



Northumberland

County Council

Cabinet

7 May 2024

Financial Performance 2023-24 – Position at the end of February 2024 (Provisional Outturn)

Report of Councillor: Wojciech Ploszaj, 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 provisional outturn for the Council against the Budget for 2023-24. Due to the timing of the statutory accounts deadline the forecast provisional outturn is based on the position at the end of February.

3. Recommendations

3.1 Members are requested to approve:

- a. the use of the Energising Blyth Deep Dive capital funds received (£19.630 million) in 2023-24 on projects the Council would have funded themselves during the financial year thus delaying the borrowing requirement to be utilised once the schemes are delivered and to allow the Executive Director of Transformation and Resources (Section 151 Officer) to sign a declaration to the Department for Levelling Up, Housing and Communities (DLUHC) confirming the funds have been defrayed.
- b. an amendment to the Capital Medium Term Financial Plan to replace the expected grant in 2024-25 (£10.930 million) and 2025-26 (£8.700 million) on the Energising Blyth Deep Dive programme with Council resource to reflect the earlier use of the expected grant.
- c. the creation of a reserve to carry forward the unspent 2023-24 Energising Blyth Deep Dive revenue funding with the balance to be identified at the end of the financial year. It is proposed that the transfer of the final value and utilisation of this reserve is delegated to the Executive Director for Place and Regeneration in consultation with the Section 151 Officer.

- d. the creation of a reserve to carry forward the unspent 2023-24 HRA Hardship Fund with the balance to be identified at the end of the financial year. It is proposed that the transfer of the final value and utilisation of this reserve is delegated to the Executive Director for Place and Regeneration in consultation with the Section 151 Officer.
- e. the creation of a reserve to carry forward the unspent 2023-24 Selective Landlord Licencing scheme funding with the balance to be identified at the end of the financial year. It is proposed that the transfer of the final value and utilisation of this reserve is delegated to the Executive Director for Place and Regeneration in consultation with the Section 151 Officer.
- f. that any balance remaining upon finalisation of the Statement of Accounts is to be transferred to the Council's General Fund (GF).

3.2 Members are requested to note:

- a. the estimated net re-profiling to the Capital Programme of £44.412 million from 2023-24 to 2024-25 to reflect estimated expenditure levels in the current financial year.
- b. the projected overspend on services of £2.874 million and the assumptions outlined in this report.
- c. the projected net underspend of £0.143 million after the utilisation of the reserves.
- d. that this forecast provisional outturn is based on the figures as at the end of February and is subject to change.
- e. the supplementary estimates at Appendix A and the required changes to the budgets.
- f. the delivery of the approved savings at Appendix B.
- g. the use of the contingency shown at Appendix L.
- h. the use of reserves shown at Appendix M.
- i. the virements requested by services shown at Appendix N.
- j. 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 February 2024. The Council set its budget for 2023-24 on 22 February 2023 and this report focuses on the financial performance to the end of February 2024 and the projected provisional outturn 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 £155.619 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 J.

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	132.713	134.056	1.343
Chief Executive	35.865	36.559	0.694
Children, Young People & Education	87.957	94.532	6.575
Place and Regeneration	82.774	85.414	2.641
Public Health, Inequalities & Stronger Communities	13.898	15.616	1.718
Transformation & Resources	30.957	29.379	(1.578)
Total Services	384.164	395.556	11.392
Corporate Expenditure and Income	17.714	(3.634)	(21.348)
Total Net Expenditure	401.878	391.922	(9.956)
Budget funded by:			
Council Tax	(231.720)	(231.720)	-
Retained Business Rates (including grants)	(92.863)	(95.033)	(2.170)
Revenue Support Grant	(12.430)	(12.430)	-
Other Corporate Grants	(47.014)	(47.014)	-
Earmarked Reserves	(17.851)	(2.851)	15.000
Total Funding of Services	(401.878)	(389.048)	12.830
Net Total	-	2.874	2.874

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 £1.055 million, which is uncommitted the balance in the contingency, will be utilised to offset this. The £2.705 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	2.874
Transfer from Exceptional Inflation Reserve	(1.017)
Transfer from Business Recovery Reserve	(2.000)
Net underspend	(0.143)

6.3 Key Movements

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

	£m
December position (after the use of reserves)	0.510
Additional Business Rates income from the Levy Surplus account	(0.578)
Increase in the doubtful debt provision with Adult Social Care	0.615
Reversal of voluntary MRP in relation to the Strategic Acquisition Fund	(15.000)
Transfer to Strategic Management Reserve in relation to the Strategic Acquisition Fund	15.000
Other changes	(0.690)
February position (after the use of reserves)	(0.143)

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 January to February 2024.
- 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 January to February 2024.
- 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 January to February 2024.

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 £119.189 million, approved by Cabinet on 12 September 2023, 12 December 2023 and 12 March 2024, reprofiled from 2023-24 to 2024-25. In addition, further approvals totalling £72.739 million have been agreed by Cabinet for additional schemes.

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

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	(1.244)	3.183	2.316	2.933	(0.250)	-	(0.250)
Chief Executive	2.016	0.000	2.016	1.229	1.255	(0.761)	-	(0.761)
Children, Young People & Education	32.622	(13.122)	19.500	10.729	17.048	(2.452)	(0.179)	(2.273)
Place and Regeneration	166.270	40.952	207.222	127.262	167.521	(39.701)	(3.143)	(36.558)
Public Health, Inequalities and Stronger Communities	0.800	1.039	1.839	1.744	2.079	0.240	0.240	0.000
Transformation and Resources	16.814	(1.437)	15.377	10.385	12.557	(2.820)	1.750	(4.570)
Total Programme	222.949	26.188	249.137	153.665	203.393	(45.744)	(1.332)	(44.412)
Financed by:								
Capital Receipts	5.589	0.501	6.090					
External Grants	96.863	12.024	108.887					
GF Borrowing	106.236	(4.001)	102.235					
GF Revenue Contributions (RCCO)	0.250	21.186	21.436					
HRA Contributions (MRR & RCCO)	14.011	(3.522)	10.489					

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	26.188	249.137					

8.4 Year-to-date capital expenditure is £153.665 million with forecast expenditure of £203.393 million. The major areas of capital investment during the year to date are as follows:

- i. £91.022 million invested in transport schemes including infrastructure, traffic management, integrated transport schemes and the reintroduction of the Northumberland Rail Line.
- ii. £4.643 million invested in fleet replacement.
- iii. £15.340 million invested in the Council's housing stock.

8.5 There is a net forecast variance of £45.744 million across the 2023-24 Capital Programme comprising of £44.412 million net reprofiling from 2023-24 to 2024-25 and £1.332 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 notes estimated net reprofiling of £44.412 million from 2023-24 to 2024-25 to reflect estimated expenditure levels in the current financial year.

8.7 The Council was awarded a Section 31 un-ringfenced grant of £20.710 million (Capital £19.630 million and Revenue £1.080 million) from the Department for Levelling Up, Housing and Communities (DLUHC) for the Energising Blyth Deep Dive Project to support a range of activities in addition to the existing Energising Blyth Programme and provide further impetus to transform the town including housing renewal, town centre living and measures to tackle anti-social behaviour and retail crime alongside additional investment in technical training kit at the new Energy Central Campus. These improvements are programmed to be undertaken during 2024-25 and 2025-26.

8.8 DLUHC have requested the Section 151 Officer signs a declaration stating the funds received in 2023-24 have been defrayed and utilised during the current financial year. As minimal expenditure has been incurred to date on the project it is proposed to utilise the capital funding against projects the Council would have otherwise funded from its own resources during 2023-24. The medium-term financial plan will require amending in 2024-25 and 2025-26 to replace the expected grant with the Councils own funds to reflect the grant received being used in advance of the delivery of the proposed projects. Over the period 2023-24 to 2025-26 there will be no change in the overall funding

requirements apart from a change in the profiling of the financing of the programme.

- 8.9 A new reserve will need to be created to transfer the unspent revenue funding at the end of the financial year so it can be used to cover the commitments during 2024-25 and 2025-26.
- 8.10 It is recommended Cabinet approve the use of the Energising Blyth Deep Dive capital funds received (£19.630 million) in 2023-24 on projects the Council would have funded themselves during the financial year thus delaying the borrowing requirement to be utilised once the schemes are delivered and to allow the Executive Director of Transformation and Resources (Section 151 Officer) to sign a declaration to DLUHC confirming the funds have been defrayed.
- 8.11 It is recommended Cabinet approve an amendment to the Capital Medium Term Financial Plan to replace the expected grant in 2024-25 (£10.930 million) and 2025-26 (£8.700 million) on the Energising Blyth Deep Dive programme with Council resource to reflect the earlier use of the expected grant.
- 8.12 It is recommended Cabinet approve the creation of a reserve to carry forward the unspent 2023-24 Energising Blyth Deep Dive revenue funding with the balance to be identified at the end of the financial year. It is proposed that the transfer of the final value and utilisation of this reserve is delegated to the Executive Director for Place and Regeneration in consultation with the Section 151 Officer.

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	2.281
On the market	0.910	-
Terms Agreed	1.089	-
Contracts exchanged	1.504	-

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 borrowing activity for the period January to February 2024:

	Previous Quarter	Movement – Feb 24	Current
Outstanding principal - at quarter end (£m)	680.851	24.979	705.830
Weighted average interest rate - year to date (%)	3.112	0.160	3.272
Quarter end external borrowing as % of Operational Boundary (Borrowing)	70.621	2.591	73.212
Interest paid (including accruals) (£m)	8.007	7.365	15.372

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 February 2024, the Council's external borrowing represented 73.21% 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 £39.548 million, from £745.378 million at the start of the year to £705.830 million at 28 February 2024. This is due to maturing existing loans. However, considering future loan maturities and new borrowing, a net additional borrowing of approximately £40.000 million is forecast in the final month of the financial year. Overall borrowing is projected to total around £745.830 million by 31 March 2024 which is around £118.000 million lower than anticipated.

The table below demonstrates that in the period to 28 February 2024 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 28 Feb 2024 £m
External Borrowing	1,156.913	964.094	705.830

10.5 The following table provides an analysis by type of the borrowing activity for the period January to February 2024:

Lender Category	Repayment Type	Opening Balance	Repaid – Jan – Feb 2024	New Borrowing Jan – Feb 2024	Closing Balance
		£m	£m	£m	£m
PWLB	EIP	8.001	(1.000)	-	7.001
PWLB	Annuity	0.521	(0.021)	-	0.500
Salix	EIP	0.025	-	-	0.025
PWLB	Maturity	454.704	-	35.000	489.704
Other Local Authorities	Maturity	40.000	(35.000)	26.000	31.000
Other/Market	Maturity	177.600	-	-	177.600
Total		680.851	(36.021)	61.000	705.830

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 28 February 2024, against the prescribed limits:

Maturity Structure	Upper Limit for 2023-24	Actual 28 Feb 2024
Under 12 months	25%	11%
1 year - 2 years	40%	3%
2 years within 5 years	60%	2%
5 years within 10 years	80%	7%
10 years and above	100%	77%

10.7 The following table summarises the Council's investment activity for the period January to February 2024:

	Previous Quarter	Movement - Jan – Feb 2024	Current
Outstanding principal - at month end (£m)	39.400	3.250	42.650
Weighted average interest rate - year to date (%)	4.917	0.045	4.962
Weighted average interest rate - current (%)	5.405	(0.095)	5.310
Interest earned (£m)	4.747	0.521	5.268

10.8 The following table provides an analysis by type of the investment activity for the period January to February 2024:

Category	Opening Balance	Repaid – Jan – Feb 2024	New Investment Jan – Feb 2024	Closing Balance
	£m	£m	£m	£m
Term Deposit Banks	-	-	-	-
Term Deposit Building Societies	-	-	-	-
Term Deposit Other Local Authorities	-	-	-	-
Money Market Funds	33.400	(119.250)	128.500	42.650
Debt Management Office (DMO)	-	-	-	-
Notice Accounts	6.000	(6.000)	-	-
Total	39.400	(125.250)	128.500	42.650

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 28 February 2024:

	Limit 2023-2024 £m	Actual Highest £m	Actual 28 Feb 2024 £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 29 February 2024	0.738	3.496	3.079	1.407	0.189	8.909
Balance Available	2.262	(0.496)	(0.079)	(1.407)	(0.189)	0.091

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 £3.657 million.

11.4 It is likely that the profiling of the commitments will extend into 2026-27. The 2023-24 expenditure and commitments to 29 February are as follows:

	Approved requests	Expenditure to 29 Feb	Commitments March	Forecast Expenditure	Forecast Variance
	£m	£m	£m	£m	£m
Opening Balance	3.000				
Total as at 29 February	3.496	1.200	2.296	3.496	(0.496)
Balance Remaining	(0.496)				(0.496)

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 February 2024 to reflect school academy conversions since December 2023.
Value:	£2,426,680 reduction in grant
Recurrent/Non-recurrent:	Recurrent

Directorate:	Children, Young People and Education
Grant Awarding Body:	Department for Education
Name of Grant:	Early Years Covid19 Recovery: Experts and Mentors' Programme
Purpose:	The grant is to strengthen teaching in early years and address the impact of the pandemic on the youngest children.
Value:	£28,000
Recurrent/Non-recurrent:	Non- recurrent

Directorate:	Children, Young People and Education
Grant Awarding Body:	Department for Education
Name of Grant:	Early Years Financial Incentive Pilot
Purpose:	Funding provided towards the delivery of the financial incentives pilot scheme for the recruitment of eligible early years workers.
Value:	£95,741.50
Recurrent/Non-recurrent:	Recurrent for 2024-25

Directorate:	Children, Young People and Education
Grant Awarding Body:	Department for Education
Name of Grant:	Strengthening multi-agency leadership for reform
Purpose:	The grant is to support the implementation of Working Together and the Children's Social Care Framework
Value:	£47,300
Recurrent/Non-recurrent:	Non-recurrent

Directorate:	Place and Regeneration
Grant Awarding Body:	Department for Levelling Up, Housing & Communities
Name of Grant:	Homelessness Prevention Grant – 2024-25
Purpose:	To alleviate pressures on homelessness services by supporting guests into suitable sustainable accommodation
Value:	£329,740
Recurrent/Non-recurrent:	Non-recurrent

Directorate:	Place and Regeneration
Grant Awarding Body:	Office for Zero Emission Vehicles
Name of Grant:	On-Street Residential Chargepoint Scheme
Purpose:	To provide residential on-street chargepoints for plug-in electric vehicles
Value:	£68,300
Recurrent/Non-recurrent:	Non-recurrent

Performance against the 2023-24 savings targets is shown in the table below. The savings have been RAG rated based on the ability to meet the savings target within the year.

Directorate	Red	Amber	Green	Total
	£m	£m	£m	£m
Adults, Ageing & Wellbeing	-	-	4.679	4.679
Chief Executive	0.088	-	0.363	0.451
Children, Young People & Education	0.301	-	0.451	0.752
Place and Regeneration	0.449	-	3.263	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	1.076	-	15.969	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

A £0.005 million increase in North East Ambulance Service income due to a potential further bay being let at West Hartford which has not been implemented. This income stream is currently being reviewed and if this will not be realised recurrently alternative options will be consider to meet this shortfall.

A reduction in the Smoke Alarms budget of £0.010 million is not forecast to be achieved due to prevention activity being maintained. This shortfall has been met in year by other underspends within this budget area. It is anticipated that this saving will be realised in future years.

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. Officers are currently undertaking a review of the restaurant and rental income streams to consider options to address this pressure.

An increase in Public Protection fees and charges of £0.068 in relation to Land Charges, Pest Control and Licensing is not forecast to be achieved due to the slowing of the housing market in the current year (Land Charges) and lower demand on the services. A review of all fees and charges comparing them to budget will be undertaken by the service.

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.

An increase in income of £0.060 million for Highways Development Control is forecast not to be achieved. This was a new initiative which has not progressed as expected.

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 £0.007 million the saving target is unlikely to be achieved.

No compensating savings have been identified 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. A growth bid was approved at County Council in February to reinstate the Morpeth Chantry 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	22.609	22.435	(0.174)
Integrated Commissioning	84.011	98.145	100.717	2.572
Business Support	4.315	3.158	3.057	(0.101)
In-House Provider Services	6.128	7.946	7.257	(0.689)
Executive Director	0.698	0.855	0.590	(0.265)
Total Adults, Ageing & Wellbeing	117.390	132.713	134.056	1.343

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 £0.174 million. This is due to the following:
 - i. Staffing-related budgets are forecast to underspend by £0.381 million as a result of vacant posts;
 - ii. Non-staffing related budgets are forecast to underspend by £0.148 million; and,
 - iii. The delay in the redesign of the Telecare service will result in £0.355 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 £2.572 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; and,
 - ii. A review of the adult social care outstanding debt has resulted in an increase of £0.615 million to the doubtful debt provision. This is included in the forecast position.
- c. In-House Provider Services is forecast to underspend by £0.689 million. This is due to the following:
 - i. Staffing-related budgets are forecast to underspend by £0.249 million because of vacant posts;
 - ii. Transport related expenditure including client transport costs are forecast to underspend by £0.181 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 £0.259 million more than budget.
- d. Executive Director is forecast to underspend by £0.265 million. This is due to the following:
 - iv. Staffing related budgets are forecast to underspend by £0.187 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: Chief Executive

Summary by Service	2022-23 Outturn	Budget	Forecast Outturn	Variance
Service	£m	£m	£m	£m
Chief Executive	0.344	0.330	0.272	(0.058)
Fire and Public Protection	22.119	23.335	24.374	1.039
Strategy and Communications	1.104	1.164	1.161	(0.003)
Law and Corporate Governance	6.309	6.418	6.598	0.180
Workforce	4.168	4.618	4.154	(0.464)
Total Chief Executive	34.044	35.865	36.559	0.694

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 £1.039 million due to:
 - i. There is a forecast overspend on pay of £0.148 million. Comprising of;
 - A forecast overspend on overtime of £0.389 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 £0.463 million which are partly offset by sickness cover of £0.223 million;
 - ii. There is a forecast overspend on data lines, computer hardware and land line telephones of £0.336 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 £0.175 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 £0.180 million due to:

- i. Legal Services are forecasting a £0.155 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 £0.141 million; and,
 - ii. External legal fees are forecast to overspend by £0.104 million due to an increase in fees, and an increase in the number of complex childcare cases.
- c. Workforce is forecast to underspend by £0.464 million due to:
- i. Human Resources, Learning & Organisational Development, Corporate Union and Postgraduates are forecast to underspend £0.316 million due to vacant posts; and,
 - ii. New Apprenticeship Programme there is a forecast underspend of £0.163 million. There is £0.018 million underspend forecast in staffing due to vacancies and £0.184 million underspend from Learners Allowances. This is due to no further apprentices being recruited before the end of the year and only one out of ten apprentice posts which are allocated to young adults who are classed as looked after children currently being filled.

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	54.146	59.080	4.934
Education, SEND & Skills	34.980	33.811	35.452	1.641
Total Children, Young People and Education	85.206	87.957	94.532	6.575
Dedicated Schools Grant	(1.532)	158.053	158.443	0.390

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 £4.934 million due to:
 - i. There is a £5.695 million overspend on external residential care placements. There are currently 57 residential placements, 3 independent supported living arrangements and 4 emergency provision placements. This position is exacerbated by an increase in the average cost of placements due to market conditions with demand outstripping supply, and in some cases the increasingly complex needs of the young people. This 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. The home is now ready and awaiting an imminent Ofsted inspection and an additional 6 beds are planned for 2024-25 which will ease the cost pressure of using external providers;
 - iii. There is an expected overspend of £1.156 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 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 £0.198 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 staff in post and awaiting the Ofsted inspection required to open. This will result in an underspend of £0.613 million on the running costs of the home which offsets the saving that will not be achieved on external placements;
 - v. Kyoeloe House is expected to run at an underspend of £0.474 million. This assumes the unit will maintain occupancy levels of 10 beds for March and follows an increase in the bed price for the 2023-24 financial year, and,

- vi. There is a forecast overspend of £1.001 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+;
 - vii. 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;
 - viii. There is a forecast underspend on the Northumberland Families service of £0.686 due to a combination of vacant posts and grant funding which has been used to meet the cost of several posts;
 - ix. There is an expected overspend of £0.425 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,
 - x. There is an underspend on staffing of £0.319 million on several vacancies across the Quality Assurance service.
- b. Education, SEND & Skills is forecast to overspend by £1.641 million due to:
- i. An overspend of £0.960 million on the cost of Special Education Needs (SEN) transport for the 407 routes currently transporting 1,738 pupils and escorts. 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.
 - iii. An overspend on the Education Psychology team of £0.614 million. The team complete the assessments for all Education and Health Care Plans which is a statutory duty of the council. Due to difficulty in recruiting to vacant posts and increased demand for assessments the service has had to use agency staff to meet increased levels of demand.
- c. The Dedicated Schools Grant is forecast to overspend by £0.390 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 £1.387 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 £0.649 million with an additional 3 placements since December along with the impact of inflation; and,
 - iii. There is an underspend of £0.649 million on staffing across the central SEN support teams, due to vacancies throughout the year.
 - iv. An underspend of £0.351 million on the Inclusion budget. Whilst the cost of transport is expected to overspend by £0.161 million, this is offset by an underspend on alternative provision of £0.188 million and over achievement of income recovered from schools of £0.286 million.

- v. The school contingency budget of £0.318 million will not be called upon this year but will be added to the reserve to meet future costs linked to the school re-organisations in both the Coquet and Berwick partnerships.

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	6.003	5.618	(0.385)
Environment and Transport	71.455	74.678	76.692	2.014
Housing and Planning	5.435	2.093	3.103	1.011
Total Place and Regeneration	82.543	82.774	85.414	2.640

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 mainly due to staffing underspends of £0.229 million in Regeneration, £0.037 million in Asset Management and £0.066 million in Culture as a result of vacant posts.
- b. Environment and Transport is forecast to overspend by £2.014 million due to:
 - i. Highways and Transport are forecast to overspend by £0.004 million with the most significant variances as follows:
 - Network Management is forecast to underspend by £0.458 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 £0.460 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 which has resulted in a predicted overspend for highway maintenance of £0.491 million, however £0.250 million will be funded from the Severe Weather Reserve; and,
 - Highways Development Management is forecast to overspend by £0.460 million mainly due to an under recovery of income and partially offset by savings in staff costs from vacant posts. Progress has been made in generating fee income and it is estimated that £0.930 million income will be received in the current financial year. However, the schemes involved in delivering this income are being analysed to ascertain when the works will be undertaken by the Council, and to date this has identified that £0.650 million should be accounted for in 2023-24 and £0.280 million accounted for in 2024-25. This under recovery in year is partially offset by savings on staffing of £0.140 million.

- ii. Neighbourhood Services is forecast to overspend by £2.010 million with the most significant variances as follows:
 - The Waste PFI Contract is forecast to overspend by £1.650 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 £0.316 million but work is being undertaken to explore how this can be mitigated. In addition, there are potential liabilities which have been identified with the Waste PFI contract totalling £1.239 million;
 - There is an anticipated shortfall in income of £0.397 million from Blyth Crematorium due to the impact of a private crematorium opening; and,
 - Waste Services is forecast to overspend by £0.131 million. This is mainly due to a salary overspend of £0.557 million which is a combination of costs associated with the additional bank holiday for the King's coronation and overtime and agency to cover sickness, however income from waste fees and charges has exceeded the budget by £0.685 million. In addition, there are vehicle hire, repairs and SLA costs of £0.294 million in excess of the budget.
- c. Housing and Planning is forecast to overspend by £1.011 million mainly due to:
 - i. £0.800 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. £0.220 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	0.165	0.165	-
Stronger Communities	23.138	13.733	15.451	1.718
Total Public Health, Inequalities and Stronger Communities	23.202	13.898	15.616	1.718

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 £0.991 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 £1.718 million due to:
 - i. A £0.169 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 £0.095 million forecast overspend within Registrars due to an overspend on staffing costs and an underachievement on wedding income and related fees;
 - iii. A £0.193 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. A figure of £2.000 million has been forecast to provide additional support to 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. A report to Cabinet on 12th March 2024 detailing the financial performance of the Council to the end of

December approved 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; and,

- v. A £0.386 million forecast underspend within Customer Services mainly due to £0.335 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	0.896	0.803	(0.093)
Digital & IT	10.375	11.858	11.745	(0.113)
Executive Director of Transformation and Resources	46.422	2.769	2.799	0.030
Finance and Procurement	5.139	6.530	5.159	(1.371)
Strategic Change & Service Improvement	4.620	8.904	8.873	(0.031)
Total Finance	67.394	30.957	29.379	(1.578)

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 £0.113 million due to:

- i. Part year staffing vacancies totalling £0.245 million across the service which are expected to be filled during 2023-24;
- ii. £0.088 million forecast underspend is due to two large refunds received in year from the mobile phone providers EE and O2. This is being partially offset by a £0.059 million forecasted overspend on telephone land line charges; and,
- iii. £0.093 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 £1.371 million due to:

- a. Commissioning and Procurement forecast to underspend by £0.533 million due to:
 - i. £0.122 million forecast underspend relates to in year staffing vacancies which have been filled by agency staff throughout 2023-24. A staffing restructure is in progress to address these in 2024-25;
 - ii. A forecast underspend of £0.320 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 £0.728 million due to:
 - i. A forecast underspend of £0.243 million relating to Revenue and Benefits is due to staff vacancies of £0.343 million, most of which are expected to be filled within the year. There is also

- an additional £0.148 million grant funding that has been received for New Burdens. This is offset by £0.140 million overspend on postage;
- ii. Within Cost of Benefits there is a forecast net overspend in relation to Rent Allowance and Rent Rebate payments and claimed subsidy of £0.144 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;
 - v. An underspend of £0.183 million is forecast which relates to staffing due to part year vacancies in Payroll, Accounts Payable, Systems Administration teams and Cashiers and other teams; and,
 - vi. £0.116 million forecast overachievement of Payroll internal recharges to services to cover administration costs for providing the staff salary sacrifice lease car scheme. A review is currently underway to access how all salary sacrifice schemes are being managed.
- c. Strategic Change & Service Improvement is forecast to underspend by £0.03 million due to:
- i. Property repairs and maintenance is forecast to overspend by £0.275 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 £0.199 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)	22.765	21.823	(0.942)
Treasury Management	(26.442)	(23.243)	(25.901)	(2.658)
Capital Financing	93.046	18.192	0.444	(17.748)
Corporate Funding	(470.047)	(401.878)	(389.048)	12.830
Total Other Corporate Expenditure & Income	(411.387)	(384.164)	(392.682)	(8.518)

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 £0.942 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 £2.658 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 £17.748 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 £15.946. £15.000 million is due to the reversal of voluntary MRP which was set aside during 2022-23 for the early repayment of debt. Approval for this was agreed by County Council in February 2024 within a report relating to the creation of the £15.000 million Strategic Acquisition Fund. This report also approved the subsequent transfer of £15.000 million to the Strategic Management Reserve to replenish this reserve following usage to fund the Strategic Acquisition Fund and this is shown against Corporate Funding below. The remainder of the underspend is due to slippage in the 2022-23 capital programme which was not factored into the original MRP estimate.
- d. Corporate Funding is forecast to overspend by £12.830 million due to:
 - i. £1.592 million additional Business Rate income including Section 31 Grants and Renewable Energy.
 - ii. £0.578 million additional Business Rates income from the Levy Surplus account which the government announced as part of the final Local Government Finance Settlement.
 - iii. A £15.000 million contribution to the Strategic Management Reserve to replenish this reserve following usage to fund the Strategic Acquisition Fund.

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	7.032	6.639	(0.393)
Housing Special	0.891	1.034	1.138	0.104
Repairs and Maintenance	9.540	9.423	9.794	0.371
Housing Capital Works	0.494	0.631	0.728	0.097
Other HRA Services	13.663	14.483	14.195	(0.288)
HRA Income	(30.175)	(32.916)	(32.589)	0.327
Total HRA Expenditure & Income	0.725	(0.313)	(0.095)	0.218

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 £0.393 million mainly due to part year vacancies.
- b. Repairs and Maintenance is forecast to overspend by £0.371 million. The main reasons are:
 - i. £1.245 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 £0.687 million on salaries due to part year vacancies and includes agency staffing costs.
- c. Other HRA Services is forecast to underspend by £0.288 million. The main reasons are:
 - i. Interest payable on HRA borrowing has increased by £0.273 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 5.306% following a rise in the Bank of England base rate;
 - ii. Interest received on balances is forecast to increase by £0.850 million. This is due to an increase in the 3-year Sterling Overnight Index Average (SONIA) rate which is forecast to average at 4.84% for the current year. The budget was set at an interest rate of 3.0%; and,

- iii. Depreciation has increased by £0.334 million following an upward revaluation of Council dwellings by the Council's external valuers.
- d. HRA Income is forecast to underachieve by £0.327 million mainly due to dwelling rent income. Voids are currently running at 3.73% 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 (£0.250) million		
Summary by Project	Under/ Overspend	Reprofiling
	£m	£m
Disabled Facilities Grant	-	(0.250)
Total	-	(0.250)

NOTES - Year End Variances of £0.250 million or more

The main reason for the forecast variance for Adults, Ageing & Wellbeing is outlined below:

- a. The level of work expected to complete before the end of the financial year that is funded by the Disabled Facilities Grant is slightly lower than anticipated.

Service: Chief Executive – forecast variance (£0.735) million		
Summary by Project	Under/ Overspend	Reprofiling
Project	£m	£m
Fire and Rescue - Fleet	-	(0.761)
Total	-	(0.761)

NOTES - Year End Variances of £0.250 million or more

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

- a. The forecast reprofiling of the fleet budget is in relation to vehicles which have been ordered but are now not expected to be delivered by 31 March.

Service: Children, Young People and Education – Forecast variance (£2.452) million		
Summary by Project	Under/ Overspend	Reprofiling
	£m	£m
Basic Needs Programme	(0.048)	-
Children's Homes	-	(0.530)
High Needs Provision Capital Allocation	0.249	-
Kyloe House	-	(0.173)
Legacy Projects	(0.086)	-
NCC Contributions	(0.060)	-
Northumberland Skills	(0.137)	-
School Led (DFC and EECA)	(0.097)	-
School Redevelopments	-	(1.570)
Total	(0.179)	(2.273)

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 £0.530 million relates to the Multi Site Residential Homes project. 4 suitable properties have been identified and offers have been accepted; however, these purchases will not be completed in the 2023-24 financial year. It was anticipated that 2-3 of the properties would be acquired in year, but due to unforeseen delays in the legal and planning processes, this will no longer be possible.
- b. School Redevelopments - The updated spend profile for Coquet Schools redevelopment work has shifted expenditure into 2024-25 due to the time taken to formally enter contractual arrangements. It will have no effect on the overall timeline of the programme.

Service: Place and Regeneration – forecast variance (£39.701) million		
Summary by Project	Under/ Overspend	Reprofiling
Project	£m	£m
A1068 Shilbottle Road Junction Improvements	-	(0.080)
Affordable Homes Programme	-	(0.141)
Alnwick Playhouse – Replacement of Lighting Rig	-	(0.072)
Ashington High Street Innovation Programme	-	(0.676)
Ashington Town Centre Renewal and Strategic Sites Programme	-	(0.606)
Bedlington Town Centre Redevelopment Phase 1 and 2	-	(0.240)
Blyth Sports Centre	(0.078)	-
Borderlands – Carlisle University	-	(1.990)
Car Parks	-	0.005
Changing Places Toilet Upgrade	-	(0.158)
Choppington Mineral Rights	(0.300)	-
Climate Change Capital Fund	-	(0.187)
Climate Change – West Sleekburn Horticultural Skills Unit Ground Source Heat Pump	-	(0.130)
County Hall Refurbishment	0.308	-
Depot Rationalisation	-	(0.158)
Destination Tweed	-	(0.250)
Energising Blyth Programme	-	(7.288)
Fleet Replacement Programme	-	(1.138)
Flood and Coastal Erosion Risk Management (FCERM) – Bingfield	0.002	-
FCERM – Blenkinsopp	-	(0.050)
FCERM – Branton	-	(0.071)
FCERM – Hepscoth Flood Alleviation Scheme	-	(0.010)
FCERM – Next Generation Flood Resilience	-	(0.429)
FCERM – Seaton Delaval	(0.045)	-
FCERM – Spa Well Groundwater, Spittal	-	(0.028)

Appendix K

FCERM – Wark	(0.047)	
Great Northumberland Forest	-	0.120
Great Northumberland Forest – Storm Arwen	-	(0.250)
Great Northumberland Forest – Tenant Led Pilot	-	(0.422)
Greensfield Farm, Alnwick	-	(0.333)
Hexham High Street Action Zone	-	(0.600)
Hexham The Shambles	-	(0.030)
Homes England Grant Recovery (re Right to Buy)	(0.075)	-
Kielder Observatory Contribution	-	(0.002)
Leisure Buildings – Essential Remedials	(0.240)	-
Lyndon Walk	-	(0.083)
Loan to NELEP – Ashwood	(0.240)	(0.077)
Local Transport Plan – Additional Grant	-	(1.200)
Major Repairs Reserve	1.069	-
Northumberland Small Business Service	-	(0.100)
Parks Enhancement Programme – Isabella Heap Park, Blyth	(0.022)	-
Port of Berwick Grant	-	(0.050)
Property Stewardship Fund – Astley Park Depot	-	(0.180)
Property Stewardship Fund – Backlog M&E and Fabric	-	(0.475)
Property Stewardship Fund – Dene Park Windows	-	(0.184)
Property Stewardship Fund – Gilesgate	-	(0.025)
Property Stewardship Fund – Public Toilet Refurbishment	-	0.032
Property Stewardship Fund – Woodhorn Lift Replacement	-	(0.178)
Prudhoe Waterworld Improvements	-	(0.065)
Public Sector Decarbonisation – Ground Source Heat Pumps	(0.298)	-
QEII Commemoration Schemes	-	(0.043)
Riverbrook Gardens Development Affordable Homes	-	0.041
Rural Asset Multiplier Programme	-	(0.200)

Rural Business Growth Scheme	(0.916)	-
Storm Arwen Damage Recovery	-	(0.040)
Strategic Acquisition Fund	-	(15.000)
Strategic Regeneration Projects – Wooler Visitor Infrastructure	-	(0.199)
Strategic Regeneration Projects – Reivers Trail	-	(0.113)
Sustainable Warmth Grant – Home Upgrade Grant Phase 1 (HUG 1)	0.016	-
Sustainable Warmth Grant – Home Upgrade Grant Phase 1 (HUG 2)	-	(3.205)
Sustainable Warmth Grant (LAD 3)	(0.727)	-
Todstead Landslip	(2.000)	-
Union Chain Bridge	0.539	-
Winter Weather Stations	(0.070)	-
Yourlink Refurbishment	(0.019)	-
Total	(3.143)	(36.558)

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. Ashington High Street Innovation Programme due to delays in the appointment of the design team;
- b. Ashington Town Centre Renewal and Strategic Sites Programme due to delays in the appointment of the design team;
- c. Borderlands – Carlisle University due to waiting for DLUHC to release the funds to the Council. DLUHC have agreed to release £2.900 million with an element of this due to be paid to the University;
- d. 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;
- e. 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;
- f. Destination Tweed due to the Borderlands business case being submitted in March with expenditure commencing in 2024-25;
- g. 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 being completed ahead of the construction works commencing. Business cases on other elements of the programme are being prepared and finalised for approval;

- h. Fleet Replacement Programme due to the challenging market conditions continuing. A number of vehicles that were expected for delivery in March will now not be delivered until after 31 March. There is no impact on service delivery as the existing fleet are still being maintained and utilised;
- i. 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;
- j. Great Northumberland Forest – Storm Arwen and Tenant Led Pilot. Grants have been awarded with payments commenced. Poor weather conditions during the planting season have delayed progress and the erection of the required fencing in places;
- k. Greensfield Farm, Alnwick – purchase of the homes by the Council is now expected in October 2024;
- l. Hexham High Street Action Zone in relation to the public realm works due to a delayed start and recent weather conditions hindering progress;
- m. Local Transport Plan – Additional Grant. The Council received an additional £2.768 million from the Department for Transport following the Chancellor’s Autumn Statement with the schemes being delivered in 2024-25 due to programme lead in times;
- n. Major Repairs Reserve due to increased prices and additional works relating to storm damage which is being funded from the balance on the Major Repairs Reserve;
- o. Property Stewardship Fund – Backlog M&E and Fabric with schemes identified to be competed in 2024-25 once designs have progressed and approvals have been received;
- p. Public Sector Decarbonisation – Ground Source Heat Pumps. The scheme has now been completed with only five of the six proposed schemes progressing;
- q. 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;
- r. Strategic Acquisition Fund with the fund approved by the County Council on 22 February but is now expected that any expenditure from the fund will be incurred in 2024-25;
- s. Sustainable Warmth Grant (HUG2) to ensure continuity of delivery of the scheme in 2024-25;
- t. Sustainable Warmth Grant (LAD3) 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;
- u. 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; and,
- v. Union Chain Bridge scheme is currently £0.539 million overspent in 2023-24. Discussions with the contractor have failed to reach a settlement on the final account position and in the absence of agreement being reached this matter has now been referred for independent adjudication, the outcome of which is expected during May. A final reconciliation will then be required 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 £0.240 million		
Summary by Project	Under/ Overspend	Reprofiling
Project	£m	£m
Provision of Leisure Facilities within Morpeth	0.240	-
Total	0.240	-

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.

Service: Transformation and Resources – forecast variance (£2.820) million		
Summary by Project	Under/ Overspend	Reprofiling
Project	£m	£m
Loans to Third Parties	-	(4.500)
Broadband Phase 2 Gainshare Extension	1.750	(0.070)
Total	1.750	(4.570)

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 £4.500 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). which will show in the budget once the additional external funding for 2023-24 has been approved via a supplementary estimate. 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. £0.070 million forecasted to be spent on broadband connectivity in 2023-24 has now been delayed until early 2024-25.

Items approved from the Council's Contingency

The following items have been approved from the Council's contingency during January to March 2024.

Recurrent Funding	2023-24	2024-25
	£	£
Realignment of HRA recharge	102,880	102,880
Stronger Communities pay award	9,710	9,710
Members pay award	(100,700)	(100,700)
Total amount returned to Contingency recurrently	11,890	11,890

Non-Recurrent Funding	2023-24	2024-25
	£	£
Total amount drawn from Contingency non-recurrently	-	-

Non-Recurrent Funding earmarked for release in March	2023-24	2024-25
	£	£
Elections General Manager	(60,000)	-
Economic Development and Growth staffing	(25,820)	-
Members Local Improvement schemes	(49,420)	-
Members Allowance scheme	(47,900)	-
Hyper-inflation underspend	2,705,080	-
Total amount returned to Contingency non-recurrently	2,521,940	-

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)	(10.387)	11.693	(8.549)
HRA Capital Investment	(1.740)	-	0.153	(1.587)
Total Earmarked HRA Reserves	(40.742)	(10.387)	12.818	(38.311)
Specific Reserves/Balances				
Capital Grants Unapplied	(63.478)	-	-	(63.478)
Capital Receipts	(0.093)	-	-	(0.093)
Capital Receipts - HRA	(8.237)	-	(0.510)	(8.747)
Total Specific Reserves/Balances	(71.808)	-	(0.510)	(72.318)

	Opening Balance at 1 April 2023*	Movement in Reserve	Commitments	Forecast Closing Balance at 31 March 2024
	£m	£m	£m	£m
Earmarked Reserves				
ADC Section 106	(0.002)	-	0.002	-
Balances held by Schools	(8.941)	8.341	(6.298)	(6.898)
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)	0.044	0.010	(0.551)
Contain Outbreak Management	(0.260)	0.260	-	-
Council Commissioned Services	(7.520)	-	2.652	(4.868)
Council Transformation Fund	(17.144)	-	3.268	(13.876)
Council Tax Hardship & Discount Scheme	(6.588)	-	4.817	(1.771)
Dedicated Schools Grant	(4.501)	2.434	1.235	(0.832)
Economy & Regeneration Investments	(0.050)	-	-	(0.050)
Empty Dwelling Management Order	(0.077)	-	(0.017)	(0.094)
Estates Rationalisation	(6.257)	0.489	1.268	(4.500)
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)	-	(0.042)	(0.078)
Highways Commuted Maintenance Funds	(1.127)	0.054	-	(1.073)
Highways Maintenance Investments	(0.225)	-	0.225	-
Homes 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)	-	0.315	(0.756)
NCC Economic Regeneration	(0.138)	-	(0.032)	(0.170)
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)	-	0.125	(0.280)
Regeneration Development Reserve	(2.952)	0.266	0.185	(2.501)
Repair and Maintenance	(0.250)	-	-	(0.250)
Replacement of Defective Street Lanterns	(2.930)	-	0.510	(2.420)
Restructuring Reserve	(0.838)	0.152	0.010	(0.676)
Revenue Grants	(20.353)	6.735	0.509	(13.109)
School Libraries	(0.007)	-	(0.020)	(0.027)
Sealodge	(0.010)	-	(0.036)	(0.046)
Section 106	(14.697)	0.001	(4.525)	(19.221)
Severe Weather	(7.500)	1.023	3.320	(3.157)
Social Fund	(0.493)	-	-	(0.493)
Sports Development	(0.297)	-	0.010	(0.287)
Storm Arwen	(0.193)	0.008	0.085	(0.100)
Strategic Management Reserve	(49.708)	0.025	(4.125)	(53.808)
Transformation of the Revenues & Benefits Service	(0.215)	-	-	(0.215)
Violence Reduction	(0.039)	-	(0.155)	(0.194)

	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)	19.901	14.260	(144.014)
Total Usable Reserves	(341.680)	9.514	26.568	(305.598)

	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)	0.531	0.014	-
NNDR Appeals	(5.212)	-	(2.092)	(7.304)
Estates Rationalisation Project	(0.577)	-	0.450	(0.127)
Compensation Claims	(0.080)	-	0.013	(0.067)
Contractor Claims	(0.330)	0.213	0.117	-
Total Provisions	(6.744)	0.744	(1.498)	(7.498)
Total Reserves & Provisions	(348.424)	10.258	25.070	(313.096)

*Provisional un-audited opening balance figure

Virements January to February 2024

Directorate	Reason for Virement	Virement from	Virement to	£
Revenue				
Chief Executive	Tier 3 & 4 restructure adjustment	Policy Team	Economy and Regeneration	15,030
Chief Executive	Transfer of Safer Northumberland Partnership salary	Community and Environmental Health	Safer Neighbourhood Partnership	14,590
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	88,950
Capital				
Place and Regeneration	Replacing the existing heating system at Sleekburn Horticultural Skills Unit with a low carbon Ground Source Heat Pump.	Climate Change Capital Fund	Sleekburn Horticultural Skills Unit	130,000