



Northumberland

County Council

CABINET

12 September 2023

Financial Performance 2023-24 – Position at the end of June 2023

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

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

1. Purpose of report

- 1.1 The purpose of the report is to ensure that the Cabinet is informed of the current financial position for the Council against the Budget for 2023-24.

2. Recommendations

- 2.1 Members are requested to:

- Recommend that County Council approves the use of £1.855 million from contingency to partly fund the shortfall in the expected cost of pay awards for 2023-24.
- Approve the re-profiling to the Capital Programme of £15.902 million from 2023-24 to 2024-25 to reflect estimated expenditure levels in the current financial year.
- Approve the transfer of £1.556 million from the Public Health main grant reserve to provide additional services to reduce poverty and health inequalities.

- 2.2 Members are requested to note:

- the projected overspend on services of £4.115 million and the assumptions outlined in this report.
- the projected net overspend of £4.471 million after accounting for outstanding inflationary pressures and the utilisation of the Exceptional Inflation Reserve and contingency. The financial monitoring process is a continuous process, and it is not unusual to predict an overspend in the first formal monitoring report as pressures in the system are recognised and realised. Services are now taking appropriate action to bring the budget back into balance and corporately work is underway to ascertain if rising interest rates will ensure a favourable return to the Council and

improve the position further. An updated position for the 6 months to September 2023 will be presented to Cabinet on 12 December 2023.

- the supplementary estimates at Appendix A and the required changes to the budgets.
- the delivery of the approved savings at Appendix B.
- the use of the contingency shown at Appendix L.
- the use of reserves shown at Appendix M.
- the virements requested by services shown at Appendix O.

3. Link to Corporate Plan

3.1 The Council's budget is aligned to the priorities in the Corporate Plan 2023-26 with significant investment in each of the priorities; achieving value for money, tackling inequalities and driving economic growth as well as specific funding set aside to deliver Best Value through the BEST work.

4. Key issues

4.1 Overall Position

4.1.1 The report provides information and analysis on the Council's financial performance and use of resources to the end of June 2023. The Council set its budget for 2023-24 on 22 February 2023 and this report focuses on the financial performance to the end of June 2023 and the projected year end position at that point in time.

5. Projected Revenue Outturn 2023-24

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 - K 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 £401.910 million, providing revenue funding for the majority of the Council's services.
- b. The Dedicated Schools Grant (DSG) of £160.155 million in 2023-24, which is ring-fenced for schools funding, overseen by the Schools' Forum, and managed within the Children, Young People and Education Directorate.
- c. Public Health, a ring-fenced grant of £17.932 million in 2023-24, must be spent to support the delivery of the Public Health Outcomes Framework and is managed within Public Health, Inequalities and Stronger Communities.

- d. The Housing Revenue Account (HRA) with a gross expenditure budget of £42.625 million in 2023-24, is ring-fenced, and reported separately from the General Fund, and is managed within the Place and Regeneration Directorate. The HRA forecast is detailed in Appendix L.

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 2023-24 financial year.

Service	Budget	Forecast Outturn	Variance
	£m	£m	£m
Adults, Ageing & Wellbeing	130.223	130.354	0.131
Chief Executive	34.497	34.409	(0.088)
Children, Young People & Education	86.612	89.680	3.068
Place and Regeneration	82.093	83.500	1.407
Public Health, Inequalities & Stronger Communities	12.971	12.721	(0.250)
Transformation & Resources	27.440	27.110	(0.330)
Total Services	373.836	377.774	3.938
Corporate Expenditure and Income	28.074	28.251	0.177
Total Net Expenditure	401.910	406.025	4.115
Budget funded by:			
Council Tax	(231.720)	(231.720)	-
Retained Business Rates (including grants)	(92.863)	(92.863)	-
Revenue Support Grant	(12.430)	(12.430)	-
Other Corporate Grants	(47.014)	(47.014)	-
Earmarked Reserves	(17.883)	(17.883)	-
Total Funding of Services	(401.910)	(401.910)	-
Net Total	-	4.115	4.115

6.2 Inflationary Pressures

- 6.2.1 During the preparation of the 2023-24 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.
- 6.2.2 The forecast position shown in section 6.1 includes most inflationary increases, however the actual cost of pay inflation has not been included where pay awards have not yet been agreed. The expected cost of pay awards for 2023-24 is anticipated to be significantly more than the 4.0% set aside in the 2023-24 budget. Based on the current pay offer, the shortfall in funding is expected to be £3.228 million. The £1.017 million set aside in the Exceptional Inflation Reserve at the end of 2022-23 and the use of £1.855 million which is the balance in the contingency, pending County Council approval, will be utilised to offset this, leaving a net shortfall of £0.356 million.
- 6.2.3 The net forecast position, after accounting for outstanding inflationary pressures and the utilisation of the Exceptional Inflation Reserve and contingency, is shown below:

	£m
Overspend on services as per Section 6.1	4.115
Pay award funding shortfall (estimate)	3.228
Transfer from Exceptional Inflation Reserve	(1.017)
Use of contingency	(1.855)
Net overspend	4.471

7. Other General Fund Items

- 7.1 Appendix A is a schedule of all supplementary estimates, including new grants and amendments to existing grants (capital and revenue) which the Council has been awarded during April to June 2023.
- 7.2 The Council at its meeting in February 2023 agreed to implement a range of savings and efficiencies totalling £17.045 million in 2023-24. A recent review of the delivery of those savings has been conducted and the results are illustrated at Appendix B.
- 7.3 Appendix L is a schedule of all items which have been released from contingency during April to June 2023.
- 7.4 Appendix M is a schedule of the movement in the Council’s Reserves.
- 7.5 Appendix O is a schedule of virements during April to June 2023.

8. CAPITAL PROGRAMME

8.1 The Capital Programme for 2023-24 totalling £222.949 million was agreed by full Council on 22 February 2023.

8.2 The Capital Programme has changed during the year as the phasing of schemes was reviewed at the end of the previous financial year with £72.638 million re-profiled from 2022-23 to 2023-24 and further approvals totalling £26.771 million have been agreed by Cabinet for additional schemes.

8.3 The following table sets out the position as at the end of June:

Directorate	Original Budget	Approved Adjustments	Revised Budget	Expenditure to date	Forecast Expenditure	Net Variance	Over / (Under) spend	Reprofiling
	£m	£m	£m	£m	£m	£m	£m	£m
Adults, Ageing and Wellbeing	4.427	2.433	6.860	0.275	5.380	(1.480)	-	(1.480)
Chief Executive	2.016	0.500	2.516	0.639	2.516	-	-	-
Children, Young People and Education	32.622	9.107	41.729	2.032	39.672	(2.057)	(0.032)	(2.025)
Place and Regeneration	166.270	78.038	244.308	21.134	234.246	(10.062)	(0.915)	(9.147)
Public Health, Inequalities and Stronger Communities	0.800	1.085	1.885	0.845	2.085	0.200	0.200	-
Transformation and Resources	16.814	8.246	25.060	0.879	21.810	(3.250)	-	(3.250)
Total Programme	222.949	99.409	322.358	25.804	305.709	(16.649)	(0.747)	(15.902)
Financed by:								
Capital Receipts	5.589	-	5.589					
External Grants	96.863	58.475	155.338					
GF Borrowing	106.236	35.177	141.413					
GF Revenue Contributions (RCCO)	0.250	5.757	6.007					
HRA Contributions (MRR & RCCO)	14.011	-	14.011					
Total Financing	222.949	99.409	322.358					

- 8.4 Year-to-date capital expenditure is £25.804 million with forecast expenditure of £305.709 million. The major areas of capital investment during the year to date are as follows:
- i. £15.789 million invested in transport schemes including infrastructure, traffic management, integrated transport schemes and the reintroduction of the Northumberland Line.
 - ii. £1.937 million invested in fleet replacement.
 - iii. £3.103 million invested in the Council's housing stock.
- 8.5 There is a net forecast underspend of £16.649 million across the 2023-24 Capital Programme comprising of £15.902 million net reprofiling from 2023-24 to 2024-25 and £0.747 million underspend. A summary of the significant variances can be found at Appendix K with an explanation of those greater than £0.250 million.
- 8.6 It is recommended that Cabinet notes estimated net reprofiling of £15.902 million from 2023-24 to 2024-25.

9. Capital Receipts

- 9.1 The level of capital receipts available to support the 2023-24 Capital Programme was estimated to be £5.589 million (£1.700 million General Fund and £3.889 million HRA). The following table shows the current position regarding asset disposals:

Asset Disposals	General Fund £m	HRA £m
Completed and available for use in year	0.002	0.399
On the market	1.195	-
Terms Agreed	1.892	-
Contracts exchanged	0.744	-

- 9.2 The closing balance on the Capital Receipts Reserve at 31 March 2023 was £8.329 million (£0.092 million General Fund and £8.237 million HRA).

10. TREASURY MANAGEMENT

10.1 The Treasury Management Strategy Statement for 2023-24 was agreed by full Council on 23 February 2023.

10.2 The following table summarises the Council's quarterly borrowing activity for April to June 2023:

	Previous Quarter	Movement - June 23	Current
Outstanding principal - at quarter end (£m)	745.378	(0.502)	744.876
Weighted average interest rate - year to date (%)	3.147	-	3.147
Quarter end external borrowing as % of Operational Boundary (Borrowing)	71.396	5.866	77.262

10.3 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 June 2023, the Council's external borrowing represented 77.26% of its Operational Boundary, which was approved as part of the Treasury Management Strategy for 2023-24. 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.

The table below demonstrates that in the quarter to 30 June 2023 the Council has maintained gross borrowing within its authorised limit and operational Boundary.

	Authorised Limit for External Debt £m	Operational Boundary for External Debt £m	Actual 30 June 2023 £m
External Borrowing	1,156.913	964.094	744.876

10.4 The following table provides an analysis by type of the quarterly borrowing activity for April to June 2023:

Lender Category	Repayment Type	Opening Balance £m	Repaid – Apr - Jun 2023 £m	New Borrowing Apr - Jun 2023 £m	Closing Balance £m
PWLB	EIP	3.501	(0.500)	-	3.001

Lender Category	Repayment Type	Opening Balance	Repaid – Apr - Jun 2023	New Borrowing Apr - Jun 2023	Closing Balance
PWLB	Annuity	0.540	-	-	0.540
Salix	EIP	0.033	(0.002)	-	0.031
PWLB	Maturity	445.704	-	-	445.704
Other Local Authorities	Maturity	50.000	-	-	50.000
Other/Market	Maturity	245.600	-	-	245.600
Total		745.378	(0.502)	-	744.876

10.5 Measuring the maturity structure of borrowing ensures a reasonable spread of maturing debt as a safety mechanism to ensure significant amounts of debt do not mature at a time when interest rates for refinancing the debt may be high. The following table demonstrates the maturity structure of the Council's borrowing at 30 June 2023, against the prescribed limits:

Maturity Structure	Upper Limit for 2023-24	Actual 30 June 2023
Under 12 months	25%	7%
1 year - 2 years	40%	1%
2 years within 5 years	60%	3%
5 years within 10 years	80%	7%
10 years and above	100%	82%

10.6 The following table summarises the Council's quarterly investment activity for April to June 2023:

	Previous Quarter	Movement - Apr - June 2023	Current
Outstanding principal - at month end (£m)	114.450	40.100	154.550
Weighted average interest rate - year to date (%)	4.160	0.284	4.444

10.7 The following table provides an analysis by type of the investment activity for the quarter April to June 2023:

Category	Opening Balance	Repaid – Apr - Jun 2023	New Investment Apr - Jun 2023	Closing Balance
	£m	£m	£m	£m
Term Deposit Banks	-	-	25.000	25.000
Term Deposit Building Societies	-	(10.000)	20.000	10.000
Term Deposit Other Local Authorities	25.000	(25.000)	35.000	35.000
Money Market Funds	79.450	(168.250)	163.350	74.550
Debt Management Office (DMO)	-	-	-	-
Notice Accounts	10.000	-	-	10.000
Total	114.450	(203.250)	243.350	154.550

10.8 The movement in the Money Market Funds represents daily deposits and withdrawals to manage cashflow.

10.9 Limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end. The table below summarises performance against the prescribed limits for the year to 30 June 2023:

	Limit 2023-2024 £m	Actual Highest £m	Actual 30 June 2023 £m
Principal sums invested > 364 days	120.000	-	-

11. Transformation Fund Reserve (BEST)

11.1 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.

11.2 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 30 June 2023	0.738	2.203	2.081	1.131	6.153
Balance Available	2.262	0.797	0.919	(1.131)	2.847

11.3 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.

11.4 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.

11.4 It is likely that the profiling of the commitments will extend into 2025-26. The expenditure and commitments to 30 June are as follows

	2023-24 Approved requests	2023-24 Expendi ture to 30 June	2023-24 Commit ments July to Mar	2023-24 Forecast Expendit ure	2023-24 Forecas t Varianc e
	£m	£m	£m	£m	£m
Opening Balance	3.000				
Total as at 30 June	2.203	0.101	1.510	1.611	(0.592)
Balance Remaining at 30 June	0.797				1.389

Implications

Policy	The report provides information and analysis on the Council's financial performance against budget as set in the Medium-Term Financial Plan 2023-27 which supports the priorities outlined in the Corporate Plan 2023-26.
Finance and value for money	The report is of a financial nature and the detail is contained within the body of the report.
Legal	There are no immediate legal implications arising from the recommendations within this report.
Procurement	There are no specific procurement implications within this report.
Human Resources	There are no specific human resources implications within this report.
Property	There are no specific property implications within this report.
Equalities (Impact Assessment attached)	There are no specific equalities implications within this report.
Risk Assessment	The risks associated with the budget were considered in February 2023 and were considered to be acceptable.
Crime & Disorder	There are no specific crime and disorder implications within this report.
Customer Consideration	There are no specific customer consideration implications within this report.
Carbon reduction	There are no specific carbon reduction implications within this report.
Health & Wellbeing	The Council's budget is founded on the principle of promoting inclusivity.
Wards	All wards.

Background papers

Cabinet 14 February 2023 and Council 22 February 2023: Budget 2023-24 and Medium-Term Financial Plan 2023-27

Report sign off

	Name
Monitoring Officer/Legal	Stephen Gerrard
Section S151 Officer/Executive Director	Jan Willis
Chief Executive	Helen Paterson
Portfolio Holder(s)	Cllr Richard Wearmouth

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Directorate:	Adults, Ageing & Wellbeing
Grant Awarding Body:	Department of Health & Social Care
Name of Grant:	Client Level Data (CLD) and Short and Long Term (SALT) Data Collections Dual-Run
Purpose:	To provide support to local authorities during the transition of the SALT return to CLD return which will be dual-run in financial year 2023-24
Value:	£18,831
Recurrent/Non-recurrent:	Non-recurrent

Directorate:	Adults, Ageing & Wellbeing
Grant Awarding Body:	North East and North Cumbria Integrated Care Board
Name of Grant:	Better Care Fund
Purpose:	Inflationary uplift to the Adult Social Care allocation from the NHS minimum contribution to the Better Care Fund
Value:	£995,475
Recurrent/Non-recurrent:	Recurrent

Directorate:	Children, Young People and Education
Grant Awarding Body:	Department for Education
Name of Grant:	Dedicated Schools Grant
Purpose:	The grant is paid in support of the local authority's school budget. The grant allocation was updated in March 2023 to reflect school academy conversions and updated high needs place funding for academies.
Value:	£131,580 reduction in grant
Recurrent/Non-recurrent:	Recurrent

Directorate:	Children, Young People and Education
Grant Awarding Body:	Department for Education
Name of Grant:	Family Hubs and Start for Life Programme Revenue Funding
Purpose:	To improve the Start for Life offer and transform the delivery of family services in local authorities with the highest levels of deprivation and poor health and support the government's levelling up ambitions.
Value:	£7,300 additional grant 2023-24 (£1,376,200 revenue funding)
Recurrent/Non-recurrent:	Non-recurrent

Directorate:	Children, Young People and Education
Grant Awarding Body:	Department for Education
Name of Grant:	Implementation of supported accommodation reforms
Purpose:	To support local authorities to offset increased costs associated with reforms to supported accommodation from October 2023
Value:	£120,136 per annum
Recurrent/Non-recurrent:	Confirmed for 2023-24 and 2024-25 (indicative)

Directorate:	Children, Young People and Education
Grant Awarding Body:	Department for Education
Name of Grant:	Leaving Care allowance uplift implementation Grant
Purpose:	To support local authorities to increase the minimum leaving care allowance to £3,000
Value:	£46,042 per annum
Recurrent/Non-recurrent:	Confirmed for 2023-24 and 2024-25

Directorate:	Children, Young People and Education
Grant Awarding Body:	Department for Education
Name of Grant:	Supporting Families programme
Purpose:	Supporting vulnerable families through whole family working to achieve positive and sustainable outcomes.
Value:	£187,870 potential additional grant (final allocation based upon successful outcomes)
Recurrent/Non-recurrent:	Non-Recurrent

Directorate:	Children, Young People and Education
Grant Awarding Body:	Department for Levelling Up, Housing and Communities
Name of Grant:	Domestic Abuse Duty – New burdens funding
Purpose:	Provision of support to victims of domestic abuse and their children residing within refuges and other safe accommodation.
Value:	£14,070 additional grant received, £655,784 for 2023-24
Recurrent/Non-recurrent:	Recurrent

Directorate:	Place and Regeneration
Grant Awarding Body:	Department for Levelling Up, Housing & Communities
Name of Grant:	Homelessness Prevention Grant – 2023-24 Homes for Ukraine Funding Top-Up
Purpose:	To alleviate pressures on homelessness services by supporting guests into suitable sustainable accommodation.
Value:	£338,650
Recurrent/Non-recurrent:	Non-Recurrent

Performance against the 2023-24 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
Adults, Ageing & Wellbeing	-	-	4.679	4.679
Chief Executive	-	0.183	0.268	0.451
Children, Young People & Education	0.301	0.063	0.388	0.752
Place and Regeneration	0.566	-	3.270	3.836
Public Health, Inequalities & Stronger Communities	-	-	0.870	0.870
Transformation & Resources	-	0.051	2.008	2.059
Corporate	-	-	4.398	4.398
Total	0.867	0.297	15.881	17.045

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

Children, Young People & Education

£0.285 million under-achievement in relation to the reduction in the cost of external residential placements. The saving was linked to the capital development of a new NCC children’s home that was originally due to open in May 2023. Delays to the capital works have led to an expected opening date in Autumn 2023 and intake to the additional 4 beds will be staggered over the opening months. The running costs of the home from May 2023 had also been budgeted for and will underspend by £0.322 million depending on the opening date.

Place and Regeneration

£0.382 million under-achievement of Planning Fee income. The budget was increased by £0.782 million as part of the 2021-22 and 2023-24 budget setting process in anticipation of an increase to the national planning fee structure. The changes to the planning application fee system have been considered by the Department for Levelling Up, Housing and Communities (DLUHC) and draft regulations reflecting the fee increase have been laid before Parliament, albeit later than expected. The proposed fee increase is now subsequently progressing, but an indicative timeframe of April 2024 means that this saving will not be achieved in this financial year.

The savings target of £0.124 million for Tourist Information Centres (TICs) is not expected to be achieved in this financial year. The TICs are continuing to operate on a business-as-usual basis, and this is expected to remain the case until January 2024 at the earliest.

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Adults, Ageing & Wellbeing

Summary by Service	2022-23 Outturn	Budget	Forecast Outturn	Variance
Service	£m	£m	£m	£m
Assessment & Safeguarding	22.238	21.178	21.271	0.093
Integrated Commissioning	84.011	97.592	98.327	0.735
Business Support	4.315	2.773	2.651	(0.122)
In-House Provider Services	6.128	7.484	6.930	(0.554)
Executive Director	0.698	1.196	1.175	(0.021)
Total Adults, Ageing & Wellbeing	117.390	130.223	130.354	0.131

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

The main reasons for the forecast position for Adults, Ageing & Wellbeing are outlined below:

- a. Assessment & Safeguarding is forecast to overspend by £0.093 million. This is due to the following:
 - i. Staffing-related budgets are forecast to underspend by £0.174 million as a result of vacant posts;
 - ii. The delay in the redesign of the Telecare service will result in £0.366 million of the 2021-22 approved saving not being achieved again this financial year. It is anticipated that this will be made in full in 2024-25.
- b. Integrated Commissioning is forecast to overspend by £0.735 million. This is due to the following:
 - i. There continues to be an upward trend in the growth in demand for services to support vulnerable people with complex care needs. The service is currently reviewing all care packages in order to manage resources and meet the £3.000 million saving target within this area.
- c. In-House Provider Services is forecast to underspend by £0.554 million. This is due to the following:
 - i. Staffing-related budgets are forecast to underspend by £0.236 million because of vacant posts;
 - ii. Transport related expenditure including client transport costs are forecast to underspend by £0.179 million: and,
 - iii. Income from North East and North Cumbria Integrated Care Board for clients who have been assessed as being eligible for Continuous Health Care (CHC) or S117 funding under the Mental Health Act is anticipated to be £0.196 million more than budget.

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	2022-23 Outturn	Budget	Forecast Outturn	Variance
Service	£m	£m	£m	£m
Chief Executive	0.344	0.452	0.412	(0.040)
Fire and Public Protection	22.119	22.396	22.467	0.071
Strategy and Communications	1.104	1.189	1.189	-
Law and Corporate Governance	6.309	6.040	6.116	0.076
Workforce	4.168	4.420	4.225	(0.195)
Total Chief Executive	34.044	34.497	34.409	(0.088)

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 Fire and Public Protection, there is a forecast underspend of £0.264 million as a result of vacant posts, offset by forecast overtime costs of £0.212 million.
- b. Within Legal Services there is a forecast overspend of £0.076 million. £0.173 million relates to staff regrades which are being paid by the service without corresponding budget, and the cost of the temporary Director of Law and Corporate Governance of £0.066 million prior to the Senior Management restructure, offset by vacancies of £0.111 million. In addition, there is an underspend of £0.050 million in court fees within professional services due to fewer childcare cases progressing through the courts.

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, Young People and Education

Summary by Service	2022-23 Outturn	Budget	Forecast Outturn	Variance
Service	£m	£m	£m	£m
Children, Young People and Families	50.226	53.085	55.534	2.449
Education, SEND & Skills	34.980	33.527	34.146	0.619
Total Children, Young People and Education	85.206	86.612	89.680	3.068
Dedicated Schools Grant	(1.532)	162.385	163.043	0.658

NOTES - Year End Variances of £0.250 million or more

The main reasons for the forecast position for Children, Young People and Education are outlined below:

Children, Young People and Families

- a. The Commissioned Placements and Support Services budgets is forecast to overspend by £3.768 million.
 - i. There is a £3.713 million overspend on external residential care placements. The number of placements has risen from 41 in September 2022 to 59 for June 2023 with a surge in demand for emergency provision for young people aged 16 and over. This is partially offset by an underspend detailed below within Early Help on supported accommodation of £0.883 million where there is currently a lack of suitable provision in the region. In addition, a saving of £0.285 million was proposed for 2023-24 which will not be achieved. This was linked to the opening of 4 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 October 2023;
- b. The Residential and Family Placement budget is forecast to underspend by £0.597 million due to:
 - i. There is an expected overspend of £0.718 million on foster care allowances (both in-house and independent agencies) adoption allowances and special guardianship allowances. Whilst there has been some growth in the number of SGO allowances, the pressure has largely arisen due to a mandatory inflation rise of 12.43% on the allowances that was announced after the council budget for 2023-24 had been agreed and exceeded the estimated inflation by 7%; and,
 - ii. The new children's home was originally due to open in May 2023, but this is now expected to be October 2023 at the earliest. This will result in an underspend of £0.322 million on the running costs of the home which offsets the saving that will not be achieved on external placements.
 - iii. Kyoeloe House is expected to run at an underspend of £1.086 million. This assumes the unit will maintain occupancy levels of 12 beds throughout the year and follows an increase in the bed price for the 2023-24 financial year.
- c. The Early Help, Northumberland Adolescent Service (NAS) and Disabled Children's Service is forecast to underspend by £1.254 million due:

- i. There is a forecast underspend of £0.883 million on supported accommodation. There is currently a shortage of suitable placements across the county which has led to an increase in short-term emergency provision for young people aged 16+. From 28 October 2023 all providers are required to apply for Ofsted registration which could exacerbate the problem further; and,
- ii. The Unaccompanied Asylum-seeking Children grant has exceeded the budget by £0.191 million.
- d. The Safeguarding service is forecast to overspend by £0.683 million, this is due to the following:
 - i. There is an expected overspend of £0.566 million across the service on client transport. This results from a combination of increased demand for the service and the current high inflationary environment.

Education, SEND & Skills

- a. There is an overspend of £0.720 million on the cost of SEN transport for the 432 routes currently transporting 1,620 pupils and escorts. This is forecast to rise over the year up to 1,713 pupils. The additional demand is expected to be 3.0% more than the growth figure estimated in 2022-23 (12.38%).

Dedicated Schools Grant

- a. The forecast overspend on SEN top-ups is £0.621 million based on expected growth of 16% for the 2023-24 academic year across both mainstream and special schools in the authority.

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: Place and Regeneration

Summary by Service	2022-23 Outturn	Budget	Forecast Outturn	Variance
Service	£m	£m	£m	£m
Economic Development and Growth	7.045	7.232	7.352	0.120
Environment and Transport	71.455	73.121	73.517	0.396
Housing and Planning	5.435	1.740	2.631	0.891
Total Place and Regeneration	83.935	82.093	83.500	1.407

NOTES - Year End Variances of £0.250 million or more

The main reason for the forecast position for the Place and Regeneration Directorate is outlined below:

- a. Environment and Transport is forecast to overspend by £0.396 million.
 - i. The Waste PFI Contract is forecast to overspend by £0.577 million. As of 1 January 2023, the Environment Agency have banned the disposal of upholstered furniture containing Persistent Organic Pollutants (POPs) from recycling or landfill. The additional cost to handle this separately from other bulky waste is estimated at £0.311 million but work is being undertaken to explore how this can be mitigated. Final Annual Unitary Charge (AUC) inflation rates were higher than the estimates used in budget setting, causing the budget to be exceeded by £0.103 million, and increased waste volumes in quarter one has resulted in forecast additional costs through the AUC of £0.097 million.
- b. Housing and Planning is forecast to overspend by £0.891 million mainly due to:
 - i. £0.782 million underachievement of planning fee income. The income budget was increased by £0.782 million as part of the 2021-22 and 2023-24 budget setting process in anticipation of an increase to the national planning fee structure. The changes to the planning application fee system have been considered by the Department for Levelling Up, Housing and Communities (DLUHC) and draft Regulations reflecting the fee increase have been laid before Parliament, albeit later than expected. The proposed fee increase is now subsequently progressing, but an indicative timeframe of April 2024 means that this saving will not be achieved in this financial year.

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, Inequalities and Stronger Communities

Summary by Service	2022-23 Outturn	Budget	Forecast Outturn	Variance
Service	£m	£m	£m	£m
Public Health	0.064	(0.229)	(0.229)	-
Stronger Communities	23.138	13.200	12.950	(0.250)
Total Public Health, Inequalities and Stronger Communities	23.202	12.971	12.721	(0.250)

NOTES - Year End Variances of £0.250 million or more

The main reason for the forecast position for Public Health, Inequalities and Stronger Communities is outlined below:

- a. Public Health:
 - i. 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 £5.540 million to financial year 2023-24. It is anticipated that £1.556 million of the reserve will be utilised in year to provide additional services to reduce poverty and health inequalities.
 - ii. The budget also includes an unallocated saving of £0.250 million which will be achieved by utilising the Public Health grant to fund activity currently funded by other Council services.
- b. Community Services:
 - i. Within Registrars there is a forecast overspend of £0.269 million on staffing and travel costs which is offset by an increased income forecast of £0.242 million. These variances are due to the increase in price and volume of weddings and certificate processing, and the associated staffing costs to meet this demand.

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: Transformation and Resources

Summary by Service	2022-23 Outturn	Budget	Forecast Outturn	Variance
Service	£m	£m	£m	£m
Digital & IT	10.375	10.799	10.799	-
Finance and Procurement	5.139	5.891	5.560	(0.331)
Strategic Change & Service Improvement	4.620	6.621	6.622	0.001
Audit and Risk Management	0.838	0.853	0.853	-
Executive Director of Transformation and Resources	46.422	3.276	3.276	-
Total Finance	67.394	27.440	27.110	(0.330)

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: Corporate Expenditure and Income

Summary by Service	2022-23 Outturn	Budget	Forecast Outturn	Variance
Service	£m	£m	£m	£m
Corporate Items	(7.944)	33.125	33.302	0.177
Treasury Management	(26.442)	(23.243)	(23.243)	-
Capital Financing	93.046	18.192	18.192	-
Corporate Funding	(470.047)	(401.910)	(401.910)	-
Total Other Corporate Expenditure & Income	(411.387)	(373.836)	(373.659)	0.177

NOTES - Year End Variances of £0.250 million or more

There are no significant variance to date.

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Housing Revenue Account

Summary by Service	2022-23 Outturn	Budget	Forecast Outturn	Variance
Service	£m	£m	£m	£m
Housing Management	6.312	7.023	6.631	(0.392)
Housing Special	0.891	1.015	1.025	0.010
Repairs and Maintenance	9.540	9.029	10.002	0.973
Housing Capital Works	0.494	0.707	0.707	-
Other HRA Services	13.663	14.829	15.074	0.245
HRA Income	(30.175)	(32.916)	(32.664)	0.252
Total HRA Expenditure & Income	0.725	(0.313)	0.775	1.088

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 £0.392 million mainly due to part year vacancies.
- b. Repairs and Maintenance is forecast to be overspent by £0.973 million. The main reasons are:
 - i. £1.130 million is due to the use of external contractors on more specialised areas of work including surveyors' inspections, provision of expert reports and completion of remedial works in relation to damp and disrepair. The Repair and Maintenance team are looking to create a team dedicated to Housing Disrepair to identify and address issues more quickly to avoid the potential for claims. The team will proactively discourage any potential claims. The team will be funded through posts already within the structure; and
 - ii. There is a forecast underspend of £0.232 million on salaries due to part year vacancies.
- c. Other HRA Services is forecast to overspend by £0.245 million. The main reasons are:
 - i. Interest payable on HRA borrowing has increased by £0.338 million. This is due to the internal borrowing rates payable to the general fund, which are based on the 30-year PWLB rates. They are forecast to increase from 4.5% to 5.5% following a rise in the Bank of England base rate;
 - ii. Interest received on balances is forecast to increase by £0.267 million. This is due to an increase in the 3-year Sterling Overnight Index Average (SONIA) rate which is forecast to average at 3.7% for the current year. The budget was set at an interest rate of 3.0%; and,
 - iii. Depreciation has increased by £0.182 million following an upward revaluation of Council dwellings by the Council's external valuers.

- d. HRA Income is forecast to underachieve by £0.252 million mainly due to dwelling rent income. Voids are currently running at 3.65% rather than the budgeted figure of 3.0%.

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: Adults, Ageing & Wellbeing – Forecast variance (£1.480) million		
Summary by Project	Under/ Overspend	Reprofiling
	£m	£m
Adult Social Care Capital Fund	-	-
Disabled Facilities Grant	-	(1.078)
Person Centred Care Information System (SWIFT)	-	(0.402)
Sea Lodge Wet Room	-	-
Tynedale House Fire Doors	-	-
Total	-	(1.480)

NOTES - Year End Variances of £0.250 million or more

The main reasons for the forecast variance for Adults, Ageing & Wellbeing are outlined below:

- a. Based on the forecast level of referrals, £1.078 million can be reprofiled to financial year 2024-25.
- b. The contracted payments schedule for the SWIFT system replacement is based on key milestones across the term of the project. As a result, £0.402 million budget is required to be reprofiled to financial year 2024-25. It is anticipated that the project will complete by March 2025.

Service: Chief Executive – forecast variance £ Nil		
Summary by Project	Under/ Overspend	Reprofiling
Project	£m	£m
Fire and Rescue - Fleet	-	-
Fire and Rescue - Equipment	-	-
Fire and Rescue - Berwick Fire Station	-	-
Fire and Rescue - Fire Control and Communication Equipment	-	-
Total	-	-

NOTES - Year End Variances of £0.250 million or more

There are no significant variances to report.

Service: Children, Young People and Education – Forecast variance (£2.057) million		
Summary by Project	Under/ Overspend	Reprofiling
	£m	£m
Basic Needs Programme	-	(0.722)
Children’s Homes Provision	-	(0.500)
High Needs Provision Capital Allocation	0.087	-
Northumberland Skills	(0.119)	-
School Led (Devolved Formula Capital and Energy Efficiency Capital Allocation)	-	(0.025)
Schools Condition Improvement Programme (SCIP)	-	(0.778)
Total	(0.032)	(2.025)

NOTES - Year End Variances of £0.250 million or more

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

- a. Basic Needs Programme - The 2023-24 programme includes the relocation of the Pupil Referral Unit (PRU) and the creation of a Mobile Classroom at Cramlington Learning Village. Works are underway and are aiming to complete in year. However, there are no plans to start additional work to be funded out of Basic Need Grant in 2023-24 and so to meet future requirements, reprofiling is needed.
- b. Children’s Homes Provision – The original capital submission was to build two 4-bed residential homes for young people with the opening of one home expected in the Autumn term. A report has since been approved by cabinet to agree a change in strategy involving the purchase of up to six smaller properties creating a multi-sit residential home. Delays to the original profiling are now expected whilst new properties are sought.
- c. Schools Building Programme (SCIP) - Mobile Classroom refurbishment projects are due to complete in 2023-24 at Seaton Sluice Middle School, Bedlington Station Primary School, Felton Primary School and Shilbottle Primary School. No additional mobile classroom projects have been identified through the SCIP programme, therefore £0.675 million will be reprofiled for future projects. SCIP funding of £0.250 million has been earmarked to assist Northumberland Schools with Energy Efficiency Capital Allocation (EECA) projects, of which £0.103 million has been allocated to works being undertaken in 2024-25 and therefore requires reprofiling to meet the programme.

Service: Place and Regeneration – forecast variance (£10.062) million		
Summary by Project	Under/ Overspend	Reprofiling
Project	£m	£m
Members Local Improvement Schemes	-	(0.680)
Affordable Homes Programme	-	(1.813)
Community Housing Fund	-	(0.679)
Borderlands – Carlisle Station	-	(3.461)
Great Northumberland Forest	-	(0.300)
Rural Business Growth Scheme	(0.896)	-
Property Stewardship	-	(0.214)
Cowley Road Depot Refurbishment and Car Park	-	(2.000)
Yourlink Refurbishment	(0.019)	-
Total	(0.915)	(9.147)

NOTES - Year End Variances of £0.250 million or more

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

- a. Members Local Improvement Schemes based on estimated levels of expenditure incurred in previous financial years with expenditure tending to increase towards the end of the administration period.
- b. Affordable Homes Programme due to increases in construction prices there have been delays to some projects whilst revised delivery models are prepared.
- c. Community Housing Fund predominantly due to the Berwick Youth Project not proceeding due to difficulties in sourcing match funding. The budget will be required in 2024-25 to support new projects that are currently being developed.
- d. Borderlands – Carlisle Station is behind schedule due to the recent Local Government Reorganisation in Cumbria.
- e. Great Northumberland Forest due to the level of applications received to date and the expected level of payments due to be made in the current financial year. The next funding panel will meet in September to consider new applications.
- f. Rural Business Growth Scheme has underspent due to the level of applications received. There were fewer applications received than originally envisaged due to the requirement of recipients having to find match funding from their own resources and a reluctance for this due to the current economic conditions some businesses operate in. The scheme has now concluded with the final

claims submitted to the funders.

- g. Cowley Road Depot Refurbishment and Car Park has been placed on hold pending the outcome of the depot review. It is envisaged any works will now commence in 2024-25 following the conclusion of the review.

Service: Public Health, Inequalities and Stronger Communities – forecast variance £0.200 million

Summary by Project	Under/ Overspend	Reprofiling
Project	£m	£m
Provision of Leisure Facilities within Morpeth	0.200	-
Total	0.200	-

NOTES - Year End Variances of £0.250 million or more

Overspend due to additional car parking drainage works. Officers are currently reviewing options to fund this from the Essential Leisure Remedial Works budget.

Service: Transformation and Resources – forecast variance (£3.250) million

Summary by Project	Under/ Overspend	Reprofiling
Project	£m	£m
Capital Contract Price Inflation	-	(3.250)
Hardware Infrastructure	0.100	-
IT Backup and Recovery	(0.100)	-
Local Full Fibre Network	(0.029)	-
Community Broadband	0.029	-
Total	-	(3.250)

NOTES - Year End Variances of £0.250 million or more

The main reason for the forecast variance for Transformation and Resources is outlined below:

- a. Capital Contract Price Inflation – £3.250 million is required to be reprofiled due to approvals being granted for the Northumberland Line (£2.000 million) and Prudhoe Water World refurbishment (£1.250 million) in 2024-25.

Items approved from the Council's Contingency

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

Recurrent Funding	2023-24	2024-25
	£	£
Release of Firefighters' prior year pay award	200,490	200,490
Restructuring adjustment	(18,450)	(18,450)
Total amount drawn from Contingency recurrently	182,040	182,040

Non-Recurrent Funding	2023-24	2024-25
	£	£
Vehicle Livery	16,500	-
Realignment of Housing Benefit budgets	300,800	-
Armed Forces outreach workers	70,460	-
Total amount drawn from Contingency non-recurrently	387,760	-

Movement in the Council's Reserves

	Opening Balance at 1 April 2023*	Movement in Reserve	Commitments	Forecast Closing Balance at 31 March 2024
	£m	£m	£m	£m
General Reserves/Balances				
General Fund	(50.955)	-	-	(50.955)
Total General Reserve	(50.955)	-	-	(50.955)
Ring-Fenced Reserves/Balances				
Housing Revenue Account	(29.147)	-	2.087	(27.060)
Major Repairs (HRA)	(9.855)	-	1.542	(8.313)
HRA Capital Investment	(1.740)	-	1.630	(0.110)
Total Earmarked HRA Reserves	(40.742)	-	5.259	(35.483)
Specific Reserves/Balances				
Capital Grants Unapplied	(63.478)	-	-	(63.478)
Capital Receipts	(0.093)	-	-	(0.093)
Capital Receipts - HRA	(8.237)	-	-	(8.237)
Total Specific Reserves/Balances	(71.808)	-	-	(71.808)

	Opening Balance at 1 April 2023*	Movement in Reserve	Commitments	Forecast Closing Balance at 31 March 2024
	£m	£m	£m	£m
Earmarked Reserves				
ADC Section 106	(0.002)	-	0.002	-
Balances held by Schools	(8.941)	8.341	(6.955)	(7.555)
Borderlands Energy Masterplan	(0.808)	-	0.808	-
Business Recovery Reserve	(2.322)	-	-	(2.322)
Collection Fund Smoothing	(1.944)	-	1.944	-
Community Led Housing	(0.605)	-	0.071	(0.534)
Contain Outbreak Management	(0.260)	0.260	-	-
Council Commissioned Services	(7.520)	-	7.352	(0.168)
Council Transformation Fund	(17.144)	-	3.051	(14.093)
Council Tax Hardship & Discount Scheme	(6.588)	-	5.324	(1.264)
Dedicated Schools Grant	(4.501)	-	2.888	(1.613)
Economy & Regeneration Investments	(0.050)	-	0.050	-
Empty Dwelling Management Order	(0.077)	-	(0.017)	(0.094)
Estates Rationalisation	(6.257)	0.037	2.350	(3.870)
Exceptional Inflationary Pressures	(1.017)	-	1.017	-
FPF Admin Grant	(0.033)	-	-	(0.033)
FRS HMICFRS Improvement	(0.026)	-	0.018	(0.008)
Firefighters' Immediate Detriment	(0.200)	-	0.100	(0.100)
Food Waste	(0.058)	-	0.058	-
Haltwhistle Repairs Reserve	(0.036)	-	-	(0.036)
Highways Commuted Maintenance Funds	(1.127)	0.054	-	(1.073)
Highways Maintenance Investments	(0.225)	-	0.225	-
Home for Ukraine	(4.586)	-	4.586	-

Appendix M

	Opening Balance at 1 April 2023*	Movement in Reserve	Commitments	Forecast Closing Balance at 31 March 2024
	£m	£m	£m	£m
Insurance	(7.822)	-	0.500	(7.322)
Legal Challenge	(1.071)	-	0.172	(0.899)
NCC Economic Regeneration	(0.138)	-	0.138	-
Open Spaces Maintenance Agreements	(0.094)	-	0.013	(0.081)
Parks and Green Spaces	(0.250)	-	-	(0.250)
Planning Delivery	(1.078)	-	0.545	(0.533)
Problematic Empty Properties	(0.047)	-	0.016	(0.031)
Recruitment & Retention	(0.439)	-	0.010	(0.429)
Regeneration Additional Capacity Reserve	(0.405)	-	-	(0.405)
Regeneration Development Reserve	(2.952)	-	1.602	(1.350)
Repair and Maintenance	(0.250)	-	-	(0.250)
Replacement of Defective Street Lanterns	(2.930)	-	-	(2.930)
Restructuring Reserve	(0.838)	0.014	0.101	(0.723)
Revenue Grants	(20.353)	6.561	2.355	(11.437)
School Libraries	(0.007)	-	-	(0.007)
Sealodge	(0.010)	-	-	(0.010)
Section 106	(14.697)	-	(0.050)	(14.747)
Severe Weather	(7.500)	-	5.000	(2.500)
Social Fund	(0.493)	-	0.120	(0.373)
Sports Development	(0.297)	-	0.010	(0.287)
Storm Arwen	(0.193)	-	0.193	-
Strategic Management Reserve	(49.708)	-	12.812	(36.896)
Transformation of the Revenues & Benefits Service	(0.215)	-	0.060	(0.155)
Violence Reduction	(0.039)	-	0.039	-

	Opening Balance at 1 April 2023*	Movement in Reserve	Commitments	Forecast Closing Balance at 31 March 2024
	£m	£m	£m	£m
Winter Services	(2.000)	-	-	(2.000)
Women's Safety in Public Places	(0.022)	-	0.022	-
Total Earmarked Reserves	(178.175)	15.267	46.530	(116.378)
Total Usable Reserves	(341.680)	15.267	51.789	(274.624)

	Opening Balance at 1 April 2023*	Movement in Provision	Commitment s	Forecast Closing Balance at 31 March 2024
	£m	£m	£m	£m
Provisions				
Redundancy	(0.545)	0.031	0.514	-
NNDR Appeals	(5.212)	-	(1.750)	(6.962)
Estates Rationalisation Project	(0.577)	-	0.450	(0.127)
Compensation Claims	(0.080)		0.042	(0.038)
Contractor Claims	(0.330)	-	0.330	-
Total Provisions	(6.744)	0.031	(0.414)	(7.127)
Total Reserves & Provisions	(348.424)	15.298	51.375	(281.751)

*Provisional un-audited opening balance figure

Virements April to June 2023

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