



Northumberland

County Council

CABINET

14 March 2023

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

Report of Councillor Richard Wearmouth, Deputy Leader and Portfolio Holder for Corporate Services

Executive Director: Jan Willis, Executive Director of Resources & Transformation

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 approve:

- net re-profiling to the Capital Programme of £48.698 million from 2022-23 to 2023-24 to reflect estimated expenditure levels in the current financial year.
- the additional capital grant of £1.298 million to improve energy efficiency in schools as detailed in 11.7.
- the capital grant of £0.036 million received for the Family Hub as detailed in 11.9.
- the new grants and amendments to existing grants at Appendix A and the required changes to the budgets.
- the use of the Restructuring Reserve of £0.219 million for the Chief Executive's exit package and note that the Council has received a refund of employers' pension contributions of £0.035 million, and it is proposed to transfer this to the Restructuring Reserve.
- the use of the Restructuring Reserve of £0.169 million for the voluntary redundancy of the Director of Transformation.
- the transfer of the balance of £0.058 million relating to the Kerbside Food Waste collection trial into a new reserve. In 2022-23 commencement of this service was delayed by 5 months whilst awaiting delivery of specialist food waste collection vehicle.

- the following delegated limits for approval of funds from the Transformation Fund Reserve:
 - Up to £50,000 – Service Director leading the BEST programme of work in consultation with the Portfolio Holder for Corporate Services
 - £50,001 - £250,000 – Section 151 Officer in consultation with the Portfolio Holder for Corporate Services
 - £250,000 and above – Cabinet
- the release of £2.250 million from the Transformation Fund to recruit to a number of fixed term roles (£0.750 million per annum) to progress the BEST programme of work
- The release of £0.647 million from the Transformation Fund to fund backfill costs where core Council staff are being utilised to progress the BEST programme of work.

2.2 Members are requested to note:

- the services projected overspend of £4.784 million and the assumptions outlined in this report.
- the potential gross overspend of £6.742 million after accounting for anticipated energy inflation.
- the net forecast overspend of £1.534 million following the utilisation of the Exceptional Inflation Reserve.
- the progress on the delivery of the approved savings at Appendix B.
- the use of the contingency shown at Appendix Q.
- the use of reserves shown at Appendix R.
- 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". The budget includes significant investment in each of the priorities and the overarching themes of "supporting economic recovery and growth" and "tackling inequalities".
- 3.2 Thriving: significant investment to promote economic growth in the county, including supporting local businesses in post Covid-19 recovery, capital investment to reopen the Northumberland Line and the Borderlands programme of investment in rural growth and regeneration.
- 3.3 Living, Learning: the largest proportion of the revenue budget is dedicated to this priority which includes caring for residents, supporting the most vulnerable

in society, encouraging active citizens and ensuring the best education standards for children and young people.

- 3.4 Enjoying, Connecting: substantial investment is committed to protect and enhance the environment, while prioritising climate change and delivering high quality services in all communities. This includes improving parks and open spaces and keeping the county's streets and roads clean, tidy and safe.
- 3.5 How: the Council is committed to listen to and communicate with residents, businesses and partners and ensure value for money in its services. Decisions regarding the budget were taken following engagement with residents, partners and Local Area Councils, to ensure delivery on the services, facilities and improvements they value most.

4. Key issues

4.1 Overall Position

4.1.1 The report provides information and analysis on the Council's financial performance and use of resources to the end of December 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 December 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 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:

- Energy costs: based on the latest information from the Council's energy contractor, NEPO, the forecast in relation to energy prices is that, compared to the 2021-22 actual costs, electricity prices will be 56% higher and gas prices will be 115% higher, for the remainder of the year. After accounting for the £1.079 million hyper-inflation provided for within the 2022-23 budget, it is forecast that this will leave an additional inflationary pressure of £1.958 million. The electricity forecast is significantly lower than previous estimates. These figures take into account the Government's Energy Bill Relief Scheme.

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)	4.784
Energy costs	1.958
Gross forecast overspend	6.742
Exceptional Inflation Reserve	(5.208)
Net forecast overspend	1.534

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
Reduction in energy forecast	(0.519)
Reduction in pay award forecast	(0.754)
Utilisation of Family Hubs grant funding	(0.359)
Reduction in forecast support for Active Northumberland	(0.278)
Reduced forecast cost of Adult In-house services	(0.673)
Other changes	(0.204)
December forecast position (after inflationary pressures and use of exceptional inflation reserve)	1.534

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 £19.025 million (£150 each) have been paid to 126,836 households. All eligible households were paid by 30 November 2022 either directly into their bank account, by redeeming a Post Office Voucher, or, as a last resort, by a credit to their council tax account.

In addition, the Council implemented its own Energy Rebate Discretionary scheme utilising specific funding provided by Government to provide support to other energy bill payers not eligible under the terms of the core energy

rebate scheme, and, to provide carefully targeted “top-up” payments to the most vulnerable households.

The Council’s Discretionary scheme provided support for the following cohort of households:

- Households in Council Tax Bands A to D and in receipt of Council Tax Support received a £20 top up payment. This was in addition to the £150 Council Tax rebate announced by the Government, giving them a total of £170.
- Households in Council Tax Bands E to H in receipt of Council Tax Support received a £170 payment. This was to match the total payment received by Council Tax Support claimants in Bands A to D (above).
- 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), received a £400 payment.

The Council’s Discretionary Scheme also included provision to pay occupants of registered Houses of Multiple Occupation (HMO) properties in Northumberland a payment of £150 but received no applications for this payment despite publicity and direct contact with landlords.

In total, 25,482 households received a payment from the Discretionary scheme with 22,684 receiving the payment into their bank account and 2,798, as a last resort, by way of a credit to their council tax account.

- c. The Council Tax Discount policy was updated in 2022-23 to include a hardship award of up to £200 for working age council tax support claimants. To date 19,239 awards totalling £2.380 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 fund was made available to Northumberland County Council to support those most in need. The Council's funding allocation for the period was £2.480 million.

There have been a number of changes to the guidance compared with previous schemes of the Household Support Fund, the first, is that there will be no ringfence of any proportion of funding for any particular cohort of people. Also amongst the changes is a requirement for all Authorities to operate at least part of their scheme on an application basis i.e residents should have the opportunity to come forward to ask for support. There is also a trusted partner referral process for statutory partners, Health professionals, VCSE Organisations, School11s, etc.

There is also an expectation that particular consideration is given to those groups who may not have benefitted from any of the recent cost of living support.

Summary of performance for period 01/10/2022 - 31/12/2022:

- £1.101 million expenditure between 01/10/22 - 31/12/22,
- £1.868 million committed between 01/10/22 - 31/03/2023,
- £0.612 million remains uncommitted between 01/01/2023 - 31/03/2023.

Breakdown of performance by Household Composition for period 01/10/2022 - 31/12/2022:

- Household Children (0-19yrs) = £0.913 million expenditure / 18,328 awards,
- Household Disability = £0.122 million expenditure / 2,444 awards,
- Household Pensioners = £0.024 million expenditure / 285 awards,
- Household Other = £0.042 million expenditure / 642 awards.

Breakdown of performance by Category of Support for period 01/10/2022 - 31/12/2022:

- Fuel/Energy = £0.388 million expenditure / 7360 awards,
- Food = £0.694 million expenditure / 149 awards,
- Essentials linked to Fuel/Food = £0.010 million expenditure / 285 awards,
- Other = £0.009 million expenditure / 178 awards.

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 £150.475 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

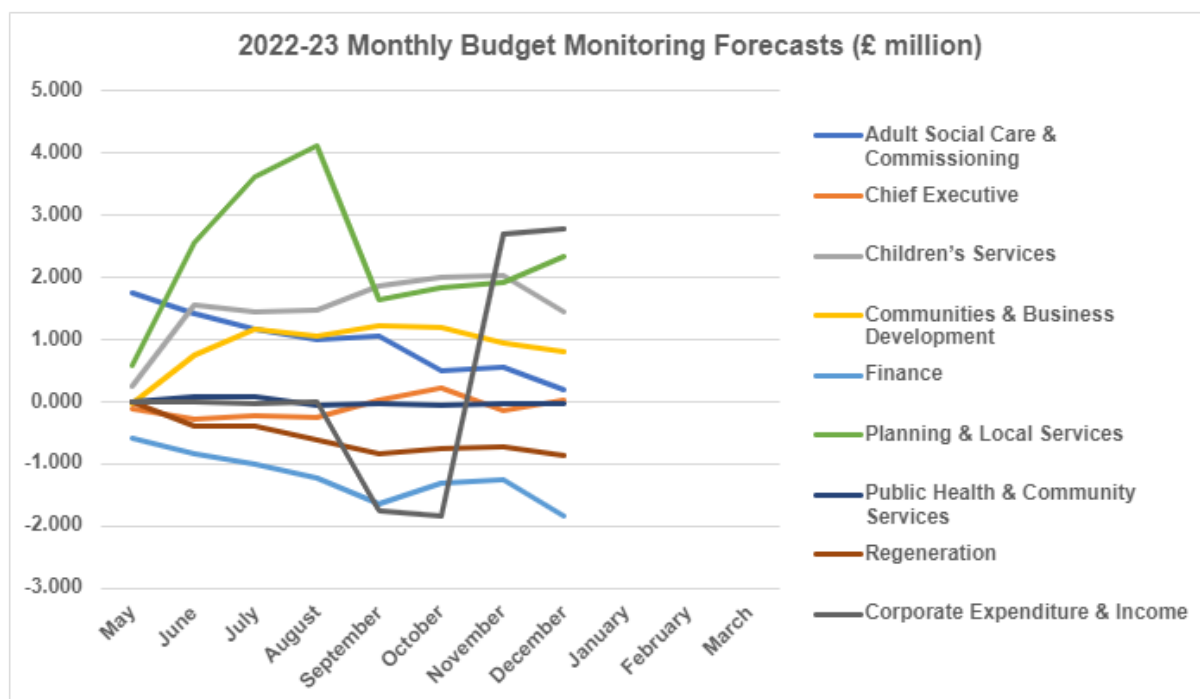
separately from the General Fund, and is managed within the Regeneration, Commercial and Economy Directorate.

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	113.631	113.827	0.196
Chief Executive	29.511	29.530	0.019
Children's Services	69.443	70.894	1.451
Communities & Business Development	15.689	16.492	0.803
Finance	27.773	25.948	(1.825)
Planning & Local Services	81.447	83.691	2.244
Public Health & Community Services	4.783	4.756	(0.027)
Regeneration	5.054	4.195	(0.859)
Total Services	347.331	349.333	2.002
Corporate Expenditure and Income	35.293	38.075	2.782
Total Net Expenditure	382.624	387.408	4.784
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	4.784	4.784

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	0.057
Children's Services	0.748
Communities & Business Development	0.610
Planning & Local Services	0.165
Public Health & Community Services	0.160
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 September to December 2022.
- 7.2 The Council at its meeting in February 2022 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 September to December 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 September to December 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	151.538	(151.538)	0.000	0.474	0.474

8.1 The DSG budget includes a revised grant allocation of £150.475 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 remaining balance on the reserve has been authorised by Schools' Forum to be set aside for pressures arising in 2023-24. The DSG is forecast to overspend by £0.474 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	38.914	(38.928)	(0.014)	0.289	0.303

10.1 The HRA is forecast to overspend by £0.303 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 a mid-year review resulting in a net in-year reprofiling of £137.253 million from 2022-23 to 2023-24. In addition, further approvals totalling £15.118 million have been agreed by Cabinet for additional schemes.

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

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	(1.788)	6.403	1.386	2.294	(4.109)	(1.814)	(2.295)
Chief Executive	1.999	(0.396)	1.603	0.983	1.537	(0.066)	-	(0.066)
Children's Services	24.540	(1.546)	22.994	10.712	20.510	(2.484)	(0.504)	(1.980)
Communities & Business Development	15.579	(2.870)	12.709	8.263	12.811	0.102	0.102	-
Finance	35.453	(14.351)	21.102	7.246	18.832	(2.270)	0.008	(2.278)
Planning & Local Services	47.955	9.147	57.102	35.288	48.615	(8.487)	(0.255)	(8.232)
Public Health & Community Services	28.441	(12.577)	15.864	7.595	12.067	(3.797)	(1.151)	(2.646)
Regeneration	145.198	(45.753)	99.445	33.492	63.086	(36.359)	(5.158)	(31.201)
Total Programme	307.356	(70.134)	237.222	104.965	179.752	(57.470)	(8.772)	(48.698)
Financed by:								
Capital Receipts	4.716	-	4.716					
External Grants	150.488	(33.850)	116.638					
GF Borrowing	126.982	(24.911)	102.071					
GF Revenue Contributions (RCCO)	3.437	0.737	4.174					
HRA Contributions (MRR & RCCO)	21.733	(12.110)	9.623					
Total Financing	307.356	(70.134)	237.222					

11.4 Year-to-date capital expenditure is £104.965 million. The major areas of capital investment during the year to date are as follows:

- i. £64.377 million invested in transport schemes including infrastructure, traffic management, integrated transport schemes and the reintroduction of the Northumberland Line.
- ii. £10.712 million invested in school buildings, including the relocation of Atkinson House.

- iii. £3.372 million invested in fleet replacement.
 - iv. £8.744 million invested in leisure facilities including the construction of new leisure centres in Berwick and Morpeth.
 - v. £7.411 million invested in the Council's housing stock.
- 11.5 There is a net forecast underspend of £57.470 million across the 2022-23 Capital Programme comprising of £48.698 million net reprofiling from 2022-23 to 2023-24 and £8.772 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 £48.698 million from 2022-23 to 2023-24.
- 11.7 Eligible schools and sixth-form colleges will receive an allocation £1.298 million of capital funding to improve energy efficiency in 2023 which has been awarded to Northumberland. This is part of an additional £500.000 million of capital funding for schools and further education institutions in England. The funding has been received in December 2022.
- 11.8 It is recommended that Cabinet accepts the grant and updates 2023-24 Capital Programme.
- 11.9 It is recommended that Cabinet accept the Family Hub capital grant of £0.036 million for minor building works that has been awarded for 2022-23.

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 £2.462 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	2.462
On the market	1.058
Terms Agreed	1.991
Contracts exchanged	0.744

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 October to December 2022:

	Previous Quarter	Movement- Dec 22	Current
Outstanding principal - at quarter end (£m)	745.903	(5.502)	740.401
Weighted average interest rate - year to date (%)	2.988	0.014	3.002
Quarter end external borrowing as % of Operational Boundary (Borrowing)	71.446	(0.527)	70.919

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 70.92% 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 October to December 2022:

Lender Category	Repayment Type	Opening Balance	Repaid – Q/E Dec 2022	New Borrowing Q/E Dec 2022	Closing Balance
		£m	£m	£m	£m
PWLB	EIP	4.002	(0.500)	-	3.502
PWLB	Annuity	0.558	-	-	0.558
Salix	EIP	0.039	(0.002)	-	0.037
PWLB	Maturity	445.704	-	-	445.704
Other Local Authorities	Maturity	50.000	(5.000)	-	45.000
Other/Market	Maturity	245.600	-	-	245.600
Total		745.903	(5.502)	-	740.401

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

	Previous Quarter	Movement - Q/E Dec2022	Current
Outstanding principal - at month end (£m)	172.300	(37.800)	134.500
Weighted average interest rate - year to date (%)	1.771	1.514	3.285

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

Category	Opening Balance	Repaid – Q/E Dec 2022	New Investment Q/E Dec 2022	Closing Balance
	£m	£m	£m	£m
Term Deposit Banks	20.000	(15.000)	15.000	20.000
Term Deposit Building Societies	20.000	(20.000)	15.000	15.000
Term Deposit Other Local Authorities	65.000	(60.000)	19.500	24.500
Money Market Funds	57.300	(155.700)	158.400	60.000
Debt Management Office (DMO)	-	-	5.000	5.000
Notice Accounts	10.000	(10.000)	10.000	10.000
Total	172.300	(260.700)	222.900	134.500

13.7 New investments during the quarter ended 31 December 2022 consisted of:

- £5.000 million fixed term deposit, over three months, with a Building Society at a rate of 1.370%, matured and was rolled over for a further three months at 3.000%;
- £10.000 million fixed term deposit, over six months, with a Bank, at a rate of 1.415%, matured and was rolled over for a further four and a half months at 3.730%;
- £5.000 million fixed term deposit, over six months, with a Bank, at a rate of 1.620%, matured and was rolled over for a further four months at 3.460%.
- £5.000 million fixed term deposit, over three months, with a Local Authority at a rate of 3.180%;
- £5.000 million fixed term deposit, over three months, with the Debt Management Office (DMO) at a rate of 3.130%;
- £10.000 million fixed term deposit, over one month, with the a Building Society at a rate of 3.390%;

- £4.500 million fixed term deposit, over two months, with a Local Authority at a rate of 3.450%; and;
- £10.000 million fixed term deposit, over one and a half months, with a Local Authority at 3.200%.

There was a net investment of Money Market Funds of £2.700 million. The movement in the Money Market Funds represents daily deposits and withdrawals to manage cashflow.

14. Transformation Fund Reserve

14.1 The Council at its budget meeting on 23 February 2022 agreed to invest £3.000 million per annum in a strategic change programme, now known as BEST programme of work.

14.2 To date a number of commitments have already been made against that fund as follows:

	2022-23	2023-24	2024-25	Total
	£m	£m	£m	£m
Council Investment	3.000	3.000	3.000	9.000
Commitments to 28 February 2023	2.062	1.558	1.873	5.493
Balance Available	0.938	1.442	1.127	3.507

14.3 A number of projects have already been approved by the Transformation Board, including for example, Fix My Street, Living Leader and the Labman management system. In addition to this, it is necessary to recruit to a number of fixed term roles in order that the project can progress, and the service improvements can be delivered quickly. The roles will be required for a maximum of three years and the estimated cost is £2.250 million. It is recommended that Members approve the use of the Transformation Fund for this purpose.

14.4 It will also be necessary to involve a number of staff across the Council in the BEST programme of work. However, their roles within the workstreams will require a full-time commitment so it is recommended that the Transformation Fund is also used to fund the temporary backfill for those staff involved in the work. The estimated cost of this is £0.647 million over the next three years and it is recommended that Members approve the use of the Transformation Fund for this purpose.

14.4 It is likely that the profiling of the commitments will extend into 2025-26. Members will receive a quarterly update on the Transformation Fund balance, actual expenditure and commitments as part of the Financial Performance report.

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	Helen Paterson
Portfolio Holder(s)	Cllr Richard Wearmouth

Author and Contact Details

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Directorate:	Adult Social Care & Commissioning
Grant Awarding Body:	Department of Health and Social Care
Name of Grant:	Adult Social Care Discharge Fund
Purpose:	To support interventions that best enable the discharge of patients from hospital to the most appropriate location for their ongoing care.
Value:	£1,267,877
Recurrent/Non-recurrent:	Non-Recurrent
Profiling:	40% December 2022, 60% January 2023

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 additional grant is for increased maintained special school places previously fulfilled by Nunnykirk Independent school which closed in Summer 2023.
Value:	£186,330
Recurrent/Non-recurrent:	Recurrent
Profiling:	From November onwards on a fortnightly basis

Directorate:	Children's Services
Grant Awarding Body:	Department for Education
Name of Grant:	Family Hubs and Start for Life programme – Trailblazer funding
Purpose:	Trailblazer funding has been awarded in addition to the main Family Hub grant that was reported in the previous report. One of 15 authorities awarded this funding, this will enable Northumberland to lead the way in delivering the programme, making the fastest and most ambitious improvements to services for families and establishing best practices.
Value:	£183,000 confirmed for 2022-23
Recurrent/Non-recurrent:	Non-Recurrent
Profiling:	February 2023

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. Quarter 3 income now confirmed.
Value:	£128,100
Recurrent/Non-recurrent:	Non - Recurrent
Profiling:	Income due February 2023 covers arrival from September to November 2022

Directorate:	Children's Services
Grant Awarding Body:	Education and Skills Funding agency
Name of Grant:	Supporting Families grant

Purpose:	Support to build the resilience of vulnerable families and to drive system change to ensure local services can identify families in need.
Value:	£84,000 Quarter 4 allocation
Recurrent/Non-recurrent:	Non-recurrent as depending on outcomes for each quarter
Profiling:	Quarterly for Jan-Mar onwards

Directorate:	Children's Services
Grant Awarding Body:	National Development team for Inclusion
Name of Grant:	Internships work programme
Purpose:	Funding to support Local Authorities in provision of an internship work programme for young people aged 16-25 to benefit from a supported internship.
Value:	£10,860 for 2022-23, £21,430 for 2023-24 and £21,380 for 2024-25
Recurrent/Non-recurrent:	Recurrent for 3 years
Profiling:	December

Directorate:	Children's Services
Grant Awarding Body:	Education and Skills Funding agency
Name of Grant:	Unaccompanied Asylum seeking children (UASC) grant
Purpose:	Funding to support Local Authorities in respect of their costs incurred supporting UASC or children leaving care who were previously UASC.
Value:	£317,700
Recurrent/Non-recurrent:	Recurrent - variable as dependent on number of children residing in Northumberland
Profiling:	Quarterly from May onwards

Directorate:	Children's Services
Grant Awarding Body:	North of Tyne Combined Authority
Name of Grant:	Multiply Programme
Purpose:	Multiply is the new national programme focused on improving adult numeracy skills. Whether that be improving household finances, helping children with homework, making more sense of the facts in the media, or improving numeracy skills specific to a line of work.
Value:	£151,125 – 2022-23 £187,944 – 2023-24 £187,944 – 2024-25
Recurrent/Non-recurrent:	Non-recurrent
Profiling:	Mar-23, then Quarterly onwards

Directorate:	Public Health and Community Services
Grant Awarding Body:	Department for Levelling Up, Housing & Communities
Name of Grant:	2022-23 Homelessness Prevention Grant – Winter 2022 Top-Up
Purpose:	Ringfenced top-up grant to ease homelessness pressures over winter. To target those most in need and to ensure local authorities are resourced to take action to prevent homelessness and continue to implement the Homelessness Reduction Act 2017.
Value:	£79,259
Recurrent/Non-recurrent:	Non-Recurrent
Profiling:	January

Directorate:	Public Health and Community Services
Grant Awarding Body:	Northumbria Police & Crime Commissioner
Name of Grant:	Northumbria's successful Safer Streets Fund Round 4 bid – Women's Safety in Public Places (WSiPP).

Purpose:	To enable localities to design and deliver local crime prevention plans with the outcome of reducing and preventing one or more of the following: neighborhood crime, anti-social behavior (ASB), and violence against women and girls (VAWG) in public places, and to increase feelings of safety.
Value:	£35,500
Recurrent/Non-recurrent:	Non-Recurrent
Profiling:	September 2022 – September 2023

Directorate:	Public Health and Community Services
Grant Awarding Body:	Northumbria Police & Crime Commissioner
Name of Grant:	Violence Reduction Unit Funded Interventions 2022-23 Summer Violence Fund Northumberland.
Purpose:	To support local organisations in communities across Northumbria who provide locally-designed support for vulnerable people, diversionary activities or who seek to turn things around and improve their local neighbourhood through directly reducing and combatting the impact of crime and ASB.
Value:	£20,000
Recurrent/Non-recurrent:	Non-Recurrent
Profiling:	June 2022 – August 2022

Directorate:	Public Health and Community Services
Grant Awarding Body:	Northumbria Police & Crime Commissioner
Name of Grant:	Violence Reduction Unit Funded Interventions 2022-23 Winter Violence Fund Northumberland.
Purpose:	To support local organisations to deliver interventions within communities across Northumbria to tackling vulnerability and serious violence with a focus on; Youth Diversion, Reducing Offending,

	Working with Families and Connecting Communities.
Value:	£19,990
Recurrent/Non-recurrent:	Non-Recurrent
Profiling:	October 2022 – February 2023

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	2.570	0.000	0.691	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	0.090	1.032	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	0.494	0.000	0.506	1.000
Total	3.917	0.348	5.435	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. The shortfall will be partially offset by underspends across other areas of Adult Services in particular within employee costs as a result of the high level of vacant posts.

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 they will not be ready until 2023-24. Revenue funding for the staffing and running costs of the new beds of £0.222 million was built into the residential homes budget and will not be required during 2022-23 so will largely 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 will not be achieved in 2022-23 but will now be achieved in 2023-24.

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

It is currently forecast that £0.494 million of the £1.000 million target saving will not be achieved in 2022-23, however the review of tiers 3 and 4 management level may identify additional savings to contribute to the shortfall. Further recurrent savings of £0.231 million have been identified from April 2023 which will contribute to this savings target, leaving £0.263 million to be identified. Progress updates will be provided 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	82.902	3.543
In-house Services	9.905	11.073	9.415	(1.658)
Care Management	14.304	16.529	15.274	(1.255)
Support & Other Services	7.138	6.670	6.236	(0.434)
Total Adult Social Care & Commissioning	102.610	113.631	113.827	0.196

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 £3.543 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. Some of the team will move back into their R & I roles in January with a view to gradually bringing the team back to full strength by the end of the financial year.

The Department of Health and Social Care created a £500 million Adult Social Care Discharge Fund to be distributed to Local Authorities and Integrated Care Boards (ICBs) in 2022-23 to prioritise approaches which free up hospital beds. The Council was allocated £1.268 million and the pooled amount from the ICB is £1.332 million. Adult Social Care will be spending on behalf of the Council and the ICB and any additional costs will be met from the fund.

- b. In-House Services is forecast to underspend by £1.658 million. This is due to the following:
- i. Staffing-related budgets are forecast to underspend by £0.843 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 £0.392 million of the 2021-22 approved saving not being achieved again this financial year;
 - iv. The Department of Health and Social Care (DHSC) made funding available to providers of Adult Social Care in 2021-22 to help with the costs of infection control and workforce retention within care settings during the Covid-19 pandemic. The Council prioritised the funding in the first instance to external providers to reclaim the additional costs incurred. The level of external claims was lower than the DHSC funding and £0.265 million has now been redistributed to the Council In-House services to partly offset the cost of Covid-19 within their services; and,
 - v. It is anticipated that income will be £0.172 million in excess of the budget. This primarily relates to income received from North East and North Cumbria Integrated Care Board for service users who have been assessed as being eligible for Continuing Health Care or Section 117 funding.
- c. Care Management is forecast to underspend by £1.255 million. This is due to the following:
- i. Staffing-related budgets are forecast to underspend by £0.995 million because of vacant posts; and,
 - 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 £0.261 million.
- d. Support & Other Services is forecast to underspend by £0.434 million. This is due to the following:
- i. Staffing-related budgets are forecast to underspend by £0.347 million because of vacant posts.

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

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	0.465	0.467	0.002
Fire & Rescue	14.840	17.002	17.529	0.527
Human Resources	3.520	4.421	4.051	(0.370)
Legal	3.236	2.778	2.749	(0.029)
Transformation	0.387	0.176	0.293	0.117
Policy	0.448	0.507	0.494	(0.013)
Democratic Services	2.919	2.620	2.474	(0.146)
Elections	0.889	0.546	0.568	0.022
Public Relations	0.855	0.996	0.905	(0.091)
Total Chief Executive	27.554	29.511	29.530	0.019

NOTES - Year End Variances of £0.250 million or more

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

- a. Within the Chief Executive area, expenditure of £0.259 million has been incurred in relation to the Chief Executive's exit package which was agreed by full Council on 27 July 2022. £0.040 million of this is being funded from the service's revenue budget underspend, with the remaining £0.219 million funded by the Restructuring Reserve. The Council has received a refund of employers' pension contributions of £0.035 million, and it is proposed to transfer this to the Restructuring Reserve.
- b. Within the Chief Executive area, expenditure of £0.218 million has been incurred in relation to the Director of Transformation voluntary redundancy payments which was agreed by full Council on 21 September 2022. £0.049 million of this is being funded from the service's revenue budget underspend, with the remaining £0.169 million funded by the Restructuring Reserve.
- c. Within Human Resources, Learning & Organisational Development and Corporate Union there is a forecast underspend of £0.297 million as a result of vacant posts;
- d. Fire and Rescue is forecast to overspend by £0.527 million due to:
 - ii. A forecast overspend against overtime of £0.290 million which is as a result of a significant

increase in operational incidents over spring/summer 2022 compounded by staffing shortages caused by sickness (both long and short term), a shortage of skills (including Drivers and Incident Commanders) and to accommodate staff attendance at risk critical training course;

- iii. Data Lines and Comms are forecast to overspend by £0.218 million due to contractual increases; and,
- iv. Part year vacant posts and training income amounting to a £0.234 million underspend within the Community Safety Department.

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	3.535	2.429	(1.106)
Family Placement	12.531	12.477	13.031	0.554
Purchase Budgets	8.331	8.341	9.784	1.443
Early Intervention and Prevention	4.981	6.071	5.540	(0.531)
Local Children's Safeguarding Board	0.025	0.099	(0.007)	(0.106)
Looked after Children	2.763	2.184	1.611	(0.573)
Social Work Teams	19.233	11.500	11.424	(0.076)
District Admin Offices	0.826	0.560	0.423	(0.137)
Family and Disability Services	2.638	3.094	3.187	0.093
Safeguarding Standards	1.098	1.094	0.960	(0.134)
Other Children's Services	1.828	1.739	1.656	(0.083)
Total Children's Social Care	57.154	50.694	50.038	(0.656)

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 £1.106 million.
 - i. The supported accommodation budget is forecast to underspend by £0.280 million due to a reduction in demand;
 - ii. There is an underspend on staffing of £0.509 million across the service due to difficulty in recruiting to cover vacancies across the team; and,
 - iii. There is an overachievement of income of £0.416 million in relation to Unaccompanied Asylum-Seeking Children.
- b. The Family Placement budget is forecast to overspend by £0.554 million, this is due to the following:
 - i. There is an expected overspend of £0.459 million on foster care allowances (both in-house and independent agencies) and special guardianship allowances; and,
 - ii. There is also an overspend of £0.139 million on other placement costs which is used to meet ad-hoc costs associated with looked after children.
- c. The Early Intervention and Prevention budget is forecast to underspend by £0.531 million, this is due to the following:

- i. There is an overall underspend of £0.394 million on staffing and £0.137 million across non-staffing across all services. Whilst there have been several vacancies contributing to this position, costs of £0.329 million have been attributed to the Family Hub grant for those staff and resources involved with the delivery of the new service model; and,
- ii. The Family Hub grant is a 3-year programme with £0.989 million awarded in November for the first year. The grant conditions state the allocation should be spent in full by the end of the year and the opportunity to carry grant forward is decided on a case-by-case basis by the Department of Health and Social Care. Due to late notification of the grant, there remains a risk that an element of the grant funding will remain unspent at year end and may have to be repaid if approval to carry forward is not granted.
- d. The Purchase budget is forecast to overspend by £1.443 million, this is due to the following:
 - i. There is an expected overspend of £0.162 million on professional services associated with on-going court proceedings;
 - ii. There is a £0.942 million overspend on external residential care placements. The forecast includes contract inflation and a slight increase in numbers which have gone from 45 at the beginning of the year to 47 at present. There have been several short-term placements since the beginning of the year. In addition, 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 residential Children's homes. However, delays to the capital programme will result in a delay in opening the new home until May 2023; and,
 - iii. There are currently two young people in secure placements at Kyloe House Secure unit until January 2023 at an additional cost of £0.142 million.
- e. There is an underspend of £0.573 million within Looked after Children, this is due to the following:
 - i. Growth was built into the budget of £0.222 million for the running costs of the new 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; and,
 - ii. Kyloe House secure unit is expected to underspend by £0.338 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 £0.670 million following an increase in the daily bed price which will contribute towards an overspend on utilities of £0.123 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	0.276	0.214	(0.062)
Curriculum & Learning	0.253	0.095	0.095	0.000
Alternative Education (Virtual Headteacher)	0.413	0.479	0.479	0.000
Special Educational Needs & Disability	7.172	7.829	9.824	1.995
School Organisation	39.928	10.070	10.117	0.047
School Improvement	0.001	0.000	0.127	0.127
Total Education & Skills	48.777	18.749	20.856	2.107

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 £1.995 million due to:
 - i. SEND Home to School Transport has an overspend of £2.278 million for the 398 routes currently transporting 1,553 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. Additional monthly payments are now being made to assist operators whilst fuel prices are high, this will affect 16.9% of SEND home to school transportation contracts and is an uplift of 8.9%. Budgetary pressures have also arisen due to an increase of 51 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); and,
 - ii. There are staffing and travel underspends of £0.202 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	2.262	(0.215)
Early Years Block	17.118	18.632	18.550	(0.082)
High Needs Block	37.252	44.316	45.221	0.905
Schools Block	86.493	86.113	85.979	(0.134)
Total Dedicated Schools' Grant	143.696	151.538	152.012	0.474

NOTES - Year End Variances of £0.250 million or more

- a. In 2022-23 the Council expects to receive Dedicated Schools' Grant totalling £150.475 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 £124.792 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 £0.905 million, this is due to the following:
 - i. The forecast overspend on SEN top-ups is £0.887 million based on the autumn 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 are forecast overspends on Independent special school placements and alternative provision of £0.420 million and £0.118 million respectively. Both areas are currently experiencing growth in numbers and the impact of inflation on rising placement costs and transport; and,
 - iii. There is an underspend of £0.498 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. Following indicative budget updates, the estimated position for 2022-23 shows that schools are expecting a significant reduction in their balances of £2.949 million 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	2.715
Middle	0.862	1.023	0.624
Secondary/High	(0.383)	0.623	0.360
Special/PRU	1.330	2.439	1.529
Overall	5.450	8.177	5.228

The impact of pay awards and inflation on energy and resources has had a detrimental impact on school balances and, whilst additional funding has been announced for 2023-24, schools are expected to meet these pressures from their reserves for 2022-23. Overall, there are currently 19 schools predicting a deficit position compared to 12 schools earlier in the year. We are working closely with these schools to ensure they are working towards a sustainable budget recovery plan.

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	2.241	2.059	(0.182)
Registrars & Coroners	1.450	1.439	1.811	0.372
Tourism, Culture, Leisure & Heritage	12.258	8.695	9.284	0.589
Improvement & Innovation	1.391	1.995	2.056	0.0615
Northumberland Communities Together	0.000	0.520	0.520	0.000
Information Governance	0.064	0.302	0.285	(0.017)
County Hall Restaurant	0.310	0.031	0.069	0.038
Complaints	0.064	0.466	0.408	(0.058)
Total Communities & Business Development	17.184	15.689	16.492	0.803

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. Customer Services is forecast to underspend by £0.182 million mainly due to a £0.238 million underspend on staffing vacancies within the Contact Centre and Service Centres.
- b. Registrars & Coroners is forecast to overspend by £0.372 million due to:
 - i. A £0.393 million overspend within Coroners in relation to post mortems, body storage and medical fees; and,
 - ii. A £0.165 million underspend within Registrars due to an over recovery of income from weddings.
- c. The Tourism, Culture, Leisure & Heritage Service is forecast to overspend by £0.589 million due to:
 - i. It is forecast that Active Northumberland will require financial support of £1.851 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 £0.800 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	1.781	1.421	(0.360)
Information Services	10.132	10.824	10.320	(0.504)
Internal Audit	0.594	0.648	0.580	(0.068)
Corporate Finance	29.787	6.290	5.889	(0.401)
Strategic Property	5.666	7.434	7.422	(0.012)
Procurement	0.358	0.796	0.316	(0.480)
Total Finance	48.965	27.773	25.948	(1.825)

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 £0.360 million due to:
 - i. A net underspend on staffing amounting to £0.216 million due to a number of vacant posts throughout the service offset by costs relating to temporary staffing cover; and
 - ii. Additional new burdens grant income of £0.283 million, mainly for the Energy Rebate Grant of £0.162 million and the Discretionary Housing Admin Grant of £0.093 million.
- b. Information Services is forecast to underspend by £0.504 million due to a number of vacancies within the service which are being addressed by a recently approved staffing changes proposal. The recruitment process is now underway to appoint suitable officers to the available posts in the coming months.
- c. Corporate Finance is forecast to underspend by £0.401 million due to a net underspend of £0.318 million due to vacant posts, some of which are expected to be filled in year.
- d. Procurement is forecast to underspend by £0.480 million due to an overachievement of procurement rebate and feed in tariff income of £0.269 million and staffing vacancies of £0.120 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	24.635	24.482	(0.153)
Neighbourhood Services	10.655	12.735	13.827	1.092
Waste PFI Contract	10.146	19.734	17.534	(2.200)
Technical Services	28.435	22.606	25.441	2.835
Total Local Services	76.932	79.710	81.284	1.574
Planning	7.373	1.412	2.152	0.740
Corporate Health & Safety	0.275	0.325	0.255	(0.070)
Total Planning & Local Services	84.580	81.447	83.691	2.244

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 £1.092 million.
 - i. Due to increased fuel prices, it is anticipated that vehicle fuel will be overspent by £0.359 million across all service areas;
 - ii. There is a forecast overspend of £0.411 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. There is a forecast overachievement of income of £0.611 million. This includes overachievements in Commercial Waste of £0.537 million, garden waste of £0.073 million, NHS waste collection of £0.057 million, £0.091 million grounds maintenance and rental income across the County and bulky waste of £0.038 million. This is offset by an underachievement of fleet income of £0.101 million, market income of £0.056 million and burial income of £0.053 million;
 - iv. There is a forecast overspend of £0.324 million within Neighbourhood Services in relation to vehicle SLA's and vehicle repairs; and,
 - v. There are a number of other overspends including £0.201 million for vehicle/plant hire and hired services, £0.121 million due to inflationary pressures impacting on the unit costs for purchase of replacement bins, £0.170 million additional training costs and £0.032 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 £2.200 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 £2.835 million mainly due to:
 - i. Home to School Transport is forecast to overspend by £2.230 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. Since the introduction of an inflationary uplift payment no contracts have been returned to the Council. This also includes a pressure of £0.118 million which arose from the finalisation of the routes for the current academic year and a review of the contracts in the south east of the County which has been finalised resulting in a cost increase of £0.130 million;
 - 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. Highway maintenance is forecast to overspend by £0.858 million due mainly to rising material costs, non-recoverable out of hours expenditure and increased traffic management costs; and,
 - iv. Network Management is forecast to underspend by £0.864 million due to an overachievement of parking charges of £0.225 million, penalty charge notices of £0.228 million, rents and leases from traders of £0.072 increased road closure fees of £0.113 million, permit fee income of £0.063 million, fixed penalty notices of £0.054 million and sample inspection fees of £0.107 million.
- d. Planning is forecast to overspend by £0.740 million mainly due to:
 - i. £0.500 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, having been put on hold, is now subsequently progressing but 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;

- iv. £0.150 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; and'
- v. £0.291 million underspend on staffing due to vacancies currently within the Service and a reduction in the use of agency staff.

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	1.166	1.219	0.053
Public Protection	2.676	3.550	3.470	(0.080)
Public Health	0.024	0.067	0.067	0.000
Total Public Health & Community Services	3.762	4.783	4.756	(0.027)

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	1.716	1.622	(0.094)
Stop Smoking Initiatives	0.442	0.335	0.233	(0.102)
Drug & Alcohol Services	3.822	3.986	3.972	(0.014)
Sexual Health Services	2.215	2.143	2.191	0.048
0-19 Public Health Services	6.309	6.906	7.112	0.206
Integrated Wellbeing Service	1.219	1.331	1.125	(0.206)
Other Health Initiatives	2.059	2.390	2.552	0.162
Total Public Health & Community Services	16.657	18.807	18.807	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 £0.067 million to support the provision of Public Health services in financial year 2022-23.
- h. 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	6.674	6.349	(0.325)
Housing Special	0.796	0.732	0.822	0.090
Repairs and Maintenance	8.241	8.572	9.160	0.588
Housing Capital Works	0.546	0.499	0.504	0.005
Other HRA Services	13.263	13.748	13.736	(0.012)
HRA Income	(29.923)	(30.239)	(30.282)	(0.043)
Total HRA Expenditure & Income	(0.984)	(0.014)	0.289	0.303

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 £0.325 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 £0.588 million. £0.904 million relates to additional repairs and disrepairs which have involved the use of contractors and are partly due to Storm Arwen. Transport Related Charges are forecast to overspend by £0.087 mainly due to increased fleet charge following a replacement vehicle programme. Salaries and agency staff costs are forecast to underspend by £0.393 million and insurance receipts received on fire damaged properties £0.059 million.
- c. Other HRA Services is forecast to underspend by £0.012 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; and,
 - 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	2.871	2.201	(0.670)
Executive Director of Regeneration, Commercial & Economy	0.074	0.203	0.020	(0.183)
Culture	0.000	1.418	1.412	(0.006)
Climate Change	0.099	0.562	0.562	(0.000)
Total Regeneration	2.814	5.054	4.195	(0.859)

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. Economy and Regeneration is forecast to underspend by £0.281 million due to vacant posts within the service and the inability to recruit into posts either through a lack of applicants or having to readvertise resulting in posts being vacant for longer than anticipated.
- b. 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	21.121	25.746	4.625
Treasury Management	(25.168)	(23.174)	(25.017)	(1.843)
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)	(347.332)	(344.550)	2.782

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. Corporate Items is forecast to overspend by £4.625 million due to:
 - i. A forecast overspend of £4.841 million against the Contingency budget due to the pay award that was processed in November; and,
 - ii. A forecast overachievement of income of £0.261 million due to the balance on the NHS Partnership Agreement reserve being transferred back into revenue as it is no longer required.
- b. Treasury Management is forecast to underspend by £1.843 million due to:
 - i. The Council's budgeted investment return for 2022-23 was £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 budget. Based on existing investments, returns already total £1.666 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; and,
 - ii. Total external borrowing has decreased by £16.529 million, from £756.930 million at the start of the year to £740.401 million at 31 December 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 (£4.109) million		
Summary by Project	Under/ Overspend	Reprofiling
	£m	£m
Adult Social Care Capital Fund	-	(0.778)
Disabled Facilities Grant	-	(1.117)
Person Centred Care Information System (SWIFT)	-	(0.400)
Supported Housing	(1.814)	-
Total	(1.814)	(2.295)

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. Adult Social Care Capital Fund - Plans have been developed to use this funding to build capacity into the extra care and supported housing market. One scheme is progressing and is expected to complete this financial year. The other planned scheme has been delayed as a result of the contractor withdrawing from the development due to escalating costs. The design and costs are now being reviewed and the scheme will not commence this financial year.
- b. 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.
- c. Person Centred Care Information System (SWIFT) - The project is currently out to tender and is expected to be awarded to the preferred supplier in February. The implementation and funding plan will be agreed with the supplier with the project completing in 2023-24.
- d. 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 (£0.066) million		
Summary by Project	Under/ Overspend	Reprofiling
	£m	£m
Fire Service Drones	-	(0.010)

Fire Control and Communication Equipment	-	(0.056)
Total	-	(0.066)

NOTES - Year End Variances of £0.250 million or more

There are no significant variances to date.

Service: Children's Services – Forecast variance (£2.484) million

Summary by Project	Under/ Overspend	Reprofiling
	£m	£m
Atkinson House Relocation	0.044	-
Basic Needs Programme	-	(0.917)
Bedlington Whitley Memorial & West End First School	(0.025)	-
Children's Homes Provision	-	(0.239)
Darras Hall Primary New Build	(0.010)	-
Devolved Formula Capital	0.447	-
Hexham New Build Schools (Hexham QE Site)	(1.038)	-
Ponteland Secondary School & Leisure Centre	0.016	-
Schools Building Programme (SCIP)	0.202	-
SCIP - Mobile Classroom Replacement Programme	-	(0.824)
Whittingham Primary School	(0.140)	-
Total	(0.504)	(1.980)

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. Basic Needs Programme – Due to an increase in the scope of work and phasing of the Pupil Referral Unit move to the Atkinson House site, immediate costs will be picked up by the School Building Programme and the remaining works will be undertaken in 2023-24. It is therefore recommended that £0.917 million be reprofiled to 2023-24.
- b. Devolved Formula Capital - Total Devolved Formula Capital allocated to projects by Schools for 2022-23 is £0.888 million, it is estimated that 90% of these projects will be complete by 31st

- March 2023. The overspend will be met by grant not drawn down into the capital programme.
- c. 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.
 - d. 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. A new scheme at Cramlington Learning Village has been identified but due to the short timescale, most of the work will be done in 2023-24.

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 (£2.270) million		
Summary by Project	Under/ Overspend	Reprofiling
Project	£m	£m
Air Conditioning	-	(0.200)
Broadband Phase 2 Gainshare Extension		(0.726)
Capita One/Saas		(0.030)
Community Broadband		(0.786)
County Hall IT Infrastructure	0.008	
Local Full Fibre Network		(0.100)
Office 365 Implementation		(0.052)
School's Broadband		(0.070)
Telephony		0.007

Alnwick Lindisfarne Site	0.067	-
Property Stewardship Fund	(0.067)	(0.321)
Total	0.008	(2.278)

NOTES - Year End Variances of £0.250 million or more

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

- a. Broadband Phase 2 Gainshare – the budget will transfer to the Community Broadband project to support the budget for Northumberland Broadband Top-Up voucher scheme. The scheme will commence in 2023-24.
- b. Community Broadband – Due to a change in the scope of scheme the budget is now being used to fund a Northumberland Broadband Top-Up voucher scheme which will now commence in 2023-24.
- c. Property Stewardship Fund – Due to the change in scope on some schemes to ensure expenditure remains within budget some schemes will now commence in 2023-24.

Service: Planning and Local Services – forecast variance (£8.487) million		
Summary by Project	Under/ Overspend	Reprofiling
Project	£m	£m
Car Park Programme~	0.002	-
Corbridge Car Park	-	(0.015)
Blyth Cycleway Improvement Scheme*	0.192	-
Briar Dene Surface Water Scheme	(0.093)	-
Flood and Coastal Erosion Risk Management (FCERM) – Alnwick	(0.427)	-
FCERM – Berwick	(0.239)	-
FCERM – Chathill	-	(0.111)
FCERM – Fenwick’s Close	(0.127)	-
FCERM – Hepscoth	-	(0.020)
FCERM – Otterburn	-	(0.020)
FCERM – Ovingham	-	(0.146)
FCERM – Pilgrim’s Way	-	(0.036)
FCERM – Red Row	-	(0.050)
FCERM – Seaton Delaval	-	(0.010)
FCERM – Stannington	(0.040)	-
FCERM – Wylam	-	(0.130)
Highways Laboratory Expansion	-	(0.160)
Local Transport Plan*	(1.209)	(1.000)
Lynemouth Bay Landfill Encapsulation	-	(1.400)
Morpeth Northern Bypass	0.268	-
Next Generation Flood Resilience	-	(0.452)
Salt Barns	-	(0.030)
Seahouses Main Pier Refurbishment	0.022	-
Section 106 Improvements – New Hartley	-	(0.050)
Streetlighting Modernisation and Replacement Programme	0.027	-

Todstead Landslip	-	(2.600)
New DfT Challenge Fund Support Bid*	0.527	-
Union Chain Bridge*	0.842	-
Winter Weather Stations	-	(0.055)
England Coastal Path (Bamburgh to Scottish Borders)	-	(0.028)
Fleet Replacement Programme	-	(1.895)
Parks Enhancement Programme	-	(0.024)
Total	(0.255)	(8.232)

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. FCERM – Alnwick – Due to a significant funding gap in the scheme this has been deferred within the Environment Agency’s programme of works.
- b. Local Transport Plan – The pressures on Union Chain Bridge and Challenge Fund Support will be accommodated from the additional funding (LTP) released from Todstead so that existing allocated LTP schemes are not affected. Schemes continue to progress on site, but it is envisaged that some schemes will commence in 2023-24 or will span the two financial years depending on commencement dates. The increased reprofiling is partly due to the LTP funding previously included in Todstead being returned to the programme.
- c. Lynemouth Bay Landfill Encapsulation - All the necessary regulatory consents for the scheme have now been secured, along with the final waste recovery permit from the Environment Agency. However, due to the weather and environmental constraints which affect the timing of the planned works on the site, the window for starting the works in the 2022-23 financial year has been missed. It has therefore been necessary to reassess the start date for the works on site. Site set up and preparatory work is now due to start from autumn 2023, with the main works taking place through 2024 when some elements of the scheme, including reforming the dunes, can be carried out in better weather. Further discussions are also taking place with the Coal Authority to finalise the details around the funding arrangements to enable the area of land in their ownership to be incorporated into the scheme. The Council’s contribution will remain at £5.000 million and has been reprofiled accordingly in the Medium Term Financial Plan subject to County Council approval.
- d. Morpeth Northern Bypass – due to the settlement of the land acquisition claim from Persimmons (£0.175 million) and for the return of the final licenced area (£0.093 million) to the landowner. The Persimmon’s element will be covered from a transfer from the legal challenges reserve and the additional licenced area payment is to be funded from the LTP.
- e. Next Generation Flood Resilience - There was a delayed start to the scheme due to the time taken to receive Environment Agency approval of the business case. However, the works will still be

undertaken in the original time frame.

- f. 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. The procurement exercise is nearing completion with an expectation of works on site commencing in early 2023-24 financial year. A small sum will be incurred in the current financial year as some minor works are required on the diversion route.
- g. 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.
- h. Union Chain Bridge - Further works on the scheme have identified additional work due to the age and condition of the structure. The works to reconstruct the bridge have also been more complex and time consuming than was originally envisaged, significantly prolonging the construction period. The forecast cost to complete the scheme shows a £1.234 million overspend. Whilst both the Council and Scottish Borders Council are liable for a 50/50 share of any overspend, discussion 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.
- i. Fleet Replacement Programme - It is not expected that any more vehicles will be delivered in the current financial year due to the difficult market conditions and long lead in times for vehicles to be manufactured that it currently operates within.

~Construction of the new car parks at Morpeth Goosehill, Hexham Alemouth Road (Bunker site), Berwick Quayside and Amble Turner Street East has now been successfully completed. Costs of these schemes have however risen significantly compared to original estimates - Morpeth Goosehill (£0.740 million), Amble Turner Street (£0.400 million), Berwick Quayside (£0.205 million), Hexham Alemouth Road (£0.067 million). Cost increases are due to a combination of unexpected ground conditions, delays due to encountering uncharted utilities and drainage, necessary minor design changes, national increases in construction inflation affecting material and subcontractor costs, the local government pay award and supply chain delays for some materials and equipment as part of overall national construction supply chain issues. These overspends are being funded through the Car Parks General allocation within the MTFP. Although specific allocations remain for former Alnwick Duchess site car park and Corbridge, consideration is currently being given to how to fund other remaining proposed car parks projects at Boulmer, Newbiggin and Berwick Castlegate.

*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. This is being covered from the additional funding released from Todstead so that existing allocated LTP schemes are not affected.

Service: Public Health and Community Services – forecast variance (£3.797) million		
Summary by Project	Under/ Overspend	Reprofiling
Project	£m	£m
Major Repairs Reserve	-	(0.448)
Affordable Homes	-	(1.756)
Social Housing Decarbonisation Fund	-	(0.366)
Green Homes – Social Housing	(1.151)	-
Community Housing Fund	-	(0.076)
Total	(1.151)	(2.646)

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.
- c. Social Housing Decarbonisation Fund – delivery of the programme has been delayed following revisions to the scope of energy efficiency measures to be delivered within the project.
- d. Green Homes – Social Housing - This scheme is not proceeding following the suspension in working with an external partner.

Service: Regeneration – forecast variance (£36.359) million		
Summary by Project	Under/ Overspend	Reprofiling
	£m	£m
Ashington High Street Improvement Programme	-	(0.210)
Bedlington Town Centre Redevelopment Phase 1 and 2	-	(2.117)
Berwick Culture and Creative Zone	-	(0.100)
Blyth Relief Road	-	(0.540)
Borderlands – Berwick Maltings	-	(0.528)
Business Growth Fund	-	(0.301)
Energising Blyth Programme	-	(8.466)
Great Northumberland Forest	-	(0.235)
Hexham High Street Action Zone	-	(0.500)
Local Cycling and Walking Infrastructure	-	(0.264)
Newcastle Northumberland Rail Line	-	(12.492)
Ponteland to Callerton Cycle Route	-	(0.866)
Strategic Regeneration Projects	-	(2.084)
Ashington Northeast Quarter Redevelopment Phase 1	0.236	-
Loan to NELEP – Fairmoor	(2.000)	-
Loan to NELEP – Ramparts Business Park, Berwick	(0.800)	-
Climate Change Capital Fund	-	(2.498)
Green Homes – Private Sector Housing (LAD1)	(0.282)	-
Green Homes – Sustainable Warmth Grant (LAD2)	(2.114)	-
Ground Source Heat Pumps/Solar PV	(0.121)	-
Waste Transfer Sites – Energy Projects	(0.077)	-
Total	(5.158)	(31.201)

NOTES - Year End Variances of £0.250 million or more

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

- a. Bedlington Town Centre Redevelopment Phase 1 and 2 due to being behind schedule and utilising external funding on the scheme first.
- b. Blyth Relief Road – Procurement has been carried out but there was a delay to the start of the scheme which has resulted in expected expenditure being lower than anticipated in 2022-23.
- c. Borderlands – Berwick Maltings - The project has been reprofiled in line with latest contract estimates and work plan. Delays to the project have been caused due to a legal challenge.
- d. Business Growth Fund – Applications are still being received with the budget being reprofiled in line with the latest profiles received from the applicants.
- e. 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.
- f. Hexham High Street Action Zone due to a slower uptake of the grants due to the requirement for applicants to find match funding.
- g. Local Cycling and Walking Infrastructure - An element of expenditure will be incurred in the current financial year. However, delays to the schemes have resulted in a lower level of expenditure than anticipated for 2022-23.
- h. Newcastle Northumberland Rail Line – Development of the stations and railway upgrades is progressing. The anticipated reprofiling is due to uncertainty around the final Government announcements for the scheme.
- i. Ponteland to Callerton Cycle Route - The scheme is going through the final stages of governance with Transport North East and this has resulted in delays to the start of the scheme for 2022-23.
- j. Strategic Regeneration Projects – No further projects are expected to be defrayed from the unallocated sum in the current financial year with confirmed projects such as The Reivers Trail and Wooler Visitor Infrastructure being delayed until 2023-24.
- k. 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.
- l. 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.
- m. Climate Change Capital Fund – No further projects are expected to be approved or defrayed in the current financial year.
- n. Green Homes – Private Sector Housing (LAD1) - This project is complete and has been audited. An overpayment of grant has already been returned to BEIS to the value of £1.059 million.

- o. Green Homes – Sustainable Warmth Grant (LAD2) - This project is currently being audited with a significant underspend anticipated due to issues with Procurement delays meaning the project could not be delivered within the timescales specified by the Department for Business, Energy and Industrial Strategy.

Items approved from the Council's Contingency

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

Recurrent Funding	2022-23	2023-24
	£	£
Release of pay award	4,318,450	4,318,450
Total amount drawn from Contingency recurrently	4,318,450	4,318,450

Non-Recurrent Funding	2022-23	2023-24
	£	£
Release of pay award	4,318,790	-
Long Service vouchers – adjustment reversed due to Service underspend	-10,000	-
Total amount returned to from Contingency non-recurrently	4,308,790	-

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	(42.081)
Total General Reserve	(70.081)	-	25.000	(45.081)
Ring-Fenced Reserves/Balances				
Housing Revenue Account	(29.874)	-	0.304	(29.570)
Major Repairs (HRA)	(10.214)	-	(0.850)	(11.064)
HRA Capital Investment	(2.177)	-	0.353	(1.824)
Total Earmarked HRA Reserves	(42.265)	-	(0.193)	(42.458)
Specific Reserves/Balances				
Capital Grants Unapplied	(61.304)	-	10.000	(51.304)
Capital Receipts	(0.183)	-	0.183	-
Capital Receipts - HRA	(4.768)	-	(0.755)	(5.523)
Total Specific Reserves/Balances	(66.255)	-	9.428	(56.827)

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)	0.004	0.040	(0.002)
Balances held by Schools	(9.192)	8.770	(5.335)	(5.757)
Borderlands Energy Masterplan	(0.816)	-	0.158	(0.658)
Business Recovery Reserve	(2.322)	-	-	(2.322)
Cessation of NHS Partnership Agreement	(0.262)	0.262	-	-
Collection Fund Smoothing	(15.155)	-	13.211	(1.944)
Community Led Housing	(0.687)	-	0.024	(0.663)
Contain Outbreak Management	(2.130)	2.130	-	-
Council Commissioned Services	(8.981)	-	8.813	(0.168)
Council Transformation Fund	(17.902)	-	4.260	(13.642)
Council Tax Hardship & Discount Scheme	-	-	(6.588)	(6.588)
Dedicated Schools Grant	(4.032)	1.063	0.474	(2.495)
Economy & Regeneration Investments	(0.358)	-	0.119	(0.239)
Empty Dwelling Management Order	(0.047)	-	(0.019)	(0.066)
Estates Rationalisation	(7.242)	0.470	1.366	(5.406)
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)	-	0.035	(0.004)
Highways Maintenance Investments	(0.225)	-	0.225	-

Appendix R

	Opening Balance at 1 April 2022*	Movement in Reserve	Commitments	Forecast Closing Balance at 31 March 2023
	£m	£m	£m	£m
Insurance	(8.479)	-	0.200	(8.279)
Legal Challenge	(1.800)	-	1.211	(0.589)
NCC Economic Regeneration	(0.139)	-	-	(0.139)
Open Spaces Maintenance Agreements	(0.087)	(0.007)	-	(0.094)
Planning Delivery	(0.654)	-	0.156	(0.498)
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)	0.216	0.998	(1.259)
Repair and Maintenance	(0.250)	-	-	(0.250)
Restructuring Reserve	(2.000)	-	0.353	(1.647)
Revenue Grants	(17.333)	7.569	1.564	(8.200)
School Libraries	(0.007)	-	-	(0.007)
Sealodge	(0.023)	-	0.009	(0.014)
Section 106	(10.830)	0.003	(3.250)	(14.077)
Severe Weather	(7.500)	-	-	(7.500)
Social Fund	(2.936)	-	2.354	(0.582)
Sports Development	(0.253)	-	0.010	(0.243)
Storm Arwen	(2.178)	-	2.078	(0.100)
Strategic Management Reserve	(48.237)	-	(0.517)	(48.754)
Transformation of the Revenues & Benefits Service	(0.215)	-	-	(0.215)
Violence Reduction	(0.030)	-	0.007	(0.023)
Winter Services	(2.000)	-	-	(2.000)

Appendix R

	Opening Balance at 1 April 2022*	Movement in Reserve	Commitments	Forecast Closing Balance at 31 March 2023
	£m	£m	£m	£m
Total Earmarked Reserves	(183.150)	20.552	27.425	(135.173)
Total Usable Reserves	(361.751)	20.552	61.660	(279.539)

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)	-	-	(8.699)
Estates Rationalisation Project	(0.577)	-	-	(0.577)
Compensation Claims	(0.147)	-	0.105	(0.042)
Contractor Claims	(0.233)	-	(0.097)	(0.330)
Total Provisions	(9.656)	-	0.008	(9.648)
Total Reserves & Provisions	(371.407)	20.552	61.668	(289.187)

*Provisional un-audited opening balance figure

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

Virements September to December 2022

Directorate	Reason for Virement	Virement from	Virement to	£
Chief Executive	Transfer of Director of Transformation post to Executive Review	Transformation	Executive Review Savings	53,630
Fire & Rescue	Rental Income for former Alnwick Fire Station	Alnwick Fire Station	Strategic Property - Surplus Properties	4,000
Children's Services & Adult Services	Children's and Adults Complaints moved as now part of a Central complaints team	Client Relations and Adult Client Relations	Chief Executive - Complaints	218,080
Strategic Property	New Haltwhistle Hub	Property Assets & Library Services	Strategic Property - Haltwhistle Hub	29,220