



# Northumberland

## County Council

CABINET

9 May 2023

### **Financial Performance 2022-23 – Position at the end of February 2023 (Provisional Outturn 2022-23)**

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

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

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#### **1. Purpose of report**

1.1 The purpose of the report is to ensure that the Cabinet is informed of the provisional outturn position for the Council against the Budget for 2022-23. Due to the timing of the statutory accounts deadline the forecast provisional outturn is based on the position at the end of February.

#### **2. Recommendations**

2.1 Members are requested to approve:

- the new grants and amendments to existing grants at Appendix A and the required changes to the budgets.
- the following which are assumed in the forecast position:
  - Create a reserve to carry forward unspent 2022-23 Homes for Ukraine funding as per the conditions. The unspent grant is estimated at £5.026 million. It is proposed that the transfer of the final value and utilisation of this reserve is delegated to the Executive Director for Place and Regeneration in consultation with the Section 151 Officer.
  - Create a reserve of £2.930 million for the replacement of defective street lanterns. It is proposed that the utilisation of this reserve is delegated to the Executive Director for Place and Regeneration in consultation with the Section 151 Officer.
  - Create a reserve of £0.250 million for Parks and Green Spaces to supplement the Parks Enhancement Capital Programme. Growth was approved by the Council in the 2022-23 budget but was not utilised and schemes are now to be delivered in 2023-24. It is proposed that the utilisation of this reserve is delegated to the

Executive Director for Place and Regeneration in consultation with the Section 151 Officer.

- Create a reserve for £1.127 million for Highways Commuted Maintenance Funds received from developers for future use on the maintenance of the highway following adoption by the Council. It is proposed that the utilisation of this reserve is delegated to the Executive Director for Place and Regeneration in consultation with the Section 151 Officer.
- the transfer of the balance of funds from the Economy and Regeneration Investment Reserve to the Regeneration Additional Capacity Reserve to be used to offset the fluctuations in external income received by the service over the medium term to provide a degree of stability for the core capacity of the service. It is proposed that the utilisation of this reserve is delegated to the Executive Director for Place and Regeneration in consultation with the Section 151 Officer.
- the following use of the underspend:
  - Add £1.000 to the Regeneration Development Reserve to enable the continued support of the key economic work of the Council and appropriate external partners, to maximise the benefits of current and future investment opportunities.
  - Add £0.100 million to the Regeneration Additional Capacity Reserve to offset the fluctuations of external funding income over the medium term, thereby providing a degree of stability for the core capacity of the Service.
  - Add £1.017 million to the Exceptional Inflation Reserve to offset potential inflationary pressures in 2023-24.
- that any balance remaining upon finalisation of the Statement of Accounts is to be transferred to the Council's General Fund (GF).

## 2.2 Members are requested to note:

- the estimated net re-profiling to the Capital Programme of £14.284 million from 2022-23 to 2023-24 to reflect estimated expenditure levels in the current financial year.
- the services projected overspend of £3.091 million and the assumptions outlined in this report.
- the net forecast underspend of £2.117 million following the utilisation of the Exceptional Inflation Reserve.
- the forecast net nil impact on the General Fund following the proposed use of the underspend.
- that this forecast provisional outturn is based on the figures as at the end of February and is subject to change.

- 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 in 2022-23. The Council set its budget for 2022-23 on 23 February 2022 and this report focuses on the financial performance to the end of February 2023 and the projected provisional outturn position at that point in time.

### 4.2 Inflationary Pressures

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

4.2.3 All of the inflationary costs have now been included in the forecast position for services. Taking account of the exceptional inflation reserve the forecast position for the Council for the current year is as follows:

|   | £m             |
|---|----------------|
| Forecast overspend as per services  | 3.091          |
| Use of Exceptional Inflation Reserve  | (5.208)        |
| <b>Net forecast underspend</b>  | <b>(2.117)</b> |
| Proposed use of underspend:   |                |
| Add £1.000 to the Regeneration Development Reserve to enable the continued support of the key economic work of the Council and appropriate external partners, to maximise the benefits of current and future investment opportunities | 1.000          |
| Add £0.100 million to the Regeneration Additional Capacity Reserve to offset the fluctuations of external funding income over the medium term, thereby providing a degree of stability for the core capacity of the Service           | 0.100          |
| Add £1.017 million to the Exceptional Inflation Reserve to offset potential inflationary pressures in 2023-24   | 1.017          |
| <b>Net forecast impact on General Fund</b>  | <b>0.000</b>   |

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 was authorised by Executive Directors.
- The Council invited applications from staff for voluntary redundancy.

- There was a freeze on in-year contingency requests and the balance on the contingency was utilised to offset the inflationary increases and potential overspend.
- A Vacancy Review Panel was established where all requests to recruit to posts were considered.
- 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:

|  |                |
|--|----------------|
| <b>June forecast position (after inflationary pressures and use of exceptional inflation reserve)</b>                    | <b>11.927</b>  |
| Treasury management forecast position following review of the 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)        |
| <b>September forecast position (after inflationary pressures and use of exceptional inflation reserve)</b>               | <b>4.321</b>   |
| 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)        |
| <b>December forecast position (after inflationary pressures and use of exceptional inflation reserve)</b>                | <b>1.534</b>   |
| Reduction in forecast support for Active Northumberland  | (0.574)        |
| General contingency underspend   | (3.225)        |
| Business rates underspend (net of reserve transfers)   | (0.831)        |
| Increase in Adult Social Care doubtful debt provision  | 1.514          |
| Other changes  | (0.535)        |
| <b>Provisional outturn position (after inflationary pressures and use of exceptional inflation reserve)</b>              | <b>(2.117)</b> |
| 4.3 To date the Council has assisted residents with the cost-of-living crisis as follows:                                |                |
| a. The Council at its meeting on 23 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) were 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 the 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.
- Households that were in receipt of a Class U council tax exemption (on the grounds of severe mental impairment) also received a payment of £150.

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. At its meeting on 23 February 2022 Council agreed to update the Council Tax Discount policy for 2022-23 to include a hardship award of up to £200 for working age council tax support claimants. To date 19,435 awards totalling £2.416 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 covered 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. This has been made available through various routes including universal email access.

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 the period 1 October 2022 to 31 December 2022:**

- £1.101 million expenditure between 1 October 2022 and 31 December 2022,
- £1.868 million committed between 1 October 2022 and 31 March 2023,
- £0.612 million remains uncommitted between 1 October 2022 and 31 March 2023.

### **Breakdown of performance by Household Composition for the period 1 October 2022 to 31 December 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 the period 1 October 2022 to 31 December 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.

Performance for the period 1 October 2022 to 31 March 2023 will be calculated after the financial year end.

On 17 November 2022 in the Autumn Statement 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 would be extended from 1 April 2023 to 31 March 2024 with a further £842.000 million of funding. Northumberland County Council will receive indicative funding totalling £4.961 million to cover the period.

The objective of the fund continues to be to provide crisis support to vulnerable households most in need of support, and to help with significantly rising living costs.

Northumberland County Council will provide the Department for Work and Pensions with a summary of how the authority plans to spend the funding during the period 1 April 2023 to 31 March 2024 through an initial management information return outlining proposed grant spend and the volume of awards by 17 May 2023.

## **5. Projected Revenue Outturn 2022-23**

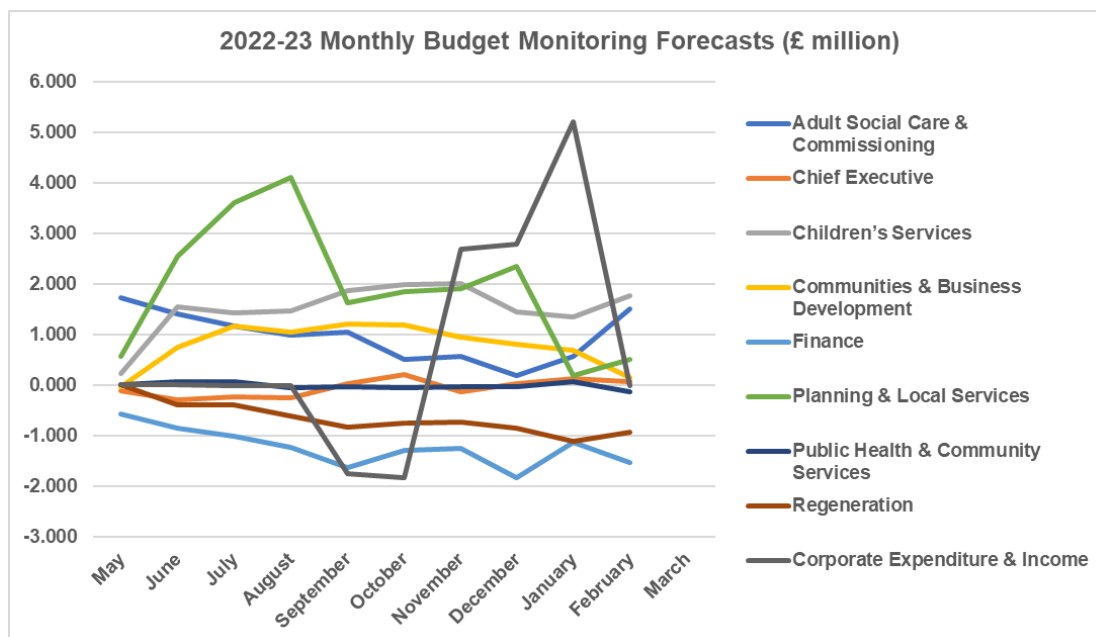
- 5.1 The Council's projected revenue outturn position, within each service area is shown in summary at Section 6 of the report (figures in brackets denote an underspend); and in detail within Appendices C - O of the report.
- 5.2 The Council's overall annual revenue expenditure is managed across a number 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 £150.250 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 budget of £38.914 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<br>Outturn | Variance     |
|------------------------------------|------------------|---------------------|--------------|
|                                    | £m               | £m                  | £m           |
| Adult Social Care & Commissioning  | 113.598          | 115.111             | 1.513        |
| Chief Executive                    | 29.929           | 30.003              | 0.074        |
| Children's Services                | 69.471           | 71.246              | 1.775        |
| Communities & Business Development | 15.829           | 15.971              | 0.142        |
| Finance                            | 28.016           | 26.485              | (1.531)      |
| Planning & Local Services          | 81.394           | 81.899              | 0.505        |
| Public Health & Community Services | 4.788            | 4.662               | (0.126)      |
| Regeneration                       | 5.127            | 4.201               | (0.926)      |
| <b>Total Services</b>              | <b>348.152</b>   | <b>349.578</b>      | <b>1.426</b> |
| Corporate Expenditure and Income   | 34.472           | 34.468              | (0.004)      |
| <b>Total Net Expenditure</b>       | <b>382.624</b>   | <b>384.046</b>      | <b>1.422</b> |
| <b>Budget funded by:</b>           |                  |                     |              |
| Council Tax                        | (219.677)        | (219.677)           | 0.000        |
| Retained Business Rates            | (74.254)         | (78.590)            | (4.336)      |
| Revenue Support Grant              | (10.837)         | (10.837)            | 0.000        |
| Other Corporate Grants             | (38.450)         | (38.450)            | 0.000        |
| Earmarked Reserves                 | (14.365)         | (8.360)             | 6.005        |
| General Reserve                    | (25.041)         | (25.041)            | 0.000        |
| <b>Total Funding of Services</b>   | <b>(382.624)</b> | <b>(380.955)</b>    | <b>1.669</b> |
| <b>Net Total</b>                   | <b>0.000</b>     | <b>3.091</b>        | <b>3.091</b> |

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 activities 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 activities in the following services:

| Service                            | Funding      |
|------------------------------------|--------------|
|                                    | £m           |
| Adult Social Care & Commissioning  | 0.390        |
| Chief Executive                    | 0.057        |
| Children's Services                | 0.742        |
| Communities & Business Development | 0.610        |
| Planning & Local Services          | 0.165        |
| Public Health & Community Services | 0.166        |
| <b>Total COMF Allocated</b>        | <b>2.130</b> |

The Department of Health and Social Care has confirmed that unspent funds from COMF can be carried forward to financial year 2023-24. It is anticipated that the Council will carry forward funds of £0.103 million, which is committed to continuing activities to protect vulnerable residents, harnessing capacity within local sectors, and community-based support for those disproportionately impacted.

## **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 January to February 2023 and expected to be awarded during March 2023.
- 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 January to February and those expected to be released in March 2023.
- 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 January to March 2023.

## 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 | 151.313           | (151.313)    | 0.000              | (1.281)     | (1.281)  |

- 8.1 The DSG budget includes a revised grant allocation of £150.250 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 underspend by £1.281 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)            | 0.782       | 0.796    |

- 10.1 The HRA is forecast to overspend by £0.796 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 £185.951 million from 2022-23 to 2023-24. In addition, further approvals totalling £15.434 million have been agreed by Cabinet for additional schemes.

11.3 The following table sets out the provisional outturn position:

| 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           | (4.083)             | 4.108          | 1.674               | 2.041                | (2.067)         | (1.814)              | (0.253)         |
| Chief Executive                    | 1.999           | (0.462)             | 1.537          | 0.889               | 1.534                | (0.003)         | (0.003)              | -               |
| Children's Services                | 24.540          | (3.490)             | 21.050         | 11.868              | 16.003               | (5.047)         | (0.676)              | (4.371)         |
| Communities & Business Development | 15.579          | (2.870)             | 12.709         | 9.628               | 12.210               | (0.499)         | 0.101                | (0.600)         |
| Finance                            | 35.453          | (16.629)            | 18.824         | 8.513               | 17.831               | (0.993)         | (0.086)              | (0.907)         |
| Planning & Local Services          | 47.955          | 1.145               | 49.100         | 38.983              | 48.028               | (1.072)         | (0.035)              | (1.037)         |
| Public Health & Community Services | 28.441          | (15.223)            | 13.218         | 9.071               | 10.010               | (3.208)         | (1.151)              | (2.057)         |
| Regeneration                       | 145.198         | (76.904)            | 68.294         | 39.647              | 54.571               | (13.723)        | (8.664)              | (5.059)         |
| <b>Total Programme</b>             | <b>307.356</b>  | <b>(118.516)</b>    | <b>188.840</b> | <b>120.273</b>      | <b>162.228</b>       | <b>(26.612)</b> | <b>(12.328)</b>      | <b>(14.284)</b> |
| <b>Financed by:</b>                |                 |                     |                |                     |                      |                 |                      |                 |
| Capital Receipts                   | 4.716           | -                   | 4.716          |                     |                      |                 |                      |                 |
| External Grants                    | 150.488         | (57.512)            | 92.976         |                     |                      |                 |                      |                 |
| GF Borrowing                       | 126.982         | (44.933)            | 82.049         |                     |                      |                 |                      |                 |
| GF Revenue Contributions (RCCO)    | 3.437           | (1.764)             | 1.673          |                     |                      |                 |                      |                 |
| HRA Contributions (MRR & RCCO)     | 21.733          | (14.307)            | 7.426          |                     |                      |                 |                      |                 |
| <b>Total Financing</b>             | <b>307.356</b>  | <b>(118.516)</b>    | <b>188.840</b> |                     |                      |                 |                      |                 |

11.4 Year-to-date capital expenditure is £120.273 million with forecast expenditure of £162.228 million. The major areas of forecast capital investment during the year are as follows:

- i. £74.135 million invested in transport schemes including infrastructure, traffic management, integrated transport schemes and the reintroduction of the Northumberland Line.



- ii. £16.003 million invested in school buildings, including the relocation of Atkinson House.
  - iii. £4.081 million invested in fleet replacement.
  - iv. £13.277 million invested in leisure facilities including the construction of new leisure centres in Berwick and Morpeth.
  - v. £9.826 million invested in the Council's housing stock.
- 11.5 There is a net forecast underspend of £26.612 million across the 2022-23 Capital Programme comprising of £14.284 million net reprofiling from 2022-23 to 2023-24 and £12.328 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 notes estimated net reprofiling of £14.284 million from 2022-23 to 2023-24.

## 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 £2.480 million and no further completions are expected in the year. The overachievement will be utilised to support the Capital Programme in 2022-23. The following table demonstrates the current position regarding asset disposals:

| <b>General Fund Asset Disposals</b>     | <b>Actual<br/>£m</b> |
|---|----------------------|
| Completed and available for use in year | 2.480                |
| 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 borrowing activity for the period January to February 2023:

|   | Previous Quarter | Movement- Feb 23 | Current |
|---|------------------|------------------|---------|
| Outstanding principal - at quarter end (£m)                             | 740.401          | (0.018)          | 740.383 |
| Weighted average interest rate - year to date (%)                       | 3.002            | 0.136            | 3.138   |
| Quarter end external borrowing as % of Operational Boundary (Borrowing) | 70.919           | (0.002)          | 70.917  |

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 February 2023, 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 borrowing activity for the period January to February 2023:

| Lender Category         | Repayment Type | Opening Balance | Repaid – Jan - Feb 2023 | New Borrowing Jan - Feb 2023 | Closing Balance |
|-------------------------|----------------|-----------------|-------------------------|------------------------------|-----------------|
|                         |                | £m              | £m                      | £m                           | £m              |
| PWLB                    | EIP            | 3.502           | -                       | -                            | 3.502           |
| PWLB                    | Annuity        | 0.558           | (0.018)                 | -                            | 0.540           |
| Salix                   | EIP            | 0.037           | -                       | -                            | 0.037           |
| PWLB                    | Maturity       | 445.704         | -                       | -                            | 445.704         |
| Other Local Authorities | Maturity       | 45.000          | (35.000)                | 35.000                       | 45.000          |
| Other/Market            | Maturity       | 245.600         | -                       | -                            | 245.600         |
| <b>Total</b>            |                | <b>740.401</b>  | <b>(35.018)</b>         | <b>35.000</b>                | <b>740.383</b>  |

13.5 The following table summarises the Council's investment activity for the period January to February 2023:

|   | Previous<br>Quarter | Movement -<br>Jan – Feb 2023 | Current |
|---|---------------------|------------------------------|---------|
| Outstanding principal - at month end (£m)         | 134.500             | 1.500                        | 136.000 |
| Weighted average interest rate - year to date (%) | 3.285               | 0.556                        | 3.841   |

13.6 The following table provides an analysis by type of the investment activity for the period January to February 2023:

| Category                             | Opening<br>Balance | Repaid –<br>Jan – Feb<br>2023 | New<br>Investment<br>Jan – Feb<br>2023 | Closing<br>Balance |
|--------------------------------------|--------------------|-------------------------------|--|--------------------|
|                                      | £m                 | £m                            | £m                                     | £m                 |
| Term Deposit Banks                   | 20.000             | (20.000)                      | -                                      | -                  |
| Term Deposit Building Societies      | 15.000             | (15.000)                      | -                                      | -                  |
| Term Deposit Other Local Authorities | 24.500             | (24.500)                      | 10.000                                 | 10.000             |
| Money Market Funds                   | 60.000             | (92.900)                      | 143.900                                | 111.000            |
| Debt Management Office (DMO)         | 5.000              | -                             | -                                      | 5.000              |
| Notice Accounts                      | 10.000             | -                             | -                                      | 10.000             |
| <b>Total</b>                         | <b>134.500</b>     | <b>(152.400)</b>              | <b>153.900</b>                         | <b>136.000</b>     |

13.7 New investments during the period 1 January to 28 February 2023 consisted of a £10.000 million fixed term deposit, over one and a half months, with a local authority at 3.65%.

There was a net investment of Money Market Funds of £51.000 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 for three years 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      | 2025-26        | Total        |
|---------------------------------|--------------|--------------|--------------|----------------|--------------|
|                                 | £m           | £m           | £m           | £m             | £m           |
| Council Investment              | 3.000        | 3.000        | 3.000        | -              | 9.000        |
| Commitments to 28 February 2023 | 1.106        | 1.629        | 1.981        | 1.117          | 5.833        |
| <b>Balance Available</b>        | <b>1.894</b> | <b>1.371</b> | <b>1.019</b> | <b>(1.117)</b> | <b>3.167</b> |

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 will be 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 approval has been given for the estimated cost of £2.567 million.

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. Approval has been given for the estimated cost of this, which is £0.661 million over the next three years.

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

|  |   |
|--|---|
| <b>Policy</b>                                  | 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. |
| <b>Finance and value for money</b>             | The report is of a financial nature and the detail is contained within the body of the report.  |
| <b>Legal</b>                                   | There are no immediate legal implications arising from the recommendations within this report.  |
| <b>Procurement</b>                             | There are no specific procurement implications within this report.  |
| <b>Human Resources</b>                         | There are no specific human resources implications within this report.  |
| <b>Property</b>                                | There are no specific property implications within this report.   |
| <b>Equalities</b> (Impact Assessment attached) | There are no specific equalities implications within this report.   |
| <b>Risk Assessment</b>                         | The risks associated with the budget were considered in February 2022 and were considered to be acceptable.   |
| <b>Crime &amp; Disorder</b>                    | There are no specific crime and disorder implications within this report.   |
| <b>Customer Consideration</b>                  | There are no specific customer consideration implications within this report.   |
| <b>Carbon reduction</b>                        | There are no specific carbon reduction implications within this report.   |
| <b>Health &amp; Wellbeing</b>                  | The Council's budget is founded on the principle of promoting inclusivity.  |
| <b>Wards</b>                                   | All wards.  |

## Background papers

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

## Report sign off

|                             | <b>Name</b>            |
|-----------------------------|------------------------|
| 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

Kris Harvey

Finance Manager

Telephone: 01670 624783

[Kris.Harvey@northumberland.gov.uk](mailto:Kris.Harvey@northumberland.gov.uk)

|                                 |  |
|---------------------------------|--|
| <b>Directorate:</b>             | Adult Social Care & Commissioning  |
| <b>Grant Awarding Body:</b>     | Department of Health and Social Care   |
| <b>Name of Grant:</b>           | Grant to Streamline Local Authority Adult Social Care Assessments  |
| <b>Purpose:</b>                 | This is a non-ringfenced grant contribution paid to local authorities towards implementing innovative projects developed in response to planned reforms. There are no conditions on the grant. |
| <b>Value:</b>                   | £148,791   |
| <b>Recurrent/Non-recurrent:</b> | Non-Recurrent  |
| <b>Profiling:</b>               | March 2023   |

|                                 |  |
|---------------------------------|--|
| <b>Directorate:</b>             | Children's Services  |
| <b>Grant Awarding Body:</b>     | Department for Education   |
| <b>Name of Grant:</b>           | Dedicated Schools Grant  |
| <b>Purpose:</b>                 | The grant is paid in support of the local authority's school budget. The reduction in grant represents the Early Years Block final allocation which is based upon the January 2023 census. |
| <b>Value:</b>                   | £224,840   |
| <b>Recurrent/Non-recurrent:</b> | Non-Recurrent  |
| <b>Profiling:</b>               | March 2023   |

|                                 |   |
|---------------------------------|---|
| <b>Directorate:</b>             | Children's Services   |
| <b>Grant Awarding Body:</b>     | Department for Education  |
| <b>Name of Grant:</b>           | Early Years Experts and Mentor programme  |
| <b>Purpose:</b>                 | Early Years support delivered by mentors to early years practitioners, leaders and the wider setting. |
| <b>Value:</b>                   | £12,000   |
| <b>Recurrent/Non-recurrent:</b> | Non-Recurrent   |
| <b>Profiling:</b>               | March 2023  |

|                                 |   |
|---------------------------------|---|
| <b>Directorate:</b>             | Children's Services   |
| <b>Grant Awarding Body:</b>     | Department for Education  |
| <b>Name of Grant:</b>           | Early Years Professional Development programme phase 3  |
| <b>Purpose:</b>                 | Funding to ensure sufficiency and capacity to deliver continuous professional development across the Early years workforce as part of the early years education recovery plan |
| <b>Value:</b>                   | £23,200   |
| <b>Recurrent/Non-recurrent:</b> | Recurrent until 2024-25, future allocations not confirmed   |
| <b>Profiling:</b>               | March 2023  |



|                                 |   |
|---------------------------------|---|
| <b>Directorate:</b>             | Children's Services   |
| <b>Grant Awarding Body:</b>     | Ministry of Justice   |
| <b>Name of Grant:</b>           | Turnaround programme  |
| <b>Purpose:</b>                 | Support to build the resilience of vulnerable families and to drive system change to ensure local services can identify families in need. |
| <b>Value:</b>                   | £62,837 2022-23<br>£165,405 2023-24<br>£165,314 2024-25   |
| <b>Recurrent/Non-recurrent:</b> | Recurrent 2022-2025   |
| <b>Profiling:</b>               | December 2023 and twice yearly for future years   |

|                                 |  |
|---------------------------------|--|
| <b>Directorate:</b>             | Public Health and Community Services   |
| <b>Grant Awarding Body:</b>     | Improvement and Development Agency for Local Government  |
| <b>Name of Grant:</b>           | Shaping Places for Healthier Lives   |
| <b>Purpose:</b>                 | To fund projects that aim to make changes to local systems that will encourage better physical and mental health, and that will be sustained beyond the lifetime of the grant programme. |
| <b>Value:</b>                   | £100,020   |
| <b>Recurrent/Non-recurrent:</b> | Non-recurrent  |
| <b>Profiling:</b>               | January 2023   |

|                                 |   |
|---------------------------------|---|
| <b>Directorate:</b>             | Public Health and Community Services  |
| <b>Grant Awarding Body:</b>     | Newcastle City Council acting as Lead Authority for the One Public Estate North East Partnership  |
| <b>Name of Grant:</b>           | Resource Capacity Funding   |
| <b>Purpose:</b>                 | To fund feasibility studies for two HRA sites at Foggins Yard, Rothbury and Lyndon Walk, Blyth and funding for a strategic business case for the HRA site at Lanercost Park, Cramlington. |
| <b>Value:</b>                   | £24,140   |
| <b>Recurrent/Non-recurrent:</b> | Non-Recurrent   |
| <b>Profiling:</b>               | March 2023  |

|                                 |  |
|---------------------------------|--|
| <b>Directorate:</b>             | Public Health and Community Services   |
| <b>Grant Awarding Body:</b>     | Northumbria Police & Crime Commissioner  |
| <b>Name of Grant:</b>           | Seasonal Violence Funding  |
| <b>Purpose:</b>                 | Violence Reduction funding to contribute to Preventing Crime” and “Improving Lives |
| <b>Value:</b>                   | £20,000  |
| <b>Recurrent/Non-recurrent:</b> | Non-Recurrent  |
| <b>Profiling:</b>               | April 2022 – March 2023  |

|                                 |   |
|---------------------------------|---|
| <b>Directorate:</b>             | Public Health and Community Services            |
| <b>Grant Awarding Body:</b>     | Northumbria Police & Crime Commissioner         |
| <b>Name of Grant:</b>           | Supporting victims of ASB across the region     |
| <b>Purpose:</b>                 | To support victims of ASB across Northumberland |
| <b>Value:</b>                   | £5,000  |
| <b>Recurrent/Non-recurrent:</b> | Non-Recurrent                                   |
| <b>Profiling:</b>               | December 2022 – March 2023                      |

|                                 |  |
|---------------------------------|--|
| <b>Directorate:</b>             | Public Health and Community Services   |
| <b>Grant Awarding Body:</b>     | Public Health England  |
| <b>Name of Grant:</b>           | Drug & Alcohol Universal Grant   |
| <b>Purpose:</b>                 | To support improvements in interventions to reduce drug related offending and deaths |
| <b>Value:</b>                   | £478,710   |
| <b>Recurrent/Non-recurrent:</b> | Non-recurrent  |
| <b>Profiling:</b>               | January 2023   |

Performance against the 2022-23 savings targets is shown in the table below. The savings have been RAG rated based on the 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        | 0.000        | 0.183        | 0.183        |
| Children's Services                | 0.503        | 0.000        | 0.979        | 1.482        |
| Communities & Business Development | 0.115        | 0.000        | 0.196        | 0.311        |
| Finance                            | 0.020        | 0.000        | 1.122        | 1.142        |
| Planning & Local Services          | 0.285        | 0.000        | 2.032        | 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        |
| <b>Total</b>                       | <b>3.987</b> | <b>0.000</b> | <b>5.717</b> | <b>9.704</b> |

**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 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, has been 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 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 was a delay in the development of the homes 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 Kylee 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. Alternative savings are being sought recurrently 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**

£0.045 million unachieved saving is based on Placecube creating a 10% channel shift including successful project team implementation and changing customer habits. Placecube will be implemented 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.

£0.070 million unachieved saving is due to the delivery of the new vehicles for the Library Service being delayed.

**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. The timescale means this savings target will not be achieved in this financial year.

**Corporate**

It is currently forecast that £0.494 million of the £1.000 million target saving attributable to the review of the executive and senior management structure will not be achieved in 2022-23. However, the review of tiers 3 and 4 management level will identify additional savings to contribute to the shortfall. Further recurrent savings of £0.253 million have been identified from April 2023 which will contribute to this savings target, leaving £0.241 million to be identified. Progress updates will be provided within future reports.

## Forecast Revenue Outturn - Detailed budget summary by Service

## Service: Adult Social Care &amp; Commissioning

| Summary by Service                                 | 2021-22<br>Outturn | Budget         | Forecast<br>Outturn | Variance     |
|--|--------------------|----------------|---------------------|--------------|
| Service  | £m                 | £m             | £m                  | £m           |
| Commissioned Services                              | 71.263             | 79.359         | 84.199              | 4.840        |
| In-house Services                                  | 9.905              | 11.073         | 9.475               | (1.598)      |
| Care Management                                    | 14.304             | 16.496         | 15.275              | (1.221)      |
| Support & Other Services                           | 7.138              | 6.670          | 6.162               | (0.508)      |
| <b>Total Adult Social Care &amp; Commissioning</b> | <b>102.610</b>     | <b>113.598</b> | <b>115.111</b>      | <b>1.513</b> |

## 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 £4.840 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 moved 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.

A review of historic adult social care debt has resulted in an increase in the doubtful debt provision of £1.514 million which is included in the forecast position.

The Department of Health and Social Care (DHSC) created a £500.000 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 with any projected underspend to be repaid to DHSC. It is expected that the full allocation will be utilised.

- b. In-House Services is forecast to underspend by £1.598 million. This is due to the following:
- i. Staffing-related budgets are forecast to underspend by £0.877 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 £0.406 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 £0.245 million has now been redistributed to the Council In-House services to partly offset the cost of Covid-19 within their services; and,
  - v. There are a number of minor variations across a variety of non-staffing and income related budgets which result in a forecast underspend of £0.367 million.
- c. Care Management is forecast to underspend by £1.221 million. This is due to the following:
- i. Staffing-related budgets are forecast to underspend by £0.905 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 £0.316 million.
- d. Support & Other Services is forecast to underspend by £0.508 million. This is due to the following:
- i. Staffing-related budgets are forecast to underspend by £0.237 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<br>Outturn | Budget        | Forecast<br>Outturn | Variance     |
|------------------------------|--------------------|---------------|---------------------|--------------|
| Service                      | £m                 | £m            | £m                  | £m           |
| Chief Executive              | 0.460              | 0.476         | 0.565               | 0.088        |
| Fire & Rescue                | 14.840             | 17.002        | 17.786              | 0.784        |
| Human Resources              | 3.520              | 4.750         | 4.207               | (0.543)      |
| Legal                        | 3.236              | 2.778         | 2.736               | (0.042)      |
| Transformation               | 0.387              | 0.122         | 0.221               | 0.099        |
| Policy                       | 0.448              | 0.507         | 0.498               | (0.009)      |
| Democratic Services          | 2.919              | 2.741         | 2.593               | (0.148)      |
| Elections                    | 0.889              | 0.546         | 0.510               | (0.036)      |
| Public Relations             | 0.855              | 1.007         | 0.887               | (0.120)      |
| <b>Total Chief Executive</b> | <b>27.554</b>      | <b>29.929</b> | <b>30.003</b>       | <b>0.074</b> |

## 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 previous 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, 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, which has been transferred 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, 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 £0.407 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 £0.292 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 Communications are forecast to overspend by £0.242 million due to contractual increases; and,
- iv. Part year vacant posts and training income amounting to a £0.224 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<br>Outturn | Budget        | Forecast<br>Outturn | Variance       |
|-------------------------------------|--------------------|---------------|---------------------|----------------|
| Service                             | £m                 | £m            | £m                  | £m             |
| Adolescent Services                 | 2.900              | 3.490         | 2.331               | (1.159)        |
| Family Placement                    | 12.531             | 12.477        | 13.304              | 0.827          |
| Purchase Budgets                    | 8.331              | 8.341         | 10.079              | 1.738          |
| Early Intervention and Prevention   | 4.981              | 6.123         | 5.500               | (0.623)        |
| Local Children's Safeguarding Board | 0.025              | 0.099         | (0.001)             | (0.100)        |
| Looked after Children               | 2.763              | 2.184         | 1.659               | (0.525)        |
| Social Work Teams                   | 19.233             | 11.500        | 11.383              | (0.117)        |
| District Admin Offices              | 0.826              | 0.560         | 0.421               | (0.139)        |
| Family and Disability Services      | 2.638              | 3.115         | 3.321               | 0.206          |
| Safeguarding Standards              | 1.098              | 1.094         | 0.968               | (0.126)        |
| Other Children's Services           | 1.828              | 1.739         | 1.674               | (0.065)        |
| <b>Total Children's Social Care</b> | <b>57.154</b>      | <b>50.722</b> | <b>50.639</b>       | <b>(0.083)</b> |

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

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

- a. The Adolescent Services budgets are forecast to underspend by £1.159 million.
  - i. The supported accommodation budget is forecast to underspend by £0.258 million due to a reduction in demand;
  - ii. There is an underspend on staffing of £0.513 million across the service due to difficulty in recruiting to cover vacancies across the team; and,
  - iii. There is an overachievement of income of £0.484 million in relation to Unaccompanied Asylum-Seeking Children.
- b. The Family Placement budget is forecast to overspend by £0.827 million, this is due to the following:
  - i. There is an expected overspend of £0.588 million on foster care allowances (both in-house and independent agencies) adoption allowances and special guardianship allowances; and,
  - ii. There is also an overspend of £0.164 million on other placement costs which is used to meet ad-hoc costs associated with looked after children.
  - iii. There is a forecast overspend of £0.071 million for an additional contribution required by the Regional Adoption Agency to meet the in-year deficit. This is apportioned across all the regional

authorities involved.

- c. The Early Intervention and Prevention budget is forecast to underspend by £0.623 million, this is due to the following:
  - i. There is an overall underspend of £0.574 million on staffing and £0.47 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,
- d. The Purchase budget is forecast to overspend by £1.738 million, this is due to the following:
  - i. There is an expected overspend of £0.139 million on professional services associated with on-going court proceedings;
  - ii. There is a £1.059 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 50 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 will not 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 at least June 2023; and,
  - iii. There have been two young people in secure placements at Kylloe House Secure unit for much of the year at an additional cost of £0.555 million.
- e. There is an underspend of £0.525 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. Kylloe House secure unit is expected to underspend by £0.288 million. A saving of £0.350 million was proposed, but 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 £0.669 million following an increase in the daily bed price which will contribute towards an overspend on utilities of £0.146 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 &amp; Skills

| Summary by Service                          | 2021-22<br>Outturn | Budget        | Forecast<br>Outturn | Variance     |
|---|--------------------|---------------|---------------------|--------------|
| Service                                     | £m                 | £m            | £m                  | £m           |
| Director of Education & Skills              | 1.010              | 0.276         | 0.211               | (0.065)      |
| Curriculum & Learning                       | 0.253              | 0.095         | 0.105               | 0.010        |
| Alternative Education (Virtual Headteacher) | 0.413              | 0.479         | 0.469               | (0.010)      |
| Special Educational Needs & Disability      | 7.172              | 7.829         | 9.834               | 2.005        |
| School Organisation                         | 39.928             | 10.070        | 9.922               | (0.148)      |
| School Improvement                          | 0.001              | 0.000         | 0.066               | 0.066        |
| <b>Total Education &amp; Skills</b>         | <b>48.777</b>      | <b>18.749</b> | <b>20.607</b>       | <b>1.858</b> |

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

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

- a. The Special Educational Needs & Disability (SEND) budget is forecast to overspend by £2.005 million due to:
  - i. SEND Home to School Transport has an overspend of £2.237 million for the 407 routes currently transporting 1,033 pupils and 550 escorts. Severe budgetary pressures emerged earlier in the financial year as a result of fuel price increases and driver availability, which led to a need to re-tender resulting in increased costs or additional monthly payments to assist operators. Further pressures have also arisen due to growth in the number of routes and the relocation of the Emily Wilding Davison Special School.
  - ii. There are staffing and travel underspends of £0.216 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<br>Outturn | Budget         | Forecast<br>Outturn | Variance       |
|---------------------------------------|--------------------|----------------|---------------------|----------------|
| Service                               | £m                 | £m             | £m                  | £m             |
| Central Schools Block                 | 2.833              | 2.477          | 2.190               | (0.287)        |
| Early Years Block                     | 17.118             | 18.407         | 17.946              | (0.461)        |
| High Needs Block                      | 37.252             | 44.316         | 44.300              | (0.016)        |
| Schools Block                         | 86.493             | 86.113         | 85.596              | (0.517)        |
| <b>Total Dedicated Schools' Grant</b> | <b>143.696</b>     | <b>151.313</b> | <b>150.032</b>      | <b>(1.281)</b> |

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

- a. In 2022-23 the Council expects to receive Dedicated Schools' Grant totalling £151.313 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 Central Schools Block is expected to underspend by £0.287 million, this is due to the following:
  - i. There is an underspend of £0.244 million on the revenue contribution to capital budget. This is a historic commitment where the funding is decreasing by 25% year on year. At the end of 2021-22 contributions to a historical project at Hexham Priory special school ceased, when the funding reduces by a further 25% in 2023-24 the budget will come back into line.
- d. The Early Years Block is expecting to underspend by £0.461 million, this is due to the following:
  - i. Following receipt of the census data for January 2023 a forecast position has been included for the various early years funded streams (2/3/4-year-old provision, Disabled Access Funding and Early Years Pupil Premium). An overall underspend of £0.429 million is expected, however this includes £0.378 million which was transferred in from the EY block reserve as a contingency and has not been required in year. Much of the underspend relates to DAF or 3 and 4-year-old funding provision.
  - ii.
- e. 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                       |
| <b>Primary/First</b>  | 3.641                  | 4.092                  | 2.715                    |
| <b>Middle</b>         | 0.862                  | 1.023                  | 0.624                    |
| <b>Secondary/High</b> | (0.383)                | 0.623                  | 0.360                    |
| <b>Special/PRU</b>    | 1.330                  | 2.439                  | 1.529                    |
| <b>Overall</b>        | <b>5.450</b>           | <b>8.177</b>           | <b>5.228</b>             |

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 18 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 &amp; Business Development

| Summary by Service                                  | 2021-22<br>Outturn | Budget        | Forecast<br>Outturn | Variance     |
|---|--------------------|---------------|---------------------|--------------|
| Service   | £m                 | £m            | £m                  | £m           |
| Customer Services                                   | 1.647              | 2.227         | 2.006               | (0.221)      |
| Registrars & Coroners                               | 1.450              | 1.439         | 1.712               | 0.273        |
| Tourism, Culture, Leisure & Heritage                | 12.258             | 8.695         | 8.763               | 0.068        |
| Improvement & Innovation                            | 1.391              | 2.149         | 2.215               | 0.066        |
| Northumberland Communities Together                 | 0.000              | 0.520         | 0.520               | 0.000        |
| Information Governance                              | 0.064              | 0.302         | 0.283               | (0.019)      |
| County Hall Restaurant                              | 0.310              | 0.031         | 0.067               | 0.036        |
| Complaints  | 0.064              | 0.466         | 0.405               | (0.061)      |
| <b>Total Communities &amp; Business Development</b> | <b>17.184</b>      | <b>15.829</b> | <b>15.971</b>       | <b>0.142</b> |

**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 £0.221 million mainly due to a £0.262 million underspend on staffing vacancies within the Contact Centre and Service Centres.
- b. Registrars & Coroners is forecast to overspend by £0.273 million due to:
  - i. A £0.446 million overspend within Coroners in relation to post mortems, body storage and medical fees; and,
  - ii. A £0.331 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 £0.068 million due to:
  - i. It is forecast that Active Northumberland will require financial support of £1.277 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 £0.226 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<br>Outturn | Budget        | Forecast<br>Outturn | Variance       |
|----------------------|--------------------|---------------|---------------------|----------------|
| Service              | £m                 | £m            | £m                  | £m             |
| Revenues & Benefits  | 2.428              | 1.544         | 1.088               | (0.456)        |
| Information Services | 10.132             | 10.997        | 11.175              | 0.178          |
| Internal Audit       | 0.594              | 0.892         | 0.811               | (0.081)        |
| Corporate Finance    | 29.787             | 6.284         | 5.853               | (0.431)        |
| Strategic Property   | 5.666              | 7.465         | 7.473               | 0.008          |
| Procurement          | 0.358              | 0.834         | 0.085               | (0.749)        |
| <b>Total Finance</b> | <b>48.965</b>      | <b>28.016</b> | <b>26.485</b>       | <b>(1.531)</b> |

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

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

- a. The Revenues and Benefits Service is forecast to underspend by £0.057 million due to:
  - i. A net underspend on staffing amounting to £0.210 million due to a number of vacant posts throughout the service offset by costs relating to temporary staffing cover;
  - ii. Additional new burdens grant income of £0.682 million, mainly for the Energy Rebate Grant of £0.382 million, Business Rates Reliefs of £0.104 million and the Discretionary Housing Admin Grant of £0.093 million; and,
  - iii. A net overspend on Cost of Benefits in relation to Rent Allowance and Rent Rebate payments and claimed subsidy of £0.210 million. This forecast is due to the payments made in relation to the increased application of Supported Exempt Accommodation schemes which attract a reduced amount of subsidy.
  - iv. An underachievement of £0.193 million on recovered council tax legal costs due to the support provided by the Hardship Fund scheme which has reduced the liability of working age council tax support claimants which in turn has reduced the number of liability orders that have needed to be obtained.



- b. Information Services is forecast to underspend by £0.178 million due to:
- i. An underspend of £0.452 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; and,
  - ii. A £0.473 reduction in the level of income expected to be received via recharges and from external bodies following a full review.

Within the Print Unit it is proposed to create a permanent Print Assistant (Band 4) post which will be fully funded from additional recurrent income generated by the Print Unit.

- c. Corporate Finance is forecast to underspend by £0.431 million due to a net underspend of £0.318 million due to vacant posts, some of which are have been filled in year.
- d. Procurement is forecast to underspend by £0.749 million due to an overachievement of procurement rebate income of £0.435 million and staffing vacancies of £0.166 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<br>Outturn | Budget        | Forecast<br>Outturn | Variance       |
|--|--------------------|---------------|---------------------|----------------|
| Service                                    | £m                 | £m            | £m                  | £m             |
| Local Services Management                  | 27.696             | 24.635        | 24.481              | (0.154)        |
| Neighbourhood Services                     | 10.655             | 12.439        | 13.322              | 0.883          |
| Waste PFI Contract                         | 10.146             | 19.734        | 17.784              | (1.950)        |
| Technical Services                         | 28.435             | 22.903        | 23.914              | 1.011          |
| <b>Total Local Services</b>                | <b>76.932</b>      | <b>79.711</b> | <b>79.501</b>       | <b>(0.210)</b> |
| Planning                                   | 7.373              | 1.362         | 2.151               | 0.789          |
| Corporate Health & Safety                  | 0.275              | 0.321         | 0.247               | (0.074)        |
| <b>Total Planning &amp; Local Services</b> | <b>84.580</b>      | <b>81.394</b> | <b>81.899</b>       | <b>0.505</b>   |

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

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

- a. Neighbourhood Services is forecast to overspend by £0.883 million.
  - i. Due to increased fuel prices, it is anticipated that vehicle fuel will be overspent by £0.276 million across all service areas;
  - ii. There is a forecast overspend of £0.461 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 £0.728 million. This includes overachievements in Commercial Waste of £0.610 million, garden waste of £0.073 million, NHS waste collection of £0.101 million, £0.079 million grounds maintenance and rental income across the County and bulky waste of £0.036 million. This is offset by an underachievement of fleet income of £0.102 million, market income of £0.055 million and burial income of £0.032 million;
  - iv. There is a forecast overspend of £0.323 million in relation to gas and electric which has previously been forecast centrally; and,
  - v. There are a number of other overspends including £0.281 million for vehicle/plant hire, vehicle repairs, equipment and hired services, £0.138 million due to inflationary pressures impacting on the unit costs for purchase of replacement bins and £0.170 million additional

training costs.

- b. The Waste PFI Contract is forecast to underspend by £1.950 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 £1.101 million mainly due to:
  - i. Home to School Transport is forecast to overspend by £2.240 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 £1.086 million due mainly to rising material costs, non-recoverable out of hours expenditure and increased traffic management costs;
  - 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; and,
  - v. The Todstead stabilisation scheme is now due to commence April/May 2023. There was a budget for £2.500 million for a contribution to be made from revenue in 2022-23 to part finance the scheme but this will now be required in 2023-24. The underspend shown here is offset by an under-recovery in the Finance budget so has no effect on the Council's net position.
- d. Planning is forecast to overspend by £0.789 million mainly due to:
  - i. £0.800 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. There has also been slippage in the submission of a large scale project which was anticipated to bring a £0.244 million fee, this is now not expected to be submitted until Autumn 2023;
  - ii. £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. The

timescale means this will be unlikely to achieve the savings target built into the 2022-23 budget;

- iii. £0.200 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,
- iv. £0.391 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 &amp; Community Services

| Summary by Service                                      | 2021-22<br>Outturn | Budget       | Forecast<br>Outturn | Variance       |
|---|--------------------|--------------|---------------------|----------------|
| Service   | £m                 | £m           | £m                  | £m             |
| Housing General Fund                                    | 1.062              | 1.171        | 1.199               | 0.028          |
| Public Protection                                       | 2.676              | 3.550        | 3.396               | (0.154)        |
| Public Health   | 0.024              | 0.067        | 0.067               | 0.000          |
| <b>Total Public Health &amp; Community<br/>Services</b> | <b>3.762</b>       | <b>4.788</b> | <b>4.662</b>        | <b>(0.126)</b> |

**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 &amp; Community Services - Public Health

| Summary by Service                                  | 2021-22<br>Outturn | Budget        | Forecast<br>Outturn | Variance       |
|---|--------------------|---------------|---------------------|----------------|
| Service   | £m                 | £m            | £m                  | £m             |
| Staffing and Support Costs                          | 0.591              | 1.716         | 1.575               | (0.141)        |
| Stop Smoking Initiatives                            | 0.442              | 0.335         | 0.240               | (0.095)        |
| Drug & Alcohol Services                             | 3.822              | 4.465         | 4.451               | (0.014)        |
| Sexual Health Services                              | 2.215              | 2.143         | 2.191               | 0.048          |
| 0-19 Public Health Services                         | 6.309              | 6.906         | 7.094               | 0.188          |
| Integrated Wellbeing Service                        | 1.219              | 1.331         | 1.116               | (0.215)        |
| Other Health Initiatives                            | 2.059              | 2.490         | 2.649               | 0.159          |
| <b>Total Public Health &amp; Community Services</b> | <b>16.657</b>      | <b>19.386</b> | <b>19.316</b>       | <b>(0.070)</b> |

## 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. An additional tranche of £0.479 million has been received in financial year 2022-23 to continue the support in this area.
- 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 with 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. Additional funding of £0.100 million has been received in financial year 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.
- i. It is anticipated that £0.070 million will be carried forward to the reserve balance at the end of 2022-23.

## Forecast Revenue Outturn - Detailed budget summary by Service

## Service: Public Health &amp; Community Services - Housing Revenue Account

| Summary by Service                        | 2021-22<br>Outturn | Budget         | Forecast<br>Outturn | Variance     |
|---|--------------------|----------------|---------------------|--------------|
| Service                                   | £m                 | £m             | £m                  | £m           |
| Housing Management                        | 6.093              | 6.674          | 6.361               | (0.313)      |
| Housing Special                           | 0.796              | 0.732          | 0.830               | 0.098        |
| Repairs and Maintenance                   | 8.241              | 8.572          | 9.354               | 0.782        |
| Housing Capital Works                     | 0.546              | 0.499          | 0.588               | 0.089        |
| Other HRA Services                        | 13.263             | 13.748         | 13.924              | 0.176        |
| HRA Income                                | (29.923)           | (30.239)       | (30.275)            | (0.036)      |
| <b>Total HRA Expenditure &amp; Income</b> | <b>(0.984)</b>     | <b>(0.014)</b> | <b>0.782</b>        | <b>0.796</b> |

## 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 £0.313 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 £0.782 million. £1.099 million relates to additional repairs and disrepairs which have involved the use of contractors and are partly due to Storm Arwen. Council Tax on void properties is forecast to overspend by £0.083 million. Transport Related Charges are forecast to overspend by £0.066 mainly due to increased fleet charge following a replacement vehicle programme. Salaries and agency staff costs are forecast to underspend by £0.390 million and insurance receipts received on fire damaged properties £0.059 million.
- c. Other HRA Services is forecast to underspend by £0.176 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 £0.693 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 4.22% following a rise in the Bank of England interest rates; and,
  - iii. Interest received on balances has increased by £0.964 million. This is due to an increase in the 3-year SONIA rate which is forecast to average at 2.29% 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<br>Outturn | Budget       | Forecast<br>Outturn | Variance       |
|--|--------------------|--------------|---------------------|----------------|
| Service  | £m                 | £m           | £m                  | £m             |
| Economy & Regeneration                                   | 2.641              | 2.944        | 2.312               | (0.632)        |
| Executive Director of Regeneration, Commercial & Economy | 0.074              | 0.203        | 0.020               | (0.183)        |
| Culture  | 0.000              | 1.418        | 1.390               | (0.028)        |
| Climate Change   | 0.099              | 0.562        | 0.479               | (0.083)        |
| <b>Total Regeneration</b>                                | <b>2.814</b>       | <b>5.127</b> | <b>4.201</b>        | <b>(0.926)</b> |

## 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 £0.232 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<br>Outturn | Budget           | Forecast<br>Outturn | Variance     |
|---|--------------------|------------------|---------------------|--------------|
| Service   | £m                 | £m               | £m                  | £m           |
| Corporate Items                                       | 45.504             | 20.299           | 22.100              | 1.801        |
| Treasury Management                                   | (25.168)           | (23.174)         | (25.023)            | (1.849)      |
| Capital Financing                                     | 87.896             | 37.347           | 37.391              | 0.044        |
| Corporate Funding                                     | (410.624)          | (382.624)        | (380.955)           | 1.669        |
| <b>Total Other Corporate Expenditure &amp; Income</b> | <b>(302.392)</b>   | <b>(348.152)</b> | <b>(346.487)</b>    | <b>1.665</b> |

## 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 £1.801 million due to:
  - i. A forecast overspend of £4.841 million against the pay award contingency budget due to the pay award that was processed in November; along with a forecast underspend of £3.225 million against the general contingency budget to give a net overspend of £1.616 million
  - 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; and,
  - iii. A forecast overspend of £0.494 million relating to unallocated savings that will not be achieved in 2022-23. However, £0.253 million of these savings will be achieved in 2023-24.
- b. Treasury Management is forecast to underspend by £1.849 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 £1.635 million, and will likely be in excess of £2.000 million by the year end, leading to an over-achievement of income of around £1.300 million; and,
  - ii. Total external borrowing has decreased by £11.027 million, from £756.930 million at the start of the year to £745.903 million at 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.

- c. Corporate Funding is forecast to overspend by £1.669 million due to:
  - i. Business Rates underspend of £4.336 million due to:
    - i. Additional Section 31 grants of £3.252 million (including £2.609 million in relation to the Covid Additional Relief Fund (CARF) which will be transferred to the Collection Fund Smoothing Reserve to offset the projected deficit to be distributed in relation to this scheme in 2023-24;
    - ii. Additional renewable energy income of £0.506 million, and;
    - iii. £0.578 million in relation to Northumberland's share of the national levy account surplus announced as part of the local government finance settlement.
  - ii. Earmarked Reserves overspend of £6.005 million due to:
    - i. £2.609 million transfer to the Collection Fund Smoothing Reserve in relation to CARF to offset the deficit which is to be distributed in 2023-24;
    - ii. £2.500 million due to a contribution from reserves allocated to combat the effects of Severe Weather now not being drawn down from reserves until 2023-24 when work will commence. There is a corresponding reduction in expenditure with Local Services; and,
    - iii. The budgeted transfers from the Collection Fund Smoothing Reserve of £0.342 million for Business Rates and £0.554 million for Council Tax in relation to the three-year spread of the 2020-21 deficits were not required due to the surplus from renewable energy and the levy account distribution.

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

## Key Capital Movements by Service

## Service: Adult Social Care and Commissioning – Forecast variance (£2.067) million

| Summary by Project                             | Under/ Overspend | Reprofiling    |
|--|------------------|----------------|
|  | £m               | £m             |
| Adult Social Care Capital Fund                 | -                | (0.100)        |
| Disabled Facilities Grant                      | -                | (0.072)        |
| Person Centred Care Information System (SWIFT) | -                | (0.050)        |
| Supported Housing                              | (1.814)          | -              |
| Sea Lodge Wet Room                             | -                | (0.031)        |
| <b>Total</b>                                   | <b>(1.814)</b>   | <b>(0.253)</b> |

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

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

- a. 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 (£0.003) million

| Summary by Project | Under/ Overspend | Reprofiling |
|--------------------|------------------|-------------|
|                    | £m               | £m          |
| General            | (0.003)          | -           |
| <b>Total</b>       | <b>(0.003)</b>   | <b>-</b>    |

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

There are no significant variances to date.

| <b>Service: Children's Services – Forecast variance (£5.047) million</b> |                         |                    |
|--|-------------------------|--------------------|
| <b>Summary by Project</b>  | <b>Under/ Overspend</b> | <b>Reprofiling</b> |
|  | <b>£m</b>               | <b>£m</b>          |
| Basic Needs Programme  | -                       | (0.066)            |
| Bedlington Whitley Memorial & West End First School                      | (0.025)                 | -                  |
| Children's Homes Provision   | -                       | (0.467)            |
| Collingwood Children's Centre  | 0.001                   | -                  |
| Darras Hall Primary New Build  | (0.011)                 | -                  |
| Devolved Formula Capital   | 0.602                   | -                  |
| Gilbert Ward Academy – Contribution                                      | -                       | (1.058)            |
| Hexham New Build Schools (Hexham QE Site)                                | (1.010)                 | -                  |
| Kyloe House  | -                       | (0.597)            |
| Morpeth First School - Contribution                                      | -                       | (0.057)            |
| New Hartley Classroom - Contribution                                     | -                       | (0.023)            |
| Ponteland Secondary School & Leisure Centre                              | 0.016                   | -                  |
| Port of Blyth – Welding & Fabrication Centre                             | (0.115)                 | (0.739)            |
| RDA Relocation   | -                       | (0.151)            |
| Schools Building Programme (SCIP)  | -                       | (1.038)            |
| SCIP - Mobile Classroom Replacement Programme                            | -                       | (0.175)            |
| Whittingham Primary School   | (0.140)                 | -                  |
| Wise Academy – Haltwhistle Schools                                       | 0.006                   | -                  |
| <b>Total</b>   | <b>(0.676)</b>          | <b>(4.371)</b>     |

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

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

- a. Children's Homes Provision - £0.600 million was earmarked for the purchase of a second home in Ashington, which has now been identified and an offer accepted, but this will not complete until 2023-24.
- b. Devolved Formula Capital - Total Devolved Formula Capital allocated to projects by Schools for 2022-23 is £1.061 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. Gilbert Ward Academy (Contribution) - Department for Education have delayed the building of the Gilbert Ward Academy from September 2023 to January 2024, therefore the contribution being made to the scheme will be required in 2023-24.
- d. Kyloe House – Due to delays with Legal sign off it is now expected that the High Dependency Unit, Alder Yard Screens, Entrance Gates and Willow Yard will complete in 2023-24.
- e. Port of Blyth Welding and Fabrication Centre – The project has been delayed due to tender and material lead time. The contract value of the tender returned was lower than initial estimates. It is now estimated the project will complete in May 2023, as such the Capital Programme for 2023-24 will need to include the reprofiling set out above.
- f. 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.
- g. Schools Building Programme (SCIP) - Large scale schemes that were due for completion in March 2023 have encountered delays due to lack of materials and availability of subcontractors. This significant change has resulted in SCIP being underspent in-year and requires funding to be reprofiled into 2023-24 to allow the schemes to be completed.

| Service: Communities and Business Development – forecast variance (£0.499) million |                  |                |
|--|------------------|----------------|
| Summary by Project   | Under/ Overspend | Reprofiling    |
| Project  | £m               | £m             |
| Berwick Leisure Centre   | -                | (0.600)        |
| Newbiggin Sports Centre  | 0.101            | -              |
| <b>Total</b>   | <b>0.101</b>     | <b>(0.600)</b> |

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

The main reason for the forecast variance for Communities and Business Development are outlined below:

- a. Berwick Leisure Centre – Following the administration of the main contractor (Tolent) there will be a delay in the completion of the outstanding works (car park, play park and landscaping) whilst a new contractor was found. A new contractor has been appointed to undertake the outstanding work and will commence on site on 27 March.

| Service: Finance – forecast variance (£0.993) million |                  |             |
|---|------------------|-------------|
| Summary by Project                                    | Under/ Overspend | Reprofiling |

| <b>Project</b>                          | <b>£m</b>      | <b>£m</b>      |
|---|----------------|----------------|
| Hardware Infrastructure                 |                | (0.020)        |
| Server Infrastructure                   |                | (0.020)        |
| Library Kiosks                          |                | (0.052)        |
| CISCO Infrastructure                    |                | (0.553)        |
| County Hall IT Infrastructure           | 0.004          |                |
| Cloud Migration                         |                | (0.152)        |
| Office 365 Implementation               | 0.011          |                |
| IT Backup and Recovery                  |                | (0.100)        |
| Alnwick Lindisfarne Site                | 0.181          | -              |
| Leisure Buildings – Essential Remedials | (0.101)        | -              |
| Property Stewardship Fund               | (0.181)        | (0.010)        |
| <b>Total</b>                            | <b>(0.086)</b> | <b>(0.907)</b> |

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

The main reason for the forecast variance for Finance is outlined below:

- a. CISCO Infrastructure – Due to delays in service delivery this scheme has been delayed and will run into 2023-24.



| Service: Planning and Local Services – forecast variance (£1.072) million |                  |             |
|---|------------------|-------------|
| Summary by Project  | Under/ Overspend | Reprofiling |
| Project   | £m               | £m          |
| Car Park Programme~   | 0.015            | -           |
| Blyth Cycleway Improvement Scheme*  | 0.180            | -           |
| Briar Dene Surface Water Scheme   | (0.093)          | -           |
| Flood and Coastal Erosion Risk Management (FCERM)<br>– Alnwick            | (0.427)          | -           |
| FCERM – Beadnell  | -                | (0.040)     |
| FCERM – Berwick   | (0.239)          | -           |
| FCERM – Fenwick’s Close   | (0.127)          | -           |
| FCERM – Hepscoth  | -                | (0.030)     |
| FCERM – Ovingham  | -                | 0.043       |
| FCERM – Stannington   | (0.040)          | -           |
| Highways Maintenance in U and C Roads and<br>Footpaths                    | -                | (0.268)     |
| Local Transport Plan*   | (1.496)          | -           |
| Lynemouth Bay Landfill Encapsulation                                      | -                | 0.030       |
| Members Local Improvement Schemes   | (0.052)          | (0.226)     |
| Morpeth Northern Bypass   | 0.268            | -           |
| New DfT Challenge Fund Support Bid*                                       | 0.527            | -           |
| Next Generation Flood Resilience  | -                | (0.226)     |
| Salt Barns  | -                | (0.090)     |
| Seahouses Main Pier Refurbishment   | 0.022            | -           |
| Streetlighting Modernisation and Replacement<br>Programme                 | 0.038            | -           |
| Union Chain Bridge*   | 1.418            | -           |
| Country Parks Improvement Programme                                       | (0.006)          | -           |
| England Coastal Path (Bamburgh to Scottish Borders)                       | -                | (0.054)     |
| Fleet Replacement Programme   | -                | 0.286       |
| Food Waste Collection and Recycling Pilot                                 | (0.023)          | -           |

|                                      |                |                |
|--------------------------------------|----------------|----------------|
| Hirst Area Containerisation of Waste | -              | (0.200)        |
| Parks Enhancement Programme          | -              | (0.262)        |
| <b>Total</b>                         | <b>(0.035)</b> | <b>(1.037)</b> |

**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. Highways Maintenance in U and C Roads and Footpaths – The programme of works has progressed well during the financial year although a small number of schemes will be delivered in April/May.
- c. 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.
- 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. New DfT Challenge Fund Support Bid – Steel Structures – costs have increased due to inflationary cost increases and unexpected bridge defects identified during the completion of the works.
- f. 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 £1.418 million overspend. Whilst both the Council and Scottish Borders Council are liable for a 50/50 share of any overspend, discussions are being held with the Heritage Lottery Fund around any additional grant funding that may be available to try to reduce the additional funds required from the two Council’s.
- g. Fleet Replacement Programme – Reprofiting had previously been identified from 2022-23 to 2023-24 due to the long lead in times and the supply of vehicles still being challenging due to component and logistical issues. However, it is now anticipated that two refuse collection vehicles will be delivered in March rather than 2023-24 as previously notified.
- h. Parks Enhancement Programme – The scheme at Isabella in Blyth has commenced but schemes at Ridley Park and Prudhoe Eastwood are expected to be delivered in 2023-24.

~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 Alwick 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 (£3.208) million |                  |                |
|--|------------------|----------------|
| Summary by Project   | Under/ Overspend | Reprofiling    |
| Project  | £m               | £m             |
| Major Repairs Reserve  | -                | (0.253)        |
| Affordable Homes   | -                | (0.478)        |
| Felton (HUSK)  | -                | (0.163)        |
| Social Housing Decarbonisation Fund  | -                | (1.163)        |
| Green Homes – Social Housing   | (1.151)          | -              |
| <b>Total</b>   | <b>(1.151)</b>   | <b>(2.057)</b> |

#### 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.

| <b>Service: Regeneration – forecast variance (£13.723) million</b>  |                         |                    |
|---|-------------------------|--------------------|
| <b>Summary by Project</b>   | <b>Under/ Overspend</b> | <b>Reprofiling</b> |
|   | <b>£m</b>               | <b>£m</b>          |
| Ashington High Street Improvement Programme                         | -                       | (0.055)            |
| Bedlington Town Centre Redevelopment Phase 1 and 2                  | -                       | (0.600)            |
| Borderlands – Carlisle Station                                      | -                       | (2.018)            |
| Borderlands – Carlisle University                                   | -                       | (0.029)            |
| Energising Blyth Programme  | -                       | (1.175)            |
| Great Northumberland Forest   | -                       | (0.200)            |
| Port of Berwick Grant   | -                       | (0.050)            |
| Strategic Regeneration Projects – Ad Gefrin                         | -                       | (0.090)            |
| Ashington Northeast Quarter Redevelopment Phase 1                   | 0.236                   | -                  |
| Loan to NELEP – Fairmoor  | (2.000)                 | -                  |
| Loan to NELEP – Ramparts Business Park, Berwick                     | (0.800)                 | -                  |
| County Hall Solar Car Port  | -                       | 1.264              |
| Green Homes – Private Sector Housing (LAD1)                         | (0.282)                 | -                  |
| Green Homes – Sustainable Warmth Grant (LAD2)                       | (2.114)                 | -                  |
| Ground Source Heat Pumps/Solar PV                                   | (0.121)                 | -                  |
| Sustainable Warmth Competition – Home Upgrade Grant Phase 1 (HUG 1) | (3.506)                 | -                  |
| Sustainable Warmth Grant (LAD 3)                                    | -                       | (2.106)            |
| Waste Transfer Sites – Energy Projects                              | (0.077)                 | -                  |
| <b>Total</b>  | <b>(8.664)</b>          | <b>(5.059)</b>     |

#### **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 the contractor (Tolent) going into administration with a new contractor currently being sought to complete the development.

- b. Borderlands – Carlisle Station due to the project being delayed by the recent Local Government Reorganisation in Cumbria.
- c. 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.
- d. 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.
- e. 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.
- f. County Hall Solar Car Port - Budget was previously reprofiled in September 2022 to 2023-24. Since this forecast position, the contractor took earlier delivery of the battery which was agreed could be installed on site early to assist with their cashflow and avoid significant double handling craneage costs. It was also agreed for drainage attenuation works to proceed in advance of the main contract works to assist with meeting the target completion date of 30 June 2023.
- g. 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.
- h. 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.
- i. Green Homes – Sustainable Warmth Grant (LAD3) – An application has been submitted to the Department for Business, Energy and Industrial Strategy (BEIS) requesting an extension to the scheme in 2023-24.
- j. Sustainable Warmth Competition – Home Upgrade Grant Phase 1 (HUG1) - The grant is to be repaid to the BEIS as the scheme was superceded by HUG2 with the Council awarded up to £12.400 million for this element.

### Items approved from the Council's Contingency

The following items have been approved from the Council's contingency during January to February 2023.

| Non-Recurrent Funding                                      | 2022-23        | 2023-24  |
|--|----------------|----------|
|  | £              | £        |
| Alendi Consulting Ltd – strategic performance support      | 12,170         | -        |
| Bruton Knowes – building measured surveys                  | 135,000        | -        |
| Wide Area Network (WAN) consultancy costs                  | 126,000        | -        |
| <b>Total amount drawn from Contingency non-recurrently</b> | <b>273,170</b> | <b>-</b> |

In addition, the following items are earmarked from the Council's contingency before the end of March 2023 and will be actioned once the full year's expenditure has been incurred.

| Recurrent Funding Earmarked                                | 2022-23        | 2023-24        |
|--|----------------|----------------|
|  | £              | £              |
| Release of Firefighters' pay award                         | 405,340        | 405,340        |
| <b>Total amount earmarked from Contingency recurrently</b> | <b>405,340</b> | <b>405,340</b> |

| Non-Recurrent Funding Earmarked  | 2022-23        | 2023-24  |
|--|----------------|----------|
|  | £              | £        |
| Band 11 WorkSmart and Community Hub support post                                 | 64,030         | -        |
| Leisure contract – specialist legal and procurement advice                       | 60,000         | -        |
| Consultancy fees – Interim Monitoring Officer & Director of Corporate Governance | 321,120        | -        |
| Vehicle livery – return of contingency funding due to works being delayed        | -99,190        | -        |
| Temporary acting up arrangements within Place & Regeneration                     | 12,710         | -        |
| Interim Executive arrangements to continue for a further 6 months                | 146,590        | -        |
| <b>Total amount earmarked from Contingency non-recurrently</b>                   | <b>505,260</b> | <b>-</b> |

## Movement in the Council's Reserves

|   | Opening<br>Balance at 1<br>April 2022* | Movement<br>in Reserve | Commitments    | Proposed<br>Movement | Forecast<br>Closing<br>Balance at 31<br>March 2023 |
|---|--|------------------------|----------------|----------------------|--|
|   | £m                                     | £m                     | £m             | £m                   | £m   |
| General<br>Reserves/Balances                |  |                        |                |                      |  |
| General Fund                                | (70.081)                               | -                      | 25.000         | -                    | (42.081)   |
| <b>Total General Reserve</b>                | <b>(70.081)</b>                        | <b>-</b>               | <b>25.000</b>  | <b>-</b>             | <b>(45.081)</b>                                    |
| Ring-Fenced<br>Reserves/Balances            |  |                        |                |                      |  |
| Housing Revenue Account                     | (29.874)                               | -                      | 0.796          | -                    | (29.078)   |
| Major Repairs (HRA)                         | (10.214)                               | -                      | (1.102)        | -                    | (11.316)   |
| HRA Capital Investment                      | (2.177)                                | -                      | 0.262          | -                    | (1.915)  |
| <b>Total Earmarked HRA<br/>Reserves</b>     | <b>(42.265)</b>                        | <b>-</b>               | <b>(0.044)</b> | <b>-</b>             | <b>(42.309)</b>                                    |
| Specific<br>Reserves/Balances               |  |                        |                |                      |  |
| Capital Grants Unapplied                    | (61.304)                               | -                      | 10.000         | -                    | (51.304)   |
| Capital Receipts                            | (0.183)                                | -                      | 0.183          | -                    | -  |
| Capital Receipts - HRA                      | (4.768)                                | -                      | (1.306)        | -                    | (6.074)  |
| <b>Total Specific<br/>Reserves/Balances</b> | <b>(66.255)</b>                        | <b>-</b>               | <b>8.877</b>   | <b>-</b>             | <b>(57.378)</b>                                    |



|   | Opening<br>Balance at<br>1 April<br>2022* | Movement<br>in<br>Reserve | Commitments | Proposed<br>Movement | Forecast<br>Closing<br>Balance at 31<br>March 2023 |
|---|---|---------------------------|-------------|----------------------|--|
|   | £m  | £m                        | £m          | £m                   | £m   |
| Earmarked Reserves                        |   |                           |             |                      |  |
| ADC Parks & Open Spaces                   | (0.009)                                   | 0.009                     | -           | -                    | -  |
| ADC Section 106                           | (0.046)                                   | 0.044                     | -           | -                    | (0.002)  |
| Balances held by Schools                  | (9.192)                                   | 8.770                     | (5.335)     | -                    | (5.757)  |
| Borderlands Energy<br>Masterplan          | (0.816)                                   | -                         | -           | -                    | (0.816)  |
| Business Recovery Reserve                 | (2.322)                                   | -                         | -           | -                    | (2.322)  |
| Cessation of NHS Partnership<br>Agreement | (0.262)                                   | 0.262                     | -           | -                    | -  |
| Collection Fund Smoothing                 | (15.155)                                  | -                         | 13.211      | -                    | (1.944)  |
| Community Led Housing                     | (0.687)                                   | 0.073                     | 0.015       | -                    | (0.599)  |
| Contain Outbreak Management               | (2.130)                                   | 2.130                     | (0.103)     | -                    | (0.103)  |
| Council Commissioned<br>Services          | (8.981)                                   | -                         | 2.251       | -                    | (6.730)  |
| Council Transformation Fund               | (17.902)                                  | 0.019                     | 1.105       | -                    | (16.778)   |
| Council Tax Hardship &<br>Discount Scheme | -   | -                         | (6.588)     | -                    | (6.588)  |
| Dedicated Schools Grant                   | (4.032)                                   | 1.063                     | (1.347)     | -                    | (4.316)  |
| Economy & Regeneration<br>Investments     | (0.358)                                   | -                         | 0.073       | 0.285                | -  |
| Empty Dwelling Management<br>Order        | (0.047)                                   | -                         | (0.019)     | -                    | (0.066)  |
| Estates Rationalisation                   | (7.242)                                   | 0.697                     | 0.016       | -                    | (6.529)  |
| Exceptional Inflationary<br>Pressures     | (5.208)                                   | -                         | 5.208       | (1.017)              | (1.017)  |
| FRS HMICFRS Improvement                   | (0.050)                                   | -                         | 0.032       | -                    | (0.018)  |
| Firefighters' Immediate<br>Detriment      | (0.250)                                   | -                         | 0.050       | -                    | (0.200)  |
| FPF Admin Grant                           | (0.033)                                   | -                         | 0.033       | -                    | -  |
| Food Waste                                | -   | -                         | (0.058)     | -                    | (0.058)  |

|  | Opening Balance at 1 April 2022* | Movement in Reserve | Commitments | Proposed Movement | Forecast Closing Balance at 31 March 2023 |
|--|----------------------------------|---------------------|-------------|-------------------|---|
|  | £m                               | £m                  | £m          | £m                | £m  |
| Haltwhistle Repairs Reserve              | (0.039)                          | -                   | 0.025       | -                 | (0.014)                                   |
| Highways Commuted Maintenance Funds      | -                                | -                   | -           | (1.127)           | (1.127)                                   |
| Highways Maintenance Investments         | (0.225)                          | -                   | -           | -                 | (0.225)                                   |
| Home for Ukraine                         | -                                | -                   | -           | (5.026)           | (5.026)                                   |
| Insurance                                | (8.479)                          | -                   | 0.200       | -                 | (8.279)                                   |
| Legal Challenge                          | (1.800)                          | -                   | 0.792       | -                 | (1.008)                                   |
| NCC Economic Regeneration                | (0.139)                          | -                   | -           | (0.050)           | (0.189)                                   |
| Open Spaces Maintenance Agreements       | (0.087)                          | (0.007)             | -           | -                 | (0.094)                                   |
| Parks and Green Spaces                   | -                                | -                   | -           | (0.250)           | (0.250)                                   |
| Planning Delivery                        | (0.654)                          | -                   | 0.156       | (0.565)           | (1.063)                                   |
| 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       | (0.385)           | (0.385)                                   |
| Regeneration Development Reserve         | (2.473)                          | 0.397               | 1.588       | (1.000)           | (1.488)                                   |
| Repair and Maintenance                   | (0.250)                          | -                   | -           | -                 | (0.250)                                   |
| Replacement of Defective Street Lanterns | -                                | -                   | -           | (2.930)           | (2.930)                                   |
| Restructuring Reserve                    | (2.000)                          | -                   | 1.367       | -                 | (0.633)                                   |
| Revenue Grants                           | (17.333)                         | 7.630               | (1.628)     | -                 | (11.331)                                  |
| School Libraries                         | (0.007)                          | -                   | -           | -                 | (0.007)                                   |
| Sealodge                                 | (0.023)                          | -                   | 0.016       | -                 | (0.007)                                   |
| Section 106                              | (10.830)                         | 0.003               | (4.173)     | -                 | (15.000)                                  |
| Severe Weather                           | (7.500)                          | -                   | -           | -                 | (7.500)                                   |
| Social Fund                              | (2.936)                          | -                   | 2.528       | -                 | (0.408)                                   |

|  | Opening<br>Balance at<br>1 April<br>2022* | Movement<br>in<br>Reserve | Commitments   | Proposed<br>Movement | Forecast<br>Closing<br>Balance at 31<br>March 2023 |
|--|---|---------------------------|---------------|----------------------|--|
|  | £m  | £m                        | £m            | £m                   | £m   |
| Sports Development                                   | (0.253)                                   | -                         | (0.010)       | -                    | (0.263)  |
| Storm Arwen  | (2.178)                                   | 1.701                     | 0.352         | -                    | (0.125)  |
| Strategic Management<br>Reserve                      | (48.237)                                  | -                         | (2.145)       | 0.615                | (49.767)   |
| Transformation of the<br>Revenues & Benefits Service | (0.215)                                   | -                         | -             | -                    | (0.215)  |
| Violence Reduction                                   | (0.030)                                   | 0.011                     | (0.020)       | -                    | (0.039)  |
| Winter Services                                      | (2.000)                                   | -                         | -             | -                    | (2.000)  |
| Women's Safety in Public<br>Places                   | -   | -                         | -             | (0.020)              | (0.020)  |
| <b>Total Earmarked Reserves</b>                      | <b>(183.150)</b>                          | <b>22.865</b>             | <b>7.788</b>  | <b>(11.470)</b>      | <b>(163.967)</b>                                   |
| <b>Total Usable Reserves</b>                         | <b>(361.751)</b>                          | <b>22.865</b>             | <b>41.621</b> | <b>(11.470)</b>      | <b>(308.735)</b>                                   |

## Appendix R

|  | Opening<br>Balance at<br>1 April 2022* | Movement<br>in Provision | Commitments    | Proposed<br>Movement | Forecast<br>Closing<br>Balance at<br>31 March 2023 |
|--|--|--------------------------|----------------|----------------------|--|
|  | £m                                     | £m                       | £m             | £m                   | £m   |
| <b>Provisions</b>                      |  |                          |                |                      |  |
| NNDR Appeals                           | (8.699)                                | -                        | -              | -                    | (8.699)  |
| Estates Rationalisation Project        | (0.577)                                | -                        | -              | -                    | (0.577)  |
| Compensation Claims                    | (0.147)                                | -                        | 0.068          | -                    | (0.079)  |
| Contractor Claims                      | (0.233)                                | -                        | (0.097)        | -                    | (0.330)  |
| <b>Total Provisions</b>                | <b>(9.656)</b>                         | <b>-</b>                 | <b>(0.029)</b> | <b>-</b>             | <b>(9.685)</b>                                     |
|  |  |                          |                |                      |  |
| <b>Total Reserves &amp; Provisions</b> | <b>(371.407)</b>                       | <b>22.865</b>            | <b>41.592</b>  | <b>(11.470)</b>      | <b>(289.187)</b>                                   |

\*Provisional un-audited opening balance figure

**Virements January to March 2023**

| Directorate                        | Reason for Virement | Virement from | Virement to | £ |
|------------------------------------|---------------------|---------------|-------------|---|
| There were no virements to report. |                     |               |             |   |