



Northumberland

County Council

CABINET

13 December 2022

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

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

Cabinet Member: Richard Wearmouth, Portfolio Holder for Corporate Services

1. Purpose of report

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

2. Recommendations

2.1 Members are requested to:

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

3. Link to Corporate Plan

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

4. Key issues

4.1 Overall Position

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

4.2 Inflationary Pressures

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Payments will be made during November 2022.

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

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

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

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

Summary of key changes to the previous schemes:

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

5. Projected Revenue Outturn 2022-23

- 5.1 The Council's projected revenue outturn position, within each service area is shown in summary at Section 6 of the report (figures in brackets denote an underspend); and in detail within Appendices C - O of the report.
- 5.2 The Council's overall annual revenue expenditure is managed across a number of areas:
- a. The General Fund with a net budget of £382.624 million, providing revenue funding for the majority of the Council's services.

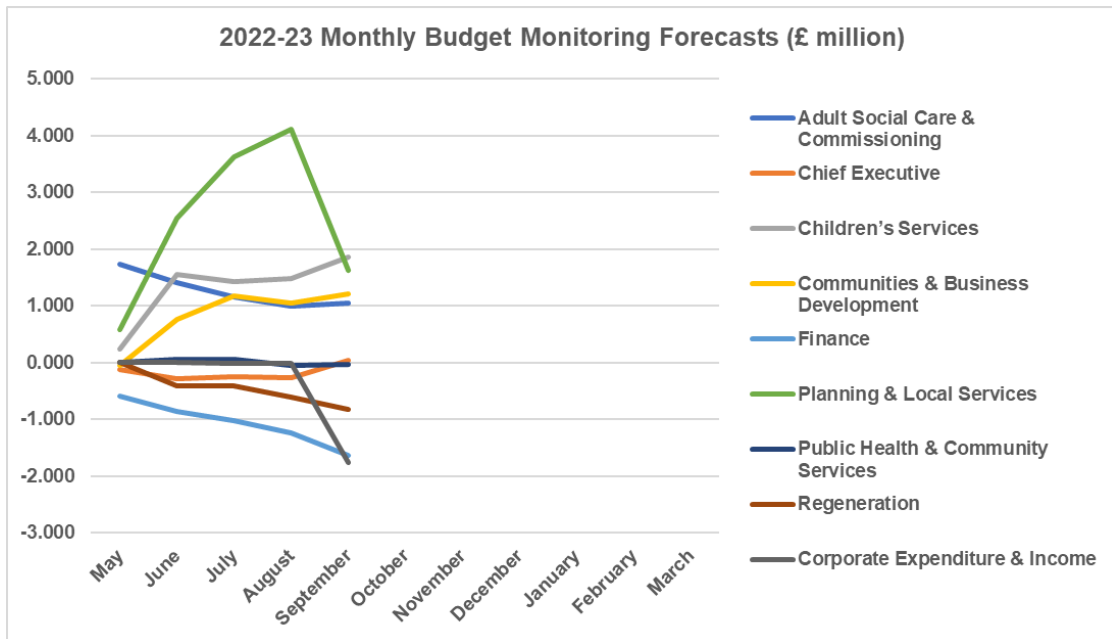
- b. The Dedicated Schools Grant (DSG) of £150.289 million in 2022-23, which is ring-fenced for schools funding, overseen by the Schools' Forum, and managed within the Children's Services Directorate.
- c. Public Health, a ring-fenced grant of £17.366 million in 2022-23, must be spent to support the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

6. General Fund

6.1 The following table provides a summary of how each Directorate is performing against the General Fund revenue budget for the 2022-23 financial year.

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

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



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

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

7. Other General Fund Items

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

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

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

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

9. Ring-fenced Accounts - Public Health Grant

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

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

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

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

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

11. CAPITAL PROGRAMME

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

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

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

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

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

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

12. Capital Receipts

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

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

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

13. TREASURY MANAGEMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

Implications

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

Background papers

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

Report sign off

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

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

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

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

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

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

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

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

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

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

Key

Red – saving not expected to be delivered in year

Amber – saving at risk of non-delivery in year

Green – saving delivered or expected to be delivered in year

Adult Social Care & Commissioning

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

Children's Services

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

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

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

Communities & Business Development

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

Finance

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

Planning & Local Services

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

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

Corporate

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

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Adult Social Care & Commissioning

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

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

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

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

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

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

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Chief Executive

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

NOTES - Year End Variances of £0.250 million or more

There are no significant variances to date.

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

Forecast Revenue Outturn - Detailed budget summary by Service

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

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

NOTES - Year End Variances of £0.250 million or more

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

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

delay in opening the new home until May 2023.

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

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

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Children's Services: Education & Skills

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

NOTES - Year End Variances of £0.250 million or more

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

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

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

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Children's Services: Dedicated Schools' Grant

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

NOTES - Year End Variances of £0.250 million or more

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

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

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

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

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

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

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Communities & Business Development

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

NOTES - Year End Variances of £0.250 million or more

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

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

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

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Finance

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

NOTES - Year End Variances of £0.250 million or more

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

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

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

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Planning and Local Services

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

NOTES - Year End Variances of £0.250 million or more

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

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

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

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

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

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Public Health & Community Services

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

NOTES - Year End Variances of £0.250 million or more

There are no significant variances to date.

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Public Health & Community Services - Public Health

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

NOTES

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

support joint investment in population health management interventions.

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

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Public Health & Community Services - Housing Revenue Account

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

NOTES - Year End Variances of £0.250 million or more

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

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

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

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Regeneration

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

NOTES - Year End Variances of £0.250 million or more

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

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

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

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Corporate Expenditure and Income

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

NOTES - Year End Variances of £0.250 million or more

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

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

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

Key Capital Movements by Service

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

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

NOTES - Year End Variances of £0.250 million or more

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

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

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

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

NOTES - Year End Variances of £0.250 million or more

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

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

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

NOTES - Year End Variances of £0.250 million or more

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

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

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

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

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

NOTES - Year End Variances of £0.250 million or more

There are no significant variances to date.

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

NOTES - Year End Variances of £0.250 million or more

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

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

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

NOTES - Year End Variances of £0.250 million or more

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

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

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

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

NOTES - Year End Variances of £0.250 million or more

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

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

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

NOTES - Year End Variances of £0.250 million or more

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

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

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

Items approved from the Council's Contingency

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

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

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

Movement in the Council's Reserves

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

Appendix R

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

Appendix R

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

Appendix R

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

*Provisional un-audited opening balance figure

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

Virements June to September 2022

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