



Northumberland

County Council

Cabinet

12 March 2024

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

Report of Councillor: Richard Wearmouth, Deputy Leader and Cabinet Member for Corporate Services

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

1. Link to Key Priorities of the Corporate Plan

1.1 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.

2. Purpose of report

2.1 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.

3. Recommendations

3.1 Members are requested to approve:

- the re-profiling to the Capital Programme of £47.326 million from 2023-24 to 2024-25 to reflect estimated expenditure levels in the current financial year. £4.738 million of this has already been factored into the 2024-25 to 2027-28 Medium Term Financial Plan.
- the utilisation of £2.000 million from the Business Recovery Reserve to fund additional financial support for Active Northumberland in recognition of significant inflationary pressures and to allow Active Northumberland to maintain reserves at a sufficient level to facilitate an orderly closure of the business and transition to the new leisure provider. Any funds remaining upon the winding up of the business will transfer back to the Council to support leisure services in Northumberland.

3.2 Members are requested to note:

- the projected overspend on services of £3.527 million and the assumptions outlined in this report.

- the projected net overspend of £0.510 million after the utilisation of the reserves.
- £2.000 million underspend on the Todstead Landslip scheme resulting in only £3.000 million of the £5.000 million allocation from the Severe Weather Reserve being required.
- 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.

4. Key issues

4.1 Overall Position

4.1.1 The report provides information and analysis on the Council's financial performance and use of resources to the end of December 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 December 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 £401.878 million, providing revenue funding for the majority of the Council's services.
- b. The Dedicated Schools Grant (DSG) of £158.046 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 £42.588 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	132.840	133.239	0.399
Chief Executive	35.724	36.990	1.266
Children, Young People & Education	88.051	94.273	6.222
Place and Regeneration	82.953	85.619	2.666
Public Health, Inequalities & Stronger Communities	13.817	15.553	1.736
Transformation & Resources	31.212	30.374	(0.838)
Total Services	384.597	396.048	11.451
Corporate Expenditure and Income	17.281	10.949	(6.332)
Total Net Expenditure	401.878	406.997	5.119
Budget funded by:			
Council Tax	(231.720)	(231.720)	-
Retained Business Rates (including grants)	(92.863)	(94.455)	(1.592)
Revenue Support Grant	(12.430)	(12.430)	-
Other Corporate Grants	(47.014)	(47.014)	-
Earmarked Reserves	(17.851)	(17.851)	-
Total Funding of Services	(401.878)	(403.470)	(1.592)
Net Total	-	3.527	3.527

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 now includes all known inflationary increases. The cost of pay awards for 2023-24 was significantly more than the 4.0% set aside in the 2023-24 budget. The shortfall in funding of £3.228 million is shown against Corporate Expenditure and Income. The £1.017 million set aside in the Exceptional Inflation Reserve at the end of 2022-23 and the use of £1.157 million, which is uncommitted the balance in the contingency, will be utilised to offset this. The £2.802 million underspend on energy hyper-inflation has been transferred to the corporate contingency and is included in the forecast for Corporate Expenditure and Income.

6.2.3 The net forecast position after the utilisation of reserves is shown below:

	£m
Overspend on services as per Section 6.1	3.527
Transfer from Exceptional Inflation Reserve	(1.017)
Transfer from Business Recovery Reserve	(2.000)
Net overspend	0.510

6.3 Key Movements

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

	£m
September position (after pay inflation and the use of reserves and contingency)	0.949
Potential Waste PFI liabilities	1.130
Increase in cost of external residential and supported accommodation placements for children	1.820
Additional Business Rates income, Section 31 Grants and Renewable Energy	(1.592)
Decrease in required Minimum Revenue Provision (MRP)	(0.946)
Additional financial support for leisure	2.000
Use of the Business Recovery Reserve	(2.000)
Other changes	(0.851)
December position (after the use of reserves)	0.510

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 October to December 2023.
- 7.2 The Council at its meeting on 22 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 October to December 2023.
- 7.4 Appendix M is a schedule of the movement in the Council's Reserves.
- 7.5 Appendix N is a schedule of virements during October to December 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 £71.863 million, approved by Cabinet on 12 September 2023 and 12 December 2023, reprofiled from 2023-24 to 2024-25. In addition, further approvals totalling £56.931 million have been agreed by Cabinet for additional schemes.

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

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	(0.999)	3.428	1.901	3.183	(0.245)	-	(0.245)
Chief Executive	2.016	0.500	2.516	1.225	2.016	(0.500)	-	(0.500)
Children, Young People & Education	32.622	(5.543)	27.079	8.330	19.233	(7.846)	(0.267)	(7.579)
Place and Regeneration	166.270	57.974	224.244	109.001	187.441	(36.803)	(4.017)	(32.786)
Public Health, Inequalities and Stronger Communities	0.800	1.085	1.885	1.659	2.079	0.194	0.240	(0.046)
Transformation and Resources	16.814	4.689	21.503	9.875	17.100	(4.403)	1.767	(6.170)
Total Programme	222.949	57.706	280.655	131.991	231.052	(49.603)	(2.277)	(47.326)
Financed by:								
Capital Receipts	5.589	-	5.589					
External Grants	96.863	38.523	135.386					
GF Borrowing	106.236	16.629	122.865					
GF Revenue Contributions (RCCO)	0.250	6.321	6.571					
HRA Contributions (MRR & RCCO)	14.011	(3.767)	10.244					

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
Total Financing	222.949	57.706	280.655					

8.4 Year-to-date capital expenditure is £131.991 million with forecast expenditure of £231.052. million. The major areas of capital investment during the year to date are as follows:

- i. £79.037 million invested in transport schemes including infrastructure, traffic management, integrated transport schemes and the reintroduction of the Northumberland Rail Line.
- ii. £3.739 million invested in fleet replacement.
- iii. £13.378 million invested in the Council's housing stock.

8.5 There is a net forecast variance of £49.603 million across the 2023-24 Capital Programme comprising of £47.326 million net reprofiling from 2023-24 to 2024-25 and £2.277 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 £47.326 million from 2023-24 to 2024-25 albeit £4.738 million has already being factored into the 2024-25 to 2027-28 Medium-Term Financial Plan.

9. Capital Receipts

9.1 The opening balance on the Capital Receipts Reserve at 1 April 2023 was £8.330 million (£0.093 million General Fund and £8.237 million HRA). The level of capital receipts identified to support the 2023-24 Capital Programme was £5.589 million (£1.700 million General Fund and £3.889 million HRA). The following table shows the current position regarding in year capital receipts:

Asset Disposals	General Fund £m	HRA £m
Completed and available for use in year	0.594	1.956
On the market	0.445	-
Terms Agreed	1.056	-
Contracts exchanged	1.279	-

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 September to December 2023:

	Previous Quarter	Movement - Dec 23	Current
Outstanding principal - at quarter end (£m)	722.353	(41.502)	680.851
Weighted average interest rate - year to date (%)	3.106	0.006	3.112
Quarter end external borrowing as % of Operational Boundary (Borrowing)	74.926	(4.305)	70.621
Interest paid (including accruals) (£m)	5.381	2.626	8.007

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 December 2023, the Council's external borrowing represented 70.62% 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.

10.4 Total external borrowing has decreased by £64.527 million, from £745.378 million at the start of the year to £680.851 million at 31 December 2023. This is due to maturing existing loans. However, considering future loan maturities and new borrowing, a net additional borrowing of approximately £130.975 million is forecast in the final quarter of the financial year. Overall borrowing is projected to total around £811.826 million by 31 March 2024 which is around £52.000 million lower than anticipated.

The table below demonstrates that in the quarter to 31 December 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 Dec 2023 £m
External Borrowing	1,156.913	964.094	680.851

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

Lender Category	Repayment Type	Opening Balance	Repaid – Sept - Dec 2023	New Borrowing Sept - Dec 2023	Closing Balance
		£m	£m	£m	£m
PWLB	EIP	3.501	(0.500)	5.000	8.001
PWLB	Annuity	0.521	-	-	0.521
Salix	EIP	0.027	(0.002)	-	0.025
PWLB	Maturity	444.704	-	10.000	454.704
Other Local Authorities	Maturity	50.000	(10.000)	-	40.000
Other/Market	Maturity	223.600	(46.000)	-	177.600
Total		722.353	(56.502)	15.000	680.851

10.6 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 31 December 2023, against the prescribed limits:

Maturity Structure	Upper Limit for 2023-24	Actual 31 Dec 2023
Under 12 months	25%	7%
1 year - 2 years	40%	3%
2 years within 5 years	60%	3%
5 years within 10 years	80%	7%
10 years and above	100%	80%

10.7 The following table summarises the Council's quarterly investment activity for September to December 2023:

	Previous Quarter	Movement - Sept - Dec 2023	Current
Outstanding principal - at month end (£m)	118.150	(78.750)	39.400
Weighted average interest rate - year to date (%)	4.753	0.164	4.917
Weighted average interest rate - current (%)	5.360	0.045	5.405
Interest earned (£m)	2.886	1.861	4.747

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

Category	Opening Balance	Repaid – Sept - Dec 2023	New Investment Sept - Dec 2023	Closing Balance
	£m	£m	£m	£m
Term Deposit Banks	15.000	(15.000)	-	-
Term Deposit Building Societies	10.000	(10.000)	-	-
Term Deposit Other Local Authorities	37.000	(47.000)	10.000	-
Money Market Funds	56.150	(199.950)	177.200	33.400
Debt Management Office (DMO)	-	-	-	-
Notice Accounts	-	-	6.000	6.000
Total	118.150	(271.950)	193.200	39.400

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

10.10 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 31 December 2023:

	Limit 2023-2024 £m	Actual Highest £m	Actual 31 Dec 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 several commitments have already been made against that fund as follows:

	2022-23	2023-24	2024-25	2025-26	2026-27	Total
	£m	£m	£m	£m	£m	£m
Council Investment	3.000	3.000	3.000	-	-	9.000
Commitments to 7 Jan 2024	0.738	3.473	2.998	1.407	0.189	8.805
Balance Available	2.262	(0.473)	0.002	(1.407)	(0.189)	0.195

11.3 Projects have already been approved by the Best Working Board, including for example, Fix My Street, Living Leader and the Labman management system. In addition to this, several fixed term roles have been recruited to in order that the project can progress, and the service improvements can be delivered quickly. The roles are required for a maximum of three years and approval has been given for the forecast cost of £3.653 million.

11.4 It is likely that the profiling of the commitments will extend into 2026-27. The 2023-24 expenditure and commitments to 31 December are as follows:

	Approved requests	Expenditure to 31 Dec	Commitments Jan to Mar	Forecast Expenditure	Forecast Variance
	£m	£m	£m	£m	£m
Opening Balance	3.000				
Total as at 31 December	3.473	0.806	2.667	3.473	(0.473)
Balance Remaining	(0.473)				(0.473)

11.5 It should also be noted that an additional £0.112 million of expenditure has been incurred in 2023-24 relating to the Depot review. This has been agreed to be funded via the Estates Rationalisation Revenue Reserve. Therefore, £0.112 million has been removed from the commitments against the Transformation Fund.

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

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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 November 2023 to reflect school academy conversions since April 2023 and updated high needs block funding.
Value:	£168,820 reduction in grant
Recurrent/Non-recurrent:	Recurrent

Directorate:	Children, Young People and Education
Grant Awarding Body:	Department for Education
Name of Grant:	Local Authority Delivery Support Funding
Purpose:	To support local authorities to roll out the new expanded early years entitlements offer.
Value:	£61,062
Recurrent/Non-recurrent:	Non- recurrent

Directorate:	Children, Young People and Education
Grant Awarding Body:	Department for Education
Name of Grant:	Support for maintained schools in financial difficulty
Purpose:	The grant is to support the most significant maintained school budget deficits.
Value:	£344,357
Recurrent/Non-recurrent:	Non-recurrent

Directorate:	Children, Young People and Education
Grant Awarding Body:	Department for Education
Name of Grant:	Teachers Pay Additional Grant
Purpose:	Funding provided to support early years providers to meet the cost of the 2023-24 Teachers pay award.
Value:	£97,425 for September 2023 – March 2024
Recurrent/Non-recurrent:	Recurrent, separate grant for 2023-24 and will then merge into Dedicated Schools Grant from 2024-25 onwards.

Directorate:	Children, Young People and Education
Grant Awarding Body:	Department for Education
Name of Grant:	Wraparound Childcare Grant
Purpose:	The funding is to support local authorities to increase the supply of wraparound places to meet current and future demand for all primary aged children and from 8am-6pm each day.
Value:	£28,822 for 2023-2024 £2,105,199 for 2024-25 £974,199 for 2025-26 (provisional allocation)
Recurrent/Non-recurrent:	Recurrent for three years only

Directorate:	Place and Regeneration
Grant Awarding Body:	Department for Levelling Up, Housing & Communities
Name of Grant:	Nutrient Neutrality
Purpose:	Employment of a catchment project officer to develop a strategic solution to nutrient neutrality problems in the Lindisfarne catchment area.
Value:	£100,000
Recurrent/Non-recurrent:	Non-Recurrent

Directorate:	Place and Regeneration
Grant Awarding Body:	Department for Transport
Name of Grant:	Local Highways Maintenance – Additional Funding
Purpose:	To deliver local road resurfacing and wider maintenance activity on the local highway network.
Value:	2023-24 £2,768,000 2024-25 £2,768,000 2025-26 to 2033-34 to be confirmed
Recurrent/Non-recurrent:	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	0.037	0.063	0.351	0.451
Children, Young People & Education	0.301	0.063	0.388	0.752
Place and Regeneration	0.455	-	3.257	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	1.031	0.126	15.888	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

Chief Executive

An increase in fees and charges of £0.005 million relating to lettings and restaurant income at West Hartford Fire Station will not be achieved. The original proposal that room bookings would return to pre-pandemic levels has not been realised.

An increase in Public Protection fees and charges of £0.032 in relation to Land Charges is not expected to be achieved due to the slowing of the housing market in the current year.

No compensating savings have been identified for either at this point.

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 Council 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 £0.630 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 Regulations reflecting the fee increase were laid before Parliament, later than expected. The proposed fee increase has been implemented in December so limited savings are anticipated to be achieved in this financial year.

Due to a change in law from 1 January 2024 relating to charging for rubble at Household Waste Recovery Centres, the income forecast for the final quarter is anticipated to reduce and therefore £0.013 million the saving target is unlikely to be achieved.

No compensating savings have been identified for either at this point.

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 are also looking at an initiative that involves sending out more invoices electronically which would reduce the outgoing postage costs.

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	22.595	22.411	(0.184)
Integrated Commissioning	84.011	98.139	99.808	1.669
Business Support	4.315	3.147	3.007	(0.140)
In-House Provider Services	6.128	8.033	7.272	(0.761)
Executive Director	0.698	0.926	0.741	(0.185)
Total Adults, Ageing & Wellbeing	117.390	130.840	133.239	0.399

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 £0.184 million. This is due to the following:
 - i. Staffing-related budgets are forecast to underspend by £0.337 million as a result of vacant posts;
 - ii. Non-staffing related budgets are forecast to underspend by £0.159 million; and,
 - iii. The delay in the redesign of the Telecare service will result in £0.312 million of the 2021-22 approved saving not being achieved again this financial year. Option proposals for the redesign of the service will be presented to Cabinet for approval in 2024-25.
- b. Integrated Commissioning is forecast to overspend by £1.669 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 on track to deliver the cost reduction required to meet the 2023-24 saving target of £3.000 million but are unlikely to eradicate the pressure stemming from the balance of the prior year unachieved saving.
- c. In-House Provider Services is forecast to underspend by £0.761 million. This is due to the following:
 - i. Staffing-related budgets are forecast to underspend by £0.320 million because of vacant posts;
 - ii. Transport related expenditure including client transport costs are forecast to underspend by £0.192 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 £0.252 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	0.409	0.388	(0.021)
Fire and Public Protection	22.119	23.257	24.466	1.209
Strategy and Communications	1.104	1.245	1.255	0.010
Law and Corporate Governance	6.309	6.209	6.524	0.315
Workforce	4.168	4.604	4.357	(0.247)
Total Chief Executive	34.044	35.724	36.990	1.266

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 £1.209 million due to:
 - i. There is a forecast overspend on pay of £0.290 million. Comprising of;
 - A forecast overspend on overtime of £0.456 million as a result of a significant increase in operational incidents, compounded by staffing shortages caused by sickness, a shortage of skills and to accommodate staff attendance at risk critical training courses.
 - Underspends from vacant posts of £0.459 million which are partly offset by sickness cover of £0.294 million;
 - ii. There is a forecast overspend on data lines, computer hardware and land line telephones of £0.355 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.
 - iii. Vehicle SLA budgets are forecast to overspend by £0.151 million mainly due to the agreement with Tyne and Wear Fire Authority for the repair and maintenance of Fire vehicles. This contract is demand led due to vehicles becoming damaged and having accidents. A higher number of accidents than in previous years along with higher than anticipated inflationary increases has led to the overspend.
 - iv. Within Building Control there is an overspend of £0.152 million forecast. This is mainly as a result of a shortfall in Building Regulation Fees income due to changes in the housing market. Legislative changes mean that reviewing applications and carrying out site visits take more time. The service and level of fees charged is to be reviewed going forward.
- b. Law and Corporate Governance is forecast to overspend by £0.315 million due to:

- i. Legal Services are forecasting a £0.137 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 £0.133 million; and,
- ii. External legal fees are forecast to overspend by £0.136 million due to an increase in fees, and an increase in the number of complex childcare cases.
- c. Workforce is forecast to underspend by £0.247 million due to:
 - i. Human Resources, Learning & Organisational Development, Corporate Union and Postgraduates are forecast to underspend £0.236 million due to vacant posts.

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

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Children, 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	54.268	59.673	5.405
Education, SEND & Skills	34.980	33.783	34.600	0.817
Total Children, Young People and Education	85.206	88.051	94.273	6.222
Dedicated Schools Grant	(1.532)	160.480	161.907	1.427

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 £5.405 million due to:
 - i. There is a £5.799 million overspend on external residential care placements. There are currently 53 residential placements, 3 independent supported living arrangements and 5 emergency provision placements. 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;
 - ii. 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 in a residential children's home. However, delays to the capital programme will result in a delay in opening the new home until Spring 2024;
 - iii. There is an expected overspend of £1.089 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%. This is offset by an underspend of £0.269 million on Independent Fostering agency placements;
 - iv. 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 £0.630 million on the running costs of the home which offsets the saving that will not be achieved on external placements;
 - v. Kyloe House is expected to run at an underspend of £0.445 million. This assumes the unit will maintain occupancy levels of 12 beds throughout the rest of the year and follows an increase in the bed price for the 2023-24 financial year, and,

- vi. The Family Placement Service is expected to overspend by £0.238 million across client transport and other placement costs which are ad-hoc costs for Looked After Children.
 - vii. There is a forecast overspend of £0.801 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+;
 - viii. There is additional grant of £0.633 million related to Unaccompanied Asylum-seeking Children grant and Turnaround grant funding which will be used to meet existing expenditure across the service;
 - ix. There is a forecast underspend on the Northumberland Families service of £0.590 due to a combination of vacant posts and grant funding which has been used to meet the cost of several posts;
 - x. There is an expected overspend of £0.399 million across the service on client transport. This results from a combination of increased demand for the service and the current high inflationary environment; and,
 - xi. There is an underspend on staffing of £0.281 million on several vacancies across the Quality Assurance service.
- b. Education, SEND & Skills is forecast to overspend by £0.818 million due to:
- i. An overspend of £0.960 million on the cost of SEN transport for the 443 routes currently transporting 1,744 pupils and escorts. This is forecast to rise over the year up to 1,764 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 the economies of scale possible; and,
 - ii. Mainstream transport is forecast to underspend by £0.144 million 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 £1.427 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 £1.294 million based on expected growth of 16% for the 2023-24 academic year across both mainstream and special schools in the authority;
 - ii. An overspend on independent school placements of £0.493 million with an additional 6 placements since September along with the impact of inflation; and,
 - iii. An underspend of £0.247 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 January 2024 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	6.070	5.685	(0.385)
Environment and Transport	71.455	74.840	76.720	1.880
Housing and Planning	5.435	2.043	3.214	1.171
Total Place and Regeneration	82.543	82.953	85.619	2.666

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. Economic Development and Growth is forecast to underspend by £0.385 million due to:
 - i. There are a number of small underspends on Asset Management totalling £0.201 million, including £0.079 million additional income on Surplus Properties, £0.060 million due to the cessation of a lease and a staffing underspend of £0.040 million.
- b. Environment and Transport is forecast to overspend by £1.880 million due to:
 - i. The Waste PFI Contract is forecast to overspend by £1.845 million. From 1 January 2023, the Environment Agency 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 £0.152 million. In addition, there are potential liabilities which have been identified with the Waste PFI contract totalling £1.239 million;
 - ii. Highways and Transport are forecast to underspend by £0.413 million with the most significant variances as follows:
 - Network Management is forecast to underspend by £0.400 million due to an over-recovery of income on Streetworks permits, Section 74 overrun charges and fixed penalty notices;
 - Parking Services is forecast to underspend by £0.400 million due to an over-recovery of income from parking charges, penalty charge notices and concessions income received from vendors utilising spaces within certain car parks;
 - There has been works required due to the deterioration of the highway network and continued surface water flooding of highways in December which has resulted in a

- predicted overspend for highway maintenance of £0.250 million. This will be funded from the Severe Weather Reserve; and,
- Winter Services is forecast to overspend by £0.250 million. Whilst fewer runs have been completed to date (43) than during the same period in 2022-23 (51) the actual salt spreading rates have increased as a result of the amount of flooding and surface water that has been encountered. In addition, there have been three significant snow events during the gritting season to date. This will be funded from the Winter Services Reserve.
- iii. Neighbourhood Services is forecast to overspend by £0.588 million mainly due to an anticipated shortfall in income of £0.404 million from Blyth Crematorium due to the impact of a new private crematorium opening.
- c. Housing and Planning is forecast to overspend by £1.171 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 regulations reflecting the fee increase were laid before Parliament, later than expected. The proposed fee increase has been implemented in December so only partial savings are anticipated to be achieved in this financial year; and,
 - ii. £0.200 million underachievement of Planning Performance Agreements.

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	0.164	0.164	-
Stronger Communities	23.138	13.653	15.389	1.736
Total Public Health, Inequalities and Stronger Communities	23.202	13.817	15.553	1.736

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 £1.048 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 overspend by £1.736 million due to:
 - i. A £0.157 million forecast overspend is forecast for the Tourist Information Centres (TIC) at Craster, Seahouses and the Morpeth Chantry. The Centres were included in the savings proposal for 2023-24 however, Craster and Seahouses are both continuing to operate on a business-as-usual basis until March 2024 at the earliest. A growth bid has been submitted for Morpeth Chantry within the 2024-25 budget;
 - ii. A £0.162 million forecast overspend within Registrars due to an overspend on staffing costs and an underachievement on wedding income and related fees;
 - iii. A £0.217 million forecast underspend across Coroners and the Business Support Team, which is mainly due to an underspend on Body Conveyancing and Medical Fees and staffing vacancies;
 - iv. An overspend of £2.000 million relating to additional financial support to the Council's leisure provider Active Northumberland in recognition of significant inflationary pressures in 2023-24. This figure is in addition to the support committed through the annual Management Fee. It is recommended that Cabinet approve the use of £2.000 million from the Business

Recovery Reserve, which was set aside to assist local businesses with post pandemic recovery, to fund this support. This will allow Active Northumberland to maintain reserves at a sufficient level to facilitate an orderly closure of the business and transition to the new leisure provider. Any funds remaining after the complete winding up of the company will transfer back to the Council to support leisure services in Northumberland; and,

- v. A £0.338 million forecast underspend within Customer Services mainly due to £0.296 million underspend on staffing vacancies.

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	0.897	0.813	(0.084)
Digital & IT	10.375	11.871	11.811	(0.060)
Executive Director of Transformation and Resources	46.422	2.770	2.799	0.029
Finance and Procurement	5.139	6.578	5.797	(0.781)
Strategic Change & Service Improvement	4.620	9.096	9.154	0.058
Total Finance	67.394	31.212	30.374	(0.838)

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 £0.060 million due to:

- i. Part year staffing vacancies totalling £0.246 million across the service which are expected to be filled during 2023-24;
- ii. £0.078 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 £0.781 million due to:

- a. Commissioning and Procurement forecast to underspend by £0.363 million due to:
 - i. A forecast underspend of £0.277 million relates to the Commercial Team which is mainly due to £0.221 million over-recovery of Feed-In tariff income.
- b. Transactional Services is forecast to underspend by £0.304 million due to:
 - i. A forecast underspend of £0.304 million relating to Revenue and Benefits is due to staff vacancies of £0.268 million, most of which are expected to be filled within the year. There is also an additional £0.124 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 £0.110 million from Oxygen Finance Fiscal following a review of duplicate supplier payments; and,
- iv. An underspend of £0.133 million is forecast within Cashiers and Income Management mainly due to saving in renegotiating contracts.

Strategic Change & Service Improvement is forecast to underspend by £0.058 million due to:

- i. Property repairs and maintenance is forecast to overspend by £0.280 million. This overspend is being managed by only carrying out essential repairs and maintenance for the remaining months of 2023-24; and,
- ii. A forecast underspend of £0.237 million on staffing within Service Improvement and Best Value is predominantly due to staff vacancies with most posts filled in 2023-24

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)	22.331	21.406	(0.925)
Treasury Management	(26.442)	(23.242)	(25.901)	(2.659)
Capital Financing	93.046	18.192	15.444	(2.748)
Corporate Funding	(470.047)	(401.878)	(403.470)	(1.592)
Total Other Corporate Expenditure & Income	(411.387)	(384.597)	(392.521)	(7.924)

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. Corporate Items is forecast to underspend by £0.593 million mainly due to:
 - i. £0.140 million forecast overspend relating to the Apprenticeship Levy. This cost has increased due to the Council's total pay bill increasing as a result of the pay award. There has been a pressure included within the 2024-25 budget for this;
 - ii. £0.813 million forecast underspend on the General Contingency budget made up of an overspend of £3.147 million due to the pay award funding shortfall offset by £2.802 million underspend on utilities hyper-inflation and an £1.157 of general uncommitted balance; and,
 - iii. An in-year overachievement of the senior management restructure saving of £0.332 million due partly to the delay in recruitment to some posts.
- b. Treasury Management is forecast to underspend by £2.659 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 £5.446 million, resulting in a forecast over-achievement of investment income of around £2.658 million.
- c. Capital Financing is forecast to underspend by £2.748 million due to:
 - i. Total external borrowing has decreased by £64.527 million, from £745.378 million at the start of the year to £680.851 million at 31 December 2023. This is due to maturing existing loans. However, considering future loan maturities and new borrowing, a net additional borrowing of approximately £130.975 million is forecast in the final quarter of the financial year. Overall borrowing is projected to total around £811.826 million by 31 March 2024 which is around

£52.000 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 £1.797 million; and,

- ii. The budget for Minimum Revenue Provision (MRP) is forecast to underspend by £0.946 million following a review, and the impact of slippage in the capital programme 2022-23 which was previously not factored into the forecast.
- d. Corporate Funding is forecast to overachieve by £1.592 million due to additional Business Rate income, Section 31 Grants and Renewable Energy.

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	6.511	(0.416)
Housing Special	0.891	1.015	1.111	0.096
Repairs and Maintenance	9.540	9.148	9.695	0.547
Housing Capital Works	0.494	0.631	0.784	0.153
Other HRA Services	13.663	14.882	14.659	(0.223)
HRA Income	(30.175)	(32.916)	(32.655)	0.261
Total HRA Expenditure & Income	0.725	(0.313)	0.105	0.418

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 £0.416 million mainly due to part year vacancies.
- b. Repairs and Maintenance is forecast to overspend by £0.547 million. The main reasons are:
 - i. £1.365 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 £0.625 million on salaries due to part year vacancies and includes agency staffing costs.
- c. Other HRA Services is forecast to underspend by £0.223 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 £0.261 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 (£0.245) million		
Summary by Project	Under/ Overspend	Reprofiling
	£m	£m
Adult Social Care Capital Fund	-	(0.100)
Tynedale House Fire Doors	-	(0.145)
Total	-	(0.245)

NOTES - Year End Variances of £0.250 million or more

There are no significant variances to report.

Service: Chief Executive – forecast variance (£0.500) million

Summary by Project	Under/ Overspend	Reprofiling
Project	£m	£m
Fire and Rescue - Berwick Fire Station	-	(0.500)
Total	-	(0.500)

NOTES - Year End Variances of £0.250 million or more

The main reason for the forecast variance for Chief Executive is outlined below:

- a. A business case on future requirements at Berwick Fire Station is being considered, but none of the existing budget is due to be utilised in the current year. This has been reprofiled to 2024-25.

Service: Children, Young People and Education – Forecast variance (£7.846) million		
Summary by Project	Under/ Overspend	Reprofiling
	£m	£m
Basic Needs Programme	(0.109)	-
Children's Homes	-	(0.475)
External Funding	-	(0.491)
High Needs Provision Capital Allocation	0.188	-
Kyloe House	-	(0.514)
Legacy Projects	(0.086)	-
NCC Contributions	(0.057)	(0.205)
Northumberland Skills	(0.107)	-
School Led (DFC and EECA)	(0.096)	-
School Redevelopments	-	(5.486)
Schools Condition Improvement Programme (SCIP)	-	(0.408)
Total	(0.267)	(7.579)

NOTES - Year End Variances of £0.250 million or more

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

- a. Children's Homes – The variance of £0.475 million consists of £0.245 million against Pegsworth Children's Home and £0.230 million against the Multi-Site Residential Children's Homes. The Pegsworth variance is due to the project being delivered under budget; however, there are additional works which will be completed once the home has opened in the 2024-25 financial year to further enhance the site. The variance on the Multi-Site Homes is due to difficulties in purchasing appropriate properties. There have been a limited number of properties available in the catchment areas required, and those which are deemed appropriate have been in high demand.
- b. External Funding - There has been a delay to allow sufficient time for the newly redesigned proposal at Corbridge Middle to be considered to ensure it satisfies the Section 106 criteria imposed by the developer who is part funding the project. This project is expected to be complete in 2024-25.
- c. Kyloe House - There are several grant funded schemes at Kyloe House which are currently ongoing. The reason for the variance is that one of the larger schemes, the construction of a new 'High Dependency Unit' has been delayed due to issues with the contractor. The scheme was

- expected to be completed in 2023-24 but this is now unachievable, as a new Procurement process will have to be completed to find a new contractor.
- d. School Redevelopments - Works on Bellingham Children’s Centre have been identified as the remaining part of the School Reorganisation in the West and due to other works planned in the Middle and Primary Schools, the schemes are due to commence in 2024-25. Extensive planning and cross-departmental efforts are required and therefore the budget will be reprofiled into 2024-25. The updated spend profiles for both Seaton Valley and Coquet Schools redevelopment works have shifted expenditure and works into 2024-25. It will have no effect on the overall timeline of the programmes as all schemes are continuing despite contractors dropping out, pre-contract agreements are in place to mitigate delays.
 - e. School Condition Improvement Programme – Due to the priority of some projects moving forward, availability of contractors and limited timeframes for works to be undertaken in Schools some of the projects have been moved to completion in the summer of 2024.

Service: Place and Regeneration – forecast variance (£36.803) million		
Summary by Project	Under/ Overspend	Reprofiling
Project	£m	£m
A1068 Shilbottle Road Junction Improvements	-	(0.300)
Affordable Homes Programme	-	(0.603)
Ashington North East Quarter Re-development Phase 2	-	(1.736)
Bedlington Town Centre Redevelopment Phase 1 and 2	-	(0.572)
Berwick Culture and Creative Zone	-	(0.100)
Berwick Gateway	-	(0.050)
Blyth Sports Centre	(0.078)	-

Appendix K

Borderlands – Berwick Maltings	-	(1.001)
Borderlands – Carlisle Station	-	(3.500)
Borderlands – Carlisle University	-	(3.245)
Car Parks	-	(0.187)
Choppington Mineral Rights	(0.300)	-
Climate Change Capital Fund	-	(1.020)
Community Housing Fund	-	0.041
County Hall Refurbishment	0.308	-
Cramlington Section 106 Improvements	-	(0.297)
Electric Vehicle Charger Installation	-	(0.317)
Energising Blyth Levelling Up Deep Dive	-	(2.709)
Energising Blyth Programme	-	(10.278)
Fleet Replacement Programme	-	(0.760)
Flood and Coastal Erosion Risk Management (FCERM) - Beadnell	-	(0.030)
FCERM – Bingfield	0.002	-
FCERM – Blenkinsopp	-	(0.084)
FCERM – Creswell Coastal Management	-	(0.038)
FCERM – Hepscoth Flood Alleviation Scheme	-	(0.281)
FCERM – Kirkwell Cottages	-	(0.104)
FCERM – Lynemouth Bay Landfill Encapsulation	-	(0.858)
FCERM – Next Generation Flood Resilience	-	(0.269)
FCERM – Otterburn	-	(0.054)
FCERM – Ovingham Surface Water	-	(0.043)
FCERM – Pilgrim’s Way Surface Water	-	(0.117)
FCERM – Seaton Delaval	(0.045)	-
FCERM – Wark	(0.047)	-
Great Northumberland Forest	-	(0.200)
Great Northumberland Forest – Storm Arwen	-	(0.200)
Great Northumberland Forest – Tenant Led Pilot	-	(0.634)

Appendix K

Homes England Grant Recovery (re Right to Buy)	(0.075)	-
Leisure Buildings – Essential Remedials	(0.240)	-
Leisure Buildings – Concordia Glass and Roof Replacement	-	(0.165)
Local Transport Plan – Additional Grant	-	(1.468)
Northumberland Small Business Service	-	(0.400)
North East Bus Service Improvement Plan	-	(0.071)
Parks Enhancement Programme – Improvements to main gateway at Ridley Park	-	(0.026)
Parks Enhancement Programme – Cleasewell Hill Park	-	(0.168)
Parks Enhancement Programme – Plessey Woods Bouldering Wall	-	(0.159)
Ponteland Broadway and Callerton Lane Section 106	-	(0.060)
Property Stewardship Fund – Bearl Depot Drainage and New Build	-	(0.310)
Property Stewardship Fund – Public Toilet Refurbishment	-	(0.045)
Public Sector Decarbonisation – Ground Source Heat Pumps	(0.354)	-
QEII Commemoration Schemes	-	(0.049)
Rural Business Growth Scheme	(0.916)	-
Salt Barns	-	0.015
Storm Arwen Damage Recovery	-	(0.068)
Strategic Regeneration Projects	-	(0.266)
Sustainable Warmth Grant	(0.719)	-
Todstead Landslip	(2.000)	-
Union Chain Bridge	0.535	-
Winter Weather Stations	(0.070)	-
Yourlink Refurbishment	(0.018)	-
Total	(4.017)	(32.786)

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 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 North East Quarter Re-development Phase 2 – this forms part of the funding package for the Ashington Town Centre Regeneration project.
- 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 reprofiling is 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 alternative options for the design to bring the costs in line with the budget available. The project is currently being delivered at risk until the final business case for Borderlands funding is approved by DLUHC and the grant released.
- f. Borderlands – Carlisle Station project delayed due to the recent Local Government Reorganisation in Cumbria.
- g. Borderlands – Carlisle University with the Borderlands programme currently in discussion with DLUHC over the release of funds for this project.
- h. 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.
- i. 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.
- j. County Hall Refurbishment – additional work identified during the project that was not included in the original scope of works such as creating the new Coroner’s Court and the required Covid adaptations to the project.
- k. Cramlington Section 106 Improvements – A scheme is currently in design with implementation expected to happen in 2024-25.
- l. Electric Vehicle Charger Installation with the programme continuing to install charging points at key locations across the County and will continue in 2024-25.
- m. Energising Blyth Levelling Up Deep Dive delays to the programme due to on-going discussions around how the scheme will be delivered with commencement now expected in 2024-25.
- n. Energising Blyth Programme with work continuing on the construction of the Energy Central Campus and the commencement of work on the Culture Centre and Market Place improvements with the enabling works currently being completed ahead of the construction works commencing. Business cases on other elements of the programme are being prepared and finalised for approval.

- o. 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.
- p. FCERM – Hepscott Flood Alleviation Scheme. The detailed design is progressing alongside discussions with Network Rail and Local Landowners. It is expected the scheme will commence in 2024-25 subject to landowner agreement and scheme affordability.
- q. FCERM – Lynemouth Bay Landfill Encapsulation with works due to commence in February with the detailed programme and invoicing schedule recently received from the contractor. The forecast expenditure in the current financial year is lower than forecast due to lower than anticipated mobilisation costs.
- r. FCERM – Next Generation Flood Resilience. The project encountered a delayed start while approvals were received from the Environment Agency. Despite the delayed start the project will still be delivered within the approved timescale.
- s. Great Northumberland Forest – Tenant Led Pilot. Grants have been awarded with payment commenced. It is estimated expenditure will be in the region of £0.866 million in the current financial year.
- t. Local Transport Plan – Additional Grant. The Council received an additional £2.768 million from the Department for Transport following the Chancellor’s Autumn Statement. It is estimated £1.300 million of works will be completed by 31 March 2024 from this funding with the remaining schemes delivered in 2024-25.
- u. Northumberland Small Business Service with the first panel held and approved schemes starting to commence due to a small delay in the start-up of the scheme.
- v. Property Stewardship Fund – Bearl Dept Drainage and New Build due to the works being on hold pending the outcome of the depot review.
- w. Public Sector Decarbonisation – Ground Source Heat Pumps. The scheme has now been completed with only five of the six proposed schemes progressing.
- x. 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.
- y. Strategic Regeneration Projects reprofiling is due to works being identified for completion in 2024-25 at Wooler from the previously approved funds to improve visitor infrastructure following the opening of the Ad Gefrin Visitor Centre. Schemes at the public toilets and car park have been undertaken to date.
- z. Sustainable Warmth Grant due to a reduction in the number of homes (173 to 107) being supported by the programme as a result of the time taken to procure the assessors and contractors.
- aa. Todstead Landslip has underspent due to works being completed for lower than originally anticipated. The scheme is expected to complete in Spring 2024 with the road reopening following the stabilisation of the embankment and preventing future cracking of the road surface at the location. Due to the £2.000 million underspend only £3.000 million of the £5.000 million allocation from the Severe Weather Reserve is required.

bb. Union Chain Bridge scheme is currently £0.535 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 £0.194 million		
Summary by Project	Under/ Overspend	Reprofiling
Project	£m	£m
Haltwhistle Football Project	-	(0.046)
Provision of Leisure Facilities within Morpeth	0.240	-
Total	0.240	(0.046)

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. Morpeth Leisure Centre is now complete and open to the public. The forecast £0.240 million overspend is due to additional car parking drainage works which will be funded from the Essential Leisure Remedial Works budget.
- b. The Haltwhistle Football Project balance is set to be reprofiled into 2024-25 and used for a Haltwhistle Playzone as per the Medium-Term Financial Plan.

Service: Transformation and Resources – forecast variance (£4.403) million		
Summary by Project	Under/ Overspend	Reprofiling
Project	£m	£m
Air conditioning	-	(0.159)
Broadband Phase 2 Gainshare Extension	1.767	-
CISCO Infrastructure	-	(0.462)
Loans to Third Parties	-	(4.465)
Hardware Infrastructure	-	(0.002)
IT Backup and Recovery	-	(0.100)

Office 365 Implementation		(0.042)
Repayment to Building Digital UK (BDUK)	-	(0.989)
Server Infrastructure	-	0.049
Total	1.767	(6.170)

NOTES - Year End Variances of £0.250 million or more

The main reasons for the forecast variance for Transformation and Resources are outlined below:

- a. Loans to third parties is forecasting £4.465 million reprofiling due to schemes being delayed.
- b. Broadband Phase 2 Gainshare Extension is forecast to overspend by £1.767 million. A payment of £1.723 million has been made to Building Digital UK re the Broadband Phase 2 Gainshare agreement which is to be funded from the latest gainshare payment received from BT (£3.707 million). The budget relating to the gainshare payment from BT will be established in February once approved by Cabinet, offsetting the current overspend. In addition, £0.044 million of the additional gainshare payment received from BT is planned to be utilised to support the implementation of new functionality in a core corporate IT system, enabling Northumberland County Council to fulfil a statutory obligation for pensions.
- c. Unanticipated delays in progressing Project Gigabit (which consists of repayment to Building Digital UK (BDUK), Office 365 implementation, IT backup and recovery, Hardware Infrastructure and server infrastructure) have resulted in £1.084 million being required to be reprofiled into 2024-25.
- d. Unexpected delays in both the Air Conditioning project and CISCO Infrastructure project have resulted in a further £0.621 million funding required to be reprofiled into 2024-25.

Items approved from the Council's Contingency

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

Recurrent Funding	2023-24	2024-25
	£	£
Release of Pay Award	7,146,660	7,146,660
Total amount drawn from Contingency recurrently	7,146,660	7,146,660

Non-Recurrent Funding	2023-24	2024-25
	£	£
Part return of funding for Graduates from the National Local Government Development Programme	(15,700)	(18,680)
Link Group review of Advance Northumberland Treasury Management advice	18,150	-
Civil Contingencies Tactical Training bid	4,450	-
Shortfall in Local Government Pay Award	2,541,630	-
Total amount drawn from Contingency non-recurrently	2,548,530	(18,680)

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)	-	0.972	(28.175)
Major Repairs (HRA)	(9.855)	-	0.132	(9.723)
HRA Capital Investment	(1.740)	-	0.178	(1.562)
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)

Appendix M

	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	(5.698)	(6.298)
Borderlands Energy Masterplan	(0.808)	-	-	(0.808)
Business Recovery Reserve	(2.322)	-	2.322	(0.000)
Collection Fund Smoothing	(1.944)	-	1.944	-
Community Led Housing	(0.605)	-	0.069	(0.536)
Contain Outbreak Management	(0.260)	0.260	-	-
Council Commissioned Services	(7.520)	-	2.652	(4.868)
Council Transformation Fund	(17.144)	-	3.369	(13.775)
Council Tax Hardship & Discount Scheme	(6.588)	-	4.817	(1.771)
Dedicated Schools Grant	(4.501)	2.434	1.428	(0.639)
Economy & Regeneration Investments	(0.050)	-	0.050	(0.000)
Empty Dwelling Management Order	(0.077)	-	(0.017)	(0.094)
Estates Rationalisation	(6.257)	0.416	1.279	(4.562)
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)	-	(0.030)	(0.066)
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)	-	0.337	(0.734)
NCC Economic Regeneration	(0.138)	-	0.138	(0.000)
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)	-	0.015	(0.032)
Recruitment & Retention	(0.439)	-	-	(0.439)
Regeneration Additional Capacity Reserve	(0.405)	-	-	(0.405)
Regeneration Development Reserve	(2.952)	0.147	0.969	(1.836)
Repair and Maintenance	(0.250)	-	-	(0.250)
Replacement of Defective Street Lanterns	(2.930)	-	0.510	(2.420)
Restructuring Reserve	(0.838)	0.111	0.051	(0.676)
Revenue Grants	(20.353)	6.626	0.479	(13.248)
School Libraries	(0.007)	-	-	(0.007)
Sealodge	(0.010)	-	(0.015)	(0.025)
Section 106	(14.697)	0.001	(3.874)	(18.570)
Severe Weather	(7.500)	-	4.293	(3.207)
Social Fund	(0.493)	-	-	(0.493)
Sports Development	(0.297)	-	0.010	(0.287)
Storm Arwen	(0.193)	-	0.193	-
Strategic Management Reserve	(49.708)	0.025	11.521	(38.162)
Transformation of the Revenues & Benefits Service	(0.215)	-	0.060	(0.155)
Violence Reduction	(0.039)	-	0.039	-

Appendix M

	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)	-	0.250	(1.750)
Women's Safety in Public Places	(0.022)	-	0.022	-
Total Earmarked Reserves	(178.175)	18.484	33.821	(125.870)
Total Usable Reserves	(341.680)	18.484	35.498	(287.698)

	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)	-	(2.092)	(7.304)
Estates Rationalisation Project	(0.577)	-	0.450	(0.127)
Compensation Claims	(0.080)	-	0.013	(0.06)
Contractor Claims	(0.330)	-	0.330	-
Total Provisions	(6.744)	0.031	(0.785)	(7.498)
Total Reserves & Provisions	(348.424)	18.515	34.713	(295.196)

*Provisional un-audited opening balance figure

Virements October to December 2023

Directorate	Reason for Virement	Virement from	Virement to	£
Revenue				
Children, Young People and Education	Budget to support the running costs of the Family Hub buildings which are now managed within Transformation and Resources	Northumberland Family Service	Transformation and Resources: Integrated Services	118,580
Capital				
Adults, Ageing and Wellbeing	The initial budget was approved prior to the current economic conditions	Capital Contract Inflation	Swift Replacement	53,000
Place and Regeneration	Change requests to the initial contract by NCC resulting in increased costs	Climate Change Capital Budget	Solar Car Port	201,000
Place and Regeneration	To enable the urgent replacement of temporary office and welfare accommodation at Tyne Mills Depot	Salt Barns	Tyne Mills Depot Accommodation	405,000
Transformation and Resources	To fund the purchase of 67 i-pads for members from the underspend on the air conditioning scheme	Information Services - Air Conditioning	Member i-pads	40,660