



Northumberland County Council

Your ref:

Our ref:

Enquiries to: Karon Hadfield

Email:

Democraticservices@northumberland.gov.uk

Tel direct: 0345 600 6400

Date: 8 January 2024

Dear Sir or Madam,

Your attendance is requested at a meeting of the **CABINET** to be held in the Council Chamber, County Hall, Morpeth on **TUESDAY, 16 JANUARY 2024 at 10.00 AM.**

Yours faithfully

Dr Helen Paterson
Chief Executive

To Cabinet members as follows:-

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

Cabinet meetings are streamed live on the Council's Youtube channel, Northumberland TV at

[NorthumberlandTV - YouTube](#)



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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
- 12)

Minutes of the meeting of the meeting of Cabinet held on Tuesday 12 December 2023, 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 COMMUNITIES AND PLACE OVERVIEW AND SCRUTINY COMMITTEE** (Pages 13 - 20)
Planning Service Performance
To consider a report from the Committee on the above (Agenda Item 4).
5. **REPORT OF THE LEADER AND DEPUTY LEADER AND CABINET MEMBER FOR CORPORATE SERVICES** (Pages 21 - 38)
Budget 2024-25 and Medium Term Financial Plan 2024-28 Update
This report provides an update on the development of the 2024-25 Budget and the MTFP covering the period 2024 to 2028 following the publication of the provisional Local Government Finance Settlement on 18 December 2023 (Agenda item 5).
6. **REPORT OF THE DEPUTY LEADER AND CABINET MEMBER FOR CORPORATE SERVICES** (Pages 39 - 62)
Budget 2024-25 , Medium Term Financial Plan 2024-28 and 30 Year Business Plan for the Housing Revenue Account
The report seeks Cabinet approval for the updated Budget 2024-25, Medium Term Financial Plan (MTFP) 2024-28 and 30-year Business plan for the Housing Revenue Account (HRA) (Agenda Item 6).
7. **REPORT OF THE DEPUTY LEADER AND CABINET MEMBER FOR CORPORATE SERVICES** (Pages 63 - 70)
Notification of the Estimated Collection Fund Balances 2023-24 – Council Tax and Business Rates
To advise members of the estimated year end balances on the Collection Fund in relation to Council Tax and Business Rates for the year ending 31 March 2024 (Agenda item 7).
8. **REPORT OF THE DEPUTY LEADER AND CABINET MEMBER FOR CORPORATE SERVICES** (Pages 71 - 92)
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 (Agenda Item 8).
9. **REPORT OF THE CABINET MEMBER FOR SUPPORTING BUSINESS AND OPPORTUNITIES** (Pages 93 - 110)

Ashington Regeneration Programme – Update, Funding and Site Acquisitions

This report provides an update on the delivery of the Ashington Regeneration Programme and seeks approval for the strategic acquisition of the Wansbeck Square and Woodhorn Road sites from Advance Northumberland (Commercial) Limited to create the required development platform to enable implementation.

It further sets out the associated holding costs post-acquisition that the council will incur and requests an allocation of £160,000 revenue to meet these costs in 2023/24 and 2024/25 from the Regeneration Reserve Development Fund.

The report also seeks approval for the development and submission of an outline bid for £2.5m to the North of Tyne Combined Authority's Northumberland Line Economic Corridor Investment Programme which, if successful, will provide important match funding for the redevelopment of Wansbeck Square Strategic Site (Agenda Item 9).

10. REPORT OF THE CABINET MEMBER FOR INSPIRING YOUNG PEOPLE

(Pages
111 -
126)

National Funding Formula & School Funding 2024-25

To update Cabinet regarding the National Funding Formula (NFF) and the implications for 2024/25 School Funding in Northumberland (Agenda item 10).

11. 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.

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)

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Agenda Item 2

NORTHUMBERLAND COUNTY COUNCIL

CABINET

At a meeting of the Cabinet held at County Hall, Morpeth on Tuesday 12 December 2023 at 10.00 am.

PRESENT

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

CABINET MEMBERS

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

OFFICERS IN ATTENDANCE

Aviston, S.	Head of School Organisation
Bradley, N.	Executive Director for Adults, Aging & Wellbeing
Gerrard, S. (remote)	Director of Law and Governance
Hadfield, K.	Democratic and Electoral Services Manager
Kingham, A.	Executive Director for Children, Young People and Education
Masson, N.	Deputy Monitoring Officer
Neilson, S.	Executive Director for Place and Regeneration
O'Neill, G.	Executive Director for Public Health (DPH), Inequalities & Stronger Communities
Paterson, Dr H.	Chief Executive
Willis, J. (remote)	Executive Director for Transformation and Resources (S151)

One member of the public was present.

48. MINUTES

RESOLVED that the minutes of the meeting of Cabinet held on 7 November 2023, as circulated, be confirmed as a true record and signed by the Chair.

49. REPORT OF THE DEPUTY LEADER AND CABINET MEMBER FOR CORPORATE SERVICES

Budget 2024-25 – Draft Engagement Document

The report set out the draft Budget Engagement document for 2024-25 (attached as Appendix 1).

The report was presented by Councillor Wearmouth. This would be discussed at Local Area Committees soon. No changes to service provision were proposed.

RESOLVED that the Draft Budget Engagement Document be agreed as the basis for consultation with residents, business and partners on the 2024-25 Budget proposals.

50. REPORT OF THE DEPUTY LEADER AND CABINET MEMBER FOR CORPORATE SERVICES

Budget 2024-25 and Medium-Term Financial Plan 2024-2028

This report provided an update on the development of the 2024-25 Budget and the Medium-Term Financial Plan (MTFP) covering the period 2024 to 2028.

The Leader made some introductory comments on the report and referred particularly to the three corporate priorities. The report was then presented by Councillor Wearmouth.

RESOLVED that:

- (a) Cabinet review and note the revisions to the assumptions (and the risks) within the 2024-25 Budget and Medium-Term Financial Plan;
- (b) Cabinet note that further work is required to refine and finalise the Medium-Term Financial Plan;
- (c) Cabinet note that the revenue implications of the Capital Programme are still to be updated; and
- (d) Cabinet note that there are still budget balancing measures required to be identified over the term of the Medium-Term Financial Plan and that it is intended that budget balancing measures for the two years 2024-25 and 2025-26 are agreed at the full Council meeting on 21 February 2024.

51. REPORT OF THE DEPUTY LEADER AND CABINET MEMBER FOR CORPORATE SERVICES

Setting of the Council Tax Base

The report advised Cabinet of the tax base calculation for 2024-25 for all domestic properties liable to pay council tax. The tax base had to be set by the statutory deadline of 31 January 2024.

RESOLVED that Cabinet approve the council tax base for 2024-25 as detailed within Appendix A, equating to 112,185.46 Band D equivalent dwellings. This is an increase of 2,033.16 Band D equivalents from 2023-24.

52. REPORT OF THE DEPUTY LEADER AND CABINET MEMBER FOR CORPORATE SERVICES

Risk Management Report Update

The report informed Cabinet of the latest position of the County Council's corporate risks following review by Executive Management Team and Cabinet portfolio holders, and provided an update in relation to the Council's risk management arrangements.

The report was introduced by Councillor Wearmouth.

RESOLVED that:-

- (a) Cabinet agree the contents of the report in accordance with its responsibility for ensuring effective risk management throughout the organisation; and
- (b) Cabinet note that this report will be presented to the next meeting of Audit Committee as a source of assurance in its role of monitoring the effective development and operation of risk management and risk-related issues across the County Council, and as part of its ongoing evaluation of the framework of governance, risk management and control within Northumberland County Council's accounting group boundary.

53. REPORT OF THE DEPUTY LEADER AND CABINET MEMBER FOR CORPORATE SERVICES

Financial Performance - Position at the end of September 2023

The report informed the Cabinet of the current and forecast financial position for the Council against the Budget for 2023-24.

The report was introduced by Councillor Wearmouth. It was good to note that the Council was in a comfortable position and the modest projected overspend was likely to be reduced by the end of the financial year. He thanked all of the service teams for their work.

RESOLVED that:

- (a) Cabinet approve the re-profiling to the Capital Programme of £55.961 million from 2023-24 to 2024-25 to reflect estimated expenditure levels in the current financial year; and.
- (b) Cabinet note:
- the projected overspend on services of £0.593 million and the assumptions outlined in this report.
 - the projected net overspend of £0.949 million after accounting for outstanding inflationary pressures and the utilisation of the Exceptional Inflation Reserve and contingency.
 - the supplementary estimates at Appendix A and the required changes to the budgets.
 - the delivery of the approved savings at Appendix B.
 - the use of the contingency shown at Appendix L.
 - the use of reserves shown at Appendix M.
 - the virements requested by services shown at Appendix N; and
 - the details of capital project reprofiling shown at Appendix O.

54. REPORT OF THE DEPUTY LEADER AND CABINET MEMBER FOR CORPORATE SERVICES

Q2 Corporate Performance Report

This report provided a summary of the progress against the Council's three Corporate Plan priorities using the Council's performance at the end of Quarter 2, 2023/24 (Q2).

Councillor Wearmouth presented the report, highlighting some of the key points.

Councillor Stewart welcomed the messages which had been put on social media to address some of the abuse which Council staff had experienced at the hands of the public. This was not acceptable. Councillor Wearmouth agreed that it was important for the public to realise that Council staff had a job to do and that they should be treated with respect.

Councillor Watson commented that the vast majority of the targets were achieving good results which was excellent news and compared favourably with many other Councils. The Leader added that action was being taken in those areas where it was needed.

RESOLVED the progress against the three Corporate Priorities as summarised in the report be noted.

55. REPORT OF THE DEPUTY LEADER AND CABINET MEMBER FOR CORPORATE SERVICES

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.

RESOLVED that:

(1) Blyth Relief Road

- (a) Cabinet authorise the allocation of £0.561 million from the 2023-24 budget allocation for the Salt Barns project to the Blyth Relief Road project. Then subsequently reallocate £0.561 million from the Blyth Relief Road project to the Salt Barns project in 2024-25; and
- (b) Cabinet authorise the amendment of the Medium-Term Financial Plan spend profile for the Blyth Relief Road as set out in Table 2.

(2) Kyloe House New Recreation Area

- (a) Cabinet approve spend of £0.271 million for a recreation area and secure walls to the High Dependency Unit at Kyloe House. Note the spend is externally funded by the Department for Education (DfE); and
- (b) Cabinet authorise the amendment of the capital programme as outlined in the spend profile in Table 1.

(3) Kyloe House New Media System

- (a) Cabinet approve spend of £0.043 million for a new media system at Kyloe House. Note the spend is externally funded by the Department for Education (DfE); and
- (b) Cabinet authorise the amendment of the capital programme to include the proposed spend in 2023-24

56. REPORT OF THE CABINET MEMBER OR CARING FOR ADULTS

Adaptations for Disabled People

Cabinet was informed about additional Disabled Facilities Grant funding received from Government, and was asked to consider the case for revisions to the Council's discretionary grants policy.

The report was presented by Councillor Pattison. She drew members' attention to the key points and stressed the need for these revisions to the policy.

Councillor Jones welcomed this as the limitations of the previous scheme had been of concern and had caused distress. She endorsed the proposal to make these improvements, which would also contribute to the tackling inequality priority.

RESOLVED that:-

- (a) Cabinet approve the revised version of the Council's discretionary housing grants policy attached as the Annex to the report, which adds to the existing policy two new elements:
- a scheme under which non-means-tested grant of up to £6500 (a figure which may be revised to take account of changing costs) will be offered to fund the cost of urgently-needed adaptations for people with a rapidly-progressing health condition that is expected to result in their death;
 - the transfer to the adaptations budget of funding responsibility for ceiling track hoists, which are currently funded through the Council's equipment loan service, and an amendment to the discretionary grant policy to enable the full cost of this adaptation to be covered by grant, so that people who need it will still not be required to contribute towards the cost, regardless of their financial means;
- (b) the Executive Director for Adults, Ageing & Wellbeing be requested to prepare a future report on the options for further changes to the discretionary housing grants policy, at a point when the future level of costs chargeable against the capital grant from the Government for adaptations and other social care capital costs can more confidently be predicted; and
- (c) Cabinet confirm the inclusion of the additional Disabled Facilities Capital Grant funding of £290,484 in 2023/24 to the Council's capital plan, and note that a small further addition to the national total of this Capital Grant is expected in 2024/25, though the allocation of 2024/25 funding between local authorities has not yet been confirmed.

57. REPORT OF THE CABINET MEMBER FOR INSPIRING YOUNG PEOPLE

Outcomes of the Tender for New School Buildings for Astley High and Whytrig Middle Schools

The report updated Cabinet on the outcomes of the tender process for the construction of new school buildings for Astley High School and Whytrig Middle School and sought delegated approval to award the construction contract.

An outline capital allocation for investment in Education had already been made within the Council's medium term capital programme of £37,097,847. The Final Business Case sought to confirm the capital required for the construction and management of the proposed scheme, being £50,124,185.

The report was presented by Councillor Renner Thompson. He advised that this was the next stage in the Council's leading programme of school investment. He then detailed the key points of the report.

Councillor Wearmouth welcomed that this project was finally happening as so much work had gone into it to develop the final solution.

The Leader added that he was also pleased to see this taking place as many projects of this size would have been delayed or cancelled. The details of the leisure side still needed to be sorted out.

RESOLVED that:-

- (a) Cabinet note the outcomes of the tender process and agree to delegate the final award of contract to the Chief Executive in consultation with the Leader of the Council;
- (b) Cabinet agree to issue an early works instruction as an extension of the current preconstruction services agreement (PCSA) up to the value of £1.4m to prevent any increases in cost or delays in programme until the award of contract is complete in February 2024; and
- (c) Cabinet note the revised allocation of £50,427,220 capital funding (an increase of £13,282,200, £10,282,200 NCC borrowing, which is subject to Full Council approval) to amend the Council's Medium Term Financial Plan 2024-28 to deliver the scheme.

58. REPORT OF THE CABINET MEMBER FOR INSPIRING YOUNG PEOPLE

Education, SEND and Skills Report 2022-23

The Annual Report 2022-23 highlighted actions and progress against the key priorities for Education, SEND and Skills 22-24.

The report was presented by Councillor Renner Thompson. The excellent results spoke for themselves and with the investment in vocational skills, the service was coming on leaps and bounds.

In response to a question from Councillor Stewart regarding the breadth of provision in SEND across the County, Councillor Renner Thompson replied that there had been a 75% increase in Plans since 2020, largely due to the effects of the pandemic. There had been a significant investment in physical premises across the County with the development of a number of new facilities. This provided coverage across the County, and more educational psychologists were being employed to get ECHP plans completed as soon as possible.

Councillor Pattison thanked the Executive Director and her team for their work to develop the curriculum to meet an identified need.

RESOLVED that:

- (1) Cabinet agree that Members provide scrutiny and challenge to the service responses and developments detailed in the Education, SEND and Skills Annual Report for 22-23 as appropriate;
- (2) Cabinet receive and review the annual report and recognise the performance given the continued challenges in bouncing back from the impact of the pandemic;
- (3) Cabinet note the education achievements of our children, young people, and residents across Northumberland in 2022/23; and
- (4) Cabinet note the valuable support provided to all learners within:
 - Early Years Settings and Schools
 - Special Education Needs support and service
 - Virtual School
 - Learning and Skills Service
 - School Organisation and Resources

59. REPORT OF THE CABINET MEMBER FOR PROMOTING HEALTHY LIVES

Northumberland Leisure and Wellbeing Procurement and Provision

The report provided an update to Cabinet following the conclusion of the Leisure and Wellbeing Service procurement process. The report also sought permission to implement arrangements to ensure continuity of provision for the six community facilities excluded from the core contract from 1 April 2024.

The report was presented by Councillor Watson. He advised members this was the end of a long and complicated procurement process. It had not been easy, and he paid tribute to the team and the officers involved for their meticulous work. The resulting proposal offered a first class leisure service, and he detailed each of the individual proposals for each leisure centre, recommending that Cabinet accept them.

Councillor Wearmouth commented that the service had been in a poor position when the current Administration had taken over in 2017 and sustained efforts had been made since then to get things back on track. He felt that the Authority was leading the way nationally in this service now, which had been a major journey and would complete the tidying up of the portfolio. He thanked the Active Northumberland staff, some of whom would transfer over into the new arrangements.

Councillor Watson echoed this. Active had done a great job in the last eight years and had worked co-operatively in the changeover.

RESOLVED that:-

- (a) Cabinet acknowledge that the delegated authority decision notice was approved on 14th November 2023 enabling the award of this contract to be made by the Executive Director of Public Health, Inequalities and Stronger Communities to the successful operator, to deliver the Northumberland Leisure and Well-being Service;
- (b) Cabinet note and accept the report as a conclusion of the leisure procurement conducted in accordance with the Contract Concessions Regulations 2016;
- (c) Cabinet agree, in principle, that the Dave Stephens Centre and Blyth Beach Huts are packaged within a combined Community Asset Transfer to Blyth Valley Enterprise from 1 April 2024, and that the transfer is supported with a one-year revenue allocation of £50,000 and a £72,000 capital allocation to cover outstanding maintenance;
- (d) Cabinet agree that responsibility for the management of Northburn Sports and Community Centre is transferred to Northumberland County Council from 1 April 2024 with a two-year revenue contribution of £58,000 per annum;
- (e) Cabinet agree that responsibility for the management of Druridge Bay Fitness Centre is transferred to Northumberland County Council from 1 April 2024 with a two-year revenue contribution of £61,000 per annum;
- (f) Cabinet agree that responsibility for the management of Rothbury Sports Centre is transferred to Northumberland County Council from 1 April 2024 with a two-year revenue contribution of £48,000 per annum;
- (g) Cabinet agree to support Hirst Welfare Centre Trustees to commence management of the Hirst Welfare Centre from 1 April 2024 with a year one contribution of £250,000, a year two contribution of £180,000 and a year three contribution of £100,000 (funded from the Public Health Grant); and
- (h) Cabinet note the preferred bidder and the outcome of the procurement exercise is Places for People Leisure Management Limited (PfPLM).

60. REPORT OF THE CABINET MEMBER FOR LOOKING AFTER OUR COMMUNITIES

Merger of North and South Northumberland Coroner Areas

The report sought Cabinet approval to the proposed merger of the North and South Northumberland Coronial areas and the Business Case for the merger, detailed in the confidential appendix elsewhere on the agenda.

The report was presented by Councillor Stewart. He thanked the Coroners' Court and all those involved for their work on this.

RESOLVED that Cabinet agree:-

- (a) to the merger of the North Northumberland and the South Northumberland Coronial areas and to endorse the Business Case for the merger included on the agenda as a confidential appendix for submission to the Ministry of Justice;
- (b) that the name of the new service will be the 'Northumberland Coroner Area';
- (c) to authorise the Executive Director of Public Health, Inequalities and Stronger Communities in consultation with the Portfolio Holder for Looking After our Communities to take all necessary steps to progress the Business Case including (but not limited to) making amendments or adjustments to the Business Case and to authorise the submission of the Business Case to the Ministry of Justice on behalf of the Authority; and
- (d) to authorise the Executive Director of Public Health, Inequalities and Stronger Communities, in consultation with the Portfolio Holder for Looking After our Environment, to take any further steps necessary to facilitate the merger of North and South Northumberland Coronial areas on behalf of the Authority.

61. REPORT OF THE CABINET MEMBER FOR LOOKING AFTER OUR COMMUNITIES

PFI Furniture, Fixtures and Equipment (FF&E) Responsibilities

The report provided the detail of this provision and sought Cabinet approval for the removal of the loose furniture, fixtures and equipment (FF&E) element of the current North East Fire & Rescue Authority (NEFRA) Private Finance Initiative (PFI) contract. The proposal had potential to achieve a total efficiency of £1,375,750, from its proposed effective date of 1st April 2022 to the expiration of the contract in 2035/36.

RESOLVED that

- (a) Cabinet approve the removal of the FF&E element of the current NEFRA PFI contract, in order to realise efficiencies in the region of £1,375,750 from its proposed effective date of 1st April 2022 up to the expiration date of the contract in 2035/36 and delegates authority to the Chief Fire Officer to authorise the deed of variation to be entered into, to effect this variation; and

- (b) an earmarked reserve be created to facilitate an alternative more cost effective solution for FF&E ongoing repair, maintenance and parts, following the proposed withdrawal from the existing FF&E element of the current NEFRA PFI contract. The reserve will be created from the remainder from the efficiency saving of £1,375,750 after the existing savings target of £60k pa has been realised.

62. 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
19	Paragraph 3 - Information relating to the financial or business affairs of any particular person (including the Authority holding that 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.
20	Paragraph 3 - Information relating to the financial or business affairs of any particular person (including the Authority holding that information).
AND	The public interest in maintaining the exemption outweighs the interest in disclosure because disclosure would prejudice the ability for Northumberland County Council to obtain a competitive price through the re-tendering of the design and build contract .
21	Paragraphs 1 and 3 – Information relating to an individual (1) and Information relating to the financial or business affairs of any particular person (including the Authority holding that information) (3).
AND	The public interest in maintaining the exemption outweighs the interest in disclosure because disclosure could adversely affect confidence in the Authority’s ability to maintain the personal data of individuals.

The following three confidential appendices relating to matters in the open part of the agenda were noted.

63. REPORT OF THE DEPUTY LEADER AND CABINET MEMBER FOR CORPORATE SERVICES

Risk Management Report Update

64. REPORT OF THE CABINET MEMBER FOR INSPIRING YOUNG PEOPLE

Outcomes of the Tender for New School Buildings for Astley High and Whytrig Middle Schools

65. REPORT OF THE CABINET MEMBER FOR LOOKING AFTER OUR COMMUNITIES

Merger of North and South Northumberland Coroner Areas

CHAIR.....

DATE.....

COMMUNITIES AND PLACE OSC

REPORT TO CABINET

16 JANUARY 2024

Planning Service Performance

At the meeting of the Communities and Place OSC held on 29 November 2023, at the request of the Committee, Rob Murfin, Director of Housing and Planning presented a report which provided an overview of the performance monitoring and assurance arrangements currently in place for the Local Planning Authority function of the Council. Councillor Colin Horncastle, Portfolio Holder for Looking After Our Environment was also in attendance.

Also in attendance:

Nick Oliver (Chairman), Mark Mather (Vice Chairman), Eileen Cartie, Anne Dale, Brian Gallacher, Jim Lang, Nick Morphet and Jeff Reid.

The following is an extract from the draft minutes of the meeting:

The purpose of the report was to provide an overview of the performance monitoring and assurance arrangements currently in place for the Local Planning Authority function of the Council. (A copy of the report was enclosed with the signed minutes).

The Director of Planning and Housing explained that officers had to balance a large number of performance indicators, including speed, quality of outcome, and delivery, all whilst reflecting public opinion. This was not always possible as it often resulted in one (or more) parties being dissatisfied. If emphasis was placed on one metric, it often impacted on others. This was demonstrated via a focus on the performance of major applications determined within 13 weeks during/after the pandemic to aid economic recovery, which had resulted in a dip in performance of minor applications determined within 8 weeks. The latter had since improved.

Benchmarking was undertaken with other local authorities as well as officers leading on national work in areas such as validation and performance agreements. Some elements of performance could be improved, such as speed, if an approach was adopted which refused applications within an early timeframe if they were not up to standard. However, he explained that this Council worked with applicants to secure investment, which was reflected in the higher-than-average approval rate.

It was noted that there were fewer complaints upheld against the Council by the Local Government Ombudsman (LGO) and the merit of decisions by the Planning Inspectorate, than the national average. For many of the key performance indicators, the Council was in the top 25% of authorities and top 1% for some

indicators. For reference, there were 470 local authorities who dealt with planning applications.

The following information was provided in response to questions raised by members:

- The Council met all statutory targets.*
- When an application was received, advice was obtained from technical bodies such as the Lead Local Flood Authority, Environment Agency, Natural England, National Highways to see how schemes could be improved. A balancing exercise was also sometimes required of the differing responses from statutory consultees whilst responding to concerns raised by members of the public, or town and parish councils.*
- Some delays arose by insufficient information being submitted by applicants. Officers had participated in a national piece of work to review how applications were validated with a view to increasing the quality of submissions. A triage approach was now being adopted with some non-starter applications being refused at an earlier stage rather than spending many months working on them. This had to be balanced against losing more appeals if too many applications were refused.*
- Training sessions had been held for town and parish councils to improve understanding as well as the quality of residential development through the production of design guides.*
- Requirements by Government included the delivery of the majority of affordable housing through the land use planning system, biodiversity net gain and ecological improvements.*
- The Council was in the top 15 LPAs for the highest number of major planning applications received per year and an average total number of applications annually of between 5,000 to 6,000. Balancing the various elements resulted in either a developer, resident, or government being upset or not delivering the Council's corporate priorities.*
- A copy of a recent LGA report would be circulated which referred to the increasing backlog of enforcement activity which was being experienced by English local authorities. The Council had adopted a new enforcement strategy in February 2023 which focused on major schemes rather neighbour disputes. Comparison was made with the number of enforcement officers employed by the district councils prior to Local Government Reorganisation (LGR) of 1.5-2.5 which equated to between 1-15 officers and 4.5 officers across the county now. It was noted that as enforcement activity did not generate fee income, it was difficult to justify enforcement staff.*
- Approximately 20,000 emails were received annually in the central planning mailbox with 26,000 comments entered via the public access system all of which had to be actioned or responded to. Officers therefore had to be firm as to when they would respond to correspondence although some local authorities did not permit any form of direct contact.*
- New planning applications fees were to be introduced which had been incorporated into budget assumptions. The matter of enforcement was to be considered by the Senior Leadership Team and whilst it was not expected that there would be a return to pre-LGR staffing levels, it was hoped 4 enforcement teams could be established which mirrored the Development Management*

structure rather than one central team, with an increase in the number of enforcement officer.

- Discussions were being held with the Monitoring Officer regarding the creation of a rolling fighting fund to be utilised for taking direct action rather than existing budgets, which would see a charge placed on land and when monies were recovered, this would be returned to the fund.
- There had been a significant increase in the number of enforcement notices served by this authority over the last 18 months following a more assertive approach, which had stretched resource to capacity. It was suggested that more could be done to raise awareness of successful cases similar to the press releases issued by Public Protection for successful prosecutions.
- Enforcement notices were drafted by the Planning Enforcement Officers which were then checked by legal who also had to co-ordinate who the notice was served on which included any party with an interest in the land and not just the person who had undertaken the unauthorised activity but also the owner of the land and mortgage company. The legal team also drafted section 106 notices as well as work for housing and other departments across the council with a finite resource.
- Senior officers received many emails from members querying enforcement action being taken as well as advocating zero tolerance. Some cases were down to genuine mistakes, acting on bad advice from a contractor /builder or wilful disregard. More direct action was being taken; however, it was extremely expensive, and consideration needed to be given on how costs were recovered.
- The Council was required to produce an annual Infrastructure Funding Statement (IFS) which summarised all financial and non-financial developer contributions each financial year. A copy of the IFS for 2021/22 would be recirculated.
- There had been underperformance of the delivery target for affordable housing for the last 12 months as stated within the report on Corporate Performance. However, approximately 1,400 units had been negotiated which were built at a slower rate than the negotiation of agreements. It was suggested that it would have been more helpful to provide an additional explanation regarding the time lag. Different routes to delivery were being used in the event of the market slowing which would also impact on the delivery of affordable housing. The 7-year period coincided with the housing need assessments carried out as part of the work for the local plan. 2016 was the starting period for the current land supply strategy. The target was for 17% of market housing to be affordable. The annual average equated to 16.4% which was just below the aforementioned figure identified in the latest countywide needs assessment. In conclusion, there were sufficient agreements in place to ensure delivery of affordable housing over the next few years. However, this was supplemented by the Council's own build programme through partnership working with Homes England, North of Tyne Combined Authority etc to lever in additional funds to enable this.
- The new Northumberland Local Plan set higher standards in many areas including quality and sustainability. The strength of this could be monitored via the successful defence of appeals, which at 82% was higher than the national average of 63%. The local plan was a set of guiding principles and set out where applications would be approved or refused, unless there were compelling reasons to do otherwise, for example where the quality of a scheme was not of a high enough standard or very special circumstances in the Green Belt.

- Staff turnover had not been aided by direct emails from another local authority inviting planning officers to apply for jobs. A number of others had left for jobs with the Planning Inspectorate. The latter could be taken as compliment on the quality of the Council's staff and training. New staff participated in an internal training programme which included technical aspects and decision making etc.
- Appendix A of the report set out 108 types of planning applications all of which had different validation requirements, different information requirements and different procedures and occasionally an error occurred, however, the council performed better in respect of LGSCO complaints than the local authority average and also with other areas within the county council.
- Special training had been held on highways matters which generally related to capacity, design or road safety issues. More training by Highways officers would perhaps be beneficial to explain the background for decisions including recent changes to legislation which required reasons for refusal on highways grounds only if there was a severe impact, the role of road safety audits, sustainable transport and active travel.
- Enhancements had been made to the pre-application process for complex schemes with a view to assisting the development industry submitting applications which met the council's requirements, saving money and time, enabling problems to be solved at an earlier stage. As this had only been introduced in October 2023, it would be beneficial to review the process and impact after 12 months.
- Clarification was provided on the various types of affordable housing which gave options to suit people with different personal circumstances.
- The local plan incorporated provision to permit affordable housing, in locations where market housing would be refused which would be and would aid provision in rural areas via Neighbourhood planning and community led housing processes.
- If an enforcement notice was served due to an extension, for example, not meeting building regulations or planning requirements and although not followed up, this would be problematic for most people in society as they would not be able to sell their house.
- Officer undertook expediency tests on potential enforcement cases where there might be a minor technical breach or to prevent becoming involved in protracted neighbour disputes.
- Only applicants could appeal to the Planning Inspectorate and often these were for non-determination within the specified period rather than refusal. The Council was also successful in defending many of these cases.
- Whilst regular surveys were completed which included resourcing, it wasn't easy to make direct comparison due to different local authorities including different elements. Northumberland County Council had carried out benchmarking with Durham County Council as part of a restructure several years ago as they were similar in size at that time and had employed more officers, but current data was not available. A restructure would be needed in the near future to respond to The Levelling-Up and Regeneration Act.
- The Enforcement Strategy included a flow chart which set out the process.
- Minor costs had been awarded against the Council for minor applications. Significant costs had been awarded against the Council in respect of historic decisions on major schemes in New Hartley and Lancaster Park, Morpeth where there had been a planning hearing, but these were generally rare compared to some cases in the Southeast England.

- *The Council set stretch targets were set above all of the national targets and the Enforcement Team had been tasked to close cases as quickly as possible. An aggressive target had been useful in pushing performance.*
- *NCC had partnered with the London Borough of Redbridge Council several years ago as they performed exceedingly well on speed-based performance indicators. However, it was noted that they were operating under different market conditions where there would be alternative schemes waiting if permission was refused on a site, unlike the position in this county where inward investment often had to be encouraged in a weaker market. Whilst they refused permission very quickly, the approach was likely to be less successful in Northumberland as it would be more difficult to achieve affordable housing outcomes. The planning reform could see more refusals despite being labelled as developer friendly.*

Several members expressed their appreciation for the information contained in the report. They also commented on the following:

- *A Local Government and Social Care Ombudsman (LGSCO) report had resulted in changes to procedures to ensure assessments were documented.*
- *Planning officers in Northumberland were dealing with almost double the average case allocation during peak periods compared with typical English LPA allocations (as documented on page 44 of the papers). Enforcement officers were working under similar caseload pressures and also enormous expectations.*
- *Changes of planning officers had resulted in different opinions.*
- *Whether any delays in the issuing of enforcement notices were due to the time taken by the legal team and whether there was evidence to substantiate this. Others noted that following the correct legal process could take many years. It was also queried whether cases should only be progressed where success was guaranteed.*
- *Planning officers carried out a difficult role which was demonstrated by the turnover of staff leaving for other jobs which offered more money and a reduced workload. It was important to ensure new staff understood planning policies and procedures.*
- *The robustness of the recently adopted local plan and settlement boundaries.*
- *Frustration with strength of enforcement powers, particularly where construction had been halted following the serving of an enforcement notice and schemes were not progressed.*
- *It would be useful to receive more information on numbers rather than percentages.*
- *It was difficult to contact the planning helpline or have dialogue with officers.*
- *There was concern regarding the delivery of affordable housing, particularly in rural areas. Concern that affordable housing targets were not being met and could struggle to be achieved in future years with difficult markets or unexpected conditions on site.*
- *More information was requested on resourcing, the enforcement process and the costs awarded against the Council. How had resourcing changed over the years and how it compared to other councils.*
- *It would be helpful to create a chart for a 7-year period which showed:*
 - *The number of houses delivered each year;*
 - *The percentage delivered which were affordable housing;*

- *The number of permissions granted;*
- *The percentage permitted which were affordable housing.*

The Director of Planning and Housing gave a short update on The Levelling-Up and Regeneration Act 2023 which had been given Royal Assent in October 2023 which intended to facilitate growth in all parts of the country. The summary on planning matters included:

- *Development Plans (Local and Neighbourhood) - introduction of supplementary policies into “supplementary plans” as part of the development plan to support regeneration work in a town.*
- *National Development Management Policies (NDMP) – introduction of standard NDMPs which will form the starting point for evaluating all planning applications, driven by a request for consistency from the private sector for firms operating in different parts of the country. These could potentially be more restrictive in some areas. Development proposals not in accordance with the development plan and NDMPs must demonstrate material considerations that strongly supported a proposal otherwise there would be an even greater presumption against development that is not in accordance with policy.*
- *Heritage – strengthen arrangements for heritage and listed buildings with a new duty to have “special regard” to the desirability of preserving or enhancing specified heritage assets for plan-making and decision-taking. Emphasis was placed on ‘enhancing’ and that plans must be of good quality to be approved. Stop notices were to be introduced for listed buildings.*
- *Street Development Orders - following a similar principle to existing “local development orders” (or LDOs) in the sense that they allow for specified classes of development to be given planning permission, without needing a separate planning permission, for example, solar panels on roofs in a street, potentially similar to neighbourhood plan work.*
- *Expansion of the different types of planning applications listed in Appendix A.*
- *Commencement Notices – where construction had been started within 3 years of the planning permission having been granted, this would give powers to compel a developer to finish the work. More information was awaited on ‘the alleged circumstances of potential breaches of slow progress’.*
- *Planning Enforcement – the immunity period was to be extended from four years to ten years for a breach of planning control before it would be deemed lawful.*
- *Infrastructure Levy – to replace Section 106 agreements or Community Infrastructure Levy (CIL). Every developer would be required to pay an amount on meter² which would then be placed in a fund and allocated as per the local strategy and with local discretion on the rates charged across the county. If the system worked similar to the CIL provisions, town and parish councils would receive between 15-25% automatically if neighbourhood plans and action plans were in place to specify the allocation of funding. There had been concerns previously regarding the implementation of a tariff-based funding arrangements, the new system was expected to deliver the same, if not more, affordable housing.*
- *Areas of Outstanding Natural Beauty to be rebranded as ‘National Landscape’ areas with powers closer to those of National Parks. New management plans would be required.*

He concluded his update by referencing new planning performance measures in section 6 of the report which he was pleased to report that the Council already measured. Higher performance could be achieved if more applications were refused shortly after submission, rather than working proactively with applicants and statutory consultees to address issues. However, this would impact on the objectives of the Corporate Plan, Tackling Inequalities and Driving Economic Growth.

Members suggested that it would be beneficial if the new supplemental plans could be utilised to aid affordable housing in rural areas.

In answer to a question, the Director of Planning and Housing stated that information was awaited as to whether a 200% fee would be introduced by for retrospective applications once the new fee structure was bedded in, as there was to be an annual increase in fees.

Councillor Colin Horncastle, Portfolio Holder for Looking After Our Environment, commented on his satisfaction in seeing the contents of report which set out performance measures from validation to decision making and enforcement which exceeded most Government targets and stretch targets. He was therefore disappointed with what he perceived as criticism of the planning department and officers' morale given their workloads and willingness to do extra, such as planning training. He confirmed that enforcement and affordable housing was regularly monitored and acknowledged that the latter was particularly hard to deliver in the north and west of the county. He referred to a recent Affordable Housing Policy Conference which had been held as a hybrid meeting to facilitate attendance remotely, but less than half of councillors had participated. Identification of potential plots of land required suggestions by ward members, particularly in rural areas.

He also made reference to the new Enforcement Strategy and a number of different circumstances, where parties opposed to a planning application, would monitor and log issues which had to be recorded and investigated. Not all would be considered significant.

The Chair commented that the role of the meeting was to scrutinise and that the systems within the Council and planning department were working well and exceeding government targets. Members had strong opinions regarding enforcement as issues were regularly raised by residents in their wards. They were reassured that the Portfolio Holder and Senior Leadership Team were monitoring and looking for ways to address issues. The committee were keen to ensure that the Planning Team were supported given the concerns regarding caseloads and increasing resources.

The Director of Planning and Housing made reference to the different types of enforcement activity undertaken by the Council which in addition to planning matters, included licensing, building control and public protection and potentially involvement by multiple departments. He commented that he was in discussion with the Monitoring Officer regarding:

- *The establishment of an Environmental Enforcement Board, possibly with elected member representation, to identify priority cases and lead departments.*

- *The role of members to identify rural exception sites for affordable housing, working with communities and parish and town councils to ascertain if there was consensus in the local community before these were brought to planning.*
- *Potential circulation of a comprehensive social and affordable housing data report, on a quarterly or half yearly basis.*

He confirmed that the presentation and video from the Affordable Housing Policy Conference and a transcript of Questions and Answers was to be circulated to all members.

Several members expressed their support for the establishment of a separate enforcement working group / committee or policy conference. It was reported that training on enforcement matters had been requested by the Ashington and Blyth Local Area Committee.

The Chair thanked the Director of Planning and Housing and Head of Planning for their report and presentation.

RESOLVED that:

- 1. The contents of the report be noted.**
- 2. Members of the committee noted the potential for increase in planning income and recommended to Cabinet to consider investment in the enforcement team and the addition of a rolling fighting fund to support this work.**
- 3. Cabinet to also consider additional support for the Planning Department to deal with the increase in the number of planning applications and enquiries received.**

Cabinet is therefore requested to approve the recommendations of the Communities and Place Overview and Scrutiny Committee.

COUNCILLOR NICK OLIVER

CHAIRMAN



Northumberland County Council

Cabinet

Tuesday, 16 January 2024

Budget 2024-25 and Medium-Term Financial Plan 2024-28 Update

Report of Councillor(s) Richard Wearmouth, Deputy Leader and Cabinet Member for Corporate Resources

Responsible Officer(s): Jan Willis, Executive Director for Transformation & Resources (S151)

1. Link to Key Priorities of the Corporate Plan

The Council's budget and Medium-Term Financial Plan (MTFP) are aligned to the three priorities outlined in the Corporate Plan 2023-26: Achieving Value for Money; Tackling Inequalities and Driving Economic Growth.

2. Purpose of report

This report provides an update on the development of the 2024-25 Budget and the MTFP covering the period 2024 to 2028 following the publication of the provisional Local Government Finance Settlement on 18 December 2023.

3. Recommendations

3.1 Members are requested to note the update.

4. Forward plan date and reason for urgency if applicable

The report first appeared in the forward plan on 19 December 2023. The report is presented to inform and update Members of progress with the Budget 2024-25 and MTFP 2024-2028. It has not been possible to provide this update earlier as there were too many unknowns, and the Local Government Finance Settlement was not received until 18 December 2023. At this point in time no decision is required.

5. Background

5.1 This report updates the MTFP position; and the budget for 2024-25, following the announcement of the Autumn Statement on 22 November 2023 and the provisional

Local Government Finance Settlement on 18 December 2023. The final Settlement is not due until February 2024, and may alter the financial position.

- 5.2 The 2024-25 provisional Local Government Finance Settlement (the Settlement) was announced by Government on 18 December 2023. The announcement only provided funding figures for 2024-25 which is up to the end of the current Spending Review period. It is well known that the Government intends to change the funding mechanism for the sector but has stated that this will be with effect from 2025-26 at the earliest. The Council's 2024-25 Budget has been updated utilising the financial data that was published as part of the Settlement, but assumptions have been made with regard to future years.
- 5.3 Further announcements in relation to specific grants will be made by Government departments over the next few weeks and the implications of these announcements will be incorporated into the final budget report to County Council on 21 February 2024.
- 5.4 The table below provides a summary of the grant funding allocations for Northumberland announced in the Settlement, alongside the previous assumptions included in the report to Cabinet on 12 December 2023.

Grants	Provisional Settlement Allocation 2024-25	12 December Cabinet Report	Change - Increase / (Decrease)
	£m	£m	£m
Revenue Support Grant (RSG) *	14.020	13.263	0.757
Social Care Grant (Adults and Children's services)	25.821	25.560	0.261
Improved Better Care Fund	12.496	12.496	-
Market Sustainability and Improvement Fund **	6.656	5.357	1.299
Adult Social Care Discharge Fund **	2.920	2.920	-
Services Grant	0.439	2.787	(2.348)
New Homes Bonus	1.710	0.961	0.749
Rural Service Delivery Grant	2.745	2.456	0.289
Total Grant Funding	66.807	65.800	1.007
Home Office Fire and Pensions grant shortfall *	(0.766)	-	(0.766)
Expenditure matched against Adult Social Care Market Sustainability & Improvement Fund and Adult Social Care Discharge Fund grants **	(9.576)	(8.277)	(1.299)
Net Reduction in Grant Funding	56.465	57.523	(1.058)

* *The Home Office Fire and Pensions Grant has been rolled into the RSG leaving a budgetary pressure within the service which is shown in the table above. The increase in RSG almost compensates for this pressure.*

** *ASC Market Sustainability & Improvement Fund and Discharge grants have specific reporting requirements and are ringfenced/pooled. They have been matched in the MTFP with corresponding expenditure.*

Further information regarding each grant and the national funding total is as follows:

5.5 Revenue Support Grant (RSG)

The 2024-25 RSG amount has been determined using the figures for 2023-24 plus CPI inflation at 6.7%. The Council will receive £14.020 million in 2024-25.

The Home Office Fire and Pensions grant has however been rolled into the RSG, the national grant total for this element is £115 million, and Northumberland's share is £0.766 million.

The Home Office Fire and Pensions grant was previously included as a specific grant within the Northumberland Fire and Rescue service budget. This grant covered the last increase in the employers' pension contribution rate (currently 28.8%). The removal of the specific grant funding creates a budget pressure within the service which will be removed, albeit the funding will now be shown as part of the RSG grant.

The Council will still receive Firefighters Pension Fund Top-up Grant where pensions paid out exceed the contributions made to the fund.

5.7 Specific Grants

a) Social Care Grant (Adults and Children's Services)

The national total for the Social Care Grant has increased from the 2023-24 allocation by £692 million, to £4,544 million. The Budget 2024-25 and MTFP 2024-28 Cabinet report of 12 December 2023 previously forecast an increase in grant of £612 million, which is £80 million lower than the final provisional allocation, therefore the Council's allocation has increased by £0.261 million.

b) Improved Better Care Fund

The national funding total remains at £2,140 million, and the Council's allocation has remained at £12.496 million.

c) Adult Social Care Market Sustainability and Improvement Fund

The national total is £1,050 million; and £162 million of this is from the repurposed Market Sustainability and Fair Cost of Care Fund, plus £683 million new funding which was allocated as part of the 2023-24 Local Government Finance Settlement. Following an announcement by the Government in July 2023 this was increased by £0.365 million in 2023-24 and £0.205 million in 2024-25 for workforce fund funding. The Council's allocation has therefore increased to £6.656 million.

The funding is intended to make tangible improvements to adult social care, and, in particular to address discharge delays; social care waiting times; low fee rates; workforce pressures; and to promote technological innovation in the sector.

This grant is ring-fenced, conditional and has reporting requirements.

d) Adult Social Care Discharge Fund

The national total is £500 million; and it is intended that this grant forms part of Better Care Fund plans and is aimed at reducing delayed transfers of care. The Council will receive £2.920 million.

The NHS is receiving an equivalent amount which is also to be utilised in relation to Better Care Fund plans. (A total of £1,000 million across both sectors for 2024-25).

This grant has reporting requirements, and it will be pooled through the Better Care Fund process.

e) Services Grant

The national grant total has reduced from £483 million in 2023-24 to just £77 million for 2024-25. The funding has been reduced as some of the Services Grant has been used to fund increases to other settlement grants and equalisation of the adult social care precept. A small proportion has also been held back by Government as a contingency. The Council will receive £0.439 million, which represents a reduction of £2.348 million.

f) New Homes Bonus

The 2024-25 national allocation remains at £291 million. There have been no changes to the design of the scheme for 2024-25, with a single year's new allocation, and again there are no legacy payments. Whilst the national funding allocation remained the same the Council significantly increased its number of eligible properties which attracts the bonus. The Council's allocation therefore increased from £0.961 million in 2023-24 to £1.710 million in 2024-25.

The Government's 2023 policy statement said that the future of the New Homes Bonus scheme would be announced in time for the 2024-25 provisional Local Government Finance Settlement. This did not happen and there has been no further mention of the future of this scheme within the Settlement.

g) Rural Services Delivery Grant

The 2024-25 national allocation remains at £95 million. The Budget 2024-25 and MTFP 2024-28 Cabinet report of 12 December 2023 previously forecast a national allocation of £85 million, which is £10 million lower than the final provisional allocation, therefore the Council's allocation has increased by £0.289 million.

5.8 Beyond 2024-25

The settlement provided no certainty beyond 2024-25 which makes budget planning difficult. The following risks should be noted:

a) Social Care Grant (Adults and Children's Services)

It is unclear if there will be any new funding when reform is reintroduced, or whether this funding is effectively time-limited and will be repurposed in relation to the reform from 2025-26. The MTFP assumes that this funding will continue at its current level over the duration of the MTFP.

b) Adult Social Care Market Sustainability & Improvement Fund

It is unclear if this will continue beyond 2024-25. This represents a risk as many of the initiatives implemented are recurrent and require funding. The MTFP assumes that this funding and associated expenditure will continue for the duration of the current MTFP.

c) Services Grant

It is unclear if this grant will continue beyond 2024-25 therefore it has been assumed that this grant will not continue beyond 2024-25. The previous two financial years have seen this grant reduce significantly as funding has been diverted to fund other initiatives. There is therefore a risk that this grant could reduce again.

d) New Homes Bonus

It is difficult to forecast the future for this grant. Government has continued to extend the scheme and has once again provided a 1-year allocation in 2024-25 with no legacy payments. As highlighted earlier, an announcement on the future of the scheme from Government was expected prior to the 2024-25 provisional Local Government Finance Settlement. This did not happen and there has been no further mention of the future of this scheme within the Settlement. The MTFP assumes that the grant will continue at its current level into 2025-26 but will cease thereafter.

5.9 Budget and MTFP Update

Work has continued to refine the Budget and MTFP and will continue into the New Year. The assumptions will be detailed in full in the report to County Council on 21 February 2024.

The current draft MTFP which incorporates the financial implications of the Settlement that have been received to date can currently be summarised as follows:

	2024-25	2025-26	2026-27	2027-28
	£m	£m	£m	£m
FUNDING:				
Government Grants	(170.475)	(170.073)	(170.284)	(172.546)
Council Tax	(242.823)	(262.547)	(268.572)	(274.559)
Collection Fund Surplus	(7.620)	-	-	-
Use of Reserves	(24.761)	(11.982)	(0.065)	1.060
TOTAL FUNDING	(445.679)	(444.602)	(438.921)	(446.045)
EXPENDITURE:				
Baseline Budget	385.576	424.488	436.060	439.077
Inflation	28.571	17.678	15.119	14.525
Proposed Growth & Pressures	22.642	4.215	2.974	0.634
Revenue Cost of Capital	19.736	13.171	6.000	6.000
Budget Gap	(10.846)	(14.950)	(21.232)	(14.191)
TOTAL EXPENDITURE	445.679	444.602	438.921	446.045

5.10 Efficiencies

Executive Directors have proposed a number of efficiencies in order to balance the budget for 2024-25 and 2025-26.

The estimated savings requirement for each year of the MTFP is shown in the table at 5.9. Draft proposals to close this gap are detailed in Appendix 1 to this report.

The assumptions will continue to be reviewed as the MTFP is updated, and early identification and planning for savings required in the later years of the MTFP will be critical.

To date efficiencies have been identified as follows:

	2024-25	2025-26	2026-27	2027-28	Total
	£m	£m	£m	£m	£m
BEST savings	3.631	7.584	4.905	0.640	16.760
Contract saving	0.465	0.305	-	-	0.770
Efficiency	1.331	0.417	0.250	0.050	2.048
Income generation	0.517	0.762	0.172	-	1.451
Manage demand	3.606	5.410	-	-	9.016
Management of vacancies	0.163	-	-	-	0.163
Service review	0.156	-	-	-	0.156
Use of grant	0.977	0.472	-	-	1.449
Total Efficiencies	10.846	14.950	5.327	0.690	31.813
Budget Gap	10.846	14.950	21.232	14.191	61.219
Balance to identify	-	-	15.905	13.501	29.406

5.11 Capital Programme Update

Work has continued in earnest with regard to the Capital Programme and it is currently as follows:

	2024-25	2025-26	2026-27	2027-28	Total
	£m	£m	£m	£m	£m
Adults, Ageing & Wellbeing	5.432	2.000	2.000	-	9.432
Children, Young People & Education	61.461	39.811	42.287	19.569	163.128
Climate Change	1.161	2.639	-	-	3.800
Digital and IT	9.212	2.828	2.269	1.785	16.094
Economic Development & Growth	89.165	77.866	17.022	1.500	185.553
Finance and Procurement	32.003	20.000	6.000	6.000	64.003
Fire and Rescue	2.172	2.129	1.330	1.243	6.874
Highways and Transport	87.492	87.329	25.849	1.137	201.807
Housing – GF	0.720	-	-	-	0.720
Housing – HRA	31.719	25.692	14.701	14.076	86.188
Leisure Services	3.755	1.904	-	-	5.659
Neighbourhood Services	6.281	7.907	8.488	1.000	23.676
Property Services	7.082	5.342	1.342	2.220	15.986
Total Capital Programme	337.655	275.447	121.288	48.530	782.920

The detailed Draft Capital Programme is shown at Appendix 2. The revenue consequences of the proposed Capital Programme are shown in the table at 5.9. The revenue cost of capital figures for 2026-27 and 2027-28 are estimated as the Capital Programme has not yet been fully developed for those years.

6. Options open to the Council and reasons for the recommendations

- 6.1 This report provides an update for Members and outlines the assumptions included in the draft budget to date. The detail of the budget has yet to be finalised and there is further work to be concluded in relation to the Council's Capital Programme.
- 6.2 The report is therefore for Member's information and to note.

7. Implications

Policy	The budget and medium-term financial plan support the priorities outlined in the Corporate Plan 2023-26: Achieving Value for Money; Tackling Inequalities and Driving Economic Growth.
Finance and value for money	The updated financial implications of the 2024-25 budget and the MTFP are detailed within this report. The Section 151 Officer is confident that the budget will achieve balance, but it is evident that the position for financial year 2025-26 and beyond will continue to be challenging.
Legal	It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, revised under Section 31 of the Localism Bill 2011, for the Council to produce a balanced budget. The Council also has a fiduciary duty not to waste public resources. The provisions of the Local Government Finance Act 1992 set out what the Council has to base its budget calculations upon and require the Council to set a balanced budget with regard to the advice of its Chief Finance Officer. The Act also states that the Council has got to set its budget before 11 March in the financial year preceding the one in respect of which the budget is set. The responsibilities of Cabinet, as set out in the Constitution, include taking all necessary steps to prepare the authority's budget, and those plans and strategies which constitute the authority's policy framework. Cabinet undertakes this work in accordance with the Budget and Policy Framework Procedure Rules.
Procurement	There are no specific Procurement implications within this report.
Human resources	The size of the financial challenge will have an impact on staffing levels across the Council. The Council will continue to try and mitigate this impact by the management of vacancies and voluntary redundancy wherever possible.
Property	The individual proposals will carefully consider the impact with regard to property requirements.
The Equalities Act: is a full impact assessment required and attached?	<p>No - not required at this point.</p> <p>All individual budget savings proposals for 2024-25 and 2025-26 are being screened for potential equality implications, and where potential equality impacts are identified, specific impact assessments are being, or will be, carried out unless the final decision on whether to proceed with the saving will be taken after the budget round. In those cases, impact assessments will be carried out by the relevant Executive Director before final decisions are taken and could potentially lead to decisions that some savings should not be made in their currently proposed form but should be achieved in other ways. An overall assessment of the equality impacts of the budget proposals is in preparation; this will be updated as work on the budget proceeds, including taking account of the outcome of consultations on elements of the savings proposals. A final version will be presented to the Council alongside the final budget proposals on 21 February 2024.</p> <p>At this stage, the amounts indicated for financial years 2026-27 and 2027-28 are simply initial savings targets that are expected to be required, based on current information and assumptions. As proposals are developed to achieve</p>

	the overall savings for these years, they will be screened for potential equality considerations and, where potential impacts are identified, specific impact assessments will be carried out before final decisions are taken.
Risk assessment	<p>The risks associated with the budget proposals are regarded as acceptable, but these risks will continue to be reviewed up to and including implementation of the detailed proposals.</p> <p>Any efficiency proposals that are considered to represent a risk will be subject to a separate comprehensive risk appraisal process. The risk appraisal process is the responsibility of the relevant Executive Director and will continue up to the County Council and beyond as individual budget reduction measures are implemented.</p>
Crime and disorder	There are no specific crime and disorder implications within this report.
Customer considerations	The individual budget proposals will carefully consider the impact upon both customers and residents of Northumberland.
Carbon reduction	<p>The Council continues to develop proposals concerning the management of energy which are supported by the budget.</p> <p>Executive Directors will advise members of the carbon reduction implications in relation to their own areas of the budget and their budget proposals.</p>
Health and wellbeing	The Council's budget is founded on the principle of promoting inclusivity.
Wards	All wards in Northumberland.

8. Background papers

[Budget 2024-25 and Medium-Term Financial Plan 2024-2028](#)

9. Links to other key reports already published

[Budget 2024-25 and Medium-Term Financial Plan 2024-2028](#)

10. Author and Contact Details

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Draft Proposed Efficiencies

	2024-25	2025-26	2026-27	2027-28	Total
	£m	£m	£m	£m	£m
Adults, Ageing and Wellbeing					
Care Management savings from the review of individual packages of care	3.000	3.000	-	-	6.000
Social Work/Care Management service review	0.050	-	-	-	0.050
Revise funding arrangements for ceiling track hoists	0.090	-	-	-	0.090
Reviewing staffing within in-house day services	0.095	-	-	-	0.095
Removal of contribution to Local Government Pension Scheme pension fund no longer required	0.120	-	-	-	0.120
Reduction in non staffing budgets	0.012	-	-	-	0.012
BEST Value for Money savings	0.057	0.113	0.057	-	0.227
Additional income as a result of streamlining the process for client charging	0.206	0.418	-	-	0.624
Total Adults, Ageing and Wellbeing	3.630	3.531	0.057	-	7.218
Chief Executive					
HR & OD - non staffing savings	0.037	-	-	-	0.037
Total Chief Executive	0.037	-	-	-	0.037
Children, Education and Young People					
Reduction in Out of County Placements due to children's homes new builds	0.606	2.410	-	-	3.016
Utilisation of grant across Family Help and Family Hub teams	0.472	0.472	-	-	0.944
Completion of the Early Help reorganisation	0.156	-	-	-	0.156
Reduction to historical enhanced pension budgets	0.100	0.100	0.050	0.050	0.300
Education & Skills Management costs offset against grant funding	0.079	-	-	-	0.079
Utilisation of Adolescent Services grant	0.415	-	-	-	0.415
Removal of a vacant post	0.020	-	-	-	0.020
Regional contract renegotiation	0.100	-	-	-	0.100
BEST Value for Money savings	0.136	0.778	0.204	-	1.118

Draft Proposed Efficiencies

	2024-25	2025-26	2026-27	2027-28	Total
	£m	£m	£m	£m	£m
Total Children, Education and Young People	2.084	3.760	0.254	0.050	6.148
Place and Regeneration					
<u>Economic Development & Growth</u>					
Review of Arts and Culture Portfolio	0.013	0.041	-	-	0.054
<u>Environment & Transport</u>					
Full year effect of home to school transport concessionary travel charge	0.010	-	-	-	0.010
Increase in home to school transport concessionary travel charge	0.007	0.003	-	-	0.010
Increased customer base - trade waste service	0.150	-	-	-	0.150
Review of Streetworks charges	0.031	-	-	-	0.031
Standardising colours of new/replacement bins	0.010	-	-	-	0.010
Increase to Northumberland Pay & Display Parking Permit	0.012	0.011	0.015	-	0.038
Redirect wood waste from recycling to energy recovery	0.250	-	-	-	0.250
Seek alternative funding and renegotiation of contracts for Post 16 Home to School Transport	-	0.320	0.157	-	0.477
Solar Car Port - electricity savings	0.196	-	-	-	0.196
Reduction and review of fleet operating leases	0.270	-	-	-	0.270
BEST Value for Money savings	0.642	0.641	-	-	1.283
Total Place and Regeneration	1.591	1.016	0.172	-	2.779
Public Health, Inequalities & Stronger Communities					
Reduction in Leisure Management Fee	0.200	0.200	-	-	0.400
Creating a modern sustainable Library Offer	-	0.200	0.200	-	0.400
BEST - Communities First Model (net saving)	0.500	0.500	0.250	-	1.250
Review of Sport Development	-	0.075	-	-	0.075
Total Public Health, Inequalities & Stronger Communities	0.700	0.975	0.450	-	2.125

Draft Proposed Efficiencies

	2024-25 £m	2025-26 £m	2026-27 £m	2027-28 £m	Total £m
Transformation and Resources					
<u>Finance & Procurement</u>					
Removal of vacant posts no longer required	0.064	-	-	-	0.064
Increase in procurement rebate income target	0.047	0.010	-	-	0.057
Reduction in non-staffing budgets	0.048	0.001	-	-	0.049
Cash in transit and machine maintenance contractual savings	0.066	-	-	-	0.066
Fund 25% of insurance team costs from the Insurance Fund	0.054	-	-	-	0.054
<u>Digital & IT</u>					
Software Licences and Data Centre - contractual savings	0.089	0.105	-	-	0.194
BEST Use of Technology savings	0.150	0.300	0.150	-	0.600
Total Transformation and Resources	0.518	0.416	0.150	-	1.084
Cross Directorate/Corporate					
BEST - Use of Resources savings - Corporate Business Support	-	0.750	0.750	-	1.500
BEST - Use of Resources savings - Employee Service Centre	-	0.112	0.168	0.057	0.337
BEST - Customer Services savings	0.146	0.890	1.326	0.583	2.945
BEST Use of Assets savings	1.000	1.000	-	-	2.000
BEST in Class Commissioning - Category Management savings	0.500	2.000	2.000	-	4.500
BEST in Class Commissioning - Reduction in 3rd party spend	0.500	0.500	-	-	1.000
Procurement - Supplier Incentive Programme savings (net)	0.140	-	-	-	0.140
Total Cross Directorate/Corporate	2.286	5.252	4.244	0.640	12.422
Total Proposed Savings	10.846	14.950	5.327	0.690	31.813

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DRAFT CAPITAL PROGRAMME 2024-25 TO 2027-28

Project Title	2024-2025			2025-2026			2026-2027			2027-2028			TOTAL		
	Gross Budget	External Funding	NCC Funding	Gross Budget	External Funding	NCC Funding	Gross Budget	External Funding	NCC Funding	Gross Budget	External Funding	NCC Funding	Gross Budget	External Funding	NCC Funding
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Adults, Ageing and Wellbeing															
Disabled Facilities Grant	4,578,012	4,578,012	-	2,000,000	2,000,000	-	2,000,000	2,000,000	-	-	-	-	8,578,012	8,578,012	-
Person Centred Care Information System (SWIFT)	402,400	-	402,400	-	-	-	-	-	-	-	-	-	402,400	-	402,400
Tynedale House Fire Doors	220,002	220,002	-	-	-	-	-	-	-	-	-	-	220,002	220,002	-
Adult Social Care Capital Fund	231,185	231,185	-	-	-	-	-	-	-	-	-	-	231,185	231,185	-
Total Adults, Ageing and Wellbeing	5,431,599	5,029,199	402,400	2,000,000	2,000,000	-	2,000,000	2,000,000	-	-	-	-	9,431,599	9,029,199	402,400
Children, Young People and Education															
Children's Homes Provision (6 no. 1-Bed) - Purchase of six residential properties	500,000	-	500,000	-	-	-	-	-	-	-	-	-	500,000	-	500,000
Basic Need - Other	721,654	721,654	-	-	-	-	-	-	-	-	-	-	721,654	721,654	-
School Led - Energy Efficiency Capital Allocation	50,400	50,400	-	-	-	-	-	-	-	-	-	-	50,400	50,400	-
Berwick Partnership Schools	4,838,766	1,427,000	3,411,766	3,765,934	-	3,765,934	25,960,000	-	25,960,000	12,980,000	-	12,980,000	47,544,700	1,427,000	46,117,700
Choppington Primary Artificial Pitch	205,000	105,000	100,000	-	-	-	-	-	-	-	-	-	205,000	105,000	100,000
Coquet Partnership Redevelopment	13,220,999	1,285,784	11,935,215	15,342,114	-	15,342,114	5,899,817	-	5,899,817	147,495	-	147,495	34,610,425	1,285,784	33,324,641
Devolved Formula Capital	591,570	591,570	-	591,570	591,570	-	591,570	591,570	-	-	-	-	1,774,710	1,774,710	-
KEVI New Build Sports Block	2,871,000	2,871,000	-	3,165,817	710,000	2,455,817	-	-	-	-	-	-	6,036,817	3,581,000	2,455,817
Mobile Classroom Replacement Programme	675,721	675,721	-	-	-	-	-	-	-	-	-	-	675,721	675,721	-
School Condition Programme (SCIP) - Remedials / General Programme	2,074,000	2,074,000	-	2,750,000	2,750,000	-	2,750,000	2,750,000	-	2,750,000	2,750,000	-	10,324,000	10,324,000	-
Seaton Valley Federation of Schools	33,652,012	6,138,753	27,513,259	7,721,102	-	7,721,102	1,310,291	-	1,310,291	-	-	-	42,683,405	6,138,753	36,544,652
Special Educational Need (SEN) Capacity Growth	-	-	-	6,474,500	2,400,000	4,074,500	5,775,710	-	5,775,710	3,691,790	-	3,691,790	15,942,000	2,400,000	13,542,000
West of County Schools Restructure	384,878	9,000	375,878	-	-	-	-	-	-	-	-	-	384,878	9,000	375,878
Corbridge 3G Pitch	490,601	450,000	40,601	-	-	-	-	-	-	-	-	-	490,601	450,000	40,601
Kyloe House - New Recreation Area	251,283	251,283	-	-	-	-	-	-	-	-	-	-	251,283	251,283	-
Family Hubs Grant	59,000	59,000	-	-	-	-	-	-	-	-	-	-	59,000	59,000	-
Northumberland Skills ICT Hardware & Network Refresh	224,000	-	224,000	-	-	-	-	-	-	-	-	-	224,000	-	224,000
Purchase of house to accommodate a disabled child	500,000	500,000	-	-	-	-	-	-	-	-	-	-	500,000	500,000	-
Pegsworth Cemetery Lodge	150,000	-	150,000	-	-	-	-	-	-	-	-	-	150,000	-	150,000
Total Children, Young People and Education	61,460,884	17,210,165	44,250,719	39,811,037	6,451,570	33,359,467	42,287,388	3,341,570	38,945,818	19,569,285	2,750,000	16,819,285	163,128,594	29,753,305	133,375,289
Climate Change															
Climate Change Capital Fund	1,160,848	619,064	541,784	2,639,324	-	2,639,324	-	-	-	-	-	-	3,800,172	619,064	3,181,108
Total Climate Change	1,160,848	619,064	541,784	2,639,324	-	2,639,324	-	-	-	-	-	-	3,800,172	619,064	3,181,108
Digital and IT															
CISCO Infrastructure	569,179	-	569,179	100,000	-	100,000	-	-	-	-	-	-	669,179	-	669,179
Desk Top Refresh - Phase 2	500,000	-	500,000	750,000	-	750,000	-	-	-	-	-	-	1,250,000	-	1,250,000
Northumberland WAN and Full Fibre	2,331,290	-	2,331,290	100,000	-	100,000	-	-	-	-	-	-	2,431,290	-	2,431,290
Broadband Phase 2 Gainshare Extension	612,325	-	612,325	-	-	-	-	-	-	-	-	-	612,325	-	612,325
Community Broadband	1,662,820	1,156,000	506,820	-	-	-	-	-	-	-	-	-	1,662,820	1,156,000	506,820
Repayment to Building Digital UK (BDUK)	989,000	989,000	-	-	-	-	-	-	-	-	-	-	989,000	989,000	-
Air Conditioning	159,340	-	159,340	-	-	-	-	-	-	-	-	-	159,340	-	159,340
Craster Mast	50,080	-	50,080	-	-	-	-	-	-	-	-	-	50,080	-	50,080
Local Full Fibre Network	82,823	-	82,823	-	-	-	-	-	-	-	-	-	82,823	-	82,823
Office 365 Implementation	42,087	-	42,087	-	-	-	-	-	-	-	-	-	42,087	-	42,087
Server Infrastructure	52,363	-	52,363	-	-	-	-	-	-	-	-	-	52,363	-	52,363
Hardware Infrastructure	242,550	-	242,550	360,000	-	360,000	-	-	-	685,000	-	685,000	1,287,550	-	1,287,550
Network Infrastructure Modernisation	953,333	-	953,333	953,333	-	953,333	953,334	-	953,334	-	-	-	2,860,000	-	2,860,000
Desktop Refresh	750,000	-	750,000	350,000	-	350,000	1,100,000	-	1,100,000	1,100,000	-	1,100,000	3,300,000	-	3,300,000
Mobile Phone Refresh	215,000	-	215,000	215,000	-	215,000	215,000	-	215,000	-	-	-	645,000	-	645,000
Total Digital and IT	9,212,190	2,145,000	7,067,190	2,828,333	-	2,828,333	2,268,334	-	2,268,334	1,785,000	-	1,785,000	16,093,857	2,145,000	13,948,857
Economic Development and Growth															
Ashington High Street Investment Programme	885,826	582,915	302,911	-	-	-	-	-	-	-	-	-	885,826	582,915	302,911
Ashington North East Quarter Re-development Phase 2	100,000	-	100,000	-	-	-	-	-	-	-	-	-	100,000	-	100,000
Ashington Town Centre Renewal of Strategic Sites Programme	12,073,858	12,073,858	-	14,832,355	6,081,087	8,751,268	24,000	-	24,000	-	-	-	26,930,213	18,154,945	8,775,268
Bedlington Town Centre Redevelopment Phase 1 & 2	1,173,698	-	1,173,698	-	-	-	-	-	-	-	-	-	1,173,698	-	1,173,698
Energising Blyth Culture Centre and Market Place	3,961,414	-	3,961,414	372,553	-	372,553	-	-	-	-	-	-	4,333,967	-	4,333,967
Energising Blyth Future High Street Fund (FHSF)	4,662,345	2,566,606	2,095,739	-	-	-	-	-	-	-	-	-	4,662,345	2,566,606	2,095,739
Energising Blyth The Link	860,682	-	860,682	-	-	-	-	-	-	-	-	-	860,682	-	860,682
Blyth Town Centre Northern Gateway (Phase 2)	1,534,285	1,534,285	-	1,681,925	385,104	1,296,821	-	-	-	-	-	-	3,216,210	1,919,389	1,296,821
Energising Blyth Energy Central Campus Phase 1	1,486,212	1,000,000	486,212	163,184	-	163,184	-	-	-	-	-	-	1,649,396	1,000,000	649,396

DRAFT CAPITAL PROGRAMME 2024-25 TO 2027-28

Project Title	2024-2025			2025-2026			2026-2027			2027-2028			TOTAL		
	Gross Budget	External Funding	NCC Funding	Gross Budget	External Funding	NCC Funding	Gross Budget	External Funding	NCC Funding	Gross Budget	External Funding	NCC Funding	Gross Budget	External Funding	NCC Funding
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Energising Blyth Acquisitions / Delivery Costs	2,283,090	-	2,283,090	7,384,969	-	7,384,969	-	-	-	-	-	-	9,668,059	-	9,668,059
Energising Blyth Town Deal 2022-2026	9,076,993	9,026,896	50,097	3,739,214	3,739,214	-	-	-	-	-	-	-	12,816,207	12,766,110	50,097
Energising Blyth Levelling Up Deep Dive Funding - Welcoming and Safe Blyth	145,000	145,000	-	-	-	-	-	-	-	-	-	-	145,000	145,000	-
Energising Blyth Levelling Up Deep Dive Funding - Housing Renewal and Town Centre Living	6,626,000	6,626,000	-	8,700,000	8,700,000	-	-	-	-	-	-	-	15,326,000	15,326,000	-
Energising Blyth Levelling Up Deep Dive - Energy Central Campus Training Kit	1,450,000	1,450,000	-	-	-	-	-	-	-	-	-	-	1,450,000	1,450,000	-
Blyth to Bebside Cycle Corridor	3,262,329	3,262,329	-	3,244,739	1,123,859	2,120,880	-	-	-	-	-	-	6,507,068	4,386,188	2,120,880
Borderlands - Berwick Maltings	12,242,012	11,916,597	325,415	7,487,358	7,487,358	-	498,291	498,291	-	-	-	-	20,227,661	19,902,246	325,415
Borderlands - Carlisle Station	3,461,279	3,461,279	-	1,000,000	1,000,000	-	-	-	-	-	-	-	4,461,279	4,461,279	-
Borderlands - Destination Tweed	750,000	-	750,000	-	-	-	-	-	-	-	-	-	750,000	-	750,000
Borderlands - Carlisle University	14,304,687	14,304,687	-	23,682,615	23,682,615	-	-	-	-	-	-	-	37,987,302	37,987,302	-
Great Northumberland Forest	2,135,294	2,135,294	-	16,579	16,579	-	-	-	-	-	-	-	2,151,873	2,151,873	-
Great Northumberland Forest - Storm Arwen Recovery	250,000	250,000	-	-	-	-	-	-	-	-	-	-	250,000	250,000	-
Hexham HAZ	100,000	-	100,000	-	-	-	-	-	-	-	-	-	100,000	-	100,000
Hexham - The Shambles	250,000	-	250,000	-	-	-	-	-	-	-	-	-	250,000	-	250,000
Strategic Regeneration Projects	5,540,000	-	5,540,000	1,560,415	-	1,560,415	-	-	-	-	-	-	7,100,415	-	7,100,415
Berwick Gateway	50,000	-	50,000	-	-	-	-	-	-	-	-	-	50,000	-	50,000
Cramlington	500,000	-	500,000	1,000,000	-	1,000,000	2,000,000	-	2,000,000	-	-	-	3,500,000	-	3,500,000
Borderlands Place Plans	-	-	-	2,500,000	2,000,000	500,000	11,500,000	10,000,000	1,500,000	1,500,000	-	1,500,000	15,500,000	12,000,000	3,500,000
Ashington Town Centre infrastructure	-	-	-	500,000	-	500,000	3,000,000	-	3,000,000	-	-	-	3,500,000	-	3,500,000
Total Economic Development and Growth	89,165,004	70,335,746	18,829,258	77,865,906	54,215,816	23,650,090	17,022,291	10,498,291	6,524,000	1,500,000	-	1,500,000	185,553,201	135,049,853	50,503,348
Finance and Procurement															
Capital Contract Inflation	5,000,000	-	5,000,000	-	-	-	-	-	-	-	-	-	5,000,000	-	5,000,000
Loan to NELEP - Ashwood	1,335,069	1,335,069	-	-	-	-	-	-	-	-	-	-	1,335,069	1,335,069	-
Strategic Employment Sites Enabling Works	5,000,000	-	5,000,000	-	-	-	-	-	-	-	-	-	5,000,000	-	5,000,000
Loans to Third Parties (e.g. Advance Northumberland, Other Organisations)	20,000,000	-	20,000,000	20,000,000	-	20,000,000	6,000,000	-	6,000,000	6,000,000	-	6,000,000	52,000,000	-	52,000,000
Portland Park - Grant to Advance Northumberland	668,548	-	668,548	-	-	-	-	-	-	-	-	-	668,548	-	668,548
Total Finance and Procurement	32,003,617	1,335,069	30,668,548	20,000,000	-	20,000,000	6,000,000	-	6,000,000	6,000,000	-	6,000,000	64,003,617	1,335,069	62,668,548
Fire and Rescue															
FRS Fleet Requirement	836,000	-	836,000	1,007,000	-	1,007,000	1,001,500	-	1,001,500	900,292	-	900,292	3,744,792	-	3,744,792
FRS Res Critical Equipment	335,700	-	335,700	121,500	-	121,500	328,438	-	328,438	343,000	-	343,000	1,128,638	-	1,128,638
Fire Control Upgrade / Replacement	1,000,000	-	1,000,000	1,000,000	-	1,000,000	-	-	-	-	-	-	2,000,000	-	2,000,000
Total Fire and Rescue	2,171,700	-	2,171,700	2,128,500	-	2,128,500	1,329,938	-	1,329,938	1,243,292	-	1,243,292	6,873,430	-	6,873,430
Highways and Transport															
Blyth Relief Road	8,866,836	8,866,836	-	37,706,723	35,706,723	2,000,000	-	-	-	-	-	-	46,573,559	44,573,559	2,000,000
Local Cycling and Walking Infrastructure	3,864,000	3,000,000	864,000	-	-	-	-	-	-	-	-	-	3,864,000	3,000,000	864,000
Newcastle Northumberland Rail Line	17,386,829	12,000,000	5,386,829	7,500,000	7,500,000	-	-	-	-	-	-	-	24,886,829	19,500,000	5,386,829
A1068 Shilbottle Road Junction Improvements	1,090,518	-	1,090,518	-	-	-	-	-	-	-	-	-	1,090,518	-	1,090,518
CP - Car Parks General	1,480,337	-	1,480,337	-	-	-	-	-	-	-	-	-	1,480,337	-	1,480,337
Levelling up Fund for Rapid Electric Vehicle Chargers	156,000	106,000	50,000	-	-	-	-	-	-	-	-	-	156,000	106,000	50,000
Levelling Up Funds - Hexham to Corbridge	4,590,000	4,590,000	-	4,225,000	3,225,000	1,000,000	-	-	-	-	-	-	8,815,000	7,815,000	1,000,000
Levelling Up Funds - Bedlington East to West	3,910,000	3,910,000	-	3,748,000	2,748,000	1,000,000	-	-	-	-	-	-	7,658,000	6,658,000	1,000,000
FCERM - Beadnell	145,000	145,000	-	1,805,000	1,600,000	205,000	-	-	-	-	-	-	1,950,000	1,745,000	205,000
FCERM - Branton Surface Water	20,261	20,261	-	-	-	-	-	-	-	-	-	-	20,261	20,261	-
FCERM - Cresswell Coastal Management	450,000	335,000	115,000	-	-	-	-	-	-	-	-	-	450,000	335,000	115,000
FCERM - Haydon Bridge	108,000	108,000	-	788,000	708,000	80,000	-	-	-	-	-	-	896,000	816,000	80,000
FCERM - Hepscott FAS	177,692	177,692	-	-	-	-	-	-	-	-	-	-	177,692	177,692	-
FCERM - Kirkwell Cottages	41,440	41,440	-	-	-	-	-	-	-	-	-	-	41,440	41,440	-
FCERM - Loansdean	45,000	45,000	-	-	-	-	-	-	-	-	-	-	45,000	45,000	-
FCERM - Meggie's Burn	6,000	6,000	-	33,000	33,000	-	11,000	11,000	-	-	-	-	50,000	50,000	-
FCERM - Stocksfield & Riding Mill	26,000	26,000	-	314,000	285,000	29,000	-	-	-	-	-	-	340,000	311,000	29,000
FCERM - Next Generation Flood Resilience	1,212,000	1,212,000	-	1,049,000	1,049,000	-	1,125,000	1,125,000	-	-	-	-	3,386,000	3,386,000	-
Highways Laboratory Expansion	300,000	-	300,000	-	-	-	-	-	-	-	-	-	300,000	-	300,000
Highway Maintenance Investment in U and C roads and Footways	4,450,000	-	4,450,000	-	-	-	-	-	-	-	-	-	4,450,000	-	4,450,000
LTP - Local Transport Plan	26,021,619	26,021,619	-	23,426,000	23,426,000	-	23,426,000	23,426,000	-	-	-	-	72,873,619	72,873,619	-
Members Local Improvement Schemes	2,418,037	-	2,418,037	1,035,000	-	1,035,000	1,035,000	-	1,035,000	1,035,000	-	1,035,000	5,523,037	-	5,523,037
Salt Barns	1,350,148	-	1,350,148	-	-	-	-	-	-	-	-	-	1,350,148	-	1,350,148
Tyne Mills Depot, Hexham	110,987	-	110,987	162,372	-	162,372	3,683	-	3,683	6,480	-	6,480	283,522	-	283,522
Highway Maintenance and Pothole Repair Fund	5,770,500	3,270,500	2,500,000	5,268,000	2,768,000	2,500,000	-	-	-	-	-	-	11,038,500	6,038,500	5,000,000

DRAFT CAPITAL PROGRAMME 2024-25 TO 2027-28

Project Title	2024-2025			2025-2026			2026-2027			2027-2028			TOTAL		
	Gross Budget	External Funding	NCC Funding	Gross Budget	External Funding	NCC Funding	Gross Budget	External Funding	NCC Funding	Gross Budget	External Funding	NCC Funding	Gross Budget	External Funding	NCC Funding
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
New DfT Challenge Fund Bid Support - Steel Structures	26,000	26,000	-	-	-	-	-	-	-	-	-	-	26,000	26,000	-
FCERM - Lynemouth Bay Landfill Encapsulation	3,179,000	400,000	2,779,000	-	-	-	-	-	-	-	-	-	3,179,000	400,000	2,779,000
FCERM - Ovingham Surface Water	52,756	-	52,756	-	-	-	-	-	-	-	-	-	52,756	-	52,756
FCERM - Red Row	51,779	51,779	-	-	-	-	-	-	-	-	-	-	51,779	51,779	-
FCERM - Wylam SW	-	-	-	-	-	-	-	-	-	96,000	96,000	-	96,000	96,000	-
FCERM - Brumwell Court & Guessburn	12,000	12,000	-	162,000	132,000	30,000	-	-	-	-	-	-	174,000	144,000	30,000
Powburn Depot Recycling Facility	133,833	-	133,833	94,850	-	94,850	247,786	-	247,786	-	-	-	476,469	-	476,469
Longhorsley Flood Alleviation Scheme	40,000	40,000	-	12,000	12,000	-	-	-	-	-	-	-	52,000	52,000	-
Total Highways and Transport	87,492,572	64,411,127	23,081,445	87,328,945	79,192,723	8,136,222	25,848,469	24,562,000	1,286,469	1,137,480	96,000	1,041,480	201,807,466	168,261,850	33,545,616
Housing - General Fund															
Community Housing Fund	719,806	710,307	9,499	-	-	-	-	-	-	-	-	-	719,806	710,307	9,499
Total Housing - General Fund	719,806	710,307	9,499	-	-	-	-	-	-	-	-	-	719,806	710,307	9,499
Housing - HRA															
HRA Miscellaneous / Other	93,000	-	93,000	80,000	-	80,000	80,000	-	80,000	80,000	-	80,000	333,000	-	333,000
HRA Energy Efficiency	500,000	-	500,000	500,000	-	500,000	-	-	-	-	-	-	1,000,000	-	1,000,000
Chronically Sick and Disabled Persons Grants	516,000	-	516,000	531,000	-	531,000	546,000	-	546,000	561,000	-	561,000	2,154,000	-	2,154,000
Homes England Grant Recovery (re RTB)	75,000	-	75,000	75,000	-	75,000	75,000	-	75,000	75,000	-	75,000	300,000	-	300,000
Affordable Homes	15,838,703	3,744,000	12,094,703	12,742,412	3,593,000	9,149,412	3,300,000	400,000	2,900,000	2,760,000	260,000	2,500,000	34,641,115	7,997,000	26,644,115
Major Repairs Reserve	10,600,000	-	10,600,000	10,700,000	-	10,700,000	10,700,000	-	10,700,000	10,600,000	-	10,600,000	42,600,000	-	42,600,000
Amble HUSK bungalows	2,493,497	-	2,493,497	-	-	-	-	-	-	-	-	-	2,493,497	-	2,493,497
Affordable Homes - Riverbrook Gardens Development	39,492	-	39,492	-	-	-	-	-	-	-	-	-	39,492	-	39,492
Lyndon Walk (Dementia Bungalows)	1,563,796	-	1,563,796	1,063,795	-	1,063,795	-	-	-	-	-	-	2,627,591	-	2,627,591
Total Housing - HRA	31,719,488	3,744,000	27,975,488	25,692,207	3,593,000	22,099,207	14,701,000	400,000	14,301,000	14,076,000	260,000	13,816,000	86,188,695	7,997,000	78,191,695
Leisure Services															
Haltwhistle Football Project	46,486	-	46,486	-	-	-	-	-	-	-	-	-	46,486	-	46,486
Northumberland Playzones	300,000	-	300,000	-	-	-	-	-	-	-	-	-	300,000	-	300,000
Library Service New Vehicle	225,000	-	225,000	-	-	-	-	-	-	-	-	-	225,000	-	225,000
Concordia Leisure Centre	1,048,376	-	1,048,376	503,525	-	503,525	-	-	-	-	-	-	1,551,901	-	1,551,901
Willowburn Sport Centre	1,338,521	-	1,338,521	956,882	-	956,882	-	-	-	-	-	-	2,295,403	-	2,295,403
Wentworth Sport Centre	796,854	-	796,854	444,135	-	444,135	-	-	-	-	-	-	1,240,989	-	1,240,989
Total Leisure Services	3,755,237	-	3,755,237	1,904,542	-	1,904,542	-	-	-	-	-	-	5,659,779	-	5,659,779
Neighbourhood Services															
Fleet Replacement Programme	5,680,592	-	5,680,592	7,507,000	-	7,507,000	8,488,000	-	8,488,000	1,000,000	-	1,000,000	22,675,592	-	22,675,592
Parks Enhancement / Green Spaces Programme	600,000	-	600,000	400,000	-	400,000	-	-	-	-	-	-	1,000,000	-	1,000,000
Total Neighbourhood Services	6,280,592	-	6,280,592	7,907,000	-	7,907,000	8,488,000	-	8,488,000	1,000,000	-	1,000,000	23,675,592	-	23,675,592
Property Services															
County Hall Refurbishment	515,000	-	515,000	3,900,000	-	3,900,000	-	-	-	-	-	-	4,415,000	-	4,415,000
County Hall Solar PV	98,939	-	98,939	-	-	-	-	-	-	-	-	-	98,939	-	98,939
Cowley Road Depot Refurb & Car Park	24,005	-	24,005	281,881	-	281,881	2,346	-	2,346	1,505,517	-	1,505,517	1,813,749	-	1,813,749
Depot Rationalisation	555,861	-	555,861	282,198	-	282,198	1,315,501	-	1,315,501	51,000	-	51,000	2,204,560	-	2,204,560
Leisure Buildings - Essential Remedial	1,000,000	-	1,000,000	-	-	-	-	-	-	-	-	-	1,000,000	-	1,000,000
Leisure Buildings - Essential Remedial - Prudhoe Waterworld Wet Change	160,000	-	160,000	-	-	-	-	-	-	-	-	-	160,000	-	160,000
The Living Barracks	-	-	-	-	-	-	-	-	-	663,000	-	663,000	663,000	-	663,000
Prudhoe Waterworld Improvements	1,410,000	-	1,410,000	-	-	-	-	-	-	-	-	-	1,410,000	-	1,410,000
Property Stewardship Fund - Backlog M&E and Fabric	1,900,000	-	1,900,000	-	-	-	-	-	-	-	-	-	1,900,000	-	1,900,000
Property Stewardship Fund - Bearl Depot Drainage and New Build	1,549	-	1,549	48,186	-	48,186	24,322	-	24,322	-	-	-	74,057	-	74,057
Property Stewardship Fund - Powburn Depot Roof	119,636	-	119,636	-	-	-	-	-	-	-	-	-	119,636	-	119,636
Property Stewardship Fund - Public Toilet Refurbishment	470,100	-	470,100	258,240	-	258,240	-	-	-	-	-	-	728,340	-	728,340
Property Stewardship Fund - Woodhorn Heapstead	726,525	-	726,525	571,000	-	571,000	-	-	-	-	-	-	1,297,525	-	1,297,525
Property Stewardship Fund - Woodhorn Walker Fan Building	100,000	-	100,000	-	-	-	-	-	-	-	-	-	100,000	-	100,000
Total Property Services	7,081,615	-	7,081,615	5,341,505	-	5,341,505	1,342,169	-	1,342,169	2,219,517	-	2,219,517	15,984,806	-	15,984,806
TOTAL DRAFT CAPITAL PROGRAMME	337,655,152	165,539,677	172,115,475	275,447,299	145,453,109	129,994,190	121,287,589	40,801,861	80,485,728	48,530,574	3,106,000	45,424,574	782,920,614	354,900,647	428,019,967

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Northumberland County Council

Cabinet

Tuesday, 16 January 2024

BUDGET 2024-25, MEDIUM TERM FINANCIAL PLAN 2024-28 AND 30 YEAR BUSINESS PLAN FOR THE HOUSING REVENUE ACCOUNT

Report of Councillor Richard Wearmouth, Deputy Leader and Cabinet Member for Corporate Services

Responsible Officer(s): Jan Willis, Executive Director for Transformation & Resources (S151)

1. Link to Key Priorities of the Corporate Plan

The Housing Revenue Account's budget and Medium-Term Financial Plan are aligned to the priorities outlined in the Corporate Plan 2023-26 "Northumberland: Land of Great Opportunities". The plan will address the Council's key priorities, by achieving Value for Money with residents receiving the best customer experience and focusing on best use of resources through continuous review and improvement. We aim to support Inequalities through ensuring people live well and are empowered, regardless of age, background or ability. We also aim to drive economic growth by providing good quality housing coupled with the best support for our tenants to enable them to thrive.

2. Purpose of report

The report seeks Cabinet approval for the updated Budget 2024-25, Medium Term Financial Plan (MTFP) 2024-28 and 30-year Business plan for the Housing Revenue Account (HRA).

3. Recommendations

Members are requested to:-

- 3.1 Approve the Housing Revenue Account 2024-25 budget as detailed within Appendix 1, which will reduce the balance on the HRA reserve from £28.175 million at 31 March 2024, to £19.193 million at 31 March 2025; and note the indicative budgets to 2027-28 which will reduce the balance of the HRA reserve to £13.708 million.
- 3.2 Note that from 1 April 2024, social housing rent will be increased by Consumer Price Index (CPI) plus 1.00% as per the previously agreed Rent Standard. The budget

detailed in Appendix 1 assumes that rents will rise by CPI 6.70% plus 1.00% with recoverable service charges also rising by CPI plus 1.00% for the period 1 April 2024 to 31 March 2025.

- 3.3 Approve the increase of 7.70% for housing rents from 1 April 2024 in line with the Government rent standard.
- 3.4 Approve the increase of 7.70% for housing service charges from 1 April 2024.
- 3.5 Approve the Non-Recurrent Growth Item Hardship Fund of £0.350 million for 2024-25 to support NCC tenants who may, due to their income, not be eligible to receive any financial assistance through existing benefits (Housing Benefit/Universal Credit/Discretionary Housing Payment) (detailed in points 6.5 & 6.11).
- 3.6 Approve that any unspent balance in relation to the Hardship Fund for 2023-24, can be carried forward as an earmarked reserve into 2024-25 (detailed in point 6.5) and added to the 2024-25 in-year budget allocation.
- 3.7 Note the indicative 30-year Housing Revenue Account business plan as detailed within Appendix 1.
- 3.8 Approve the estimated pay inflationary increase for 2024-25 of 4.00% totalling £0.447 million (detailed in point 6.10).
- 3.9 Approve the Non-Pay Inflation Schedule for 2024-25 totaling £0.280 million (detailed in point 6.10).
- 3.10 Approve the Recurrent Growth as follows:
 - a) Housing Disrepair of £0.275 million from 2024-25 to cover the costs of housing disrepair mitigation and resolution; and note that the budget will be reduced by £0.150 million after 5 years (detailed in point 6.11).
 - b) Additional staffing budget of £0.367 million from 2024-25 (detailed in point 6.11).
 - c) Additional budget for consumable materials for void properties of £0.159 million from 2024-25 (detailed in point 6.11).
- 3.11 Note the Recurrent Saving in relation to the Introduction of phased Service Charges for Sheltered Housing tenants, with estimated additional income of £0.120 million in 2024-25 (50.00%), £0.180 million in 2025-26 (75.00%) and £0.240 million 2026-27 (100.00%) as agreed within the budget and MTFP 2023-24 (detailed in point 6.12).
- 3.12 Note and approve the expenditure plan relating to £41.434 million which has been set aside over the 4-year period 2024-25 to 2027-28 in the HRA Capital programme to invest in Affordable Housing. Details are set out in Appendix 1.
- 3.13 Approve an amendment to the Housing Rent policy, to enable re-let of HRA properties at Formula Rent from April 2025 (detailed in point 6.29).

4. Forward plan date and reason for urgency if applicable

22 June 2023

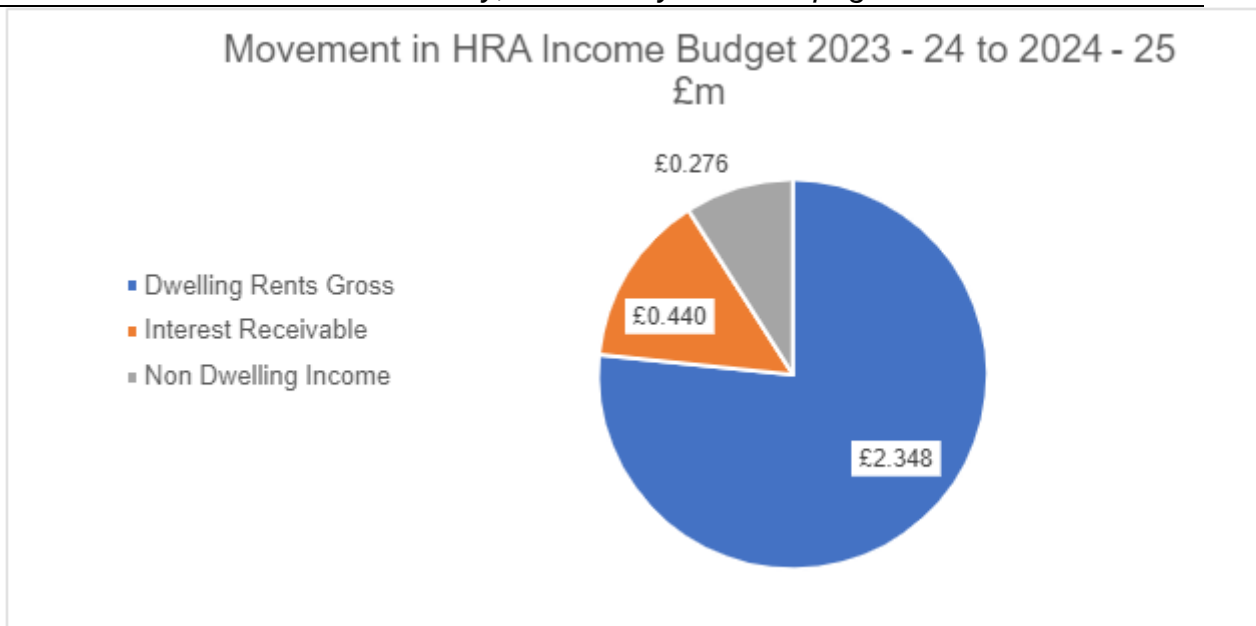
5. Background

- 5.1 The Council is required by the Local Government and Housing Act 1989 to keep a Housing Revenue Account (HRA) which records all revenue expenditure and income relating to the provision of council dwellings and related services. The use of this account is heavily prescribed by statute and the Council is not allowed to fund any expenditure for non-housing/tenant related services from this account.
- 5.2 The Council is also obliged to produce a HRA MTFP which is reviewed and updated on an annual basis. The current business plan clearly indicates that the Council can maintain its properties to the Decent Homes Standard for the full 30 years of the plan (which runs to 2054).
- 5.3 The Council keeps two HRA specific reserves which are required under statute:
- Housing Revenue Account Balance – This reserve holds the HRA accumulated surpluses. It can be used to contribute to balance the revenue budget in year or to contribute to fund schemes within the capital programme; and
 - The HRA Major Repairs Reserve (MRR) - This reserve was created to fund capital works to maintain the Council's housing stock or to repay debt.
- 5.4 The balance on the HRA account was £29.148 million as at 31 March 2023 and is planned to decrease to £28.175 million by 31 March 2024.

6. Options open to the Council and reasons for the recommendations

Rent Increases

- 6.1 On 26 February 2019, the Government issued a new Direction that required the regulator of social housing to set a new rent standard for registered providers with effect from 1 April 2020. It is accompanied by a policy statement which sets out the Government's policy on rents for social housing from 1 April 2020. The standard states that the maximum allowable rent increase for the year will be the Consumer Price Index (CPI) as at September plus 1.00% for the following 5 years (new 2020 Limit Rent).
- 6.2 The rent increase for 2023-24 was capped by the Government at 7.00% and the Council agreed this increase for 2023-24. This has had no detrimental effect on rental income as rent collection rates have continued to stay above target throughout the year.
- 6.3 The HRA has 8,286 properties within its housing stock. The majority are charged a social rent with a small number being charged an affordable rent. In terms of rent collection, 31.00% of tenants are in receipt of Housing Benefit, 40.60% are in receipt of Universal Credit, and 28.40% are responsible for paying their rent in full. Any rent increases for those on Universal Credit or Housing Benefit (71.60% of tenants) will be paid in full.
- 6.4 The proposed 7.70% increase will be used to directly support revenue funded activity, including some limited essential growth whilst enabling the Council to continue to deliver existing services, maintain the decent homes standard and meet new demands and challenges.



The chart shows the expected overall increase in income of £3.064 million, assuming a 7.70% increase in dwelling rent and additional bank interest as interest rates are currently higher than in previous years.

- 6.5 It will further allow for the provision of a **£0.350 million Hardship Fund**, which would be specifically targeted to assist those Council tenants, who may, due to their income, not be eligible to receive any financial assistance through existing benefits (Housing Benefit/Universal Credit/Discretionary Housing Payment) but may be struggling with rent payments as a result of the proposed increase in rent or general cost of living. The Hardship fund set up in 2023-24 is expected to have an in year call on funds of approximately £0.250 million supporting tenants with their financial needs. The proposal is to carry forward any unspent balance into an earmarked reserve and then add it to the additional £0.350 million for 2024-25.
- 6.6 The fund is administered internally by the Housing Income Team, with each request considered on merit and subject to individual objective assessment to establish if any arrears were attributable to the rent increase and if so, assistance would be provided.
- 6.7 The fund will continue to be used to apply a credit to a rent account, or in certain circumstances supplement living costs by way of a grant or purchase of an item which may alleviate hardship.
- 6.8 In addition, the Income Team continues to assist tenants experiencing hardship through signposting and referral to specialist advice and support services.
- 6.9 A rent increase of lower than 7.70%, would result in a reduction of service to tenants as existing revenue budgets would be reduced. This would lead to an immediate increase in the number of complaints and disrepair claims, thereby exposing the Council to risk of intervention from the Social Housing Regulator.

What does a 7.70% rent increase cost Council tenants

An analysis of the average weekly increase in rent at 7.70% is as follows:

	1 Bed	2 Bed	3 Bed	4 Bed+
Total (Average)	£5.38	£6.40	£6.89	£7.69

Pressures

6.10 A number of potential risks that have had and continue to have a significant effect on the HRA MTFP were identified as part of the 2024-25 budget setting process. The current 'cost of living crisis' has seen a number of these risks now having an impact on the plan.

- **Increased borrowing costs due to interest rate increases** - interest rates for borrowing have increased from an average of 2.00% in 2021-22 to an estimated 5.50% in 2024-25;
- **The need for unplanned capital expenditure** – for example the HRA absorbed the costs of damage to HRA land and property due to Storm Arwen with an estimated cost of over £1.300 million;
- **Higher levels of pay awards and inflation than included in the plan** - the agreed pay award for 2023-24 was a flat rate of £1,925 for every 1FTE costing £0.661 million. This equates to an average of 7.00% across the pay bands with those on lower spinal points receiving 10.50% at an additional cost of £0.243 million. An estimated further inflationary increase of 4.00% totalling £0.447 million has been included for 2024-25. These additional costs have been built into the staffing budgets within the MTFP; and,
- **Non pay inflation** – the cost of fuel, utilities and materials have significantly increased during 2022-23 and 2023-24. This has impacted on both revenue and capital costs, resulting in less outputs for existing budgets. Although inflation rates are starting to fall, it may be some time before this is reflected in the cost of goods and services. The table below summaries the inflation built into the 2024-25 budget:

Budget	Inflationary Increase	
	%	£m
Consumable Materials	6.00	0.139
Council Tax	4.99	0.024
Electricity	3.00	0.004
Gas	4.50	0.017
Insurance	6.70	0.010
Internal Recharges	3.00	0.094
Water	3.00	0.068
Other Income	3.00	(0.076)
Total		0.280

Growth

6.11 The following growth items are included within the 2024-25 budget and MTFP:

- **Housing Disrepair** – £0.275 million to increase the budget provision in response to an increased number of housing disrepair claims across the sector to support legal costs, mitigation, and resolution. This will increase the budget to £0.525 million. The MTFP proposes to reduce this budget by

£0.150 million after 5 years assuming that mitigation in relation to the current issues will be either complete or nearly complete;

- **Additional staffing budget** – increase to the staffing budget of £0.367 million for Housing Management in order to comply with the new requirements of the Housing Regulator as set out in the Social Housing (Regulation) Act 2023 including dealing with damp and mould issues within specific timescales and ensuring Council tenants have a voice and are being involved in decision making;
- **Hardship fund** - A non-recurrent hardship fund of £0.350 million to support Council tenants who may, due to their income, not be eligible to receive any financial assistance through existing benefits; and,
- **Void properties consumable materials** - an additional £0.159 million budget provision for consumable materials in relation to turnaround and repair of void properties. This area is being reviewed due to the increased costs and void rates.

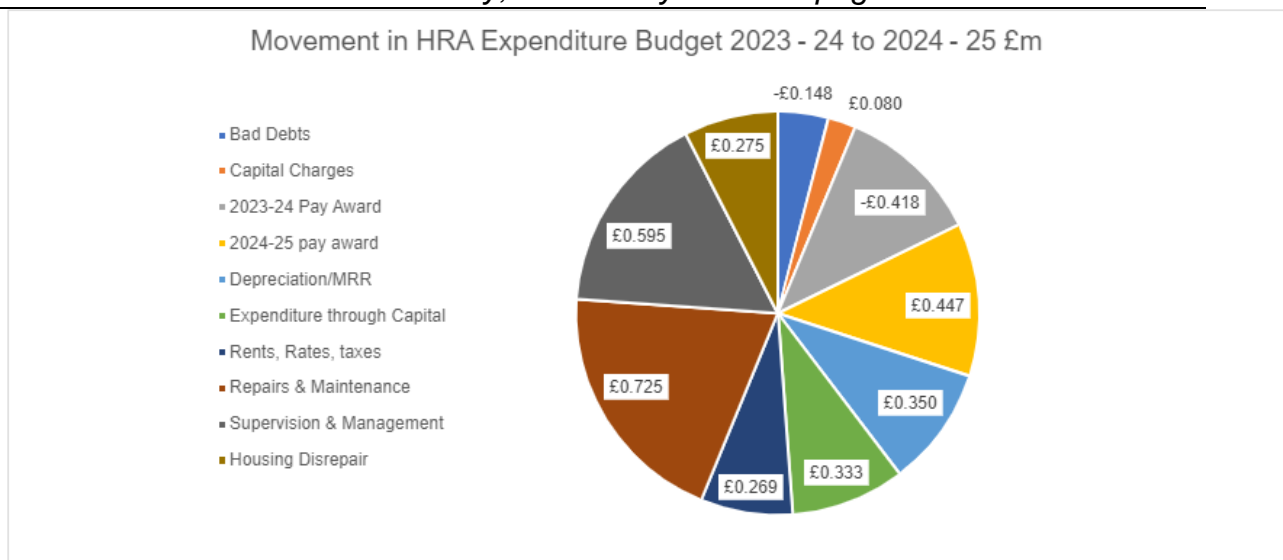
Savings

6.12 The following savings are included within the 2024-25 budget and MTFP:

- **Interest Receivable** - the increase in interest rates has improved the HRA budget by £0.400 million as the estimated interest rate received on HRA reserves has increased from 0.02% in 2021-22 to an estimated 4.40% in 2024-25; and,
- **Introduction of phased service charges for Sheltered Housing tenants** - since the withdrawal of the Supporting People grant in 2015 the HRA has subsidised sheltered housing schemes. The implementation of service charges will bring the Council in line with other housing providers both locally and nationally. Estimated additional income is £0.120 million in 2024-25 (50.00%), £0.180 million in 2025-26 (75.00%) and £0.240 million 2026-27 (100.00%). This was agreed by full Council as part of the 2023-24 MTFP, with a commencement date of collection of 2024-25.

Income and Expenditure Summary

6.13 As stated above, assuming a 7.70% increase in dwelling rent, additional revenue through interest and non-dwelling rent, the overall increase in income has been calculated as £3.064 million. It has further been calculated, as shown below, that the overall increase in expenditure in 2024-25, will be £2.508 million. Based upon this and taking into account all other matters within the HRA MTFP, this would produce an in-year operating surplus of £0.868 million.



Reserves

6.14 The HRA cannot be subsidised by the Council’s General Fund and therefore needs to maintain an adequate level of reserves. The HRA maintains a significant level of reserves in the early years of the plan. However, the plan includes the use of reserves to fund the capital programme to avoid any additional borrowing while the interest rates are high. This reduces the reserves to £13.708 million by the end of 2027-28. A risk assessment on the reserve’s balances has been completed. The reserve balance will gradually grow and by 2030-31 will be approximately £14.000 million and will be maintained at this level for the remainder of the plan.

Loans

6.15 At this time, it is not proposed that any loans are repaid; and all loans maturing will be refinanced.

Right to Buy

6.16 The HRA MTFP assumes that the current Right to Buy (RTB) policy will continue, and this is reflected throughout the plan as a reduction in rental income. Significant increases in the number of RTB’s has been experienced in the previous two years and the MTFP has been updated to reflect this. Capital receipts from RTB sales are estimated to contribute £11.012 million towards the HRA Capital Programme between 2024-25 to 2027-28.

Existing Housing and Housing Investment Programme

6.17 The HRA MTFP and 30-year Business Plan have been updated to fund £41.434 million of capital expenditure towards the Housing Investment Programme for the period 2024-25 to 2027-28.

2024-25	2025-26	2026-27	2027-28	Total 2024-25 to 2027-28
£m	£m	£m	£m	£m
20.603	14.461	3.455	2.915	41.434

6.18 In order to fund this programme, the MTFP includes:

- External grant support of £7.997 million from Homes England and other funders. To supplement investment in new housing, grant will be sourced through Homes England's Affordable Homes Grant. Applications will be made in line with the prescribed process and assessed by Homes England against the following criteria:

- a) Cost Minimisation (grant per home); and,
- b) Deliverability (within funding timeframe); and,
- c) how they align with their (Homes England) strategic objectives.

In addition to external grant, the investment programme is comprised of the following elements of funding:

- Use of Major Repairs Reserve totalling £2.400 million;
- Utilisation of the Investment Reserve totalling £20.025 million; and
- Use of capital receipts of £11.012 million generated from the Right to Buy sales.

- 6.19 In addition to direct delivery and acquisitions, the Council is enabling and facilitating an increase in the provision of affordable homes in partnership with other registered providers across the county. The priority is to deliver the right tenure of housing, on the right scale for the local area, by the right landlord.
- 6.20 The extent to which the HRA will contribute to the delivery of new homes will be informed by both the need to bring forward new council housing in areas of greatest priority and the investment needs of the existing stock. A revised Housing Asset Management Strategy is being developed that will reflect emerging investment pressures and priorities for social landlords as well as the key strategic aims of the Council.
- 6.21 As part of the commitment to bring forward new affordable homes, the following schemes have been completed:
- Conversion of warden's accommodation to form 3 new affordable units;
 - A targeted acquisition programme, which has delivered 13 units this year through the purchase of affordable Section 106 units from developers including Advance Northumberland. To date 11 acquisitions at Wooler and 2 acquisitions at Longframlington are complete;
 - Grant funding from the Department for Levelling Up, Housing and Communities (DLUHC) has enabled a programme of acquisition under the Local Authority Housing Fund (LAHF) Round 1. Twelve properties are expected to have completed by the end of March 2024;
 - A modest programme of targeted acquisitions of former RTB properties, bringing them back into use as affordable rented homes in areas where we already have stock; .and
 - Demolition of an obsolete block of 16 flats arranged on communal corridors has been completed and designs due for re-provision on site with family houses and apartments.

6.22 As part of the commitment to bring forward new affordable homes, the following schemes are actively being progressed:

- Conversion of 8 Council owned garage sites into 28 new accessible bungalows using the HUSK model. The first scheme will deliver 15 affordable rented bungalows to be part funded by Retained Treasury Capital Grant;
- A targeted acquisition programme to purchase affordable Section 106 units from developers:
 - a) Cabinet approved 8 acquisitions Alnwick from Story Homes at Alnwick. They are currently being built out with completion of units expected between March to June 2024,
 - b) 3 further acquisitions on this site are expected to be on offer for 2025,
 - c) 2 acquisitions are at offer and preliminary stage for another site in Alnwick.

It is proposed to explore other acquisitions in the HRA's stock holding areas;

- Delivery of 13 new build Dementia Care bungalows on a Council site to reflect the objectives set out within the Extra Care and Supported Housing Strategy. Levering in Brownfield Housing Fund (BHF) grant, Adult services 'spend to save' funding and Homes England Affordable Homes grant;
- Delivery of 9 new build bungalows on an Advance Northumberland owned site levering in Homes England Affordable Homes grant;
- Building new affordable homes on 12 identified Council sites is currently progressing, including development of infill sites on existing estates;
- Funding was secured via DLUHC during 2023 for several housing schemes in Blyth, to tackle the energy efficiency of council stock, empty homes and the potential provision of an extra care apartment scheme. The funding for these schemes expands on the Energising Blyth programme investment to regenerate Blyth; and
- In line with Homes England's revised strategy for housing regeneration, a review of schemes that include opportunities to re-develop some existing estates with low demand housing that is not providing a positive contribution to the MTFP is being undertaken. Further Cabinet reports will be brought forward as these schemes are progressed.

6.23 In addition to the Affordable Homes Programme, referenced above, officers are actively involved in bidding for grant to bring forward housing development in its widest sense through partnership with the LA7/North East Mayoral Combined Authority and Homes England. This includes funding from the BHF, Brownfield Infrastructure and Land Fund (BILF) and One Public Estate Brownfield Land Release Fund designed to address viability gaps on challenging sites and a wider pipeline of strategic regeneration priority sites for the Council. Where sites fall within HRA operating areas and there is an opportunity to bring forward developments that will enhance the portfolio of council housing these will be explored.

Major Repairs Reserve

- 6.24 The Council is required to maintain a Major Repairs Reserve (MRR) with the main credit to the reserve being an amount equal to the total depreciation charge for all HRA assets.
- 6.25 The HRA MTFP includes provision for depreciation charges to increase in line with new capital expenditure and then by 1.00% each year with an assumption that the value of housing stock will increase. Any deviation from this assumption will affect the amount that is transferred into the MRR to fund future capital works.
- 6.26 The HRA MTFP assumes that the current adjustment factor for valuation of the housing stock for Northumberland of 44.00% of Market Value (Existing Use Value-Social Housing) will continue to apply throughout the plan for the purpose of valuation and depreciation.
- 6.27 The expenditure within the HRA MTFP for MRR, includes a planned programme of replacement roofs, kitchens, bathrooms, rewires and heating systems, along with other improvement schemes. The current plan assumes that £44.754 million will be spent on maintaining the housing stock to a decent homes standard for the period 2024-25 to 2027-28. In addition, for the same period the MRR will contribute £2.400 million towards the affordable homes programme.

Current Priorities

- 6.28 Alongside the development of new homes, there are several emerging challenges and pressures on the existing stock that will need to be managed through increased investment and funded from the Major Repairs Reserve:
- Energy Efficiency – Linked to the Climate Change Commitment, work is ongoing to attract external funding to tackle homes with low thermal efficiency and/or are hard to heat and invariably this will require an element of capital funding to subsidise the cost of works. The Council is currently delivering a successful Social Housing Decarbonisation Fund (SHDF) Wave 1 bid to install energy efficiency measures to homes in Seaton Delaval. The Council is also working on a bid for SHDF Wave 2.2 funding to continue the installation of energy efficiency measures whilst adopting a fabric first approach;
 - Building Safety – In line with the Social Housing Regulation Bill, there will be increased obligations placed on social landlords in terms of compliance and building safety which will be delivered through planned investment works;
 - Housing Disrepair – the Fitness for Human Habitation Act that came into force for existing social tenants in April 2019, is giving rise to potential disrepair claims across the sector. The Council is currently going through an exercise to increase capacity to meet the demands of the increase in claims;
 - Decent Homes and Housing Act 2004/Housing Health and Safety Rating System (HHSRS) – Post the tragic death of Awaab Ishak and subsequent criticism of Rochdale Boroughwide Housing, Mr Michael Gove MP – Secretary of State for Department of Levelling Up Housing and Communities has written to all social housing providers emphasising the need to ensure all homes meet all of the legal standards and are free from Category 1 Hazards, including damp and mould. The Council has commissioned over three hundred external surveys to identify and diagnose reports of damp and

mould and all frontline staff have been trained in HHSRS awareness. The Council will also refresh stock condition information through a rolling programme of surveys, commencing in 2024-25. This work will validate current investment projections and potentially identify further areas requiring investment within the stock;

- Beyond Decent Homes – Alongside cyclical replacement of key decent homes elements (kitchens, bathrooms, heating systems etc) there are emerging investment needs linked to the structure and age of the properties within the portfolio. Northumberland holds a number of non-traditional homes that will require significant investment or intervention. Additionally, environmental improvements that are contributing to low demand in some areas may need to be prioritised and feature in the capital programme to ensure continued viability; and,
- The Independent Supported Living Agenda – working alongside Adult Services, to ensure that the offer in terms of specialist and supported accommodation is aligned to local need and properties are fit for the future. Internal refurbishments of the communal areas of existing dated Sheltered Schemes are being progressed with the aim to improve the living environment for current residents and to attract new residents.

Re-let at Formula Rent

- 6.29 Since 2001, rents for properties let at 'social rent' have been based on a formula set by the Government. This creates a 'formula rent' for each property, which is calculated based on the relative value of the property, relative local income levels and the bed size of the property. The aim of this formula-based approach is to ensure that similar rents are charged for similar social rent properties.

The actual weekly rent charged is currently lower than the formula rent and has arisen due to policy changes from government in reducing/capping yearly rent increases but still increasing formula rent by CPI plus 1.00% plus the abolition of rent convergence in 2014 which was put in place to allow actual rents to align with formula rents.

NCC's current rent practice is that where a vacant dwelling is re-let, the tenant is to be charged the same weekly rent as the previous vacated tenant. However, where a property is re-let the Government's rent standard allows the new tenants to be charged a formula rent.

Going forward new tenants being charged a formula rent would be subject to the annual rent increase as per the rent standard.

If approved, the Housing Rent policy will be amended to reflect this. An implementation date of April 2025 is proposed, as changes to the Housing Management System will be required.

Annual Review

- 6.30 The HRA MTFP is subject to formal annual review and is part of existing budget monitoring arrangements, which allows any policy changes or impact upon the plan to be identified and any significant changes to be reported.

Summary

6.31 The proposed 2024-25 Housing Revenue Account budget and HRA MTFP 2024-28 is attached at Appendix 1. An indicative 30-year business plan, showing the projected position at five yearly intervals, is also included for information.

7. Implications

Policy	The HRA Budget and Medium-Term Financial Plan fully supports the priorities outlined in the Corporate Plan 2023-26 – Northumberland: Land of Great Opportunities.
Finance and value for money	The financial implications of the 2024-25 HRA Budget and the Medium-Term Financial Plan are detailed within this report.
Legal	The provisions of the Local Government Finance Act 1992 set out what the Council has to base its budget calculations upon and require the Council to set a balanced budget with regard to the advice of its Chief Finance Officer. The Act also states that the Council has got to set its budget before 11 March in the financial year preceding the one in respect of which the budget is set. The Housing Revenue Account, is governed by the Housing Act 1989. From 1 April 2020, registered providers must set rents in accordance with the government’s policy statement on Rents and Social Housing 2019. (updated December 2022).
Procurement	There are no specific Procurement implications within this report.
Human resources	The budget will have an impact on staffing levels across the HRA, with a proposed increase in staffing numbers. The Council will continue to manage its vacancies in a timely manner, to ensure continuity of service to tenants.
Property	All of the Capital Programme refers to HRA property and assets
The Equalities Act: is a full impact assessment required and attached?	Yes - required and attached The nature of the main HRA Budget proposal aims to ensure that the Council is able to provide services to all tenants, maintain existing homes to the decent home standard, and develop new housing to meet the needs of current and future tenants. The proposal does not therefore adversely impact on any member of staff, or public due to individual or multiple protected characteristics. Further, it has been recognised that for those tenants who are responsible for the payment in full of their rent, that any rent increase, coupled with the cost of living crisis, may have an adverse impact on them and their ability to pay their rent. To support those tenants, it is proposed that the hardship fund will be topped up to ensure support is available for those who really need support.
Risk assessment	The risks associated with the budget proposals will continue to be reviewed up to and including implementation of the detailed proposals.

Crime and disorder	There are no specific Crime & Disorder implications within this report.
Customer considerations	The individual proposals will carefully consider the impact upon both customers and residents of Northumberland.
Carbon reduction	The Council continues to develop proposals concerning the management of energy which are supported by the budget.
Health and wellbeing	The Council's budget is founded on the principle of promoting inclusivity.
Wards	South East Northumberland, Alnwick, Allendale

8. Background papers

Not Applicable

9. Links to other key reports already published

Not Applicable

10. Author and Contact Details

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Housing Revenue Account MTFP and Business Plan

Appendix 1

1. HRA MTFP 2024-25 to 2027-28 & 30 Year Business Plan

	HRA MTFP 2024-25 to 2027-28				HRA 30 Year Business Plan					
	2023-24	2024-25	2025-26	2026-27	2027-28	2032-33	2037-38	2042-43	2047-48	2053-54
	Expected Outturn £m	Projection £m	Projection £m	Projection £m	Projection £m	Projection £m	Projection £m	Projection £m	Projection £m	Projection £m
Income										
Dwelling Rents (including voids)	(32.408)	(35.111)	(36.240)	(37.674)	(38.985)	(44.783)	(50.592)	(57.043)	(64.185)	(73.856)
Non Dwelling Income	(3.180)	(3.336)	(3.369)	(3.403)	(3.437)	(3.612)	(3.797)	(3.990)	(4.194)	(4.452)
Interest on balances and investments	(1.721)	(1.440)	(0.700)	(0.500)	(0.250)	(0.100)	(0.100)	(0.100)	(0.100)	(0.100)
Total Income	(37.309)	(39.887)	(40.309)	(41.577)	(42.672)	(48.495)	(54.489)	(61.133)	(68.479)	(78.408)
Expenditure										
Repairs and Maintenance	10.078	10.586	11.047	11.530	12.032	14.727	18.241	21.146	24.514	29.271
Supervision and Management	7.722	8.917	9.074	9.346	9.626	11.159	12.937	14.997	17.386	20.760
Rents, Rates, Taxes and Other Charges	3.699	3.968	3.747	3.858	3.973	4.602	5.330	6.174	7.154	8.537
Depreciation & Impairment of Fixed assets	10.518	10.686	11.014	11.304	11.366	12.077	12.693	13.341	14.021	14.884
Provision for the write off of bad debt	0.556	0.411	0.422	0.436	0.449	0.502	0.560	0.625	0.697	0.794
Capital Charges - Interest	4.709	4.451	4.209	3.997	4.001	3.975	3.975	3.975	3.974	3.937
Total Expenditure	37.282	39.019	39.513	40.471	41.447	47.042	53.736	60.258	67.746	78.183
Operating Surplus on HRA Services	(0.027)	(0.868)	(0.796)	(1.106)	(1.225)	(1.453)	(0.753)	(0.875)	(0.733)	(0.225)
HRA Reserve brought forward	(29.148)	(28.175)	(19.193)	(13.177)	(13.483)	(14.839)	(15.890)	(15.035)	(14.252)	(13.558)
Contribution to Capital Investment Reserve	1.000	9.850	6.812	0.800	1.000	1.000	1.000	1.000	1.000	-
HRA Reserve carried forward	(28.175)	(19.193)	(13.177)	(13.483)	(13.708)	(15.292)	(15.643)	(14.910)	(13.985)	(13.783)

Housing Revenue Account MTFP and Business Plan

2. HRA Capital Programme 2024-25 to 2027-28

2023-24	2024-25	2025-26	2026-27	2027-28	Total 2024-25 to 2027-28
Expected Outturn	Projection	Projection	Projection	Projection	Projection
£m	£m	£m	£m	£m	£m
Affordable Housing Investment Programme	20.603	14.461	3.455	2.915	41.434
Major Repairs Programme	11.116	11.231	11.246	11.161	44.754
17.448	31.719	25.692	14.701	14.076	86.188
Contribution from Major Repairs Reserve	(11.015)	(11.831)	(11.846)	(11.161)	(47.154)
Contribution from Capital Investment Reserve	(1.177)	(6.812)	(0.800)	(1.000)	(20.025)
Contribution from Capital Receipts Reserve	(2.395)	(3.456)	(1.655)	(1.655)	(11.012)
External Funding / Homes England	(2.861)	(3.593)	(0.400)	(0.260)	(7.997)
(17.448)	(31.719)	(25.692)	(14.701)	(14.076)	(86.188)

Funded by:

Contribution from Major Repairs Reserve
 Contribution from Capital Investment Reserve
 Contribution from Capital Receipts Reserve
 External Funding / Homes England

3. HRA Reserves

Major Repairs Reserve

Balance brought forward
 Depreciation
 Major Repairs Capital Programme
 Contribution to the Capital Programme

Balance carried forward

2024-25	2025-26	2026-27	2027-28
Projection	Projection	Projection	Projection
£m	£m	£m	£m
(9.722)	(8.092)	(7.275)	(6.733)
(10.686)	(11.014)	(11.304)	(11.366)
11.116	11.231	11.246	11.161
1.200	0.600	0.600	-
(8.092)	(7.275)	(6.733)	(6.938)

Capital Investment Reserve

Balance brought forward
 Contribution from HRA
 Contribution to Housing Investment Programme

Balance carried forward

2024-25	2025-26	2026-27	2027-28
Projection	Projection	Projection	Projection
£m	£m	£m	£m
(1.563)	-	-	-
(9.850)	(6.812)	(0.800)	(1.000)
11.413	6.812	0.800	1.000
-	-	-	-

Capital Receipts Reserve

Balance brought forward
 Capital Receipts - RTB Sales
 Contribution to the Capital Programme
Balance carried forward

2024-25	2025-26	2026-27	2027-28
Projection	Projection	Projection	Projection
£m	£m	£m	£m
(7.842)	(4.596)	(2.140)	(1.485)
(1.000)	(1.000)	(1.000)	(1.000)
4.246	3.456	1.655	1.655
(4.596)	(2.140)	(1.485)	(0.830)

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HRA Equality Impact Assessment

Carrying out an Equality Impact Assessment (EIA) will help the County Council to meet its Public Sector Equality Duties (Equality Act 2010).

The duties which need to be considered when making decisions are to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act
- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those who do not

Failure to assess the equality impact may increase the risk of making an unfair decision which could potentially be discriminatory. It also prevents us from identifying opportunities to promote equality and therefore leaves the County Council open to potential legal challenge.

Using this EIA template will help to ensure that a decision is made in a fair way, based on evidence. It provides a clear and structured method to assess the potential impact on protected groups.

Title of policy or proposal	HRA Budget and MTFP report for 2024-25 (assessment of overall impacts of the package of proposals that have been put forward as part of the budget report for 2024-25).
Briefly describe the aims of the policy change, decision or proposal, the likely outcomes and the rationale for it	<p>The Housing Revenue Account (HRA) has a statutory duty to set a budget and maintain positive reserves and balances. The Budget sets out the plans for the medium term along with a 30-year business plan.</p> <p>Key proposals:</p> <ul style="list-style-type: none"> • To approve an increase Council housing rents and service charges by CPI 6.7% plus 1% from April 2025. • To approve a £41.434m Capital Investment Programme. • To approve a hardship fund of £0.350m • To maintain a balanced HRA Budget for 30 years • To maintain Council Housing to the Decent

	Homes standard.
<p>Consider the potential impact on any member of staff or member of the public with the following protected characteristics:</p> <p>Age, Disability, Gender identity/Gender reassignment, Race, Religion or belief, Sex, Sexual orientation, Women who are pregnant or have recently had a baby.</p> <p>Also, for issues affecting staff, consider employees who are married or in a civil partnership.</p>	
<p>What information is already held or have you obtained through consultation or engagement activity?</p>	<p>Age: The budget implications do not affect any age group over another.</p> <p>57% of tenants are aged over 50.</p> <p>21% of tenants are aged over 70.</p> <p>A distinctive feature of Northumberland is that it has an above average proportion of older people in its population, and the projection is for a higher than average increase in this proportion over the coming decade. Included in the HRA Affordable Housing Programme we have specific aims to build dementia friendly bungalows identified for older tenants.</p> <p>Disability: Within the HRA budget, we allocated a budget to cover adaptations to Council properties to enable practical living solutions for anyone with a disability.</p> <p>Gender identity/Gender reassignment: We have limited information regarding Gender identity/Gender reassignment in Council Tenants.</p> <p>Race: The budget implications do not affect any group over another</p> <p>Within the Capital Programme we are bringing 13 additional properties into the HRA specifically for the Afghan refugees with grant support from the Local Authority Housing Fund.</p> <p>Religion or belief: We have limited information</p>

	<p>regarding religion or belief.</p> <p>Sex: The budget implications do not affect any group over another</p> <p>56% of tenants are female</p> <p>41.4% of tenants are male</p> <p>2 tenants have indicated they are non-binary</p> <p>1 tenant has indicated they are transgender</p> <p>Sexual orientation: We have limited information about differences in overall Council Tenants by sexual orientation.</p> <p>Women who are pregnant or recently had a baby:</p> <p>The Council regularly publishes an analysis of its equality information. The most recent report is available on the Equality in Northumberland page of the Council’s website.</p>
<p>After considering the information, which protected groups may potentially be affected?</p>	<p>Potentially affected:</p> <p>Age</p> <p>Disability</p> <p>Gender identity/Gender reassignment</p> <p>Race</p> <p>Religion or belief</p> <p>Sex</p> <p>Sexual orientation</p> <p>Not potentially affected:</p> <p>The HRA Budget adversely does not affect any protected group over another.</p>
<p>Using the information you have, give details of any potential positive and negative impacts on protected groups likely to be affected by the policy change, decision or proposal</p>	<p>Age: No issues have currently been identified to people with different religions or beliefs might be disproportionately advantaged or disadvantaged by this budget</p> <p>Disability: No issues have currently been identified to people with different religions or beliefs might be disproportionately advantaged or disadvantaged by this budget</p> <p>Gender identity/Gender reassignment: No issues have currently been identified to people with different</p>

	<p>gender identities or who have transitioned or are transitioning would be disproportionately advantaged or disadvantaged by this budget, though the question will be considered during further development of further budgets. The Council is continuing to work to promote awareness and provide support to people with different gender identities or who have changed from the gender they were assigned at birth.</p> <p>Race: No significant differential impact on specific national or ethnic minorities protected by the Equality Act 2010 has been identified in preparing the budget. Where necessary, further EIAs linked to the implementation of specific budget proposals will need to consider whether there is a possibility of differential impacts.</p> <p>Religion or belief: No issues have currently been identified to people with different religions or beliefs might be disproportionately advantaged or disadvantaged by this budget</p> <p>Sexual orientation:</p> <p>The budget proposals planned for 2024-25 currently appear unlikely to have a differential impact. Where necessary, further assessment of the impact on people with different sexual orientations will be linked to the implementation of specific budget proposals.</p> <p>Women who are pregnant or recently had a baby:</p> <p>The risk that pregnant women or those with children under 26 weeks could be disproportionately disadvantaged will need to be considered where relevant in carrying out detailed EIAs required to support the implementation of specific budget proposals.</p> <p>No significant risk has been identified that the budget proposals will affect public attitudes towards pregnant women or those with children under 26 weeks.</p>
<p>Give details of any Human Rights implications and actions that may be needed to</p>	<p>Human rights issues have been considered in EIAs of specific budget proposals, and no unacceptable implications have been identified. Where necessary, further EIAs linked to the implementation of specific</p>

safeguard Human Rights.	budget proposals will consider potential human rights issues.
Give details of any actions that can be taken to promote equality or to lessen any potential adverse impact on protected groups.	There are no adverse impacts.
What plans are there to monitor and review the actual impact of the policy change, decision or proposal on equality of opportunity?	Monitoring arrangements have been/will be considered in EIAs for specific budget proposals. The Council carries out an annual equality information analysis, which provides a regular overview of significant equalities issues across services, including any issues which emerge as a result of budget changes.
When will follow up review be done?	Follow up reviews will be done for individual EIAs for specific proposals as these are developed and implemented. Further reviews of specific proposals will be done if these are identified during the annual equality information analysis.
Based on a consideration of all the potential impacts, mark one of the following as an overall summary of the outcome of this assessment:	
x	The equality analysis has not identified any potential for discrimination or adverse impact and all opportunities to promote equality have been taken.
	The equality analysis has identified risks or opportunities to promote better equality; the change, decision or proposal will be adjusted to avoid risks and ensure that opportunities are taken.
	The equality analysis has identified risks to equality which will not be eliminated, and/or opportunities to promote better equality which will not be taken. Acceptance of these is reasonable and proportionate, given the objectives of the change, decision or proposal, and its overall financial and policy context.

	The equality analysis shows that the change, decision or proposal would lead to actual or potential unlawful discrimination or would conflict with the Council's positive duties to an extent which is disproportionate to its objectives. It should not be adopted in its current form.
Explain how the judgement above was reached and summarise steps which will be taken to reduce any negative or to enhance any positive impacts on equality	The opportunity to increase the rent by CPI 6.7% plus 1% from April 2025 and to invest in Capital Schemes will not adversely affect our tenants or provide any issues around equality.
Name(s) and job title(s) of person (people involved in) carrying out this assessment	Susan Ogle
Authorising director or head of service	Rob Murfin
Date authorised	30 November 2023
The completed equality impact assessment must be attached to the report that will be considered by the decision maker or decision makers to enable them to give due regard to the impact of the policy, decision or proposal on protected groups.	



Northumberland

County Council

Cabinet

Tuesday, 16 January 2024

Notification of the Estimated Collection Fund Balances 2023-24– Council Tax and Business Rates

Report of Councillor(s) Richard Wearmouth, Deputy Leader and Cabinet Member for Corporate Resources

Responsible Officer(s): Jan Willis, Executive Director for Resources & Transformation (S151)

1. Link to Key Priorities of the Corporate Plan

The Council's budget is aligned to the priorities outlined in the Corporate Plan 2023-26.

2. Purpose of report

To advise members of the estimated year end balances on the Collection Fund in relation to Council Tax and Business Rates for the year ending 31 March 2024.

3. Recommendations

Members are requested to:

- 3.1 Approve the declaration of a surplus on the Collection Fund for the year ending 31 March 2024 in relation to Council Tax of £4.486 million to be distributed to the Council and Northumbria Police and Crime Commissioner in accordance with Council Tax regulations; the Council's share being £4.149 million.**
- 3.2 Note the overall estimated surplus on the Collection Fund for the year ending 31 March 2024 in relation to Business Rates of £6.943 million; the Council's share being £3.471 million.**
- 3.3 Note the distribution of the estimated Collection Fund surplus for Council Tax to the Northumbria Police and Crime Commissioner of £0.337 million, and the distribution of the estimated Collection Fund surplus for Business Rates of £3.471 million to the Secretary of State.**

- 3.4 **Note the inclusion of the Council’s share of the estimated Collection Fund balances distributable in 2023-24 of £4.149 million surplus and £3.471 million surplus for Council Tax and Business Rates respectively, within the Council’s budget 2024-25.**

4. Forward plan date and reason for urgency if applicable

The forward plan for this report was added 4 October 2023.

5. Background

- 5.1 As a Council Tax and Business Rates Billing Authority the Council is required by legislation to estimate the surplus or deficit for each financial year on the Collection Fund.
- 5.2 Both Council Tax and Business Rates precepts are fixed prior to the start of a financial year. Any variations from this realised through the Collection Fund in year are distributed in the following two financial years (based on estimates in the following year and actuals in the subsequent year).
- 5.3 The Collection Fund is a statutory fund separate from the General Fund of the Council. The Collection Fund accounts independently for:
- a) Income into the Fund: The Fund is credited with the amount of receipts of Council Tax and Business Rates it collects.
 - b) Payments out of the Fund: In relation to Council Tax, payments are made to the Council; the one major precepting authority (Northumbria Police & Crime Commissioner); and, the local preceptors (parish and town councils). In relation to Business Rates, payments are made to the Council and the Secretary of State.
- 5.4 The Local Government Finance Act 1992 (as amended) requires the Council as the Billing Authority to calculate a Collection Fund estimate by 15 January each year for Council Tax.
- 5.5 The Non-Domestic Rating (Rates Retention) Regulations 2013 require the Council as the Billing Authority to calculate a Collection Fund estimate on or before 31 January each year for Business Rates.
- 5.6 Both estimates relate to the Collection Fund for the year ending 31 March 2024 and show the impact of this on the cumulative Collection Fund balance.

Estimated Surplus for Council Tax

1. The Council Tax Collection Fund balance for the year ending 31 March 2024, shows a forecast surplus of £4.486 million based on figures up to the end of October 2023. The forecast surplus on the Council Tax Collection Fund is due largely to an increase in the Council Tax Base because of additional properties.
2. The year-end forecast surplus will be distributed to the major precepting authorities in the following year, in the relevant proportions.

Estimated Surplus for Business Rates

1. The Business Rates Collection Fund balance for the year ending 31 March 2024, shows a forecast surplus of £6.943 million based on figures up to the end of October 2023. The forecast surplus on the Business Rates Collection Fund is due largely to changes to the Bad Debt provision and Appeals provision in prior years.
2. The estimation of the Business Rates base each January sets the amount of Business Rates income to be distributed from the Collection Fund to preceptors in the following year. Any variations during the year will be borne by the Collection Fund and distributed to preceptors in future years through the declaration of a surplus or deficit on the fund.
3. The NNDR1 return to central government is the mechanism by which the estimated business rates balances are set for the following year. Unless there are any major changes to any of the assumptions detailed within this report then the figures included within this report will be reported to central government on the Council's NNDR1 return.

Distribution of the Estimated Collection Fund Balances

1. The following table shows the distribution of the estimated balances between the relevant precepting bodies.

Precepting Body	Council Tax	Business Rates	Total
	£	£	£
2023-24			
Northumberland County Council	(4,149,168)	(3,471,354)	(7,620,522)
Northumbria Police & Crime Commissioner	(337,003)	-	(337,003)
Secretary of State	-	(3,471,354)	(3,471,354)
Total	(4,486,171)	(6,942,708)	(11,428,879)

2. The Council's share of the estimated balances will be incorporated into the budget for 2024-25 and Medium-Term Financial Plan 2024-28.
3. The Northumbria Police and Crime Commissioner and the Secretary of State will be notified of their respective shares of the estimated balances in January 2024.
4. A full breakdown of the estimated Council Tax surplus is shown at Appendix 1 and the estimated Business Rates surplus is shown at Appendix 2.

6. Implications

Policy	This report provides information on the Collection Fund Balances and it fully supports the priorities outlined in the Corporate Plan 2023-26
Finance and value for money	The Collection Fund is a statutory stand-alone fund. The estimated balances on the fund ultimately feed into the General Fund and are incorporated into the Council’s Budget and Medium-Term Financial Plan.
Legal	Section 89 of the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) reflects the statutory requirement for billing authorities to establish and maintain a separate fund for the collection and distribution of amounts due in respect of council tax and non-domestic rates.
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.
The Equalities Act: is a full impact assessment required and attached?	No - no equalities issues identified There are no specific equalities implications within this report.
Risk assessment	There is a risk that the actual position on the Collection Fund may not be in line with the estimated position contained within this report. In order to mitigate these risks monthly budget monitoring is undertaken. Any variation between the actual and estimated balance is contained within the Collection Fund in year and has no immediate impact on the General Fund.
Crime and disorder	There are no specific crime & disorder implications within this report.
Customer considerations	There are no specific customer consideration implications within this report.
Carbon reduction	There are no specific carbon reduction implications within this report.
Health and wellbeing	The Council’s budget is founded on the principle of promoting inclusivity.
Wards	(All Wards);

7. Background papers

Not applicable

8. Links to other key reports already published

Not applicable

9. Author and Contact Details

Kate Johnstone,
Email: kate.johnstone@northumberland.gov.uk

2022-23		2023-24
Actual	COLLECTION FUND ACCOUNT - COUNCIL TAX	Estimate
£		£
	Income	
(234,540,161)	Income from Council Tax	(249,709,237)
(2,499,583)	Transfer from General Fund for LDD & LCTS Hardship	(2,924,280)
(338,370)	Ministry of Defence Payments	(338,370)
(237,378,114)	Total Income	(252,971,887)
	Expenditure	
	<u>Precepts</u>	
206,070,229	Northumberland County Council (NCC)	218,685,570
9,869,569	Parish Councils	10,293,859
16,707,869	Northumbria Police & Crime Commissioner (NPCC)	18,598,114
	<u>Bad & Doubtful Debts</u>	
1,785,656	Increase/(Decrease) in Bad Debt Provision	(528,458)
234,433,323	Total Expenditure	247,049,085
(2,944,791)	Surplus for year	(5,922,802)
	Collection Fund accumulated (surplus)/deficit	
(3,099,308)	Balance Brought Forward	(1,511,671)
4,214,663	Distribution of NCC share of prior year estimated deficit	2,734,892
317,765	Distribution of NPCC share of prior year estimated deficit	213,410
(2,944,791)	Surplus for year	(5,922,802)
(1,511,671)	Accumulated surplus carried forward before spreading adjustment	(4,486,171)
	Distribution of Collection Fund accumulated (surplus)/deficit	
(5,153,244)	Northumberland County Council (NCC) in year surplus	(5,477,879)
554,167	Northumberland County Council (NCC) spreading adjustment	-
3,195,968	Northumberland County Council (NCC) prior year residual deficit	1,328,711
(1,403,109)	Northumberland County Council (NCC) Total	(4,149,168)
(211,483)	Northumbria Police & Crime Commissioner (NPCC) in year surplus	(444,923)
41,074	Northumbria Police & Crime Commissioner (NPCC) spreading adjustment	-
61,847	Northumbria Police & Crime Commissioner (NPCC) prior year residual deficit	107,920
(108,562)	Northumbria Police & Crime Commissioner (NPCC) Total	(337,003)
(1,511,671)	Total	(4,486,171)

2022-23		2023-24
Actual	COLLECTION FUND ACCOUNT - BUSINESS RATES	Estimate
£		£
	Income	
(75,889,681)	Income from Business Rates	(82,720,055)
350,057	Transitional Protection	(7,299,855)
(75,539,624)	Total Income	(90,019,910)
	Expenditure	
	<u>Precepts and Payments</u>	
36,152,719	Northumberland County Council (NCC)	39,355,936
36,152,719	Secretary of State (SoS)	39,355,936
494,792	Cost of Collection Allowance	507,428
	<u>Bad & Doubtful Debts</u>	
262,553	Increase in Bad Debt Provision	2,165,289
	<u>Appeals & Losses</u>	
(4,264,569)	Increase/(decrease) in appeals provision	4,180,747
	<u>Disregarded Amounts</u>	
4,963,144	Renewable Energy	359,334
232,486	Enterprise Zone Growth	5,371,738
73,993,844	Total Expenditure	91,296,408
(1,545,780)	Deficit/(Surplus) for year	1,276,498
	Collection Fund accumulated surplus	
25,015,249	Balance Brought Forward	(4,331,824)
(12,547,094)	Distribution of NCC share of prior year estimated surplus	(1,943,691)
(12,547,094)	Distribution of SoS share of prior year estimated surplus	(1,943,691)
(4,252,885)	Deficit/(surplus) for year	1,276,498
(4,331,824)	Accumulated surplus carried forward	(6,942,708)

	Distribution of Collection Fund accumulated surplus	
(39,469)	Northumberland County Council (NCC) prior year surplus	(4,109,603)
(2,468,422)	Northumberland County Council (NCC) in year (surplus)/deficit	638,249
341,979	Northumberland County Council (NCC) spreading adjustment	-
(2,165,912)	Northumberland County Council (NCC) Total	(3,471,354)
(39,469)	Secretary of State (SoS) prior year surplus	(4,109,603)
(2,468,422)	Secretary of State (SoS) in year (surplus)/deficit	638,249
341,979	Secretary of State (SoS) spreading adjustment	-
(2,165,912)	Secretary of State (SoS) Total	(3,471,354)
(4,331,824)	Total	(6,942,708)

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Northumberland

County Council

Cabinet

Tuesday, 16 January 2024

Summary of New Capital Proposals considered by Officer Capital Strategy Group

Report of Councillor(s) Richard Wearmouth, Deputy Leader and Cabinet Member for Corporate Resources

Responsible Officer(s): Jan Willis, Executive Director for Resources & Transformation (S151)

1. **Link to Key Priorities of the Corporate Plan**

The Council's Capital Programme is consistent with all of the priorities in the Corporate Plan 2023-2026, being 'Achieving Value for Money', 'Tackling Inequalities' and 'Driving Economic Growth'.

2. **Purpose of report**

This report summarises proposed amendments to the Capital Programme considered by the Capital Strategy Group.

3. **Recommendations**

3.1 **Greensfield Farm Alnwick**

a) Approve the spend of £0.333 million to acquire 2 3-bedroom houses on the Wynyard Homes Greensfield Farm development in Alnwick. Note this will be funded using in year capital receipts and retained capital receipts within the Housing Revenue Account.

3.2 **Lyndon Walk**

- a) Approve the updated spend of the Lyndon Walk 13 bungalows proposal of £2.796 million. This will be funded from Housing Revenue Account reserves.
- b) Approve the amendment to the Capital Programme for the updated spend as profiled in the report.

3.3 Dene Park Windows

- a) Approve the spend of £0.184 million to replace the windows at Dene Park House. Note that the funding for this project will come from the existing Property Stewardship Budget allocation within the Capital Programme.
- b) Approve the amendment to the Capital Programme to reallocate £0.184 million from the Property Stewardship Budget to Dene Park House in 2023-24.

3.4 Energising Blyth Programme – Energy Central Institute

- a) Approve the amendment to the Capital Programme to establish the Energy Central Campus Phase 2 (Energy Central Institute) as a defined project in the Capital Programme with a total budget of £15.421 million as profiled in the body of the report.
- b) Approve the proposal to accelerate capital spend of £1.404 million in advance of business case approval to drive forward project development inclusive of spend in 2022-23.
- c) Delegate authority to the Executive Director for Place and Regeneration to enter into a contract to the value of £1.060 million to appoint a multi-disciplinary Design Team, subject to the appropriate procurement processes being followed.
- d) Approve the spend of £0.750 million to commence work on demolishing Keel Row Shopping Centre and 3-5/7-9 Bridge Street.
- e) Delegate authority to the Executive Director for Place and Regeneration to enter into a contract for the demolition of Keel Row Shopping Centre and 3-5/7-9 Bridge Street, subject to the appropriate procurement processes being followed.

3.5 Energising Blyth Programme – Technical Fit-Out and Equipment

- a) Approve the amendment to the Capital Programme to establish the Energy Central Campus Phase 1 – Technical Fit-Out and Equipment as a defined project with a total budget of £1.450 million as profiled in the body of the report.
- b) Delegate authority, 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 any capital implications to Capital Strategy Group for consideration in the Capital Programme.

3.6 Woodhorn Lift Replacement

- a) Approve the spend of £0.121 million to replace the lift in the Winding House at Woodhorn. Note that this is funded from the existing Property Stewardship budget in the Capital Programme.
- b) Approve the amendment to the Capital Programme to reallocate £0.121 million from the Property Stewardship Budget to Woodhorn Lift Replacement.
- c) Approve the novation of the MEND grant and accept the Grant Funding Agreement Terms (subject to Legal review) from the Arts Council for the sum of £0.107 million.

3.7 County Hall – Print Room Refurbishment

- a) Cabinet are asked to note the spend of £0.125 million for the refurbishment of the County Hall Print Room. Noting that the Refurbishment work commenced on 28 November 2023, and that this is funded from the existing Property Stewardship budget in the Capital Programme.
- b) Approve the amendment to the Capital Programme to reallocate £0.125 million from the Property Stewardship budget to County Hall – Print Room Refurbishment.

4. Forward plan date and reason for urgency if applicable

The date this report was added to the forward plan was 29 November 2023.

5. Background

- 5.1 This paper summarises reports considered by the Officer Capital Strategy Group on the allocation of funding within the Medium-Term Financial Plan to specific projects. The amendments to the Programme were considered by the officer Capital Strategy Group (CSG) on 28 November 2023.

Summary of New Capital Proposals Considered by Officer Capital Strategy Group on 28 November 2023

6. Greensfield Farm Alnwick

- 6.1 CSG was asked to consider capital funding of £0.333 million to acquire 2 3-bedroom homes on the Wynyard Homes Greensfield Farm development in Alnwick. This spend will be funded using in year capital receipts and retained capital receipts in the Housing Revenue Account.

Background

- 6.2 The proposal is to acquire 2 3-bedroom houses from Wynyard Homes on their Greensfield Farm Development, Alnwick. This acquisition is part of the Housing Delivery Pipeline that has been identified and progressed by the Housing Delivery team. The market value of the individual units is £0.269 million and the Council will offer 60% of market value at £0.161 million per unit.
- 6.3 The site is Land South of Greensfield Farm, Weavers Way, Alnwick and was granted planning approval for 23/02660/VARYCO under original application 21/04074/FUL. The development will comprise 19 units in total with a range of 2,3 and 4-bedroom homes being available. As part of the development there is a requirement that 25% of the dwellings should be provided as affordable housing. This equates to 5 units for affordable housing and in agreement with the Housing Delivery team the developer will be requesting that the affordable rented units are provided as 2 3-bedroom houses by the Council and that 3 2-bedroom houses are provided as Shared Ownership by Heylo Housing. The units provided by the Council will be let at an affordable rent as stated in section 106.

- 6.4 The plots under consideration are number 8 and 9 and development is planned to commence on site in March 2024 with anticipated practical completion in October 2024.
- 6.5 This acquisition model offers a quicker delivery solution than if the units were built by the Council because development on the site is due to commence in Spring 2024.
- 6.6 The new build energy efficient units meet with some of the Council's zero carbon objectives and can be realised due to a very quick build time. The proposed scheme will meet local housing need and meet the objectives of the recently adopted Local Plan, the Council's housing strategy and the Council's Housing Delivery Strategy.
- 6.7 The financial implications are as follows:

Capital	2023-24 £ million	2024-25 £ million	2025-26 £ million	2026-2055 £ million	Total £ million
Expenditure					
Construction	0.032	0.292	-	-	0.324
SDLT	0.004	0.005	-	-	0.009
Total	0.036	0.297	-	-	0.333
Funding					
Retained Capital Receipts	0.014	0.119	-	-	0.133
Capital Receipts	0.022	0.178	-	-	0.200
Total	0.036	0.297	-	-	0.333

Revenue	2023-24 £ million	2024-25 £ million	2025-26 £ million	2026-2055 £ million	Total £ million
Expenditure					
Premises related (depreciation)	-	0.004	0.004	0.126	0.134
Running costs	-	0.004	0.004	0.218	0.226
Total	-	0.008	0.008	0.344	0.360
Income					
Rents	-	0.011	0.012	0.540	0.563
Total revenue savings	-	0.003	0.004	0.196	0.203

- 6.8 Key dates and milestones:
- 31.10.23 NCC presented initial offer to Wynyard Homes.
 - 10.11.23 Verbal agreement by Wynyard Homes to offer made by NCC.
 - 28.11.23 CSG approval to be sought.
 - 29.11.23 Housing Delivery team to progress with formulation of Heads of Terms.
 - 16.01.24 Cabinet approval to be sought.
 - 17.01.24 NCC Legal to progress with contract.
 - March 2024 Construction Start on Site.
 - Oct 2024 Practical Completion, handover and allocation of new homes.

i) The project should be completed within 12 months from approval.

- 6.9 This scheme will provide new energy efficient homes for tenants currently in housing need. It will also provide the Council with a valuable new asset estimated to be £269,215 per unit and rental income of £119.39/week per unit.
- 6.10 The proposal meets the objectives of the recently adopted Local Plan, the Council's Housing Strategy, the findings of the Strategic Housing Market Assessment (SHMA) 2018 refresh and the emerging Council's Housing Delivery Strategy. This is an opportunity to acquire 2 3-bedroom affordable homes in the Alnwick area where currently the council mainly has ageing housing stock.
- 6.11 The Housing Team have identified, from the Homefinder application, that there is a need for 3-bedroom houses. There were 488 applicants for the 10 advertised 3-bedroom properties. The bidding rate was an average of 48 bids per property. The proposal will provide a local alternative to residents who have outgrown their current 2-bedroom affordable home.

7. Lyndon Walk

- 7.1 CSG was asked to consider an increase in the capital funding to £2.796 million for the Lyndon Walk proposal. The proposal is to build 13 2-bedroom bungalows. This spend will be funded using Housing Revenue Account reserves.

Background

- 7.2 Since original approval of the Lyndon Walk project there have been severe delays due to protracted service disconnection and demolition of the site, design and specification of the specialist units that will now employ Modern Methods of Construction (MMCC), delays in planning permission and difficulties in finding a procurement route to work with Advance Developments.
- 7.3 In line with market conditions this delay has led to an increase in the construction costs and it has been identified that an Employers Agent and Quantity Surveyor are required as these resources are not available within the Council's Housing Delivery team.
- 7.4 Lyndon Walk is a specialist development of 13 2-bedroom bungalows designed to support people living with Dementia by providing on site care. The scheme is a pilot scheme aiming to support people living with Dementia/Alzheimer's and their informal carer/spouse to continue to live independently in the community, helping to maintain the family and support network. There will be a care provider on site to support, provide respite and reassurance to enable the carer to continue in their caring role.
- 7.5 The bungalows will be developed and owned by the council through the Housing Revenue Account and managed by the in-house operational housing management team. The land is owned by the Council and has been novated to Housing. The bungalows will be allocated through the complex housing process to people with a care and support need.
- 7.6 The site known as Social Services Lyndon House Day Care Centre, 1 Lyndon Walk Blyth, was granted planning approval for 22/02324/FUL on 10 March 2023. Land remediation work is expected to start in January 2024 with construction planned to

commence on site in March 2024. Completion is anticipated to be February/March 2025.

- 7.7 The Council's Corporate Plan sets out the Council's ambition to increase the supply of Extra Care Housing for older people as a priority. Extra Care Housing acts as a preventative model, supporting independence and avoiding admission into residential care or hospital. The Council's Extra Care and Supported Housing Strategy sets out the Council's intention to increase accommodation options for residents of Northumberland who need various levels of supervision, support and/or care to enable them to live as independently as possible in their community. The Market Position Statement identifies supporting people living with Dementia to continue to live independently in the community as a priority. The objectives of this proposal contribute to the Council objectives and national initiatives.
- 7.8 The proposal is part of the Housing Delivery Pipeline that has been identified and progressed by the Housing Delivery Team. A budget of £45.000 million from the Housing Revenue Account was approved the Medium-Term Financial Plan to resource the Housing Delivery Pipeline with a view to increasing the supply of affordable homes in areas where the Council operates as a landlord. Additional funding in the form of Brownfield Housing Fund (£0.395 million), Opportunity Development Fund (£0.013 million) and Adult Social Care (£0.100 million) has been made available to this project. It is anticipated an increased Homes England grant will be received at a rate of £0.050 million per unit.
- 7.9 The grant funding per unit equates to £0.089 million, £1.158 million in total.
- 7.10 The cost in the original proposal for Lyndon Walk was £1.320 million which had no allowance for land remediation, Employers Agent and Quantity Surveyor Services, zero technologies and MMC. On top of these costs, inflation over the last 4 years has impacted on cost estimates. As a result the capital cost is now estimated at £2.761 million (£0.212 million per unit).
- 7.11 The financial implications, both capital and revenue, are as follows:

Capital	2023-24 £ million	2024-25 £ million	2025-26 £ million	2026-2055 £ million	Total £ million
Expenditure					
Construction	0.168	1.564	1.064	-	2.796
Total	0.168	1.564	1.064	-	2.796
Funding					
Grants (Homes England and S106)	-	0.579	0.579	-	1.158
Capital Receipts	0.168	0.985	0.485	-	1.638
Total	0.168	1.564	1.064	-	2.796

Revenue	2023-24 £ million	2024-25 £ million	2025-26 £ million	2026-2055 £ million	Total £ million
Expenditure					
Premises related (depreciation)	-	0.035	0.035	1.141	1.211
Running costs	-	0.032	0.034	1.582	1.648
Total	-	0.067	0.069	2.723	2.859
Income					
Rents	-	0.068	0.074	3.309	3.451
Total revenue savings	-	0.001	0.005	0.586	0.592

7.12 Key dates and milestones:

- a) Spring 2022 site novated from Social Care to Housing
- b) Feb 2023 final site disconnections
- c) Mar 2023 demolition completed
- d) 07.11.23 LOI signed between NCC and Advance Northumberland Developments
- e) 28.11.23 CSG approval to be sought on updated cost plan
- f) 16.01.24 Cabinet approval to be sought
- g) Jan 2024 Grouting of site
- h) Feb/March 2024 Construction Start on Site
- i) Feb/March 2025 Practical Completion, handover and allocation of new homes.
- j) The project should be completed within 15 months from approval.

7.13 The dementia diagnosis rate in Northumberland is 68.6%. There are 878 people in the Blyth Valley area with a GP registered diagnosis of dementia, 5% of all patients registered in the area.

7.14 There are 814 service users receiving Homecare in South/Central according to Swift data, 118 of these service users have a diagnosis of dementia, this equates to 14% of Homecare clients. The cost of Homecare for service users with dementia is £0.873 million per year. This equates to an average of £0.007 million per service user per year. There are 378 service users living with dementia in residential or nursing homes in South/Central. This is at a cost of £10.500 million per year. Economies of scale can be achieved by care staff supporting a greater number of service users in one location and supporting family carers where appropriate.

7.15 At present the approval from the Coal Authority to commence the grouting is outstanding. The grouting process carries some risks for the project due to the nature of the work. The grouting contract has been awarded on a fixed price so any unforeseen issues won't result in any additional costs.

8. Dene Park Windows

- 8.1 CSG was asked to consider a capital spend of £0.184 million to replace the windows at Dene Park House. This spend will be funded from the existing Property Stewardship Budget allocation within the Capital Programme. At present there is £1.215 million available budget in the 2023-24 Property Stewardship budget.

Background

- 8.2 A detailed condition survey has been carried out at Dene Park House and the recommendation is that the windows are beyond economic repairs and that replacing the windows with modern double glazed uPVC units will improve thermal efficiency and make the building more weathertight.
- 8.3 Dene Park House is located in the East of Hexham. The existing windows are the original single glazed wooden framed units. The current condition of the frames varies but is overall poor. A small number of frames have been replaced already however the vast majority are now deemed beyond economic repair.
- 8.4 The financial implications are as follows:

Description	2023-24 £ million
Schedule of works	0.160
Contingency	0.008
Design fees and surveys	0.016
Total	0.184

- 8.5 If the project does not go ahead then it will mean there is ad hoc replacement of windows as repair becomes unviable. This is a less efficient process of window replacement when compared to scale of achievable savings from a focused scheme.
- 8.6 The poor condition of the windows has resulted in them not being fit for purpose. In some cases, the windows are no longer wind or weatherproof and therefore do not provide protection from rain and cold in the winter. Some are seized closed which prevents air movement during periods of hot weather.

9. Energising Blyth Programme – Energy Central Institute

- 9.1 CSG was asked to consider a capital spend of £15.421 million for the Energy Central Institute, including £1.404 million spend prior to approval of the full business case and £0.750 million to commence work on demolishing Keel Row Shopping Centre.

Background

- 9.2 The Council and its partners have been successful in attracting Future High Street Fund, Town Deal and Levelling Up Deep Dive funding to transform Blyth town centre. This funding will stimulate confidence and further investment, create new jobs, bolster economic growth and transform the town, ensuring it realises its full potential. This programme of renewal is underpinned by creative engagement with the community of Blyth demonstrating demand and support for positive change.

- 9.3 The Energy Central Campus Phase 2 is a key project in the £110 million Energising Blyth programme. At this point Cabinet has:
- a) Agreed allocations for Future High Streets Fund (FHSF) projects.
 - b) Agreed to establish the Energising Blyth Programme and agreed that Cabinet will approve individual project business cases.
 - c) Agreed to establish a not-for-profit Company Limited by Guarantee to provide the vehicle through which the Energy Central Campus projects and activities will be delivered.
 - d) Approved the acquisition of the long leasehold interest of Keel Row Shopping Centre and associated Car Park together with the freehold interest in 7 and 9 Bridge Street to create a development platform for new uses, including the Energy Central Institute.
 - e) Approved the Full Business Case for Energy Central Campus Phase 1 – Learning Hub.
- 9.4 Due to uncertainty around site location, an ‘Initial’ Outline Business Case (OBC) was progressed through the agreed Blyth Town Deal local assurance process in order to submit an Outline Business Case ‘Summary Document’ to UK Central Government in November 2022.
- 9.5 The Outline Business Case ‘Summary Document’ was approved by UK Central Government in March 2023, enabling Grant Funds to be released in accordance with the Town Deal Heads of Terms and agreed project expenditure profile. So far the Council has received the full grant of £0.997 million from FHSF and £0.062 million from Town Deal. Town Deal funding will be released to the Council based on project progress.
- 9.6 The acquisition of the long leasehold interest of Keel Row Shopping Centre and associated Car Park together with the freehold interest in 7 and 9 Bridge Street was finalised in July 2023 and vacant possession will be secured by 28 February 2024, providing a development platform for new uses, including the Energy Central Institute.
- 9.7 A significant amount of development work is now required to take the ECI designs and costs from RIBA Stage 2 to RIBA Stage 3 to enable the OBC to be finalised and submitted to Cabinet for approval. The appointment of a Design Team will also enable the progression of a commercially time critical planning application to demolish Keel Row Shopping Centre upon vacant possession. The Design Team will also be embedded in the operating model and business plan works which are currently being developed by key strategic partners and Energy Central Campus Ltd. This work will inform the design brief to ensure the building will be fit for purpose and meet the needs of both industry and service providers.
- 9.8 The procurement of a multi-disciplinary Design Team is well advanced with the contract ready to be awarded to the successful team subject to Cabinet approval. Subject to approval of the OBC by Cabinet, the Procurement of a contractor on a two-stage tender basis will then take place and the Design Team will progress to RIBA Stage 4 to confirm the Final Business Case.
- 9.9 In July 2023, the Council acquired Keel Row Shopping Centre and car park which were held on a long lease by Northumberland Estates Ltd. The Council also acquired 7-9 Bridge Street from Northumberland Estates Ltd and 3-5 Bridge Street which was

owned by a private company, creating a master planned development platform, including land already in the Council's ownership. The Energy Central Institute is proposed to be located on the site.

- 9.10 3-5 Bridge Street is a 3-storey commercial property abutting 7-9 Bridge Street, both properties suffered considerable damage due to Storm Arwen in December 2021 and remain in a state of disrepair 7-9 Bridge Street has significant damage to the roof, meaning the building is exposed. The Council commissioned a structural report of both premises from Jasper Kerr and have concluded that remedial works are required to make both buildings safe for a period of six to nine months.
- 9.11 Both Bridge Street premises are in the Blyth Central Conservation Area require permission to demolish from the Local Planning Authority. Part of Keel Row Shopping Centre is also located in the Central Conservation Area and therefore permission to demolish is also required.
- 9.12 Keel Row Shopping Centre has remained open in the short term with vacant possession expected to be secured in February 2024, this will allow for utilities disconnections prior to demolition. To secure vacant possession, a formal three month notice period is required to be served to some of the tenants from November 2023. Following the appointment of the Energy Central Campus Phase 2 Design Team, a Planning application to secure consent to demolish the Keel Row Shopping Centre and 3-5/7-9 Bridge Street will be submitted.
- 9.13 Plans are being developed in conjunction with Insurance and Health & Safety to protect the Council's interests during the Keel Row closure period between vacant possession and demolition. To minimise this period, demolition is required prior to approval of the Energy Central Campus Phase 2 Full Business Case, without this, the Keel Row Shopping Centre would be a revenue burden on the Council and would be at risk of vandalism for a period of up to 12 months at a cost of up to £0.179 million. Early demolition of 3-5/7-9 Bridge Street is required within the 6-9 month timeframe identified in Jasper Kerr's Structural Report, if this is not achieved a new survey will be required in order to understand the condition of the building which could lead to abortive costs via further remedial works or worse case, the buildings have become dangerous.
- 9.14 Early demolition will also allow for a potential enabling works package to commence ahead of the main construction contract. The potential benefits of this include ensuring the facility is operational by September 2026 and ensuring site activity continues which mitigates some of the PR implications that could occur if the development of a key Town Centre site is perceived to have paused.
- 9.15 The key milestones of the project are as follows:

Project milestone	Target date
Formal notices served to Keel Row Shopping Centre tenants	November 2023-January 2024
Appointment of Design Team	January 2024
Submission of Planning application to demolish Keel Row Shopping Centre & 3-5/7-9 Bridge Street	February 2024
Keel Row Shopping Centre closure	February 2024
Utilities disconnections	February-May 2024
Planning determination for demolition	May 2024
Demolition works	May-September 2024

Project milestone	Target date
Confirm operating model, Business Plan and Subsidy Control advice	July 2024
RIBA Stage 3 Designs & Costs	July 2024
Detailed OBC developed	August 2024
Contractor appointment (Stage One)	August 2024
Planning permission granted (ECC Phase 2)	November 2024
RIBA Stage 4 Designs & Costs	December 2024
Key strategic partners/providers confirmed (in principle)	December 2024
FBC submission	January 2025
Construction commences	March 2025
Construction completed	August 2026
Building operational	September 2026

- 9.16 The table below sets out the current identified capital allocations for the combined Energising Blyth projects, which are reflected in the Medium-Term Financial Plan. Energy Central Campus Phase 2 is incorporated into the Blyth Town Deal and Future High Street Fund budget line, which was approved by Cabinet in July 2021.

Energising Blyth Capital Funding Profile 2021-2026*			
	TOTAL CAPITAL BUDGET (£ million)		
	BUDGET	EXTERNAL	NCC
Future High Street Fund (FHSF)	25.460	11.121	14.339
Blyth Town Deal 2022-2026	51.062	28.943	22.119
Totals	76.522	40.064	36.458

*Note that the Northern Gateway Phase 1 project is excluded from the above figures as it is already established in the capital programme.

- 9.17 The table below sets out the indicative costs for the Energy Central Campus Phase 2 project, based on RIBA Stage 2 designs developed as part of a 'light touch' Business Case developed in November 2022. Costs are based on a projected opening date for the new facility of September 2026. The financial profile of anticipated spend and subsequent drawdown from the various funding sources is detailed below. The project costs are £14,981,328 plus a contribution of £440,000 towards site acquisition.

	2022-23 £ million	2023-24 £ million	2024-25 £ million	2025-26 £ million	Total £ million
Expenditure					
Contribution towards site acquisition	-	0.440	-	-	0.440
Demolition	-	0.250	-	-	0.250
Construction & Enabling Works	-	0.500	7.701	3.905	12.106
Equipment	-	-	-	0.300	0.300
Fees, Surveys & Investigations	0.043	0.428	0.602	0.402	1.475
Contingency	-	-	-	0.850	0.850
Total	0.043	1.618	8.303	5.457	15.421
Funding					
FHSF	0.043	0.888	0.065	-	0.996

	2022-23 £ million	2023-24 £ million	2024-25 £ million	2025-26 £ million	Total £ million
Town Deal	-	0.290	5.084	-	5.374
NCC	-	-	3.154	5.457	8.611
NCC (Strategic Acquisitions)	-	0.440	-	-	0.440
Total	0.043	1.618	8.303	5.457	15.421

- 9.18 The spend associated with the next stage of design and development work is necessary to enable ECC Phase 2 to develop in line with business case and funding requirements. This includes the appointment of a multi-disciplinary Design Team to take design development from RIBA Stage 2-7.

RIBA Plan of Work	Stage Outcome
RIBA 2 – Concept Design	Architectural Concept approved by the client and aligned to the Project Brief .
RIBA 3 – Spatial Coordination	Architectural and engineering information Spatially Coordinated .
RIBA 4 – Technical Design	All design information required to manufacture and construct the project completed.
RIBA 5 – Manufacturing & Construction	Manufacturing, construction and Commissioning completed.
RIBA 6 - Handover	Building handed over, Aftercare initiated and Building Contract concluded.
RIBA 7 - Use	Building used, operated and maintained efficiently.

- 9.19 Demolition works are required ahead of business case approval so ECC Phase 2 can be delivered on time, to mitigate the revenue risks associated with Keel Row Shopping Centre and to mitigate the health and safety risks associated with 3-5 & 7-9 Bridge Street.

Energy Central Institute Design Fees	
	£ million
Current Spend (to RIBA 2)	
Design Fees (to RIBA 2)	0.034
Advance PM Fees	0.009
Sub-total	0.043
Costs (RIBA 2-7)	
Design Fees	1.060
Advance PM Fees	0.301
Sub-total	1.361
ECI total (Recommendation 2)	1.404
Demolition & Utilities Disconnections	0.750
Sub-total (Recommendation 5)	0.750
Total	2.154

- 9.20 All Future High Street Funding must be defrayed by September 2024 (subject to approval of six month extension), Town Deal funding must be defrayed by 31st March 2026 and the facility operational by September 2026. In order to achieve this, capital

spend is required 'at risk' to provide the necessary detail for submission of an externally appraised 'detailed' OBC report to Cabinet. Should the project not proceed, funding would need to be returned to Government, the benefits of the project would not be realised and the Keel Row Shopping Centre and adjacent Bridge Street properties under Council ownership would not be demolished, resulting in a revenue cost and reputational risk to the Council.

9.21 The key risks associated with the project include:

- a) Loss of external funding if the project is not completed; £996,534 Future High Street funding needs to be defrayed by 31st March 2024 and £5,373,458 Town Deal funding defrayed by 31st March 2026.
- b) Reputational risk to the Council if the Keel Row Shopping Centre site is not demolished and the site developed for new uses in a timely manner following closure.
- c) Revenue cost implication and impact on Programme if Keel Row Shopping Centre demolition is delayed due to a delay in appointing Design Team.
- d) Construction cost inflation placing pressure on the project budget which could compromise quality/scope and/or impact on value for money assessment.
- e) Should the OBC not be approved, the project will not progress and any costs incurred would revert to revenue.
- f) The submitted tender prices for the Design Team are held until 18th January 2024. Any appointment after this date could be subject to an increase in price.

10. Energising Blyth Programme – Technical Fit-Out and Equipment

10.1 CSG was asked to consider a capital spend of £1.450 million for the Energy Central Campus Phase 1 – Technical Fit-Out and Equipment.

Background

10.2 The Council and its partners have been successful in attracting Future High Street Fund, Town Deal and Levelling Up Deep Dive funding to transform Blyth town centre. This funding will stimulate confidence and further investment, create new jobs, bolster economic growth and transform the town, ensuring it realises its full potential. This programme of renewal is underpinned by creative engagement with the community of Blyth demonstrating demand and support for positive change.

10.3 The Energy Central Campus (ECC) is a transformational, business led skills, education and innovation development supporting growth in the low carbon energy sector in Blyth and the wider North East.

10.4 The project will equip young people and adults with the skills needed to take up careers in the sector and enable local companies to grow through access to a skilled workforce and support to adopt the latest innovations in clean growth technology. It will demonstrate to businesses and potential investors that Blyth is ready to meet their growth needs and will be delivered in two phases, at different sites:

- a) ECC Phase 1 - Energy Central Learning Hub (ECLH) - A new STEM education and vocational training facility, developing energy sector skills and aspirations among young people at school and college, and adults re-training for new roles.

Based at the Port of Blyth, learners will develop skills in a real-world energy port setting.

b) ECC Phase 2 - Energy Central Institute - A new higher-level skills and innovation facility, developing energy sector expertise at degree and PhD levels. Creating a focal point for collaboration between energy businesses, OREC, and North East universities, it will develop higher-level skills and technological innovations to keep Blyth at the forefront of energy sector growth. Located at a prominent town centre gateway site, it will attract footfall and enliven the town centre.

10.5 A considerable amount of work has been undertaken to develop the Full Business Case (FBC) for Energy Central Campus Phase 1 - Learning Hub and the main construction contract commenced in June 2023. Following the confirmation of an additional £20.71m funding awarded to Blyth through the Levelling Up Deep Dive (LUDD) process, this has enabled additional investment in technical fit-out and equipment which compliments the existing Energy Central Campus Phase 1 - Learning Hub project.

10.6 The ECC Phase 1 - Technical Fit-Out and Equipment project has been developed through discussions with DLUHC, ECC partners, employers, technical specialists, and senior leaders in schools and colleges in the area and is designed to equip the ECLH with the required digital capacity and specialist technical equipment to deliver high quality learning aligned to employer skills needs. The project involves two elements:

a) The installation of digital infrastructure which will be aligned with the construction work on the ECLH.

b) The purchase and installation of specialist training equipment in the workshops and digital training suite, which will take place in June / July 2024 as part of the internal fit out of the new building.

10.7 The Energy Central Campus, including the Technical Fit-Out and Equipment project, directly contributes to and aligns with the Energising Blyth Strategy and the Town Investment Plan, delivering against three of the core strategic priorities i.e., Growing Town, Inclusive Town, and Clean Growth Town.

10.8 The Strategic objectives for the project are:

a) Upgrade the digital infrastructure and equip the ECLH with specialist training equipment and learning technologies, providing a state-of-the-art learning environment, located in the heart of a thriving green energy industrial cluster to engage and support employers and learners.

b) Support high quality delivery of vocational skills provision, at intermediate and advanced levels, to prepare residents of Blyth and the wider region for employment in the clean energy sector.

c) Provide a co-ordinated approach to addressing industry growth skills needs, bringing together employers, providers, and people.

d) Support local residents and unemployed people into clean energy jobs.

10.9 There is a clear need to invest in the Technical Fit-Out and Equipment project to support a growing and sustainable business base by equipping the ECLH with the digital capacity and specialist equipment to deliver the skills and competencies

needed by employers in the clean energy sector, to support innovation and drive business growth.

10.10 This will facilitate more skilled and better paid jobs by creating a high-quality learning environment equipped with state-of-the-art workplace training equipment and materials, located at the heart of a thriving clean energy industrial cluster in Blyth.

10.11 The total cost of the project is £1.450 million, the breakdown of costs is as follows:

	2023-24 £ million	2024-25 £ million	2025-26 £ million	Total £ million
Expenditure				
Training Equipment	-	0.750	-	0.750
Digital Infrastructure	-	0.200	-	0.200
AR/VR Hardware & Software	-	0.050	-	0.050
Immersive Learning classroom	-	0.250	-	0.250
Digital twinning technologies	-	0.100	-	0.100
Digital Design workstations	-	0.100	-	0.100
Total	-	1.450	-	1.450
Funding				
Levelling Up Deep Dive	-	1.450	-	1.450
Total	-	1.450	-	1.450

10.12 Costs have been based on supplier quotes and recent experience of employers/training providers in purchasing similar equipment. The final list of equipment is still to be agreed and there is no contingency allocated to the project. Therefore, the ECLH Project Manager will be responsible for ensuring all expenditure is within the agreed budget, identifying cost savings if required, which will not impact on the overall quality or objectives of the project.

10.13 In April 2023, the Council approved the delivery model for the construction of Energy Central Campus Phase 1 – Energy Central Learning Hub. The Council is responsible for delivering the capital build of ECLH on behalf of Energy Central Campus Ltd. The Council will also be responsible for procuring specialist training and equipment and resources for this project.

10.14 The purchase of specialist training equipment will be procured by the Council's established procurement processes. Procurement will take place from January 2024 to ensure delivery and installation can take place in July 2024.

10.15 Reporting and Governance will continue in accordance with the Local Assurance Framework. The Governance and management structures established to delivery Energy Central Campus Phase 1 – Energy Central Learning Hub also apply to the delivery of this project.

10.16 The project is an integral part of the wider ECLH project and therefore successful delivery is dependent on effective integration within the overall construction project. Installation of digital infrastructure and specialist equipment has been aligned with the construction Programme.

10.17 The key milestones of the project are as follows:

Project milestone	Target date
FBC for the ECC Phase 1 (ECLH) submitted	July 2022
Award of construction contract	May 2023
Construction starts on site	June 2023
OBC submission for Technical Fit-Out and Equipment	31 st October 2023
Procure high-capacity fibre (EAD) connections	November – December 2023
Complete delivery and installation of EAD connectivity	May - June 2024
Procure digital hardware and software for digital twinning, AR, VR and Immersive learning	January – April 2024
Procure technical training equipment	January – April 2024
ECLH Manager and Deputy Manager appointed	April 2024
Construction works completed	July 2024
Internal fit out of the ECLH	July – August 2024
New facility opens	September 2024
First employers and learners supported at the ECLH	September 2024

10.18 The key risks associated with the project include:

- a) Loss of external funding if the project does not proceed. The 1.45m project costs are 100% funded by LUDD.
- b) Costs are not fixed and there is no contingency allocated to the project. If costs do increase then savings will need to be made across the project by reducing quantities or other means.
- c) Installation of digital infrastructure needs to be aligned to the construction Programme for the building so abortive work can be avoided.
- d) Purchase and installation of specialist training equipment is dependent on the Programme for internal fit out of the new building. Lead in times for specialist equipment are still to be confirmed.
- e) NCC are required to cash flow Grant Funding Agreement for Energy Central Campus Ltd to satisfy the Due Diligence requirements of the Agreement.

11. Woodhorn Lift Replacement

11.1 CSG was asked to consider a capital spend of £0.121 million to replace to lift in the Winding House at Woodhorn. This spend will be funded from the existing Property Stewardship budget in the Capital Programme. At present there is £1.215 million available budget in the 2023-24 Property Stewardship budget.

Background

11.2 An application prepared by Museums Northumberland has been submitted for MEND Funding from the Arts Council, for urgent upgrade works to vital plant and equipment across the Woodhorn site. In support of the application, it is proposed the Council will fund the replacement of the Lift within Winding House 1.

- 11.3 The lift proposal is to replace the existing hydraulic lift with an electrical alternative within the same lift shaft, the current installation has been condemned by Zurich and is now completely out of action and unable to be used due to H&S concerns.
- 11.4 Without the lift in operation access to be first and second floor is limited to a rear staircase, meaning the higher floors are currently inaccessible to wheelchair users or other anyone with other disabilities affecting movement, sight etc, for staff and the general public.
- 11.5 The MEND application applied for includes the following fix schemes:
- Winding House replacement Boiler
 - Workshop Galleries replacement Boiler
 - Sewage Upgrade for full site
 - Replacement of automatic double door opening
 - Replacement dishwasher
- 11.6 Woodhorn is one of the Council's owned assets, the Winding House No.1 is Grade Listed II* (orange) and overlooked by Scheduled Monument Site (pink)



- 11.7 The proposal is to retain the existing shaft, therefore externally there will be no works or impact upon the listed building. Internally as the lift is replaced with an electric alternative, the plant room on the top floor will be redundant and likely return to a storeroom. The controls for the lift will be located on the ground floor adjacent to the lift shaft.
- 11.8 Under the current lease with Museum Northumberland, the Council are responsible for the lift within the Winding House, the lack of the lift is having a detrimental impact on the users, staff, and Museum Northumberland offerings for the spaces on the upper's floors.
- 11.9 The proposed electric lift will have a 25-year life expectancy, whereas repairing the existing hydraulic lift has a limited life expectancy of a maximum of 10 years.
- 11.10 Installing the electric lift will remove the requirement of hydraulic fluid, reducing the risk of spillage, manual handling, and ongoing maintenance costs, which could pose a risk to listed building from damage from spillage or manual handling.

11.11 The capital cost is detailed below:

	2023-24 £ million
Expenditure	
Schedule of works for lift replacement	0.061
Contingency for lift replacement	0.007
Design fees and surveys for lift replacement	0.010
Subtotal – Lift replacement	0.078
Winding House Boiler replacement	0.085
Workshop Boiler replacement	0.025
Sewage Upgrade	0.018
Automatic Doors replacement	0.006
Dishwasher replacement	0.005
Contingencies	0.011
Subtotal – MEND works	0.150
Total spend	0.228
Funding	
Grants (MEND funding)	0.107
Property Stewardship fund	0.121
Total funding	0.228

11.12 If the cost of the scheme overruns there is current availability in the Property Stewardship budget to cover the lift replacement.

12. County Hall – Print Room Refurbishment

12.1 CSG was asked to consider a capital spend of £0.125 million for the refurbishment of the County Hall Print Room. This spend will be funded from the existing Property Stewardship budget in the Capital Programme. At present there is £1.215 million available budget in the 2023-24 Property Stewardship budget. Cabinet are asked to note that refurbishment work commenced on 28 November.

Background

12.2 It is proposed to refurbish the Print Room located in the basement of Block 3 County Hall. A H&S Team Audit Report of 2020 on County Hall Basement Areas concluded that the Print Room area was outdated and that changes were required to aid manual handling and improve staff workstation areas.

12.3 A separate project to upgrade the remaining areas of the basement is proposed for the future. To ensure safe building access, security and to maintain the Print Service offer, the Print Room refurbishment works must be carried out separately to other basement refurbishment works.

- 12.4 The proposal is for the Print Room to be refurbished to bring occupancy standards up to the level of the rest of the quadrangle buildings. It is proposed that the work is paid for from the Property Stewardship budget. During the refurbishment works the Print Services team, and their associated equipment, will be decanted in to Block 4's basement (former Information Services Server area) at the end of November 23.
- 12.5 The project is necessary due to working conditions needing to be improved for Print Services staff to make it comparable with the rest of the building and to improve their service efficiency. Existing building finishes, and equipment are either outdated or inefficient. Following a recent H&S Audit paper, the option of leaving the space in its current condition is not feasible as there are a number of H&S issues which need addressed and Print Room management have expressed concerns regarding delivery space, staff workstations and the general working environment conditions.
- 12.6 The works are being done in advance of the remaining basement areas' refurbishment to avoid access issues during the works and to allow the printing services to be maintained throughout the duration of the programme. The Print Service will be decanted into Block 4 basement as it contains the only space large enough to accommodate most of the Print Room equipment and is still accessible for deliveries and staff.
- 12.7 The refurbishment has been broken down in to three works orders: Building works - Dave Black Construction; White Knight - Electrical; Robert Kirkland – Heating. All contractors to be managed by the Capital Delivery Team. The refurbishment has been designed, costed and project managed by the Economic Development & Growth's Design Team. Elements of the refurbishment work includes but is not exclusive to: ventilation works; heating convector replacement; decoration; new flooring (to 60% of the room); new doors; asbestos containing material removal; draught-proofing; new energy efficient lighting; new electrical distribution board; new CAT 6 data cabling and power sockets.
- 12.8 The following key dates have been agreed with Print Services, Facilities Management, and appointed contractors:
- a) Tuesday 28th November 2023 - Decant of Print Services staff and equipment.
 - b) Friday 1st December 2023 - Xerox Printing equipment to be moved by specialist.
 - c) Monday 4th December 2023 - Refurbishment works start on site.
 - d) Tuesday 6th February 2024 - Projected works completion date.
 - e) Friday 9th February 2024 - Print Services to move in to refurbished space.
- 12.9 The capital cost is detailed below:

Description	2023-24 £ million
Enabling works	0.006
Building works	0.026
Electrical works	0.036
Mechanical works	0.019
Sundry works	0.005
Asbestos removal	0.003
Management fee (Capital Delivery Team)	0.005

Description	2023-24 £ million
Contingency	0.009
Design fees	0.016
Total	0.125

12.10 Any delay in the refurbishment proposals would result in Print room staff continuing to work in an environment with inadequate ventilation and lighting levels. Asbestos containing floor tiles in one section of the room will remain in-situ and could propose a problem if damaged, although this is low-risk.

12.11 The works are part of an overall programme of refurbishment work for County Hall basement areas. Not proceeding with this section of the refurbishment would hinder the remaining programme due to access and safety concerns trying to maintain the Print Service whilst other construction works were happening adjacent to their area.

13. Implications

Policy	The schemes identified in the report support all of the priorities within the Corporate Plan 2023-26.
Finance and value for money	The report outlines proposed project allocations and amendments to the approved Capital programme 2023-24, 2024-25 and 2025-26. The financial implications of these proposals are outlined in the main body of the report. The projects and the proposals identified in the report will be funded from either external funding or existing funding in the Capital Programme.
Legal	The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 confirm that the matters within this report are not functions reserved to Full Council
Procurement	Procurement will follow the Council's standard procedures and financial rules. The Corporate Procurement team will be consulted as appropriate.
Human resources	Not applicable
Property	Not applicable
The Equalities Act: is a full impact assessment required and attached?	No - not required at this point EIA is not applicable to the subject of this report.

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 and disorder	There are no specific crime and disorder implications within this report.
Customer considerations	The proposals will carefully consider the impact upon both customers and residents of Northumberland.
Carbon reduction	Carbon Reduction measures have been considered within the proposals.
Health and wellbeing	The Council's Capital budget is founded on the principle of promotion inclusivity.
Wards	(All Wards);

14. Background papers

Not applicable.

15. Links to other key reports already published

Not applicable.

16. Author and Contact Details

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Northumberland County Council

Cabinet

Tuesday, 16 January 2024

Ashington Regeneration Programme - Update, Funding and Site Acquisitions

Report of Councillor(s) Wojciech Ploszaj, Cabinet Member for Supporting Business and Opportunities

Responsible Officer(s): Simon Neilson, Executive Director - Place and Regeneration

1. Link to Key Priorities of the Corporate Plan

The Ashington Regeneration Programme is a placemaking 'whole town' suite of emerging investments which will contribute to the economic growth of the town whilst seeking to address inequality and promote inclusion contributing to the Ashington Town Investment Plan.

This report sets out the critical site acquisitions which will enable delivery of capital projects that will be a catalyst for the council to achieve its ambitions for Ashington town centre. The development of delivery plans and business cases to comply with the external funding requirements will ensure value for money

2. Purpose of report

This report provides an update on the delivery of the Ashington Regeneration Programme and seeks approval for the strategic acquisition of the Wansbeck Square and Woodhorn Road sites from Advance Northumberland (Commercial) Limited to create the required development platform to enable implementation.

It further sets out the associated holding costs post-acquisition that the council will incur and requests an allocation of £160,000 revenue to meet these costs in 2023/24 and 2024/25 from the Regeneration Reserve Development Fund.

The report also seeks approval for the development and submission of an outline bid for £2.5m to the North of Tyne Combined Authority's Northumberland Line Economic Corridor

Investment Programme which, if successful, will provide important match funding for the redevelopment of Wansbeck Square Strategic Site.

3. Recommendations

Cabinet is recommended to:

3.1 Approve the following in respect of site acquisitions and required funding:

- a) **that the Council complete the acquisition of the Wansbeck Square site with vacant possession, as previously agreed in principle, at a market value of £1,365,000, plus Stamp Duty Land Tax.**
- b) **that the Council complete the acquisition of the Woodhorn Road site with vacant possession, as previously agreed in principle, at a market value of £210,000 plus Stamp Duty Land Tax.**
- c) **that the Council approves an allocation of up to £160,000 of revenue funding from the Council's Regeneration Reserve Development Fund to pay for the holding costs which will be incurred, following acquisition of the Wansbeck Square and Woodhorn Road sites as set out in Section 6 below.**

3.2 Cabinet to note that following a competitive tender process, Identity Consult has been appointed as the Design Team to take forward ambitious plans for the redevelopment of Wansbeck Square and progress the designs for the Public Realm and Connectivity project, which will enable the creation of Grand Corner Gateway.

3.3 Cabinet is requested to approve the development of a high-level business case to the North of Tyne Combined Authority in order to secure funding from the Northumberland Line Economic Corridor Investment Fund for the redevelopment of Wansbeck Square, with approval of the final bid submission to be delegated to the Council's S151 Officer. The Accountable Body will monitor the use of funding subsequently awarded and ensure adherence to the Grant Agreement.

4. Forward plan date and reason for urgency if applicable

The two planned site acquisitions are required to be completed as soon as possible to enable surveys and investigations that will inform the demolition plans on each. A number of consents will be required due to the site constraints including adjacencies to the railway line. The Council need to progress these as site owner without delay.

The funding bid to NTCA outlined in this report, is time critical as approval is required prior to submission in late January 2024. Any delay could result in a funding gap of £2.5m that could affect delivery of the Ashington Regeneration Programme.

5. Background

- 5.1 The Council has worked closely with the private sector led Ashington Town Board which brought public, private and community stakeholders together to develop and consult on a Town Investment Plan. The Ashington Investment Plan provides the over-arching vision and strategic objectives to set out a road map to economic growth in Ashington. It establishes a bold vision for the transformation of Ashington:

‘Proud Past, Prosperous Future, Clean Growth Leader’

By 2030, Ashington will be a thriving centre for businesses, residents, learners and young people, providing thousands of high-quality jobs in advanced manufacturing and low carbon clean growth industries, more and better homes, excellent skills and education opportunities, an attractive leisure and culture offer, and a great quality of life for a growing and prosperous population.

- 5.2 The vision is supported by four strategic objectives, which establish the themes for investment that focus on addressing Ashington’s specific challenges and opportunities: Growing Town, Vibrant Town, Connected Town, Inclusive Town.

- 5.3 As a strategic response to delivery of the Investment Plan, Cabinet approved the establishment of the Ashington Regeneration Programme to provide a co-ordinated mechanism to support the development and delivery of multiple investments, effectively integrating Council capital allocations with significant external grant funding to create a £30m portfolio for the transformation of the town centre. The development and delivery of the Programme is currently focused on:

- 5.4 **Ashington High Street Innovation Programme (HSIP):** with funding secured from the North of Tyne Combined Authority (NTCA) and Government through the UK Shared Prosperity Fund to help revitalise town centres. This includes:

- Public Realm and Connectivity – improving pedestrian movements in the town centre, removing physical barriers and creating attractive, green public gateways and routes to key destinations.
- Accelerate Ashington Business Support – being delivered by Advance Northumberland
- Animating Ashington – programme of cultural events and activities
- Regeneration Plan – visualises and articulates the integration and impact of strategic site capital development with a focus on the town centre

- 5.5 **Town Centre Strategic Sites Programme:** with funding secured from the Government as part of its overall approach to levelling up across the country, matched with NCC capital and an allocation from NTCA. This includes:

- Wansbeck Square - creating an attractive town centre gateway for passengers at Ashington Station, includes demolition of existing buildings, development of high-quality public realm, landscaping, providing space for events and activities potentially coupled with a new community facility and commercial units.
- Portland Park - construction of a new cinema facility and associated public realm.
- Town Centre Infrastructure – highway and routeway improvements to enable good movement and connectivity between Portland Park and the town centre.

Key Issues

- 5.6 Implementation of the Ashington Regeneration Programme requires the Council to undertake strategic site assembly in order to create the optimum development platform for investments at Wansbeck Square and Woodhorn Road/Grand Corner.
- 5.7 The two sites represent critical components attracting a package of external funding worth a total of £21.4m from NTCA, UKSPF and HM Government (DLUHC) as set out in the report to Cabinet on 13 June 2023.
- 5.8 Advance Northumberland (Commercial) Limited own both sites, which were originally acquired as part of a programme of land assembly to enable major regeneration plans. They have been managed by Advance on the basis that, once funding was secured, the sites would be transferred to the council in readiness for redevelopment.
- 5.9 Cabinet approved the acquisition of the Woodhorn Road site to enable the development of Grand Corner Gateway in principle at the meeting held on 11 October 2022 and capital allocated to enable this in support of the HSIP programme. Cabinet also agreed to the Wansbeck Square site acquisition on 13 June 2023 and allocated funding in the MTFP.
- 5.10 This report therefore sets out the timeline and financial implications for the Council in completing these site transfers, which includes a requirement for revenue funding to meet the necessary holding costs, pending the proposed demolitions.
- 5.11 A Government grant of £16.4m has been offered to the council for Ashington Town Centre Transformation (DLUHC Capital Regeneration Project budget) intended to support capital schemes at Wansbeck Square and Portland Park. This will need to be delivered and all grant funding spent by March 2026.
- 5.12 Critical to this funding package is £2.5m investment from NTCA through their Northumberland Line Economic Corridor programme. This is allocated to the redevelopment of Wansbeck Square pending submission of a high-level business case and the timing of this is very tight to ensure full consideration and approval prior to the Authority's transition to NEMCA.
- 5.13 If the Council fail to meet the tight deadline of the end of January 2024, this would result in a shortfall of funding of £2.5m, which would impact on the deliverability of the Wansbeck Square site redevelopment.

Progress to Date

- 5.14 There has been significant progress on the development and delivery of the Ashington Regeneration Programme and a summary is set out below.
- A grant funding agreement from the Department of Levelling Up, Housing and Communities has been received by the Council for £16.4m to enable delivery of the two flagship projects at Wansbeck Square and Portland Park.
 - The Council is advised that a Design Team has been appointed by Advance Northumberland to take forward designs for the Portland Park site development. It is currently anticipated that construction work will commence on site in Autumn 2024, with the shell built ready for 'fit out' by December 2025 and projected opening in early summer 2026. These dates are indicative only and subject to change and a revised programme is being prepared by the appointed design team.
 - Identity Consult have been appointed by the Council to provide design, technical and spatial planning support for redevelopment of Wansbeck Square, the Public Realm and Connectivity project including Grand Corner and completion of the Regeneration Plan. It is anticipated that, subject to planning consent, the demolition of the existing buildings at Wansbeck Square will commence in late summer 2024 and construction of the new facility in Autumn 2024, with completion by March 2026. These dates are indicative only and subject to change and a revised programme is being prepared by the appointed multi-disciplinary design team.
 - Concession contract tender documents are being prepared to enable procurement of an operator for the proposed new cultural and community building at Wansbeck Square.
 - Business case consultants are being appointed to support the preparation of a high-level funding bid to the North of Tyne Combined Authority's Northumberland Line Economic Corridor (NLEC) Investment Programme for £2.5m. This is a key element of the match funding, and it is requested that Cabinet approve the submission of this bid following appropriate internal quality and completeness checks, with final sign-off delegated to the Council's S151 Officer.
 - The consultancy team will also support the Programme Team to draft a business case in-line with HM Treasury Green Book guidance for the redevelopment of Wansbeck Square. This will be independently appraised, and the resultant report submitted to Cabinet for approval in due course. This process will comply with the programme monitoring and assurance arrangements as set out to Cabinet in June 2023 and will ensure project viability prior to main contractor award.
 - A variation has been issued by NTCA awarding additional funding to the HSIP programme from the Government's UK Shared Prosperity Funding as set out in the June 2023 Cabinet report.

- Drafting of the Regeneration Plan including site owner discussions and wider stakeholder and public engagement will commence in winter 2023 and be completed by summer 2024.
- The Animating Ashington project will now commence in April 2024 to better tie in with major capital delivery and will run to March 2025. This is a reduced delivery period due in part to resource limitations in the Economy and Regeneration Team which has limited capacity to effectively manage an externally contracted Creative Team. This change has been agreed by the funder, NTCA.
- A full update on the Ashington Regeneration Programme and the development of individual workstreams was presented to Ashington Town Board on the 7th December and to Ashington Town and County Councillors on the 8th December. This highlighted the positive progress being made on programme funding, governance and assurance arrangements and procurement of design teams in readiness for development and delivery. This follows briefings earlier in summer 2023 when the programme was established.
- A full communications and engagement plan is being developed with input from the appointed design teams and a public 'drop-in' event will take place in early 2024 (subject to design development progress), with regular updates to elected members and Ashington Town Board.

Ashington Regeneration Site Assembly

- 5.15 Implementation of the Ashington Regeneration Programme requires the Council to undertake strategic site assembly in order to create the optimum development platform for investments at:
- Wansbeck Square, retail and offices, referred to as the Wansbeck Square site.
 - The area connecting Woodhorn Road and Lintonville Terrace, known locally as 'Grand Corner', adjacent to the south west corner of Portland Park. This site comprises units 2-4 Woodhorn Road, referred to as the Woodhorn Road site.
- 5.16 Advance Northumberland (Commercial) Limited own both sites, which were acquired as part of a programme of land assembly to enable major regeneration plans. They have been managed by Advance on the basis that, once funding was secured, the sites would be acquired by the council in readiness for redevelopment.
- 5.17 For the Wansbeck Square site, both parties were working towards site transfer being completed by the end of December 2023, as the earliest date that the site could be offered with full vacant possession. The Council are not in a position to finalise the transaction until Cabinet has approved the final terms of the acquisition and allocated a revenue budget to cover the site holding costs.

- 5.18 The associated budget post-acquisition, summarised in section 6 below, reflects this slippage and includes costs which will now be incurred by Advance Northumberland instead of the Council between 24th December 2023 and the final point of completion in early 2024. The potential costs to be reimbursed to the landlord will need to be verified by the Council prior to payment.
- 5.19 Cabinet should note that the acquisition of the Wansbeck Square site was approved in principle at the Cabinet meeting held on 13 June 2023 and capital allocated to support this. The acquisition of the Woodhorn Road site to enable the development of Grand Corner Gateway was previously approved in principle at the Cabinet meeting held on 11 October 2022 and capital allocated to enable this in support of the HSIP programme.
- 5.20 The proposed dates for site transfer that parties are now working towards, subject to Cabinet approval are:
- 28th February 2024 for the Wansbeck Square site
 - 31st March 2024 for the Woodhorn Road site
- 5.21 The section below provides an overview of the properties, existing lease interests and market valuations.

Wansbeck Square Site

Tenancies - offices

- 5.22 Wansbeck Square currently consists of circa 17,000 sq.ft of office space, currently leased by the Council for £75,000 per annum for a term of 25 years. It should be noted that the Council vacated this property earlier in 2023 and established a new customer service point in the Town Hall, in readiness for the site's proposed redevelopment. The rent liability and general running costs will continue to be met by the Council until the purchase is complete.

Tenancies - retail

- 5.23 The location of the Wansbeck Square site is illustrated at Appendix 1. The site holds three retail units.
- 5.24 Wilko Ltd. were tenants of the largest unit at Wansbeck Square but have now gone into administration and vacated the unit. The other 2 units are also vacant.

Site Valuation

- 5.25 The valuation listed in the June Cabinet report was prepared on 7th June 2022. The market value for the site – Wansbeck Square retail and office premises, is £1,365,000 with vacant possession. Cabinet has already agreed to the site acquisition and allocated the sum of £1,365,000 in the MTFP.

Woodhorn Road Site

Property

- 5.26 The Woodhorn Road site consists of 8,435 sq.ft of shop and premises. The end of terrace building has a return frontage to Lintonville Terrace to the West. The location of the site is shown at Appendix 2.
- 5.27 Advance Northumberland advise that the Woodhorn Road site will transfer with vacant possession on completion of the sale.

Site Valuation

- 5.28 The Woodhorn Road site was valued on a 'desktop' basis by Align Property Partners as a joint instruction from NCC and Advance Northumberland for the purposes of informing sale negotiations. The market value with vacant possession is advised to be £210,000. Cabinet has already agreed to the site acquisition and allocated the sum of £210,000 in the MTFP.

Asset Management

- 5.29 Following successful acquisition, the two sites will be added to the portfolio of vacant sites and assets managed and maintained by the Strategic Estates Team. Forecast holding costs have been calculated and are outlined in Section 6 below.

Funding Bid to NTCA's Northumberland Line Economic Corridor Investment Programme

- 5.30 In 2021, the NTCA initiated the development of the Northumberland Line Economic Corridor (NLEC) Strategy with an overarching vision to: *"deliver a dynamic and inclusive clean growth economy across the North of Tyne, opening up opportunities to our communities and ensuring a more prosperous and resilient future"*.
- 5.31 The aim of the NLEC interventions is to realise the Line's ambition for growth by regenerating and changing perceptions of town centres and improve access to strategic employment centres growth and jobs.
- 5.32 The Combined Authority approved the 10-point Delivery Plan for the Corridor in September 2022, with "Ashington Town Centre Rapid Renewal" identified as one of the 10 priority programmes. Within this, the redevelopment of Wansbeck Square was particularly identified as offering an attractive arrival point for train passengers alighting at the new Ashington Station.
- 5.33 As such, NTCA agreed as part of the initial £10m tranche of investment to an "in principle" contribution of £2.5m towards the cost of transforming Wansbeck Square. The funding is allocated in NTCA's investment programme but subject to submission of a bid, which will take the form of a high-level business case.

- 5.34 This bid will need to be approved in principle by Cabinet and submitted to NTCA by the end of January 2024 at the latest, following assurance by the Accountable Body and approval of the S151 Officer.

6. FINANCIAL IMPLICATIONS

Site holding costs post-acquisition

- 6.1 It should be noted that the budget for the agreed purchase price for both the Wansbeck Square site and the Woodhorn Road site are allocated in the capital plan. The main financial impact of the site transfers is the cost of mothballing each pending demolition and redevelopment.
- 6.2 Set out below in table 1 are the potential costs, post transfer for each site. The calculations are based on an estimate of costs associated with securing, managing and maintaining each site and total.
- 6.3 The planned date for acquisition of the Wansbeck Square site is 28th February 2024. The acquisition of the Woodhorn Road site is conditional on the achievement of vacant possession and parties are working towards an intended transfer date of 31st March 2024.
- 6.4 Costs post transfer include business rates (less any eligible empty property relief), utilities standing charges, landlord service charge obligations (Wansbeck Square only), maintenance, insurance and site security.
- 6.5 Cabinet should note that the costs have been calculated based on an assumption that each site will incur charges up to the point of demolition, for an estimated period of approximately 9 months for Wansbeck Square and 6 months for Woodhorn Road.
- 6.6 These forecasts are linked to the emerging design and construction programme for works at Wansbeck Square and Grand Corner and allow for an element of slippage, should this be incurred.
- 6.7 The Council currently hold a lease on office space at Wansbeck Square, which was vacated in early 2023, following the relocation of Customer Services to Ashington Town Hall. The Council is still liable to pay rent and service charge to the landlord until the site is acquired.
- 6.8 There is a revenue budget linked to the existing office lease which covers the rent, service charge and associated running costs for the remainder of 2023/24 and there is £75,000 allocated for 2024/25. The identified holding costs will be offset by the budget as set out below.
- 6.9 Table 1 below summarises the estimated revenue budget required post-acquisition for both sites:

Table 1: Wansbeck Square and Woodhorn Road Site Holding Cost Profile			
Wansbeck Square			
	2023/23	2024/25	Total
Site closure and holding costs	20,000	180,000	200,000
Office Accommodation Budget	0	£75,000	£75,000
Total unbudgeted costs	£20,000	£105,000	£125,000
2-4 Woodhorn Road			
	2023/23	2024/25	Total
Site closure and holding costs	0	35,000	35,000
Total unbudgeted costs	0	£35,000	£35,000
Total new budget requirement	£20,000	£140,000	£160,000

6.10 This results in a total revenue requirement of £160,000 from the Regeneration Reserve Development Fund to meet the forecast holding costs as a result of the site acquisitions.

7. Key Risks

7.1 Each element of the Ashington Regeneration Programme has a risk register, identifying key risks and mitigating actions and these are monitored regularly by the Programme Team. Set out below are the main risks of note affecting the current project costs, the funding model and site acquisition.

7.2 The holding costs outlined at Section 5 are based on the estimated gap between the point of site acquisition and the current forecast start date for demolition works to begin. Significant delays to the site clearance could result in additional revenue costs. The project team are prioritising the preparation and consents for early demolition at both sites to mitigate this. The estimates included in Table 1 are intended to represent 'worst case scenarios' to take account of any slippage in the project plans.

7.3 Acquisition and site development costs for Wansbeck Square are technically 'at risk' given that the project business case is still being developed and subject to approval by Cabinet next year. However, this risk is mitigated by the existing support for the project as a result of the approvals for the Ashington Regeneration Programme to date from Cabinet and Government. It is not possible to finalise the business case stage without an element of 'at risk' funding for development costs in advance of full approval.

7.4 Increases in the total project costs will also affect the cost benefit ratio and overall viability gap which is a determining factor in assessing the case for intervention. This will be reviewed at stage gates (each RIBA design stage) and additional support commissioned to draft the business case and update subsidy control advice to inform

approvals appropriately. Should the project costs and subsidy exceed £10m then it may become notifiable to the Competition and Markets Authority who will assess the intended award. This would extend the time required for project approval and is being factored into risk management.

- 7.5 Submission of the business case to NTCA is vital to ensuring that the funding package is secured. Should the Council fail to submit or not be awarded the funding then this would create a shortfall of £2.5m that will affect deliverability. A business case consultant has been appointed to work with the Council to develop the submission as quickly as possible and this work is being prioritised.
- 7.6 Appointment of an operator for the proposed Wansbeck Square facility via a concession contract award is critical to support design development and de-risk the business model, and procurement will commence shortly. It is a unique opportunity for suppliers and carries risks including financial. A report will be brought to Cabinet in early 2024 presenting the outcome of the tender process and seeking relevant approvals.

8. Options open to the Council and reasons for the recommendations

- 8.1 Recommendations in this report are tied to decisions taken by Cabinet on 13 June 2023, which outlined the establishment of the Ashington Regeneration Programme. The council agreed to the site acquisitions ‘in principle’, subject to the detail now outlined. If the sites are not transferred then this could jeopardise £21m of external grant funding, including the allocation from NTCA that is referenced and could reduce confidence in the Council’s ability to deliver these high profile projects..

9. Implications

Policy	The project fully supports the Council’s Corporate Plan, the Northumberland Economic Strategy and the Ashington Town Investment Plan
Finance and value for money	Up to £21.4m has been secured from HM Government, NTCA and UKSPF and a further £2.5m is allocated by NTCA through the NLEC programme. The bid to the NTCA will, subject to appraisal and full award, secure the required package of match funding to support NCC capital delivery budgets. The financial implications of the site acquisitions is outlined in the main body of the report. In addition, both sites will be acquired based on an independent market valuation. Empty property relief may apply to both properties, and this will be pursued where eligible and could reduce the Council’s costs. Business Cases for individual projects including the redevelopment of Wansbeck Square will be brought back to Cabinet once further developed for a final decision to proceed.

	Up to £21.4m has been secured from HM Government, NTCA and UKSPF and a further £2.5m is allocated by NTCA through the NLEC programme. The bid to the NTCA will, subject to appraisal and full award, secure the required package of match funding to support NCC capital delivery budgets.
Legal	The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 confirm that the matters within this report are not functions reserved to Full Council. The Director of Law and Corporate Governance and all Chief Officers have a general delegation within the Constitution to take all necessary actions (including the letting of contracts, undertaking statutory processes and incurring expenditure) to implement decisions of Council, the Cabinet, a Committee or Sub-Committee, or an Officer.
Procurement	In line with all other expenditure, project spend will be subject to the Council's recognised procurement procedures. Project spend will be subject to the Council's recognised procurement procedures. Rule 4.9.1(e) of the Council's Finance and Contract Procedure Rules requires Executive approval before commencing procurement of goods or services where the value is over £2 million.
Human resources	The programme is being managed by NCC's EG&R Team in conjunction with Advance Northumberland leads as outlined in the June report. The NTCA HSIP funding includes an 8% Management Fee to enable appropriate resources to be committed throughout development and delivery
Property	Proposals for the site acquisition of Wansbeck Square units 2-4 and Woodhorn Road are outlined in the main body of the report and have previously been agreed in principle by Cabinet.
The Equalities Act: is a full impact assessment required and attached?	No - not required at this point The promotion of inclusive growth is a core aspiration and expectation of the delivery of the Ashington Town Investment Plan, the Ashington Regeneration Programme and the NTCA Town and High Streets programme with specific metrics included in the monitoring and evaluation framework to evidence impact.
Risk assessment	A risk register is in place for the programme and individual projects, with regular updates and monitoring in place to effectively manage risk. The appointed Design Team will be reviewing these, and the governance structure once embedded will increase risk identification, monitoring and management. Key risks are outlined in the main report.
Crime and disorder	It is anticipated that the Ashington Regeneration Programme will impact positively on antisocial behaviour. The Animating

	Ashington project will develop strong community relations particularly with young people and families. Capital improvements to the site between Grand Corner Gateway and Portland Park will specifically build in the need to reduce ASB, which is an identified issue in this part of the town, through reduction in the height of fencing, better lighting and a more open and visible public space. Each component project will seek to design out crime, increase perceptions of safety through improved lighting, footways and increased animation
Customer considerations	There has been extensive partner and community consultation as part of the development of the Ashington Investment Plan and through the LUF proposals and the regeneration programme responds to the feedback received. Further engagement is planned as each project develops in conjunction with Ashington Town Board
Carbon reduction	The projects outlined in this report include improvements to public space and greening of the high street where possible, which will have a positive environmental benefit. Designs for new buildings and public realm works will incorporate sustainability benefits, where applicable and encourage active travel, particularly linked to the new Ashington Station.
Health and wellbeing	Ashington Investment Plan includes an objective to support the development of an 'Inclusive Town' enabling positive health and wellbeing outcomes through successful town centre regeneration. A major focus of the programme is designing a better town centre which is well equipped to support recovery from Covid-19 and be more resilient in the future, offering new destinations and potentially facilities for residents that support wellbeing.
Wards	All wards in Ashington

10. Background papers

Not applicable

11. Links to other key reports already published

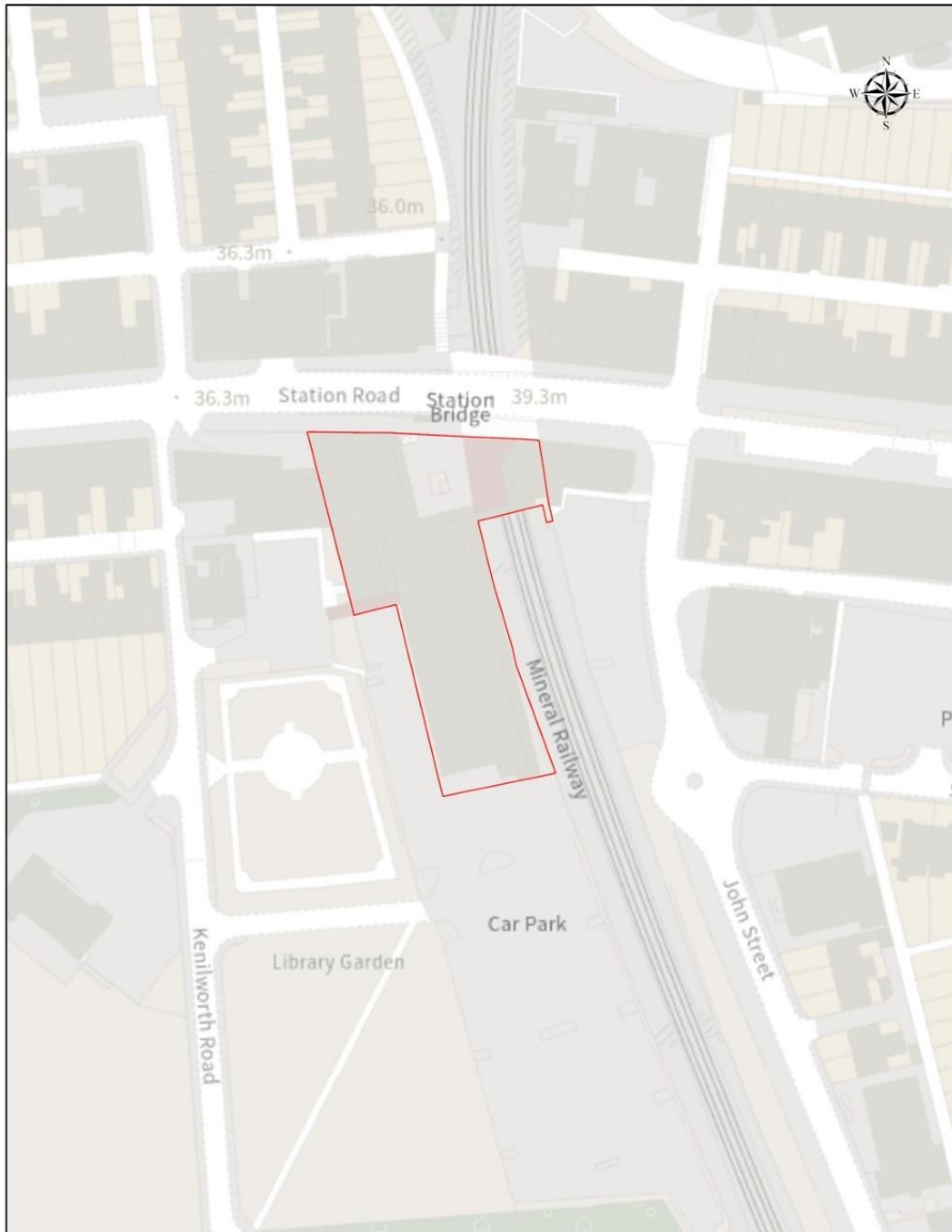
Report to Cabinet: Ashington Programme Establishment – 13th June 2023

12. Author and Contact Details


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Appendix 1 – Wansbeck Square Title Plan

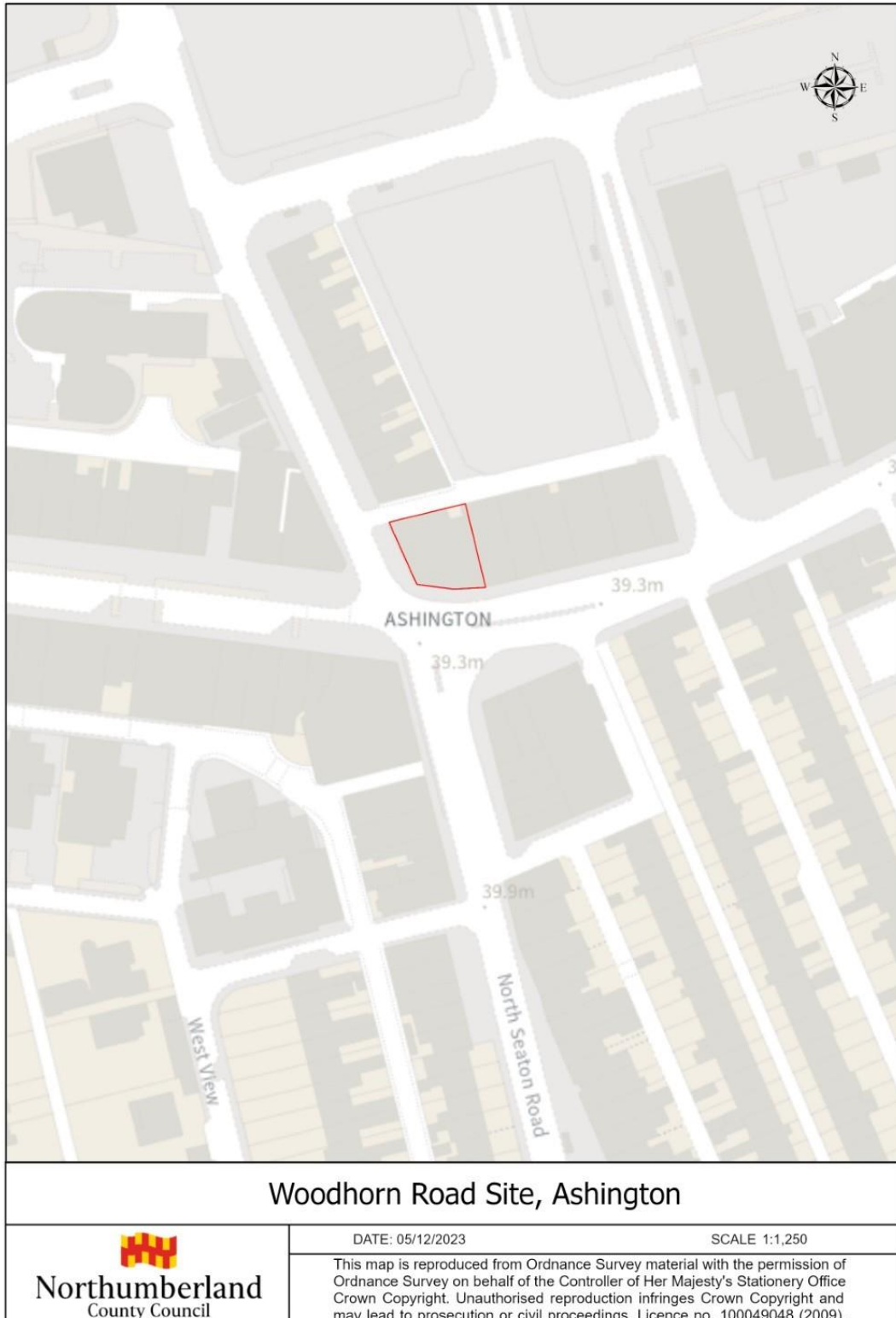


Wansbeck Square, Ashington

 Northumberland County Council	DATE: 05/12/2023	SCALE 1:1,250
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Appendix 2 – Woodhorn Road Title Plan



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Northumberland

County Council

Cabinet

Tuesday, 16 January 2024

National Funding Formula & School Funding 2024-25

Report of Councillor(s) Guy Renner-Thompson, Cabinet Member for Inspiring Young People

Responsible Officer(s): Audrey Kingham, Executive Director for Children, Young People & Education

1. **Link to Key Priorities of the Corporate Plan**

These proposals are most closely linked to the Council's priority for tackling inequalities (children and young people have the best start in life and grow up well), but it is also strongly linked with the priority for achieving value and making the best spending decisions.

2. **Purpose of report**

To update Cabinet regarding the National Funding Formula (NFF) and the implications for 2024/25 School Funding in Northumberland.

3. **Recommendations**

- 3.1 Approve the proposals for the continuing implementation of the National Funding Formula for 2024/25 as agreed previously, in line with the recommendation of the Schools Forum meeting of 22 November 2023 and the results of the subsequent consultation exercise held with schools.
- 3.2 Approve the transfer of up to 0.5% funding from the Schools' Block to the High Needs Block, in line with recommendation of the Schools Forum meeting of 22 November 2023 and the results of the subsequent consultation exercise held with schools.
- 3.3 Approve the delegation of the approval of the final formula values to the Executive Director of Children Young People & Education and Cabinet Member for Inspiring Young People in line with the principles agreed at

Schools Forum on 22 November 2023, once the final budget allocations are released by the Department for Education in December 2023.

4. Key Issues

- 4.1 It remains the intention of the Department for Education (DfE) to move to a National Funding Formula (NFF). A report to Schools Forum in September 2023 confirmed Northumberland's progress as a local authority "that mirrors the NFF in all factors" following the inclusion of the full mobility factor value for 2023/24. While the ESFA classifies a local authority as mirroring the NFF if its values are all within 2.5% of the NFF values, Northumberland equalled the NFF values exactly for 2023/24, though this was only achieved with the use of an element of growth funding allocated to Northumberland to manage required growth and additional places, so there is no guarantee that we can continue to do that on a year to year basis.
- 4.2 Increasing High Needs Pressures, and the need to increase the transfer requested from the Schools Block to the High Needs Block may also affect the ability to fund schools at NFF values.
- 4.3 The DfE has published revised NFF values for 2024/25. These can be seen in APPENDIX ONE The School Forum NFF Report. Local Authorities in consultation with its Schools Forum do still have the ability to vary the values but it should be remembered that overall funding at authority level, will be calculated on NFF values so any elements above NFF values can only be done by incorporating reductions to other values elsewhere.
- 4.4 At the time of drafting the report, the final Dedicated Schools Grant (DSG) figures had not yet been released. This report has therefore been prepared on the basis of provisional figures released by the DfE in July, using October 2022 data. When the final figures are released in December 2023, these will be taken into account when setting 2024/25 budgets. Delegated powers are requested as part of the report to allow the Executive Director for Children, Young People and Education to make any minor adjustments required to values once final overall figures are known. This delegated decision will allow officers to meet the deadlines set out below by the ESFA:
- **22 January 2024** - Northumberland's Authority Pro-Forma Tool (APT) must be returned to the ESFA, this indicates the funding formula values intended for use in 2024/25, together with the level of transfer between the relevant blocks which are all subject to ESFA confirmation;
 - **29 February 2024** - All maintained schools notified of their budgets. Academies are notified separately by the ESFA using the same funding formula values.

- 4.5 The provisional 2024/25 figures based on October 2022 data are shown in the table below:

	2023-24 (as per Dec 21)	Provisional 2024/25 (based on Oct 22 Data)	Potential Change	
			£	%
Schools Block #	226,441,908	229,722,222	3,280,314	1.45%
High Needs Block	51,072,682	53,325,176	2,252,494	4.41%
Central School Services Block	2,268,989	2,167,198	- 101,791	-4.49%
TOTAL	279,783,579	285,214,596	5,431,017	1.94%
Early Years Block - not yet available for 24/25	19,157,114	n/a	-	-
# The 2024/25 figure does not include the LA Growth Fund element - which is not yet available				
- if in line with last year £896k this would add 0.39% to the % increase				

- 4.6 It should be stressed that figures for both the schools and High Needs Block will be updated with reference to the October 2023 School Census data when the final figures are released in late December.
- 4.7 Having moved in line with the National Funding Formula for 2023/24 no significant changes are anticipated, though this will be subject to the overall funding available, particularly in light of the requirement for the increased transfer from the Schools Block to the High Needs block for 2024/25.
- 4.8 A specific variation, known as a disapplication request was also agreed with Schools Forum in light of the Coquet reorganisation to allow the First School to receive additional funding for 2024/25 to reflect the retention of their year 4 students into year 5 with effect from September 2024.
- 4.9 Schools forum agreed to consult with all schools in relation to the proposed 0.5% transfer from the schools block to the High Needs Block in recognition of the increasing demands to meet the growing needs of our SEND pupil population. This if approved would be double the level of transfer (0.25%) in 2023/24. Schools have also been asked their view on the level of Minimum Funding Guarantee and the use of capping and scaling to limit the impact of large fluctuations in budget shares.
- 4.10 Although not directly linked to Cabinet approval for setting of the funding formula values. The consultation exercise was extended to ask schools a number of questions relating to SEN funding in order to develop some new principles and guidance in order to reduce the predicted overspend within the High Needs Funding Block. The results will help shape the format and ideas for further discussions with all schools.
- 4.11 The consultation with all schools was carried out between 27 November and 12 December 2023. Where the following 14 questions were asked:

Q1 - Do you support the Schools Forum Decision to seek a 0.5% transfer from schools block to high needs block for financial Year 2024/25?

Q2 - Would you be supportive of a larger transfer from schools block to high needs block in subsequent years to help address the current £3m gap in resources?

Q3 - At what level do you believe Northumberland's MFG should be set for 2024/25

Q4 - Do you support the potential use of capping and scaling as part of the 2024/25 School Budget setting process?

Q5 - Do you support a freeze or reduction in SEN banding rates at the present time, subject to review on an annual basis?

Q6 - Should Northumberland consider a fundamental review of the banding rates paid?

Q7 - Should any review of the banding rates paid be done on a "cost neutral" basis.ie a redistribution of existing funds, or seek to deliver financial savings?

Q8 - Northumberland does not currently consider any information in relation to the School Balances held by a school in relation to a request for Top Up funding, or an increase in Top Up funding. Should we?

Q9 - Do you feel you understand Notional SEN and your Schools Notional SEN figure?

Q10 - Do you support the use of a schools Notional SEN figure as a mechanism for distributing additional SEN Funding?

Q11 - Should we require schools to demonstrate how they are using their allocated Notional SEN total across the school before considering requests for Top Up payments?

Q12 - Would it help Schools if additional School Level Notional SEN payments were made at the beginning of each term rather than the end as is currently the case?

Q13 - Should Northumberland continue to make Top Up payments to learners without EHCPs?

Q14 - Should Northumberland review the scope of Top Up payments to learners without EHCPs?

- 4.12 There were 28 responses received during the consultation period. There was overwhelming support for the transfer of 0.5% from the School Block to High Needs Block with 24 schools supporting Schools Forums View. Schools in the main were also supportive of increasing the transfer further with 17 supporting this idea. In response to the question three, 27 schools felt MFG should be set at 0.5%.21 schools also supported the use of capping and scaling.
- 4.13 Feedback from the remaining questions relating to high needs funding will be reported following a wider consultation with all schools on how to address the financial challenges in meeting the increased demand to meet the needs of our pupil population.

- 4.14 As in previous years the recommendations request approval for delegated authority for the Executive Director of Children Young People & Education and Cabinet Member for Inspiring Young People to agree the final formula values, in line with the principles outlined once the final 2024/25 Schools Block figure is known in mid to late December.

5. Background

- 5.1 For 2018/19, Cabinet was informed of the decision of the Schools Forum to seek a move towards the implementation of the NFF in a measured gradual approach, in order to avoid any significant changes (“cliff edges”) when the NFF final formula was fully implemented. This approach was also supported by the majority of schools who responded in that year’s consultation exercise. This approach continued to be endorsed by both Schools Forum and the school consultation for 2019/20 and 2020/21. A two step approach was agreed with Schools Forum in November 2020 to align remaining funding values with NFF and this was achieved in 2023/24.
- 5.2 In January 2018 Cabinet also agreed the transfer of up to 1% from the Schools Block to the High Needs Block in order to assist with the increasing pressures in this area including rising numbers of pupils with Education Health and Care Plans receiving Top Up funding, and in specialist independent sector placements. Increasing costs arising from the rising number of permanent exclusions were also highlighted.
- 5.3 Funding was also sought in order to grow places in our own maintained special schools, following the outcome of the SEND consultation exercise.
- 5.4 Schools’ Forum had previously supported this transfer, and it was also part of the consultation exercise with all Northumberland Schools, who supported the 1% transfer. A transfer of 1% was again agreed for 2019/20.
- 5.5 These key pressures remained, but a combination of improved financial management and additional high needs resources meant that the requested transfer for 2020/21 & 2021/22 was reduced from 1% to 0.5%, as a contribution to the costs of SEND Support Services. While agreement was gained to a maximum of 0.5% for 2022/23, the actual transfer was reduced to 0.25% following the announcement of additional funding by the Department for Education in January 2022. 0.25% was agreed with Schools Forum and subsequently Schools for 2023/24. Continued implementation of the NFF as part of Schools Funding for 2024/25.
- 5.6 Due to a sharp increase in the number of EHCPs it has been necessary to increase the request to 0.5% for 2024/25. This has been agreed with Schools Forum and is currently out to consultation with Schools.

6. Options open to the Council and reasons for the recommendations

- 6.1 Note the delegation of final decisions on the values to the Executive Director for Children, Young People & Education, in consultation with the Cabinet Member for Inspiring Young People once final funding settlement is known. This delegated approval will ensure the final funding formula values are returned to the ESFA by 22 January 2024.
- 6.2 Approve recommendation 3.1 – *“Approve the proposals for the continuing implementation of the National Funding Formula for 2024/25 as agreed previously, in line with the recommendation of the Schools Forum meeting of 22 November 2023 and the results of the subsequent consultation exercise held with schools.”*
- 6.3 Approve recommendation 3.2 – *“Approve the transfer of up to 0.5% funding from the Schools’ Block to the High Needs Block, in line with recommendation of the Schools Forum meeting of 22 November 2023 and the results of the subsequent consultation exercise held with schools”.*
- 6.4 Approve recommendation 3.3 – *“Approve the delegation of the approval of the final formula values to the Executive Director of Children Young People & Education and Cabinet Member for Inspiring Young People in line with the principles agreed at Schools Forum on 22 November 2023, once the final budget allocations are released by the Department for Education in December 2023.*

7. Implications

Policy	Continued implementation of the NFF as part of Schools Funding for 2024/25.
Finance and value for money	Continued implementation of the NFF as part of Schools Funding for 2024/25.
Legal	Potential Changes arising in support to Schools as and when further schools academise.
Procurement	None.
Human resources	Potential issues for school staffing structures arising from budgets, depending on individual school circumstances.
Property	Further academisation of schools will affect school estate.
The Equalities Act: is a full impact assessment	No - no equalities issues identified

required and attached?	Changes arising from the implementation of the National Funding Formula will impact on children in schools, particularly when fully implemented in the future.
Risk assessment	As stated previously, there are risks arising for individual school's funding from the switch to the NFF, from the previous local formula but the LA has continually sought to mitigate these, through ongoing discussion with Schools Forum and consultation with Schools including on the proposals for 2024/25.
Crime and disorder	There are considered to be no implications arising from this report.
Customer considerations	The introduction of the National Funding Formula has implications for schools, parents and children, particularly over the longer term.
Carbon reduction	None.
Health and wellbeing	The increased funding will support all Northumberland schools to improve the educational experience and outcomes for children and young people in the county.
Wards	(All Wards);

8. Background papers

Not applicable.

9. Links to other key reports already published

[Agenda Item 8 2024-25 NFF and School Funding Consultation.pdf \(moderngov.co.uk\)](#)

10. Author and Contact Details

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Northumberland County Council

Schools Forum: 22 November 2023

2024/25 National Funding Formula & School Funding Consultation

1. Purpose of the Report

To provide further additional information in respect of the continuing implementation of the National Funding Formula, the Dedicated Schools Grant (DSG) and associated 2024/25 Schools Funding information. This includes formal consultation with Schools Forum in relation to funding for 2024/25.

2. Recommendations

Schools Forum is asked to:

- a. Agree to a transfer of up to 0.5% (approximately £1.148 million) from the Schools Block to the High Needs Block for 2024/25.
- b. Agree that the funding values for 2024/25 be set in line with the principles outlined in the report; and agree for these to be the basis for the wider consultation with schools.
- c. Support the disapplication request arising from the requirements of the Coquet schools in relation to their reorganisation with effect from September 2024.
- d. Note the delegation of final decisions on the values to the Executive Director of Children's Services, in consultation with the lead member for Children's Services once final funding becomes known in December 2023, in order to enable the required Cabinet report to be prepared and submitted to the 16 January 2024 meeting, and the submission of the necessary return to the ESFA by 22 January 2024.
- e. Receive a further report to the Schools Forum meeting on 17 January 2024 on the outcome of the consultation with schools and final funding values to be used for 2024/25.

3. Background

Schools Forum has previously received reports outlining developments in relation to the National Funding Formula (NFF). The latest report to Schools Forum in September 2023 confirmed Northumberland's progress as a local authority "that mirrors the NFF in all factors".

It should also be noted that overall funding is not increasing by the same amounts, after the additional funding grants are taken into consideration in 2023/24 for both Schools and High Needs, with no indication of any further support at the time of writing this report. The Chancellors Autumn Statement is scheduled for the same day as Schools Forum (22 November 2023). Schools are advised to budget accordingly when preparing 2024/25 figures.

4. Latest Information

The provisional 2024/25 allocations based on October 2022 data are shown in the table below:

	2023-24 (as per Dec 21)	Provisional 2024/25 (based on Oct 22 Data)	Potential Change	
			£	%
Schools Block #	226,441,908	229,722,222	3,280,314	1.45%
High Needs Block	51,072,682	53,325,176	2,252,494	4.41%
Central School Services Block	2,268,989	2,167,198	- 101,791	-4.49%
TOTAL	279,783,579	285,214,596	5,431,017	1.94%
Early Years Block - not yet available for 24/25	19,157,114	n/a	-	-
# The 2024/25 figure does not include the LA Growth Fund element - which is not yet available - if in line with last year £896k this would add 0.39% to the % increase				

It should be noted that, subsequent to the last Schools Forum meeting held on 27 September 2023, the ESFA issued an apology, revised NFF figures and provisional allocations for 2024/25 again based on October 2022 data. The estimated reduction in funding to Northumberland is approximately £2 million (0.9%). The original and revised National Funding Formula values are provided at Appendix A.

As in previous years, it is stressed that these figures will be updated with reference to the October 2023 School Census data when the final figures are released in late December.

5. Minimum Per Pupil Funding (MPPF)

The MPPF Levels have also been reduced in line with the above ESFA announcement, and revised figures are provided in the table below :

Phase	2023/24 MPPF Level	Revised Increase	2024/25 Original MPPF Level	2024/25 Revised MPPF Level
Primary	£4,405	£143 (2.8%) MSAG + £62 (1.4%) inc	£4,665	£4,610
KS3	£5,503	£186 (2.9%) MSAG + £82 (1.5%) inc	£5,824	£5,771 #
KS4	£6,033	£208 (3.0%) MSAG + £90 (1.5%) inc	£6,389	£6,331 #

the secondary value of £5,995 is a weighted average of the KS3 (3/5) and KS4 (2/5) figures

6. Transfer from Schools Block

In November 2022, the local authority consulted with both the Schools Forum and wider schools and requested agreement to up to a 0.5% transfer from the Schools Block to the High Needs Block for 2023/24. Subsequently, after the final settlement was received in December 2022 it was decided that a 0.25% transfer would be taken, enabling the NFF values to be met in full for all schools for 2023/24. It should be noted however that the transfer was only possible through use of the growth element with the NFF which is allocated to the local authority and not individual schools.

element is intended. While the 4.5% increase is larger than last year's 2% increase for the ongoing responsibilities element, this still does not meet pay and price pressures arising from the NJC award.

	2023/24 (actual)	2024/25 (provisional)	Change	
			£	%
Ongoing Responsibilities	£1,433,789	£1,499,038	+£65,249	+4.5%
Historic Commitments	£835,200	£668,160	-£167,040	-20.0%
TOTAL CSSB	£ 2,268,989	£ 2,167,198	-£180,616	-7.4%

9. Early Years Block

No information for Northumberland is available yet in relation to Early Years funding, in line with previous years. Details of the 2024/25 EY funding will be received in December together with the rest of the DSG information for 2024/25.

10. De-delegation

De-delegation is the process by which the relevant maintained school members of Schools Forum can agree to have funding deducted at source from maintained schools for certain services as specified by the DfE. For academies to access these services, they will need to agree to buy in, either on an individual or a multi academy trust level.

For 2023/24, de-delegation was agreed in respect of the following services:

- Contingency for costs arising from reorganisation or restructuring;
- Free School Meal eligibility checking;
- Trade union facility time; and
- Support to underperforming ethnic minority groups and bilingual learners;

It is anticipated that de-delegation will again be sought in respect of these services.

11. Disapplication Request in respect of Coquet Partnership Reorganisation

As you are all aware, in September 2024, James Calvert Spence College will not have a Year 5 intake, but the 5 feeder First Schools will retain their Year 4 students into Year 5 as part of the 2 year transition to becoming Primary Schools. This process will be repeated in September 2026, when the Year 5 students will continue into Year 6 in the Primary School, Year 4 retained into Year 5 in the Primary Schools, at which point James Calvert Spence College will operate in line with a more traditional secondary Year 7 to Year 13 model.

To reflect this, rather than the standard funding formula lagged model, James Calvert Spence College will be funded for April to August 2024 (5/12 of the year) in respect of the Year 6

students for 2024/25, and from September 2024 to March 2025 (7/12 of the year), the First Schools will receive further funding in 2024/25 for their current Year 4 students, as measured at the October 2023 school census, to reflect the fact they will be retained those students from September 2024. It is estimated that £232,172 will be redistributed from James Calvert Spence College to the Feeder Primary schools in respect of this adjustment.

This required a disapplication request to be made to the ESFA, and the deadline for the submission of these requests was Friday 17 November. A disapplication request has been made on that basis (copy attached at Appendix B), on the understanding that we will subsequently report the Schools Forum position to the ESFA.

Schools Forum's support of the Disapplication Request is requested on that basis.

12. Other Information

In November 2022, Schools Forum was briefed as to the proposed introduction of a standardised formulaic report for the **split site factor**, affecting 4 Northumberland Schools. Schools receive a £53,700 lump sum payment for each of their additional eligible sites – up to a maximum of three additional sites. On top of that, schools whose sites are separated by more than 100 meters receive distance funding. The distance funding varies depending on how far apart the sites are, up to a maximum of £26,900 for sites which are at least 500 metres away from the main site. This approach is mandatory for 2024/25

Capping and Scaling continues to be an option for 2024/25, but we should seek to limit its impact where possible, thereby allowing Schools to retain as much “funding formula” gains as possible. However, given the uncertainty it is proposed that we continue to consider this as a potential option. This is also consistent with the response to the School Consultation exercise last December where 7 of the 8 responses were in favour of retaining the potential use of capping and scaling as part of the 2023/24 School Budget setting process.

13. Next Steps:

Following any comments received today, the intention is also to consult with schools ahead of the final budget setting report to Cabinet. The consultation is proposed to run from Thursday 23 November to 12.00 noon on Monday 12 December. A copy of the draft consultation paper is attached for your consideration in Appendix C. The results of the consultation and final recommendations to Cabinet will be reported back to the January 2023 Schools Forum meeting.

Because of the short timescales between receiving the final 2024/25 DSG settlement in December, the preparation of a report to the Cabinet meeting on 16 January 2024 and the submission of the final figures to the ESFA by 22 January 2024, delegated powers are sought for the Executive Director for Children's Services and Lead Member for Children's Services to set the final figures, in line with the principles and illustrative figures outlined in this report.

As reflected in the recommendations the Cabinet report will seek delegated powers to agree the final values, there will be reported to the Schools Forum meeting on 17 January 2024 prior to submission to the ESFA by 22 January 2024.

14. Summary and Conclusions:

The support of Schools Forum in relation to 2024/25 School Funding is requested in line with the recommendations in section 2 of this report, with regard to the principles to be adopted for the setting of the DSG for 2024/25. Further information will be provided to the January and February 2024 meetings once the final 2023/24 DSG settlement has been received in December 2023, but the views of School Forum are required at this stage to enable the appropriate report seeking approval to go to Cabinet in January 2024, as has been the case in previous years.

Bruce Parvin

Education and Skills Funding Manager

16 November 2023

Factor values and total spend in 2024-25

Original July 2023

	Unit Values	Total Funding (incl. ACA)	Proportion of core total
Basic per pupil Funding		£33,696m	75.7%
Basic entitlement		£33,505m	75.3%
Primary basic entitlement	£3,597	£16,419m	36.9%
KS3 basic entitlement	£5,072	£9,904m	22.2%
KS4 basic entitlement	£5,717	£7,183m	16.1%
Minimum per pupil		£191m	0.4%
Primary Minimum Per Pupil funding	£4,655	£150m	0.3%
Secondary Minimum Per Pupil funding	£6,050	£40m	0.1%
Additional Needs Funding		£7,917m	17.8%
Deprivation		£4,511m	10.1%
Primary FSM	£490	£540m	1.2%
Secondary FSM	£490	£376m	0.8%
Primary FSM6	£830	£951m	2.1%
Secondary FSM6	£1,210	£1,067m	2.4%
Primary IDACI A	£685	£104m	0.2%
Primary IDACI B	£520	£152m	0.3%
Primary IDACI C	£490	£140m	0.3%
Primary IDACI D	£450	£124m	0.3%
Primary IDACI E	£285	£147m	0.3%
Primary IDACI F	£235	£115m	0.3%
Secondary IDACI A	£950	£97m	0.2%
Secondary IDACI B	£750	£151m	0.3%
Secondary IDACI C	£695	£140m	0.3%
Secondary IDACI D	£635	£122m	0.3%
Secondary IDACI E	£455	£165m	0.4%
Secondary IDACI F	£345	£117m	0.3%
Low Prior Attainment		£2,857m	6.4%
Primary LPA	£1,185	£1,617m	3.6%
Secondary LPA	£1,790	£1,240m	2.8%
English as an Additional Language		£488m	1.1%
Primary EAL	£595	£346m	0.8%
Secondary EAL	£1,605	£142m	0.3%
Mobility		£61m	0.1%
Primary Mobility	£970	£48m	0.1%
Secondary Mobility	£1,395	£13m	0.0%
School-Led Funding		£2,900m	6.5%
Lump Sum		£2,801m	6.3%
Primary lump sum	£135,700	£2,339m	5.3%
Secondary lump sum	£135,700	£462m	1.0%
Sparsity		£99m	0.2%
Primary sparsity	£57,700	£94m	0.2%
Secondary sparsity	£83,900	£5m	0.0%
Area Cost Adjustment: Multiplier applied to basic entitlement, additional needs and school-led funding (It is included in the factor subtotals)		£1,123m	
Core total (excl. funding floor and premises)		£44,513m	
Floor		£223m	
Primary floor funding		£109m	
Secondary floor funding		£114m	
Premises		£595m	
Split sites	£81,400	£33m	
Total		£45,331m.	

Factor values and total spend in 2024-25

(revised Oct 2023)

	Unit Values	Total Funding (incl. ACA)	Proportion of core total
Basic per pupil Funding		£33,368m	75.7%
Basic entitlement		£33,177m	75.3%
Primary basic entitlement	£3,562	£16,259m	36.9%
KS3 basic entitlement	£5,022	£9,806m	22.2%
KS4 basic entitlement	£5,661	£7,112m	16.1%
Minimum per pupil		£190m	0.4%
Primary Minimum Per Pupil funding	£4,610	£149m	0.3%
Secondary Minimum Per Pupil funding	£5,995	£41m	0.1%
Additional Needs Funding		£7,848m	17.8%
Deprivation		£4,477m	10.2%
Primary FSM	£490	£541m	1.2%
Secondary FSM	£490	£376m	0.9%
Primary FSM6	£820	£940m	2.1%
Secondary FSM6	£1,200	£1,058m	2.4%
Primary IDACI A	£680	£104m	0.2%
Primary IDACI B	£515	£151m	0.3%
Primary IDACI C	£485	£139m	0.3%
Primary IDACI D	£445	£122m	0.3%
Primary IDACI E	£285	£147m	0.3%
Primary IDACI F	£235	£115m	0.3%
Secondary IDACI A	£945	£97m	0.2%
Secondary IDACI B	£740	£150m	0.3%
Secondary IDACI C	£690	£139m	0.3%
Secondary IDACI D	£630	£121m	0.3%
Secondary IDACI E	£450	£163m	0.4%
Secondary IDACI F	£340	£115m	0.3%
Low Prior Attainment		£2,826m	6.4%
Primary LPA	£1,170	£1,596m	3.6%
Secondary LPA	£1,775	£1,230m	2.8%
English as an Additional Language		£484m	1.1%
Primary EAL	£590	£343m	0.8%
Secondary EAL	£1,585	£141m	0.3%
Mobility		£61m	0.1%
Primary Mobility	£960	£47m	0.1%
Secondary Mobility	£1,380	£13m	0.0%
School-Led Funding		£2,872m	6.5%
Lump Sum		£2,774m	6.3%
Primary lump sum	£134,400	£2,316m	5.3%
Secondary lump sum	£134,400	£458m	1.0%
Sparsity		£98m	0.2%
Primary sparsity	£57,100	£93m	0.2%
Secondary sparsity	£83,000	£5m	0.0%
Area Cost Adjustment: Multiplier applied to basic entitlement, additional needs and school-led funding (It is included in the factor subtotals)		£1,112m	
Core total (excl. funding floor and premises)		£44,088m	
Floor		£277m	
Primary floor funding		£138m	
Secondary floor funding		£138m	
Premises		£597m	
Split sites	£80,600	£33m	
Total		£44,961m.	