(314.648)</b>	<b>(338.667)</b>	<b>(24.019)</b>	<b>(2.202)</b>	<b>(21.817)</b>
<b>Net Total</b>	<b>-</b>	<b>9.335</b>	<b>9.335</b>	<b>(6.221)</b>	<b>15.556</b>

## 7. Other General Fund Items

7.1 During April, May and June the following has been released from the contingency:

	2020-21	2021-22
	£	£
Non-recurrent Items	123,080	0

7.3 Appendix A is a schedule of all new grants and amendments to existing grants (capital and revenue) which the Council has been awarded during April, May and June. It is recommended that Cabinet accept the grants and that the 2020-21 budget (and subsequent years if required) is amended accordingly. In summary they are as follows:

Directorate	Grant Awarding Body	Grant	£
Adult Social Care & Commissioning	Department of Health and Social Care	Test and Trace Service Support Grant	1,528,975
Adult Social Care & Commissioning	Department of Health and Social Care	Adult Social Care Infection Control Ring Fenced Grant	4,388,508
Finance	Ministry of Housing, Communities and Local Government	COVID-19 Support Grants (x 3)	21,817,195
Local Services	Department for Transport	Transport Infrastructure Investment Fund	11,421,000
Local Services	Department for Transport	Emergency Active Travel Fund Tranche 1	161,148

7.4 The Council at its meeting in February agreed to implement a range of savings and efficiencies totalling £9.800 million in 2020-21. A recent review of the delivery of those savings has been conducted and the results are illustrated at Appendix B.

**8. Ring-fenced Accounts - Dedicated Schools' Grant (DSG) - £0.185 million forecast overspend**

2020-21 Budget	Gross Expenditure	Gross Income	Net Revenue Budget	Net Outturn	Variance
	£m	£m	£m	£m	£m
<b>Dedicated Schools' Grant</b>	142.360	(142.360)	0.000	0.185	0.185

- 8.1 In 2020-21, the Council expects to receive Dedicated Schools' Grant totalling £137.559 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 2020-21.
- 8.2 There was a deficit of £0.607 million carried forward from 2019-20 and the 2020-21 grant allocation must be used to offset this position before any new commitments for the current year.
- 8.3 Despite a rise in school funding for 2020-21, there are 23 schools that are currently predicting a deficit position, of which 17 schools have had their application for a licensed deficit approved. Work is ongoing with the remaining 6 schools to work towards an achievable budget recovery plan.

## 9. Ring-fenced Accounts - Public Health

9.1 The Council's Public Health service will receive grant funding of £16.710 million in 2020-21. This funding is ring-fenced for the provision of services to improve the health of the local population and reduce health inequalities.

9.2 The terms of the grant allow unspent allocations to be carried over into the next financial year. Public Health carried forward a reserve of £5.039 million to the financial year 2020-21; £4.629 million carried over from previous years underspends and £0.410 million from the 2019-20 allocation.

9.3 The plan was to utilise £0.563 million from the Public Health reserve in 2020-21 to support service delivery. However, there is an overall underspend anticipated in relation to Public Health activities which is shown in the table below.

9.4 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	1.641	1.441	(0.200)
Stop Smoking Initiatives	0.763	0.763	0.000
Drug & Alcohol Services	3.911	3.911	0.000
Sexual Health Services	1.923	1.918	(0.005)
0-19 Public Health Services	6.246	6.246	0.000
Other Health Initiatives	2.789	2.789	0.000
<b>Total Variances in Public Health</b>	<b>17.273</b>	<b>17.068</b>	<b>(0.205)</b>

9.5 It is anticipated that £0.205 million will be carried forward to the reserve balance at the end of 2020-21.

**10. Ring-fenced Accounts - Housing Revenue Account (HRA) - £2.176 million forecast overspend**

2020-21 Budget	Gross Expenditure	Gross Income	Net Revenue Budget	Net Outturn	Variance
	£m	£m	£m	£m	£m
<b>Housing Revenue Account</b>	36.543	(36.985)	(0.442)	<b>1.734</b>	2.176

10.1 The HRA is forecast to overspend by £2.176 million and the details explaining the factors leading to this variance are contained in Appendix O.

**11. CAPITAL PROGRAMME**

11.1 The capital programme for 2020-21 totalling £234.936 million was agreed by full Council on 19 February 2020.

11.2 The capital programme has changed during the year as the phasing of schemes was reviewed at the end of last financial year (£11.119 million reprofiled from 2019-20 to 2020-21). In addition, further approvals totalling £3.862 million for additional schemes and resourcing has been agreed.

11.3 The following table sets out the position as at the end of June:

Directorate	2020-21 Approved Budget Full Council 19.02.20	Approved Adjustments	Revised 2020-21 Budget	Expenditure to date	Forecast Expenditure	Net Variance	Over / (Under) spend	Reprofiling
	£m	£m	£m	£m	£m	£m	£m	£m
Adult Social Care & Commissioning	2.224	0.406	2.630	0.032	1.814	(0.816)	-	(0.816)
Chief Executive's	4.627	0.832	5.459	0.009	2.626	(2.833)	-	(2.833)
Children's Services	71.739	(6.621)	65.118	5.703	46.975	(18.143)	0.001	(18.144)
Corporate Finance	49.290	14.250	63.540	1.300	49.011	(14.529)	0.002	(14.531)
Human Resources & OD	18.041	(2.112)	15.929	0.627	20.051	4.122	-	4.122
Local Services	48.249	8.003	56.252	4.123	47.225	(9.027)	(0.034)	(8.993)
Regeneration, Commercial and Economy	40.766	0.224	40.990	0.457	14.424	(26.566)	(0.391)	(26.175)
<b>Total Programme</b>	<b>234.936</b>	<b>14.982</b>	<b>249.918</b>	<b>12.251</b>	<b>182.126</b>	<b>(67.792)</b>	<b>(0.422)</b>	<b>(67.370)</b>
<b>Financed by:</b>								
Capital Receipts	4.671	-	4.671					
External Grants	57.663	9.891	67.554					
GF Borrowing	149.771	5.330	155.101					
GF Revenue Contributions (RCCO)	0.755	-	0.755					
HRA Borrowing	5.940	-	5.940					
HRA Contributions (MRR & RCCO)	16.136	(0.239)	15.897					
<b>Total Financing</b>	<b>234.936</b>	<b>14.982</b>	<b>249.918</b>					



- 11.4 Year-to-date capital expenditure is £12.251 million. The major areas of capital investment during the first three months of the year were as follows:
- a. £4.128 million invested in transport schemes including infrastructure, traffic management and integrated transport schemes.
  - b. £5.703 million invested in school buildings, including the construction of new schools at Morpeth and Ponteland.
  - c. £0.627 million invested in leisure facilities.
  - d. £0.350 million invested in the Council's housing stock.
- 11.5 There is a net forecast underspend of £67.792 million across the 2020-21 Capital Programme comprising of £67.370 million reprofiling (£73.744 million reprofiling from 2020-21 into 2021-22 and £6.374 million from 2021-22 into 2020-21) and £0.422 million underspend. The following is a summary of the significant variances:
- a. Adult Services - £0.816 million reprofiling from 2020-21 to 2021-22 as follows:
    - i. £0.432 million reprofiling from 2020-21 to 2021-22 in relation to Disabled Facilities Grant based on the current level of applications and an assumption that referrals will gradually increase following the easing of the COVID-19 lockdown.
    - ii. £0.284 million reprofiling from 2020-21 to 2021-22 in relation to Community Capacity Grant as no further schemes are expected to commence in this financial year.
    - iii. £0.100 million reprofiling from 2020-21 to 2021-22 in relation to Person Centred Care Information System (SWIFT) due to a delay as a result of COVID-19. The procurement process is expected to commence shortly and it is therefore unlikely that there will be any expenditure incurred in the current financial year.
  - b. Chief Executive's - £2.833 million reprofiling from 2020-21 to 2021-22 on the Renewable Energy Programme. A number of schemes are progressing but a number are unlikely to be completed in the current financial year due to the contractor being on furlough.
  - c. Children's Services - £0.001 million overspend, £18.941 million reprofiling from 2020-21 to 2021-22 and £0.797 million reprofiling from 2021-22 to 2020-21 as follows:
    - i. £0.500 million reprofiling from 2020-21 to 2021-22 in relation to developing two children's homes within the County to accommodate up to four young people. Planning permission for

- the two sites at Pegswood and Hadston has been delayed due COVID-19 restrictions on public consultation.
- ii £1.525 million reprofiling from 2020-21 to 2021-22 in relation to the Schools' Capital Investment Programme (SCIP) based on the programme manager's forecast expenditure due to delays in progress partly as a result of COVID-19.
  - iii £1.294 million reprofiling from 2020-21 to 2021-22 in relation to the Basic Needs Programme. Children's Services are currently reviewing requirements with a view to revising the programme.
  - iv £0.610 million reprofiling from 2020-21 to 2021-22 in relation to Bedlington Whitley Memorial and West End First School. The modular classroom is expected to be completed by the end of October 2020 within budget. The unused SCIP budget will be reallocated to other schemes in future years.
  - v £0.500 million reprofiling from 2020-21 to 2021-22 in relation to Bedlington Secondary School Reorganisation. The modular classroom and hall extension at St Benet Biscops is expected to be completed for September 2020. The unused Basic Needs funded budget element will be reallocated to other schemes in future years.
  - vi £4.512 million reprofiling from 2020-21 to 2021-22 in relation to Seaton Valley Federation of Schools. The outline business case is still awaiting approval with no works envisaged in the current financial year.
  - vii £10.000 million reprofiling from 2020-21 to 2021-22 in relation to Hexham Schools Outline Business Case. Phase 1 of the scheme will target the completion of the new school buildings, staff/visitor car park and external all-weather pitches constructed and handed over ready for use in September 2021. The demolition of the old school buildings and formation of the new bus park will form phase 2 and are due for completion at the end of April 2022.
  - viii £0.797 million reprofiling from 2021-22 to 2020-21 in relation to Schools Reorganisation West. The scope of the project at Bellingham Middle School is still to be finalised but it is still expected that the scheme will be completed in the current financial year.
- d. Finance - £0.002 million overspend, £14.585 million reprofiling from 2020-21 to 2021-22 and £0.054 million reprofiling from 2021-22 to 2020-21 as follows:

## Corporate Finance

- i £0.533 million reprofiling from 2020-21 to 2021-22 in relation to Contingency for Grant Funded Projects due to no schemes currently being brought forward.
- ii £4.000 million reprofiling from 2020-21 to 2021-22 in relation to the unallocated balance for Regeneration Schemes.
- iii £0.500 million reprofiling from 2020-21 to 2021-22 in relation to the Loans to NELEP for Bates. There have been some delays onsite due to COVID-19 with works to the electrical substation now scheduled for completion in 2021-22 once the requirements of the investor are known.
- iv £1.200 million reprofiling from 2020-21 to 2021-22 in relation to a Loan to NELEP for Ashwood Business Park. Revised profiles for the scheme are due to be received with reprofiling estimated at this stage.
- v £2.000 million reprofiling from 2020-21 to 2021-22 in relation to Portland Park Grant. £2.000 million was initially due to be spent in March but this may require reviewing following COVID-19.

## Information Services

- i £0.114 million reprofiling from 2020-21 to 2021-22 in relation to the upgrading of the County Hall IT infrastructure.
- ii £0.431 million reprofiling from 2020-21 to 2021-22 in relation to the implementation of Office 365 due to delays in project commencement as a result of COVID-19.
- iii £0.500 million reprofiling from 2020-21 to 2021-22 in relation to Telephony due to delays in project commencement as a result of COVID-19.
- iv £0.125 million reprofiling from 2020-21 to 2021-22 in relation to Library Kiosks due to delays in project commencement as a result of COVID-19.

## Property Services

- i £0.862 million reprofiling from 2020-21 to 2021-22 in relation to the Property Stewardship Fund due to delays in the toilet refurbishment programme and Woodhorn works due to COVID-19.
- ii £1.000 million reprofiling from 2020-21 to 2021-22 in relation to the refurbishment of County Hall. It is forecast expenditure will be in the region of £3.500 million in the current financial year.

Some further reprofiling will be required in 2021-22 and 2022-23 due to COVID-19 and changes to timescales for completion.

- iii £0.800 million reprofiling from 2020-21 to 2021-22 in relation to Alnwick Lindisfarne Site due to a delay in the project commencement as a result of COVID-19.
- iv £0.441 million reprofiling from 2020-21 to 2021-22 in relation to Cowley Road Depot Refurbishment and Car Park with finalisation of the scheme still ongoing.
- v £0.054 million reprofiling from 2021-22 to 2020-21 in relation to County Hall Solar PV and West Hartford parking due to design costs being accelerated.

#### Fire and Rescue

- i £1.000 million reprofiling from 2020-21 to 2021-22 in relation to FRS Fleet Requirement. The appliance coach builders have advised that there will be a delay on delivery of the orders by six to eight months. It is anticipated that six chassis will be delivered in the current financial year with the bodies to be constructed and attached after this.
- ii £0.079 million reprofiling from 2020-21 to 2021-22 in relation to the Officers Pooled Car Scheme as a full fleet review is underway with budget requirements known once this is completed.

#### Advance Northumberland

- i £1.000 million reprofiling from 2020-21 to 2021-22 in relation to the redevelopment of Ashington North East Quarter as phase 2 has been removed from the contract and will be completed in-house with programming taking place around the construction of the new cinema.
- e. Human Resources & OD - £1.328 million reprofiling from 2020-21 to 2021-22 and £5.450 million reprofiling from 2021-22 to 2020-21 as follows:
- i £0.700 million reprofiling from 2020-21 to 2021-22 in relation to Blyth Sports Centre. The scheme commenced on site in July 2020 with completion of works by July 2021.
  - ii £0.170 million reprofiling from 2020-21 to 2021-22 in relation to the provision of leisure facilities within Morpeth. The start on site has been delayed due to planning issues and it is now anticipated that works will commence in September with completion in May 2022.

- iii £0.458 million reprofiling from 2020-21 to 2021-22 in relation to Newbiggin Sports Centre with work on site anticipated to commence in April 2021.
  - iv £5.450 million reprofiling from 2021-22 to 2020-21 in relation to Berwick Leisure Centre based on the estimated cashflow of the project with estimated completion for November 2022.
- f. Local Services - £0.034 million underspend, £9.066 million reprofiling from 2020-21 to 2021-22 and £0.073 million reprofiling from 2021-22 to 2020-21 as follows:

Technical Services

- i £0.300 million reprofiling from 2020-21 to 2021-22 in relation to the construction of the new salt barns for winter services. Planning has been granted for Otterburn with procurement currently being undertaken for Bellingham and Morpeth.
- ii £3.322 million reprofiling from 2020-21 to 2021-22 in relation to the Department for Transport (DfT) Challenge Fund Bid Support. The Council were successful in receiving a £3.700 million grant towards a £4.800 million programme of refurbishment works on eight steel structures. The works will be undertaken over two financial years.
- iii £1.034 million reprofiling from 2020-21 to 2021-22 in relation to Union Chain Bridge. The contract commenced on 1 July 2020 with a current construction start date of 18 August 2020 with the scheme anticipated to be completed by January 2022.
- iv £0.419 million reprofiling from 2020-21 to 2021-22 in relation to Corbridge and Newbiggin Car Park schemes.
- v £0.363 million reprofiling from 2020-21 to 2021-22 in relation to Flood and Coastal schemes at Alnwick, Seaton Delaval, Haydon Bridge, Berwick and Chathill.
- vi £0.200 million reprofiling from 2020-21 to 2021-22 in relation to the river protection works being carried out by the Environment Agency in Hexham. It is now expected that the Council will make its contribution to the scheme in 2021-22.
- vii £1.550 million reprofiling from 2020-21 to 2021-22 in relation to Lynemouth Bay Landfill Encapsulation scheme. All of the pre-enabling works will be completed in the current financial year with construction works expected to commence in 2021-22.
- viii £0.303 million reprofiling from 2020-21 to 2021-22 in relation to Members Local Improvement Schemes. It is expected that all budgets will be committed in the current financial year but it may

not be possible to deliver all of the proposed schemes within the timeframe.

- ix £0.073 million reprofiling from 2021-22 to 2020-21 in relation to Hexham (Bunker Site) and Amble Car Parks.

#### Neighbourhood Services

- i £1.500 million reprofiling from 2020-21 to 2021-22 in relation to the Fleet Replacement Programme. A large number of specialist vehicles, including refuse, are anticipated to be delivered prior to 31 March 2021. However there is a risk of reprofiling if delivery dates are amended.
  - ii £0.075 million reprofiling from 2020-21 to 2021-22 in relation to the Parks Enhancement Programme with schemes being identified and reports prepared form subsequent approval from the fund.
  - iii £0.024 million underspend in relation to the Glass Recycling Pilot scheme.
- g. Regeneration, Commercial and Economy - £0.391 million underspend, £26.175 million reprofiling from 2020-21 to 2021-22 as follows:

#### Housing Revenue Account

- i £2.517 million reprofiling from 2020-21 to 2021-22 in relation to the Major Repairs Reserve due to delays on works during the period April to June and continuing access issues for internal capital works as a result of householders reluctance to allow access due to COVID-19
- ii £12.627 million reprofiling from 2020-21 to 2021-22 in relation to HRA reprovision and new build. The scheduled commencement dates on sites has been moved a number of times with some not now commencing until 2021-22.

#### Housing General Fund

- i £0.391 million underspend in relation to Empty Homes Repair and Lease. It is expected that four properties will be completed by 31 March 2021 with the programme ending at that point.
- ii £0.414 million reprofiling from 2020-21 to 2021-22 in relation to the Community Housing Fund with the balance being reprofiled to fund grants in that financial year.

#### Economy

- i £2.824 million reprofiling from 2020-21 to 2021-22 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.

- ii £0.358 million reprofiling from 2020-21 to 2021-22 in relation to Broadband Phase 2 Gainshare Extension with the funding to be used as match funding for a full fibre project.
- iii £0.450 million reprofiling from 2020-21 to 2021-22 in relation to Community Broadband with the funding to be used as match funding for a full fibre project.
- iv £0.600 million reprofiling from 2020-21 to 2021-22 in relation to Ad Gefrin Distillery and Visitor Centre as a result of delays and the requirement to use external funding first. The Council's contribution requires reprofiling into 2021-22.
- v £0.850 million reprofiling from 2020-21 to 2021-22 in relation to Blyth Future High Street with a funding decision anticipated in September 2020 with design work commencing from January.
- vi £0.218 million reprofiling from 2020-21 to 2021-22 in relation to Hexham Heritage Action Zone due to delays as a result of COVID-19.
- vii £0.500 million reprofiling from 2020-21 to 2021-22 in relation to Hexham Town Centre Redevelopment and as negotiations are continuing no work is planned to commence in the current financial year.
- viii £4.667 million reprofiling from 2020-21 to 2021-22 in relation to Strategic Regeneration Projects with projects not forthcoming as originally anticipated.
- ix £0.150 million reprofiling from 2020-21 to 2021-22 in relation to the Port of Berwick Grant. There is a delay to the implementation of works with the Council making staged payments to the Port with the final payment now being made in 2021-22.

11.6 It is recommended that Cabinet approve a net re-profiling of £67.370 million: £73.744 million from 2020-21 to 2021-22; and £6.374 million from 2021-22 to 2020-21.

## 12. Capital Receipts

- 12.1 The level of 2020-21 Capital Receipts available to support the 2020-21 capital programme was estimated to be £4.671 million (after costs and HRA pooling). The position is difficult to assess with potential sales as the market has gone quiet and developers and purchasers are currently being cautious. The disposal programme has to date achieved no General Fund gross cash receipts in the year and the following table demonstrates the current position with regard to asset disposals:

<b>General Fund Capital Receipts Activity During 2020-21</b>	<b>Actual £m</b>
Completed and available for use in year	-
On the market	0.900
Terms Agreed	2.125
Contracts exchanged	-

- 12.2 The closing balance on the capital receipts reserve at 31 March 2020 was £3.102 million. This is available to support the capital programme in 2020-21.



## Implications

<b>Policy</b>	This is the fourth 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 2020 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 11 February 2020 and Council 19 February 2020: Medium Term Financial Plan and 2020-22 and Budget 2020-21.

## Report sign off

	Name
Monitoring Officer/Legal	Liam Henry
Executive Director of Finance & Section S151 Officer	Chris Hand
Relevant Executive Director	Chris Hand
Acting Chief Executive	Kelly Angus
Portfolio Holder	Nick Oliver

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<b>Directorate:</b>	Adult Social Care & Commissioning
<b>Grant Awarding Body:</b>	Department of Health and Social Care
<b>Name of Grant:</b>	Test and Trace Service Support Grant
<b>Purpose:</b>	To provide support towards expenditure incurred in relation to the mitigation against and management of local outbreaks of COVID-19
<b>Value:</b>	£1,528,975
<b>Recurrent/Non-recurrent:</b>	Non-recurrent
<b>Profiling:</b>	July 2020

<b>Directorate:</b>	Adult Social Care & Commissioning
<b>Grant Awarding Body:</b>	Department of Health and Social Care
<b>Name of Grant:</b>	Adult Social Care Infection Control Ring Fenced Grant
<b>Purpose:</b>	To provide support to all adult social care providers in the County to reduce the rate of COVID-19 transmission and support wider workforce resilience to deliver infection control.
<b>Value:</b>	£4,388,508
<b>Recurrent/Non-recurrent:</b>	Non-recurrent
<b>Profiling:</b>	2 instalments paid in May and July 2020

<b>Directorate:</b>	Finance
<b>Grant Awarding Body:</b>	Ministry of Housing, Communities & Local Government
<b>Name of Grant:</b>	COVID19 Support grants
<b>Purpose:</b>	3 separate grants; £10,025,450, £9,079,661 and £2,712,084; to help fund the additional costs and lost income incurred by Local Authorities, as a result of the COVID-19 pandemic.
<b>Value:</b>	£21,817,195
<b>Recurrent/Non-recurrent:</b>	Non-recurrent
<b>Profiling:</b>	Funding to be utilised in 2020-21 to meet cost pressures and lost income.

<b>Directorate:</b>	Local Services
<b>Grant Awarding Body:</b>	Department for Transport
<b>Name of Grant:</b>	Emergency Active Travel Fund - Tranche 1
<b>Purpose:</b>	To provide support to improve the space available to cyclists and pedestrians on the road network.
<b>Value:</b>	£161,148 (£91,188 Revenue, £69,960 Capital)
<b>Recurrent/Non-recurrent:</b>	Non-recurrent
<b>Profiling:</b>	To be paid July 2020

<b>Directorate:</b>	Local Services
<b>Grant Awarding Body:</b>	Department for Transport
<b>Name of Grant:</b>	Transport Infrastructure Investment Fund
<b>Purpose:</b>	For repair of potholes on the local road network or to stop them forming in the first place. This funding replaces the Pothole Fund Grant which was estimated at £899,542 in the 2020-21 capital programme.
<b>Value:</b>	£11,421,000
<b>Recurrent/Non-recurrent:</b>	Non-recurrent
<b>Profiling:</b>	Grant conditions and payment profiling not yet confirmed

## Savings Analysis

## Appendix B

	2020-21					Total £m
	£m	£m	£m	£m	£m	
	Adults	-	-	3.014	-	
Children's	1.278	-	-	0.011	1.753	3.042
Finance	-	-	-	0.183	0.229	0.412
HR & OD	-	-	0.100	-	0.300	0.400
Local Services	0.788	0.057	0.086	0.894	0.944	2.769
Regeneration, Commercial & Economy	0.020	0.080	-	-	0.063	0.163
<b>Total</b>	<b>2.086</b>	<b>0.137</b>	<b>3.200</b>	<b>1.088</b>	<b>3.289</b>	<b>9.800</b>

### Key

Purple - unlikely that saving will be achieved in the year
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 C

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

#### Service: Adult Services

Summary by Service	2019-20 Outturn	Budget	Forecast Outturn	Variance	Variance BAU	Variance Covid-19
Service	£m	£m	£m	£m	£m	£m
Commissioned Services	66.918	70.628	72.931	2.303	(3.430)	5.733
In-house Services	9.930	8.709	8.166	(0.543)	(0.543)	0.000
Care Management	12.492	13.590	13.637	0.047	(0.202)	0.249
Support & Other Services	6.412	6.344	5.865	(0.479)	(0.479)	0.000
<b>Total Adult Services</b>	<b>95.752</b>	<b>99.271</b>	<b>100.599</b>	<b>1.328</b>	<b>(4.654)</b>	<b>5.982</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 £2.303 million. This is due to the following:
  - i. It is forecast that Commissioned Services will incur additional expenditure of £5.733 million supporting external providers in response to COVID-19. This includes £3.074 million to increase fees by a minimum of 5% to the end of September; £1.000 million held to cover potential additional cost pressures; and £1.659 million for the provision of PPE; and,
  - ii. There has been an unprecedented level of turnover in purchased care payments. The volatility of the situation makes it difficult to predict future levels of demand. An assumption has been made that the CCG will cease funding hospital discharges at the end of July followed by a gradual increase in placements will result in a forecast underspend of £3.430 million.
- b. In-House Services is forecast to underspend by £0.543 million. This is due to the following:
  - i. Staffing-related budgets are forecast to underspend by £0.395 million. During the temporary suspension of day care services due to COVID-19, there has been no requirement to fill the vacant posts. In addition, the day care staff has been used to provide support in other areas of In-House services reducing the need for overtime and the use of casual staff in those areas;

- ii. It is anticipated that income will be £0.375 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;
  - iii. Non-staffing related budgets are forecast to underspend by £0.222 million. The temporary closure of day care services has resulted in a forecast underspend of £0.156 million on catering provisions, client transport, vehicle hire and fuel; and,
  - iv. The unprecedented reduction in the level of purchased care due to COVID-19 has limited the need for support from the Short Term Support Service resulting in a shortfall of recharge income of £0.449 million.
- c. Support & Other Services is forecast to underspend by £0.479 million. This is due to the following:
- i. Staffing-related budgets are forecast to underspend by £0.194 million as a result of vacant posts; and,
  - ii. The number of mental health assessments completed by the Deprivation of Liberty team is expected to be lower than anticipated resulting in a forecast underspend of £0.138 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 D

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

Service: Adult Services: Public Health

Summary by Service	2019-20 Outturn	Budget	Forecast Outturn	Variance	Variance BAU	Variance Covid-19
Service	£m	£m	£m	£m	£m	£m
Public Health	(0.410)	0.000	0.000	0.000	0.000	0.000
<b>Total Public Health</b>	<b>(0.410)</b>	<b>0.000</b>	<b>0.000</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 E

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

#### Service: Chief Executive

Summary by Service	2019-20 Outturn	Budget	Forecast Outturn	Variance	Variance BAU	Variance Covid-19
Service	£m	£m	£m	£m	£m	£m
Chief Executive	0.312	0.311	0.312	0.001	0.001	0.000
Transformation	(0.582)	0.011	0.018	0.007	0.007	0.000
Improvement & Innovation	1.482	1.595	1.482	(0.113)	(0.113)	0.000
<b>Total Chief Executive</b>	<b>1.212</b>	<b>1.917</b>	<b>1.812</b>	<b>(0.105)</b>	<b>(0.105)</b>	<b>0.000</b>

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

There are no significant variances to report.

## Appendix F

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

#### Service: Children's Services: Children's Social Care

Summary by Service	2019-20 Outturn	Budget	Forecast Outturn	Variance	Variance BAU	Variance Covid-19
Service	£m	£m	£m	£m	£m	£m
Adolescent Services	3.643	3.590	3.221	(0.369)	(0.413)	0.044
Family Placement	11.100	11.928	12.255	0.327	(0.194)	0.521
Purchase Budgets	7.097	4.264	8.393	4.129	2.319	1.810
Early Intervention and Prevention	4.590	4.894	4.762	(0.132)	(0.132)	0.000
Local Children's Safeguarding Board	0.097	0.124	0.122	(0.002)	(0.002)	0.000
Looked after Children	3.235	3.379	3.875	0.496	(0.144)	0.640
Social Work Teams	9.212	9.504	9.535	0.031	0.031	0.000
District Admin Offices	0.640	0.736	0.675	(0.061)	(0.061)	0.000
Family and Disability Services	2.573	2.714	2.963	0.249	0.249	0.000
Safeguarding Standards	1.111	1.168	1.068	(0.100)	(0.100)	0.000
Other Children's Services	2.228	2.358	2.203	(0.155)	(0.155)	0.000
<b>Total Children's Social Care</b>	<b>45.526</b>	<b>44.659</b>	<b>49.072</b>	<b>4.413</b>	<b>1.398</b>	<b>3.015</b>

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

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

- a. The Adolescent Services budgets are forecast to underspend by £0.369 million. This is due to the following:
  - i. The Adolescent Service has an underspend on staffing of £0.151 million as a result of several vacancies across the service; and,
  - ii. Supported Accommodation is forecast to underspend by £0.219 million due to reduced demand for complex placements.
- b. The Family Placement budgets are forecast to overspend by £0.327 million. This is due to the

following:

- i. Foster care allowances and Special Guardianship orders are forecast to overspend by £0.342 million due to a higher volume of placements following the outbreak of COVID-19;
  - ii. It is anticipated that £0.178 million of the approved saving from the review of adoption allowances won't be achieved due to the consultation being delayed by the outbreak of COVID-19 ; and,
  - iii. The number of Independent fostering agency placements has reduced resulting in a forecast underspend of £0.210 million.
- c. The Purchase budgets are forecast to overspend by £4.129 million. This is due to the following:
- i. £3.028 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 46 placements; and,
  - ii. There is a shortfall of £1.100 million on income anticipated from Northumberland CCG in respect of jointly funded clients.
- d. The Looked after Children budget is forecast to overspend by £0.496 million. This is due to the following:
- i. Kylee House secure unit is expected to overspend by £0.640 million largely due to underachievement of income from Other Local Authorities that purchase placements as a result of reduced capacity following the COVID-19 outbreak; and,
  - ii. An underspend on the Family Support Service of £0.151 million due to a delay in appointing to newly created posts when the service transferred in house.

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 G

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

#### Service: Children's Services: Education & Skills

Summary by Service	2019-20 Outturn	Budget	Forecast Outturn	Variance	Variance BAU	Variance Covid-19
Service	£m	£m	£m	£m	£m	£m
Director of Education & Skills	0.255	0.384	0.410	0.026	0.000	0.026
Curriculum & Learning	2.157	2.034	2.249	0.215	0.000	0.215
Alternative Education (Virtual Head teacher)	0.000	0.386	0.386	0.000	0.000	0.000
Special Educational Needs & Disability	5.854	5.674	8.265	2.591	(0.049)	2.640
School Organisation	15.317	10.231	10.547	0.316	0.043	0.273
School Improvement	(0.100)	0.000	0.087	0.087	0.087	0.000
<b>Total Education &amp; Skills</b>	<b>23.483</b>	<b>18.709</b>	<b>21.944</b>	<b>3.235</b>	<b>0.081</b>	<b>3.154</b>

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

The main reasons for the forecast position for Education and Skills are outlined below:

- a. The Special Educational Needs & Disability budget is forecast to overspend by £2.591 million due to the following:
  - i. An overspend on SEN Home to School transport is currently forecast to be £2.640 million. The forecast will depend on the social distancing requirements in place when schools return in September, along with parental behaviour and market capacity. Initial estimates range from £3.000 million to £6.000 million depending on these factors for the period September 2020 to March 2021. The reported overspend is based upon the lower estimate being achievable offset by £0.360 million savings on contracts for the period April 2020 to July 2020; and,
  - ii There is also a forecast underspend of £0.050 million on the SEN commissioning team due to current staff vacancies.
- b. The School Organisation budget is forecast to overspend by £0.316 million due to the following:
  - i. There is a forecast overspend of £0.280 million due to the additional cost of hiring mobile

classrooms at Ponteland High School and Hillcrest Special School following delays to the capital program due to the COVID-19 outbreak; and,

- ii. There is a predicted overspend on the Facilities Management Catering SLA of £0.055 million this is due to a reduction in SLA income from schools.

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

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

#### Service: Children's Services: Dedicated Schools' Grant

Summary by Service	2019-20 Outturn	Budget	Forecast Outturn	Variance	Variance BAU	Variance Covid-19
Service	£m	£m	£m	£m	£m	£m
Schools Block	85.238	85.494	85.158	(0.336)	(0.336)	0.000
Central Schools Block	3.241	2.733	2.718	(0.015)	(0.015)	0.000
High Needs Block	31.570	34.385	34.973	0.588	0.493	0.095
Early Years Block	17.175	17.294	17.242	(0.052)	(0.052)	0.000
<b>Total Dedicated Schools' Grant</b>	<b>137.224</b>	<b>139.906</b>	<b>140.091</b>	<b>0.185</b>	<b>0.090</b>	<b>0.095</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 £0.360 million on the schools' contingency budget, the use of this budget must be approved by the schools forum and there are currently no commitments.

##### High Needs Block:

- a. There is a forecast overspend on the cost of alternative provision of £0.262 million based upon an additional 10 children each month from September 2020. There are currently 165 placements, but this is expected to reduce to 100 from September. The forecast includes £0.095 million of additional expenditure incurred as a result of the COVID-19 outbreak.
- b. There is a forecast overspend on the cost of placements at Independent Special Schools of £0.268 million, this includes placements expected to start in September 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.

## Appendix I

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

Service: Finance

Summary by Service	2019-20 Outturn	Budget	Forecast Outturn	Variance	Variance BAU	Variance Covid-19
Service	£m	£m	£m	£m	£m	£m
Revenues & Benefits	1.478	2.325	1.754	(0.571)	(0.720)	0.149
Customer Services	1.738	2.014	1.824	(0.190)	(0.220)	0.030
Internal Audit	0.564	0.616	0.613	(0.003)	(0.003)	0.000
Information Services	8.770	8.563	9.464	0.901	0.397	0.504
Corporate Finance	11.585	5.663	5.434	(0.229)	(0.234)	0.005
Fire & Rescue	14.196	15.908	15.908	0.000	(0.137)	0.137
Strategic Property	4.867	6.116	6.400	0.284	0.036	0.248
Procurement	0.720	0.720	1.653	0.933	0.000	0.933
<b>Total Finance</b>	<b>43.918</b>	<b>41.925</b>	<b>43.050</b>	<b>1.125</b>	<b>(0.881)</b>	<b>2.006</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 £0.571 million due to:
  - i. An underspend on staffing amounting to £0.457 million due to a number of vacant posts throughout the service which are not expected to be filled;
  - ii. Additional new burdens grant income of £0.444 million, mainly for the administration of the COVID-19 business grant schemes and the transition to Universal Credit; and,
  - iii. An under recovery of legal costs of £0.374 million in relation to council tax. The number of liability orders is expected to be lower this year; the COVID-19 pandemic has meant that no costs are likely to be raised for the first half of the year and the Hardship Fund scheme has reduced the liability of the working age council tax support claimants.
- b. Information Services is forecast to overspend by £0.901 million. This is mainly due to the following:
  - i. An overspend of £0.504 million in relation to additional COVID-19 costs, including the delayed implementation of Microsoft Office 365 along with costs in relation to a remote working solution, additional IT kit requirements and underachieved SLA income; and,

- ii. An overspend on computer software of £0.320 million due largely to the delayed implementation of Oracle Fusion.
- c. Strategic Property is forecast to overspend by £0.284 million. This is mainly due to a shortfall in recovery of workforce time charged to capital projects following restricted home access to carry out improvements as a result of COVID-19.
- d. Procurement is forecast to overspend by £0.933 million. This is mainly due to unallocated PPE stock for COVID-19.

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

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

#### Service: Human Resources & OD

Summary by Service	2019-20 Outturn	Budget	Forecast Outturn	Variance	Variance BAU	Variance Covid-19
Service	£m	£m	£m	£m	£m	£m
Human Resources	2.563	2.610	2.543	(0.067)	(0.067)	0.000
Democratic Services	2.650	2.975	2.936	(0.039)	(0.069)	0.000
Registrars & Coroners	1.408	1.140	2.183	1.043	0.000	1.043
Communications	0.991	0.962	1.013	0.051	0.000	0.051
Elections	0.509	0.585	0.585	0.000	0.000	0.000
Legal	2.262	2.520	2.587	0.067	0.000	0.067
Tourism, Culture, Leisure & Heritage	13.390	9.956	15.069	5.113	0.000	5.113
Policy	0.064	0.212	0.212	0.000	0.000	0.000
<b>Total Human Resources &amp; OD</b>	<b>23.837</b>	<b>20.960</b>	<b>27.128</b>	<b>6.168</b>	<b>(0.106)</b>	<b>6.274</b>

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

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

- a. The Registrars and Coroners Service is forecast to overspend by £1.043 million due to:
  - i. A £0.489 million underachievement of income within Registrars due to a reduction in the number of weddings as a result of COVID-19; and,
  - ii. A £0.425 million overspend within Coroners as a result of increased body conveyancing costs as a result of COVID-19.
- b. The Tourism, Culture, Leisure & Heritage Service is forecast to overspend by £5.113 million:
  - i. Due to the closure of leisure facilities Active Northumberland furloughed the majority of their staff from 1 April on 100% of their salary. The Council agreed to provide financial support to fund the 20% top up from 1 April to 30 June in the form of an increase to the management fee, estimated at £0.420 million. Discussions continue to take place between Active Northumberland and the Council to identify what further financial support is required. The

forecast currently assumes the worst case scenario which is estimated at £4.580 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

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

#### Service: Local Services

Summary by Service	2019-20 Outturn	Budget	Forecast Outturn	Variance	Variance BAU	Variance Covid-19
Service	£m	£m	£m	£m	£m	£m
Local Services Management	24.670	24.445	24.482	0.037	0.037	0.000
Neighbourhood Services	10.223	10.066	12.591	2.525	(0.077)	2.602
Waste PFI Contract	18.288	18.904	20.104	1.200	0.000	1.200
Technical Services	19.999	18.476	24.343	5.867	0.400	5.467
<b>Total Local Services</b>	<b>73.180</b>	<b>71.891</b>	<b>81.520</b>	<b>9.629</b>	<b>0.360</b>	<b>9.269</b>

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

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

- a Neighbourhood Services is forecast to overspend by £2.525 million which is mainly due to the following:
  - i Countryside is forecast to overspend by £0.125 million due to reduced car parking and trading income at Country Parks and loss of income from trading concessions due to the impact of COVID-19;
  - ii Fleet is forecast to overspend by £0.127 million due to a reduction in MOT and service income and additional costs arising from the installation of vehicle screens to meet COVID-19 restrictions;
  - iii Neighbourhood Services is forecast to overspend by £0.628 million due to the impact of COVID-19 which has led to a shortfall in market income due to the closure of markets, additional cleansing of public conveniences and additional costs in relation to signage, PPE, cleaning materials, equipment and vehicle hire in order to maintain social distancing during the delivery of key front line services;
  - iv Waste Services is forecast to overspend by £1.658 million as a result of additional costs in relation to PPE, cleaning materials, equipment, vehicle hire and employment of agency staff and payment of overtime resulting from implementation of social distancing rules and covering costs of staff shielding. There are additional costs associated with traffic management to ensure queues on the highway access into Household Waste Recovery Centres (HWRC) do not cause dangers to other road users. There is a significant shortfall in commercial income particularly bulky waste and trade waste due to implications of

COVID-19 on businesses customers and a shortfall on income from rubble and recycling and sale of bins.

- b The waste PFI budget is forecast to overspend by £1.200 million. HWRCs were closed from 23 March until 4 May and reopened providing a reduced service. The financial impact arising from COVID-19 assumes the contractor is put back to a no better - no worse position during April and May with the Council reimbursing the contractor at the expected forecast value. This approach to payment pays regard to general guidance issued by the Cabinet Office (Procurement Policy Note 02/20) and also guidance specifically for PFI Contracts issued by the Infrastructure and Projects Authority. The June invoice from the contractor will be the first opportunity to see what the actual waste flows are across all of the waste services and different materials that fall within the contract, with all of the sites being operational. This waste data will need to be validated and checked against forecasts so that by the end of July we will have reviewed and updated the year end forecast impact, taking into account any apparent trends and waste generation patterns linked to the pandemic over the first quarter of the year. The forecast at this stage assumes there will be a continued impact of additional waste generation through both HWRCs and kerbside collections, due to people staying at/working from home.
- c Technical Services is forecast to overspend by £5.867 million which is mainly due to the following:
  - i Highways construction and maintenance activities are forecast to overspend by £1.420 million due to either staff not being able to work on their normal duties or the effect of staff shielding and not being able to work and therefore some backfilling of their duties being undertaken to meet statutory responsibilities. Delivery of the highways capital programme has resumed but the period of lockdown has prevented the recovery of costs from the programme and won't be able to be recovered. Risk assessments are being undertaken for the staff shielding so that resumption of some duties may be possible when clearance is given to resume work. In addition to be prudent an allowance has been factored into the forecast in case of increased periods of sickness for the workforce;
  - ii Winter maintenance is forecast to overspend by £1.000 million. This has been factored into the outturn position at this early stage in order to take a prudent view on the forecast financial position of the Directorate, taking into consideration the actual outturns for winter services in the past two years;
  - iii The Parking budget is forecast to overspend by £1.292 million as a result of reduced income levels from parking charges, penalty charge notices and vendors at a number of locations. Minimal income has been received for the period April to June when the majority of the Council's car parks were closed due to the lockdown period and it has been assumed that occupancy levels will only return to twenty percent during July and then fifty percent for the remainder of the financial year. A lot of the income generated on charging is at coastal/tourist locations so the position may improve depending on the future easing of restrictions and tourist behaviour;
  - iv Home to School Transport is forecast to overspend by £2.000 million for the current financial year. The exact figure is unknown at this stage as it will depend on the social distancing requirements in place at the time schools return, parental behaviour, capacity in the marketplace and other issues as schools fully reopen in September. Initial estimates using these factors for the period September

2020 to March 2021 suggest that the additional cost will be in the region of £3.100 million, which is at the lower end of a range of options. Guidance from the DfE on home to school transport has now been received. The reported overspend is based on the additional cost of £3.100 million being achievable, offset by £0.500 million savings on contracts for the period May 2020 to July 2020 and the recurring £0.600 million saving from the previous financial 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 L

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

#### Service: Regeneration, Commercial and Economy

Summary by Service	2019-20 Outturn	Budget	Forecast Outturn	Variance	Variance BAU	Variance Covid-19
Service	£m	£m	£m	£m	£m	£m
Economy & Regeneration	2.250	1.685	1.645	(0.040)	(0.040)	0.000
Executive Director of Regeneration, Commercial & Economy	0.019	0.151	0.188	0.037	0.037	0.000
Housing & Public Protection	3.483	3.710	4.459	0.749	0.003	0.746
Planning	7.609	1.003	1.328	0.325	(0.025)	0.350
<b>Total Regeneration, Commercial &amp; Economy</b>	<b>13.361</b>	<b>6.549</b>	<b>7.620</b>	<b>1.071</b>	<b>(0.025)</b>	<b>1.096</b>

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

The main reasons for the forecast position for the Regeneration, Commercial and Economy Directorate are outlined below:

- a. Housing and Public Protection is forecast to underspend by £0.749 million which is mainly due to the following:
  - i. Public Protection is forecast to overspend by £0.643 million, mainly due to the anticipated shortfall in licensing (£0.372 million) and building control (£0.164 million) income resulting from the loss of business arising from the impact of COVID-19.
  - ii. Housing Services is forecast to overspend by £0.106 million. Savings relating to enhanced trading and private sector income of £0.089 million will not be achieved during the year (£0.046 million relating to 2019-20), however this is partially offset by additional lease and repair rental income of £0.043 million and a small underspend on salaries. There are £0.060 million estimated additional costs relating to the provision of shelter for rough sleepers and homeless people as well as additional spend on the provision of temporary accommodation following the outbreak of COVID-19.

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

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

#### Service: Other Corporate Expenditure and Income

Summary by Service	2019-20 Outturn	Budget	Forecast Outturn	Variance	Variance BAU	Variance Covid-19
Service	£m	£m	£m	£m	£m	£m
Corporate Items	(23.309)	25.848	25.761	(0.087)	(0.087)	0.000
Treasury Management	(26.050)	(26.408)	(25.331)	1.077	0.000	1.077
Capital Financing	87.458	9.327	9.327	0.000	0.000	0.000
Corporate Funding	(349.171)	(314.648)	(338.667)	(24.019)	(2.202)	(21.817)
Advance Northumberland	0.000	0.000	5.500	5.500	0.000	5.500
<b>Total Other Corporate Expenditure &amp; Income</b>	<b>(311.072)</b>	<b>(305.881)</b>	<b>(323.410)</b>	<b>(17.529)</b>	<b>(2.289)</b>	<b>(15.240)</b>

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

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

- a. Treasury Management is forecast to overspend by £1.077 million as a result of deferred investment interest on the Newcastle Airport loan and lost investment income as result of immediate payment of invoices. A modification to the airport loan has been agreed between the airport and the seven local authorities. This is as a result of the COVID-19 pandemic. No interest will be paid on the loan in 2020-21, but it is anticipated that this will be recovered over a period of eight years commencing October 2022 at the earliest.
- b. Corporate Funding is expected to underspend by £21.817 million due to:
  - i A forecast underspend of £2.201 million due to additional business rates income in the form of Section 31 Grants and an overachievement of renewables income; and,
  - ii COVID-19 grant funding of £21.817 million will be utilised to offset the pressures faced in services in relation to the pandemic. This allocation was not included in the budget.
- c. The forecast overspend for Advance Northumberland relates to a claim for force majeure from a contractor, following the decision taken by Advance Northumberland to close the NEP1 construction site as part of the company's COVID-19 response. The claim will be vigorously defended

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 N

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

#### Service: Housing Revenue Account Expenditure and Income

Summary by Service	2019-20 Outturn	Budget	Forecast Outturn	Variance	Variance BAU	Variance Covid-19
Service	£m	£m	£m	£m	£m	£m
Housing Management	5.581	6.215	6.124	(0.091)	(0.102)	0.011
Housing Special	0.541	0.669	0.684	0.015	(0.003)	0.018
Repairs and Maintenance	7.738	7.914	7.712	(0.202)	(0.230)	0.028
Housing Capital Works	0.393	0.595	2.739	2.144	(0.006)	2.150
Other HRA Services	13.275	13.992	13.992	0.000	0.000	0.000
HRA Income	(28.980)	(29.827)	(29.517)	0.310	0.000	0.310
<b>Total HRA Expenditure &amp; Income</b>	<b>(1.452)</b>	<b>(0.442)</b>	<b>1.734</b>	<b>2.176</b>	<b>(0.341)</b>	<b>2.517</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. Housing Management is forecast to underspend by £0.091 million mainly due to part year vacancies on the new build team following recruitment delays.
- b. Repairs and Maintenance is forecast to underspend by £0.202 million, mainly relating to an increase in Council Tax Charges on void properties of £0.140 million (See note d below), offset by an underspend on salaries arising from vacant posts of £0.193 million (after allowing for the additional cost of employing agency staff to clear the backlog of gas servicing as a result of COVID-19) and an underspend on consumable materials of £0.152 million.
- c. The Housing Capital Works Team is forecast to overspend by £2.144 million relating to downtime following the outbreak of COVID-19. The effects of this will be continuously monitored as work starts to progress following reviews of working practices and job requirements. It is anticipated that work within occupied Council dwellings will recommence from August 2020 but will be at a reduced level.
- d. Forecast shortfall on dwelling rent income of £0.310 million following the effect of COVID-19 which



has stopped the re-let of available properties. Void rates are budgeted at 2.0% and are currently running at 3.25% but due to reduce to 2.6%, the level in 2019-20 as void properties begin to be re-let.

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