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Northumberland County Council

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Date: Tuesday, 6 December 2022

Dear Sir or Madam,

Your attendance is requested at a meeting of the **CABINET** to be held in **COUNCIL CHAMBER - COUNTY HALL** on **TUESDAY, 13 DECEMBER 2022** at **10.00 AM**.

Yours faithfully

Rick O'Farrell
Interim Chief Executive

To Cabinet members as follows:-

G Renner-Thompson, J Riddle, G Sanderson (Chair), J Watson, R Wearmouth (Vice-Chair), C Horncastle, W Pattison and W Ploszaj



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AGENDA

PART I

It is expected that the matters included in this part of the agenda will be dealt with in public.

1. APOLOGIES FOR ABSENCE

2. MINUTES

(Pages
1 - 18)

Minutes of the meeting of Cabinet held on 17 November 2022, as circulated, to be confirmed as a true record and signed by the Chair.

3. DISCLOSURE OF MEMBERS' INTERESTS

Unless already entered in the Council's Register of Members' interests, members are required where a matter arises at a meeting;

a. Which directly relates to Disclosable Pecuniary Interest ('DPI') as set out in Appendix B, Table 1 of the Code of Conduct, to disclose the interest, not participate in any discussion or vote and not to remain in room. Where members have a DPI or if the matter concerns an executive function and is being considered by a Cabinet Member with a DPI they must notify the Monitoring Officer and arrange for somebody else to deal with the matter.

b. Which directly relates to the financial interest or well being of a Other Registrable Interest as set out in Appendix B, Table 2 of the Code of Conduct to disclose the interest and only speak on the matter if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain the room.

c. Which directly relates to their financial interest or well-being (and is not DPI) or the financial well being of a relative or close associate, to declare the interest and members may only speak on the matter if members of the public are also allowed to speak. Otherwise, the member must not take part in discussion or vote on the matter and must leave the room.

d. Which affects the financial well-being of the member, a relative or close associate or a body included under the Other Registrable Interests column in Table 2, to disclose the interest and apply the test set out at paragraph 9 of Appendix B before deciding whether they may remain in the meeting.

e. Where Members have or a Cabinet Member has an Other Registerable Interest or Non Registerable Interest in a matter being considered in exercise of their executive function, they must notify the Monitoring Officer and arrange for somebody else to deal with it.

NB Any member needing clarification must contact monitoringofficer@northumberland.gov.uk. Members are referred to the Code of Conduct which contains the matters above in full. Please refer to the guidance on disclosures at the rear of this agenda letter.

4. **REPORT OF THE INTERIM EXECUTIVE DIRECTOR OF FINANCE AND SECTION 151 OFFICER** (Pages 19 - 30)

Setting of the Council Tax Base 2023-24

The purpose of this report is to advise Cabinet of the tax base calculation for 2023-24 for all domestic properties liable to pay council tax. The tax base must be set by the statutory deadline of 31 January 2023 (Appendix A).

5. **REPORT OF THE LEADER OF THE COUNCIL** (Pages 31 - 42)

Council-owned Company Governance Framework

The purpose of this report is to propose adoption of a series of principles and expectations in relation to the Council's companies and the governance relationship between the Council and those companies. These steps are to address the recommendations of the Caller Independent Governance Review in the immediate term, and to provide the foundation for decision making and the development of a comprehensive company governance framework for companies wholly or partly owned by Northumberland County Council (NCC) and alternative delivery vehicles (Appendix B).

6. **REPORT OF THE INTERIM EXECUTIVE DIRECTOR OF FINANCE AND SECTION 151 OFFICER** (Pages 43 - 98)

Financial Performance 2022-23 - Position at the end of September 2022

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 2022-23 (Appendix C).

7. **REPORT OF THE INTERIM EXECUTIVE DIRECTOR OF FINANCE AND SECTION 151 OFFICER** (Pages 99 - 132)

Summary of New Capital Proposals considered by Officer Capital Strategy Group

The report summarises proposed amendments to the Capital Programme considered by the officer Capital Strategy Group (CSG) via email on 4 November 2022 (Appendix D)

8. **DECISION TAKEN BY THE LEADER - CAPITAL INVESTMENT FOR** (Pages

SCHOOLS BROADBAND SERVICE IMPROVEMENT

133 -
138)

A decision was taken by the Leader under Finance and Contract Rules to proceed with contracting with the proposed supplier in order to secure broadband services for schools. This is now reported to Cabinet for information (Appendix E).

9. URGENT BUSINESS

To consider such other business as, in the opinion of the Chair, should, by reason of special circumstances, be considered as a matter of urgency.

PART II

It is expected that matters included in this part of the Agenda will be dealt with in private. Reports referred to are enclosed for members and officers only, coloured pink and marked "Not for Publication".

10. EXCLUSION OF PRESS AND PUBLIC

The Committee is invited to consider passing the following resolution:

- (a) That under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following item on the Agenda as it involves the likely disclosure of exempt information as defined in Part I of Schedule 12A of the 1972 Act, and
- (b) That the public interest in maintaining the exemption outweighs the public interest in disclosure for the following reasons:-

Agenda Items	Paragraph of Part I of Schedule 12A
11	3 Information relating to the financial or business affairs of any particular person (including the authority holding the information)
AND	The public interest in maintaining the exemption outweighs the interest in disclosure because disclosure could adversely affect the business reputation or confidence in the person / organisation and could adversely affect commercial revenue.

11. REPORT OF THE INTERIM EXECUTIVE DIRECTOR OF FINANCE AND SECTION 151 OFFICER

(Pages
139 -
152)

3
Trading Companies' Financial Performance 2022-23 - Position at the end of September 2022

The purpose of the report is to ensure that the Cabinet is informed of the current financial position of its trading companies and of any relevant

issues arising (Appendix F).

IF YOU HAVE AN INTEREST AT THIS MEETING, PLEASE:

- Declare it and give details of its nature before the matter is discussed or as soon as it becomes apparent to you.
- Complete this sheet and pass it to the Democratic Services Officer.

Name:		Date of meeting:	
Meeting:			
Item to which your interest relates:			
Nature of Interest i.e. either disclosable pecuniary interest (as defined by Table 1 of Appendix B to the Code of Conduct, Other Registerable Interest or Non-Registerable Interest (as defined by Appendix B to Code of Conduct) (please give details):			
Are you intending to withdraw from the meeting?		Yes - <input type="checkbox"/>	No - <input type="checkbox"/>

Registering Interests

Within 28 days of becoming a member or your re-election or re-appointment to office you must register with the Monitoring Officer the interests which fall within the categories set out in **Table 1 (Disclosable Pecuniary Interests)** which are as described in "The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012". You should also register details of your other personal interests which fall within the categories set out in **Table 2 (Other Registerable Interests)**.

"Disclosable Pecuniary Interest" means an interest of yourself, or of your partner if you are aware of your partner's interest, within the descriptions set out in Table 1 below.

"Partner" means a spouse or civil partner, or a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners.

1. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest, or of any change to a registered interest, notify the Monitoring Officer.
2. A 'sensitive interest' is as an interest which, if disclosed, could lead to the councillor, or a person connected with the councillor, being subject to violence or intimidation.
3. Where you have a 'sensitive interest' you must notify the Monitoring Officer with the reasons why you believe it is a sensitive interest. If the Monitoring Officer agrees they will withhold the interest from the public register.

Non participation in case of disclosable pecuniary interest

4. Where a matter arises at a meeting which directly relates to one of your Disclosable Pecuniary Interests as set out in **Table 1**, you must disclose the interest, not participate in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest, just that you have an interest.

Dispensation may be granted in limited circumstances, to enable you to participate and vote on a matter in which you have a disclosable pecuniary interest.

5. Where you have a disclosable pecuniary interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it.

Disclosure of Other Registerable Interests

6. Where a matter arises at a meeting which **directly relates** to the financial interest or wellbeing of one of your Other Registerable Interests (as set out in **Table 2**), you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

Disclosure of Non-Registerable Interests

7. Where a matter arises at a meeting which **directly relates** to your financial interest or well-being (and is not a Disclosable Pecuniary Interest set out in **Table 1**) or a financial interest or well-being of a relative or close associate, you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.
8. Where a matter arises at a meeting which **affects** –
- a. your own financial interest or well-being;
 - b. a financial interest or well-being of a relative or close associate; or
 - c. a financial interest or wellbeing of a body included under Other Registrable Interests as set out in **Table 2** you must disclose the interest. In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied
9. Where a matter (referred to in paragraph 8 above) **affects** the financial interest or well- being:
- a. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
 - b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest

You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise, you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

Where you have an Other Registerable Interest or Non-Registerable Interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it.

Table 1: Disclosable Pecuniary Interests

This table sets out the explanation of Disclosable Pecuniary Interests as set out in the [Relevant Authorities \(Disclosable Pecuniary Interests\) Regulations 2012](#).

Subject	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain. [Any unpaid directorship.]
Sponsorship	Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract made between the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council — (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land and Property	Any beneficial interest in land which is within the area of the council. 'Land' excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners (alone or jointly with another) a right to occupy or to receive income.
Licenses	Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer
Corporate tenancies	Any tenancy where (to the councillor's knowledge)— (a) the landlord is the council; and (b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.
Securities	Any beneficial interest in securities* of a body

	<p>where—</p> <p>(a) that body (to the councillor’s knowledge) has a place of business or land in the area of the council; and</p> <p>(b) either—</p> <ul style="list-style-type: none"> i. the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or ii. if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/ her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.
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* ‘director’ includes a member of the committee of management of an industrial and provident society.

* ‘securities’ means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Table 2: Other Registrable Interests

You have a personal interest in any business of your authority where it relates to or is likely to affect:

- a) any body of which you are in general control or management and to which you are nominated or appointed by your authority
- b) any body
 - i. exercising functions of a public nature
 - ii. any body directed to charitable purposes or
 - iii. one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)

Agenda Item 2

NORTHUMBERLAND COUNTY COUNCIL

CABINET

At a meeting of the **Cabinet** held at County Hall, Morpeth on Thursday 17 November 2022 at 2.00 pm.

PRESENT

Councillor G. Sanderson
(Leader of the Council, in the Chair)

CABINET MEMBERS

Horncastle, C.	Riddle, J.R.
Pattison, W.	Watson, J.G.
Ploszaj, W.	Wearmouth, R.
Renner Thompson, G.	

OTHER MEMBERS

Seymour, C.	Stewart, G.
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OFFICERS IN ATTENDANCE

Binjal, S.	Monitoring Officer
Bradley, N.	Director of Adult Social Services
Curry, A.	Senior Manager - Commissioning
Hadfield, K.	Democratic and Electoral Services Manager
Hunter, P.	Interim Senior Service Director
Kingham, A.	Interim Joint Director of Children's Services
Lancaster, H.	Deputy Monitoring Officer
McMillan, S.	Assistant Service Director
O'Farrell, R.	Interim Chief Executive
Reiter, G.	Interim Joint Director of Children's Services
Roll, J.	Head of Democratic and Electoral Services
Taylor, M.	Interim Executive Director for Communities and Business

Ch.'s Initials.....

Thompson, W.
Willis, J.

Development
Group Company Secretary
Interim Executive Director of
Finance and S151 Officer

50. MINUTES

RESOLVED that the minutes of the meeting of Cabinet held on 11 October 2022, as circulated, be confirmed as a true record and signed by the Chair.

51. DISCLOSURES OF INTEREST

Councillor Watson advised that he would declare an interest as a member of the Advance Board should there be any discussion during the course of the meeting. This was part of his register of interests.

52. REPORT OF THE JOINT INTERIM DIRECTOR OF CHILDREN'S SERVICES

Outcomes of Statutory Consultation on Proposals for the Coquet Partnership

The report set out an analysis of the representations and responses received from interested parties and stakeholders during the four-week statutory consultation, which commenced on 22 September and closed on 20 October 2022, in relation to proposals for the Coquet Partnership. The report also set out an analysis of the responses received to the four-week statutory consultation in relation to proposals for Barndale House Special School, which was also published 22 September 2022 and closed on 20 October 2022. The two published statutory proposals set out the following proposed prescribed changes to the schools within the Coquet partnership and to Barndale House Special School:

- Extend the age range, from 9 years to 11 years, for Amble First School, Amble Links First School, Broomhill First School, Red Row First School and Grange View First School from 1st September 2024.
- Reducing the age range, from 9 to 18 years to 11 to 18 years, for James Calvert Spence College commencing on 1st September 2024.
- To create a satellite provision of Barndale House School on the South Avenue, Amble site from 1st September 2024.
- Increase the planned pupil numbers at Barndale House School from 60 to 110 from 1st September 2024.

Cabinet was asked to make a final decision on whether or not to approve the prescribed changes for schools in the Coquet Partnership and for Barndale House Special School, as set out in the Statutory Proposals, for implementation with effect from 1st September 2024. At the same time, Cabinet was requested to consider and approve the non-statutory proposal

to extend the age range of Grange View Church of England First Schools with effect from 1st September 2024 as it is linked to the other proposals outlined above (copy attached to the signed minutes as Appendix A, along with the report of the FACS OSC circulated at the meeting).

A number of school representatives joined the meeting remotely for this item and Mrs Louise Laskey, headteacher at Grange View First School was also present.

Councillor Renner Thompson presented the report for members, detailing the key points. The Leader referred to the report from FACS OSC which had raised points around the use of solar panels and the impact on the current workforce, but had supported the recommendations.

Councillor Renner Thompson confirmed that there would be no outside recruitment unless a post could not be filled within the current workforce.

Mrs Laskey commented that all schools in the Partnership worked closely together and all efforts were being made to ensure that there were no job losses.

Councillor Watson commended Councillor Renner Thompson and the team of staff for the open and positive way in which the whole exercise had been undertaken. The sports facilities would be very welcome and he fully supported the proposals.

Mrs Lancaster then read out some detailed legal advice to Cabinet members.

Councillor Renner Thompson then moved the report's recommendations, which was seconded by Councillor Watson.

It was then **RESOLVED** that:-

- (a) In the light of the prescribed changes and the non-statutory changes set out in the statutory proposal published on 22 September 2022 for schools in the Coquet Partnership and all the information provided in this report (taking into account the Statutory Guidance from the Department for Education's (DfE) *'Statutory Guidance for proposers and decision-makers: Making significant changes (prescribed alterations)'* to maintained schools attached at Appendix 4, Cabinet:
 - Approve the Council's statutory proposal to extend the age range of Amble First School from an age 4-9 first school to an age 4-11 primary school and the non-statutory proposal to relocate the school to the part of the current site of James Calvert Spence College, South Avenue, Amble with effect from 1 September 2024;
 - Approve the Council's statutory proposals to extend the age range of Amble Links First School from an age 2-9 first school to an age 2-11 primary school and expand the school building with effect from 1 September 2024;

- Approve the Council's statutory proposals to extend the age range of Broomhill First School from an age 3-9 first school to an age 3-11 primary school and expand the school building with effect from 1 September 2024;
- Approve the Council's statutory proposals to extend the age range of Red Row First School from an age 3-9 first school to an age 3-11 primary school and expand the school building with effect from 1 September 2024;
- Approve the Council's proposals to reduce the age range of James Calvert Spence College from an age 9-18 school to an age 11-18 secondary school with effect from 1 September 2025;

All of the above conditional upon:

- the granting of planning permission by 31 August 2024 in relation to the proposed building works at Amble Links, Broomhill and Red Row First Schools, proposed buildings works for Amble First School at the current site of James Calvert Spence College, South Avenue site and in relation to the construction and refurbishment of the new school buildings for James Calvert Spence College.
- (b) In the light of the non-statutory changes included in the above statutory proposal for information in relation to Grange View Church of England Voluntary Controlled First School, Cabinet :
- Approve the Council's non-statutory proposals to extend the age range of Grange View Church of England Voluntary Controlled First School from and age 3-9 first school to an age 3-11 primary school and extend the school building with effect from 1 September 2024;
- (c) In the light of all the information provided in this report and taking into account the Statutory Guidance from the Department for Education's (DfE) *'Statutory Guidance for proposers and decision-makers: 'Making significant changes ('prescribed alterations') to maintained schools* attached at Appendix 4, Cabinet approve for implementation the following prescribed changes as set out in the statutory proposal for Barndale House Special School published on 22 September 2022;
- Increase the number of pupil places at Barndale House Special School by 50 places from 60 to 110 places for children and young people diagnosed with special educational needs, primarily those with Autistic Spectrum Disorder (ASD), Social, Emotional and Mental Health (SEMH), Speech Language and Communication (SLCN) and Moderate Learning Difficulties (MLD)
 - To facilitate the above increase in planned places, create a satellite site of Barndale Special School to be located within part of the current James Calvert Spence College, South Avenue site in Amble.

The above conditional upon the granting of planning permission in relation to the proposed buildings works for Barndale House Special School at the current site of James Calvert Spence College by 31 August 2024.

- (d) Cabinet approve the allocation of £39.06m from the funding sources set out at para. 38, Table 6 towards the capital costs required to support the implementation of the prescribed changes set out in Recommendation 5 and 7 above. Full details of the capital costs required for implementation are set out at paras. 38. to 40;
- (e) Cabinet approve the Outline Business Case contained as Appendix 3 to allow the project to progress with option 5 as the preferred option to detailed design, procurement and submission of a planning application for the project. The outcomes of the procurement exercise will be reported back to Cabinet in the form of a Final Business Case (FBC) in order to seek final approval for the award of contract programmed for October 2023;
- (f) in formulating its decision, Cabinet have taken the following into account:
- The responses received to the Statutory Proposals and the commentary contained within this report at paras. 18-19.
 - The implications of the proposals on schools and the local community as set out in the Statutory Proposals attached at Appendix 1 and 2.
 - The implications for Home to School Transport of the statutory proposals as set out in this report.
 - The Outline Business case for James Calvert Spence College attached at Appendix 3.
 - The need to review Cabinet's capital investment in schools in the Coquet Partnership and the potential impact on the building solution for the satellite site of Barndale House Special School should it decide not to approve the proposal to reorganise the schools to a 2-tier(primary/secondary) structure; and
- (g) the report of the FACS OSC be noted.

Cabinet then retired briefly so that its decision and the reasons for it could be written up. On returning, the Chair read out the following statement:-

Having considered all of the responses to the statutory consultation, the proposals to extend the age ranges of Amble First School, Amble Links First School, Broomhill First School, Grange View CE First School and Red Row First School and to reduce the age range of James Calvert Spence College (JCSC) should be adopted and implemented without modification for the following reasons:

- 1) The Governing Bodies of the first schools, the majority of parents and staff of schools in the partnership (who responded to the informal and

statutory consultations) and the Newcastle Diocese Education Board support the proposals, while the Governing Body of JCSC has expressed a desire to support whichever structure of schools is approved.

- 2) Cabinet supports the educational rationale proposed by the first schools, which is
 - First schools are well placed to deliver the primary curriculum to the end of KS2 as primary specialists;
 - The 2-tier(primary/secondary) structure matches the National Curriculum and is in line with the majority of the schools nationally;
 - Having fewer transitions would benefit children with SEND especially.
 - Schools would have accountability for whole key stages in the 2- tier(primary/secondary) structure.
- 3) £33.46m will be invested into the buildings of Coquet Partnership to support the reorganisation, and including the provision of new buildings for JCSC.
- 4) Parents will retain the ability to express a preference for a place for their child in any school in Northumberland or another local authority.
- 5) The consultation on this proposal has been very extensive, reasonable and robust.

Further, having considered all of the responses to the statutory consultation, the proposal to increase the number of pupil numbers of Barndale House Special School from 60 to 110 through the creation of a 50-place satellite site in Amble is approved for the following reasons:

- 1) There is currently no specialist provision within the Coquet Partnership, therefore the educational rationale to create provision for children and young people with SEMH, ASD, MLD and SLCN needs in this area of the county to meet the demonstrated growing need is sound.
- 2) Furthermore, the creation of specialist provision within the Coquet Partnership will enable this vulnerable group of young people to be educated within, or as close, to their home communities as possible, reducing the need for long journeys to school and supporting their ability to make local friendships.
- 3) The Governing Body of Barndale House Special School is fully supportive of the rationale and the proposal.
- 4) The funding of £5.6m for the necessary works to the proposed building at the current JCSC South Avenue site in is in place.
- 5) This consultation has been extensive, reasonable and robust.

53. REPORT OF THE JOINT INTERIM DIRECTOR OF CHILDREN'S SERVICES

SEND Capacity and Place Planning Strategy

The report advised Cabinet of the development of a 5 year SEND Capacity and Place Planning Strategy (copy attached to the signed minutes as Appendix B, along with the report of the FACS OSC circulated at the meeting).

The report was presented by Councillor Renner Thompson who detailed the key points. He referred to the report from the FACS OSC which had raised a number of points and had supported the report's recommendations.

RESOLVED that:-

- (a) the approach for growth within the strategy be approved in order to increase capacity in line with predicted demand across Northumberland to meet the needs of children and young people as close to their home communities as possible;
- (b) the annual update of the plan be approved to ensure the information used to plan and grow capacity is reflective of the demand for specialist provision. The update will be reported to both Cabinet and Family and Children Services Scrutiny Committee; and
- (c) the report of the FACS OSC be noted.

54. REPORT OF THE INTERIM EXECUTIVE DIRECTOR OF FINANCE AND SECTION 151 OFFICER

Budget 2023-24 and Medium-Term Financial Plan 2023-2027 05

The report provided an update on the development of the 2023-24 Budget and the Medium-Term Financial Plan (MTFP) covering the period 2023 to 2027 (copy attached to the signed minutes as Appendix C).

The report was presented by Councillor Wearmouth. There was still a great deal of uncertainty regarding the settlement though information had come out about the potential for the adult social care precept to go up and about the council tax ceiling before a referendum was needed, as well as information about a rise in the living wage, increases in school budgets and the household support scheme. The report presented best and worst case scenarios on the budget position. This would be refreshed as time progressed and he would share this with colleagues.

The Leader reported that the Administration would be looking very closely at how to avoid using the 5% increase in council tax in recognition of the difficulties residents were currently facing.

Councillor Wearmouth acknowledged that there was a lot going on in the economy but there was also reason for great optimism because wages were going up and unemployment was at low levels so the Administration would continue with its key priorities.

Councillor Watson asked whether all the information was available now to set the budget. The S151 Officer advised that the Authority would not know its full funding position until the final local government settlement was made towards the end of January. The provisional settlement would give good indications before Christmas however, and a lot of work remained to be done.

RESOLVED that:-

- (a) the revisions to the assumptions (and the risks) within the 2023-24 Budget and Medium-Term Financial Plan be noted;
- (b) it be noted that
 - i) further work is required to refine the Medium-Term Financial Plan; and,
 - ii) the revenue implications of the capital programme are still to be updated; and,
 - iii) there are still budget balancing measures required to be identified over the term of the Medium-Term Financial Plan; and
- (c) the budget consultation strategy be noted.

55. REPORT OF THE INTERIM CHIEF EXECUTIVE

Beaside to Town Centre Cycling and Walking Corridor: Outline Business Case

In accordance with the Energising Blyth Programme - Local Assurance Framework, the report sought the approval of the Town Deal Outline Business Case (OBC) for the Beaside to Town Centre Cycling & Walking Corridor project which was pending approval by the Department of Levelling Up, Housing and Communities (DLUHC). The OBC had been externally appraised with a recommendation to proceed to Full Business Case (FBC). It was approved by Town Deal Board on 28 September 2022 (copy attached to the signed minutes as Appendix D).

Councillor Ploszaj presented the report, detailing the key points. Councillor Wearmouth added that the County Council had set aside funding of £2.1m in the capital programme to match fund the programme.

RESOLVED that:-

- (a) Cabinet approve the Outline Business Case (OBC) for the Beaside to Town Centre Cycling & Walking Corridor project to enable progression to Full Business Case;

- (b) authority be delegated, in accordance with the Local Assurance Framework, to the Council's s151 Officer following consideration by the Energising Blyth Programme Board to approve the Full Business Case and report the capital implications to Capital Strategy Group for inclusion in the Capital Programme; and
- (c) approval be delegated to the Executive Director to execute all contracts relating to the project subject to confirmation of associated funding being in place and the appropriate procurement processes being followed.

56. REPORT OF THE INTERIM CHIEF EXECUTIVE

Northumberland Energy Park (NEP1) – Dock Capping Beam: Updated North East Local Enterprise Partnership (NELEP) Full Business Case

In accordance with the Energising Blyth Programme - Local Assurance Framework, the report sought the approval of the Town Deal Summary Document which sets out details of an adjusted NEP1 Infrastructure investment which was pending approval by the Department of Levelling Up, Housing and Communities (DLUHC). Members had previously approved an application on 7th December 2021 from Port of Blyth for the original NEP1/Battleship Wharf Project Business Case proposal to build an internal heavy duty access link between NEP1, NEP 2 and Battleship Wharf but this could no longer proceed due to Subsidy Control limitations. An updated NELEP Full Business Case for an alternative scheme and applicant (Advance Northumberland (Commercial) Ltd) towards a new capping beam which will allow the Ash Barge Dock deep water berth (part of NEP1) to become fully operational had been externally appraised with a recommendation to proceed. It was approved by Town Deal Board on 28 September 2022 (copy attached to the signed minutes as Appendix E).

Councillor Ploszaj presented the report, detailing the key points.

Councillor Wearmouth added that he and Councillor Ploszaj had visited the JDR Cables site earlier. The dock capping beam was a critical piece of infrastructure for the area and companies such as JDR Cables were coming to the area because the Administration had been proactive in its regeneration initiatives to put these kind of things in place.

Councillors Watson and Renner Thompson advised that they would not vote on this report.

The Leader expressed his thanks to Advance and all other partners for their work on this initiative.

RESOLVED that:-

- (a) Cabinet approve the updated NELEP Full Business Case (FBC) for the NEP1 capping beam works in support of the Project Adjustment Request to DLUHC;
- (b) authority be delegated, in accordance with the Local Assurance Framework, to the Council's s151 Officer following consideration by the Energising Blyth Programme Board to report the capital implications to Capital Strategy Group for inclusion in the Capital Programme subject to funding confirmation by DLUHC; and
- (c) Cabinet approve the request to spend £500k Town Deal funding and approve an allocation of £31,621 from the Energising Blyth (EB) Programme Medium Term Financial Plan, towards the installation of a capping beam.

57. REPORT OF THE INTERIM CHIEF EXECUTIVE

Northern Gateway Phase 2: Outline Business Case

In accordance with the Energising Blyth Programme - Local Assurance Framework, the report sought the approval of the Town Deal Outline Business Case (OBC) for the Regent Street Improvements (Northern Gateway Phase 2) project which was pending approval by the Department of Levelling Up, Housing and Communities (DLUHC). The OBC had been externally appraised with a recommendation to proceed to Full Business Case (FBC). It was approved by Town Deal Board on 28 September 2022. (copy attached to the signed minutes as Appendix F).

Councillor Ploszaj presented the report, detailing the key points.

RESOLVED that:-

- (a) Cabinet approve the Outline Business Case (OBC) for the Northern Gateway Phase 2 project to enable progression to Full Business Case;
- (b) authority be delegated, in accordance with the Local Assurance Framework, to the Council's s151 Officer following consideration by the Energising Blyth Programme Board to approve the Full Business Case and report the capital implications to Capital Strategy Group for inclusion in the Capital Programme; and
- (c) authority be delegated to the Executive Director to execute all contracts relating to the project subject to confirmation of associated funding being in place and the appropriate procurement processes being followed.

58. REPORT OF THE INTERIM CHIEF EXECUTIVE

Northumberland County Council Rationale for the Establishment or Continuation of a Council-owned Company

The report proposed a statement of principles and criteria which formed the Strategic Outline Case (SOC) to determine the rationale for the establishment or continuation of any company established by Northumberland County Council (NCC) under the provisions of the Localism Act 2011 or other appropriate powers (copy attached to the signed minutes as Appendix G).

Councillor Wearmouth presented the report and drew members' attention to the key points.

Councillors Watson and Renner Thompson sought advice from the Monitoring Officer about whether they needed to leave the chamber for this item. The Monitoring Officer advised that as the report was about the overall business strategy and not a specific company, then members did not need to leave the room. However with regard to the next item on the agenda, those members who were Advance directors would need to leave and not take part.

RESOLVED that Cabinet approve the Strategic Outline Case criteria for the Establishment or Continuation of a Council-Owned company, as attached at Annexe A to the report.

59. REPORT OF THE INTERIM CHIEF EXECUTIVE

Applying the Council-Owned Company Rationale to Advance Northumberland Ltd and Update on the Business Strategy Review

Following approval of a statement of principles and tests for establishing or continuing Council-owned companies established under the Localism Act or other appropriate power, as proposed by the Independent Governance Review (The 'Caller Review') and under action 22 of the subsequent Plan of Action, the report set out the outcome of applying the agreed criteria to Advance Northumberland Ltd (ANL), as an existing company of Northumberland County Council, and provided an update on the Advance Northumberland Ltd Review of Business Strategy (copy attached to the signed minutes as Appendix H).

Councillors Renner Thompson and Watson left the chamber whilst this matter was dealt with, along with Rick O'Farrell and William Thompson.

The report was presented by Councillor Wearmouth who detailed the key points of the report. The Leader thanked Sarah McMillan for her work on this and expressed his support for Advance.

RESOLVED that:-

- (a) having applied the agreed Strategic Outline Case (SOC) criteria for the establishment or continuation of Council owned companies, Cabinet agree that Advance Northumberland Ltd continues to provide significant benefits to the County as an effective mechanism to deliver the economic growth and jobs, regeneration and place shaping priorities of the Council, contributing to economic growth, tackling inequalities and value for money;
- (b) Cabinet endorse the findings, proposed strategic direction and emerging recommendations from the Advance Northumberland Ltd Review of Business Strategy, set out in the report and endorsed by the Advance Northumberland Ltd Board; and
- (c) Cabinet note that further work is continuing to take forward the Business Strategy Review, including an external financial review, and, as the review continues, further recommendations may come forward to Cabinet as the Company's shareholder, where approval is required.

60. REPORT OF THE INTERIM EXECUTIVE DIRECTOR OF FINANCE AND SECTION 151 OFFICER

Future of Northumberland Enterprise Holdings Ltd and Northumbria Integrated Consultancy Ltd

The purpose of the report was to:

- A.** recommend a course of action for approval by Cabinet regarding the future status of the Council's wholly-owned company Northumberland Enterprise Holdings Ltd and its subsidiary company Northumbria Integrated Consultancy Ltd, in light of current trading activity or prospects;
- B.** propose the Role Profile for the Northumberland Enterprise Holdings Ltd Controlling Shareholder's Representative ("CSR");
- C.** propose the appointment of the Executive Director of Finance as CSR of Northumberland Enterprise Holdings Ltd to provide alignment and uniformity with the Council's other wholly-owned company, Advance Northumberland Ltd (copy attached to the signed minutes as Appendix I).

Councillor Ploszaj declared an interest in this report as a Director of NEHL and this applied to Councillor Renner Thompson as well, though he had not returned to the chamber from the previous agenda item. He left the chamber and Councillor Watson returned.

Councillor Wearmouth briefed members on the key points of the report and the Leader invited the S151 Officer to comment on it. The S151 Officer advised that officers had considered carefully whether to make NEHL dormant and the material consideration had been the VAT registration of NEHL as the holding company for the wider group. There were no immediate prospects of creating new trading companies but if this was the wish in future, then NEHL would have to reapply for VAT registration so making it dormant was the sensible thing to do.

RESOLVED that:-

- (a) Cabinet agree that Northumberland Enterprise Holdings Ltd be made dormant (as per Option 3 at para 5.2 below and set out in detail in Appendix A);
- (b) Northumbria Integrated Consultancy Ltd be dissolved (as per Option 5 at para 5.2 below and set out in detail in Appendix A);
- (c) Cabinet approve the following changes to the respective Boards to facilitate the administration, namely:
 - Remove Rick O’Farrell, Wojciech Ploszaj and Guy Renner-Thompson as Directors of Northumberland Enterprise Holdings Ltd,
 - Appoint William Thompson to join Phil Hunter and Councillor Lynne Grimshaw as Director of Northumberland Enterprise Holdings Ltd,
 - Remove Kelly Gardner and Rick O’Farrell as Directors of Northumbria Integrated Consultancy Ltd,
 - Appoint Phil Hunter and William Thompson to join Councillor Lynne Grimshaw as Directors of Northumbria Integrated Consultancy Ltd;
- (d) Cabinet agree to the termination by Northumbria Integrated Consultancy Ltd of the Framework Agreement, as novated, dated 20th June 2020 with Rong Qiao;
- (e) the “Northumberland Enterprise Holdings Ltd CSR Role Profile” be adopted as attached at Appendix D;
- (f) Cabinet appoint the Executive Director of Finance as the CSR of Northumberland Enterprise Holdings Ltd; and
- (g) the CSR be authorised to request the Board of Northumberland Enterprise Holdings Ltd to execute the approved actions.

Councillors Ploszaj and Renner Thompson returned to the chamber along with Rick O’Farrell and William Thompson at this point.

61. REPORT OF THE DIRECTOR OF SOCIAL SERVICES

Adult Social Care Market Position Statement 2022

The report presented the updated Adult Social Care Market Position Statement (copy attached to the signed minutes as Appendix J).

Councillor Pattison provided some detailed background for members on the report.

The Leader commended staff for keeping on top of the situation and asked when members might expect a progress report. Mr Bradley replied that this could be brought whenever members wanted to see it.

It was noted that this had been considered by Health and Wellbeing OSC who had welcomed the report.

RESOLVED that:-

- (a) the Market Position Statement be published; and
- (b) the report of the Health and Wellbeing OSC be noted.

62. REPORT OF THE JOINT INTERIM DIRECTOR OF CHILDREN'S SERVICES

Family Hubs Development Update

The report provided an update in relation to the development of the Family Hubs offer in Northumberland (copy attached to the signed minutes as Appendix K).

The report was presented by Councillor Renner Thompson.

Councillor Stewart thanked Councillor Renner Thompson for recently visiting the family hub in Prudhoe and the fantastic youth service which also used the facilities there.

The Leader welcomed the extra money from Government on this. He acknowledged that change was always difficult but this transition would work very well for those involved. Mr Reiter advised members that a further bid had been submitted for trailblazer funding for the Council to be one of fifteen authorities to drive this forward faster.

RESOLVED that:-

- (a) Cabinet agree that this is a key priority in terms of the delivery of services for children and families in Northumberland and note that it is a significant element of the Council's Inequalities plan;
- (b) Cabinet support the ongoing developments in relation to further integration of services for older young people; and
- (c) Cabinet support the ongoing requirements for system transformation in relation to governance, data sharing and gathering, workforce, communications and participation;

63. REPORT OF THE INTERIM EXECUTIVE DIRECTOR OF FINANCE AND SECTION 151 OFFICER

Summary of New Capital Proposals considered by Officer Capital Strategy Group

The report summarised proposed amendments to the Capital Programme considered by the officer Capital Strategy Group (CSG) via email on 6 October 2022 (copy attached to the signed minutes as Appendix L).

63.1 Charlton Project – Hirst Park:

RESOLVED that Cabinet approve capital expenditure of £15,000 from the Parks Enhancement Capital Programme for 2022/23 in respect of NCC's contribution to the provision of a statue celebrating football legend Jack Charlton and interpretation panels highlighting Ashington's unique footballing heritage that will be installed within Hirst Park in Ashington.

63.2 Local Authority Treescap Fund:

RESOLVED that Cabinet approve the inclusion of a grant of £81,815 in the Council's Medium Term Financial Plan profiled as in Paragraph 7.5 below. The grant will be received from the Local Authority Treescap Fund (round 2) administered by the Forestry Commission for the Great Northumberland Forest.

63.3 HRA Affordable Housing – Riverbrook Gardens, Alnwick:

RESOLVED that Cabinet approve a proposal to acquire 8 x 2 bedroom section 106 units on the Story Homes Riverbrook Gardens Development off Alnmouth Road in Alnwick at a cost of £1,008,000 representing £126,000 per unit. The acquisition will be funded through the Affordable Homes budget line for 2023/24 in the Council's Medium Term Financial Plan.

63.4 Commissioners Quay

Councillors Watson and Renner Thompson declared interests in this matter and did not take part in the decision making.

RESOLVED that Cabinet:

- Approve a capital grant award, and the associated budget requirement within the 2022-23 capital programme, of £58,392 to Advance Northumberland in respect of Commissioners Quay. The project will in turn be funded by grant provided to Northumberland County Council from North of Tyne Combined Authority.
- Accept the associated Brownfield Housing Fund grant from North of Tyne Combined Authority £58,392.

63.5 Contracts in excess of Delegated Limits:

On 21st September 2022, Cabinet approved the Outline Business Case (OBC) for the Energy Central Campus Phase 1 - Learning Hub to enable progression to Full Business Case and delegated authority to the Council's s151 Officer to approve the Full Business Case and report the capital implications to Capital Strategy Group for inclusion in the Capital Programme.

RESOLVED that Cabinet now delegate approval to the Head of Paid Service or nominated Executive Director to enter into contract with the main contractor relating to the project subject to confirmation of associated funding being in place and the appropriate procurement processes being followed up to the value of £9,714,759.

64. EXCLUSION OF PRESS AND PUBLIC

RESOLVED:

- (a) That under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items on the agenda as they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the 1972 Act, and
- (b) That the public interest in maintaining the exemption outweighs the public interest in disclosure for the following reasons-

Agenda Item	Paragraph of Part I of Schedule 12A
18	3 -Information relating to the financial or business affairs of any particular person (including the authority holding the information).
19	1 - Information relating to an individual
AND	The public interest in maintaining the exemption outweighs the interest in disclosure because disclosure could adversely affect the business reputation or confidence in the person / organisation; and could adversely affect commercial revenue (item 18) and because disclosure could identify the individual (item 19).

65. REPORT OF THE INTERIM EXECUTIVE DIRECTOR COMMUNITIES AND BUSINESS DEVELOPMENT

Leisure Review - Findings of the Review of NCC Supported Leisure Provision and Consideration of Future Management and Procurement Arrangements

Following completion of an extensive review of Council funded leisure provision the report provided an overview of key findings and outlined a

proposed course of action to maximise both the health and wellbeing potential, and value, of future investment (copy attached to the signed minutes as Appendix M, coloured pink and marked Not for Publication).

The report was presented by Councillor Watson who detailed the key points for members. He supported the report's recommendations, adding that a lot more information and investigation was needed to secure the best possible deal for the leisure centres as well as meeting the Administration's priorities. The review had highlighted a number of issues as the management agreement had not been looked at for a number of years.

Undertaking the leisure review in the context of the major drive to address inequalities within Northumberland had presented the opportunity to focus future investment based on evident need and this was welcomed by the Leader. He felt it was important to carry the review forward looking at all the options to achieve the best service possible.

The Leader moved an additional recommendation to review and enhance the NCC identity on the signage at leisure centres, which was seconded.

RESOLVED that:-

- (a) recommendations 1-7 as detailed in the report be approved; and
- (b) a review be undertaken of the signage at each of the County's leisure centres in order to enhance the NCC identity.

66. REPORT OF THE INTERIM EXECUTIVE DIRECTOR OF FINANCE AND SECTION 151 OFFICER

Summary of New Capital Proposals considered by Officer Capital Strategy Group

The report summarised proposed amendments to the Capital Programme considered by the officer Capital Strategy Group (CSG) via email on 6 October 2022 (copy attached to the signed minutes as Appendix N, coloured pink and marked Not for Publication).

RESOLVED that the recommendation as detailed in the report be approved.

CHAIR.....

DATE.....

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Northumberland County Council

CABINET

13 DECEMBER 2022

SETTING OF THE COUNCIL TAX BASE 2023-24

Report of Jan Willis, Interim Executive Director of Finance & Section 151 Officer

Cabinet Member: Councillor Richard Wearmouth, Deputy Leader and Portfolio Holder for Corporate Services

Purpose of report

The purpose of this report is to advise Cabinet of the tax base calculation for 2023-24 for all domestic properties liable to pay council tax.

The tax base must be set by the statutory deadline of 31 January 2023.

Recommendation

Cabinet is recommended to approve the council tax base for 2023-24 as detailed within Appendix A equating to 110,152.30 Band D equivalent dwellings. This is an increase of 1,546.81 Band D equivalents from 2022-23.

Link to Corporate Plan

Setting the council tax base is the first stage in the setting of council tax.

Key issues

1. The Council Tax Base is a measure of the Council's taxable capacity for the setting of its council tax, and legislation sets out the formula for the calculation and the requirement that the tax base is formally approved.
2. The gross tax base is based on actual figures taken from the Council Tax system and the Valuation List at the time of the calculation of the statutory CTB (October 2022) return required by the Department for Levelling Up, Housing and Communities.
3. The Council Tax Base for 2023-24 is 110,152.30 and has increased by 1,546.81 Band D equivalents from 2022-23. A breakdown of how this affects each individual parish area and compares to their 2022-23 tax base is included at Appendix B.
4. The main changes from 2022-23 are:
 - a. there were 1,097 more dwellings in the County shown in the Valuation List on 12 September 2022;

- b. there were 764 more dwellings subject to a 25% reduction on the grounds of single person discount on 3 October 2022;
 - c. there were 41 more uninhabitable dwellings on 3 October 2022;
 - d. there were 990 fewer equivalent number of dwellings entitled to council tax support on 3 October 2022;
 - e. there were 57 less dwellings subject to the Empty Homes Premium on 3 October 2022.
5. The tax base for 2023-24 must be approved by 31 January 2023.
 6. The tax base must also be notified to the Police and Crime Commissioner for Northumbria by 31 January 2023 to be used to set their council tax precept.

Background

7. Regulations made under the Local Government Finance Act 1992 (The Local Authorities (Calculation of Council Tax Base) Regulations 1992 as amended) require the Council to calculate a council tax base for each financial year.
8. The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 which came into force on 30 November 2012, and applies to the financial years beginning 1 April 2013 onwards, contain the rules which require the Council to calculate the Council Tax Base.
9. Section 84 of the Local Government Act 2003 allows the calculation or determination to be delegated to a committee or an officer of the Council.
10. Following approval at County Council on 4 November 2015, Cabinet has delegated authority to approve the tax base.
11. The Council Tax Base is a measure of the Council's taxable capacity for the setting of its council tax, and legislation sets out the formula for the calculation and the requirement that the tax base is formally approved.
12. The Council Tax Base is the number of Band D equivalent dwellings in Northumberland. To calculate the tax base the number of dwellings in each council tax band is adjusted to take account of any discounts, exemptions or premiums. The resulting figure for each band is then multiplied by its proportion relative to Band D (from 6/9 for Band A to 18/9 for Band H) and the total across all eight bands is calculated.
13. There were 158,558 dwellings in Northumberland (as at 12 September 2022) and they are included in one of eight council tax valuation bands from Band A to Band H.
14. For calculating the council tax base, dwelling numbers are recalculated into a common base of Band D equivalents.

15. Section 1 of Appendix A shows the number of domestic dwellings in the County which the Valuation Office Agency has allocated to each of the eight valuation bands. It then shows adjustments in respect of demolished dwellings or dwellings to be removed from the Valuation List, for example holiday lets transferring to Business Rates, and relief for disabled residents. Disabled Band Relief is granted where a dwelling meets qualifying criteria in relation to facilities provided for a disabled resident. These dwellings are treated as being in the valuation band one lower than the actual valuation band of the dwelling.
16. Section 2 of Appendix A shows an analysis of the dwellings (as at 3 October 2022) between those liable to the full council tax charge and those subject to a discount, exemption, council tax support or premium.
17. Section 3 of Appendix A converts the dwellings into full unit equivalents having regard to the eligibility for discounts, exemptions, council tax support and premiums summarised in Section 2.
18. Section 4 of Appendix A shows the ratio of the tax liability of a dwelling in that band to one in the average valuation band, i.e. Band D.
19. Section 5 of Appendix A converts the full unit equivalents set out in Section 3 into “Band D Equivalents” by multiplying them by the ratios set out in Section 4.
20. Section 6 of Appendix A shows the number of Band D equivalent dwellings where a contribution in lieu of council tax is received for Ministry of Defence dwellings.
21. Section 7 of Appendix A shows the Gross Tax Base before an allowance for non-collection is applied.
22. Section 8 of Appendix A shows the adjustment for non-collection percentage.
23. Section 9 of Appendix A shows the Council Tax Base figure for 2023-24 in Band D equivalents.

Implications

Policy	There are two policies that impact on the tax base calculation: The Council Tax Discounts Policy approved by County Council on 23 February 2022; and the Council Tax Support Scheme 2023-24 approved by County Council on 2 November 2022.
Finance and value for money	The Council Tax Base is used to measure the taxable capacity for use when setting the amount to be raised from Council Tax.
Legal	Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 prescribes the formula for calculating the tax base. Section 84 of the Local Government Act 2003 allows the calculation or determination to be delegated to a committee or an officer of the Council.
Procurement	There are no procurement implications as a result of this report.
Human Resources	There are no HR implications as a result of this report.
Property	There are no property implications as a result of this report.
Equalities (Impact Assessment attached) N/A	There are no equalities implications as a result of this report.
Risk Assessment	There is a risk that the council tax base could be set at a level that results in a shortfall of income when council tax levels are set. An allowance for non-collection will minimise that risk and the budget will be subject to risk appraisal before final recommendation is made to County Council.
Crime & Disorder	There are no crime and disorder implications as a result of this report.
Customer Consideration	There are no customer consideration implications as a result of this report.
Carbon reduction	There are no carbon reduction implications as a result of this report.
Health & Wellbeing	There are no health and wellbeing implications as a result of this report.
Wards	The council tax base covers all wards in Northumberland.

Background papers

The Local Government Finance Act 1992

Local Government Act 2003 – Section 84

Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012
CTB (October 2019)

Council Tax Discounts Policy approved by County Council on 23 February 2022

Council Tax Support Scheme for 2023-24 approved by County Council on 2

November 2022

Report sign off

Authors must ensure that officers and members have agreed the content of the report:

	Full Name of Officer
Monitoring Officer/Legal	Suki Binjal
Interim Executive Director of Finance & S151 Officer	Jan Willis
Relevant Executive Director	Jan Willis
Chief Executive	Rick O'Farrell
Portfolio Holder(s)	Richard Wearmouth

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NORTHUMBERLAND COUNTY COUNCIL TAX BASE 2023-24

REF	DETAILS	COUNCIL TAX VALUATION BAND									
		A-Disabled	A	B	C	D	E	F	G	H	TOTAL
1	Number of Dwellings in Valuation List	0	70579	25597	20892	17643	11600	7248	4434	565	158,558
	Less Dwellings known to be Demolished or Removed but still shown in the List	0	0	0	0	0	0	0	0	0	0
	Adjustment for Disabled Band Reductions	0	172	107	112	119	90	74	68	47	789
		172	107	112	119	90	74	68	47	0	789
	Adjusted Number of Dwellings	172	70,514	25,602	20,899	17,614	11,584	7,242	4,413	518	158,558
2	ANALYSIS OF DWELLINGS ABOVE										
	(A) Dwellings liable to full charge	81.4	20,391.5	14,127.4	13,288.1	12,985.4	9,024.0	5,776.2	3,657.4	441.1	79,772.3
	(B) Dwellings subject to 25% discount due to single adult household	33	34090	8896	6225	3981	2178	1240	623	47	57,313
	(C) Dwellings subject to 25% discount due to disregards	6	457	246	192	148	77	44	18	1	1189
	(D) Dwellings subject to 50% discount due to disregards and job-related	8	113	64	64	58	29	41	66	12	455
	(E) Dwellings exempt from Council Tax	0	1500	441	295	163	125	62	24	12	2,622
	(F) Uninhabitable Dwellings	0	95	35	19	15	11	10	4	2	191
	(G) Council Tax Support calculated as an Equivalent no of Dwellings	43.64	13867.54	1792.6	815.89	263.64	140.04	68.84	20.63	2.89	17,016
	Number of Dwellings for Tax Base Purposes	172	70,514	25,602	20,899	17,614	11,584	7,242	4,413	518	158,558
	(H) Dwellings subject to Empty Homes Premium - 100%	0	357	55	36	25	21	11	7	3	515
	(I) Dwellings subject to Empty Homes Premium - 200%	0	73	10	19	4	1	4	0	2	113
(J) Dwellings subject to Empty Homes Premium - 300%	0	59	15	5	3	1	0	0	1	84	
3	EQUIVALENT NUMBER OF DWELLINGS AFTER DISCOUNTS AND EXEMPTIONS FOR PURPOSE OF TAX BASE										
	Item (A) x 100%	81.36	20,391.46	14,127.40	13,288.11	12,985.36	9,023.96	5,776.16	3,657.37	441.11	79,772.29
	Item (B) x 75%	24.75	25,567.50	6,672.00	4,668.75	2,985.75	1,633.50	930.00	467.25	35.25	42,984.75
	Item (C) x75%	4.50	342.75	184.50	144.00	111.00	57.75	33.00	13.50	0.75	891.75
	Item (D) x 50%	4.00	56.50	32.00	32.00	29.00	14.50	20.50	33.00	6.00	227.50
	Item (H) x 100%	0.00	357.00	55.00	36.00	25.00	21.00	11.00	7.00	3.00	515.00
	Item (I) x 200%	0.00	146.00	20.00	38.00	8.00	2.00	8.00	0.00	4.00	226.00
	Item (I) x 300%	0.00	177.00	45.00	15.00	9.00	3.00	0.00	0.00	3.00	252.00
TOTAL EQUIVALENT DWELLINGS	114.61	47,038.21	21,135.90	18,221.86	16,153.11	10,755.71	6,778.66	4,178.12	493.11	124,869.29	
4	RATIO TO BAND D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	N/A
5	TOTAL BAND D EQUIVALENTS	63.67	31358.81	16439.03	16197.21	16153.11	13145.87	9791.40	6963.53	986.22	111098.85
6	Number of Band D equivalents of contributions in lieu (MoD Dwellings)										162.7
7	GROSS TAX BASE										111,261.55
8	Adjustment for non-collection - 1.0%										1,109.25
9	TOTAL NET TAX BASE FOR 2023-24 IN BAND D EQUIVALENTS										110,152.30

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Parish	2023-24 Taxbase in Band D equivalents	2022-23 Taxbase in Band D equivalents	Variance in Band D equivalents	% Variance
North				
Acklington	272.15	245.18	26.97	11.00
Adderstone with Lucker	125.61	125.26	0.35	0.28
Akeld (no parish council)	35.20	35.98	-0.78	-2.17
Alnmouth	288.54	290.22	-1.68	-0.58
Alnwick	3,005.54	2,919.52	86.02	2.95
Alwinton	40.37	40.57	-0.20	-0.49
Amble	1,784.02	1,763.10	20.92	1.19
Ancroft	290.93	286.02	4.91	1.72
Bamburgh	298.25	301.29	-3.04	-1.01
Beadnell	486.36	485.42	0.94	0.19
Belford with Middleton	610.33	596.75	13.58	2.28
Berwick-upon-Tweed Town Council	3,471.69	3,428.80	42.89	1.25
Bewick (no parish council)	33.37	34.48	-1.11	-3.22
Biddlestone & Netherton	115.68	114.99	0.69	0.60
Bowsden	80.55	80.79	-0.24	-0.30
Branxton	48.59	46.93	1.66	3.54
Brinkburn & Hesleyhurst - Brinkburn	95.32	94.43	0.89	0.94
Brinkburn & Hesleyhurst - Hesleyhurst	12.77	12.47	0.30	2.41
Carham	134.29	132.41	1.88	1.42
Cheviotside (no parish council)	65.86	66.82	-0.96	-1.44
Cornhill	140.60	139.20	1.40	1.01
Craster	153.59	152.37	1.22	0.80
Cresswell	104.28	105.08	-0.80	-0.76
Denwick	113.60	109.60	4.00	3.65
Doddington	79.34	82.12	-2.78	-3.39
Duddo	84.91	84.53	0.38	0.45
Earle (no parish council)	28.38	29.08	-0.70	-2.41
East Chevington	815.50	807.65	7.85	0.97
Edlingham	88.43	88.40	0.03	0.03
Eglingham	187.49	184.11	3.38	1.84
Ellingham	156.95	159.69	-2.74	-1.72
Elsdon	94.77	91.28	3.49	3.82
Embleton	428.85	426.73	2.12	0.50
Ewart (no parish council)	40.04	40.39	-0.35	-0.87
Felton	442.30	439.90	2.40	0.55
Ford	190.17	188.01	2.16	1.15
Glanton	105.54	103.27	2.27	2.20
Harbottle	131.98	131.50	0.48	0.37
Hartburn	111.21	109.60	1.61	1.47
Hauxley	101.37	102.43	-1.06	-1.03
Hebron	612.13	536.06	76.07	14.19
Hedgeley	184.72	185.63	-0.91	-0.49
Heppele	76.95	77.56	-0.61	-0.79
Hepscott	793.60	755.84	37.76	5.00
Hollinghill & Rothley - Hollinghill	29.98	29.80	0.18	0.60
Hollinghill & Rothley - Rothley	67.62	67.05	0.57	0.85
Holy Island	115.17	113.90	1.27	1.12
Horncliffe	182.82	184.39	-1.57	-0.85
Ingram	78.45	73.70	4.75	6.45
Kilham (no parish council)	62.65	64.37	-1.72	-2.67
Kirknewton	58.77	58.94	-0.17	-0.29
Kyloe	152.37	148.96	3.41	2.29
Lesbury	510.57	502.50	8.07	1.61
Longframlington	584.68	586.88	-2.20	-0.37
Longhirst	238.43	234.45	3.98	1.70
Longhorsley	392.75	391.67	1.08	0.28
Longhoughton	619.60	616.03	3.57	0.58
Lowick	236.38	237.52	-1.14	-0.48
Meldon	132.70	135.79	-3.09	-2.28

Milfield	88.60	72.89	15.71	21.55
Mitford	260.64	249.31	11.33	4.54
Morpeth Town Council	5,399.50	5,379.26	20.24	0.38
Netherwitton	131.92	130.06	1.86	1.43
Newton by the Sea	124.62	125.87	-1.25	-0.99
Newton on the Moor/Swarland	531.38	516.37	15.01	2.91
Norham	230.62	231.53	-0.91	-0.39
North Sunderland	842.61	851.98	-9.37	-1.10
Nunnykirk	68.25	66.22	2.03	3.07
Ord	591.86	575.66	16.20	2.81
Pegswood	952.15	906.15	46.00	5.08
Rennington	192.58	183.65	8.93	4.86
Rothbury	996.94	989.71	7.23	0.73
Shilbottle	521.40	518.39	3.01	0.58
Shoreswood	41.04	41.24	-0.20	-0.48
Snitter	42.29	43.39	-1.10	-2.54
Stannington	1,044.60	1,017.05	27.55	2.71
Thirston	298.67	304.85	-6.18	-2.03
Thropton	240.85	246.88	-6.03	-2.44
Tillside	301.80	292.37	9.43	3.23
Togston	115.21	116.87	-1.66	-1.42
Tritlington & West Chevington	145.32	136.85	8.47	6.19
Ulgham	169.24	172.59	-3.35	-1.94
Wallington	152.45	152.38	0.07	0.05
Warkworth	915.65	911.06	4.59	0.50
Whittingham, Callaly & Alnham	304.02	297.46	6.56	2.21
Whitton & Tosson	65.29	64.73	0.56	0.87
Widdrington Station and Stobswood	814.79	786.53	28.26	3.59
Widdrington Village	71.75	70.54	1.21	1.72
Wooler	763.42	738.70	24.72	3.35
	36,444.52	35,867.95	576.57	1.61
South East				
Ashington	7,825.55	7,713.69	111.86	1.45
Blyth Town Council	10,460.92	10,229.67	231.25	2.26
Choppington	2,588.57	2,576.64	11.93	0.46
Cramlington Town Council	8,970.38	8,750.15	220.23	2.52
East Bedlington	2,068.07	2,041.85	26.22	1.28
Ellington & Linton	949.18	920.82	28.36	3.08
Lynemouth	364.70	365.81	-1.11	-0.30
Newbiggin by the Sea	1,466.16	1,434.40	31.76	2.21
Seaton Valley	4,797.27	4,746.95	50.32	1.06
West Bedlington	3,295.57	3,264.90	30.67	0.94
	42,786.37	42,044.88	741.49	1.76
West				
Acomb	515.44	512.51	2.93	0.57
Allendale	852.09	849.90	2.19	0.26
Bardon Mill	187.36	183.03	4.33	2.37
Bavington	45.32	44.95	0.37	0.82
Bellingham	441.05	438.46	2.59	0.59
Belsay	254.13	254.10	0.03	0.01
Birtley	83.31	84.71	-1.40	-1.65
Blanchland	55.73	54.85	0.88	1.60
Broomhaugh & Riding	472.63	476.80	-4.17	-0.87
Bywell	193.33	189.47	3.86	2.04
Capheaton	75.61	76.14	-0.53	-0.70
Chollerton	330.95	324.59	6.36	1.96
Coanwood	87.23	84.82	2.41	2.84
Corbridge	1,803.80	1,773.83	29.97	1.69
Corsenside	205.82	201.66	4.16	2.06
Falstone	86.29	87.73	-1.44	-1.64
Featherstone	56.90	58.97	-2.07	-3.51
Greenhead	129.04	129.08	-0.04	-0.03
Haltwhistle Town Council	1,123.82	1,111.92	11.90	1.07
Hartleyburn	48.00	46.55	1.45	3.11
Haydon	832.05	825.90	6.15	0.74
Healey	78.34	76.87	1.47	1.91
Heddon On The Wall	657.35	657.14	0.21	0.03

Hedley	116.53	114.05	2.48	2.17
Henshaw	260.56	258.50	2.06	0.80
Hexham Town Council	4,446.12	4,398.91	47.21	1.07
Hexhamshire & District	325.01	325.09	-0.08	-0.02
Horsley	179.41	177.78	1.63	0.92
Humshaugh	342.95	340.87	2.08	0.61
Kielder	67.33	66.02	1.31	1.98
Kirkwhelpington	155.78	153.40	2.38	1.55
Knaresdale with Kirkhaugh	131.19	130.15	1.04	0.80
Matfen	273.82	272.15	1.67	0.61
Melkridge	87.94	89.87	-1.93	-2.15
Newbrough	210.67	213.10	-2.43	-1.14
Otterburn	228.90	228.00	0.90	0.39
Ovingham	391.38	390.64	0.74	0.19
Ovington	203.83	205.04	-1.21	-0.59
Plenmeller with Whitfield	83.20	84.67	-1.47	-1.74
Ponteland Town Council	6,074.39	6,026.54	47.85	0.79
Prudhoe Town Council	3,473.13	3,434.60	38.53	1.12
Rochester	110.38	110.78	-0.40	-0.36
Sandhoe	206.31	214.51	-8.20	-3.82
Shotley Low Quarter	263.93	263.72	0.21	0.08
Simonburn	62.97	64.99	-2.02	-3.11
Slaley	351.15	348.07	3.08	0.88
Stamfordham	394.10	376.74	17.36	4.61
Stocksfield	1,325.62	1,324.96	0.66	0.05
Tarset with Greystead	135.28	134.00	1.28	0.96
Thirlwall	167.90	170.83	-2.93	-1.72
Wall	211.89	212.26	-0.37	-0.17
Warden	258.67	256.44	2.23	0.87
Wark	269.49	268.10	1.39	0.52
West Allen	121.04	118.73	2.31	1.95
Whalton	257.39	256.10	1.29	0.50
Whittington	239.11	236.42	2.69	1.14
Wylam	878.45	882.65	-4.20	-0.48
	<u>30,921.41</u>	<u>30,692.66</u>	228.75	0.75
	<u>110,152.30</u>	<u>108,605.49</u>	1,546.81	1.42

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Northumberland County Council

CABINET

13TH DECEMBER 2022

Council-owned Company Governance Framework

Report of: Cllr Glen Sanderson, Leader, Northumberland County Council

Lead Officer : Sarah McMillan, Assistant Service Director, Policy

Purpose of report

The purpose of this report is to propose adoption of a series of principles and expectations in relation to the Council's companies and the governance relationship between the Council and those companies. These steps are to address the recommendations of the Caller Independent Governance Review in the immediate term, and to provide the foundation for decision making and the development of a comprehensive company governance framework for companies wholly or partly owned by Northumberland County Council (NCC) and alternative delivery vehicles.

Recommendation:

That Cabinet establish a governance framework for companies that are wholly or partly owned by the Council by:

- (a) approving the set of principles and expectations in relation to the governance of the Council's interests in companies as set out in Annex A; and**
- (b) authorising the Shareholder Representative in consultation with the Leader and Monitoring Officer, having regard to those principles and expectations, to:**
 - (i) develop a specific governance framework in respect of companies that are wholly or partly owned by the Council for consideration by Cabinet and, where applicable, by Council at the earliest opportunity; and**
 - (ii) make appointments to directorships of any Council owned company board until such time as that specific governance framework is adopted.**

Link to Corporate Plan

This report is relevant to the “How” priority included in the NCC Corporate Plan 2021-2024 to ensure value for money in our services.

Background

1. On 8th June 2022, Solace in Business, led by Max Caller CBE, delivered its Independent Governance Review report to the County Council (“the Caller Review”).
2. To address the recommendations of the Caller Review, the cross-party Member Oversight Group was established by the Council to oversee the delivery of a series of 12 Work Packages comprising 28 Action Plans. An independent “Challenge Board” has been commissioned expressly by the Council to support and challenge the Member Oversight Group and the Council Officers tasked with the delivery of the Work Packages.
3. Recommendation 10.2.6 of the Caller Review to “Establish a rationale for the establishment or continuation of any company under the provisions of the Localism Act 2011” was addressed and satisfied by Cabinet on 17th November 2022 when it approved the Strategic Outline Case criteria for the Establishment or Continuation of a Council-Owned company.
4. This report sets out a first step toward recommendation 10.2.7 of the Caller Review to “Establish a specific governance framework by which, for those companies wholly or partly owned by NCC, their Directors are appointed, reports on performance are presented to a Cabinet Sub-Committee, conflicts of interest are dealt with and risk and how shareholder agreements are ratified, by both the company and NCC”.

Company Governance Framework

5. It is understood that any company wholly or part-owned by the County Council will need sufficient freedom to achieve its objectives in order to thrive. Indeed, the Caller Review states that the Council as Shareholder, supported by its nominated representative “needs to hold the board to account, not to manage its work detail”¹.
6. However, the Council also needs to balance this freedom with retaining effective oversight of the company, thereby protecting its investment and ensuring that trading activities are carried out lawfully and in accordance with the authority’s ethos and values and continue to support the Council’s priorities.

¹ Solace in Business, “NCC Independent Governance Review”, 08.06.2022, para 8.48, page 31

7. The Council must consider how the governance arrangements established to underpin its companies can both reflect the principles of good governance, as set out in best practice guides such as the CIPFA & Solace Framework², and align with the principles and expectations for private sector companies, allowing the company the freedom to succeed, yet ensuring adequate links are maintained between Council and Company to reflect the reality of its ownership. A full and comprehensive review of arrangements is underway and will inform a Governance Framework which will come forward to Cabinet in January 2023. In the meantime, a number of principles are to be adopted which will inform interim changes to move toward Governance arrangement considered to be good practice.

Guiding Principles and Interim Steps

8. Local authority owned companies are subject to a specific legislative framework, particularly those that are to undertake trading activities. Those companies with sufficient local authority shareholding are known as 'local authority regulated companies' and must, for example, declare this in their written communication and meet a number of other requirements.
9. Local authority companies have both advantages and disadvantages and those that are set up are done so for a variety of reasons, key amongst which is the legal restriction that a local authority may only act for a commercial purpose, where it is not otherwise empowered to do by statute, through a company. The reason given for this is so that local authorities and their trading arms are on a level playing field with the private and commercial sector in both a positive and negative way; neither at a disadvantage nor with an outstanding advantage. To exercise the power to establish a company and trade, therefore, a local authority must meet a further set of requirements.
10. Government issued statutory guidance in 2004 in which it is noted that a successful company will be one that works alongside the authority in delivering joint objectives. The authority will have to consider how to balance the need to assist the company to achieve its trading objectives with the principles of transparency, accountability and probity. It goes on to say that it is important that trading companies can operate on an equal footing with their competitors, but it is equally important that they are not used as a device for inhibiting legitimate public access to information about local government and local government services.
11. A company is, however, a separate legal entity and must act in its own interests first, over that of the Council, both as a matter of law and in such matters as financial prudence. The Council must recognise that freedom in matters such as dealing with

² [Delivering Good Governance in Local Government Framework 2016 Edition | CIPFA](#)

information that might provide others with competitive advantage and in approving the appointment of company directors, which adds a further dimension in respect of the relationship between the company and the Council's executive, overview and scrutiny and audit functions.

12. Based on these issues and having regard to published good practice, a series of principles and expectations are proposed to guide interim governance arrangements as a first step toward a comprehensive governance framework. These principles and expectations are set out in Annex A.

Composition of the Board

13. The Caller Review highlighted issues with the Governance of the Council's Companies, particularly the current composition of the Advance Northumberland Ltd Board, and specifically highlighting skills and training requirements of Board members, the low number of independent non-executive directors (NEDs) and the potential conflicts of interest for elected Member and officer directors.
14. Good practice is that there should be a majority of Independent non-Executive Directors on a company Board, to ensure the skills and experience of Board members is optimum to guide the Company. These appointments should be achieved through open and transparent recruitment and the use of a skills audit. There should also be a strong executive representation, (i.e. from within the Company itself) on the Board. Board skills and expertise can be improved through the effective use of independent directors with both public sector and market specific experience.
15. The size of the board will depend on the company's specific circumstances, but good practice suggests that the optimum size is between five and ten directors.
16. The principles therefore suggest that the Advance Board transition to a structure which sees an increase in the number of independent non-executive Directors to make up at least half of the Board, to provide expertise and skill in leading the Company, allowing commercial and operational agility, whilst retaining assurance in respect of the public investment via one democratically elected member Director and one Council Officer Director.

Elected Members of the Board

17. The Public Interest Report concerning Nottingham City Council³ highlights the view that "it is not seen as good practice for councillors to be on the boards of local authority companies, with other mechanisms used to ensure that the company meets the Council's policy objectives". It goes on to reflect "issues in relation to the expertise and

³ <https://www.nottinghamcity.gov.uk/media/2835756/report-in-the-public-interest-rhe.pdf>

experience of many councillors, and the potential for conflicts of interest between the councillors' commitment to the interests of the company, which has to override other interests when they are on company 'business', and their wider responsibilities as councillors. Having councillors on company boards can lead to a failure to properly separate the two sets of interest – of the company and of the Council”.

18. However, the LLG Code addresses this as that “Whilst it will therefore be the norm that officers, not members, will be appointed as directors, this should not prevent the Council from appointing Members as directors where that is considered to be in the best interests of the company and the Council.” In assessing the options for Northumberland County Council it is proposed that one member and one officer director be retained on the Board. This proposal reflects the ownership of the company, and alongside expertise from independent non-executive Directors, will ensure there are valuable insights from the Council and added assurance that the Company continues to support the ethos and strategic priorities of the council, whilst retaining agility to deliver these.
19. The Council Directors would be required to bring the expertise, skills and experience expected of any non-executive Director. In addition, it should be considered that any company is a separate legal entity from the Council and that the directors of that company derive their authority from the articles of association and the law relating to companies, not their employment with the Council or their elected status as a Member of the Council. As stated in the Government Guidance those “who are appointed directors will participate directly in the activities of the company, and are answerable to the company and have the powers and duties of company directors whilst they do so”. The principles therefore prohibit the appointment of an elected Member as company director from being from within the executive administration – i.e. Cabinet – and the officer from being in a related or ‘commissioning’ role within the Council, thus particularly addressing the concerns of conflicts of interest as raised by the Caller Review.

Remuneration

20. To reflect the effort required, to motivate and attract suitable specialists to bring a positive contribution to the company, Independent non-executive directors are intended to be remunerated. The initial rate shall be set by each Company Board, based on their business needs but which shall be reviewed by the Shareholder on an annual basis. This single rate shall apply to the individual, irrespective of the number of group companies for which they are directors.
21. An elected Member who is a company director is prevented by law from receiving any remuneration other than a maximum of the level of the “Special Responsibility Allowance” for an equivalent current SRA. The arrangement will also be reflected in the County Council’s SRA scheme.

22. Similarly, no extra remuneration may be paid to a Council employee ‘under the colour of their office’ beyond their pay. An officer acting as a director or officer of the local authority regulated company will therefore see their remuneration for any additional responsibilities dealt with in the course of their usual employment with the Council. These costs, as others provided to the company by the Council, will be paid to the Council by the company as required by law or as appropriate.

Next Steps

23. The interim steps outlined in this report represent the beginning of a transition, with current Company Board Directors stepping back with the recruitment of new Independent non-executive Directors over the coming months, resulting in the reduction of Council Directors on the Board.

24. The Shareholder Representative will communicate the principles and expectations set out in the report and Annex A to Advance Northumberland Ltd, as an existing wholly-owned Company, to take forward the required changes.

25. As the comprehensive review of Governance arrangements continues there may be changes to the principles and expectations set out, which will be captured in future reports to Cabinet.

26. A comprehensive Company Governance Framework building on these principles and expectations will be brought forward for member consideration in early 2023.

Implications

<p>Policy</p>	<p>The proposed principles and expectations seek to take initial steps toward a comprehensive Governance Framework to apply appropriate Governance structures to Council wholly- or part-owned companies so they are in a strong position to support the Corporate Plan priorities.</p>
<p>Finance and value for money</p>	<p>The proposed Companies Governance Framework seeks to balance Council-owned companies’ freedom to deliver its objectives with the Authority’s oversight, supporting the Council’s priorities and delivering value for money in providing an effective delivery vehicle.</p> <p>To ensure skilled and experienced individuals are attracted to Non-Executive Director roles, and contribute their knowledge and expertise to the delivery of Council priorities, it is proposed that remuneration be awarded.</p>

Legal	<p>The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 confirm that the matters within this report are not functions reserved to Full Council.</p> <p>Local authority companies are defined and made subject to a legislative framework by the Local Government & Housing Act 1989 and The Local Authorities (Companies) Order 1995 together with the relevant provisions of the Local Government Act 2003, Local Government and Public Involvement in Health Act 2007, Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009 and the Localism Act 2011. This is in addition to the various companies' legislation that will apply to any local authority companies and their governance in the ordinary sense.</p> <p>External legal advice has been sought on the proposed Company Governance Framework.</p>
Procurement	<p>There are no procurement implications</p>
Human Resources	<p>Not applicable, although it is the expectation of the County Council as shareholder of its companies that open and transparent recruitment to non-Executive Director Board positions is carried out, and in line with Nolan Principles.</p>
Property	<p>There are no Property implications</p>
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>	<p>There are no Equalities implications</p>
Risk Assessment	<p>Risks related to company governance were identified in the Caller Review; this report is one of a number which will take forward the Caller recommendations and reduce the risks identified by setting an appropriate Governance Framework in which the roles, relationship and accountability between the Council and its companies will operate.</p>
Crime & Disorder	<p>There are no Crime & Disorder implications</p>
Customer Consideration	<p>There are no Customer Consideration implications</p>
Carbon reduction	<p>There are no Carbon Impact implications</p>

Health and Wellbeing	There are no Health & Wellbeing implications
Wards	All wards

Appendices

Appendix A - Council-owned Company Governance Framework (Dec 2022)

Background papers:

22.06.08 – Solace in Business, Independent Governance Review report to the County Council (“the Caller Review”)

Report sign off.

Authors must ensure that officers and members have agreed the content of the report:

	Full Name of Officer
Monitoring Officer/Legal	Suki Binjal
Executive Director of Finance & S151 Officer	Jan Willis
Relevant Executive Director	Rick O’Farrell
Interim Chief Executive	Rick O’Farrell
Portfolio Holder(s)	Cllr. Glen Sanderson

Author and Contact Details

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Sarah McMillan, Assistant Service Director, Policy

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Appendix A

Council-owned Company Governance Framework (December 2022)

1. The Council has a shareholding as established in one or more companies to further the social and economic policies of the Council. These were established through the agreement of a business case and are run according to one or more shareholder agreements between the Council and the company concerned.
2. Whilst local authority legislation recognises six forms of companies in which local authorities may have an interest¹, a local authority company generally exists in three forms, which are:
 - a. A local authority trading company, which is established and operates for a commercial purpose (sometimes referred to as a LATCo);
 - b. A local authority company, which is established and operates in a way to comply with the rules for public contracts between entities within the public sector (often referred to as a Teckal company); or
 - c. A company limited by guarantee, not share capital, and is often also established as a community interest company or a charity.
3. What all of these companies have in common, if the Council's shareholding or influence is above a certain level, is that they are known as 'local authority regulated companies' and must abide by a number of legislative requirements if they are to avoid any expenditure in relation to the company being declared as unlawful when audited. These requirements include such matters as payment for any services provided by the Council, access to information, auditors and the company declaring on their website and in correspondence that they are a local authority regulated company, owned by Northumberland County Council². There are additional requirements where the Council's intention is to trade for a commercial purpose, including the content of the business plan for its establishment³. The reasons for this, as set out when the framework for local authority companies was established, is being that when a company is effectively under the control of a local authority, the most significant controls that Parliament has laid down for the conduct of local authorities should apply to that company.
4. It is to be recognised that a local authority regulated company, however, is a separate legal entity. Likewise, its board of directors have an overriding duty to the company and not the Council. The company must be given the freedom to undertake its operations to its advantage and in furtherance of its business plan, whilst acting in the interests of the Council as ultimate shareholder. The Council, therefore, needs to hold the company to account, not to manage its work in detail.
5. This balance is achieved through the Shareholder Agreement. This is an agreement that sets out the relationship between Council and company through which the company has the freedoms to operate, recognising that it is a separate legal entity from the Council, subject to the Council retaining decision making and oversight

¹ Part V Local Government & Housing Act 1989

² The Local Authorities (Companies) Order 1995

³ Local Government Act 2003, Localism Act 2011 and the Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009

through a series of 'reserved matters' which only the Council can decide upon as shareholder. These will normally include the primary decisions for

- entering or agreeing to vary the shareholder agreement;
- appointing directors to the board;
- agreeing the strategic business plan of the company and any variations to it; and
- decisions of investment and financing, including primary contracts, over a certain set amount.

6. As well as in exercising its shares and vote through the shareholder representative, the Council's Leader and Cabinet are responsible for the decision making in respect of the reserved matters, together with decisions concerning investment and contracts between the Council and the company.

7. It is the intention of this Framework that the Council's responsibility for exercising these company functions will in the future be conducted by a Shareholder Committee (or Shareholder Board) of the Cabinet, which will include both the consideration of reserved matters and also in holding a local authority company to account in respect of its performance against its strategic or business plan, the social or financial returns on investment provided back to the shareholder/investor by the company and any contract it may have with the Council. In doing so, it is recognised that:

(a) A Shareholder Cabinet Committee will act in accordance with Executive Procedure Rules and meet in public except where the business is exempt from the press and public in the opinion of the Council's proper officer and the meeting.

(b) A Shareholder Cabinet Committee may also meet in an informal setting as a working group (or in a board form) to consider and discuss matters, including those of a confidential commercial nature, and to make recommendations to any formal meeting.

(c) The Council's Overview and Scrutiny Committee has a role in scrutinising these functions as carried out by the Shareholder Cabinet Committee and wider executive, in respect of which it is noted that a local authority regulated company is under a duty to provide information to allow the Committee to undertake that role.

8. Within this framework, there are a set of expectations that the Council has of its companies. These include that the company:

(a) Will:

- (i) meet the standards set by the UK Corporate Governance Code;
- (ii) comply with those requirements demanded of it by local government legislation, governance and audit and accounting standards; and
- (iii) have regard to the Council's Code of Corporate Governance.

(b) Have a unified board of between five to ten directors, containing at least 50% of whom, excluding the chair, shall be independent non-executive directors, recommended for appointment through open competition against roles descriptions

- (c) Have appointed to the Board at least one director who shall be an officer of the Council and, where there are justifiable reasons for appointment, at least one elected Member in respect of whom such appointment shall:
 - (i) only be so long as they are an employee or elected Member respectively;
 - (ii) be remunerated for such services by the Council through their respective normal employment or special responsibility allowance under the Members Allowances Scheme;
 - (iii) have the costs of their services (as with all services by the Council to the company) met by the company in an arrangement for payment to the Council;
 - (iv) have in place suitable safeguards within the Council's governance arrangements for any conflict of interest that arises from their overriding requirement role to act in the best interests of the company; and
 - (v) have maintained suitable indemnities and insurances by both the Council and the company
- (d) Have in place an arrangement for the provision of company secretarial, human resource, audit or other services to the company by the Council
- (e) Ensure that its Business Plan is to be presented annually for Shareholder approval which should cover a three year period and shall address the Shareholder's priorities as set out in the NCC Corporate Plan, NCC Economic Strategy or other plan as notified by the Council as Shareholder.

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Northumberland County Council

CABINET

13 December 2022

Financial Performance 2022-23 - Position at the end of September 2022

Report of Jan Willis, Interim Executive Director of Finance and Section 151 Officer

Cabinet Member: Richard Wearmouth, Portfolio Holder for Corporate Services

1. Purpose of report

- 1.1 The purpose of the report is to ensure that the Cabinet is informed of the current financial position for the Council against the Budget for 2022-23.

2. Recommendations

2.1 Members are requested to:

- note the services projected overspend of £1.457 million and the assumptions outlined in this report.
- note the potential gross overspend of £9.529 million after accounting for the cost of 2022-23 pay awards and anticipated energy inflation.
- note the net forecast overspend of £4.321 million following the utilisation of the Exceptional Inflation Reserve.
- approve the switch in funding in relation to the Todstead Landslip scheme as detailed in 11.7.
- approve net re-profiling to the Capital Programme of £95.547 million from 2022-23 to 2023-24 to reflect estimated expenditure levels in the current financial year.
- approve the new grants and amendments to existing grants at Appendix A and the required changes to the budgets.
- note the progress on the delivery of the approved savings at Appendix B.
- note the use of the contingency shown at Appendix Q.
- note the use of reserves shown at Appendix R.
- note the virements requested by services shown at Appendix S.

3. Link to Corporate Plan

3.1 The Council's budget is aligned to the priorities outlined in the Corporate Plan 2021-24 "A Council that Works for Everyone".

4. Key issues

4.1 Overall Position

4.1.1 The report provides information and analysis on the Council's financial performance and use of resources to the end of September 2022. The Council set its budget for 2022-23 on 23 February 2022 and this report focuses on the financial performance to the end of September 2022 and the projected year end position at that point in time.

4.2 Inflationary Pressures

4.2.1 In the preparation of the 2022-23 budget and the Medium-Term Financial Plan (MTFP) a significant sum of money was earmarked to deal with "routine inflation" and what the Council referred to as "hyper-inflation". It was anticipated that the hyper-inflation would continue for two years and money has been set aside in reserves to fund these additional costs.

4.2.2 As a result of rising costs an estimate of some of the more significant inflationary pressures has been calculated. Whilst forecasts for the inflationary pressures have been included in some service areas, they have not been included for all. Inflationary pressures expected that have not yet been included in service forecasts which it is expected the Council will have to cover are as follows:

- 2022-23 Pay Awards: based on the local government pay award of £1,925 plus on-costs on all NJC points, and the current pay offer for firefighters of 5.00%, it is forecast that the recurrent increase in the pay bill will be approximately £13.490 million. £3.577 million relates to school support staff and will be funded by the Dedicated Schools Grant (DSG) and £4.318 million had already been provided for within the 2022-23 budget, leaving an unfunded inflationary pressure of approximately £5.595 million.
- Energy costs: it is currently forecast that additional energy costs could equate to approximately £3.556 million in the current financial year. An allowance of £1.079 million was provided for within the 2022-23 budget for this, leaving an additional inflationary pressure of £2.477 million. The full details of the government's Energy Bill Relief scheme are still to be finalised by the Department for Business, Energy and Industrial Strategy and this forecast will be updated as necessary once confirmed.

4.2.3 Taking account of these inflationary pressures the forecast position for the Council for the current year is as follows:

	£m
Forecast overspend as per services (section 6)	1.457

Net additional cost of pay award	5.595
Energy costs	2.477
Gross forecast overspend	9.529
Exceptional Inflation Reserve	(5.208)
Net forecast overspend	4.321

4.2.4 The position at the end of June, after exceptional inflationary pressures, was a gross forecast overspend of £17.135 million and a net forecast overspend, after utilisation of the exceptional inflation reserve, of £11.927 million. In light of this forecast, the Council took urgent action in order to contain the overspend and implemented the measures outlined below:

- The normal budget approval process was suspended and all expenditure over £0.010 million is authorised by Executive Directors.
- The Council invited applications from staff for voluntary redundancy.
- There has been a freeze on in-year contingency requests and the balance on the contingency will be utilised to offset the inflationary increases and potential overspend.
- A Vacancy Review Panel was established where all requests to recruit to posts are considered. The Panel then make recommendations to the Executive Team who make the ultimate decision.
- The Executive Team considered increasing fees and charges in year, however, no in year increases were deemed necessary.
- The Executive Team instructed all managers to be proactive and ensure “good housekeeping”; e.g. ensure that all of their suppliers were on the supplier incentive scheme, review contracts and request better value from their suppliers.
- The Capital Programme was reviewed, particularly in relation to contract price inflation. Following this, the cost of capital and debt charges (borrowing) were examined to establish the potential for an in-year revenue budget underspend.

The key movements from the June forecast position previously reported to Cabinet are shown in the table below:

June forecast position (after inflationary pressures and use of exceptional inflation reserve)	11.927
Treasury management forecast position following review of Capital Programme	(1.809)
Change in net cost of pay award (largely due to DSG funding of school support staff)	(3.068)
Waste PFI underspend due to lower waste volumes and higher commodity prices from the sale of recyclable materials	(2.050)
Other changes, including the effect of deferring employment to vacant posts where possible	(0.679)
September forecast position (after inflationary pressures and use of exceptional inflation reserve)	4.321

4.3 To date the Council has assisted residents with the cost-of-living crisis as follows:

- a. The Council at its meeting in February 2022 agreed to:
- match the Discretionary Housing Payment allocation of £0.385 million provided by the Department for Work and Pensions.
 - an additional one-off in-year credit equivalent to the weekly rent amount for residents occupying HRA residences.

b. Council tax energy rebates totalling £18.994 million (£150 each) have been paid to 126,605 households. All eligible households have now been paid.

In addition, the Council has implemented a discretionary scheme to provide support to other energy bill payers who are not eligible under the terms of the core rebate scheme and to provide carefully targeted “top-up” payments to the most vulnerable households. The scheme will support households who were eligible on the 1 April 2022, and is as follows:

- Households in Council Tax Bands A to D that are receiving Council Tax Support will receive a £19* top up payment. This will be in addition to the £150 Council Tax rebate announced by the Government, giving them a total of £169 this year.
- Households in Council Tax Bands E to H not eligible for the Government’s energy rebate scheme, but who receive Council Tax Support will receive a £169* payment.
- Households that are liable for council tax as a main residence and are not connected to the national domestic electricity grid; or, receive a supply from the national domestic electricity grid (as confirmed with the energy

distribution network, including Northern Powergrid and Scottish Power), will receive a £400* payment in November 2022. Properties who receive electric supply via another property are not included in this scheme. For tenanted Ministry of Defence properties the payment will be made to the tenant.

- Households who receive a Class U exemption will receive a £150 payment
- Occupants of registered Houses of Multiple Occupation (HMO) properties in Northumberland will receive a £150* payment.

*These amounts are indicative and may vary slightly based on demand

No payment will be made in respect of an empty property or second homes.

Payments will be made during November 2022.

- c. The Council Tax Discount policy was updated in 2022-23 to include hardship discounts of up to £200. This reduces the council tax liability for working age council tax support claimants. To date 17,922 discounts totalling £2.236 million have been made.
- d. On 30 September 2021 the Government announced that a new Household Support Fund grant (HSF) would be made available to councils. The new grant covered the period 6 October 2021 to 31 March 2022. The Council's allocation was £2.480 million; £0.097 million (4% of grant allocation) covered the cost of scheme administration, and the total amount provided directly to vulnerable households was £2.383 million (96% of grant allocation) including:
- £1.711 million was allocated to households with a child (approximately 72%)
 - £0.672 million was allocated to households without children (approximately 28%)
 - The average payment equated to £49.96
 - The average payment to a household with a child was £46.00 - households will have received multiple payments through non-term time support
 - The average payment to other households (without a child) was £63.99
 - Food payments totalled £1.341 million and equated to approximately 56% of the spend
 - Fuel payments totalled £0.882 million and equated to approximately 37% of the spend
 - 93% of the grant has been spent on food, fuel and water, with 7% spread linked to wider essentials

On 31 March 2022 the Government announced that pensioners and families were set to benefit from the £500.000 million extension to the Household Support Fund. This grant covers the period 1 April 2022 to 30 September 2022. The Council's funding allocation was £2.480 million.

- Expenditure for the period 1 April 2022 to 30 September 2022 was £2.480 million, (£2.460 million to vulnerable households and £0.020 million for administration), 35,986 awards, allocated as follows:
 - By area
 - Households with children - £1.159 million (47% of expenditure to vulnerable adults); 19,558 awards,
 - Households with pensioners - £1.146 million (47% of expenditure to vulnerable adults); 13,447 awards, and
 - Household other - £0.155 million (6% of expenditure to vulnerable adults); 2,981 awards.
 - By category
 - Food payments totalled £1.320 million; 19,524 awards,
 - Fuel, energy, water and related payments totalled £1.112 million; 15,950 awards, and
 - Other wider essential payments totalled £0.028 million; 512 awards.

On 26 May 2022, the Chancellor announced, as part of a number of measures to provide help with global inflationary challenges and the significantly rising cost of living, that the Household Support Fund (HSF) would be extended from 1 October 2022 to 31 March 2023. The Council's funding allocation for the period was £2.480 million.

Summary of key changes to the previous schemes:

- The removal of household composition requirements,
- Targeted consideration for vulnerable households who are ineligible for other government support with the cost of living, and
- Introduction and operation of an application-based service for support to ensure those in need have a route to emergency support

5. Projected Revenue Outturn 2022-23

- 5.1 The Council's projected revenue outturn position, 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 - O 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 £382.624 million, providing revenue funding for the majority of the Council's services.

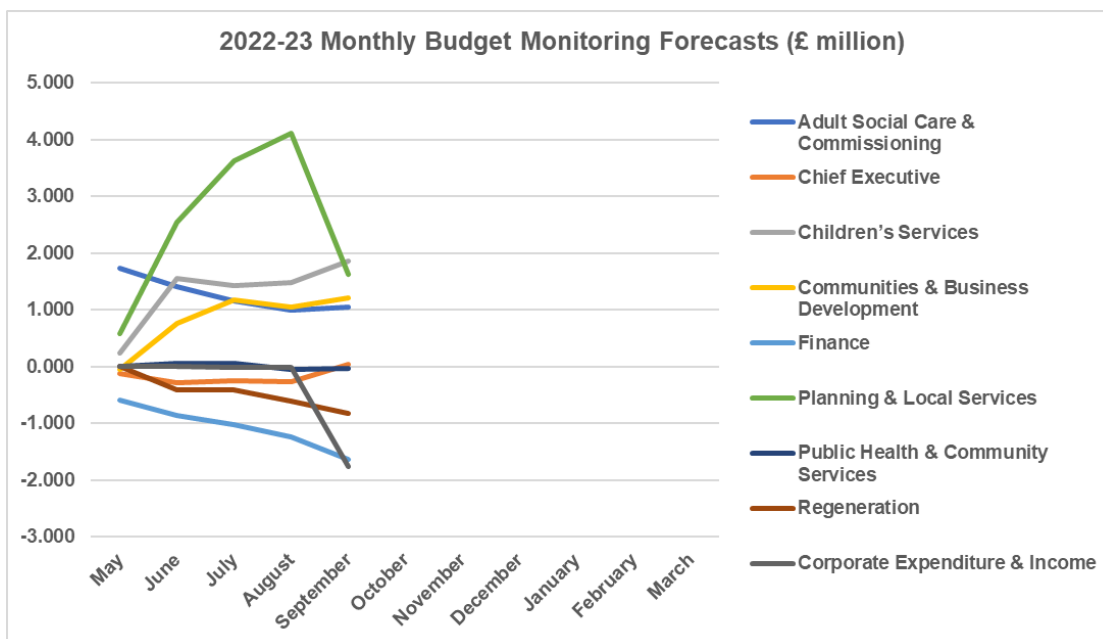
- b. The Dedicated Schools Grant (DSG) of £150.289 million in 2022-23, which is ring-fenced for schools funding, overseen by the Schools' Forum, and managed within the Children's Services Directorate.
- c. Public Health, a ring-fenced grant of £17.366 million in 2022-23, must be spent to support the delivery of the Public Health Outcomes Framework and is managed within Public Health and Community Services.
- d. The Housing Revenue Account (HRA) with anticipated gross expenditure of £38.723 million in 2022-23, is ring-fenced, and reported separately from the General Fund, and is managed within the Regeneration, Commercial and Economy 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 2022-23 financial year.

Service	Budget	Forecast Outturn	Variance
	£m	£m	£m
Adult Social Care & Commissioning	111.719	112.766	1.047
Chief Executive	29.004	28.966	(0.038)
Children's Services	67.930	69.793	1.863
Communities & Business Development	14.809	16.025	1.216
Finance	26.426	24.791	(1.635)
Planning & Local Services	79.430	81.055	1.625
Public Health & Community Services	4.433	4.400	(0.033)
Regeneration	4.943	4.113	(0.830)
Total Services	338.694	341.909	3.215
Corporate Expenditure and Income	43.930	42.172	(1.758)
Total Net Expenditure	382.624	384.081	1.457
Budget funded by:			
Council Tax	(219.677)	(219.677)	0.000
Retained Business Rates	(74.254)	(74.254)	0.000
Revenue Support Grant	(10.837)	(10.837)	0.000
Other Corporate Grants	(38.450)	(38.450)	0.000
Earmarked Reserves	(14.365)	(14.365)	0.000
General Reserve	(25.041)	(25.041)	0.000
Total Funding of Services	(382.624)	(382.624)	0.000
Net Total	0.000	1.457	1.457

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



6.3 The Contain Outbreak Management Fund (COMF) was made available to councils during the Covid-19 pandemic to support activity to mitigate and manage local outbreaks of Covid-19. The Department of Health and Social Care confirmed that the Council's unspent funding of £2.130 million could be carried forward to financial year 2022-23 to support the local response to living with Covid-19. The funding has been committed to activity in the following services:

Service	Funding
	£m
Adult Social Care & Commissioning	0.390
Chief Executive	0.043
Children's Services	0.719
Communities & Business Development	0.615
Planning & Local Services	0.165
Public Health & Community Services	0.198
Total COMF Allocated	2.130

7. Other General Fund Items

- 7.1 Appendix A is a schedule of all new grants and amendments to existing grants (capital and revenue) which the Council has been awarded during July to September 2022.
- 7.2 The Council at its meeting in February agreed to implement a range of savings and efficiencies totalling £9.704 million in 2022-23. A recent review of the delivery of those savings has been conducted and the results are illustrated at Appendix B.
- 7.3 Appendix Q is a schedule of all items which have been released from contingency during July to September 2022.
- 7.4 Appendix R is a schedule of the movement in the Council's Reserves.
- 7.5 Appendix S is a schedule of virements during July to September 2022.

8. Ring-fenced Accounts - Dedicated Schools' Grant (DSG)

2022-23 Budget	Gross Expenditure	Gross Income	Net Revenue Budget	Net Outturn	Variance
	£m	£m	£m	£m	£m
Dedicated Schools' Grant	151.352	(151.352)	0.000	0.275	0.275

8.1 The DSG budget includes a revised grant allocation of £150.289 in 2022-23, plus the use of £1.063 million carried forward from 2021-22. The overall DSG surplus from 2021-22 was £4.032 million, however only £1.063 million has been confirmed for use in 2022-23. The balance on the reserve will be reported to Schools' Forum and it can authorise that the reserve be set aside for pressures arising in 2023-24. The DSG is forecast to overspend by £0.275 million and the details explaining the factors leading to this variance are contained within Appendix G.

9. Ring-fenced Accounts - Public Health Grant

2022-23 Budget	Gross Expenditure	Gross Income	Net Revenue Budget	Net Outturn	Variance
	£m	£m	£m	£m	£m
Public Health Grant	17.366	(17.366)	0.000	0.000	0.000

9.1 Further details on the Public Health budget are contained within Appendix L.

10. Ring-fenced Accounts - Housing Revenue Account (HRA)

2022-23 Budget	Gross Expenditure	Gross Income	Net Revenue Budget	Net Outturn	Variance
	£m	£m	£m	£m	£m
Housing Revenue Account	38.723	(38.737)	(0.014)	0.064	0.078

10.1 The HRA is forecast to overspend by £0.078 million and the details explaining the factors leading to this variance are contained within Appendix M.

11. CAPITAL PROGRAMME

- 11.1 The Capital Programme for 2022-23 totalling £307.356 million was agreed by full Council on 23 February 2022.
- 11.2 The Capital Programme has changed during the year as the phasing of schemes was reviewed at the end of the previous financial year with £52.001 million re-profiled from 2021-22 to 2022-23 and £41.706 million, approved by Cabinet on 13 September 2022, re-profiled from 2022-23 to 2023-24. In addition, further approvals totalling £11.320 million have been agreed by Cabinet for additional schemes.

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

Directorate	Original Budget	Approved Adjustment	Revised Budget	Expenditure to date	Forecast Expenditure	Net Variance	Over / (Under) spend	Reprofiling
	£m	£m	£m	£m	£m	£m	£m	£m
Adult Social Care & Commissioning	8.191	(0.961)	7.230	0.740	4.589	(2.641)	(1.814)	(0.827)
Chief Executive	1.999	0.501	2.500	0.205	1.603	(0.897)	-	(0.897)
Children's Services	24.540	(2.254)	22.286	6.352	22.255	(0.031)	(0.739)	0.708
Communities & Business Development	15.579	(2.870)	12.709	5.959	12.811	0.102	0.102	-
Finance	35.453	12.429	47.882	3.659	20.366	(27.516)	0.008	(27.524)
Planning & Local Services	47.955	13.274	61.229	21.756	54.642	(6.587)	(0.508)	(6.079)
Public Health & Community Services	28.441	(7.484)	20.957	3.765	15.805	(5.152)	(0.001)	(5.151)
Regeneration	145.198	8.980	154.178	19.518	95.630	(58.548)	(2.771)	(55.777)
Total Programme	307.356	21.615	328.971	61.954	227.701	(101.270)	(5.723)	(95.547)
Financed by:								
Capital Receipts	4.716	-	4.716					
External Grants	150.488	16.291	166.779					
GF Borrowing	126.982	12.254	139.236					
GF Revenue Contributions (RCCO)	3.437	0.737	4.174					
HRA Contributions (MRR & RCCO)	21.733	(7.667)	14.066					
Total Financing	307.356	21.615	328.971					

11.4 Year-to-date capital expenditure is £61.954 million. The major areas of capital investment during the year to date are as follows:

- i. £19.763 million invested in transport schemes including infrastructure, traffic management and integrated transport schemes.
- ii. £6.352 million invested in school buildings, including the relocation of Atkinson House.
- iii. £2.056 million invested in fleet replacement.

- iv. £6.112 million invested in leisure facilities including the construction of new leisure centres in Berwick and Morpeth.
 - v. £3.700 million invested in the Council's housing stock.
- 11.5 There is a net forecast underspend of £101.270 million across the 2022-23 Capital Programme comprising of £95.547 million net reprofiling from 2022-23 to 2023-24 and £5.723 million underspend. A summary of the significant variances can be found at Appendix P with an explanation of those greater than £0.250 million.
- 11.6 It is recommended that Cabinet approves net reprofiling of £95.547 million from 2022-23 to 2023-24.
- 11.7 The Todstead Landslip scheme included in the Capital Programme is partly financed with a contribution of £3.726 million from the Local Transport Plan (LTP) in 2022-23 (£1.863 million) and 2023-24 (£1.863 million). It is proposed to return this for use on the LTP and replace it with a further contribution from the Severe Weather Reserve of £2.500 million and a reduction in the Loans to Third Parties budget of £1.226 million.
- 11.8 It is recommended that Cabinet approves the switch in funding for the Todstead Landslip scheme.

12. Capital Receipts

12.1 The level of Capital Receipts available to support the 2022-23 Capital Programme was estimated to be £4.716 million (£1.870 million General Fund and £2.846 million HRA). General Fund capital receipts completed in the year to date amount to £2.223 million and this is expected to be £2.700 million by the year end. The estimated overachievement will be utilised to support the Capital Programme in 2022-23. The following table demonstrates the current position regarding asset disposals:

General Fund Asset Disposals	Actual £m
Completed and available for use in year	2.223
On the market	1.065
Terms Agreed	2.039
Contracts exchanged	0.754

12.2 The closing balance on the Capital Receipts Reserve at 31 March 2022 was £4.951 million (£4.768 million HRA). This is available to support the Capital Programme in 2022-23.

13. TREASURY MANAGEMENT

13.1 The Treasury Management Strategy Statement for 2022-23 was agreed by full Council on 23 February 2022.

13.2 The following table summarises the Council's quarterly borrowing activity for July to September 2022:

	Previous Quarter	Movement-Sept 22	Current
Outstanding principal - at quarter end (£m)	756.428	(10.525)	745.903
Weighted average interest rate - year to date (%)	2.956	0.032	2.988
Quarter end external borrowing as % of Operational Boundary (Borrowing)	72.454	(0.988)	71.446

13.3 Whilst the Council has an overall cap on borrowing through an Authorised Limit, the Operational Boundary is where the Council would expect its borrowing to be. At the end of September 2022, the Council's external borrowing represented 71.45% of its Operational Boundary, which was approved as part of the Treasury Management Strategy for 2022-23. The Operational Boundary is only a guide and may be breached or undershot without significant concern, with borrowing driven by economic and market considerations as well as interest rates.

13.4 The following table provides an analysis by type of the quarterly borrowing activity for July to September 2022:

Lender Category	Repayment Type	Opening Balance	Repaid – Q/E Sept 2022	New Borrowing Q/E Sept 2022	Closing Balance
		£m	£m	£m	£m
PWLB	EIP	4.502	(0.500)	-	4.002
PWLB	Annuity	0.576	(0.018)	-	0.558
Salix	EIP	0.046	(0.007)	-	0.039
PWLB	Maturity	445.704	-	-	445.704
Other Local Authorities	Maturity	60.000	(10.000)	-	50.000
Other/Market	Maturity	245.600	-	-	245.600
Total		756.428	(10.525)	-	745.903

13.5 The following table summarises the Council's quarterly investment activity for July to September 2022:

	Previous Quarter	Movement - Q/E Sept 2022	Current
Outstanding principal - at month end (£m)	192.315	(20.015)	172.300
Weighted average interest rate - year to date (%)	0.677	1.094	1.771

13.6 The following table provides an analysis by type of the quarterly investment activity for July to September 2022:

Category	Opening Balance	Repaid – Q/E Sept 2022	New Investment Q/E Sept 2022	Closing Balance
	£m	£m	£m	£m
Term Deposit Banks	20.000	-	-	20.000
Term Deposit Building Societies	20.000	(5.000)	5.000	20.000
Term Deposit Other Local Authorities	50.000	(10.000)	25.000	65.000
Money Market Funds	87.315	(134.945)	104.930	57.300
Notice Accounts	15.000	(5.000)	-	10.000
Total	192.315	(154.945)	134.930	172.300

13.7 New investments during the quarter ended 30 September 2022 consisted of:

- £10.000 million fixed term deposit, over three months, with a County Council at a rate of 1.50%; and
- £10.000 million fixed term deposit, over 44 days, with a Combined Authority at a rate of 2.20%.

There was a net repayment of Money Market Funds of £30.015 million. The movement in the Money Market Funds represents daily deposits and withdrawals to manage cashflow.

Implications

Policy	The report provides information and analysis on the Council's financial performance against budget as set in the Medium-Term Financial Plan 2022-26 which fully supports the priorities outlined in the Corporate Plan 2021-24 - A Council that Works for Everyone.
Finance and value for money	The report is of a financial nature and the detail is contained within the body of the report.
Legal	There are no immediate legal implications arising from the recommendations within this report.
Procurement	There are no specific procurement implications within this report.
Human Resources	There are no specific human resources implications within this report.
Property	There are no specific property implications within this report.
Equalities (Impact Assessment attached)	There are no specific equalities implications within this report.
Risk Assessment	The risks associated with the budget were considered in February 2022 and were considered to be acceptable.
Crime & Disorder	There are no specific crime and disorder implications within this report.
Customer Consideration	There are no specific customer consideration implications within this report.
Carbon reduction	There are no specific carbon reduction implications within this report.
Health & Wellbeing	The Council's budget is founded on the principle of promoting inclusivity.
Wards	All wards.

Background papers

Cabinet 8 February 2022 and Council 23 February 2022: Budget 2022-23 and Medium-Term Financial Plan 2022-26

Report sign off

	Name
Monitoring Officer/Legal	Suki Binjal
Section S151 Officer	Jan Willis
Relevant Executive Director	Jan Willis
Chief Executive	Rick O'Farrell
Portfolio Holder(s)	Richard Wearmouth

Author and Contact Details

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Finance Manager

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Directorate:	Children's Services
Grant Awarding Body:	Department for Education
Name of Grant:	Dedicated Schools grant
Purpose:	The grant is paid in support of the local authority's school budget. The reduction relates to the High Needs Block where additional places have been commissioned at Academy Special Schools and have been funded direct by the Department for Education.
Value:	£1,286,860 reduction confirmed for 2022-23 in July updated allocation
Recurrent/Non-recurrent:	Recurrent
Profiling:	From August onwards on a fortnightly basis

Directorate:	Children's Services
Grant Awarding Body:	Department for Education
Name of Grant:	Extended Personal Advisor Duty Implementation Grant
Purpose:	The grant is paid to provide support to local authorities in England to help them to meet the requirements of a new duty to provide Personal Advisor support to care leavers up to the age of 25.
Value:	£45,484
Recurrent/Non-recurrent:	Recurrent for 3 years
Profiling:	Quarterly from May

Directorate:	Children's Services
Grant Awarding Body:	Department for Education
Name of Grant:	Family Hubs and Start for Life programme
Purpose:	Family Hubs will bring together services to improve access, improve the connections between families, professionals, services and providers and put relationships at the heart of family support. The offer will support families from conception up to the age of 19 or 25 for those with special educational needs and disabilities.
Value:	£842,000 confirmed for 2022-23 £1,369,000 - £1,440,000 for 2023-24 (to be confirmed) £1,143,000 - £1,197,000 for 2024-25 (to be confirmed)
Recurrent/Non-recurrent:	Recurrent: 3-year funding agreement
Profiling:	50% November 2023, 50% on completion of the delivery plan process

Directorate:	Children's Services
Grant Awarding Body:	Department for Education
Name of Grant:	Pilot of Pupil Premium Plus post-16 funding
Purpose:	Pupil Premium Plus funding is received by all local authorities to provide individual support that a looked-after child needs, as identified in their personal education plan. A pilot is to run for the 2022-23 academic year to support both looked-after children and care leavers at post-16 in Further Education institutions.
Value:	£34,960
Recurrent/Non-recurrent:	Non-Recurrent
Profiling:	September

Directorate:	Children's Services
Grant Awarding Body:	Education and Skills Funding agency

Name of Grant:	Homes for Ukraine – Education and Childcare Funding
Purpose:	To support the provision of education and childcare for children aged 2-18 who have entered via the Homes for Ukraine visa route.
Value:	£981,104
Recurrent/Non-recurrent:	Non - Recurrent
Profiling:	Covers March 2022- February 2023, received quarterly from May

Directorate:	Public Health and Community Services
Grant Awarding Body:	Department for Levelling Up, Housing & Communities (Joint Bid – Durham County Council as the Lead Authority)
Name of Grant:	Rough Sleeping Initiative Grant (RSI) 2022-25
Purpose:	Multi-year funding to provide local councils with long-term funding to support those sleeping rough or at risk of rough sleeping.
Value:	£815,568 (£271,856 2022-23, 2023-24 and 2024-25)
Recurrent/Non-recurrent:	Recurrent – 3 Year Allocation
Profiling:	Quarterly from June

Performance against the 2022-23 savings targets is shown in the table below. The savings have been RAG rated based on the perceived ability to meet the savings target within the year.

Directorate	Red	Amber	Green	Total
	£m	£m	£m	£m
Adult Social Care & Commissioning	2.847	0.000	0.414	3.261
Chief Executive	0.000	0.158	0.025	0.183
Children's Services	0.503	0.000	0.979	1.482
Communities & Business Development	0.045	0.070	0.196	0.311
Finance	0.020	0.128	0.994	1.142
Planning & Local Services	0.285	0.030	2.002	2.317
Public Health & Community Services	0.000	0.000	0.004	0.004
Regeneration	0.000	0.000	0.004	0.004
Corporate	0.549	0.000	0.451	1.000
Total	4.249	0.386	5.069	9.704

Key

Red – saving not expected to be delivered in year

Amber – saving at risk of non-delivery in year

Green – saving delivered or expected to be delivered in year

Adult Social Care & Commissioning

The anticipated shortfall in savings relates to the proposed review of individual care packages. The Risk and Independence (R & I) Team, who are responsible for delivering the bulk of this saving, is currently being utilised to cover critical staffing shortages in care teams to deliver statutory assessments and services. This will be monitored over the next couple of months to tighten forecasts but until the team are able to fully return to their core R & I work, the savings target is at risk.

Children's Services

The bulk of the anticipated shortfall in savings relates to a proposal to reduce the level of out of county placements by £0.245 million as up to six new beds in NCC residential homes were due for completion by the end of 2022-23. There has been a delay in the capital schemes which means it is now unlikely they will be ready until 2023-24. Revenue funding for the staffing and running costs of the new beds of £0.221 million was built into the residential homes budget and will not be required during 2022-23 so will partially offset this saving.

There is a £0.350 million saving proposal in relation to additional income at Kyloe House that is not expected to be delivered as originally intended within the year. The saving was based upon a significant increase to the bed price to bring it in line with other providers. The service has identified issues around retaining and recruiting staff which is impacting on their ability to open all the beds in the unit following reduced occupancy during the Covid-19 pandemic. If the service runs on an average of less than 11 beds then it may

result in it running at a loss. Alternative savings are being sought and the level of shortfall is currently £0.258 million. This is offset in year by additional income from other local authorities.

Communities & Business Development

The £0.045 million saving is based on Placecube creating a 10% channel shift including successful project team implementation and changing customer habits. Placecube will be up and running by April 2023 so any impact will not be realised until the next financial year when the system is embedded and customer channel shift is evidenced.

Finance

£0.020 million Oracle database licence reduction saving cannot be delivered. However, the Service Manager is assessing options to meet this through review of the current budget. This will be kept under review and progress on this will be reported within future reports.

Planning & Local Services

£0.110 million under achievement of Planning Performance Agreements. This service was introduced in 2021-22 and is very much in its infancy. Uptake of the scheme has been slower than anticipated during this market penetration phase.

£0.175 million under recovery of Pre-Application Fees. The appetite for this service has been diminishing so the service is in the process of being refreshed and relaunched within the next 3-6 months. The timescale means this will be unlikely to achieve the savings target built into the 2022-23 budget.

Corporate

£1.000 million target saving for the review of the senior management structure. To date recurrent savings of £0.148 million have been identified. Work is on-going through the review of tiers 3 and 4 to identify the remaining £0.852 million balance, and progress on this will be reported within future reports.

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Adult Social Care & Commissioning

Summary by Service	2021-22 Outturn	Budget	Forecast Outturn	Variance
Service	£m	£m	£m	£m
Commissioned Services	71.263	79.359	83.028	3.669
In-house Services	9.905	10.084	9.099	(0.985)
Care Management	14.304	15.878	14.816	(1.062)
Support & Other Services	7.138	6.398	5.823	(0.575)
Total Adult Social Care & Commissioning	102.610	111.719	112.766	1.047

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

The main reasons for the forecast position for Adult Social Care and Commissioning are outlined below:

- a. Commissioned Services is forecast to overspend by £3.669 million. This is predominantly due to the high level of savings target allocated to this area. Due to ongoing recruitment difficulties, the Risk and Independence (R & I) Team who are responsible for delivering the bulk of this saving are currently being utilised to cover critical staffing shortages in care teams to deliver statutory assessments and services. This will be monitored over the coming months but until the team are able to fully return to their core R & I work, the savings target is at risk. The forecast position includes the anticipated fee uplift payable to care homes and home care providers as reported to Cabinet in October.
- b. In-House Services is forecast to underspend by £0.985 million. This is due to the following:
 - i. Staffing-related budgets are forecast to underspend by £0.667 million. The impact of the national workforce shortage, in particular within the health and social care sector, has resulted in an increased level of vacancies across Adult Social Care.
 - ii. To ensure continuity of care within Commissioned Services, the Short Term Support Service (STSS) is providing care and support to clients where external providers do not have the resources to meet the level of care required. This level of service will be met from income to the STSS from the Commissioned Care budget; which in turn is included in the pressure in Commissioned Care. It is anticipated the additional income will be £0.515 million more than budget.
 - iii. It is anticipated that the delay in the redesign of the telecare service will result in £0.355 million of the 2021-22 approved saving not being achieved again this financial year.

- c. Care Management is forecast to underspend by £1.062 million. This is due to the following:
 - i. Staffing-related budgets are forecast to underspend by £0.811 million because of vacant posts.
 - ii. There are a number of minor variations across a variety of non-staffing and income related budgets which result in a forecast underspend of £0.251 million.
- d. Support & Other Services is forecast to underspend by £0.575 million. This is due to the following:
 - i. Staffing-related budgets are forecast to underspend by £0.303 million because of vacant posts.
 - ii. There are a number of minor variations across a variety of non-staffing and income related budgets which result in a forecast underspend of £0.272 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.

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Chief Executive

Summary by Service	2021-22 Outturn	Budget	Forecast Outturn	Variance
Service	£m	£m	£m	£m
Chief Executive	0.460	0.461	0.393	(0.068)
Fire & Rescue	14.840	16.885	17.121	0.236
Human Resources	3.520	4.273	4.102	(0.171)
Legal	3.236	2.669	2.855	0.186
Transformation	0.387	0.171	0.142	(0.029)
Policy	0.448	0.488	0.494	0.006
Democratic Services	2.919	2.577	2.455	(0.122)
Elections	0.889	0.523	0.543	0.020
Public Relations	0.855	0.957	0.861	(0.096)
Total Chief Executive	27.554	29.004	28.966	(0.038)

NOTES - Year End Variances of £0.250 million or more

There are no significant variances to date.

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

Forecast Revenue Outturn - Detailed budget summary by Service

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

Summary by Service	2021-22 Outturn	Budget	Forecast Outturn	Variance
Service	£m	£m	£m	£m
Adolescent Services	2.900	3.541	3.113	(0.428)
Family Placement	12.531	12.513	12.727	0.214
Purchase Budgets	8.331	8.356	9.309	0.953
Early Intervention and Prevention	4.981	6.095	6.078	(0.017)
Local Children's Safeguarding Board	0.025	0.094	0.042	(0.052)
Looked after Children	2.763	2.068	1.697	(0.371)
Social Work Teams	19.233	9.603	9.471	(0.132)
District Admin Offices	0.826	1.007	0.932	(0.075)
Family and Disability Services	2.638	3.053	3.033	(0.020)
Safeguarding Standards	1.098	1.239	1.159	(0.080)
Other Children's Services	1.828	1.852	1.744	(0.108)
Total Children's Social Care	57.154	49.421	49.305	(0.116)

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 £0.428 million.
 - i. There is an underspend on staffing of £0.283 million across the service due to difficulty in recruiting to cover vacancies across the team.
 - ii. There is also an overachievement of income of £0.120 million in relation to Unaccompanied Asylum-Seeking Children.
- b. The Purchase budget is forecast to overspend by £0.953 million, this is due to the following:
 - i. There is an expected overspend of £0.155 million on professional services associated with on-going court proceedings; and,
 - ii. There is a £0.613 million overspend on external residential care placements. The forecast includes contract inflation and whilst placement numbers have reduced from 45 at the beginning of the year to 41 at present, there have been several short-term placements since the beginning of the year. A saving of £0.245 million was proposed for 2022-23 which is now unlikely to be achieved. This was linked to the opening of new beds within Northumberland County Council (NCC) residential Children's homes. However, delays to the capital programme will result in a

delay in opening the new home until May 2023.

- iii. There are currently two young people in secure placements at Kyloe House Secure unit until January 2023 at an additional cost of £0.226 million.
- c. There is an underspend of £0.371 million within Looked after Children, this is due to the following:
 - i. Growth was built into the budget of £0.208 million for the running costs of the new NCC residential beds. Due to the delays in the capital programme the beds will not be available until 2023-24 and therefore the budget will not be required this year.
 - ii. Kyloe House secure unit is expected to underspend by £0.161 million. A saving of £0.350 million was proposed, but it is expected only £0.092 million will be achieved and alternative savings are being investigated for 2023-24. This is offset by an overachievement of income from other local authorities of £0.940 million following an increase in the daily bed price. The price rise will contribute towards the overspend of £0.308 on staffing in relation to the pay award and additional secure allowances for staff, plus an overspend on utilities of £0.245 million.

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

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Children's Services: Education & Skills

Summary by Service	2021-22 Outturn	Budget	Forecast Outturn	Variance
Service	£m	£m	£m	£m
Director of Education & Skills	1.010	0.268	0.216	(0.052)
Curriculum & Learning	0.253	0.089	0.100	0.011
Alternative Education (Virtual Headteacher)	0.413	0.448	0.448	0.000
Special Educational Needs & Disability	7.172	7.679	9.528	1.849
School Organisation	39.928	10.025	10.167	0.142
School Improvement	0.001	0.000	0.029	0.029
Total Education & Skills	48.777	18.509	20.488	1.979

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 (SEND) budget is forecast to overspend by £1.849 million.
 - i. SEND Home to School Transport has an overspend of £2.085 million for the 379 routes currently transporting 1,502 pupils. Severe budgetary pressures have emerged as a result of fuel price increases and driver availability, with some operators being unable to fulfil contracts, and the need to re-tender resulting in increased costs. A proposal has now been agreed to try and mitigate high costs and assist operators from returning contracts by making an additional monthly payment to them whilst fuel prices are high. This will affect 21% of SEND home to school transportation contracts and is an uplift of 8.9%. Budgetary pressures have also arisen due to an increase of 61 pupils, the relocation of the Emily Wilding Davison Special School, and the incorporation of new routes in place for the new academic year. The forecast will be reviewed regularly due to the continued growth in the number of learners with an Education Health Care Plan (EHCP).
 - ii. There are staffing and travel underspends of £0.234 million across council funded SEND services due to several 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.

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Children's Services: Dedicated Schools' Grant

Summary by Service	2021-22 Outturn	Budget	Forecast Outturn	Variance
Service	£m	£m	£m	£m
Central Schools Block	2.833	2.477	2.304	(0.173)
Early Years Block	17.118	18.632	18.552	(0.080)
High Needs Block	37.252	44.130	44.716	0.586
Schools Block	86.493	86.113	86.055	(0.058)
Total Dedicated Schools' Grant	143.696	151.352	151.627	0.275

NOTES - Year End Variances of £0.250 million or more

- a. In 2022-23 the Council expects to receive Dedicated Schools' Grant totalling £150.289 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 amounts to a further £122.242 million for 2022-23.
- b. The 2022-23 budget includes £1.063 million of the overall grant surplus from the previous year of £4.032 million.
- c. The High Needs Block is expecting to overspend by £0.586 million, this is due to the following:
 - i. The forecast overspend on SEN top-ups is £1.139 million based on the summer term payment and adjusted for year-on-year growth in numbers of around 10% for the 2022-23 academic year. The pressure exists across both maintained and special schools.
 - ii. There is an underspend of £0.518 million across staffing and travel as several teams struggle to recruit to vacancies across the service.
- d. During 2021-22 all school phases increased their reserves due to their partial closure for some pupils and the additional grant funding they have been able to access as a result of Covid-19. This excludes Trust Schools as their school balances are held separately from the main school reserve. The estimated position for 2022-23 ahead of indicative budget updates shows that schools are expecting a slight increase in their balances overall:

	Closing School Reserve	Closing School Reserve	Estimated School Reserve
	2020-21	2021-22	2022-23
	£m	£m	£m
Primary/First	3.641	4.092	4.797

Middle	0.862	1.023	0.793
Secondary/High	(0.383)	0.623	0.408
Special/PRU	1.330	2.439	2.593
Overall	5.450	8.177	8.591

Overall, there are currently 12 schools predicting a deficit position compared to 19 schools in the previous year. Of these, six schools have an approved licensed deficit, two schools have a minor deficit of less than 0.05% of their budget; and work is ongoing with the remaining four schools to work towards an achievable budget recovery plan.

All schools are required to submit an updated budget position by 1st December which will incorporate the impact of proposed pay awards as well as the changes to NI rates and other inflationary pressures. It is anticipated that this will have a significant impact on School balances of up £2.000 million for 2022-23. The impact on 2023-24 is greater again and could see as many as 28 schools fall into a deficit position without additional funding.

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

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Communities & Business Development

Summary by Service	2021-22 Outturn	Budget	Forecast Outturn	Variance
Service	£m	£m	£m	£m
Customer Services	1.647	2.023	1.940	(0.083)
Registrars & Coroners	1.450	1.313	1.629	0.316
Tourism, Culture, Leisure & Heritage	12.258	8.520	9.435	0.915
Improvement & Innovation	1.391	1.921	1.980	0.059
Northumberland Communities Together	0.000	0.502	0.502	0.000
Information Governance	0.064	0.283	0.285	0.002
County Hall Restaurant	0.310	0.021	0.028	0.007
Complaints	0.064	0.226	0.226	0.000
Total Communities & Business Development	17.184	14.809	16.025	1.216

NOTES - Year End Variances of £0.250 million or more

The main reason for the forecast position for Communities & Business Development is outlined below:

- a. Registrars & Coroners is forecast to overspend by £0.316 million due to:
 - i. A £0.390 million overspend within Coroners in relation to post mortems, body storage and medical fees; and,
 - ii. A £0.167 million underspend within Registrars due to an over recovery of income from weddings.
- b. The Tourism, Culture, Leisure & Heritage Service is forecast to overspend by £0.915 million due to:
 - i. It is forecast that Active Northumberland will require financial support of £2.129 million by year end. Currently, support of £1.051 million has been committed in response to the Covid-19 pandemic and in recognition of significant inflationary pressures. This contribution has been set aside within a reserve and will be drawn down at year end to partially offset the overall forecast pressure. The remaining £1.078 million shortfall is a budgetary pressure.

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

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Finance

Summary by Service	2021-22 Outturn	Budget	Forecast Outturn	Variance
Service	£m	£m	£m	£m
Revenues & Benefits	2.428	1.486	0.981	(0.505)
Information Services	10.132	10.499	10.499	0.000
Internal Audit	0.594	0.619	0.567	(0.052)
Corporate Finance	29.787	5.982	5.564	(0.418)
Strategic Property	5.666	7.119	6.877	(0.242)
Procurement	0.358	0.721	0.303	(0.418)
Total Finance	48.965	26.426	24.791	(1.635)

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 £0.505 million due to:
 - i. An underspend on staffing amounting to £0.370 million due to a number of vacant posts throughout the service offset by £0.218 million overspend on professional services due to a temporary Revenue and Benefits Manager post being funded; and
 - ii. Additional new burdens grant income of £0.258 million, mainly for the Energy Rebate Grant of £0.162 million and the Discretionary Housing Admin Grant of £0.093 million.
- b. Corporate Finance is forecast to underspend by £0.418 million due to:
 - i. An underspend of £0.307 million due to vacant posts, some of which are expected to be filled in year.
- c. Strategic Property is forecast to underspend by £0.242 million due to a combination of vacant posts and underspend on surplus properties due to less expenditure requirements.
- d. Procurement is forecast to underspend by £0.418 million due to:
 - i. An overachievement of procurement rebate income of £0.213 million and staffing vacancies of £0.124 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.

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Planning and Local Services

Summary by Service	2021-22 Outturn	Budget	Forecast Outturn	Variance
Service	£m	£m	£m	£m
Local Services Management	27.696	24.593	24.443	(0.150)
Neighbourhood Services	10.655	11.447	12.083	0.636
Waste PFI Contract	10.146	19.734	17.684	(2.050)
Technical Services	28.435	22.238	24.703	2.465
Total Local Services	76.932	78.012	78.913	0.901
Planning	7.373	1.119	1.871	0.752
Corporate Health & Safety	0.275	0.299	0.271	(0.028)
Total Planning & Local Services	84.580	79.430	81.055	1.625

NOTES - Year End Variances of £0.250 million or more

The main reason for the forecast position for the Planning and Local Services Directorate is outlined below:

- a. Neighbourhood Services is forecast to overspend by £0.636 million.
 - i. Due to increased fuel prices, it is anticipated that vehicle fuel will be overspent by £0.390 million across all service areas;
 - ii. There is a forecast overspend of £0.435 million relation to staffing costs due to vacancies being filled by increased overtime and agency costs and waste catch up collections for the extra bank holiday. However, some of the additional costs can be attributed to increased waste collections and are offset by additional income;
 - iii. Commercial Waste income is to forecast overachieve by £0.586 million, garden waste is forecast to overachieve by £0.073 million and bulky waste by £0.050 million. This is offset by an underachievement of market income of £0.050 million and textile recycling income of £0.010 million; and,
 - iv. There are a number of other small overspends including £0.106 million for vehicle and plant hire, £0.092 million due to inflationary pressures impacting on the unit costs for purchase of replacement bins and £0.050 million for essential maintenance activity required at Blyth Crematorium which has been operating more intensively during the Covid-19 pandemic.
- b. The Waste PFI Contract is forecast to underspend by £2.050 million. This is due to lower than expected waste volumes being generated by households and forecast continuation of this trend for the

remainder of the year, as well as higher commodity prices from the sale of recyclable materials which it is anticipated will deliver an in-year surplus on the recycling services adjustment.

- c. Technical Services is forecast to overspend by £3.145 million mainly due to:
- i. Home to School Transport is forecast to overspend by £2.200 million. Significant issues have emerged around the provision of Home to School Transport as a result of fuel price increases and driver availability, with some operators being unable to fulfil contracts and the need to re-tender resulting in increased costs. During the period April 2022 to June 2022 54 contracts were retendered. Since the introduction of an inflationary uplift payment no contracts have been returned to the Council. In addition, a pressure of £0.118 million arose from the finalisation of the routes for the current academic year;
 - ii. Streetlighting is forecast to overspend by £0.585 million due to increases in electricity expenditure due to a 53% increase on prior year costs based on the figures provided by North East Procurement Organisation (NEPO) and the energy providers. If the Streetlighting replacement and modernisation programme had not been undertaken then the increased estimated energy consumption would have resulted in an additional £4.000 million overspend;
 - iii. Supported Bus Services is forecast to overspend by £0.266 million with transport operators identifying routes that are no longer commercially viable and changes to some contract prices due to increased fuel prices, driver availability and other inflationary costs; and,
 - iv. Network Management is forecast to underspend by £0.750 million due to an overachievement of parking charges of £0.275 million, penalty charge notices of £0.125 million, increased road closure fees of £0.121 million, permit fee income of £0.060 million and sample inspection fees of £0.051.
- d. Planning is forecast to overspend by £0.752 million mainly due to:
- i. £0.400 million underachievement of planning fee income. The income budget was increased by £0.400 million as part of the 2021-22 budget setting process in anticipation of an increase to the national planning fee structure. The Planning Bill proposing the change had been put on hold but has subsequently progressed and had its first reading. However, given the indicative timeframe it is not anticipated that this saving will be achieved in the current financial year;
 - ii. £0.110 million grant funding for strategic planning identified as part of the 2021-22 budget setting process is now unlikely to be received, however alternative funding opportunities are being explored as part of ongoing discussions with the Ministry of Health, Communities and Local Government regarding joint working and support arrangements;
 - iii. £0.175 million under recovery of Pre-Application Fees. The appetite for this service has been diminishing so the service is in the process of being refreshed and relaunched within the next 3-6 months. The timescale means this will be unlikely to achieve the savings target built into the 2022-23 budget; and,
 - iv. £0.110 million under achievement of Planning Performance Agreements. This service was introduced in 2021-22 and is very much in its infancy. Uptake of the scheme has been slower than anticipated during this market penetration phase.

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

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Public Health & Community Services

Summary by Service	2021-22 Outturn	Budget	Forecast Outturn	Variance
Service	£m	£m	£m	£m
Housing General Fund	1.062	1.120	1.111	(0.009)
Public Protection	2.676	3.248	3.224	(0.024)
Public Health	0.024	0.065	0.065	0.000
Total Public Health & Community Services	3.762	4.433	4.400	(0.033)

NOTES - Year End Variances of £0.250 million or more

There are no significant variances to date.

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Public Health & Community Services - Public Health

Summary by Service	2021-22 Outturn	Budget	Forecast Outturn	Variance
Service	£m	£m	£m	£m
Staffing and Support Costs	0.591	1.785	1.550	(0.235)
Stop Smoking Initiatives	0.442	0.335	0.302	(0.033)
Drug & Alcohol Services	3.822	3.952	3.931	(0.021)
Sexual Health Services	2.215	2.143	2.158	0.015
0-19 Public Health Services	6.309	6.401	6.401	0.000
Integrated Wellbeing Service	1.219	1.286	1.082	(0.204)
Other Health Initiatives	2.059	2.903	3.381	0.478
Total Public Health & Community Services	16.657	18.805	18.805	0.000

NOTES

- a. The Council's Public Health service will receive grant funding of £17.366 million in 2022-23. This funding is ring-fenced for the provision of services to improve the health of the local population and reduce health inequalities.
- b. The terms of the main grant allow unspent allocations to be carried over into the next financial year. Public Health carried forward a reserve of £5.150 million to financial year 2022-23.
- c. The Council received an allocation of £0.171 million from the Public Health England Weight Management Services Grant in 2021-22 which was ringfenced to support the commissioning of adult behavioural weight management services. Unspent funding of £0.069 million was carried forward to financial year 2022-23.
- d. Additional one-off funding of £0.350 million was secured from Public Health England to support drug treatment crime and harm reduction activity in 2021-22. Unspent funding of £0.197 million was carried forward to financial year 2022-23 to continue the activity.
- e. Funding of £0.120 million was awarded from the Improvement and Development Agency for Local Government in 2021-22 to support the Heart of Blyth project which is part of the Shaping Places for Healthier Lives programme. The majority of the activity will take place this financial year and £0.108 million was carried forward to 2022-23.
- f. Funding of £1.000 million has been received from Northumberland Clinical Commissioning Group to

support joint investment in population health management interventions.

- g. The Council is contributing funding of £0.065 million to support the provision of Public Health services in financial year 2022-23.
- h. It is anticipated that underspends within the Integrated Wellbeing Service and demand led services will be used in year to fund initiatives to tackle health inequalities which were approved at Cabinet 13 September 2022.

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Public Health & Community Services - Housing Revenue Account

Summary by Service	2021-22 Outturn	Budget	Forecast Outturn	Variance
Service	£m	£m	£m	£m
Housing Management	6.093	6.675	6.291	(0.384)
Housing Special	0.796	0.709	0.777	0.068
Repairs and Maintenance	8.241	8.322	8.769	0.447
Housing Capital Works	0.546	0.499	0.488	(0.011)
Other HRA Services	13.263	14.020	14.021	0.001
HRA Income	(29.923)	(30.239)	(30.282)	(0.043)
Total HRA Expenditure & Income	(0.984)	(0.014)	0.064	0.078

NOTES - Year End Variances of £0.250 million or more

The main reasons for the forecast variance for the Housing Revenue Account are as follows:

- a. Housing Management is forecast to be underspent by £0.384 million due to part year vacancies and the creation of additional posts to strengthen the Estates Management Function.
- b. Repairs and Maintenance is forecast to be overspent by £0.447 million. £0.614 million relates to additional repairs and disrepairs which have involved the use of contractors and are partly due to Storm Arwen. Salaries and agency staff costs are forecast to underspend by £0.175 million and insurance receipts received on fire damaged properties £0.044 million.
- c. Other HRA Services is forecast to overspend by £0.001 million. The main reasons for this are:
 - i. Depreciation charges have increased by £0.460 million following an upward revaluation of Council dwellings by the Council's external valuers.
 - ii. Interest payable on HRA borrowing has increased by £0.543 million. This is due to the Internal borrowing rates payable to the general fund, which are based on the 30-year PWLB rates and are forecast to increase from 2.1% to 4% following a rise in the Bank of England interest rates.
 - iii. Interest received on balances has increased by £1.000 million. This is due to an increase in the 3-year SONIA rate which is forecast to average at 2.5% for the current year. The budget was set at an interest rate of 0.02% following the plunge in rates in 2020-21.

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

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Regeneration

Summary by Service	2021-22 Outturn	Budget	Forecast Outturn	Variance
Service	£m	£m	£m	£m
Economy & Regeneration	2.641	2.790	2.247	(0.543)
Executive Director of Regeneration, Commercial & Economy	0.074	0.201	0.000	(0.201)
Culture	0.000	1.418	1.411	(0.007)
Climate Change	0.099	0.534	0.455	(0.079)
Total Regeneration	2.814	4.943	4.113	(0.830)

NOTES - Year End Variances of £0.250 million or more

The main reason for the forecast position for the Regeneration Service is outlined below:

- a. Concessionary Travel is forecast to underspend by £0.400 million. Following the lifting of Covid-19 restrictions the Department for Transport has allowed local authorities to negotiate with the local travel providers regarding the reimbursement rates payable in respect of concessionary travel. The Council has been able to negotiate two fixed price deals with the two major operators for the period April 2022 to March 2023 rather than based on a reimbursement rate per journey. This has provided budget certainty for all parties as passenger numbers are yet to recover to pre-pandemic levels.

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

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Corporate Expenditure and Income

Summary by Service	2021-22 Outturn	Budget	Forecast Outturn	Variance
Service	£m	£m	£m	£m
Corporate Items	45.504	29.758	29.809	0.051
Treasury Management	(25.168)	(23.174)	(24.983)	(1.809)
Capital Financing	87.896	37.346	37.346	0.000
Corporate Funding	(410.624)	(382.624)	(382.624)	0.000
Total Other Corporate Expenditure & Income	(302.392)	(338.694)	(340.452)	(1.758)

NOTES - Year End Variances of £0.250 million or more

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

- a. Treasury Management is forecast to underspend by £1.809 million.
 - i. The Council's budgeted investment return for 2022-23 was originally £0.734 million. Due to the significant increase in interest rates in recent months, and the higher than anticipated level of balances available for investment, returns have already exceeded the original budget. Based on existing investments, returns already total £1.635 million, and will likely be in excess of £2.000 million by the year end, leading to an over-achievement of income of around £1.300 million.
 - ii. Total external borrowing has decreased by £11.027 million, from £756.930 million at the start of the year to £745.903 million at 30 September 2022. This is due to maturing existing loans. However, taking into account future maturities and the anticipated further borrowing requirement of around £50.000 million, overall borrowing is projected to total around £775.378 million by 31 March 2023. Although savings resulting from the reduced levels of borrowing will be partly offset by the higher than expected interest rates payable on those new loans taken out within the year, it is expected to generate an overall underspend of around £0.543 million compared to the original interest payable budget for 2022-23 of £23.527 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.

Key Capital Movements by Service

Service: Adult Social Care and Commissioning – Forecast variance (£2.641) million

Summary by Project	Under/ Overspend	Reprofiling
	£m	£m
Disabled Facilities Grant	-	(0.600)
Tynedale House Fire Doors	-	(0.227)
Supported Housing	(1.814)	-
Total	(1.814)	(0.827)

NOTES - Year End Variances of £0.250 million or more

The main reasons for the forecast variance for Adult Social Care and Commissioning Children's Services are outlined below:

- a. Disabled Facilities Grant - A workforce shortage issue is impacting on the Home Improvement Service (HIS) adaptations team resulting in a longer timeframe to process Disabled Facilities Grant cases and contractors continue to report workforce and materials shortages which is delaying the completion of projects.
- b. Supported Housing – The budget is no longer required as it is the intention is to use the Adult Social Care capital external funding to support the market.

Service: Chief Executive – Forecast variance (£0.897) million

Summary by Project	Under/ Overspend	Reprofiling
	£m	£m
Fire and Rescue - Fleet	-	(0.397)
Fire and Rescue – Berwick Fire Station Health and Safety works	-	(0.500)
Total	-	(0.897)

NOTES - Year End Variances of £0.250 million or more

The main reasons for the forecast variance for Chief Executive Service are outlined below:

- a. Fire and Rescue – Fleet – delivery of the Fire Appliances is expected to take place as planned; however the lead times for the Officer Cars and Station vehicles are expected to result in delivery delays and this element of the budget will be reprofiled into 2023-24.
- b. Fire and Rescue – Berwick Fire Station Health and Safety works - have not yet commenced so the project is likely to be reprofiled into 2023-24

Service: Children's Services – Forecast variance (£0.031) million		
Summary by Project	Under/ Overspend	Reprofiling
	£m	£m
Atkinson House Relocation	0.044	-
Bedlington Whitley Memorial & West End First School	(0.025)	-
Children's Homes Provision	-	(0.265)
Choppington Primary Artificial Pitch	-	(0.205)
Darras Hall Primary New Build	(0.013)	-
Devolved Formula Capital	0.238	
Hexham New Build Schools (Hexham QE Site)	(1.038)	-
Ponteland Secondary School & Leisure Centre	0.016	-
Schools Building Programme (SCIP)	0.179	-
Mobile Classroom Replacement Programme	-	(0.324)
Schools Redevelopment	-	1.502
Whittingham Primary School	(0.140)	-
Total	(0.739)	0.708

NOTES - Year End Variances of £0.250 million or more

The main reason for the forecast variance for Children's Services are outlined below:

- a. Children's Homes Provision – Schemes are continuing to progress, and it is estimated £1.664 million will be incurred in the acquisition and renovation of properties in the current financial year.
- b. Hexham New Build Schools (Hexham QE Site) – There is an underspend against the original profile due to delays in the programme. The final account is currently under negotiation and the final outcome is expected by the end of the year. It is expected that this will be under the original budget.
- c. Mobile Classroom Replacement Programme - Delays and re-tendering have taken place on three

of the mobile classroom schemes leading to a shift in the profiling of the budget with schemes due to complete in 2023-24.

- d. Schools Redevelopment - The Business Case for the Berwick Partnership redevelopment is expected to be approved in 2023-24 with the budget reprofiled into that financial year. The preliminary stages of the Coquet Partnership and Seaton Valley Partnership redevelopments have progressed faster than anticipated and, in order, to advance with both projects additional funding is being requested to move from future financial years to the current financial year. This has no overall effect on the cost of the scheme but may bring completion forward.

Service: Communities and Business Development – forecast variance £0.102 million		
Summary by Project	Under/ Overspend	Reprofiling
Project	£m	£m
Newbiggin Sports Centre	0.102	-
Total	0.102	-

NOTES - Year End Variances of £0.250 million or more

There are no significant variances to date.

Service: Finance – forecast variance (£27.516) million		
Summary by Project	Under/ Overspend	Reprofiling
Project	£m	£m
Loans to Third Parties	-	(26.458)
County Hall IT Infrastructure	0.008	
Choppington Mineral Rights	-	(0.300)
County Hall Refurbishment	-	(0.400)
Property Stewardship Fund	-	(0.366)
Total	0.008	(27.524)

NOTES - Year End Variances of £0.250 million or more

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

- a. Loans to Third Parties – A review of the requirements for the current financial year is currently being undertaken. It is not envisaged the full budget allocation will be required in the current financial year and will require reprofiling into 2023-24.
- b. Choppington Mineral Rights – The external developer has delayed the scheme and therefore the mineral rights will be acquired at a later date.
- c. County Hall Refurbishment – The front of house works have now been completed. Works on the basement area and some external works will now require reprofiling into 2023-24.
- d. Property Stewardship Fund – Due to a difficulty in obtaining design resource for some schemes on the public toilet refurbishment programme the works are taking longer than originally anticipated and a failure to receive interest from contractors on a particular scheme in the Property Stewardship programme has resulted in the works being rescheduled for 2023-24.

Service: Planning and Local Services – forecast variance (£6.587) million		
Summary by Project	Under/ Overspend	Reprofiling
Project	£m	£m
Corbridge Car Park	-	(0.320)
Briar Dene Surface Water Scheme	(0.093)	-
Flood and Coastal Erosion Risk Management (FCERM) – Alnwick	(0.427)	-
FCERM - Beadnell	-	(0.175)
FCERM – Berwick	(0.239)	-
FCERM – Fenwick’s Close	(0.127)	-
FCERM – Haydon Bridge	-	(0.117)
FCERM – Kirkwell Cottages		(0.140)
FCERM – Loansdean	-	(0.045)
FCERM – Seaton Delaval	-	(0.065)
FCERM – Stocksfield & Riding Mill	-	(0.261)
Hepscott Flood Alleviation Scheme	-	(0.200)
Highways Laboratory Expansion	-	(0.150)
Local transport Plan*	(0.896)	-
Lynemouth Bay Landfill Encapsulation	-	(1.734)
Salt Barns	-	(0.714)
Seahouses Main Pier Refurbishment	0.022	-
Section 106 Improvements – Cramlington	-	(0.300)
Section 106 Improvements – New Hartley	-	(0.100)
Stannington Surface Water Scheme	(0.040)	-
Storm Arwen Damage	-	(0.100)
Todstead Landslip	-	(1.658)
New DfT Challenge Fund Support Bid*	0.475	-
Union Chain Bridge*	0.842	-
Winter Weather Stations	(0.025)	
Total	(0.508)	(6.079)

NOTES - Year End Variances of £0.250 million or more

The main reasons for the forecast variance for Planning and Local Services are outlined below:

- a. Corbridge Car Park – The assembly of the site continues to be developed with budget reprofiling into 2023-24.
- b. FCERM – Alnwick – Due to a significant funding gap in the scheme this has been deferred within the Environment Agency's programme of works.
- c. FCERM – Stocksfield and Riding Mill – The scheme is currently being realigned with the broader Environment Agency and Northumbrian Water programmes that are due to commence in the area.
- d. Local Transport Plan – The pressures on Union Chain Bridge and Challenge Fund Support will be accommodated within the grant funding available with LTP budget reduced accordingly across 2022-23 and 2023-24.
- e. Lynemouth Bay Landfill Encapsulation - The permit is due to be received imminently to allow works to commence from January onwards. Delays in the issue of the permit has resulted in works commencing later than anticipated. The programme of works is anticipated to last approximately nine months.
- f. Salt Barns – The remaining barns are being progressed with discussions on-going around the possible solution in Morpeth.
- g. Section 106 Improvements – Cramlington – The works are now expected to be undertaken in 2023-24.
- h. Todstead Landslip – The land carrying the road has been moving for a number of decades with the carriageway continuing to crack and become uneven. The B6344 is an important link on the network providing all weather access to Rothbury forming part of the resilient road network. A detailed design of a solution has now been completed and has been backed up by Early Contractor Involvement to develop the prepared solution. A suite of tender documents has been prepared with an expectation of awarding the contract in November 2022, but the expenditure profile is now showing part of the 2022-23 expenditure slipped into 2023-24.
- i. New DfT Challenge Fund Support Bid – Steel Structures – costs have increased due to inflationary cost increases in the most recent tenders awarded and unexpected bridge defects identified during the completion of the works.
- j. Union Chain Bridge - Further works on the scheme have identified additional work due to the age and condition of the structure. The Council will be liable for £0.421 million with Scottish Borders Council meeting the other share. Discussions are being held with the Heritage Lottery Fund around any additional grant funding that may be available to try to reduce the additional funds required from the two Council's.

*The underspend shown on Local Transport Plan will be used to fund the additional costs on New DfT Challenge Fund Support Bid and Union Chain Bridge.

Service: Public Health and Community Services – forecast variance (£5.152) million		
Summary by Project	Under/ Overspend	Reprofiling
Project	£m	£m
Major Repairs Reserve	-	(1.771)
Affordable Homes	-	(3.380)
Noise Monitoring Equipment	(0.001)	-
Total	(0.001)	(5.151)

NOTES - Year End Variances of £0.250 million or more

The main reasons for the forecast variance for Public Health and Community Services are outlined below:

- a. Major Repairs Reserve – Delivery of the programme has been delayed due to longer preparation time being required and access to materials as a result of Covid-19.
- b. Affordable Homes – Some of the new build programme will now be delivered in 2023-24.

Service: Regeneration – forecast variance (£58.548) million		
Summary by Project	Under/ Overspend	Reprofiling
	£m	£m
Business Growth Fund	-	(0.511)
Energising Blyth Programme	-	(5.759)
Hexham High Street Action Zone	-	(0.230)
Newcastle Northumberland Rail Line	-	(46.298)
Ashington Northeast Quarter Redevelopment Phase 1	0.236	-
Loan to NELEP – Ashwood	-	(0.279)
Loan to NELEP – Fairmoor	(2.000)	-
Loan to NELEP – Ramparts Business Park, Berwick	(0.800)	-
County Hall Solar Car Port	-	(2.700)
Ground Source Heat Pump and Solar PV Projects	(0.130)	-
Waste Transfer Sites – Energy Projects	(0.077)	-
Total	(2.771)	(55.777)

NOTES - Year End Variances of £0.250 million or more

The main reasons for the forecast variance for Regeneration are outlined below:

- a. Business Growth Fund – Applications are still being received and the expectation is the funds will be fully defrayed in line with the deadline in 2023.
- b. Energising Blyth Programme – The majority of the reprofiling relates to the Future High Street Fund due to delays in receiving confirmation of the funding and longer design and operator procurement processes to ensure scheme viability. The majority of the reprofiling will occur in 2023-24 with the Council expenditure forecast to take place in later years due to the constraints of when the grant must be incurred by.
- c. Newcastle Northumberland Rail Line – Development of the stations and railway upgrades is progressing with a view to the line re-opening in December 2023.
- d. Loan to NELEP – Ashwood – The scheme continues to progress and based on the current expenditure profile some of the funding will now be paid in 2023-24.
- e. Loan to NELEP – Fairmoor - The requirement is currently part of a wider review. If the scheme is to proceed, then it is expected it would be funded from the Strategic Regeneration Projects budget. The requirements will be confirmed as part of the wider MTFP review.

- f. Loan to NELEP – Ramparts Business Park - The requirement is currently part of a wider review. If the scheme is to proceed, then it is expected they would be funded from the Strategic Regeneration Projects budget. The requirements will be confirmed as part of the wider MTFP review.
- g. County Hall Solar Car Port – Due to delays in obtaining the required planning permission it is not anticipated the scheme will commence on site in January 2023.

Items approved from the Council's Contingency

The following items have been approved from the Council's contingency during July to September 2022.

Recurrent Funding	2022-23	2023-24
	£	£
Band 8 Software Developer	46,390	-
Property Your Link building costs	137,080	-
Total amount drawn from Contingency recurrently	183,470	-

Non-Recurrent Funding	2022-23	2023-24
	£	£
Two Band 4 IT Support Officers to cover long term sickness	43,100	-
Freedom of Northumberland parade	6,000	-
Global Protect licence renewal	214,350	-
Disaster Recovery as a service	91,500	-
Governance Review	49,730	-
National Graduate programme – three placements	43,040	-
Long Service vouchers	10,000	-
Temporary resource for Payroll	43,470	-
Total amount drawn from Contingency non-recurrently	501,190	-

Movement in the Council's Reserves

	Opening Balance at 1 April 2022*	Movement in Reserve	Commitments	Forecast Closing Balance at 31 March 2023
	£m	£m	£m	£m
General Reserves/Balances				
General Fund **	(70.081)	-	25.000	(45.081)
Total General Reserve	(70.081)	-	25.000	(45.081)
Ring-Fenced Reserves/Balances				
Housing Revenue Account	(29.874)	-	7.649	(22.225)
Major Repairs (HRA)	(10.214)	-	(0.484)	(10.698)
HRA Capital Investment	(2.177)	-	(5.965)	(8.142)
Total Earmarked HRA Reserves	(42.265)	-	1.200	(41.065)
Specific Reserves/Balances				
Capital Grants Unapplied	(61.304)	-	10.000	(51.304)
Capital Receipts	(0.183)	-	0.183	-
Capital Receipts - HRA	(4.768)	-	0.110	(4.658)
Total Specific Reserves/Balances	(66.255)	-	10.293	(55.962)

Appendix R

	Opening Balance at 1 April 2022*	Movement in Reserve	Commitments	Forecast Closing Balance at 31 March 2023
	£m	£m	£m	£m
Earmarked Reserves				
ADC Parks & Open Spaces	(0.009)	-	0.009	-
ADC Section 106	(0.046)	-	0.044	(0.002)
Balances held by Schools	(9.192)	8.770	(8.590)	(9.012)
Borderlands Energy Masterplan	(0.816)	-	0.816	-
Business Recovery Reserve	(2.322)	-	-	(2.322)
Cessation of NHS Partnership Agreement	(0.262)	-	0.262	-
Collection Fund Smoothing	(15.155)	-	(3.835)	(18.990)
Community Led Housing	(0.687)	-	0.154	(0.533)
Contain Outbreak Management	(2.130)	2.130	-	-
Council Commissioned Services	(8.981)	-	8.813	(0.168)
Council Transformation Fund	(17.902)	-	4.259	(13.643)
Dedicated Schools Grant	(4.032)	2.964	(1.901)	(2.969)
Economy & Regeneration Investments	(0.358)	-	0.231	(0.127)
Empty Dwelling Management Order	(0.047)	-	-	(0.047)
Estates Rationalisation	(7.242)	0.229	1.366	(5.647)
Exceptional Inflationary Pressures	(5.208)	-	5.208	-
FRS HMICFRS Improvement	(0.050)	-	0.032	(0.018)
Firefighters' Immediate Detriment	(0.250)	-	-	(0.250)
FPF Admin Grant	(0.033)	-	0.033	-
Haltwhistle Repairs Reserve	(0.039)	-	-	(0.039)
Highways Maintenance Investments	(0.225)	-	-	(0.225)
Insurance	(8.479)	-	0.200	(8.279)
Legal Challenge	(1.800)	-	1.193	(0.607)

Appendix R

	Opening Balance at 1 April 2022*	Movement in Reserve	Commitments	Forecast Closing Balance at 31 March 2023
	£m	£m	£m	£m
NCC Economic Regeneration	(0.139)	-	-	(0.139)
Open Spaces Maintenance Agreements	(0.087)	-	0.009	(0.078)
Planning Delivery	(0.654)	-	0.654	-
Problematic Empty Properties	(0.050)	0.002	0.006	(0.042)
Recruitment & Retention	(0.500)	0.061	-	(0.439)
Regeneration Additional Capacity Reserve	(0.190)	-	0.190	-
Regeneration Development Reserve	(2.473)	0.121	0.804	(1.548)
Repair and Maintenance	(0.250)	-	-	(0.250)
Restructuring Reserve	(2.000)	-	0.327	(1.673)
Revenue Grants	(17.333)	4.555	1.349	(11.429)
School Libraries	(0.007)	-	-	(0.007)
Sealodge	(0.023)	-	-	(0.023)
Section 106	(10.830)	-	(0.150)	(10.980)
Severe Weather	(7.500)	-	-	(7.500)
Social Fund	(2.936)	-	0.080	(2.856)
Sports Development	(0.253)	-	0.010	(0.243)
Storm Arwen	(2.178)	-	2.178	-
Strategic Management Reserve	(48.237)	-	(0.517)	(48.754)
Transformation of the Revenues & Benefits Service	(0.215)	-	-	(0.215)
Violence Reduction	(0.030)	-	0.030	-
Winter Services	(2.000)	-	-	(2.000)
Total Earmarked Reserves	(183.150)	18.832	13.264	(151.054)
Total Usable Reserves	(361.751)	18.832	49.757	(293.162)

Appendix R

	Opening Balance at 1 April 2022*	Movement in Provision	Commitments	Forecast Closing Balance at 31 March 2023
	£m	£m	£m	£m
Provisions				
Redundancy Costs	-	-	-	-
NNDR Appeals	(8.699)	-	1.750	(6.949)
Estates Rationalisation Project	(0.577)	-	-	(0.577)
Compensation Claims	(0.147)	-	-	(0.147)
Contractor Claims	(0.233)	-	-	(0.233)
Total Provisions	(9.656)	-	1.750	(7.906)
Total Reserves & Provisions	(371.407)	18.832	51.507	(301.068)

*Provisional un-audited opening balance figure

**Does not include the current forecast position on the General Fund

Virements June to September 2022

Directorate	Reason for Virement	Virement from	Virement to	£
Adult Social Care & Commissioning	2022-23 variation to the Better Care Fund	Increase Better Care Fund Income	Various expenditure budgets across Adult Services	942,151
Adult Social Care & Commissioning	Creation of six additional Social Worker Posts	Adult Services non-staffing budgets	Salaries and oncosts in Adults Care Management	263,500
Adult Social Care & Commissioning	Transfer Adults Client Relations team to the Corporate Complaints team	Adult Support Services	Communities and Business Development Directorate	121,150
Chief Executive	Transfer of Personal Assistant budgets to Service Directorates	Democratic Services	Various Directorates	124,170
Finance	Revenue and Benefits Management saving to Executive Review	Revenue and Benefits	Executive Review savings	147,590
Public Health & Community Services	2021-22 Pay Award	HRA Contingencies	Salaries & oncosts across HRA services.	118,240
Public Health & Community Services	HRA – funding of new posts	Various Non staffing budgets	Salaries & oncosts	231,760
Tourism, Culture and Leisure	Cultural Development Manager post transferred to Regeneration	Central Tourism Culture and leisure	Regeneration	56,680



Northumberland County Council

CABINET

13 DECEMBER 2022

Summary of New Capital Proposals considered by Officer Capital Strategy Group

Report of: Jan Willis, Interim Executive Director of Finance and Section 151 Officer

Cabinet Member: Councillor Richard Wearmouth, Portfolio Holder for Corporate Services

1. Purpose of Report

The following report summarises proposed amendments to the Capital Programme considered by the officer Capital Strategy Group (CSG) via email on 4th November 2022.

2. Recommendations

Cabinet is recommended to:

2.1 Bamburgh Play Park:

Approve a contribution of £10,000 to Bamburgh Parish Council from the Parks Enhancement Capital Programme for 2022/23 towards the provision of a new refurbished play park in Bamburgh at an overall cost of £120,000.

2.2 Isabella Heap Park, Blyth:

- Accept the Government's Levelling Up Parks Fund grant of £85,000 and other contributions of £13,500 in respect of an overall park improvement scheme costing £123,500, and add to the 2022/23 capital programme.
- Approve capital expenditure of £25,000 from the Parks Enhancement Capital Programme for 2022/23 in respect of NCC's contribution to the scheme.

2.3 Hexham High Streets Heritage Action Zone (HSHAZ):

- Approve an additional allocation of £1,117,254 from the Strategic Regeneration Projects budget line for 2023/24 within the Council's Capital Programme for the Hexham HSHAZ schemes and The Shambles.

- Approve delegated authority to the Interim Chief Executive to execute contracts up to the value of £2,399,236 for delivery of the public realm improvements, subject to confirmation of associated funding being in place and the appropriate procurement processes being followed.

2.4 Queen Elizabeth II Park Commemoration Schemes

Approve expenditure of £370,175 as summarised in the table at the end of Section 8 below, to create a number of park commemoration schemes that can form a countywide celebration of the life of the late Queen Elizabeth II. The proposed schemes relate to improved access to the outdoors/countryside, such as new/improved footpaths and bridleways, enhancements within parks and new tree/community woodland planting activity and will be funded in 2023/24 as part of the new MTFP budget setting process.

3. Links to Corporate Plan

The Council's Capital Programme is consistent with the priorities in the Corporate Plan in particular the 'Living', 'Enjoying' and 'Thriving' priorities.

4. Background

This paper summarises reports considered by the officer Capital Strategy Group on the allocation of funding within the Medium Term Plan to specific projects.

SUMMARY OF NEW CAPITAL PROPOSALS CONSIDERED BY OFFICER CAPITAL STRATEGY GROUP VIA EMAIL ON 4 NOVEMBER 2022

5. Bamburgh Play Park

- 5.1 CSG was asked to consider a request to contribute £10,000 to the provision of a new refurbished play park in Bamburgh.

Background

- 5.2 Bamburgh Play Park is situated on land owned by Bamburgh Castle Estates next to the Castle and Cricket grounds. The current play area which is owned and managed by Bamburgh Parish Council was installed in 2011 and is on multiple levels, is not enclosed and there has been subsidence around several of the activities. Additionally wear and tear has meant that several of the activities are close to the end of their safe useful lives. Bamburgh is heavily marketed as a tourist destination, and the current play park is inadequate to support the increasing visitor numbers.
- 5.3 Whilst the responsibility and ownership of the play area rests with Bamburgh Parish Council (BPC), who are the lead organisation for the scheme, this scheme is prioritised for support through NCC's parks improvement capital funding as it is a high profile, heavily used play area located in one of the key tourism destinations in the county and is in need of significant repair/improvement.
- 5.4 The scheme aims to address a range of issues with the current provision, which includes safety and accessibility concerns, and to remodel the play area to create a new 'destination' play facility that will improve safety and security (fenced area and all on one level) and include a wide range of new accessible/inclusive play equipment that can be used by all young people, including those with a range of disabilities.
- 5.5 This scheme therefore supports the visitor economy, improves health and wellbeing and helps tackle inequalities/accessibility, all of which are key corporate objectives of NCC. BPC have been able to secure significant external funding in support of the scheme and NCC's £10,000 contribution would secure the remaining funding requirement needed to enable the delivery of the scheme to proceed ahead of the start of the main tourism season in the spring 2023.

Proposed Improvements

- 5.6 To replace items of old play equipment and safety surfaces with new items of play equipment to enhance and refresh the existing play park. All equipment will be constructed using Robinia timber and stainless steel. Surfacing will be a mix of wet pour and Resin bound rubber mulch all of which will be a minimum of 50mm thick.
- 5.7 The parish council seeks to improve safety by moving existing rocks away from the activities, creating a uniform level for the whole area, replacing the existing rubber matting with a more robust surface, and having the play area fenced. The existing uneven surface makes it unsuitable for less able children. A critical part of the project is

to introduce inclusive activities with improved access to ensure that disabled youngsters can participate in and enjoy the physical opportunities which are so essential to both physical and mental well-being.

- 5.8 The development of a quality play facility at Bamburgh Play Park will provide opportunities for families who may not have the ability or opportunity to visit other leisure or play facilities both locally or further afield. Ongoing safety checks and maintenance of the facility will be undertaken by Bamburgh Parish Council to ensure the play area remains in a safe and good condition.
- 5.9 Bamburgh Parish Council have secured a quote of £120,000 for the required works including costs of materials, plant and labour. They are the lead organisation on this project but they have attracted funding from the following sources:
- Northumberland County Council £10,000 (proposed)
 - Catherine Cookson Charitable Trust £60,000 (confirmed)
 - Lord Crewe Charity £20,000 (confirmed)
 - Other external funding £30,000 (confirmed)

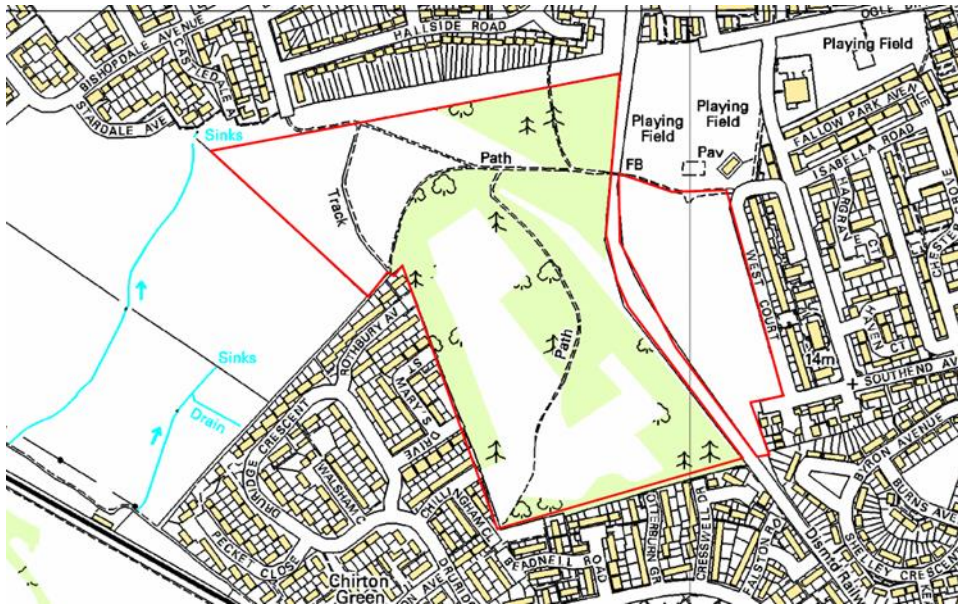
6. **Isabella Heap Park, Blyth**

- 6.1 CSG was asked to consider a request to contribute £25,000 for improvements to the Isabella Heap Park in Blyth.

Background

- 6.2 In July 2022 the Department for Levelling Up, Housing and Communities informed Northumberland County Council that areas which rated highly on the Index of Multiple Deprivation and had limited access to green space were eligible to apply for funding of up to £85,000 through the Levelling Up Parks Fund (LUPF) to create new or significantly refurbished green spaces in urban areas that met the eligibility requirements.
- 6.3 Qualification for this funding required NCC to:
- Create a new, or significantly refurbish an existing park that is free to access for the community
 - Plant and maintain trees in your green space
 - Work towards Green Flag Award status upon completion
 - Consult and engage with your community during project design and delivery whenever possible.
 - Participate in monitoring work and collaborate with us to co-design evaluation activities that will help us measure the social value and pride in place outcomes in your local area.
- 6.4 Isabella Heap in Blyth was identified as matching the Levelling Up Parks Fund (LUPF) eligibility criteria and had the additional benefit of complementing the wider economic investment and regeneration activities being undertaken as part of the Energising Blyth programme. An Expression of Interest was therefore submitted which was successful in

securing access to the £85,000 LUPF funds, subject to completion of a detailed proposal.



Isabella Heap Blyth

6.5 The Levelling Up Parks Fund is split into three categories:

1. Creation or improvement of the park
2. Project preparation, creation and maintenance
3. Tree uplift

Eligible councils will also receive an initial site assessment by Green Flag Awards, which the department has paid for to the value of £450.

Proposed Improvements

6.6 Upgrade/Create footpaths

The north of the site has a well-maintained public footpath and cycle way. The majority of the walkways through the woodlands are more informal and less accessible. Three sections of path have been identified for possible improvements through the Levelling Up Parks Fund.

Install Rock Armour and Barriers to deter motorcyclists

The site suffers from illegal off road motorcycle activity; it is proposed that the area south of the public footpath will have Rock armour installed along the edge to deter motorcycles whilst allowing pedestrian access to the actual hill and woods. It has been confirmed that none of the footpaths identified for protection are public rights of way.

Install new gates at Tynedale Drive

To allow access to horses and maintenance vehicles, a step over horse gate will be installed at the Tynedale Drive access point to the Northwest of the site.



Reprofile ponded area and install a Dipping platform

Following the infill of the old railway line a pond has naturally developed and attracts varied wildlife with resident ducks, frogs and damsel flies among other species. This pond is shallow and in places overgrown with self-set trees and shrubs and currently has poor accessibility. It is proposed that the area around the pond is cleared in places to open the tree canopy and allow better access to the water's edge. To compliment this and to act as an education resource we plan to install a low dipping platform for local children to use in order to facilitate school visits and for young people to learn more about the wildlife that the pond attracts.

Plant wildflower meadows

Much of the central part of the site is currently managed as meadow with the grass being cut once per year at the end of the growing season. This grassed area has in some areas a healthy population of native wildflowers and we aim to supplement this across the site by planting more wildflowers using a mix suitable to a reclamation site and the poor soil conditions that we have on the Heap; the planting will be a mix of small plug plants and seed. All plants and seed will be sourced from a local provenance. This will enable more precision planting in the locations identified and quicker establishment.

New Signage/interpretation boards

It is proposed to install some interpretation boards outlining the history of the site and information of the wildlife present. Boards with site maps and routes on will also be installed.

Seating

New seating will be installed on the top of the site to allow visitors to sit and enjoy the views, it is envisaged this seating will be robustly constructed metal bench style seats rather than wood and fitted onto concrete pads (to reduce risk of vandalism and life cycle maintenance costs).

Bird Hide / Feeding station

A bird feeding station will be constructed fronted by a bird viewing hide. The hide will be a robust timber fronted construction, viewing holes will be at varying heights and fully accessible to all site users. The precise location for this is still to be determined.

Wildlife nature trail

A wildlife nature trail with posts with rubbing boards and QR code information boards will be installed at various points across the site.

- 6.7 All project planning has been carried out in house by NCC Countryside Officers. Meetings have been held with volunteers and others to identify roles and responsibilities. The nearby Isabella pavilion is home to the 'Isabella Heap Volunteer Group' who have been instrumental in planning for this scheme and who will be integral in the provision and maintenance of the area. NCC will support training and provision of equipment for the volunteers.
- 6.8 A proportion of the funding from LUPF will be allocated for maintenance and restocking in years 1 and 2.

Tree uplift

- 6.9 There is no separate application process for the 'tree uplift' funding, which is provided by Defra. This can be used to cover the cost of preparation, purchase, planting, or related cost of trees in any of the urban green spaces within scope of this project.
- 6.10 Trees and shrubs will be planted in several areas across the site, there will be a need for existing vegetation to be cut back or removed to accommodate plants. There is a healthy Red Squirrel population in the park so planting will include Hazel which will in time be managed as coppice.
- 6.11 On the top of the Heap there are large areas of open grass which at the edges where it meets the tree line we intend to plant small trees and shrubs to create a new scrubby woodland edge which will be a mix of British native species such as Hazel, Hawthorn, Goat Willow, Rowan, Dog Rose, Heather, Gorse among others. This open planting will incorporate areas of wildflowers among the scrubby edges to increase habitat and biodiversity.
- 6.12 To extend the tree planting to satisfy the Tree Uplift funding requirements, it is proposed to plant 12 trees on the large open space adjacent to the pavilion. This planting will consist of several Heavy Standard trees which will be protected by heavy duty tree guards.

6.13 Local members have been consulted on this scheme and are fully supportive as the outcomes will provide a safer site with improved access, reduced antisocial behaviour and increased biodiversity.

6.14 The full cost of the scheme is budgeted at **£123,500** including costs of materials, plant and labour. Funding towards the scheme has been contributed by the following organisations:

Northumberland County Council £25,000 (proposed)

Levelling Up Parks Fund £85,000 (confirmed)

County Councillors and Blyth Town Council funding £13,500 (confirmed)

7. Hexham High Streets Heritage Action Zone (HSHAZ)

- 7.1 CSG was asked to consider a request for additional funds for the HSHAZ scheme and refurbishment of the Shambles in the Market Place in Hexham.

Background

- 7.2 The Hexham HSHAZ scheme was established as a £2.4m scheme in October 2020 as part of a national programme and funded by Historic England, NCC and private sector match funding contributions. It seeks to deliver heritage led regeneration to address multiple issues of town centre decline and improve Hexham Town Centre making it a more attractive, engaging and vibrant place for people to live, work, invest and visit.
- 7.3 The scheme, which runs until March 2024, is particularly targeted at the rapid deterioration of the condition of the Conservation Area, now 'at risk', including visible decline in the condition of multiple buildings resulting from lack of maintenance and limited custodianship of heritage assets. These are significantly concentrated in the Priestpople and Battle Hill corridor.
- 7.4 The HSHAZ scheme submission highlights the importance of protecting and enhancing the rich base of heritage assets in Hexham town centre in order to improve the condition of the Conservation Area, which is currently 'at risk'. This includes the Shambles due to its pivotal and highly visible location in the Market Place, a major gateway to the HSHAZ area.
- 7.5 The investment programme for the scheme consists of a number of linked interventions which together are intended to create a lasting change in regenerating the area. This includes a building grants improvement scheme, public realm improvements, a national cultural programme, a Hexham cultural programme of events and community engagement.
- 7.6 There has been significant progress over the last 18 months with the following activities:
- Awarding of building grants to target properties with a value of £600,000 which has generated positive media coverage and a strong pipeline of future applications.
 - Launch of a varied community engagement programme with activities enjoyed by all ages and digital technology embraced.
 - The launch of heritage skills training and 'hard hat' tours giving unique opportunities to learn about the conservation repairs underway.
 - Installation of heritage lighting to enhance the streetscape
 - Technical development of the public realm designs, incorporating wide responses from the community, businesses and stakeholders. In March 2022, the heritage lighting scheme was installed as the first investment in Priestpople, Cattle Market and Battle Hill.
 - Establishment of the partnership steering group and internal grants panel.
- 7.7 Central to the HSHAZ scheme are capital investments in the street scene and priority properties within the target area to underpin the wider programme interventions. These

are funded by Historic England, NCC capital programme and with match funding provided by building owners/tenants.

Public Realm Improvement Scheme

- 7.8 This focuses on the key corridor of Priestpopple, Cattle Market and Battle Hill within the Hexham HSHAZ boundary, as well as improvements to the Eastgate junction. Serving as the main through-route in the town centre, the rationale for significant investment is due to the existing design, appearance and poor maintenance detracting from the character of the conservation area and inherent quality of this heritage town.
- 7.9 On 8 February 2022 scheme options were incorporated into a report to Cabinet which endorsed the proposals and agreed to allocate capital funding. Subsequently, in March 2022 the Hexham HSHAZ Steering Group endorsed the scheme proposal that would form the basis of public consultation. The heritage lighting scheme element of the project was installed during March 2022 in order to demonstrate early delivery with a full consultation and information-sharing process taking place during May 2022.
- 7.10 In June 2022, NCC invited tenders for the next stage of design development services. This resulted in Southern Green being contracted to take forward the endorsed concept proposal, prepare detailed technical drawings and costings through to scheme completion. The design development incorporates, where relevant, technical queries and concerns raised through the consultation process.
- 7.11 The cost estimates included in the previous report to Cabinet on 8 February 2022 were based on the early scheme concepts calculated in October 2021. The landscape designers have now prepared more detailed plans to RIBA Stage 4, which take account of technical constraints. The latest design has been baselined by cost consultants in August 2022 to provide the most up to date budget forecasts and allow for further design development.
- 7.12 The design team has taken account of as many factors as possible in the forecasts and included provision for additional design development, a 10% contingency and inflationary uplift to Q1 2023. The cost consultant has advised that suppliers are indicating cost increases of 15% on materials and street furniture per three-month period and this has been reflected in the forecasted construction costs below.
- 7.13 The table below sets out the new anticipated scheme costs, building in an additional 16.5% contingency (over and above the 10% currently included on construction costs) and indicates a potential shortfall of £679,875.

Projected cost estimates including costs incurred to date	
Costs incurred to date on design, surveys and heritage lighting	£98,954
Design, NCC technical costs and archaeological mitigation	£272,877
Construction costs	£1,380,352
Additional contingency	£347,053
Total Costs	£2,099,236

Approved budget	£1,419,361
Extra funding request (in 2023/2024)	£679,875

Building Grants Scheme

7.14 It should be noted that the original cost estimates that underpinned the scheme plan approved by Historic England were developed 3 years ago and the factors outlined earlier have impacted on the budget in multiple ways:

- Each individual building improvement project is now significantly more expensive than originally forecast and requiring a larger match funding contribution from the applicant. This is due in part to longer timescales due to delays in supplies/materials and the availability of contractors to start on-site.
- Suppliers will often only hold their tender prices for shorter periods and given the detailed process for assessing and approving grant applications it is not uncommon for schemes to incur a funding shortfall by the time works are contracted.
- Fewer schemes can be supported from the budget than originally forecast, as each cost more and the funding envelope is now smaller, due to underspend in 2021/22 which led to a loss of external grant.

7.15 A total of 5 awards have been made offering 70% grants towards eligible costs. Three of these projects have been fully completed including one of the identified transformational projects – the Coach and Horses, which has created significant positive publicity and attracted strong demand for future grants.

7.16 There is now a strong pipeline of potential grant applications that will exceed the available budget. Each scheme under development has been reviewed by the HSHAZ Conservation Officer and the HSHAZ Accredited Architect to assess which are deliverable and best meet the objectives and criteria. This has resulted in a list of Priority and Reserve schemes.

7.17 The HSHAZ Steering Group, made up from the scheme partners and funders (Historic England, NCC officers and accountable body, Hexham Town Council and Hexham Community Partnership) received a report on 5 September 2022, highlighting the budget issues and endorsed a tighter application of the of the scheme priorities. This will ensure that the grants awarded over the final 17 months are carefully targeted; bringing forward the building improvements that will most positively impact on the Conservation Area and regeneration.

7.18 The table below shows the total value of the priority building projects including those already completed/underway, the approved funding envelope and the overall budget position. The forecast highlights a shortfall of £137,379.

Total eligible expenditure – Priority Projects	£1,398,491
Historic England funding claimed	£1,512
Historic England funding available	£452,829

NCC match agreed 2022-2024	£307,695
NCC match underspend from 2021/22	£79,530
Private sector match @ 30%	£419,546
Total funding available	£1,261,112
Extra NCC Funding Request (in 2023/24)	£137,379

The Shambles

7.19 The Shambles is a grade II* listed structure owned by the Council which occupies a very prominent position within the Market Place in the heart of the Hexham Conservation Area. It was built as a covered market by Sir Walter Blackett in 1766 and is an open structure with stone columns to the front and back columns of wood. It is currently utilised by stall holders throughout the week as a covered market with lighting, supporting the offer for visitors to the town centre.

7.20 The Shambles is in a poor state of repair and in early 2021 the HSHAZ team commissioned an independent condition survey to establish the urgency and potential cost of restoration works. This highlighted a number of issues to be addressed urgently and a long list of repairs and improvements that needed to be completed in the short term to prevent further deterioration and reduce risk. Key issues are:

- The need for protection from vehicle movements. This is evidenced by two accidents in the last 18 months that have resulted in unplanned and costly emergency repairs by NCC to two stone columns.
- Poor state of electrics, which creates a growing fire risk and requires upgrading
- Repairs needed to most areas of the structure including timber beams, timber and stone columns, roof, flooring and rainwater goods
- Pigeon roost prevention

7.21 The condition survey provided an itemised and costed schedule of works, which at the point of submission forecast a required budget of £210,000. This was calculated in February 2021 and is likely to have risen considerably. The poor condition of The Shambles now places at risk the legacy of the Hexham HSHAZ scheme and the positive impact it will have on the Conservation Area, if not addressed urgently. Allowing for construction cost pressures since February 2021, an allocation of £300,000 would enable priority works to be completed.

Summary of capital requirement

7.22 The table below sets out the request for a capital allocation in 2023/24 to the Hexham HSHAZ Building Grants Scheme and Public Realm Scheme and a budget for the refurbishment of The Shambles from the existing Strategic Regeneration Reserve:

HSHAZ Public Realm Scheme request	£679,875
HSHAZ Building Grants Scheme request	£137,379

The Shambles refurbishment	£300,000
Total capital request (2023/24)	£1,117,254

The rationale in seeking this additional funding is to ensure delivery of a transformational programme making a lasting impact to Hexham town centre and its heritage assets.

8. Queen Elizabeth II – Potential Commemoration Schemes

- 8.1 It is proposed that a number of commemoration schemes should be developed that can form a countywide celebration of the life of the late Queen Elizabeth II. Based on feedback from a countywide public consultation exercise on what are considered appropriate commemoration activities, the proposed schemes relate to improved access to the outdoors/countryside, such as new/improved footpaths and bridleways, enhancements within parks and new tree/community woodland planting activity.
- 8.2 As part of the commemoration programme each site would have a robust timber style interpretation panel installed that would identify the site as being part of the Council's QEII Commemoration Schemes across the county, signpost visitors to where they could obtain further information on the other schemes, as well as providing site specific information to aid their visit.
- 8.3 Proposed schemes are detailed below:

TYNEDALE

1. Eastwoods Park, Prudhoe

This scheme was already in development as part of the Council's parks improvement programme but has not yet progressed to Cabinet for approval of the capital funding allocation to enable its delivery.

The scheme involves constructing a new tarmac path around the perimeter of the park to improve accessibility for all park users, whilst also providing an all-weather route for walkers and runners of all ages and abilities that use the park (this includes a running club with junior members). The path will follow the approximate line shown on the plan below, but precise lines and locations will be defined on site prior to works commencing. The approximate total length of the path to be constructed is 425m.

Thompsons of Prudhoe has agreed to undertake the stripping off activity and preparation for construction of the path as an 'in-kind' contribution. The cost of constructing the path is £113,446, with £5,000 being met from met from external sources/contributions and it was intended that the remaining balance of £108,466 would be funded from NCC's Parks Enhancement Capital Programme, subject to Cabinet approval.

There is also scope to extend the scheme to include the planting of a community

orchard on land within the southern boundary of the site (£4,000), to provide ~5 additional park benches (£6,750) and on-site interpretation (£2,000). This would increase the overall scheme cost requirement for NCC to £121,216 with the additional £12,750 also being met from the existing Parks Enhancement Capital Programme.



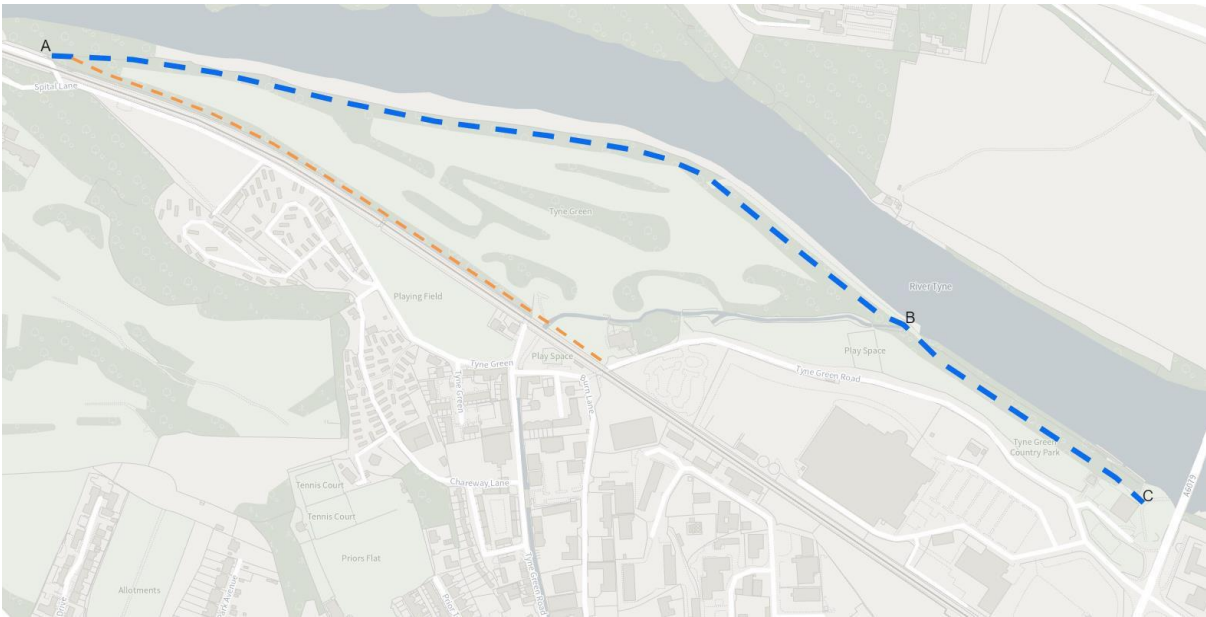
2. Tyne Green, Hexham

This is a new scheme proposal and involves the construction of a surfaced path (stone to dust) between a long avenue of mature trees on the riverside at Tyne Green (shown BLUE and running from A to C in the diagram below) which would connect into a section of path (shown RED) to create an all weather accessible circular route along this already popular riverside walk which is just over grassed areas.

Estimated total scheme costs are £32,625 (consisting of £26,500 for materials and labour and £4,125 for plant hire to construct the BLUE path total length 1380m, plus

on-site interpretation £2,000).

The RED section of path that runs through the park adjacent to the fenced off raised embankment that carries the Newcastle to Carlisle rail line has already secured the necessary funding to enable its construction, which includes a £10,000 contribution from Network Rail (as the creation of a circular path will help to reduce pedestrian movements over a pedestrian level crossing on the rail line).



Castle Morpeth

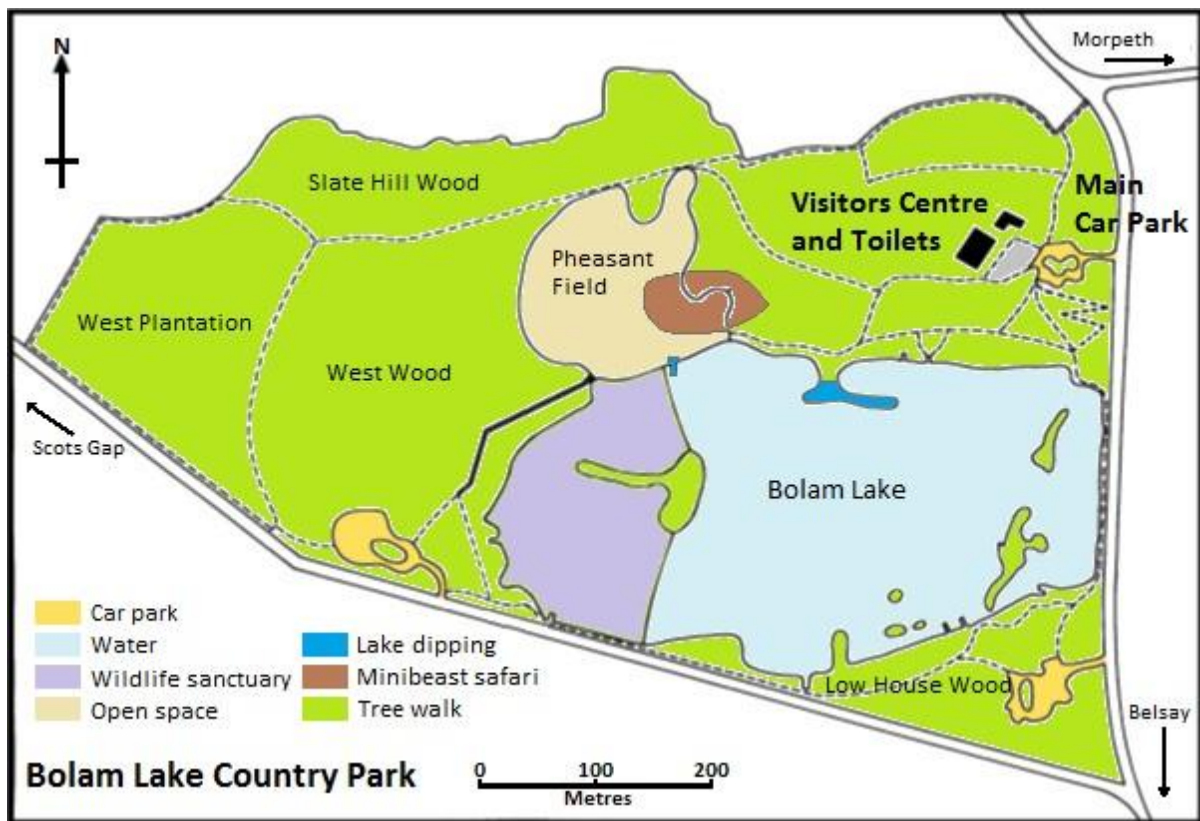
3. West Plantation, Bolam

The West Plantation at Bolam Lake Country Park has had to be clear felled following Storm Arwen. There is a need to bring this part of the park back into public use for future generations to enjoy and to ensure retention of its Green Flag accreditation.

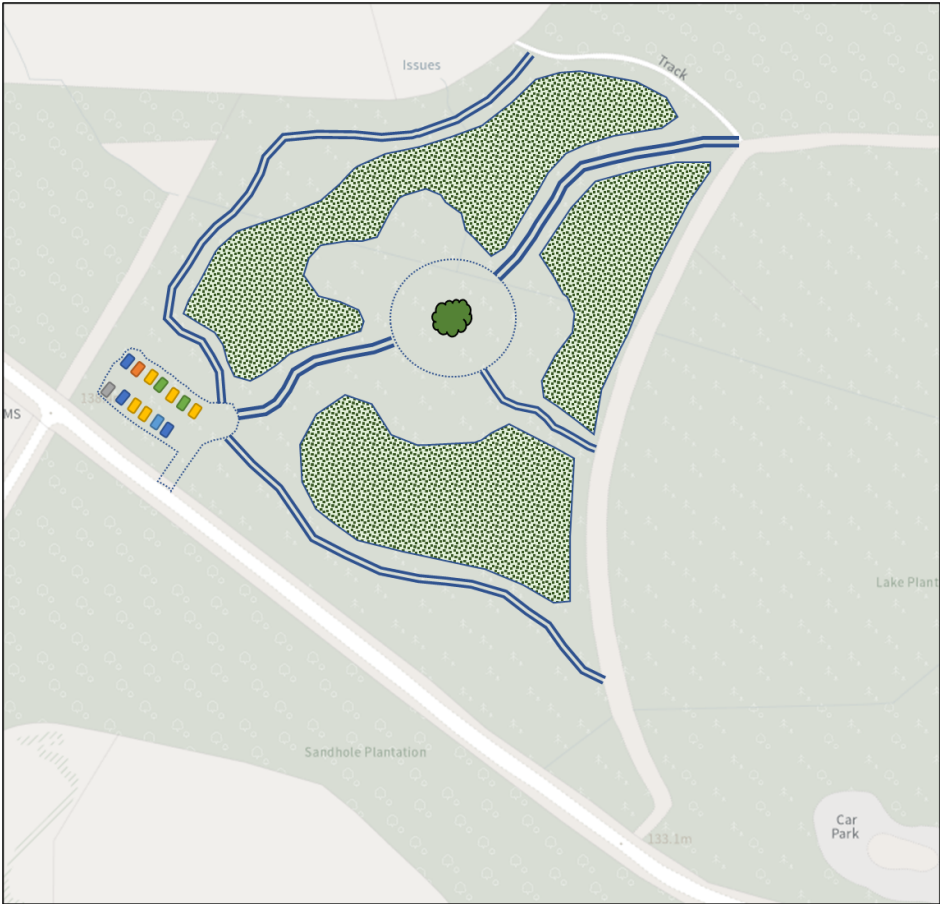
This is a new scheme that would entail the construction of a new network of paths, drainage, seating and tree planting/landscaping activity to create a new mixed broadleaf woodland, glade areas and central commemorative tree. A new car parking area is also proposed along with on-site interpretation.

The cost of the scheme is estimated at £112,000 of which £20,000 can be met from the sale of timber following the clear-felling activity. The remaining funding balance required from NCC would therefore be £92,000.

Damage to West Plantation



West Wood plantation showing proposed new access routes, central specimen tree (to be accompanied by new seating), open areas and car park.



4. Carlisle Park, Morpeth

Carlisle Park is a multi-award-winning ‘green flag’ park located on the south bank of the River Wansbeck close to the centre of Morpeth.

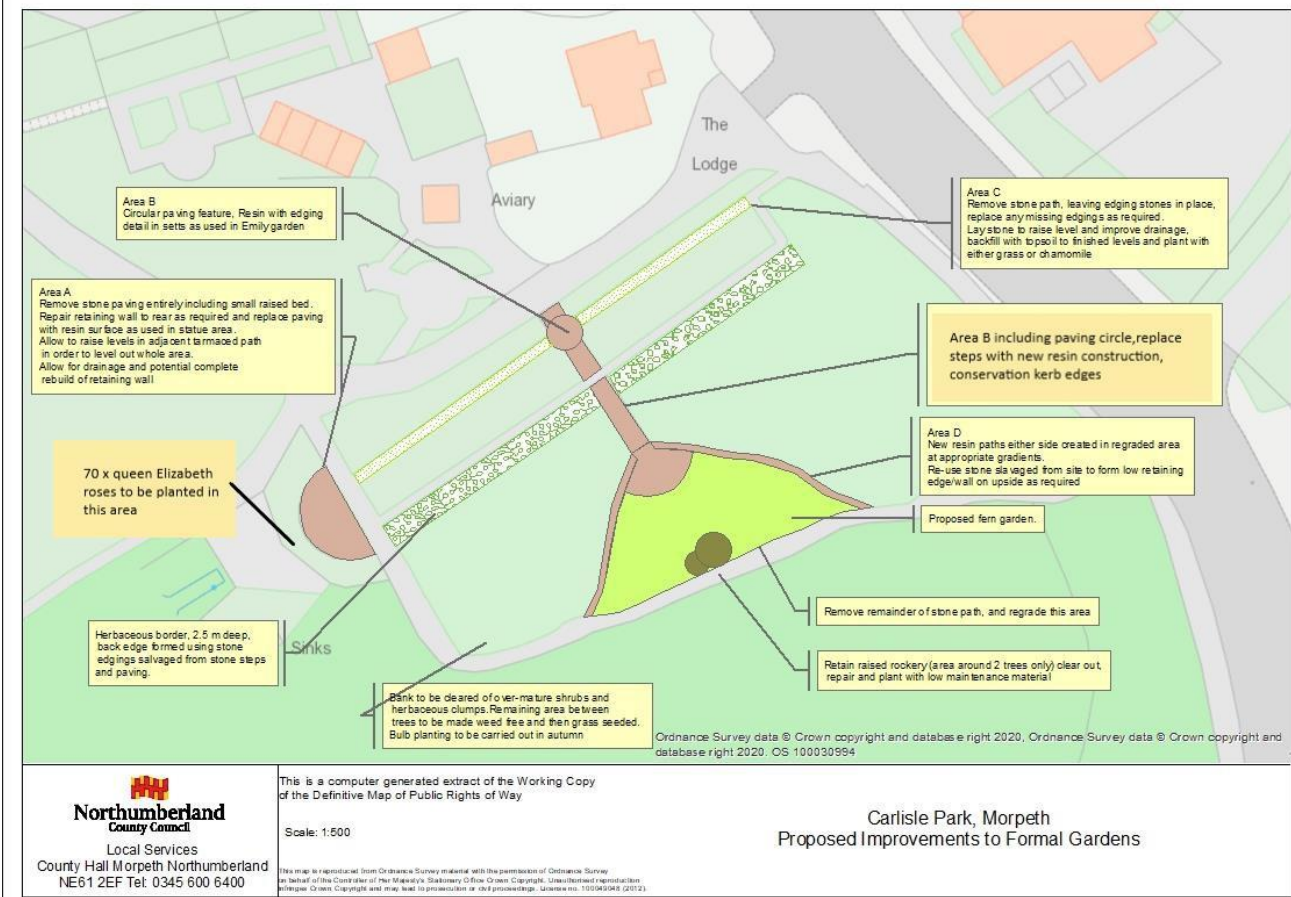
There are numerous entrances to the park, with the main ‘formal gateway’ entrance to the park being off Castle Square. This section of the park contains a range of features including the William Turner Garden, Emily Wilding Davison statue, aviary, Morpeth Floral Clock and the formal gardens.

Unfortunately, the area of the formal gardens to the left of the main access (when looking into the park from Castle Square) needs refurbished, particularly the ‘crazy paving’ stone paths and stone steps that provide the central walkways through this part of the park which are uneven, in poor condition and relatively inaccessible for most visitors. Much of the shrub and border planting in this area is also now overmature and needs to be cleared and replanted.

Whilst some work has been undertaken to scope up the works required in the formal gardens as a pipeline project in the Parks Improvement Capital Programme, the overall cost of the scheme at an estimated £110,000 was some £40,000 over what was provisionally allocated within the programme for improvement works in the park

and has not therefore been progressed pending further work to try and identify external grant funding opportunities. If the scheme were to receive £40,000 capital funding as part of the QEII Commemoration Programme, then this would enable the project to proceed.

The scheme is outlined in the plan below and would entail path and step improvement works within the formal garden area (Areas B, C & D), refurbishment of the paved seating area (Area A) to include new surfacing, bench seating and interpretation panel behind which the existing planting area would be cleared out and replaced by a new rose garden incorporating 70 Queen Elizabeth roses as well as some climbing roses to create a stunning shrubs backdrop to the seating area. Some specimen tree planting would also be undertaken within the park as well as the replanting of a fern garden in the north facing bankside (next to Area D).

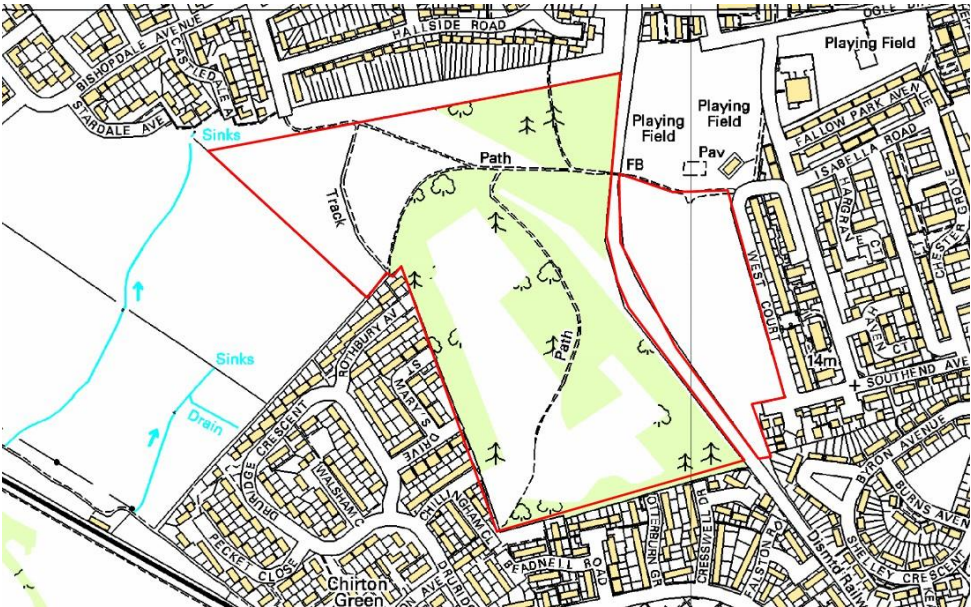


ASHINGTON AND BLYTH

5. Isabella Heap, Blyth

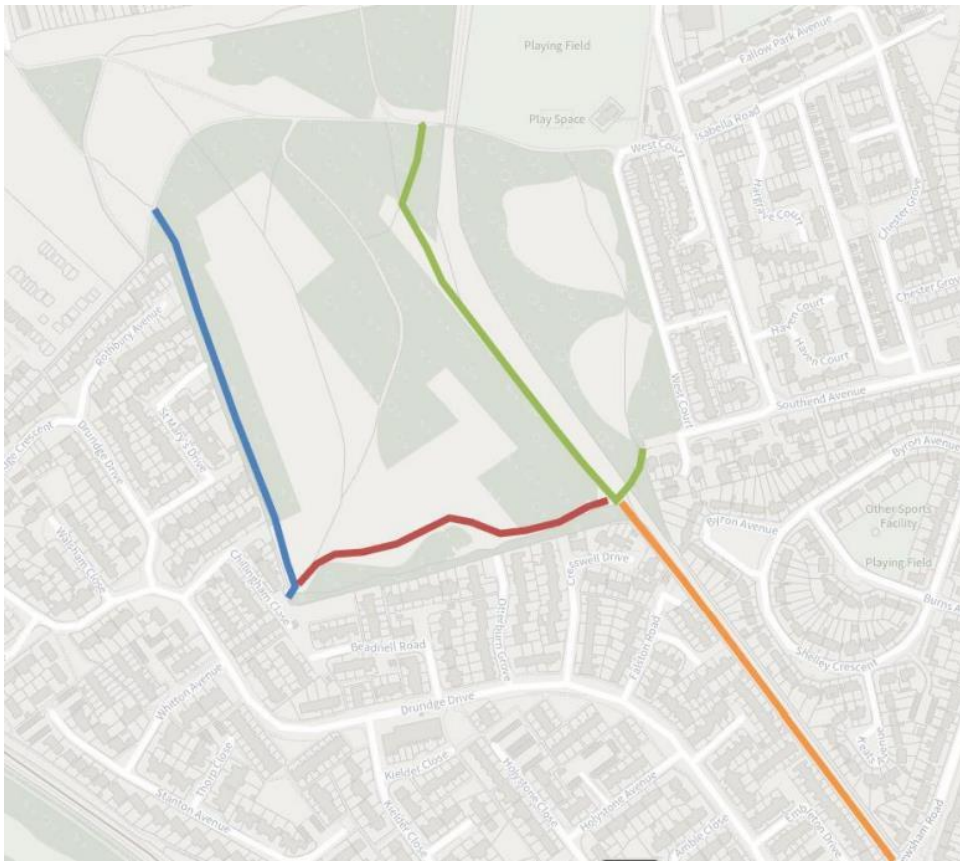
The Council has already secured Government’s Levelling Up Parks Fund of £85,000 and other contributions of £13,500 in respect of an overall improvement scheme at Isabella Heap Blyth costing £123,500 (of which £25,000 is intended to come from NCC’s Parks Enhancement Capital Programme, subject to Cabinet approval). The scheme entails the improvement of the existing Isabella Heap green space in Blyth which is already used for leisure and recreation, to include hard landscaping, e.g. boundaries, paving, paths, metal fencing to children’s play area, natural play spaces,

artwork, signs, benches, lighting, fencing and gates sculpture, and soft landscaping e.g. bulb planting, trees, shrubs, wildflowers, turfing, seeding, wildlife features such as bird and bat boxes. It would therefore be possible to consider this scheme as part of the commemoration programme for example by dedicating some of the tree planting activity and/or naming of the paths.

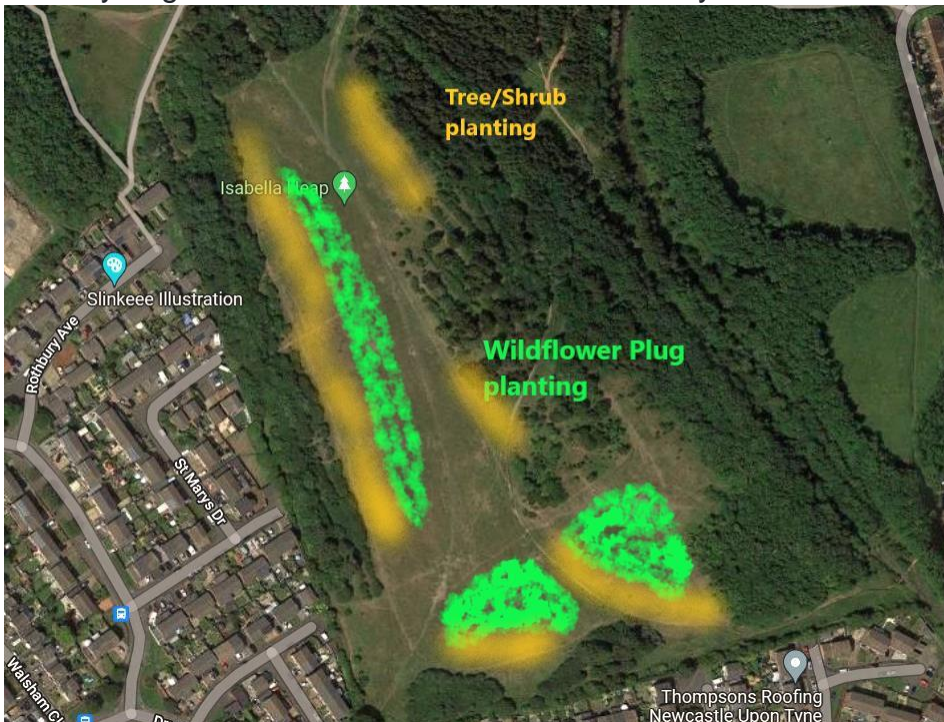


A key element of the scheme is to provide 4 new paths across the area as follows:-

1. **Blue Path.** Approximately 355m of aggregate path construction between existing tarmac path NE of Rothbury Ave and the access point at Chillingham Close.
2. **Red Path.** Approximately 285m of aggregate path construction between the access point at Chillingham Close and the old railway line.
3. **Green Path.** Approximately 430m of aggregate path construction between the Southend Ave access point
4. **Orange Path.** Approx 380m of path between Southend Ave and Newsham Road, with options for work to establish a path within the former railway line route, and / or improve the existing public footpath immediately adjacent to the former railway line, public footpath 300/042.

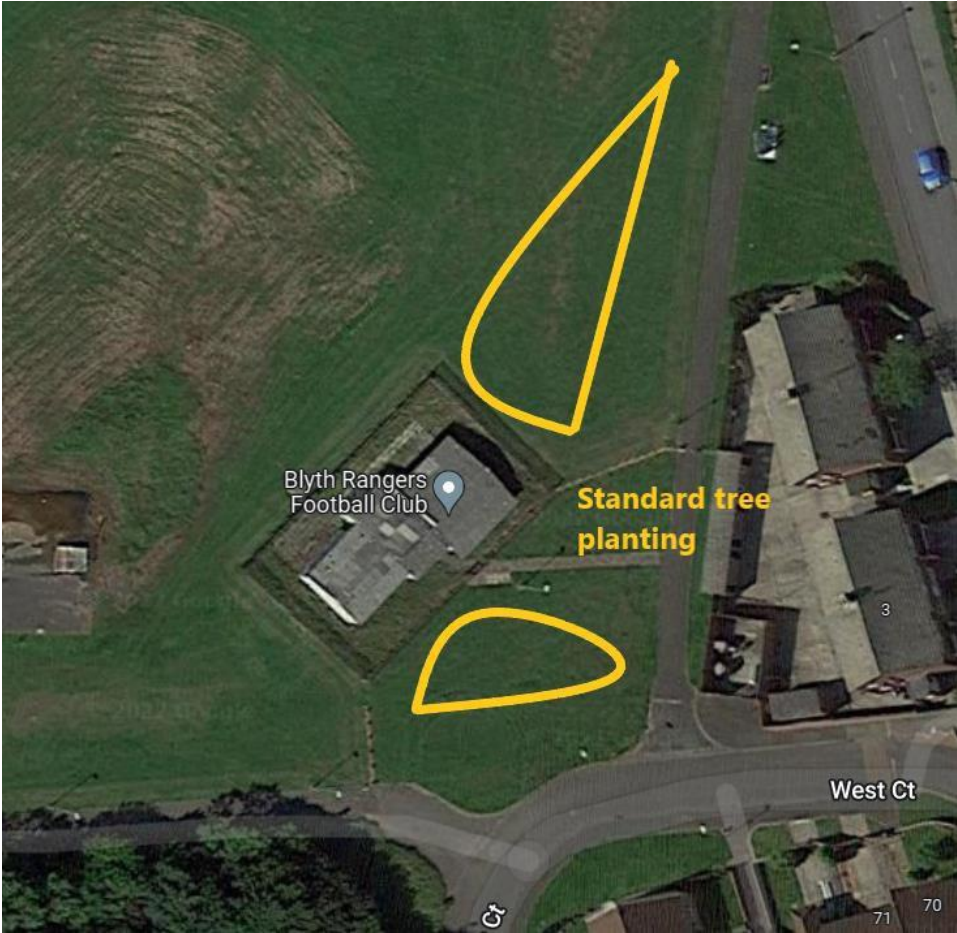


On the top of the Heap there are large areas of open grass and at the edges where this grassed area meets the tree line it is proposed to plant additional small trees and shrubs to create a new scrubby woodland edge which will be a mix of British native species such as Hazel, Hawthorn, Goat Willow, Rowan, Dog Rose, Heather, Gorse among others. This open planting will incorporate areas of wildflowers among the scrubby edges to increase habitat and biodiversity.



To extend the tree planting to satisfy the Tree Uplift funding requirements (which forms part of the Government funding conditions), it is proposed to plant 12 trees on the large open space adjacent to the pavilion. This planting will consist of several Heavy Standard trees which will be protected by heavy duty tree guards.

Proposed Heavy Standard Planting area



6. Queen Elizabeth II Country Park, Ashington

This is a new scheme. The current shoreline path to the east of the lake is grassed and can be wet/muddy underfoot during the winter period. There are also other grassed 'desire line' paths on the eastern end of the lake that could be formalised to create a variety of interconnected routes around this section of the park to improve access to the lake shore, incorporate woodland fringe and to connect to the access point into the Woodhorn Colliery Museum site to improve the accessibility between both attractions.

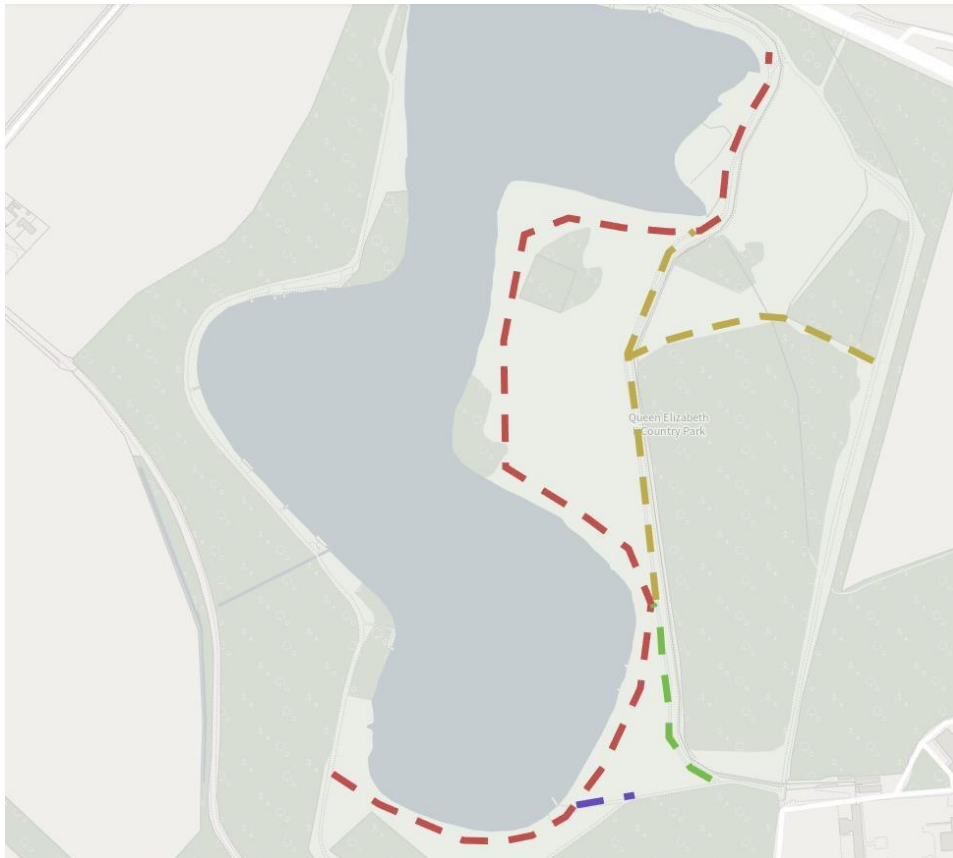
The location of these proposed new 2m wide 'stone to dust' pathways and the estimated cost of each section are detailed below. The scheme cost assuming all sections are undertaken, and including the cost for 4 new bench seats and on-site interpretation costing £7,400, would be £113,650.

Red path - shoreline 'arterial path' 1300m costed at £65,000 from which the following other link paths could also be created

Blue Path 65m costed at £3,250

Green Path 225 m Costed at £11,250

Yellow path 535m Costed at £26,750



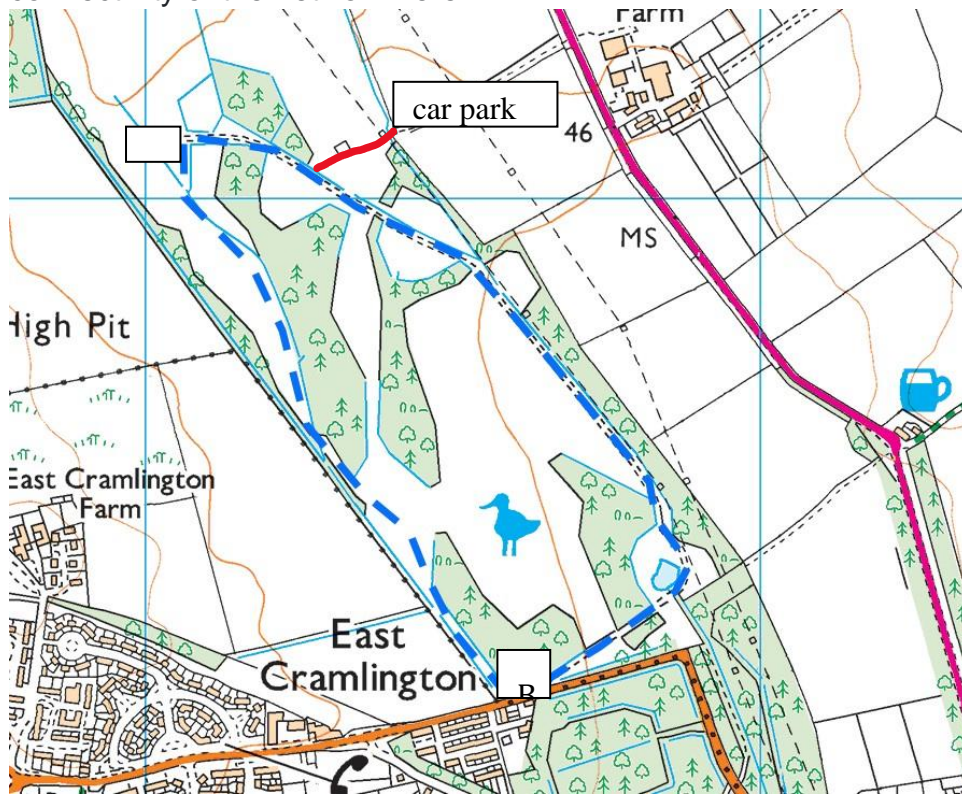
CRAMLINGTON, BEDLINGTON & SEATON VALLEY

7. East Cramlington Local Nature Reserve - bridleway improvements

This is a new scheme. The East Cramlington Local Nature Reserve has just had a new car park added at the northern end of the park and already has an existing 2.5km permissive bridleway route that runs around the perimeter of the whole site. Whilst the section of bridleway to the eastern boundary is on a stoned track, the section to the west heading back to East Cramlington is grassed and can be wet/muddy underfoot in the winter and more elderly users of the new car park have already suggested a need for improved path surfaces to aid accessibility. Improving the western section of the bridleway (point A to B) to make a more accessible all-weather circular route would cost £70,000, along with some additional minor improvements such as interpretation and signage (£3,000) and appropriate feature tree planting (£7,500) to make for a cohesive scheme costing £80,500.

It would be possible to name this as the QEII circular route and to also consider dedicating it legally as a bridleway so it appears on maps etc. Most of the route is already in place and in good condition having had LTP spend on it in recent years. There is scope longer term to seek agreement with the Hastings Estate for a link east of the site to the Keel Row paths as follow up activity, which would hugely benefit the

connectivity of the network here.



8. Valley Park, Cramlington

There is a scheme in development which is intended to be funded via the Parks Enhancements Capital Programme to improve the pathways and facilities within the Valley Park, Cramlington.

The current woodland footpaths were subject to some improvements a number of years ago, however although these paths are generally dry under foot most of the year there are some areas that are waterlogged during wet weather and the bulk of the paths are becoming overgrown with encroaching vegetation.



The plan below shows the two main footpaths through the site, Path 1 has previously received a stone dressing. Path 2 footpaths have never been properly laid out with stone but have just developed through time by people walking desire lines through the woodland.



It is planned to overlay the footpaths (1&2) with a new stone surface similar to the picture below



It is also planned to remove the high steps leading from Dudley Lane and install a path on a slight incline to make the site more accessible to all. There is also a need to repair two small wooden bridges crossing the stream within the site, it is planned to either replace them completely or widen them both to allow better access for all. The sections of path leading to the bridges will be gently ramped to all wheelchair access.

There are two ponds (see below picture) on site which are both 99% silted up with reeds and debris, the plan is to dredge these ponds to allow between 30 and 60% open water whilst retaining some reed beds and overgrown areas as these will add to the biodiversity of the area.



There is an old boardwalk through the woods next to the larger pond, this is to be removed and a new pond dipping platform installed at the edge of the pond.

The estimated cost for the scheme is £117,000 broken down for each element as follows and it is envisaged that £5,000 was to come from Members Local Improvement Scheme funds and the remaining £112,000 would be funded from NCC's Parks Enhancement Capital Programme, subject to Cabinet approval:-

- Restone footpaths 1 & 2 and improve access from Dudley Lane (£76,000)
- Bridge improvement works and vegetation clearance (£22,000)
- Pond clearance, remove boardwalk and install dipping platforms (£17,000)
- Install on-site interpretation (£2,000)

It should also be noted that there is only pedestrian access to the park currently so if the intention was to designate this area as a Local Nature Reserve as part of the commemoration activity, then consideration would need to be given to the need for parking provision in order to accommodate visits from a wider catchment area. There is scope to provide a new small car park off the B1505 near St John the Baptist RC Church, Cramlington and the church has already expressed an interest in the provision of a small car park for their services, so there is potential for some joint funding. The cost of a new car park has not been included in this scheme.

9. Cleasewell Hill Park, Choppington

This is an existing scheme identified for progression in year 3 of the Parks Improvement Programme and is therefore currently only at concept stage with further development work still required.

Cleasewell Hill Park is located off the A1068 at Sheepwash Road, Choppington and looks across the R. Wansbeck with the popular riverside footpath connecting Wansbeck Riverside Country Park just a short walk away over Sheepwash Bridge.

The park is currently somewhat tired and in need of significant refurbishment. It is proposed to undertake a scheme involving provision of new accessible playground equipment, resurfacing of paths, improvements to the entrance gateway and provision of small new car park, as well as landscaping/planting works within the park. This scheme is just at concept stage within the parks enhancement capital programme with Choppington Community Council (CCC) expressing a willingness to make a significant funding financial contribution towards any scheme, whilst also being open to dialogue over community asset transfer of the park with CCC taking on future maintenance responsibility upon completion.

The overall cost of the scheme is estimated to be ~£200,000 and, whilst it was envisaged NCC would be able to secure external funding support from CCC, if this is now to be progressed as an NCC commemoration scheme (rather than a joint project with CCC funding support) it would be necessary for NCC to meet the full cost from the Parks Enhancement Capital Programme funding, subject to Cabinet approval.

Given the early stage of development of this scheme and the need to undertake community engagement, followed by design, planning and procurement activity it is envisaged that it would be late 2023/24 at the earliest before the scheme could be implemented.

NORTH

10. Creation of Community Woodlands in Alnwick

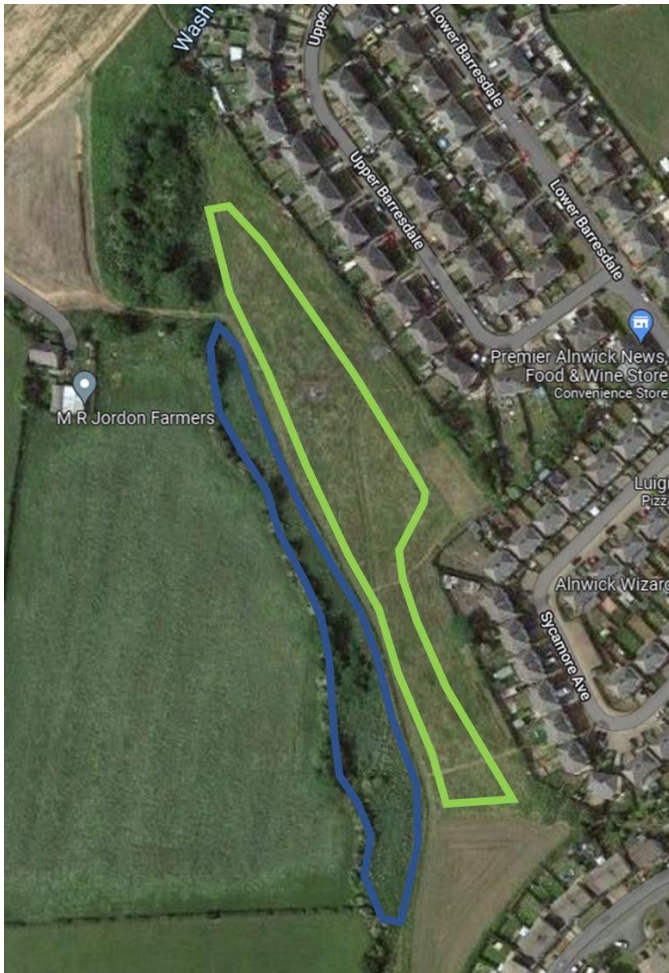
This is a new scheme. The County Council owns two areas of land on the north eastern edge of Alnwick to the rear of Sycamore Avenue & a former recreation ground to the rear of Alwynside/Lower Barrasdale.

The area to the rear of Sycamore Avenue is unused green space that could be used for tree planting activity to create a new amenity woodland area close to residential properties.

The area available for planting represents the northernmost ¾ of the site. It is proposed that the Blue edged area shown in the plan below would be planted to significantly broaden existing hedgeline. The Green edged area could be planted at a standard density (1.5m spacing) or at a density to provide more of a parkland setting (copses).

Consultation with local residents would be essential, which is likely to mean that any planting activity would need to be undertaken in the winter 2023/24 to allow time for community engagement over the design of the woodland and path layout.

Great Northumberland Forest funding (Woodland Creation Grant) could be applied to cover the costs of planting and aftercare – this would be a 5 month process so again aligns to winter 23/24 planting. No assessment has yet been made of the need for surfaced paths, though a Woodland Creation Grant is able to provide up to 100% of these costs.



The second of these new community woodland sites is connected to the land at the rear of Sycamore Avenue via a short walk countryside walk. The second site is an area of unused former sports pitches that again could be used for tree planting activity to create a new amenity woodland area close to residential properties.

This site has previously been used as a football/sports pitch and goalposts remain on site. Public access is in evidence and grass cutting operations have previously set out a number of routes.

The majority of the 2.8 hectare site is available for tree planting (either 2.5 metre spacing or copse planting) and the construction of paths, provided that any design incorporated two areas which are used as 'informal' football pitches.

Great Northumberland Forest funding (Woodland Creation Grant) could be applied to cover the costs of planting and aftercare - this would be a 5 months process so again aligns to winter 23/24 planting. No assessment has yet been made of the need for surfaced paths, though a Woodland Creation Grant is able to provide up to 100% of these costs.

Consultation with local residents and Alwick Town Council would be essential (the town council has previously indicated that part of the southern end of the site could be suitable space for the creation of additional allotments). The consultation

requirement is likely to mean that any planting activity would need to be undertaken in the winter 2023 to allow time for community engagement over the extent and design of the woodland and path layout.

It would be necessary to install on-site interpretation panels at both locations (cost £4,000) along with provision for seating (4 seats cost £5,400) – these elements would not be eligible for Woodland Creation Grant so a budget of ~£9,400 would be required for these items.



11. Queen's Garden, Tweedmouth

This is a new scheme. The Queen's Garden at Tweedmouth is an area of green space on the south bank of the R. Tweed at Tweedmouth, located between Berwick Old Bridge and the Royal Tweed Bridge, adjacent to the Tweedmouth War Memorial. Queen Elizabeth II visited the site in 1952.

The garden offers an excellent viewpoint looking across the R. Tweed towards Berwick and its Elizabethan Town Walls, with the Berwick bridges in the foreground.

Nearby to the park is the start of the Riverside Walk, a popular riverside pathway which runs along green space by the river with stunning views towards the Royal Border Bridge (rail bridge) and across the river to Castle Vale and Coronation Parks. It is proposed that the Riverside Walk could be renamed in honour of the late Queen, with 4 new benches being installed along the route and interpretation, with some scope for 'memorial' tree planting at a total cost of £12,000

12. Warkworth Beach – Creation of Picnic Site and Coastal Viewpoint

The Council currently provides a car park and public conveniences at the popular

Warkworth Beach beauty spot. It is proposed that an area of unused open green space within the site to the south of the surfaced car park is used to create a picnic site and visitor viewpoint through the provision of a short section of path from the car park into the green space and installation of picnic benches. This area offers a raised vantage point from which visitors would be able to look out across the River Coquet estuary, Amble Harbour towards Coquet Island – offering stunning views of this part of the Northumberland coast.

The cost of the proposed scheme is estimated at £12,000 and was already in development with the intention of being funded from NCC's Parks Enhancement Capital Programme, subject to Cabinet approval.

Summary – List of Potential Commemoration Schemes and Funding Requirements

Scheme Name	Estimated Cost	Status of Funding Arrangements	New Funding Required from Commemoration Scheme Provision
1. Eastwoods Park, Prudhoe	£113,446	NCC parks funding allocation agreed by CSG £108,466, with balance secured from external sources to construct new perimeter path.	None
	£2,000	Interpretation - Not secured but could make provision within parks budget	None
	£4,000	Community orchard – not secured but could make provision within parks budget	None
	£6,750	Park benches (5no) - not secured but could make provision within parks budget	None
2. Tyne Green, Hexham	£32,625	£10,000 secured from Network Rail. Balance of £22,625 not secured.	£22,625
3. Bolam Lake Country Park	£112,000	£20,000 available from sale of timber	£92,000.

4. Carlisle Park, Morpeth	£110,000	£70,000 provisionally available within NCC parks programme for improvement works within the park.	£40,000 (to deliver the refurbishment of the formal gardens to include new rose garden feature)
5. Isabella Heap	£123,500	Secured. NCC parks funding allocation agreed by CSG £25,000, with balance from external sources.	None
6. QEII Country Park, Ashington	£113,650	None secured	£113,650 (assumes all sections of new paths are included in the scheme)
7. East Cramlington LNR circular bridleway	£80,500	None secured	£80,500
8. Valley Park, Cramlington	£117,000	£112,000 Provisionally allocated from NCC Parks programme funds subject to CSG approval £5,000 MLIS contribution informally agreed pending confirmation	None
9. Cleaswell Hill Park, Choppington	£200,000	Increase NCC parks contribution to meet full cost of scheme.	None
10. Creation of Two Community Woodlands, Alnwick	TBC	Details of tree planting and path creation capital costs to be confirmed but expected to be met under woodland creation grant funding (England Woodland Creation Offer (EWCO)) but 5 months process so planting would be in winter 23/24.	None of tree planting and path creation

	£9,400	Not secured	£9,400 to meet seating and interpretation costs not eligible for Woodland Creation Grant funds
11. Queen's Garden, Tweedmouth	£12,000	Not secured	£12,000
12. Warkworth Beach	£12,000	£12,000 provisionally allocated within NCC parks improvement programme	None
		already provisionally allocated within NCC parks improvement programme.	
Total Additional funding Required			£370,175

Implications

Policy	The capital programme is part of the Medium-Term Financial Plan 2022-26. The plan supports the Corporate Plan.
Finance and value for money	The report outlines proposed project allocations and amendments to the approved Capital programme. The financial implications of these proposals are outlined in the main body of the report. The projects will be funded from the existing capital programme or external funding.
Legal	Subject to any contractual implications arising from the receipt of grant funding, there are no direct legal implications. The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 confirm that the matters within this report are not functions reserved to Full Council
Procurement	In line with all other capital expenditure, the additional spend will be subject to the Council's recognised procurement procedures.
Human Resources	Not applicable.
Property	The properties affected by the proposals are identified in the main body of the report.
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	Not applicable.
Risk Assessment	The risks associated with the proposals are regarded as acceptable but these risks will continue to be reviewed up to and during implementation of the proposals.
Crime & Disorder	There are no Crime and Disorder implications.
Customer Consideration	There are no Customer Considerations.
Carbon reduction	Carbon Reduction measures have been considered within each project and Carbon Impact Assessments have been completed for the relevant projects.
Health & Wellbeing	There are no Health and Wellbeing implications.
Wards	All wards.

Background Papers:

Medium Term Financial Plan 2022-26

Report sign off:

Authors must ensure that officers and members have agreed the content of the report:

	Name
Monitoring Officer/Legal	Suki Binjal
Executive Director of Finance and S151 Officer	Jan Willis
Interim Chief Executive	Rick O'Farrell
Portfolio Holder	Richard Wearmouth

Author and Contact Details

Mike Turner, Head of Property Services and Capital Programming
Mike.Turner@northumberland.gov.uk



Northumberland County Council

RECORD OF DECISION TAKEN BY LEADER

Title: Capital investment for Schools Broadband service improvement

Cabinet Member: Cllr Wearmouth

Decision Being Taken

To pursue award under the Everything ICT Framework agreement to:

- a) enter into a 3-year contract with Comms World for a schools broadband solution at a capital cost of £743,642 and an annual revenue cost of £201,805. Total cost to the council over 5 years of proposal is modelled at £-44k as detailed in the attached business case.
- b) The service will be re-charged by the Council to participating Schools, but the costs to Primary Schools will be “smoothed” to render it affordable to them and provide all schools with a single competitive price regardless of location.
- c) The costs to High Schools will be passed on to them directly by the Council, however they may request they be “smoothed” by the Council to spread their initial setup charges over five years.

This service would enable the Council to provide all participating Schools with a 1GB (Gigabit) connection, over 100 times faster than most Primary Schools receive today, combined with a market leading filtering and safeguarding service and a comprehensive support service.

Key Issues:

- The Council currently provides approximately 105 Primary Schools and 6 High Schools within the Northumberland region with internet connectivity services, as part of its overall offering to Schools. This service is reaching the end of its life.
- Most of the Primary Schools currently receive an extremely slow service, delivered over legacy copper technology. Many schools are receiving sub-10MB services, which is no longer suitable to meet their needs. Department for Education guidance states that Primary Schools should be provided with a minimum of 100MB speeds, delivered over fibre infrastructure¹.
- Schools require a fully filtered and secure connectivity service which provides real-time alerting of activity of concern, to support safeguarding of pupils when online.
- Due to advances in technology, the costs being paid by the Schools for this service is no longer competitive. This has led external providers to approach schools directly with alternative offers, and the schools community built by the Council is starting to fragment, with some schools having already moved to an external provider.
- Many schools, particularly Primary Schools, do not have extensive in-house IT capability, and rely on the Council service to provide such support.
- The Council has the unique opportunity to procure an alternative service, leveraging the size of the Schools community to deliver a service which delivers the required performance, service and value for money which would not be available in the market to individual schools.

Background

The Council currently provides approximately 105 Primary Schools and 6 High Schools within the Northumberland region with internet connectivity services, as part of its overall offering to Schools. This internet service is not a standard home/business internet service, as it must also enable granular filtering and alerting of internet usage by individual pupil, staff member or visitor, utilising services approved by the Department for Education.

Schools are not obligated to take these services from the Council and can use any suitably capable provider in the market to do so – in this instance, the

¹ <https://www.gov.uk/guidance/meeting-digital-and-technology-standards-in-schools-and-colleges/broadband-internet-standards-for-schools-and-colleges>

Council is effectively in competition with other market providers. However, the Councils view is that schools are “Stronger Together” – by leveraging their combined size and scale, the Council can provide a better service, at a more affordable cost, than the market can supply to schools on an individual basis. Furthermore, when combined with the Councils broader educational support offering, including IT support and curriculum services, the Council are able to provide schools with significant value, particularly to those schools who do not have a dedicated in-house IT function (such as Primary Schools).

The Council were recently awarded funding under the BDUK LFFN (Building Digital UK Local Full Fibre Network) programme to deploy fibre to most Council sites, including most schools. This is being deployed by BT Openreach and is reaching its conclusion. However, although installed, no active service has been procured on this fibre as yet, so it is not currently being used. There are also c.30 schools that have been migrated to Fibre Services under RGC (Rural Gigabit Connectivity) schools' pilot.

A procurement activity was initiated, and the Council released a Request For Proposal (RFP) on 1st April 2022 for a supplier to plan, design, migrate and manage the new solution. This was undertaken via an Education Services Framework, Everything-ICT, to speed up contract terms and conditions and procurement. The evaluation has now been completed, and a telecommunications provider Commsworld has been selected as preferred bidder.

Having reviewed offerings available from the private sector, and also the needs of Schools, it is the Councils belief that there is still a significant benefit in offering services directly to schools, particularly for Primary Schools, who do not usually have dedicated IT staff. By bringing Schools together as a community, the Council can leverage their size and scale to provide enterprise-level services at an affordable cost, something which schools could not procure independently.

Furthermore, the Council can consider alternative funding models across capital and revenue to suit, and modelling costs on to schools in a predictable, uniform manner, ensuring that smaller schools are not disadvantaged, and all schools can benefit.

Therefore, the recommended option is to procure a new service from the market, which meets the needs of the schools at an affordable cost, using the size and scale of the collective community, led by the Council, to do so.

Other Options Considered

Information services and education have considered the following alternative options:

- **Do nothing and allow the market to provide services.** We could choose to no longer provide a schools broadband service and allow schools to seek their own provision individually. This would put schools at a disadvantage, as they would have to negotiate as a single organisation, and services for smaller more rural schools will be unaffordable.
- **Continue with service provided by current supplier.** This was deemed inappropriate given the feedback from schools on the current performance and costs, and, given the likely outcome of Schools leaving the Council and taking services elsewhere, would effectively result in the Council choosing to no longer provide service, as above.

Implications Arising out of the Report

Policy	The recommendations of this report support the education priorities and the vision and values included in the NCC Corporate Plan.
Finance and value for money	The recommendations of this report enable the Council to provide Schools and pupils with a best value service, which they could not procure individually.
Legal	Minimal – procured under Everything-ICT framework.
Procurement	Procurement already engaged and facilitated RFQ
Human Resources	No impact
Property	No impact
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input checked="" type="checkbox"/>	No impact
Risk Assessment	There is a risk that not enough schools sign up to the service, which could make it financially unviable. Key mitigations are: <ul style="list-style-type: none"> • Based on market testing and discussions with Schools, the Council service represents good value for money, and an easy option for Schools, so they are likely to want to proceed with it.

	<ul style="list-style-type: none"> Contracts will not be signed with the Supplier until after Schools have provided commitment – if not enough schools sign up, it will not proceed.
Crime & Disorder	No Impact
Customer Consideration	Improved service to schools, children and broader service availability to residents.
Carbon reduction	Improved connectivity in communities can support home working and therefore contribute to lower carbon emissions from transport / commuting.
Health and Wellbeing	Supports delivery of home learning and helps address digital inclusion, providing better connectivity across the region.
Wards	All

Background papers:

[Business Case for Investment to improve Schools Broadband Services](#)

Report sign off.

Authors must ensure that relevant officers and members have agreed the content of the report:

	Full name
Monitoring Officer/Legal	Carol Humphries
Executive Director of Finance & S151 Officer	Jan Willis
Relevant Executive Director	Jan Willis
Chief Executive (acting)	Rick O'Farrell
Portfolio Holder(s)	Cllr Wearmouth
Leader of the Council	Cllr Sanderson

Author and Contact Details

Chris Thompson Chris.thompson01@northumberland.gov.uk_
Report Author

DECISION TAKEN

Leader of the Council

Subject: Schools Broadband Services

Consultation: Director of IT Consulted with the Portfolio Holder for Corporate Services, Cllr Wearmouth as well as Cllr Bawn as Chair of the Overview and Scrutiny Committee for Corporate Services and Economic Growth and Cllr Flux as Business Chair

Decision Taken: To proceed with contracting with proposed supplier in order to secure broadband services for schools.

Signatures of
Director/Officer/Portfolio Holder



Cllr Glen Sanderson
Leader of The Council

20th June 2022



Jan Willis – S151 Executive Director of
Finance

15th June 2022

Date: 20th June 2022

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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