



Northumberland

County Council

CABINET

12 December 2023

Financial Performance 2023-24 – Position at the end of September 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 and forecast financial position for the Council against the Budget for 2023-24.

2. Recommendations

- 2.1 Members are requested to:

- Approve the re-profiling to the Capital Programme of £55.961 million from 2023-24 to 2024-25 to reflect estimated expenditure levels in the current financial year.

- 2.2 Members are requested to note:

- the projected overspend on services of £0.593 million and the assumptions outlined in this report.
- the projected net overspend of £0.949 million after accounting for outstanding inflationary pressures and the utilisation of the Exceptional Inflation Reserve and contingency.
- 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 N.
- the details of capital project reprofiling 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 September 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 September 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 £158.215 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	130.290	0.067
Chief Executive	34.854	35.581	0.727
Children, Young People & Education	86.215	89.970	3.755
Place and Regeneration	80.156	81.820	1.664
Public Health, Inequalities & Stronger Communities	13.627	13.144	(0.483)
Transformation & Resources	29.321	28.282	(1.039)
Total Services	374.396	379.087	4.691
Corporate Expenditure and Income	27.028	22.930	(4.098)
Total Net Expenditure	401.424	402.017	0.593
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	(17.397)	(17.397)	-
Total Funding of Services	(401.424)	(401.424)	-
Net Total	-	0.593	0.593

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 was 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 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	0.593
Pay award funding shortfall (estimate)	3.228
Transfer from Exceptional Inflation Reserve	(1.017)
Use of contingency	(1.855)
Net overspend	0.949

6.3 Key Movements

6.3.1 The key movements from the June position previously reported to Cabinet are summarised below:

	£m
June position (after pay inflation and the use of reserves and contingency)	4.471
Increase in investment interest	(2.477)
Reduction in borrowing costs	(1.802)
Reduction in energy costs	(0.823)
Increase in cost of external residential and supported accommodation placements for children	1.956
Other changes	(0.376)
September position (after pay inflation and the use of reserves and contingency)	0.949

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 July to September 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 the period July to September 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 July to September 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 £15.902 million, approved by Cabinet on 12 September 2023, reprofiled from 2023-24 to 2024-25. In addition, further approvals totalling £44.776 million have been agreed by Cabinet for additional schemes.

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

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	0.953	5.380	0.884	3.429	(1.951)	-	(1.951)
Chief Executive	2.016	0.500	2.516	0.994	2.516	-	-	-
Children, Young People & Education	32.622	7.145	39.767	5.522	26.778	(12.989)	(0.018)	(12.971)
Place and Regeneration	166.270	84.388	250.658	63.069	211.399	(39.259)	(0.972)	(38.287)
Public Health, Inequalities and Stronger Communities	0.800	1.385	2.185	1.548	2.085	(0.100)	0.200	(0.300)
Transformation and Resources	16.814	7.141	23.955	5.941	21.503	(2.452)	-	(2.452)
Total Programme	222.949	101.512	324.461	77.958	267.710	(56.751)	(0.790)	(55.961)
Financed by:								
Capital Receipts	5.589	-	5.589					
External Grants	96.863	61.512	158.375					
GF Borrowing	106.236	35.563	141.799					
GF Revenue Contributions (RCCO)	0.250	5.757	6.007					
HRA Contributions (MRR & RCCO)	14.011	(1.320)	12.691					
Total Financing	222.949	101.512	324.461					

- 8.4 Year-to-date capital expenditure is £77.958 million with forecast expenditure of £267.409 million. The major areas of capital investment during the year to date are as follows:
- i. £43.164 million invested in transport schemes including infrastructure, traffic management, integrated transport schemes and the reintroduction of the Northumberland Line.
 - ii. £3.037 million invested in fleet replacement.
 - iii. £8.009 million invested in the Council's housing stock.
- 8.5 There is a net forecast variance of £56.751 million across the 2023-24 Capital Programme comprising of £55.961 million net reprofiling from 2023-24 to 2024-25 and £0.790 million underspend. A summary of the significant variances can be found at Appendix K with an explanation of those greater than £0.250 million and a full list of reprofiling can be found at Appendix O.
- 8.6 It is recommended that Cabinet approves estimated net reprofiling of £55.961 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:

Asset Disposals	General Fund £m	HRA £m
Completed and available for use in year	0.252	1.108
On the market	-	-
Terms Agreed	1.459	-
Contracts exchanged	0.093	-

- 9.2 The closing balance on the Capital Receipts Reserve at 31 March 2023 was £8.330 million (£0.093 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 July to September 2023:

	Previous Quarter	Movement - Sept 23	Current
Outstanding principal - at quarter end (£m)	744.876	(22.523)	722.353
Weighted average interest rate - year to date (%)	3.147	(0.041)	3.106
Quarter end external borrowing as % of Operational Boundary (Borrowing)	77.262	(2.336)	74.926

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 September 2023, the Council's external borrowing represented 74.93% 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 September 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 Sep 2023 £m
External Borrowing	1,156.913	964.094	722.353

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

Lender Category	Repayment Type	Opening Balance £m	Repaid – Jul - Sept 2023 £m	New Borrowing Jul - Sept 2023 £m	Closing Balance £m
PWLB	EIP	3.501	-	-	3.501
PWLB	Annuity	0.540	(0.019)	-	0.521

Lender Category	Repayment Type	Opening Balance	Repaid – Jul - Sept 2023	New Borrowing Jul - Sept 2023	Closing Balance
		£m	£m	£m	£m
Salix	EIP	0.031	(0.004)	-	0.027
PWLB	Maturity	445.204	(0.500)	-	444.704
Other Local Authorities	Maturity	50.000	-	-	50.000
Other/Market	Maturity	245.600	(22.000)	-	223.600
Total		744.876	(22.523)	-	722.353

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 September 2023, against the prescribed limits:

Maturity Structure	Upper Limit for 2023-24	Actual 30 Sept 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 July to September 2023:

	Previous Quarter	Movement - Jul - Sept 2023	Current
Outstanding principal - at month end (£m)	154.550	(36.400)	118.150
Weighted average interest rate - year to date (%)	4.444	0.309	4.753

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

Category	Opening Balance	Repaid – Jul - Sept 2023	New Investment Jul - Sept 2023	Closing Balance
	£m	£m	£m	£m
Term Deposit Banks	25.000	(15.000)	5.000	15.000
Term Deposit Building Societies	10.000	(10.000)	10.000	10.000
Term Deposit Other Local Authorities	35.000	(35.000)	37.000	37.000
Money Market Funds	74.550	(209.500)	191.100	56.150
Debt Management Office (DMO)	-	(45.000)	45.000	-
Notice Accounts	10.000	(10.000)	-	-
Total	154.550	(324.500)	288.100	118.150

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 September 2023:

	Limit 2023-2024 £m	Actual Highest £m	Actual 30 Sept 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.

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 September 2023	0.738	2.382	2.224	1.276	6.620
Balance Available	2.262	0.618	0.776	(1.276)	2.380

11.3 Projects have already been approved by the Be3st Working 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 workstreams. 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 backfill for those staff involved in the work on a temporary basis. 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 September are as follows:

	2023-24 Approved requests	2023-24 Expendi ture to 30 Sept	2023-24 Commit ments Oct to Mar	2023-24 Forecast Expendit ure	2023-24 Forecast Variance
	£m	£m	£m	£m	£m
Opening Balance	3.000				
Total as at 30 September	2.382	0.491	1.312	1.803	(0.579)
Balance Remaining at 30 September	0.618				1.197

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:	Market Sustainability and Improvement Fund – Workforce Fund
Purpose:	To enable local authorities to make tangible improvements to Adult Social Care, in particular to increase social care workforce capacity and retention, reduce social care waiting times and increase fee rates paid to social care providers.
Value:	£2,313,875
Recurrent/Non-recurrent:	Non-recurrent

Directorate:	Adults, Ageing & Wellbeing
Grant Awarding Body:	North East & North Cumbria Integrated Care Board
Name of Grant:	S256 funding for JELS Cramlington Store
Purpose:	To fund the rent and associated lease costs of the Joint Equipment Loan Store
Value:	£93,020
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 July 2023 to reflect school academy conversions since April 2023 and updated early years block funding.
Value:	£1,940,750 reduction in grant
Recurrent/Non-recurrent:	Recurrent

Directorate:	Children, Young People and Education
Grant Awarding Body:	Department for Education
Name of Grant:	Early Years Supplementary grant
Purpose:	The funding is provided so local authorities can increase the amount of funding they pass on to early years providers for the delivery of funded early years entitlements up to March 2024.
Value:	£1,020,508
Recurrent/Non-recurrent:	Non-recurrent, will be merged into the Dedicated Schools Grant in future years

Directorate:	Children, Young People and Education
Grant Awarding Body:	Department for Education
Name of Grant:	Extension of the role of Virtual School Heads to children with a social worker
Purpose:	To support local authorities to help them extend the role of the Virtual School Head to promote the educational outcomes of the cohort of children with a social worker.
Value:	£119,189 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:	Teachers Pay additional Grant
Purpose:	Funding provided to support maintained schools to meet the cost of the 2023-24 Teachers pay award.
Value:	£1,233,750 for September 2023– March 2024
Recurrent/Non-recurrent:	Grant allocations to be confirmed for 2024-25. Grant will then merge into Dedicated Schools Grant from 2025-26 onwards.

Directorate:	Place and Regeneration
Grant Awarding Body:	Department for Levelling Up, Housing & Communities
Name of Grant:	Energising Blyth – Deep Dive
Purpose:	To level up the town by upgrading poor quality housing, tackling health inequalities, improving access to local jobs and cutting crime.
Value:	£20,710,000 Capital £19,630,000 2023-24 £4,159,000; 2024-25 £6,771,000; 2025-26 £8,700,000 Revenue £1,080,000 2023-24 £363,333; 2024-25 £540,000; 2025-26 £176,667
Recurrent/Non-recurrent:	Non-Recurrent

Directorate:	Place and Regeneration
Grant Awarding Body:	UK Shared Prosperity Fund (Rural Growth) and North of Tyne Investment Fund
Name of Grant:	Northumberland Small Business Service (NSBS)
Purpose:	To provide a comprehensive business and enterprise support service to small businesses (those employing less than 50 employees and with a turnover of less than £10.000 million).
Value:	£2,810,802 2023-24 £848,258; 2024-25 £1,043,312; 2025-26 £919,232
Recurrent/Non-recurrent:	Non-Recurrent

Directorate:	Place and Regeneration
Grant Awarding Body:	UK Shared Prosperity Fund (Rural Growth) and North of Tyne Investment Fund
Name of Grant:	Rural Asset Multiplier Programme (RAMP)
Purpose:	To progressively develop a place-based approach to ensure that investment and impact are focused rather than dispersed through the

	integrated delivery of multiple elements of the Stewardship and Rural Growth Plan within specific localities.
Value:	£1,966,926 2023-24 £322,498; 2024-25 £858,543; 2025-26 £785,885
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	
Adults, Ageing & Wellbeing	-	-	4.679	4.679
Chief Executive	-	0.180	0.271	0.451
Children, Young People & Education	0.301	0.063	0.388	0.752
Place and Regeneration	0.442	-	3.270	3.712
Public Health, Inequalities & Stronger Communities	0.169	-	0.825	0.994
Transformation & Resources	0.069	-	1.990	2.059
Corporate	-	-	4.398	4.398
Total	0.981	0.243	15.821	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 of Spring 2024 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 £0.648 million based upon the revised 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.

Public Health, Inequalities & Stronger Communities

A £0.045 million staff savings within Customer Services has not been realised as the move to the PlaceCube platform has been delayed. The migration, supported by the BEST

workforce began on 25 September however the anticipated customer channel shift will not be realised until 2024-25.

A £0.124 million saving expected from the Tourist Information Centres (TICs) has not been achieved due to the TICs at Craster, Seahouses and the Morpeth Chantry continuing to operate on a business-as-usual basis, which is expected to continue until January 2024 at the earliest for the former two. A growth bid has been submitted to reinstate the Morpeth Chantry budget recurrently from 2024-25 which this will be considered as part of the budget.

Transformation & Resources

A £0.069 million saving within Revenues and Benefits for the anticipated 20% reduction in postage costs has not yet been delivered as originally intended, however this has been achieved within the service through other non recurrent compensating savings. It is expected that this saving will be achieved in the future as a campaign is underway to promote an increase in online billing and to look at ways to make these bills more accessible to customers online. The Accounts Receivable Team is also looking at an initiative that involves sending out more invoices electronically which would reduce the outgoing post.

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	20.837	20.815	(0.022)
Integrated Commissioning	84.011	98.026	99.128	1.102
Business Support	4.315	2.929	2.811	(0.118)
In-House Provider Services	6.128	7.397	6.705	(0.692)
Executive Director	0.698	1.034	0.831	(0.203)
Total Adults, Ageing & Wellbeing	117.390	130.223	130.290	0.067

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 underspend by £0.022 million. This is due to the following:
 - i. Staffing-related budgets are forecast to underspend by £0.091 million as a result of vacant posts;
 - ii. Non-staffing related budgets are forecast to underspend by £0.247 million; and,
 - iii. The delay in the redesign of the Telecare service will result in £0.316 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 £1.102 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 £0.692 million. This is due to the following:
 - i. Staffing-related budgets are forecast to underspend by £0.190 million because of vacant posts;
 - ii. Transport related expenditure including client transport costs are forecast to underspend by £0.193 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 £0.219 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	0.399	0.367	(0.032)
Fire and Public Protection	22.119	22.801	23.557	0.756
Strategy and Communications	1.104	1.189	1.187	(0.002)
Law and Corporate Governance	6.309	6.018	6.318	0.300
Workforce	4.168	4.447	4.152	(0.295)
Total Chief Executive	34.044	34.854	35.581	0.727

NOTES - Year End Variances of £0.250 million or more

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

- a. Fire and Public Protection is forecast to overspend by £0.988 million due to:
 - i. There is a forecast underspend of £0.191 as a result of vacant posts, offset by forecast overtime costs of £0.445 million;
 - ii. There is a forecast overspend on data lines of £0.302 million due to a number of contractual and inflationary increases which have been identified as a budget pressure within the 2024-25 budget setting process; and,
 - iii. Within Building Control there is a forecast overspend of £0.225 million as a result of additional non recurrent costs associated with the demolition of a dangerous building, and an underachievement of Building Regulation Fees.
- b. Law and Corporate Governance is forecast to overspend by £0.300 million due to:
 - i. Legal Services are forecasting a £0.173 million overspend relating to staff regrades, plus the cost of the temporary Director of Law and Corporate Governance of £0.067 million prior to the Senior Management restructure, offset by vacancies of £0.111 million; and,
 - ii. External legal fees are forecast to overspend by £0.136 million due to increase in fees and an increase in complex childcare cases.
- c. Workforce is forecast to underspend by £0.295 million due to:
 - i. Human Resources, Learning & Organisational Development, Corporate Union and Postgraduates are forecast to underspend of £0.232 million due to vacant posts; and,
 - ii. Apprenticeships are forecast to underspend £0.147 million. There will be no further appointments to apprenticeship posts before the end of the 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: 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	52.686	55.942	3.256
Education, SEND & Skills	34.980	33.529	34.028	0.499
Total Children, Young People and Education	85.206	86.215	89.970	3.755
Dedicated Schools Grant	(1.532)	160.649	161.199	0.550

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:

- a. Children, Young People and Families is forecast to overspend by £3.256 million due to:
 - i. The Commissioned Placements and Support Services budgets is forecast to overspend by £3.768 million:
 - There is a £4.407 million overspend on external residential care placements. There are currently 45 residential placements, 3 independent supported living arrangements and a further emergency placement. This position is exacerbated by an increase in the average cost of placements due to market conditions, and in some cases the increasingly complex needs of the young people which is a national problem faced across many local authorities; and,
 - 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 Spring 2024;
 - ii. The Residential and Family Placement budget is forecast to underspend by £0.722 million:
 - There is an expected overspend of £0.518 million on foster care allowances (both in-house and independent agencies) adoption allowances and special guardianship allowances (SGO). Whilst there has been some growth in the number of SGO allowances, the pressure has largely arisen due to a mandatory inflation increase of 12.43% on the allowances that was announced after the Council set its budget for 2023-24, and exceeded the estimated inflation by 7%;
 - The new children's home was originally due to open in May 2023, but this is now expected to be Spring 2024 with the recruitment process underway. This will result in an underspend of £0.648 million on the running costs of the home which offsets the saving that will not be achieved on external placements;

- Kyloe House is expected to run at an underspend of £0.854 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, and,
 - The Family Placement Service is expected to overspend by £0.275 million across client transport and other placement costs which are ad-hoc costs for Looked After Children.
- iii. The Early Help, Northumberland Adolescent Service (NAS) and Disabled Children's Service is forecast to underspend by £0.573 million due to:
- There is a forecast overspend of £0.379 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,
 - There is additional grant of £0.835 million related to Unaccompanied Asylum-seeking Children grant and Turnaround grant funding which will be used to meet existing expenditure across the service
- iv. The Safeguarding service is forecast to overspend by £0.313 million due to:
- There is an expected overspend of £0.465 million across the service on client transport. This results from a combination of increased demand for the service and the current high inflationary environment.
- b. Education, SEND & Skills is forecast to overspend by £0.499 million due to:
- i. There is an overspend of £0.856 million on the cost of SEN transport for the 431 routes currently transporting 1,712 pupils and escorts. This is forecast to rise over the year up to 1,758 pupils. Current estimates are less than expected at Northumberland special schools and higher at both mainstream schools and independent education provision. This has generated an increase in the forecast overspend as the average cost of routes to mainstream and independent provision is higher than to special schools due to economies of scale possible.
 - ii. Mainstream transport is forecast to underspend by £0.183 million. This is due to a slight decrease in average contract costs and a bank holiday at Easter falling in this financial year.
- c. The Dedicated Schools Grant is forecast to overspend by £0.550 million which will be met by a transfer from the DSG reserve, this is due to:
- i. The forecast overspend on SEN top-ups is £1.005 million based on expected growth of 16% for the 2023-24 academic year across both mainstream and special schools in the authority.
 - ii. This is offset by an underspend of £0.213 million across staffing on vacancies across SEN support services.
 - iii. There is also an underspend of £0.280 million on the budget set aside to fund additional SEN places across mainstream schools and special schools. There was a contingency set aside for places required above those that were commissioned at the beginning of the year and it is not expected that this will be fully required. Place funding will be confirmed once the October 2023 census data is verified.

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	5.653	5.295	5.325	0.030
Environment and Transport	71.455	73.121	73.641	0.520
Housing and Planning	5.435	1.740	2.854	1.114
Total Place and Regeneration	82.543	80.156	81.820	1.664

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 £0.520 million due to:
 - i. Highways and Transport are forecast to underspend by £0.637 million mainly due to an overachievement of income of £0.400 million from parking charges and penalty charge notices and £0.300 million overachievement of income on street works, Section 74 overrun charges and fixed penalty notices;
 - ii. Neighbourhood Services is forecast to overspend mainly due to an anticipated shortfall in income of £0.370 million from Blyth Crematorium due to the impact of a new private crematorium opening; and,
 - iii. The Waste PFI Contract is forecast to overspend by £0.715 million. As of 1 January 2023, the Environment Agency has 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 £0.245 million.
- b. Housing and Planning is forecast to overspend by £1.114 million mainly due to:
 - i. £0.882 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	0.021	0.021	-
Stronger Communities	23.138	13.606	13.123	(0.483)
Total Public Health, Inequalities and Stronger Communities	23.202	13.627	13.144	(0.483)

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 is forecast to break even:
 - 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 £0.904 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. Stronger Communities is forecast to underspend by £0.483 million as:
 - i. Within Customer Services there is a forecast underspend of £0.275 million. This is mainly due to £0.262 million underspend on staffing vacancies, most of which are planned to be filled within the 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: Transformation and Resources

Summary by Service	2022-23 Outturn	Budget	Forecast Outturn	Variance
Service	£m	£m	£m	£m
Audit and Risk Management	0.838	0.853	0.764	(0.089)
Digital & IT	10.375	11.484	11.454	(0.030)
Executive Director of Transformation and Resources	46.422	2.759	2.828	0.069
Finance and Procurement	5.139	5.924	5.379	(0.545)
Strategic Change & Service Improvement	4.620	8.301	7.857	(0.444)
Total Finance	67.394	29.321	28.282	(1.039)

NOTES - Year End Variances of £0.250 million or more

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

Digital and IT is forecast to underspend by £0.030 million due to:

- i. Part year staffing vacancies totalling £0.221 million across the service which are expected to be filled during 2023-24;
- ii. £0.083 million non-recurrent overspend on computer software; and,
- iii. £0.108 million forecast overspend on non-staffing due to increased consultancy fees expected to bridge a temporary skills gap within the service.

Finance and Procurement is forecast to underspend by £0.545 million due to:

- a. Transactional Services is forecast to underspend by £0.257 million:
 - i. A forecast underspend of £0.222 million relating to Revenue and Benefits is due to staff vacancies of £0.221 million, most of which are expected to be filled within the year. There is also an additional £0.118 million grant funding that has been received for New Burdens.
 - ii. Within Cost of Benefits there is a forecast net overspend in relation to Rent Allowance and Rent Rebate payments and claimed subsidy of £0.299 million. This forecast is due to the payments made in relation to the increased application of Supported Exempt Accommodation schemes which attract only 60% subsidy from the Department for Work and Pensions (DWP).
 - iii. Forecast additional income of £0.140 million from Oxygen Finance Fiscal following a review of duplicate supplier payments.

- iv. An underspend of £0.134 million is forecast within Cashiers and Income Management mainly due to saving in renegotiating contracts.

Strategic Change & Service Improvement is forecast to underspend by £0.444 million due to:

- i. A forecast underspend across Property running costs of £0.353 million as a result of utility costs now expecting to be lower than originally anticipated due to usage.

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

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Corporate Expenditure and Income

Summary by Service	2022-23 Outturn	Budget	Forecast Outturn	Variance
Service	£m	£m	£m	£m
Corporate Items	(7.944)	32.079	32.260	0.181
Treasury Management	(26.442)	(23.243)	(25.720)	(2.477)
Capital Financing	93.046	18.192	16.390	(1.802)
Corporate Funding	(470.047)	(401.910)	(401.910)	-
Total Other Corporate Expenditure & Income	(411.387)	(374.882)	(378.980)	(4.098)

NOTES - Year End Variances of £0.250 million or more

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

- a. Treasury Management is forecast to underspend by £2.477 million due to:
 - i. The Council's budgeted investment income return for 2023-24 was originally £2.800 million. Due to the significant increase in interest rates in the first half of the year, and the higher than anticipated level of balances available for investment, returns to date have already achieved the budgeted level. It is estimated that investment interest received by year end will be £5.265 million, resulting in a forecast over-achievement of investment income of around £2.477 million.
- b. Corporate Financing is forecast to underspend by £1.802 million due to:
 - i. Total external borrowing has decreased by £23.025 million, from £745.378 million at the start of the year to £722.353 million at 30 September 2023. This is due to maturing existing loans. However, taking into account future loan maturities and new borrowing, a net additional borrowing of approximately £110.000 million is forecast in the final quarter of the financial year. Overall borrowing is projected to total around £831.825 million by 31 March 2024 which is around £32.001 million lower than anticipated. Although savings resulting from the reduced levels of borrowing will be partly offset by the higher than expected interest rates payable on those new loans taken out within the year, it is expected to generate an overall underspend of around £1.802 million.

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

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Housing Revenue Account

Summary by Service	2022-23 Outturn	Budget	Forecast Outturn	Variance
Service	£m	£m	£m	£m
Housing Management	6.312	6.927	6.575	(0.352)
Housing Special	0.891	1.015	1.109	0.094
Repairs and Maintenance	9.540	9.148	9.663	0.515
Housing Capital Works	0.494	0.631	0.623	(0.008)
Other HRA Services	13.663	14.882	14.666	(0.216)
HRA Income	(30.175)	(32.916)	(32.664)	0.252
Total HRA Expenditure & Income	0.725	(0.313)	(0.028)	0.285

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 underspend by £0.352 million mainly due to part year vacancies.
- b. Repairs and Maintenance is forecast to overspend by £0.515 million. The main reasons are:
 - i. £1.117 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 £0.525 million on salaries due to part year vacancies.
- c. Other HRA Services is forecast to underspend by £0.216 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 £0.721 million. This is due to an increase in the 3-year Sterling Overnight Index Average (SONIA) rate which is forecast to average at 4.4% 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 3.72% 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 (£1.951) million		
Summary by Project	Under/ Overspend	Reprofiling
	£m	£m
Adult Social Care Capital Fund	-	(0.231)
Disabled Facilities Grant	-	(1.500)
Person Centred Care Information System (SWIFT)	-	-
Sea Lodge Wet Room	-	-
Telecare Digital Switch	-	-
Tynedale House Fire Doors	-	(0.220)
Total	-	(1.951)

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, £1.500 million from the Disabled Facilities Grant can be reprofiled to financial year 2024-25.

Service: Chief Executive – forecast variance £ Nil

Summary by Project	Under/ Overspend	Reprofiling
Project	£m	£m
Fire and Rescue - Berwick Fire Station	-	-
Fire and Rescue - Equipment	-	-
Fire and Rescue - Fleet	-	-
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 (£12.989) million		
Summary by Project	Under/ Overspend	Reprofiling
	£m	£m
High Needs Provision Capital Allocation	0.184	-
Northumberland Skills	(0.106)	-
School Led (DFC and EECA)	(0.096)	(0.025)
School Redevelopments	-	(10.443)
Schools Condition Improvement Programme (SCIP)	-	(0.103)
SEN Capacity Growth	-	(2.400)
Total	(0.018)	(12.971)

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. School Redevelopments – Coquet and Seaton Valley redevelopments require a change in funding profile over the life of the Medium-Term Financial Plan to meet requirements and full scope of the projects. Additional Capital Bids are currently being considered to meet the rising inflationary costs of these projects.
- b. SEN Capacity Growth - SEN Capacity Growth will be expanded in the School Redevelopment projects at Seaton Valley, Berwick and Coquet. Therefore, there is a delay around satellite projects expanding SEN Capacity Growth.

Service: Place and Regeneration – forecast variance (£39.259) million		
Summary by Project	Under/ Overspend	Reprofiling
Project	£m	£m
A1068 Shilbottle Road Junction Improvements	-	(1.090)
Affordable Homes Programme	-	(4.955)
Ashington Town Centre Renewal and Strategic Sites Programme	-	(0.800)
Bedlington Town Centre Redevelopment Phase 1 and 2	-	(1.174)
Berwick Maltings	-	(1.000)
Blyth Relief Road	-	(2.783)
Choppington Mineral Rights	(0.300)	-
Climate Change Capital Fund	-	(0.959)
Community Housing Fund	-	(0.041)
County Hall Refurbishment	-	(0.515)
Department for Transport Challenge Fund – Steel Structures	-	(0.026)
Energising Blyth Levelling Up Deep Dive – Energy Central Campus Training Kit	-	(1.450)
Energising Blyth Programme	-	(9.008)
Fleet Replacement Programme	-	(0.519)
Flood and Coastal Erosion Risk Management (FCERM) - Beadnell	-	(0.697)
FCERM – Bingfield	0.017	-
FCERM – Branton Surface Water	-	(0.020)
FCERM – Hepscott Flood Alleviation Scheme	-	(0.178)
FCERM – Kirkwell Cottages	-	(0.041)
FCERM – Loansdean	-	(0.045)
FCERM – Meggies Burn	-	(0.006)
FCERM – Ovingham Surface Water	-	(0.053)
FCERM – Red Row	-	(0.052)
FCERM – Wark	(0.047)	-
FCERM – Wylam	-	(0.130)

Great Northumberland Forest	-	(0.233)
Great Northumberland Forest – Storm Arwen	-	(0.250)
Hexham – The Shambles	-	(0.250)
Highway Maintenance and Pothole Repair Fund	-	(0.503)
Highways Laboratory Expansion	-	(0.300)
Hirst Area Containerisation of Waste	(0.050)	-
Leisure Buildings – Essential Remedials	(0.200)	-
Loan to NELEP – Ashwood Business Park	-	(1.335)
Local Cycling and Walking Infrastructure	-	(3.500)
Local Transport Plan	-	(2.596)
Members Local Improvement Schemes	-	(0.234)
Portland Park – Grant to Advance Northumberland	-	(3.000)
Prudhoe Waterworld Improvements	-	(0.160)
Rural Business Growth Scheme	(0.896)	-
Salt Barns	-	(0.384)
Solar Photovoltaic/Ground Source Heat Pumps	0.019	-
Union Chain Bridge	0.504	-
Yourlink Refurbishment	(0.019)	-
Total	(0.972)	(38.287)

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. A1068 Shilbottle Road Junction Improvements reprofiling is due to traffic modelling currently being procured/undertaken to satisfy National Highways requirements with a design to be completed following the National Highways response to the modelling. The scheme has been delayed due to workload and resourcing issues, with construction expected to commence in February/March and continue into 2024-25.
- b. Affordable Homes Programme - several schemes have commenced but due to increased prices in construction, there have been delays in some projects while revised models have been updated and approved. For other schemes, work is in progress with demolition being finalised and groundwork preparation beginning to be ready for project commencement in 2024-25.
- c. Ashington Town Centre Renewal and Strategic Sites Programme with detailed design of the scheme continuing with construction works expected to commence in Summer 2024.

- d. Bedlington Town Centre Redevelopment Phase 1 and 2 based on the current cashflow statement supplied by Advance Northumberland. There have been delays in the project due to the collapse of the main contractor, with a new contractor now appointed to complete the scheme.
- e. Berwick Maltings due to delays in the programme as more time is being expended on design work than envisaged as the cost estimate for the scheme is currently significantly higher than the previous estimate on which the budget allocation is based. The design team is therefore looking at options for reducing the cost to narrow the budget gap and there have also been delays resulting from archaeological exploration on the site.
- f. Blyth Relief Road. The outline business case has been submitted to the Department for Transport (DfT) with clarifications/queries being resolved with them. The scheme is currently progressing at risk using Council funds until the DfT approve the outline business case. Recent guidance published by the DfT (Network North) has indicated a change in government contributions from a maximum contribution of 85% to 100% of costs identified in the Outline Business Case.
- g. Choppington Mineral Rights The mineral rights for the whole development were purchased in 2019-20 so no more are required to be purchased for future requirements.
- h. Climate Change Capital Fund - The unallocated balance in 2023-24 is being reprofiled to be used on sustainability, solar and ground source heat pump projects currently being devised for delivery in 2024-25.
- i. County Hall Refurbishment - refurbishment of the dog leg is currently on hold and the front of house, basement and rear-entrance stairwell works are to be completed in 2024-25.
- j. Energising Blyth Levelling Up Deep Dive – Energy Central Campus Training Kit. This will be defrayed in 2024-25 for equipment the facility requires once construction has been completed.
- k. Energising Blyth Programme with work commencing on the construction of the Energy Central Campus and the Culture Centre and Market Place improvements. Business cases on other elements of the programme are being prepared and finalised for approval.
- l. Fleet Replacement Programme being reviewed. Due to the challenging market conditions continuing it is currently expected that reprofiling will be required. However, this may change as manufacturers amend expected delivery dates.
- m. FCERM – Beadnell. The business case is in the process of being finalised with design expected to commence in the current financial year and construction to commence in 2024-25 subject to planning consents and a successful business case.
- n. Great Northumberland Forest – Storm Arwen. Further funding panels were convened in October and November due to increased demand with further grants to be awarded to cover the planting season between October and March.
- o. Hexham – The Shambles. This work is now expected to be undertaken between April and November 2024.
- p. Highways Maintenance and Pothole Repair Fund due to works potentially clashing with utility works and other schemes that are scheduled to be undertaken.
- q. Highways Laboratory Expansion. Approval to commence the scheme is currently awaited with construction expected to commence in February 2024.
- r. Loan to NELEP – Ashwood Business Park. An updated cost report has been received from the Project Team to reflect revised expenditure and the on-going timeline for delivery of the project.
- s. Local Cycling and Walking Infrastructure with design on the schemes for Blyth Town Centre to

South Beach and Ashington to North Seaton progressing with an expectation that the majority of construction works will take place in 2024-25.

- t. Local Transport Plan due to works potentially clashing with utility works and other schemes being undertaken and due to delays in obtaining third party permissions.
- u. Portland Park – Grant to Advance Northumberland due to being linked to the regeneration of Ashington Town Centre and is expected to be defrayed in 2024-25 in line with the main construction works.
- v. 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.
- w. Salt Barns - discussions are continuing around the potential site in Morpeth with the expenditure likely to be incurred in 2024-25 if successful.
- x. Union Chain Bridge scheme is currently £0.504 million overspent in 2023-24. Discussions are ongoing with the contractor to achieve a settlement on the final account position to avoid an adjudication process. A final reconciliation will then be needed following the outcome of this process to identify any shortfall in funding to be shared between the Council and Scottish Borders Council.

Service: Public Health, Inequalities and Stronger Communities – forecast variance (£0.100) million

Summary by Project	Under/ Overspend	Reprofiling
Project	£m	£m
Northumberland Playzones	-	(0.300)
Provision of Leisure Facilities within Morpeth	0.200	-
Total	0.200	(0.300)

NOTES - Year End Variances of £0.250 million or more

The main reasons for the forecast variance for Public Health, Inequalities and Stronger Communities are outlined below:

- a. The Northumberland Playzones are unlikely to commence this financial year until confirmation of the outcome of the Football Foundation grant funding bid is known, and when ground conditions improve for this type of construction work; costs are therefore likely to slip into 2024-25.
- b. The forecast £0.200 million overspend is due to additional car parking drainage works which will be funded from the Essential Leisure Remedial Works budget.

Service: Transformation and Resources – forecast variance (£2.452) million		
Summary by Project	Under/ Overspend	Reprofiling
Project	£m	£m
Broadband Phase 2 Gainshare Extension	-	(0.656)
Community Broadband	-	(1.663)
Craster Mast	-	(0.050)
Hardware Infrastructure	(0.002)	-
IT Backup and Recovery	(0.100)	-
Local Full Fibre Network	-	(0.083)
Server Infrastructure	0.102	-
Total	-	(2.452)

NOTES - Year End Variances of £0.250 million or more

The main reasons for the forecast variance for Public Health, Inequalities and Stronger Communities are outlined below:

- a. Broadband Phase 2 Gainshare Extension. Only £0.070 million anticipated expenditure for 2023-24 which is less than originally anticipated due to the Top Up Scheme to support Building Digital UK (BDUK) Rural Gigabit being placed on hold in 2023-24. Gainshare funds were expected to support this scheme in 2023-24 however, due to the delay this funding is now expected to be spent in 2024-25. £3.763 million additional gainshare is due from BT in year. A further payment of £1.735 million will be made to BDUK Ltd with the remaining funds reprofiled into 2024-25.
- b. Community Broadband. 2023-24 expenditure is estimated at £0.279 million due to BDUK putting their voucher scheme to support rural gigabit on hold during 2023-24, only recently making vouchers available to some suppliers. Due to this the remaining funding is to be reprofiled into 2024-25 as spend has not been as high as originally anticipated in 2023-24.

Items approved from the Council's Contingency

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

Recurrent Funding	2023-24	2024-25
	£	£
E-licencing computer software returned to contingency	(100,000)	-
Release of Firefighters pay award agreed from 1 July 2023	405,300	-
Pay award adjustment	32,180	-
Total amount drawn from Contingency recurrently	337,480	-

Non-Recurrent Funding	2023-24	2024-25
	£	£
2 Graduates from the National Local Government Development Programme	27,220	-
Cyber Security	97,130	-
Coronation Events	70,000	-
Information Services Recruitment Campaign	14,770	-
CapitaONE Education Management System	20,030	-
Northumberland Wide Area Network	553,400	-
Total amount drawn from Contingency non-recurrently	782,550	-

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)	-	0.973	(28.174)
Major Repairs (HRA)	(9.855)	-	0.132	(9.723)
HRA Capital Investment	(1.740)	-	0.177	(1.563)
Total Earmarked HRA Reserves	(40.742)	-	1.282	(39.460)
Specific Reserves/Balances				
Capital Grants Unapplied	(63.478)	-	-	(63.478)
Capital Receipts	(0.093)	-	-	(0.093)
Capital Receipts - HRA	(8.237)	-	0.395	(7.842)
Total Specific Reserves/Balances	(71.808)	-	0.395	(71.413)

	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	(5.519)	(6.119)
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)	2.434	0.619	(1.448)
Economy & Regeneration Investments	(0.050)	-	0.050	-
Empty Dwelling Management Order	(0.077)	-	(0.017)	(0.094)
Estates Rationalisation	(6.257)	0.135	1.763	(4.359)
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)	-	-	(0.200)
Food Waste	(0.058)	0.058	-	-
Haltwhistle Repairs Reserve	(0.036)	-	(0.010)	(0.046)
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)	-	0.182	(0.889)
NCC Economic Regeneration	(0.138)	-	0.138	-
Open Spaces Maintenance Agreements	(0.094)	0.011	-	(0.083)
Parks and Green Spaces	(0.250)	-	0.250	-
Planning Delivery	(1.078)	-	0.040	(1.038)
Problematic Empty Properties	(0.047)	-	0.016	(0.031)
Recruitment & Retention	(0.439)	-	-	(0.439)
Regeneration Additional Capacity Reserve	(0.405)	-	-	(0.405)
Regeneration Development Reserve	(2.952)	0.073	1.529	(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	1.844	(11.948)
School Libraries	(0.007)	-	-	(0.007)
Sealodge	(0.010)	-	(0.015)	(0.025)
Section 106	(14.697)	0.001	(0.050)	(14.746)
Severe Weather	(7.500)	-	5.493	(2.007)
Social Fund	(0.493)	-	0.180	(0.313)
Sports Development	(0.297)	-	0.010	(0.287)
Storm Arwen	(0.193)	-	0.193	-
Strategic Management Reserve	(49.708)	-	11.396	(38.312)
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)	17.942	43.212	(117.021)
Total Usable Reserves	(341.680)	17.942	44.889	(278.849)

	Opening Balance at 1 April 2023*	Movement in Provision	Commitments	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)	17.973	44.475	(285.976)

*Provisional un-audited opening balance figure

Virements July to September 2023

Directorate	Reason for Virement	Virement from	Virement to	£
Children, Young People and Families	The budget for the running costs of several Family Hub buildings have now transferred to Integrated services.	Early Help	Integrated Services	148,220