



# Northumberland

## County Council

CABINET

11 July 2023

### **Financial Performance 2022-23 – Final Outturn (subject to audit)**

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

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

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

1.1 The purpose of the report is to report the final outturn position (subject to audit) for the Council against the Budget for 2022-23.

#### **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 net re-profiling to the Capital Programme of £23.940 million from 2022-23 to 2023-24 to reflect expenditure levels in the financial year.

2.2 Members are requested to note:

- A balanced position following a transfer of £5.916 million to the General Fund, after the transfers to Earmarked Reserves agreed as part of the Provisional Outturn report at the Cabinet meeting on 9 May 2023.
- that this final outturn is based on the draft Statement of Accounts and is subject to external audit.
- 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 final outturn (subject to audit) against budget.

### **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.
- 4.2.2 £5.208 million was transferred from the Exceptional Inflation Reserve to offset inflationary pressures in 2022-23. £1.017 million was transferred to this reserve from the forecast underspend as agreed as part of the Provisional Outturn report to Cabinet on 9 May 2023 and will be used to offset inflationary pressures in 2023-24.

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

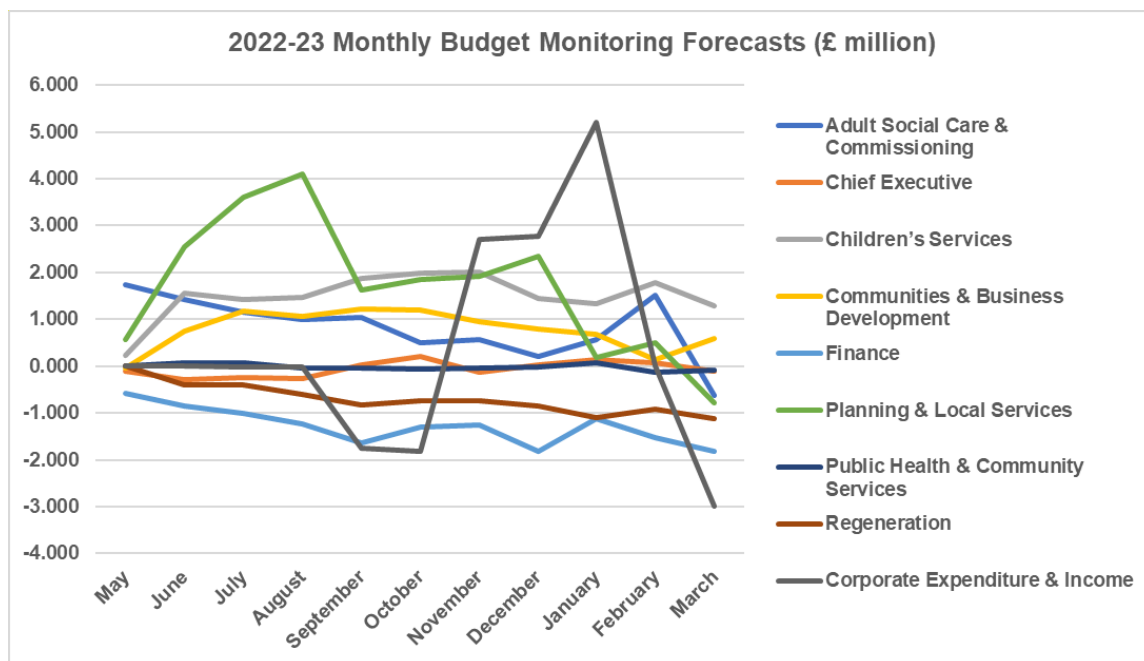
- 5.1 The Council's revenue outturn position, within each service area is shown in summary at Section 6 of the report (figures in brackets denote an underspend); and in detail within Appendices C - O of the report.
- 5.2 The Council's overall annual revenue expenditure is managed across a number of areas:
- a. The General Fund with a final net budget of £465.760 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 performed against the General Fund revenue budget for the 2022-23 financial year.

Service	Final Budget	Outturn	Variance
	£m	£m	£m
Adult Social Care & Commissioning	117.302	116.678	(0.624)
Chief Executive	30.503	30.400	(0.103)
Children's Services	72.753	74.042	1.289
Communities & Business Development	26.644	26.044	(0.600)
Finance	68.742	66.926	(1.816)
Planning & Local Services	85.724	87.433	1.709
Public Health & Community Services	4.932	4.849	(0.083)
Regeneration	5.136	5.015	(0.121)
<b>Total Services</b>	<b>411.736</b>	<b>411.387</b>	<b>(0.349)</b>
Corporate Expenditure and Income	51.524	48.540	(2.984)
Technical Adjustment – Local Services	2.500	-	(2.500)
<b>Total Net Expenditure</b>	<b>465.760</b>	<b>459.927</b>	<b>(5.833)</b>
<b>Budget funded by:</b>			
Council Tax	(220.154)	(220.154)	-
Retained Business Rates	(74.254)	(78.334)	(4.080)
Revenue Support Grant	(10.837)	(10.837)	-
Other Corporate Grants	(38.459)	(38.519)	(0.060)
Earmarked Reserves	(16.665)	(12.608)	4.057
Amortisation of Government Grants	(80.350)	(80.350)	-
General Reserve	(25.041)	(25.041)	-
<b>Total Funding of Services</b>	<b>(465.760)</b>	<b>(465.843)</b>	<b>(0.083)</b>
<b>Net Total</b>	<b>-</b>	<b>(5.916)</b>	<b>(5.916)</b>

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



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 and, £1.870 million was utilised by services to support the local response to living with Covid-19.

Service	Funding
	£m
Adult Social Care & Commissioning	0.380
Chief Executive	0.057
Children's Services	0.733
Communities & Business Development	0.369
Planning & Local Services	0.165
Public Health & Community Services	0.166
<b>Total COMF Allocated</b>	<b>1.870</b>

The Department of Health and Social Care has confirmed that unspent funds from COMF can be carried forward to financial year 2023-24. The Council will carry forward funds of £0.260 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 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 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 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)	-	-	-

8.1 The DSG budget includes a revised grant allocation of £150.250 in 2022-23, plus the use of £1.063 million from the DSG reserve. The remaining balance on the reserve has been authorised by Schools' Forum to be set aside for pressures arising in 2023-24. The DSG underspent by £1.532 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)	-	-	-

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)	0.725	0.739

10.1 The HRA was overspent by £0.739 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 outturn position:

Directorate	Original Budget	Approved Adjustment	Revised Budget	Expenditure	Net Variance	Over / (Under) spend	Reprofiling
	£m	£m	£m	£m	£m	£m	£m
Adult Social Care & Commissioning	8.191	(4.083)	4.108	2.209	(1.899)	(1.814)	(0.085)
Chief Executive	1.999	(0.462)	1.537	1.100	(0.437)	(0.003)	(0.434)
Children's Services	24.540	(3.490)	21.050	15.922	(5.128)	0.094	(5.222)
Communities & Business Development	15.579	(2.870)	12.709	11.871	(0.838)	0.247	(1.085)
Finance	35.453	(16.629)	18.824	11.045	(7.779)	(0.228)	(7.551)
Planning & Local Services	47.955	1.145	49.100	43.827	(5.273)	(1.268)	(4.005)
Public Health & Community Services	28.441	(15.223)	13.218	11.736	(1.482)	(1.160)	(0.322)
Regeneration	145.198	(76.904)	68.294	53.840	(14.454)	(9.218)	(5.236)
<b>Total Programme</b>	<b>307.356</b>	<b>(118.516)</b>	<b>188.840</b>	<b>151.550</b>	<b>(37.290)</b>	<b>(13.350)</b>	<b>(23.940)</b>
<b>Financed by:</b>							
Capital Receipts	4.716	-	4.716	3.138	(1.578)	(1.578)	-
External Grants	150.488	(57.512)	92.976	78.278	(14.698)	(9.801)	(4.897)
GF Borrowing	126.982	(44.933)	82.049	56.996	(25.053)	(5.186)	(19.867)
GF Revenue Contributions (RCCO)	3.437	(1.764)	1.673	2.512	0.839	1.216	(0.377)
HRA Contributions (MRR & RCCO)	21.733	(14.307)	7.426	10.626	3.200	1.999	1.201
<b>Total Financing</b>	<b>307.356</b>	<b>(118.516)</b>	<b>188.840</b>	<b>151.550</b>	<b>(37.290)</b>	<b>(13.350)</b>	<b>(23.940)</b>

11.4 Outturn capital expenditure was £151.550 million. The major areas of capital investment during the year were as follows:

- i. £73.922 million invested in transport schemes including infrastructure, traffic management, integrated transport schemes and the reintroduction of the Northumberland Line.
- ii. £15.922 million invested in school buildings, including the relocation of Atkinson House.

- iii. £3.976 million invested in fleet replacement.
  - iv. £15.089 million invested in leisure facilities including the construction of new leisure centres in Berwick and Morpeth.
  - v. £11.552 million invested in the Council's housing stock.
- 11.5 There was a net change of £37.290 million across the 2022-23 Capital Programme comprising of £23.940 million net reprofiling from 2022-23 to 2023-24 and £13.350 million net underspend. A summary of the significant variances can be found at Appendix P with an explanation of those greater than £0.250 million.
- 11.6 It is recommended that Cabinet approves net reprofiling of £23.940 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 amounted to £2.480 million and HRA capital receipts amounted to £3.624 million. The overachievement was utilised to support the Capital Programme in 2022-23. The following table demonstrates the year end position regarding asset disposals:

<b>General Fund Asset Disposals</b>	<b>Actual £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 2023 was £8.329 million (£8.237 million HRA).

### 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 in-month borrowing activity for March 2023:

	BFwd Feb 2023	Movement- March 2023	Current
Outstanding principal - at quarter end (£m)	740.382	4.996	745.378
Weighted average interest rate - year to date (%)	3.138	0.009	3.147
Quarter end external borrowing as % of Operational Boundary (Borrowing)	70.917	0.479	71.396

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 March 2023, the Council's external borrowing represented 71.40% 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 March 2023:

Lender Category	Repayment Type	Opening Balance	Repaid – March 2023	New Borrowing March 2023	Closing Balance
		£m	£m	£m	£m
PWLB	EIP	3.502	-	-	3.502
PWLB	Annuity	0.540	-	-	0.540
Salix	EIP	0.037	(0.004)	-	0.033
PWLB	Maturity	445.704	-	-	445.704
Other Local Authorities	Maturity	45.000	-	5.000	50.000
Other/Market	Maturity	245.600	-	-	245.600
<b>Total</b>		<b>740.383</b>	<b>(0.004)</b>	<b>5.000</b>	<b>745.379</b>

13.5 The following table summarises the Council's investment activity in March 2023:

	<b>Bfwd Feb 2023</b>	<b>Movement - March 2023</b>	<b>Current</b>
Outstanding principal - at month end (£m)	136.000	(21.550)	114.450
Weighted average interest rate - year to date (%)	3.841	0.319	4.160

13.6 The following table provides an analysis by type of the investment activity in March 2023:

<b>Category</b>	<b>Opening Balance</b>	<b>Repaid – March 2023</b>	<b>New Investment March 2023</b>	<b>Closing Balance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Term Deposit Banks	-	-	-	-
Term Deposit Building Societies	-	-	-	-
Term Deposit Other Local Authorities	10.000	(10.000)	25.000	25.000
Money Market Funds	111.000	(59.900)	28.350	79.450
Debt Management Office (DMO)	5.000	(5.000)	-	-
Notice Accounts	10.000	-	-	10.000
<b>Total</b>	<b>136.000</b>	<b>(74.900)</b>	<b>53.350</b>	<b>114.450</b>

13.7 The new investments made during March 2023 consisted of: a £10.000 million fixed term deposit, over one and a half months, with a Local Authority at 4.50%; a further £10.000 million fixed term deposit, over one month, with a Local Authority at 4.50%; and a £5.000 million fixed term deposit, over one month, with a Local Authority at 4.35%.

There was a net repayment of Money Market Funds of £31.550 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.

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 31 March 2023	0.738	2.037	2.088	1.117	5.980
<b>Balance Available</b>	<b>2.262</b>	<b>0.963</b>	<b>0.912</b>	<b>(1.117)</b>	<b>3.020</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 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>	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 - Budget 2022-23 and MTFP 2022-26](#)

[County Council - 23 February 2022 - Budget 2022-23 and MTFP 2022-26](#)

[Cabinet - 9 May 2023 - Provisional Outturn Report](#)

## Report sign off

	<b>Name</b>
Monitoring Officer/Legal	Stephen Gerrard
Section 151 Officer	Jan Willis
Chief Executive	Helen Paterson
Portfolio Holder(s)	Councillor Richard Wearmouth

## Author and Contact Details

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<b>Directorate:</b>	Public Health and Community Services
<b>Grant Awarding Body:</b>	North East and North Cumbria Integrated Care Board
<b>Name of Grant:</b>	Health and Vaccine Inequalities
<b>Purpose:</b>	Supporting a holistic approach to addressing health and vaccine inequalities in the community
<b>Value:</b>	£150,766
<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>	North East and North Cumbria Integrated Care Board
<b>Name of Grant:</b>	Severe Mental Illness (SMI) Smoking Cessation Pilot
<b>Purpose:</b>	To fund the delivery of an SMI Smoking Cessation pilot to offer people on SMI registers referral to a specialist SMI Smoking Cessation worker as part of their annual physical health check.
<b>Value:</b>	£66,509
<b>Recurrent/Non-recurrent:</b>	Non-Recurrent
<b>Profiling:</b>	March 2023



Performance against the 2022-23 savings targets is shown in the table below.

Directorate	Red	Green	Total
	£m	£m	£m
Adult Social Care & Commissioning	2.570	0.691	3.261
Chief Executive	-	0.183	0.183
Children's Services	0.604	0.878	1.482
Communities & Business Development	0.115	0.196	0.311
Finance	0.060	1.082	1.142
Planning & Local Services	0.285	2.032	2.317
Public Health & Community Services	-	0.004	0.004
Regeneration	-	0.004	0.004
Corporate	0.494	0.506	1.000
<b>Total</b>	<b>4.128</b>	<b>5.576</b>	<b>9.704</b>

**Key**

Red – saving not delivered in year

Green – saving delivered in year

**Adult Social Care & Commissioning**

The shortfall in savings relates to the review of individual care packages. The Risk and Independence (R & I) Team, who were responsible for delivering the bulk of this saving, were utilised to cover critical staffing shortages in care teams to deliver statutory assessments and services. The shortfall was offset by underspends across other areas of Adult Services in particular within employee costs as a result of the high level of vacant posts. The team has now returned to their usual work and identified some significant savings which will be recognised recurrently against this target in 2023-24. A further £3.000 million was allocated to this savings target in 2023-24 and progress against this target will be monitored throughout the year.

**Children's Services**

£0.245 million unachieved saving 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 Kylloe House that was not 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 experienced issues around retaining and recruiting staff which resulted in reduced bed occupancy earlier in the first half of the year. Alternative savings are being sought recurrently and the level of shortfall is £0.258 million. This was offset in year by additional income from other local authorities.

£0.100 million unachieved saving related to staff travel which has increased by £0.111 million compared to 2021-22. Alternative savings will be sought in 2023-24 to meet this pressure.

### **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 early 2023-24 and the saving will be delivered once 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. It is expected this saving will be delivered within 2023-24.

### **Finance**

£0.020 million Oracle database licence reduction saving was not achieved in 2022-23 but will now be achieved in 2023-24.

£0.024 million of recurrent savings relating to Enhanced Pension costs were achieved in 2022-23 due to some individuals dropping out of the scheme in year. The remaining £0.040 million was not achieved recurrently but was offset by other savings within Corporate Finance. The remaining £0.040 million saving will be monitored within 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 meant that this savings target has not been achieved in this financial year.

### **Corporate**

£0.494 million of the £1.000 million target saving attributable to the review of the executive and senior management structure was not achieved in 2022-23. The full £1.000 million target will be met once the new management structure is fully implemented.

## Revenue Outturn - Detailed budget summary by Service

## Service: Adult Social Care &amp; Commissioning

Summary by Service	2021-22 Outturn	Budget	Outturn	Variance
Service	£m	£m	£m	£m
Commissioned Services	71.263	79.359	82.451	3.092
In-house Services	9.905	13.136	11.312	(1.824)
Care Management	14.304	16.503	15.341	(1.162)
Support & Other Services	7.138	8.304	7.574	(0.730)
<b>Total Adult Social Care &amp; Commissioning</b>	<b>102.610</b>	<b>117.302</b>	<b>116.678</b>	<b>(0.624)</b>

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

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

- a. Commissioned Services overspent by £3.092 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 were utilised in year to cover critical staffing shortages in care teams to deliver statutory assessments and services.

A review of historic adult social care debt resulted in an increase in the doubtful debt provision of £1.470 million.

- b. In-House Services underspent by £1.824 million due to:
- i. Staffing-related budgets underspent by £1.029 million. The impact of the national workforce shortage, in particular within the health and social care sector, 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) provided care and support to clients where external providers did not have the resources to meet the level of care required. This level of service was met from income to the STSS from the Commissioned Care budget; which in turn is included in the pressure reported in Commissioned Care. The additional income was £0.551 million more than budget;
  - iii. A delay in the redesign of the telecare service resulted in £0.466 million of the 2021-22 approved saving not being achieved again this financial year. The redesign is currently being considered and some soft market testing is being carried out. It is anticipated that a proportion of the saving could be recognised in 2023-24, but the majority will be met recurrently from 2024-25 ;

- 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 was redistributed to the Council In-House services to partly offset the cost of Covid-19 within their services; and,
- v. There were a number of minor variations across a variety of non-staffing and income related budgets which resulted in an underspend of £0.465 million.
- c. Care Management underspent by £1.162 million due to:
  - i. Staffing-related budgets underspent by £0.891 million because of vacant posts; and,
  - ii. There were a number of minor variations across a variety of non-staffing and income related budgets which result in an underspend of £0.271 million.
- d. Support & Other Services underspent by £0.730 million due to:
  - i. Staffing-related budgets underspent by £0.367 million because of vacant posts; and,
  - ii. There were a number of minor variations across a variety of non-staffing and income related budgets which result in an underspend of £0.363 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.

## Revenue Outturn - Detailed budget summary by Service

## Service: Chief Executive

Summary by Service	2021-22 Outturn	Budget	Outturn	Variance
Service	£m	£m	£m	£m
Chief Executive	0.460	0.477	0.344	(0.133)
Fire & Rescue	14.840	17.329	18.280	0.951
Human Resources	3.520	4.784	4.172	(0.612)
Legal	3.236	3.051	2.944	(0.107)
Transformation	0.387	0.122	0.242	0.120
Policy	0.448	0.527	0.526	(0.001)
Democratic Services	2.919	2.741	2.571	(0.170)
Elections	0.889	0.546	0.498	(0.048)
Public Relations	0.855	0.926	0.823	(0.103)
<b>Total Chief Executive</b>	<b>27.554</b>	<b>30.503</b>	<b>30.400</b>	<b>(0.103)</b>

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

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

- a. Chief Executive underspent by £0.133 million mainly due to the impact of vacancies. In addition, expenditure of £0.259 million in relation to redundancy payments has been incurred; £0.040 million of this is being funded from the service's revenue budget, with the remaining £0.219 million funded from reserves. Income of £0.179 million for the recovery of salary costs is also due. These are partly offset by costs of £0.040 million for Professional Services in relation to the Council's restructure, and £0.095 million for specialist HR support.
- b. Fire and Rescue overspent by £0.951 million due to:
  - i. An overspend against overtime of £0.307 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. In addition, the impact of providing cover for these absences has led to an overspend on pay and oncosts of £0.170 million;
  - ii. Within Fire Support Services, Data Lines and Communications overspent by £0.245 million due to contractual increases. This increase has been included within the 2023-24 base

- budget. In addition, there were a number of non-staffing related overspends of £0.147 million, plus a shortfall of catering income of £0.035 million,
- iii. Part year vacant posts and training income amounting to a £0.231 million underspend within the Community Safety Department, and
  - iv. Training and Assurance is overspent by £0.092 million, mainly as a result of underachieved training income, additional staffing costs to cover sickness and other non-pay cost overspends.
- c. Human Resources, Learning & Organisational Development and Corporate Union underspent by £0.612 million due to:
- i. £0.319 million as a result of vacant posts; and,
  - ii. An underspend on the apprenticeships budget of £0.273 million due to learners' allowances which supports the costs of apprentices. A programme has been developed for 2023-24 to fully utilise the budget.
- d. Transformation overspent by £0.120 million. There is an underspend on salaries and non pay expenditure of £0.129 million. This is offset by an underachievement of Service Level Agreement income of £0.260 million which is due to the cessation of the activity of the service.

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

## Revenue Outturn - Detailed budget summary by Service

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

Summary by Service	2021-22 Outturn	Budget	Outturn	Variance
Service	£m	£m	£m	£m
Adolescent Services	2.900	3.490	2.108	(1.382)
Family Placement	12.531	12.474	13.306	0.832
Purchase Budgets	8.331	8.341	9.964	1.623
Early Intervention and Prevention	4.981	6.145	5.639	(0.506)
Local Children's Safeguarding Board	0.025	0.099	(0.006)	(0.105)
Looked after Children	2.763	2.211	1.689	(0.522)
Social Work Teams	19.233	11.564	11.372	(0.192)
District Admin Offices	0.826	0.560	0.434	(0.126)
Family and Disability Services	2.638	3.115	3.342	0.227
Safeguarding Standards	1.098	1.094	0.975	(0.119)
Other Children's Services	1.828	1.738	1.599	(0.139)
<b>Total Children's Social Care</b>	<b>57.154</b>	<b>50.831</b>	<b>50.422</b>	<b>(0.409)</b>

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

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

- a. The Adolescent Services budget underspent by £1.382 million due to:
  - i. The supported accommodation budget underspent by £0.314 million due to a reduction in demand;
  - ii. An underspend on staffing of £0.627 million which reflects national and regional challenges in the recruitment and retention of social care staff. Reports on work undertaken to address these challenges and to mitigate the risks have been presented to the appropriate scrutiny committee; and,
  - iii. There is an overachievement of income of £0.411 million in relation to Unaccompanied Asylum-Seeking Children.
- b. The Family Placement budget overspent by £0.832 million due to:
  - i. An overspend of £0.568 million on foster care allowances (both in-house and independent agencies) adoption allowances and special guardianship allowances; and,
  - ii. An overspend of £0.190 million on other placement costs which is used to meet ad-hoc costs support costs associated with looked after children.

- c. The Purchase budget overspent by £1.623 million due to:
  - i. An overspend of £0.147 million on professional services associated with on-going court proceedings;
  - ii. A £1.032 million overspend on external residential care placements. This includes contract inflation and a slight increase in numbers which have gone from 45 at the beginning of the year to 50 at the year end. 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 was not achieved. This was linked to the opening of new beds within residential Children's homes, however delays in the capital programme suggest it may be the end of Summer 2023 before the new home is ready; 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.
- d. The Early Intervention and Prevention budget underspent by £0.506 million, this is due to the following:
  - i. Whilst there have been several vacancies contributing to this position, much of the underspend can be attributed to expenditure that was met by both the Family Hub grant and Supporting Families grant for those staff and resources involved with the delivery of the new service model.
- e. An underspend of £0.522 million within Looked after Children due to:
  - 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 was not required this year; and,
  - ii. Kylloe House secure unit underspent by £0.368 million. The bed price for the unit was increased for 2022-23 which resulted in an overachievement of income from other Local Authorities of £0.671 million. This is offset by a shortfall of £0.258 million on the savings target of £0.258 million and an overspend on utilities of £0.169 million.

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



## Revenue Outturn - Detailed budget summary by Service

## Service: Children's Services: Education &amp; Skills

Summary by Service	2021-22 Outturn	Budget	Outturn	Variance
Service	£m	£m	£m	£m
Director of Education & Skills	1.010	1.101	1.026	(0.075)
Curriculum & Learning	0.253	0.091	0.104	0.013
Alternative Education (Virtual Headteacher)	0.413	0.472	0.410	(0.062)
Special Educational Needs & Disability	7.172	7.829	9.772	1.943
School Organisation	39.928	12.429	12.243	(0.186)
School Improvement	0.001	0.000	0.065	0.065
<b>Total Education &amp; Skills</b>	<b>48.777</b>	<b>21.922</b>	<b>23.620</b>	<b>1.698</b>

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

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

- a. The Special Educational Needs & Disability (SEND) budget overspent by £1.943 million due to:
  - i. SEND Home to School Transport overspent by £2.105 million for the 407 routes 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. As part of the Medium Term Financial Plan agreed in February 2023, additional funding of £2.799 million was added to this budget for 2023-24 to cover the current cost pressures and predicted growth in pupil numbers.
  - ii. Staffing and travel underspends of £0.149 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.

## Revenue Outturn - Detailed budget summary by Service

## Service: Children's Services: Dedicated Schools' Grant

Summary by Service	2021-22 Outturn	Budget	Outturn	Variance
Service	£m	£m	£m	£m
Central Schools Block	2.833	2.477	2.296	(0.181)
Early Years Block	17.118	18.407	17.986	(0.421)
High Needs Block	37.252	44.316	44.111	(0.205)
Schools Block	86.493	86.113	85.388	(0.725)
<b>Total Dedicated Schools' Grant</b>	<b>143.696</b>	<b>151.313</b>	<b>149.781</b>	<b>(1.532)</b>

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

- a. In 2022-23 the Council received Dedicated Schools' Grant totalling £151.313 million, which is ring-fenced and was passported through to fund schools; with an element retained centrally by the Council to provide a range of support to schools. Schools that transferred to academy status received their funding directly from the Department for Education – this amounted to a further £124.792 million for 2022-23.
- b. The 2022-23 budget included £1.063 million of the overall grant surplus from the previous year of £4.032 million.
- c. The overall position is a surplus of £1.532 million and this has been carried forward in the DSG reserve to support the school budget in future years.
- d. The Early Years Block underspent by £0.421 million which is due to:
  - i. This element of the grant is funded based upon the January 2022 and 2023 census data and over 95.0% of this funding is passed onto private nurseries, school nurseries or childminders. Much of the underspend is across 3/4-year-old provision and Disabled Access Funding and this includes £0.378 million which was transferred in from the DSG reserve as a contingency but has not been required in year.
- e. The Schools Block underspent by £0.725 million due to:
  - i. An underspend of £0.534 million across the school contingency fund, Trade Union Facility time budget and the English as an Additional Language budget. These services are de-delegated from maintained school budgets and the surplus balance is ring-fenced to support the services and future school re-organisations in future years.
  - ii. Due to increasing interest rates, the interest earned on the school balances reserve generated income of £0.179 million.
- f. The final position for 2022-23 shows that although many schools were expecting a significant reduction in their balances due to inflationary pressures, the Primary and First Schools are the only phase to have experienced a reduction in their reserves of £0.885 million. This excludes

Trust Schools as their school balances are held separately from the main school reserve.

	Closing School Reserve	Closing School Reserve	Closing School Reserve
	2020-21	2021-22	2022-23
	£m	£m	£m
<b>Primary/First</b>	3.641	4.092	3.207
<b>Middle</b>	0.862	1.023	1.283
<b>Secondary/High</b>	(0.383)	0.623	0.950
<b>Special/PRU</b>	1.330	2.439	2.576
<b>Overall</b>	<b>5.450</b>	<b>8.177</b>	<b>8.016</b>

Overall, there were 23 schools in a deficit position compared to 19 schools in 2021-22.

## Revenue Outturn - Detailed budget summary by Service

## Service: Communities &amp; Business Development

Summary by Service	2021-22 Outturn	Budget	Outturn	Variance
Service	£m	£m	£m	£m
Customer Services	1.647	2.227	2.032	(0.195)
Registrars & Coroners	1.450	1.442	1.739	0.297
Tourism, Culture, Leisure & Heritage	12.258	19.142	19.086	(0.056)
Improvement & Innovation	1.391	2.276	2.255	(0.021)
Northumberland Communities Together	-	0.758	0.192	(0.566)
Information Governance	0.064	0.302	0.286	(0.016)
County Hall Restaurant	0.310	0.031	0.050	0.019
Complaints	0.064	0.466	0.404	(0.062)
<b>Total Communities &amp; Business Development</b>	<b>17.184</b>	<b>26.644</b>	<b>26.044</b>	<b>(0.600)</b>

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

The main reason for the outturn position for Communities & Business Development are outlined below:

- a. Customer Services underspent by £0.195 million mainly due to a £0.263 million underspend on staffing vacancies within the Contact Centre and Service Centres.
- b. Registrars & Coroners overspent by £0.297 million due to:
  - i. A £0.450 million overspend within Coroners in relation to post mortems, body storage and medical fees; the 2023-24 budget has been increased to accommodate this pressure, and,
  - ii. A £0.293 million underspend within Registrars due to an over recovery of income from weddings. This underspend is recurrent and the increase in income has been included within the 2023-24 base budget.
- c. The Tourism, Culture, Leisure & Heritage Service is overspent by £0.056 million due to:
  - i. A figure of £1.051 million was committed to provide additional support to the provider of commissioned leisure services in response to the Covid-19 pandemic and in recognition of significant inflationary pressures. In addition to this support there was an overspend of £0.072 million for the year.
- d. Northumberland Communities Together underspent by £0.566 million due to grant underspends from schemes that have now closed and cannot be carried forward, and do not need to be repaid to the grant provider.

Note - The difference between the figures shown in the table and the explanations above consist of a

number of minor variations within each area.

## Revenue Outturn - Detailed budget summary by Service

Service: Finance

Summary by Service	2021-22 Outturn	Budget	Outturn	Variance
Service	£m	£m	£m	£m
Revenues & Benefits	2.428	1.547	1.968	0.421
Information Services	10.132	11.027	10.349	(0.678)
Internal Audit	0.594	0.892	0.838	(0.054)
Corporate Finance	29.787	47.790	47.316	(0.474)
Strategic Property	5.666	6.654	6.433	(0.221)
Procurement	0.358	0.832	0.022	(0.810)
<b>Total Finance</b>	<b>48.965</b>	<b>68.742</b>	<b>66.926</b>	<b>(1.816)</b>

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

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

- a. The Revenues and Benefits Service overspent by £0.421 million due to:
  - i. A net underspend on staffing amounting to £0.100 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 £0.511 million was received. This comprised the net Energy Rebate Grant of £0.314 million, Business Rates Reliefs of £0.104 million and the Discretionary Housing Admin Grant of £0.093 million;
  - iii. A net overspend on the Cost of Benefits in relation to Rent Allowance and Rent Rebate payments and claimed subsidy of £0.778 million. This 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 over recovery of overpaid benefits of £0.106 million which is offset by a £0.308 million decrease in the bad debt provision due mainly to the migration to Universal Credit and the Recovery team being able to access all available recovery methods, some of which were halted during Covid-19, and,

- v. An overspend on various non-staffing costs of £0.226 million, including £0.131 million on postage costs and £0.117 million under-recovery of council tax legal cost.
- b. Information Services underspent by £0.678 million due to:
  - i. An underspend of £0.467 million due to a number of vacancies within the service which are being addressed by a recently approved restructure proposal. The recruitment process is now underway to appoint suitable officers to the available posts in the coming months;
  - ii. A £0.473 million reduction in the level of income received via recharges and from external bodies including maintained schools and Academies. An additional budget allocation has been built into the 2023-24 base budget to offset the majority of this pressure; and,
  - iii. £0.882 million underspend on data lines due to a combination of reduced school usage and an increase of £0.175 million being recharged to services.
- c. Corporate Finance underspent by £0.474 million mainly due to staffing vacancies, some of which were filled in year and the remainder which will be filled in 2023-24.
- d. Strategic Property underspent by £0.221 million due to:
  - i. An overspend of £0.327 million on utilities; and,
  - ii. Income of £0.464 million relating to the insurance bond for Ashington Leisure Centre.
- e. Procurement underspent by £0.810 million due to an overachievement of procurement rebate and Feed in Tariff income of £0.600 million and staffing vacancies of £0.164 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.

## Revenue Outturn - Detailed budget summary by Service

## Service: Planning and Local Services

Summary by Service	2021-22 Outturn	Budget	Outturn	Variance
Service	£m	£m	£m	£m
Local Services Management	27.696	38.830	38.696	(0.134)
Neighbourhood Services	10.655	12.470	13.082	0.612
Waste PFI Contract	10.146	11.038	9.045	(1.993)
Technical Services	28.435	20.415	22.938	2.523
<b>Total Local Services</b>	<b>76.932</b>	<b>82.753</b>	<b>83.761</b>	<b>1.008</b>
Planning	7.373	2.650	3.447	0.797
Corporate Health & Safety	0.275	0.321	0.225	(0.096)
<b>Total Planning &amp; Local Services</b>	<b>84.580</b>	<b>85.724</b>	<b>87.433</b>	<b>1.709</b>
Technical Adjustment – Todstead RCCO	-	2.500	-	(2.500)
<b>Total Planning &amp; Local Services (including Todstead RCCO)</b>	<b>84.580</b>	<b>88.224</b>	<b>87.433</b>	<b>(0.791)</b>

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

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

- a. Neighbourhood Services overspent by £0.612 million due to:
  - i. Increased fuel prices, vehicle fuel overspent by £0.286 million across all service areas;
  - ii. An overspend of £0.526 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. An overachievement of income of £0.931 million. This includes overachievements in Commercial Waste of £0.884 million, garden waste of £0.073 million, £0.113 million grounds maintenance and rental income across the County and bulky waste of £0.038 million. This is offset by an underachievement of fleet income of £0.106 million, market income of £0.052 million and burial income of £0.040 million;
  - iv. There is an overspend of £0.329 million in relation to gas and electric; and,
  - v. There are a number of other overspends including £0.313 million for vehicle/plant hire,



- vehicle repairs, equipment and hired services, and £0.181 million additional training costs.
- b. The Waste PFI Contract underspent by £1.993 million. This is due to lower than expected waste volumes being generated by households, as well as higher than expected commodity prices from the sale of recyclable materials which has delivered an in-year surplus on the recycling services adjustment.
  - c. Technical Services overspent by £2.523 million mainly due to:
    - i. Home to School Transport overspent by £2.230 million. Significant issues have emerged around the provision of Home to School Transport as a result of fuel price increases and driver availability, with some operators being unable to fulfil contracts and the need to re-tender resulting in increased costs. Since the introduction of an inflationary uplift payment no contracts have been returned to the Council. This also includes a pressure of £0.118 million which arose from the finalisation of the routes for the current academic year and a review of the contracts in the south east of the County which has been finalised resulting in a cost increase of £0.130 million. A pressure of £2.770 million has been added to the 2023-24 base budget;
    - ii. Streetlighting overspent by £0.350 million due to increases in electricity. 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 overspent by £0.394 million with £0.832 million due mainly to rising material costs, non-recoverable out of hours expenditure and increased traffic management costs, offset by over-recoveries of income from the sign shop and contracts the Council operates on behalf of third parties;
    - iv. Winter Services overspent by £0.390 million due to extended spells of cold weather in mid-December, early January and March resulting in double gritting runs; and,
    - v. Network Management underspent by £1.122 million due to an overachievement of parking charges of £0.297 million, penalty charge notices of £0.256 million, rents and leases from traders of £0.072, increased road closure fees of £0.264 million, fixed penalty notices of £0.110 million and sample inspection fees of £0.117 million.
  - d. Planning overspent by £0.797 million mainly due to:
    - i. £0.802 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 this saving was not 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. £0.178 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 did not achieve the savings target built into the 2022-23 budget;
    - iii. £0.204 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. £0.427 million underspend on staffing due to vacancies currently within the Service and a reduction in the use of agency staff.
- e. The Todstead stabilisation scheme commenced 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.

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

## Revenue Outturn - Detailed budget summary by Service

Service: Public Health &amp; Community Services

Summary by Service	2021-22 Outturn	Budget	Outturn	Variance
Service	£m	£m	£m	£m
Housing General Fund	1.062	1.291	1.417	0.126
Public Protection	2.676	3.577	3.368	(0.209)
Public Health	0.024	0.064	0.064	-
<b>Total Public Health &amp; Community Services</b>	<b>3.762</b>	<b>4.932</b>	<b>4.849</b>	<b>(0.083)</b>

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

There are no significant variances to report.

## Revenue Outturn - Detailed budget summary by Service

## Service: Public Health &amp; Community Services - Public Health

Summary by Service	2021-22 Outturn	Budget	Outturn	Variance
Service	£m	£m	£m	£m
Staffing and Support Costs	0.591	1.713	1.621	(0.092)
Stop Smoking Initiatives	0.442	0.335	0.241	(0.094)
Drug & Alcohol Services	3.822	4.465	4.442	(0.023)
Sexual Health Services	2.215	2.143	2.198	0.055
0-19 Public Health Services	6.309	6.906	7.092	0.186
Integrated Wellbeing Service	1.219	1.331	1.064	(0.267)
Other Health Initiatives	2.059	2.490	0.988	(1.502)
<b>Total Public Health &amp; Community Services</b>	<b>16.657</b>	<b>19.383</b>	<b>17.646</b>	<b>(1.737)</b>

## NOTES

- a. The Council's Public Health service received grant funding of £17.366 million in 2022-23. This funding was 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 Public Health 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. An additional £0.390 million will be transferred to the Public Health reserve in 2022-23 and plans are in place to utilise this funding over the next few years. The main reasons for this are:
  - i. The delivery of the water fluoridation service transferred to the NHS resulting in an underspend of £0.178 million; and
  - ii. Demand led services were lower than anticipated resulting in an underspend of £0.176 million against those services.
- c. Funding was received in year from North East and North Cumbria Integrated Care Board for various programmes of activity. The majority of the activity will take place in financial year 2023-24, as a result, the following funding has been carried forward to next financial year:
  - i. Population health management funding of £1.000 million has been earmarked for joint investment over several financial years starting in 2023-24. As a result, the full allocation was carried forward to 2023-24;
  - ii. Funding of £0.151 million was received to support a holistic approach to addressing health and vaccine inequalities. The full allocation was carried forward to financial year 2023-24; and,
  - iii. Funding of £0.067 million was received to support a smoking cessation pilot for people on

primary care mental health registers. The pilot is in the process of being established, as a result, £0.065 million of the funding was carried forward to next financial year.

- d. A balance of £0.131 million from the Heart of Blyth funding was carried forward to continue the activity in financial year 2023-24.

## Revenue Outturn - Detailed budget summary by Service

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

Summary by Service	2021-22 Outturn	Budget	Outturn	Variance
Service	£m	£m	£m	£m
Housing Management	6.093	6.674	6.312	(0.362)
Housing Special	0.796	0.732	0.891	0.159
Repairs and Maintenance	8.241	8.572	9.540	0.968
Housing Capital Works	0.546	0.499	0.494	(0.005)
Other HRA Services	13.263	13.748	13.663	(0.085)
HRA Income	(29.923)	(30.239)	(30.175)	0.064
<b>Total HRA Expenditure &amp; Income</b>	<b>(0.984)</b>	<b>(0.014)</b>	<b>0.725</b>	<b>0.739</b>

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

The main reasons for the outturn position for the Housing Revenue Account are as follows:

- a. Housing Management underspent by £0.362 million due to part year vacancies and the creation of additional posts to strengthen the Estates Management Function.
- b. Repairs and Maintenance overspent by £0.968 million. £1.114 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 overspent by £0.143 million and work is underway to review long term void properties to try to reduce charges for properties subject to potential re-development. Salaries and agency staff costs underspent by £0.380 million due to vacant trades posts.
- c. Other HRA Services underspent by £0.085 million. The main reasons for this are:
  - i. Depreciation charges increased by £0.492 million following an upward revaluation of Council dwellings by the Council's external valuers;
  - ii. Interest payable on HRA borrowing increased by £0.543 million. This is due to the Internal borrowing rates payable to the general fund, which are based on the 30-year PWLB rates and increased from 2.1% to 3.98% following a rise in the Bank of England interest rates; and,
  - iii. Interest received on balances increased by £0.921 million. This is due to an increase in the average 3-year SONIA rate to 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.

## Revenue Outturn - Detailed budget summary by Service

## Service: Regeneration

Summary by Service	2021-22 Outturn	Budget	Outturn	Variance
Service	£m	£m	£m	£m
Economy & Regeneration	2.641	2.951	2.894	(0.057)
Executive Director of Regeneration, Commercial & Economy	0.074	0.203	0.012	(0.191)
Culture	-	1.420	1.356	(0.064)
Climate Change	0.099	0.562	0.753	0.191
<b>Total Regeneration</b>	<b>2.814</b>	<b>5.136</b>	<b>5.015</b>	<b>(0.121)</b>

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

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

- a. Economy and Regeneration underspent by £0.057 million due to:
  - i. £0.268 million staffing underspend 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;
  - ii. Concessionary Travel underspent by £0.704 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 provided budget certainty for all parties as passenger numbers are yet to recover to pre-pandemic levels; and,
  - iii. Approval was granted by Cabinet on 9 May 2023 to transfer funding to the following reserves:
    - £0.050 million in respect of Cramlington Blueprint;
    - £0.100 million to the Additional Capacity Reserve to offset the fluctuations of external income over the medium term, thereby providing a degree of stability for the core capacity of the service; and,
    - £1.000 million 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.

Note - The difference between the figures shown in the table and the explanations above consist of a

number of minor variations within each area.



## Revenue Outturn - Detailed budget summary by Service

## Service: Corporate Expenditure and Income

Summary by Service	2021-22 Outturn	Budget	Outturn	Variance
Service	£m	£m	£m	£m
Corporate Items	45.504	(17.464)	(18.064)	(0.600)
Treasury Management	(25.168)	(24.601)	(26.442)	(1.841)
Capital Financing	87.896	93.589	93.046	(0.543)
Corporate Funding	(410.624)	(465.760)	(465.843)	(0.083)
<b>Total Other Corporate Expenditure &amp; Income</b>	<b>(302.392)</b>	<b>(414.236)</b>	<b>(417.303)</b>	<b>(3.067)</b>

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

The main reasons for the outturn position for the Corporate Expenditure and Income are outlined below:

- a. Corporate Items overspent by £0.600 million due to:
  - i. An overspend of £4.841 million against the pay award contingency budget due to the pay award that was processed in November; an underspend of £2.262 million against the Transformation Fund contingency budget, along with an underspend of £3.331 million against the general contingency budget to give a net underspend of £0.752 million.
  - ii. An 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. An 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 underspent by £1.841 million due to:
  - i. The Council's budgeted investment return for 2022-23 was originally £0.734 million. Due to the significant increase in interest rates during 2022-23, and the higher than anticipated level of balances available for investment, returns amounted to £3.277 million, leading to an over-achievement of income of £2.543 million; and,
  - ii. Total external borrowing has decreased by £11.552 million, from £756.930 million at the start of the year to £745.378 million at 31 March 2023. However, interest rates payable on new and replacement borrowing has been significantly higher than expected resulting in increased interest costs of £0.685 million.
- c. Capital Financing underspent by £0.543 million mainly due to an underspend of £0.638 million on the Minimum Revenue Provision in relation to the repayment of borrowing.
- d. Corporate Funding underspent by £0.083 million due to:
  - i. Business Rates underspend of £4.336 million due to:

- i. Additional Section 31 grants of £2.996 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 £4.057 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 within Local Services;
  - 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;
  - iv. £0.738 million of the budgeted £3.000 million was transferred from the Transformation Fund Reserve to fund costs incurred in the year;
  - v. £5.208 million was transferred from the Exceptional Inflation Reserve to offset inflationary pressures in the services. and,
  - vi. £1.017 million was transferred to the Exceptional Inflation Reserve to offset expected inflationary pressures in 2023-24, as agreed as part of the Provisional Outturn report.

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 – variance (£1.814) million		
Summary by Project	Under/ Overspend	Reprofiling
	£m	£m
Adult Social Care Capital Fund	-	(0.100)
Disabled Facilities Grant	-	0.066
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>(0.115)</b>

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

The main reasons for the outturn 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.

<b>Service: Chief Executive – variance (£0.437) million</b>		
<b>Summary by Project</b>	<b>Under/ Overspend</b>	<b>Reprofiling</b>
	<b>£m</b>	<b>£m</b>
FRS Fleet Requirement	-	(0.445)
FRS Risk Critical Equipment	(0.005)	0.004
FRS Aerial Ladder Platform	0.002	-
FRS Drones	0.003	0.010
FRS Fire Control and Communication Equipment	-	(0.003)
Blue Light Vehicles	(0.001)	-
West Hartford Fire Station Solar PV	(0.002)	-
<b>Total</b>	<b>(0.003)</b>	<b>(0.434)</b>

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

Reprofiling of £0.434 million in Fire and Rescue Capital Budget is required, mainly due to the delivery of a number of fleet vehicles taking place in April 2023, which was later than previously anticipated.

<b>Service: Children's Services – variance (£5.128) million</b>		
<b>Summary by Project</b>	<b>Under/ Overspend</b>	<b>Reprofiling</b>
	<b>£m</b>	<b>£m</b>
Atkinson House Relocation	0.072	-
Basic Needs Programme	-	(0.066)
Bedlington Whitley Memorial & West End First School	(0.025)	-
Children's Homes Provision	-	(0.431)
Devolved Formula Capital	1.122	-
Gilbert Ward Academy – Contribution	-	(1.058)
Hexham New Build Schools (Hexham QE Site)	(1.006)	-
Kyloe House	-	(0.599)
Morpeth First School - Contribution	-	(0.057)
New Hartley Classroom - Contribution	-	(0.023)
Other Minor Schemes	-	0.011
Ponteland Secondary School & Leisure Centre	0.021	-
Port of Blyth – Welding & Fabrication Centre	-	(0.530)
RDA Relocation	-	(0.153)
REFCUS – Payments to Voluntary Aided Schools	0.050	
Schools Building Programme (SCIP)	-	(1.068)
SCIP - Mobile Classroom Replacement Programme	-	(0.612)
School Redevelopments	-	(0.636)
Whittingham Primary School	(0.140)	-
<b>Total</b>	<b>0.094</b>	<b>(5.222)</b>

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

The main reason for the outturn 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 – Some large-scale schemes undertaken by schools have been identified on their revenue budgets. These costs have been capitalised and revenue contributions

transferred to support the expenditure. The overspend will be met by grant not drawn down into the capital programme and the revenue contributions from the schools.

- c. Gilbert Ward Academy (Contribution) – The Department for Education has delayed the building of the Gilbert Ward Academy from September 2023 to January 2024, therefore the Council's contribution to the scheme will be required in 2023-24.
- d. Hexham New Build Schools (Hexham QE Site) – There is an underspend against the original profile due to delays in the programme. The final account has been negotiated and an underspend declared.
- e. 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.
- f. Port of Blyth Welding and Fabrication Centre – The project was 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. The Capital Programme for 2023-24 will need to include the reprofiling set out above.
- g. Schools Building Programme (SCIP) - Large scale schemes that were due for completion in March 2023 encountered delays due to lack of materials and availability of subcontractors. This significant change resulted in SCIP being underspent in-year and requires funding to be reprofiled into 2023-24 to allow the schemes to be completed.
- h. School Redevelopments – Progress on the redevelopment of the schools within the Coquet Partnership experienced a delay at the end of 2022-23, this funding will need to be reprofiled to meet the scope required over the duration of the scheme.

<b>Service: Communities and Business Development – variance (£0.838) million</b>		
<b>Summary by Project</b>	<b>Under/ Overspend</b>	<b>Reprofiling</b>
<b>Project</b>	<b>£m</b>	<b>£m</b>
Berwick Leisure Centre	-	(0.659)
Blyth Sports Centre	0.012	-
Haltwhistle Football Project	-	(0.046)
Multi-use Vehicles	0.019	-
Newbiggin Sports Centre	0.216	-
Provision of Leisure Facilities within Morpeth	-	(0.380)
<b>Total</b>	<b>0.247</b>	<b>(1.085)</b>

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

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

- a. Berwick Leisure Centre – As a result of the main contractor going into administration there was a delay in the completion of the outstanding works (car park, play park and landscaping) whilst a new contractor was found. A new contractor was appointed to undertake the outstanding work and they commenced on site on 27 March 2023.
- b. Provision of Leisure Facilities within Morpeth – The new centre opened to the public on 3 April 2023 with small works and the finalisation of the account with the contractor outstanding.

<b>Service: Finance – variance (£7.779) million</b>		
<b>Summary by Project</b>	<b>Under/ Overspend</b>	<b>Reprofiling</b>
<b>Project</b>	<b>£m</b>	<b>£m</b>
Desktop Refresh	-	(0.155)
Hardware Infrastructure	-	(0.004)
Server Infrastructure	-	(0.025)
Telephony	(0.008)	-
Library Kiosks	-	(0.005)
CISCO Infrastructure	-	(0.563)
County Hall IT Infrastructure	0.003	-
Cloud Migration	-	(0.153)
Office 365 Implementation	0.011	-
IT Backup and Recovery	-	(0.100)
Craster Mast	-	(0.075)
Schools Broadband	-	(0.257)
Loans to Third Parties	-	(5.736)
Property Stewardship Fund - Backlog M&E and Fabric	(0.194)	(0.035)
Property Stewardship Fund - Bearl Depot Drainage and New Build	-	0.191
Property Stewardship Fund - Public Toilet Refurbishment	(0.046)	(0.093)
Holy Island and Seahouses Public Toilet Refurbishment	0.046	-
Property Stewardship Fund - Woodhorn Heapstead	-	0.002
Alnwick Lindisfarne Site	0.194	-
Leisure Buildings - Essential Remedials	(0.234)	(0.390)
County Hall Refurbishment	-	(0.133)
Yourlink Refurbishment	-	(0.020)
<b>Total</b>	<b>(0.228)</b>	<b>(7.551)</b>

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



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

- a. CISCO Infrastructure and Schools Broadband – Due to delays in service delivery this scheme will run into 2023-24.
- b. Loans to Third Parties – Due to a delay in loan project funding the balance has been slipped into 2023-24.
- c. Leisure Buildings - Essential Remedials – The underspend shown here is in relation to the additional expenditure incurred on Newbiggin Leisure Centre (shown under Communities and Business Development) in respect of additional works identified whilst on site including roof replacement, sports hall lighting and fire alarm upgrade which were initially out of scope but undertaken by the contractor whilst on site for efficiency purposes. The balance of the budget is to be reprofiled for future works on the leisure portfolio.

Service: Planning and Local Services – variance (£5.273) million		
Summary by Project	Under/ Overspend	Reprofiling
Project	£m	£m
A1068 Hadston/Druridge Bay Junction	0.078	-
A1068 Shilbottle Road Junction Improvements	-	(0.540)
Blyth Cycleway Improvement Scheme*	0.180	-
Car Park Programme	0.012	(0.002)
Country Parks Improvement Programme	(0.016)	-
Cycle Stands (DfT Emergency Active Travel Fund)	-	(0.015)
Electric Vehicle Charger Installation	-	(0.220)
England Coastal Path (Bamburgh to Scottish Borders)	-	(0.054)
Fleet Replacement Programme	0.023	0.398
Flood and Coastal Erosion Risk Management (FCERM)	(0.427)	-
Food Waste Collection and Recycling Pilot	(0.022)	-
Highways Laboratory Expansion	-	(0.010)
Highways Maintenance in U and C Roads and Footpaths	0.004	(0.650)
Hirst Area Containerisation of Waste	-	(0.200)
Local Transport Plan*	(3.195)	(1.615)
Lynemouth Bay Landfill Encapsulation	-	0.021
Members Local Improvement Schemes	(0.157)	(0.324)
Morpeth Northern Bypass	0.295	-
New DfT Challenge Fund Support Bid*	0.948	-
Next Generation Flood Resilience	-	(0.226)
Parks Enhancement Programme	-	(0.283)
Salt Barns	-	(0.097)
Seahouses Main Pier Refurbishment	0.022	-
Section 106 Highway Schemes	-	(0.016)
Storm Arwen Damage Recovery	-	(0.068)
Streetlighting Modernisation and Replacement Programme	0.043	-

Service: Planning and Local Services – variance (£5.273) million		
Summary by Project	Under/ Overspend	Reprofiling
Project	£m	£m
Todstead Landslip	-	0.059
Union Chain Bridge*	1.489	-
Winter Maintenance Software/Winter Weather Stations	-	(0.064)
Wylam Waggonway Improvements	(0.055)	-
<b>Total</b>	<b>(1.268)</b>	<b>(4.005)</b>

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

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

- a. A1068 Shilbottle Road Junction Improvements – The preliminary design has been completed with some additional traffic modelling being requested by National Highways with the construction of the scheme expected to commence during 2023-24.
- b. Car Park Programme - Construction of the new car parks at Morpeth Goosehill, Hexham Alemouth Road (Bunker site), Berwick Quayside and Amble Turner Street East has now been successfully completed. Costs of these schemes have however risen significantly compared to original estimates - Morpeth Goosehill (£0.740 million), Amble Turner Street (£0.400 million), Berwick Quayside (£0.205 million), Hexham Alemouth Road (£0.067 million). Cost increases are due to a combination of unexpected ground conditions, delays due to encountering uncharted utilities and drainage, necessary minor design changes, national increases in construction inflation affecting material and subcontractor costs, the local government pay award and supply chain delays for some materials and equipment as part of overall national construction supply chain issues. These overspends are being funded through the Car Parks General allocation within the MTFP. Although specific allocations remain for former Alnwick Duchess site car park and Corbridge, the funding of the remaining proposed car parks projects at Boulmer, Newbiggin and Berwick Castlegate is currently being considered.
- c. Fleet Replacement Programme – Reprofiling 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, two refuse collection vehicles were delivered in March 2023 rather than 2023-24 as previously notified.
- d. FCERM – Alnwick – Due to a significant funding gap in the scheme this has been deferred within the Environment Agency's programme of works.
- e. 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 the early part of the 2023-24 financial year.
- f. Local Transport Plan – The pressures on Union Chain Bridge and Challenge Fund Support will be accommodated from the additional funding (LTP) released from the Todstead scheme. Schemes continue to progress on site with some schemes commencing in 2023-24 or spanning the two financial years depending on commencement dates.

- g. Members Local Improvements Schemes – Reprofiting required due to the anticipated delivery on site of the approved schemes to date.
- h. Morpeth Northern Bypass – Overspend due to the settlement of the land acquisition claim from the contractor (£0.175 million) and for the return of the final licenced area (£0.120 million) to the landowner. The contractor's element was covered from a transfer from the legal challenges reserve and the additional licenced area payment funded from the LTP.
- i. 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.
- j. 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.
- k. Union Chain Bridge - Further works on the scheme 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 £1.489 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 to ascertain if there is any additional grant funding that may be available to try to reduce the additional funds required from the two councils.

\*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.

<b>Service: Public Health and Community Services – variance (£1.482) million</b>		
<b>Summary by Project</b>	<b>Under/ Overspend</b>	<b>Reprofiling</b>
<b>Project</b>	<b>£m</b>	<b>£m</b>
Affordable Homes	-	(0.304)
Chronically Sick and Disabled Persons	-	0.190
Felton (HUSK)	-	(0.163)
Green Homes – Social Housing	(1.151)	-
Major Repairs Reserve	-	1.129
Miscellaneous Schemes	(0.009)	-
Social Housing Decarbonisation Fund	-	(1.174)
<b>Total</b>	<b>(1.160)</b>	<b>(0.322)</b>

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

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

- a. Affordable Homes – Some of the new build programme will now be delivered in 2023-24.
- b. Green Homes – Social Housing - This scheme is not proceeding following the suspension in working with an external partner. The unspent grant monies will be returned.
- c. Major Repairs Reserve – Some of the original budget was reprofiled to 2023-24 earlier in the year and is required to be reprofiled back into 2022-23 due to some schemes completing earlier than expected and to cover costs in relation to internal capital delivery schemes and roofing contracts.
- d. Social Housing Decarbonisation Fund – delivery of the programme has been extended until 30 June 2023 with any remaining unspent grant being returned to the funder.

Service: Regeneration – variance (£14.454) million		
Summary by Project	Under/ Overspend	Reprofiling
	£m	£m
Amble Bord Waalk	-	(0.009)
Ashington High Street Improvement Programme	-	(0.048)
Bedlington Town Centre Redevelopment Phase 1 and 2	-	(0.238)
Berwick – Maltings	-	(0.628)
Blyth Relief Road	-	0.080
Borderlands – Carlisle Station/University	-	(2.047)
Business Growth Fund	-	(0.048)
Energising Blyth Programme	-	(2.635)
Great Northumberland Forest	-	(0.264)
Hexham High Street Action Zone	-	0.061
Kielder Observatory Contribution	-	(0.002)
Local Cycling and Walking Infrastructure	(0.364)	0.264
Local Cycling and Walking Infrastructure – various Schemes	-	0.127
Local Treescape Fund	-	(0.011)
Northumberland Rail Line	-	3.346
Port of Berwick Grant	-	(0.050)
Strategic Regeneration Projects – Ad Gefrin	-	(0.150)
Ashington Northeast Quarter Redevelopment Phase 1	0.236	-
Loan to NELEP – Ashwood	-	(1.620)
Loan to NELEP – Fairmoor	(2.000)	-
Loan to NELEP – Ramparts Business Park, Berwick	(0.800)	-
County Hall Solar Car Port	-	1.267
Green Homes – Private Sector Housing (LAD1)	(0.364)	-
Green Homes – Sustainable Warmth Grant (LAD2)	(2.214)	-

<b>Service: Regeneration – variance (£14.454) million</b>		
<b>Summary by Project</b>	<b>Under/ Overspend</b>	<b>Reprofiling</b>
	<b>£m</b>	<b>£m</b>
Ground Source Heat Pumps/Solar PV	(0.133)	(0.162)
Public Sector Decarbonisation – Ground Source Heat Pumps	-	(0.366)
Sustainable Warmth Competition – Home Upgrade Grant Phase 1 (HUG 1)	(3.502)	-
Sustainable Warmth Grant (LAD 3)	-	(2.103)
Waste Transfer Sites – Energy Projects	(0.077)	-
<b>Total</b>	<b>(9.218)</b>	<b>(5.236)</b>

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

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

- a. Bedlington Town Centre Redevelopment Phase 1 and 2 due to the contractor going into administration with a new contractor currently being sought to complete the development.
- b. Berwick Maltings - A tender exercise has been completed with the contract for the Mob Store at the barracks due to be awarded to commence the first phase of works with a further tender exercise to be undertaken when the main works are ready for commencement.
- c. Borderlands – Carlisle Station due to the project being delayed by the recent Local Government Reorganisation in Cumbria.
- d. 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.
- e. Great Northumberland Forest – The first panels have met with the first awards now processed with the scheme being promoted to encourage take up.
- f. Local Cycling and Walking Infrastructure - The budget of £0.364 million has been factored into the MTFP for the period 2023-24 to 2026-27 so the Council contribution remains at £3.000 million for the overall programme of works.
- g. Northumberland Rail Line (including Newsham Road Bridge) – The implementation of the scheme is continuing with a view to reopening passenger trains on the line by Summer 2024.
- h. Loan to NELEP – Ashwood – Reprofiling of the funds due to the timing of the drawdowns from Advance Northumberland.
- i. 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.

- j. 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.
- k. County Hall Solar Car Port – The budget was previously reprofiled in September 2022 to 2023-24. Since this forecast position, the contractor took earlier delivery of the battery and it was agreed it 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.
- l. Green Homes – Private Sector Housing (LAD1) - This project is complete and has been audited. An overpayment of grant has already been returned to Department for Business, Energy and Industrial Strategy (BEIS) to the value of £1.059 million.
- m. Green Homes – Sustainable Warmth Grant (LAD2) – It was originally planned that this project would be delivered via an energy company who were also delivering LAD1. This was later deemed to be unsuitable, and the process to procure a new supplier did not allow enough time for the remaining project to be delivered within the strict timescale specified by BEIS.
- n. Green Homes – Sustainable Warmth Grant (LAD3) – An application was submitted to BEIS requesting an extension to the scheme in 2023-24. This has now been approved with work having to be now completed by 30 September 2023.
- o. Ground Source Heat Pumps/Solar PV – A small number of schemes have come in under budget with reprofiling required for Morpeth Leisure Centre and Blyth Sports Centre Solar PV schemes.
- p. Public Sector Decarbonisation – Ground Source Heat Pumps – Completion of the final elements of the scheme is expected in 2023-24.
- q. Sustainable Warmth Competition – Home Upgrade Grant Phase 1 (HUG1) - The grant is to be repaid to BEIS as the scheme was superseded 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 March 2023.

<b>Recurrent Funding</b>	<b>2022-23</b>	<b>2023-24</b>
	£	£
Members' pay award	108,600	108,600
Release of Firefighters' pay award	161,850	161,850
<b>Total amount drawn down from Contingency recurrently</b>	<b>270,450</b>	<b>270,450</b>

<b>Non-Recurrent Funding</b>	<b>2022-23</b>	<b>2023-24</b>
	£	£
Rates Equalisation – amount returned to contingency	(214,210)	-
Band 11 WorkSmart and Community Hub support post	5,530	-
Alendi Consulting Ltd – strategic performance support	(540)	-
Consultancy fees – Interim Monitoring Officer & Director of Corporate Governance	(47,820)	-
Vehicle livery – return of contingency funding due to works being delayed	(4,350)	-
Leisure Contract – specialist external legal and procurement advice	(24,280)	-
<b>Total amount returned to Contingency non-recurrently</b>	<b>(285,670)</b>	<b>-</b>

## Movement in the Council's Reserves

	Opening Balance at 1 April 2022*	Movement in Reserve	Closing Balance at 31 March 2023
	£m	£m	£m
General Reserves/Balances			
General Fund	(70.081)	19.126	(50.955)
<b>Total General Reserve</b>	<b>(70.081)</b>	<b>19.126</b>	<b>(50.955)</b>
Ring-Fenced Reserves/Balances			
Housing Revenue Account	(29.873)	0.726	(29.147)
Major Repairs (HRA)	(10.214)	0.359	(9.855)
HRA Capital Investment	(2.177)	0.437	(1.740)
<b>Total Earmarked HRA Reserves</b>	<b>(42.264)</b>	<b>1.522</b>	<b>(40.742)</b>
Specific Reserves/Balances			
Capital Grants Unapplied	(61.304)	(2.174)	(63.478)
Capital Receipts	(0.183)	0.090	(0.093)
Capital Receipts - HRA	(4.768)	(3.469)	(8.237)
<b>Total Specific Reserves/Balances</b>	<b>(66.255)</b>	<b>(5.553)</b>	<b>(71.808)</b>

## Appendix R

	Opening Balance at 1 April 2022*	Movement in Reserve	Closing Balance at 31 March 2023
	£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)	0.251	(8.941)
Borderlands Energy Masterplan	(0.816)	0.008	(0.808)
Business Recovery Reserve	(2.322)	-	(2.322)
Cessation of NHS Partnership Agreement	(0.262)	0.262	-
Collection Fund Smoothing	(15.155)	13.211	(1.944)
Community Led Housing	(0.687)	0.082	(0.605)
Contain Outbreak Management	(2.130)	1.870	(0.260)
Council Commissioned Services	(8.981)	1.461	(7.520)
Council Tax Hardship & Discount Scheme	-	(6.588)	(6.588)
Council Transformation Fund	(17.902)	0.758	(17.144)
Dedicated Schools Grant	(4.032)	(0.469)	(4.501)
Economy & Regeneration Investments	(0.358)	0.308	(0.050)
Empty Dwelling Management Order	(0.047)	(0.030)	(0.077)
Estates Rationalisation	(7.242)	0.985	(6.257)
Exceptional Inflationary Pressures	(5.208)	4.191	(1.017)
FPF Admin Grant	(0.033)	-	(0.033)
FRS HMICFRS Improvement	(0.050)	0.024	(0.026)
Firefighters' Immediate Detriment	(0.250)	0.050	(0.200)
Food Waste	-	(0.058)	(0.058)
Haltwhistle Repairs Reserve	(0.039)	0.003	(0.036)
Highways Commuted Maintenance Funds	-	(1.127)	(1.127)
Highways Maintenance Investments	(0.225)	-	(0.225)
Homes for Ukraine	-	(4.586)	(4.586)

## Appendix R

	Opening Balance at 1 April 2022*	Movement in Reserve	Closing Balance at 31 March 2023
	£m	£m	£m
Insurance	(8.479)	0.657	(7.822)
Legal Challenge	(1.800)	0.729	(1.071)
NCC Economic Regeneration	(0.139)	0.001	(0.138)
Open Spaces Maintenance Agreements	(0.087)	(0.007)	(0.094)
Parks and Green Spaces	-	(0.250)	(0.250)
Planning Delivery	(0.654)	(0.424)	(1.078)
Problematic Empty Properties	(0.050)	0.003	(0.047)
Recruitment & Retention	(0.500)	0.061	(0.439)
Regeneration Additional Capacity Reserve	(0.190)	(0.215)	(0.405)
Regeneration Development Reserve	(2.473)	(0.479)	(2.952)
Repair and Maintenance	(0.250)	-	(0.250)
Replacement of Defective Street Lanterns	-	(2.930)	(2.930)
Restructuring Reserve	(2.000)	1.162	(0.838)
Revenue Grants	(17.331)	(3.022)	(20.353)
School Libraries	(0.007)	-	(0.007)
Sealodge	(0.023)	0.013	(0.010)
Section 106	(10.830)	(3.867)	(14.697)
Severe Weather	(7.500)	-	(7.500)
Social Fund	(2.936)	2.443	(0.493)
Sports Development	(0.253)	(0.044)	(0.297)
Storm Arwen	(2.178)	1.985	(0.193)
Strategic Management Reserve	(48.237)	(1.471)	(49.708)
Transformation of the Revenues & Benefits Service	(0.215)	-	(0.215)
Violence Reduction	(0.030)	(0.009)	(0.039)
Winter Services	(2.000)	-	(2.000)
Women's Safety in Public Places	-	(0.022)	(0.022)

## Appendix R

	Opening Balance at 1 April 2022*	Movement in Reserve	Closing Balance at 31 March 2023
	£m	£m	£m
<b>Total Earmarked Reserves</b>	(183.148)	4.973	(178.175)
<b>Total Usable Reserves</b>	(361.748)	20.068	(341.680)

	Opening Balance at 1 April 2022*	Movement in Provision	Closing Balance at 31 March 2023
	£m	£m	£m
<b>Provisions</b>			
Redundancy	-	(0.545)	(0.545)
NNDR Appeals	(8.699)	3.487	(5.212)
Estates Rationalisation Project	(0.577)	-	(0.577)
Compensation Claims	(0.147)	0.067	(0.080)
Contractor Claims	(0.233)	(0.097)	(0.330)
<b>Total Provisions</b>	<b>(9.656)</b>	<b>2.912</b>	<b>(6.744)</b>
<b>Total Reserves &amp; Provisions</b>	<b>(371.404)</b>	<b>22.980</b>	<b>(348.424)</b>

\* Provisional un-audited opening balance figure

**Virements March 2023**

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