

CABINET

7 December 2021

Financial Performance 2021-22 - Position at the end of September 2021

Report of Jan Willis, Interim Executive Director of Finance and Section 151 Officer

Cabinet Member: Richard Wearmouth, Portfolio Holder for Corporate Services

1. Purpose of report

- 1.1 The purpose of the report is to ensure that the Cabinet is informed of the current financial position for the Council against the Budget for 2021-22.

2. Recommendations

- 2.1 Members are requested to:

- a. note the report.
- b. note the projected underspend of £3.185 million and the assumptions outlined in this report.
- c. note the pressures currently identified, including the impact of Covid-19.
- d. note that it is anticipated that the Council will receive further funding of £0.270 million in relation to the income that the Council has “lost” as a result of Covid-19 for April to June 2021.
- e. approve re-profiling to the capital programme of £59.305 million from 2021-22 to 2022-23 to reflect estimated expenditure levels in the current financial year.
- f. approve the new grants and amendments to existing grants at Appendix A and the required changes to the budgets.
- g. note the progress on the delivery of the approved savings at Appendix B.
- h. note the use of the contingency shown at Appendix Q.
- i. note the use of reserves shown at Appendix R.
- j. note the virements requested by services shown at Appendix S.
- k. approve the creation of a reserve from the underspend in the Communities and Business Development Unit of £0.222 million to fund the purchase and first year running costs of three mobile units which will

support the delivery of a preventative approach to health and wellbeing activities through localised and responsive engagement.

- l. note that the purchase (and funding) of the three mobile units will be included in the 2022-23 Capital Plan; and the revenue impact of the ongoing running costs will be included in the 2022-23 Budget and medium-term financial plan which will be considered by Full Council in February 2022.
- m. agree that the Interim Executive Director for Communities and Business Development can place the order for the three mobile units with immediate effect as the funding if agreed (above) will be in place and there is a long lead in time before the vehicles can be delivered.
- n. approve the receipt of the £0.120 million grant funding from the Department for Education to support the acceleration in the opening of the Family Hubs across Northumberland. Funding can be spent on both revenue and capital.
- o. approve the creation of the £0.112 million capital budget for inclusion in the Council's 2021-22 capital programme and £0.008 million revenue budget in 2021-22. Spend will be funded from the £0.120 million grant funding from the Department for Education to support the acceleration in the opening of the Family Hubs across Northumberland.
- p. approve the procurement of a delivery partner and subsequent spend of the grant funding prior to the deadline of 31 March 2022, after which any unspent grant must be returned.

3. Link to Corporate Plan

- 3.1 The Council's budget is aligned to the priorities outlined in the Corporate Plan 2018-21 "A Council that Works for Everyone".

4. Key issues

4.1 Overall Position

- 4.1.1 The report provides information and analysis on the Council's financial performance and use of resources to the end of September 2021. The Council set its budget for 2021-22 on 24 February 2021 and this report focuses on the financial performance to the end of September 2021 and the projected year end position at that point in time.

5. Projected Revenue Outturn 2021-22

- 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 - O of the report.
- 5.2 The Council's overall annual revenue expenditure is managed across a number of areas:

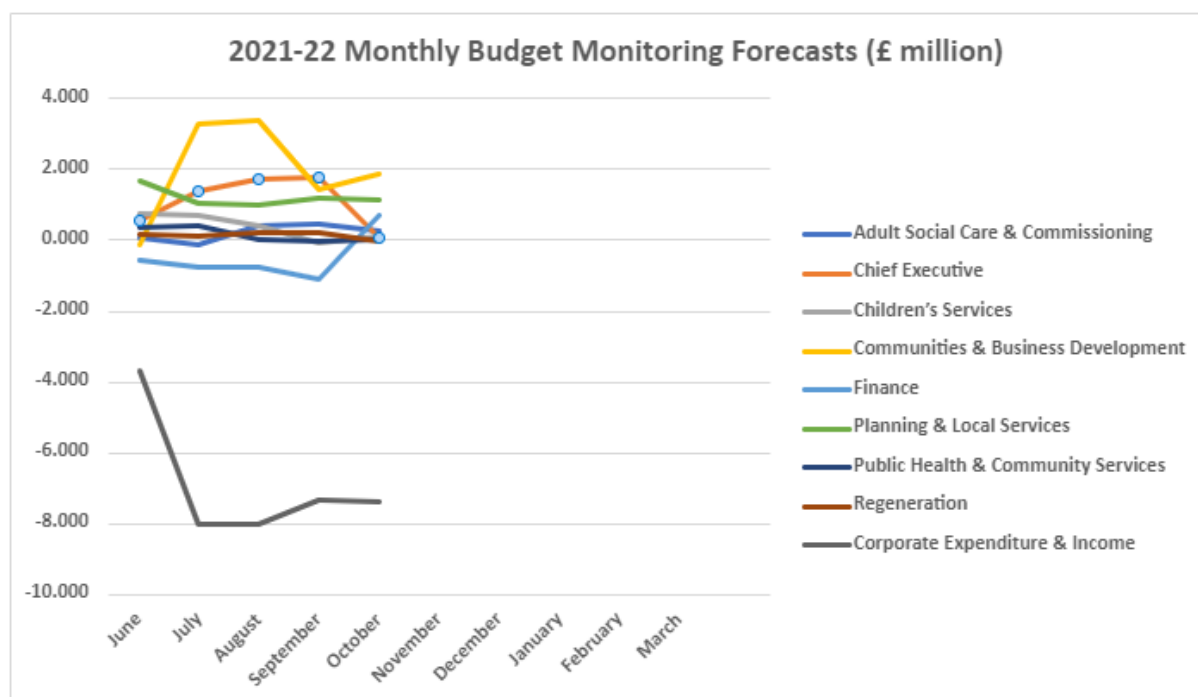
- a. The General Fund with a net budget of £344.076 million, providing revenue funding for the majority of the Council's services.
- b. The Dedicated Schools Grant (DSG) of £146.681 million in 2021-22, which is ring-fenced for schools funding, overseen by the Schools' Forum, and managed within the Children's Services Directorate.
- c. Public Health, a ring-fenced grant of £16.891 million in 2021-22, must be spent to support the delivery of the Public Health Outcomes Framework and is managed within Public Health and Community Services.
- d. The Housing Revenue Account (HRA) with anticipated gross expenditure of £37.299 million in 2021-22, is ring-fenced, and reported separately from the General Fund, and is managed within the Regeneration, Commercial and Economy Directorate.

6. General Fund

6.1 The following table provides a summary of how each Directorate is performing against the General Fund revenue budget for the 2021-22 financial year.

Service	Budget	Forecast Outturn	Variance	Variance BAU	Variance Covid-19
	£m	£m	£m	£m	£m
Adult Social Care & Commissioning	102.976	103.243	0.267	(1.438)	1.705
Chief Executive	29.970	30.065	0.095	(0.145)	0.240
Children's Services	65.670	65.802	0.132	(0.848)	0.980
Communities & Business Development	14.823	16.698	1.875	(0.364)	2.239
Finance	24.498	25.191	0.693	(1.107)	1.800
Planning & Local Services	75.942	77.078	1.136	0.721	0.415
Public Health & Community Services	3.849	3.855	0.006	(0.163)	0.169
Regeneration	2.319	2.318	(0.001)	(0.001)	0.000
Total Services	320.047	324.250	4.203	(3.345)	7.548
Corporate Expenditure and Income	24.029	15.715	(8.314)	0.196	(8.510)
Total Net Expenditure	344.076	339.965	(4.111)	(3.149)	(0.962)
Budget funded by:					
Council Tax	(203.149)	(203.149)	0.000		
Retained Business Rates	(61.924)	(61.924)	0.000		
Revenue Support Grant	(10.508)	(10.508)	0.000		
Other Corporate Grants	(28.851)	(28.851)	0.000		
Earmarked Reserves	(26.557)	(25.361)	1.196		
Covid-19 Grant – Pressures	(8.509)	(8.509)	0.000		
Covid-19 Grant – Sales, fees & charges	0.000	(0.270)	(0.270)		
Covid-19 LCTS Grant	(4.578)	(4.578)	0.000		
Total Funding of Services	(344.076)	(343.150)	0.926		
Net Total	0.000	(3.185)	(3.185)		

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



7. Other General Fund Items

- 7.1 Appendix A is a schedule of all new grants and amendments to existing grants (capital and revenue) which the Council has been awarded during July to September 2021.
- 7.2 The Council at its meeting in February agreed to implement a range of savings and efficiencies totalling £8.172 million in 2021-22. A recent review of the delivery of those savings has been conducted and the results are illustrated at Appendix B.
- 7.3 Appendix Q is a schedule of all items which have been released from contingency during July to September 2021.
- 7.4 Appendix R is a schedule of the movement in the Council's Reserves during April to September 2021.
- 7.5 Appendix S is a schedule of virements during July to September 2021.

8. Ring-fenced Accounts - Dedicated Schools' Grant (DSG) - £1.240 million forecast underspend

2021-22 Budget	Gross Expenditure	Gross Income	Net Revenue Budget	Net Outturn	Variance
	£m	£m	£m	£m	£m
Dedicated Schools' Grant	146.681	(146.681)	0.000	(1.240)	(1.240)

8.1 The DSG is forecast to underspend by £1.240 million and the details explaining the factors leading to this variance are contained within Appendix G.

9. Ring-fenced Accounts - Public Health - £0.477 million forecast underspend

2021-22 Budget	Gross Expenditure	Gross Income	Net Revenue Budget	Net Outturn	Variance
	£m	£m	£m	£m	£m
Public Health	17.062	17.062	-	16.585	(0.477)

9.1 It is anticipated that £0.477 million will be transferred to the Public Health reserve balance at the end of 2021-22. Further details on the Public Health budget are contained within Appendix L.

10. Ring-fenced Accounts - Housing Revenue Account (HRA) - £0.089 million forecast underspend

2021-22 Budget	Gross Expenditure	Gross Income	Net Revenue Budget	Net Outturn	Variance
	£m	£m	£m	£m	£m
Housing Revenue Account	37.299	(37.915)	(0.616)	(0.705)	(0.089)

10.1 The HRA is forecast to underspend by £0.089 million and the details explaining the factors leading to this variance are contained within Appendix M.

11. CAPITAL PROGRAMME

- 11.1 The capital programme for 2021-22 totalling £290.549 million was agreed by full Council on 24 February 2021.
- 11.2 The capital programme has changed during the year as the phasing of schemes was reviewed at the end of the previous financial year with £1.170 million re-profiled from 2020-21 to 2021-22 and a mid-year review resulting in a net in-year reprofiling of £40.024 million from 2021-22 to 2022-23. In addition, further approvals totalling £15.740 million for additional schemes and resourcing has been agreed.

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

Directorate	Original Budget	Approved Adjustments	Revised Budget	Expenditure to date	Forecast Expenditure	Net Variance	Over / (Under) spend	Reprofiling
	£m	£m	£m	£m	£m	£m	£m	£m
Adult Social Care & Commissioning	4.140	1.103	5.243	0.734	2.355	(2.888)	-	(2.888)
Chief Executive's	2.142	0.017	2.159	1.046	2.159	-	-	-
Children's Services	25.716	10.847	36.563	15.457	29.353	(7.210)	0.213	(7.423)
Communities & Business Development	25.898	(7.958)	17.940	7.854	15.440	(2.500)	-	(2.500)
Finance	48.024	3.754	51.778	6.385	37.889	(13.889)	(0.344)	(13.545)
Planning & Local Services	68.238	7.081	75.319	25.412	62.034	(13.285)	0.033	(13.318)
Public Health & Community Services	32.968	(5.302)	27.666	4.902	16.150	(11.516)	-	(11.516)
Regeneration	83.423	(32.656)	50.767	11.007	41.900	(8.867)	(0.752)	(8.115)
Total Programme	290.549	(23.114)	267.435	72.797	207.280	(60.155)	(0.850)	(59.305)
Financed by:								
Capital Receipts	3.980	-	3.980					
External Grants	109.226	(15.319)	93.907					
GF Borrowing	150.964	(1.616)	149.348					
GF Revenue Contributions (RCCO)	0.755	-	0.755					
HRA Contributions (MRR & RCCO)	25.624	(6.179)	19.445					
Total Financing	290.549	(23.114)	267.435					

11.4 Year-to-date capital expenditure is £72.797 million. The major areas of capital investment during the year to date are as follows:

- a. £21.702 million invested in transport schemes including infrastructure, traffic management and integrated transport schemes.
- b. £15.457 million invested in school buildings, including the construction of new schools at Hexham and a contribution to Ashington Academy to

partially refurbish the building to improve educational and dining facilities.

- c. £3.861 million invested in fleet replacement.
- d. £8.118 million invested in leisure facilities including the construction of new leisure centres in Berwick and Morpeth.
- e. £4.865 million invested in the Council's housing stock.

11.5 There is a net forecast underspend of £60.155 million across the 2021-22 Capital Programme comprising of £59.305 million reprofiling from 2021-22 to 2022-23 and £0.850 million underspend. A summary of the significant variances can be found at Appendix P with an explanation of those greater than £0.250 million.

11.6 It is recommended that Cabinet approves reprofiling of £59.305 million from 2021-22 to 2022-23.

12. Capital Receipts

12.1 The level of 2021-22 Capital Receipts available to support the 2021-22 capital programme was estimated to be £3.980 million (£1.870 million General Fund and £2.110 million HRA). A capital receipt of £4.000 million has been received which was not factored into the original estimate and the current forecast is that General Fund capital receipts will total £5.500 million. The estimated overachievement of £3.630 million will be utilised to support the capital programme in 2021-22. The following table demonstrates the current position with regard to asset disposals:

General Fund Capital Receipts Activity During 2021-22	Actual £m
Completed and available for use in year	4.756
On the market	1.469
Terms Agreed	0.818
Contracts exchanged	0.325

12.2 The closing balance on the capital receipts reserve at 31 March 2021 was £4.025 million (£4.023 million HRA). This is available to support the capital programme in 2021-22.

13. TREASURY MANAGEMENT

13.1 The Treasury Management Strategy Statement for 2021-22 was agreed by full Council on 24 February 2021.

13.2 The following table summarises the Council's quarterly borrowing activity for July to September 2021:

	Previous Quarter	Movement-Sept 2021	Current
Outstanding principal - at quarter end (£m)	808.204	(0.004)	808.200
Weighted average interest rate - year to date (%)	2.821	0.000	2.821
Quarter end external borrowing as % of Operational Boundary (Borrowing)	77.507	(0.000)	77.507

13.3 Whilst the Council has an overall cap on borrowing through an Authorised Limit, the Operational Boundary is where the Council would expect its borrowing to be. At the end of September 2021, the Council's external borrowing represented 77.51% of its Operational Boundary, which was approved as part of the Treasury Management Strategy for 2021-22. The Operational Boundary is only a guide and may be breached or undershot without significant concern, with borrowings driven by economic and market considerations as well as interest rates.

13.4 The following table provides an analysis by type of the quarterly borrowing activity for July to September 2021:

Lender Category	Repayment Type	Opening Balance	Repaid – Q/E Sept 2021	New Borrowing Q/E Sep2021	Closing Balance
		£m	£m	£m	£m
PWLB	EIP	9.252	-	-	9.252
PWLB	Annuity	0.608	(0.016)	-	0.592
Salix	EIP	0.022	(0.004)	-	0.018
PWLB	Maturity	445.704	-	-	445.704
Other Local Authorities	Maturity	107.034	-	-	107.034
Other/Market	Maturity	245.600	-	-	245.600
Total		808.220	(0.020)	-	808.200

13.5 The following table summarises the Council's in-month investment activity for September 2021:

	Previous Month	Movement Sept 2021	Current
Outstanding principal - at month end (£m)	229.330	(7.180)	222.150
Weighted average interest rate - year to date (%)	0.532	0.016	0.548

13.6 The following table provides an analysis by type of the in-month investment activity for September 2021:

Category	Opening Balance	Repaid – Sept 2021	New Investment Sept 2021	Closing Balance
	£m	£m	£m	£m
Term Deposit Banks	20.000	-	-	20.000
Term Deposit Building Societies	20.000	-	-	20.000
Term Deposit Other Local Authorities	33.250	-	-	33.250
Money Market Funds	126.080	(52.200)	45.020	118.900
Notice Accounts	30.000	-	-	30.000
Total	229.330	(52.200)	45.020	222.150

13.7 There were no new investments made during September 2021. There was a net repayment of Money Market Funds of £7.180 million. The movement in the Money Market Funds represents daily deposits and withdrawals to manage cashflow.

Implications

Policy	This is the fourth year of this Administration's Medium-Term Financial Plan; and, it fully supports the priorities outlined in the Corporate Plan 2018-21 - A Council that Works for Everyone.
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 specific legal implications 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) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	There are no specific equalities implications within this report.
Risk Assessment	The risks associated with the budget were considered in February 2020 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 9 February 2021 and Council 24 February 2021: Budget 2021-22 and Medium-Term Financial Plan 2021-24

Report sign off

	Name
Deputy Monitoring Officer/Legal	Helen Lancaster
Interim Executive Director of Finance & Section S151 Officer	Jan Willis
Relevant Executive Director	Jan Willis
Chief Executive	Daljit Lally
Portfolio Holder(s)	Richard Wearmouth

Author and Contact Details

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Directorate:	Adult Social Care & Commissioning
Grant Awarding Body:	Department of Health & Social Care
Name of Grant:	Adult Social Care Infection Control 2021-22
Purpose:	To provide support to all adult social care providers in the County to reduce the rate of Covid-19 transmission and support wider workforce resilience to deliver infection control.
Value:	£1,448,036
Recurrent/Non-recurrent:	Non-recurrent
Profiling:	April

Directorate:	Adult Social Care & Commissioning
Grant Awarding Body:	Department of Health & Social Care
Name of Grant:	Adult Social Care Extension to Infection Control 2021-22
Purpose:	To provide support to all adult social care providers in the County to reduce the rate of Covid-19 transmission and support wider workforce resilience to deliver infection control.
Value:	£1,019,233
Recurrent/Non-recurrent:	Non-recurrent
Profiling:	July

Directorate:	Adult Social Care & Commissioning
Grant Awarding Body:	Department of Health & Social Care
Name of Grant:	Adult Social Care Rapid Testing Fund 2021-22
Purpose:	To support the setup, training and implementation of additional rapid testing of staff in care homes, and to support safe visiting.
Value:	£975,264
Recurrent/Non-recurrent:	Non-recurrent
Profiling:	April

Directorate:	Adult Social Care & Commissioning
Grant Awarding Body:	Department of Health & Social Care
Name of Grant:	Contain Outbreak Management Fund
Purpose:	To support local test, trace and contain activities as well as wider measures to protect public health and local economies
Value:	£2,196,020
Recurrent/Non-recurrent:	Non-recurrent
Profiling:	May

Directorate:	Children's Services: Education and Skills
Grant Awarding Body:	Department for Education
Name of Grant:	Cultural Recovery Fund
Purpose:	Support to Music Service re impact of Covid-19
Value:	£205,577
Recurrent/Non-recurrent:	Non-recurrent
Profiling:	July

Directorate:	Children's Services: Education and Skills
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 reduction relates to the High Needs Block where additional places have been commissioned at Academy Special Schools and have been funded direct by the Department for Education.
Value:	£624,160 reduction in grant (due to school academy conversion)
Recurrent/Non-recurrent:	Recurrent
Profiling:	25 instalments across the year

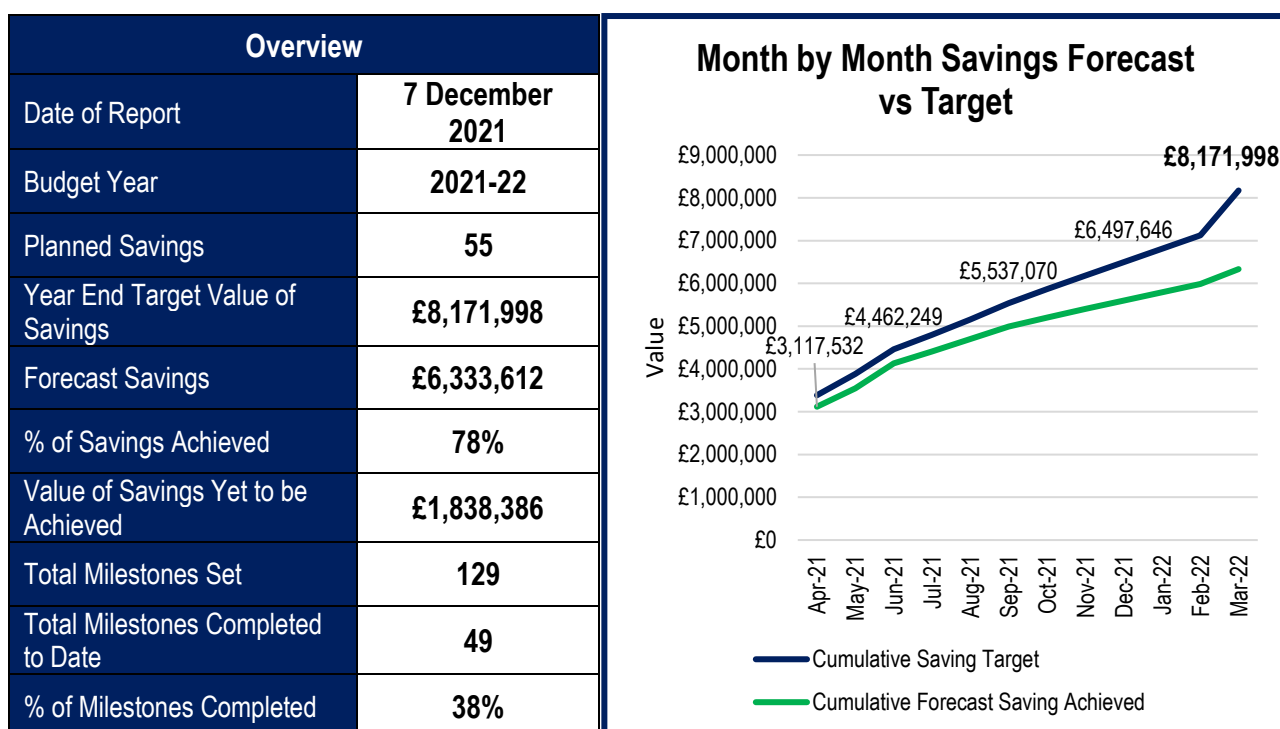
Directorate:	Children's Services: Children's Social Care
Grant Awarding Body:	Department for Education
Name of Grant:	Covid Recovery and Build Back Better Funding
Purpose:	The grant is paid to support the development of Family Hubs across the region.
Value:	£119,690 (£112,000 capital and £7,690 revenue)
Recurrent/Non-recurrent:	Non-Recurrent
Profiling:	Funding received in November 2021.

Directorate:	Planning & Local Services
Grant Awarding Body:	Department for Education
Name of Grant:	Extended Rights to Free Home to School Transport Travel for 2021-22
Purpose:	To meet the statutory duty in respect of extended rights to home to school transport set out in section 508B and schedule 35B of the Education Act 1996.
Value:	£445,000
Recurrent/Non-recurrent:	Recurrent with allocations announced on an annual basis
Profiling:	£222,498 received September, remainder paid in equal instalments monthly from October.

Directorate:	Planning & Local Services
Grant Awarding Body:	Department for Environment, Food & Rural Affairs
Name of Grant:	Farming in Protected Landscapes
Purpose:	Support for Farmers and Land managers in delivering environmental landscaping goals within AONB areas.
Value:	£488,080
Recurrent/Non-recurrent:	Non-recurrent but delivered over a 3-year period
Profiling:	2021-22 £200,420; 2022-23 £143,830; 2023-24 £143,830

Section 151 Officer Budget Savings Overview Report

This report page has been set up to provide a collective overview of actual savings achieved versus profiled targets which were planned in advance of the start of the new financial year. The report also provides an overview of the progress of planned milestones completed to achieve savings within the financial year.



Directorate Overview						
Directorate	Number of Savings	Savings Target	Forecast Savings	Total Planned Milestones	Completed Milestones	% Completed Milestones
Adults and Children's	24	£4,636,000	£4,084,486	61	31	51%
Communities & Business Development	5	£554,000	£350,000	12	2	17%
Chief Executive	3	£153,000	£35,130	4	0	0%
Public Health & Community Services	2	£152,000	£0	2	0	0%
Planning & Local Services	9	£1,518,000	£1,103,000	28	11	39%
Regeneration	3	£305,000	£58,000	3	1	33%
Finance	9	£854,000	£703,000	19	4	21%

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Adult Social Care & Commissioning

Summary by Service	2020-21 Outturn	Budget	Forecast Outturn	Variance	Variance BAU	Variance Covid-19
Service	£m	£m	£m	£m	£m	£m
Commissioned Services	69.322	73.616	75.800	2.184	0.479	1.705
In-house Services	9.488	8.586	7.431	(1.155)	(1.155)	0.000
Care Management	13.002	14.776	14.224	(0.552)	(0.552)	0.000
Support & Other Services	6.859	5.998	5.788	(0.210)	(0.210)	0.000
Total Adult Social Care & Commissioning	98.671	102.976	103.243	0.267	(1.438)	1.705

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

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

- a. Commissioned Services is forecast to overspend by £2.184 million. The Commissioned Services position is still volatile as the service recovers from the most severe phases of lockdown. There are still significant numbers of care home vacancies. However, the cost of home care has increased as result of higher-than-average costs as many clients demand this option due to restrictions affecting care homes. There are some signs of individuals starting to go back into care homes and vacancies are coming down slightly, but still at a very slow rate. It is difficult to predict at this point when the market will stabilise post Covid-19. The overspend is primarily due to additional costs linked to Covid-19, outlined below:
 - i. It is forecast that Commissioned Services will incur additional expenditure of £0.805 million supporting external care providers in response to Covid-19;
 - ii. It is estimated that £0.900 million will be spent on high-cost care packages for home care clients who are reluctant to go into residential care due to Covid-19. Officers will monitor the position closely and update members via future reports if appropriate; and,
 - ii. The Covid-19 arrangement where NHS England funded additional interim care packages for up to 6 weeks ceased at the end of June. They will now fund interim care packages for up to 4 weeks. It is forecast that purchased care will overspend by £0.479 million.
- b. In-House Services is forecast to underspend by £1.155 million. This is due to the following:
 - i. Staffing-related budgets are forecast to underspend by £1.000 million. In order to comply with social distancing measures, not all services are operating to full capacity. As a result of this,

posts are being held vacant for longer and the need for overtime and the use of casual staff has reduced.

- c. Care Management is forecast to underspend by £0.552 million. This is due to the following:
 - i. Staffing-related budgets are forecast to underspend by £0.552 million as a result of 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: Chief Executive

Summary by Service	2020-21 Outturn	Budget	Forecast Outturn	Variance	Variance BAU	Variance Covid-19
Service	£m	£m	£m	£m	£m	£m
Chief Executive	0.467	0.428	0.428	0.000	0.000	0.000
Fire & Rescue	14.535	16.136	16.263	0.127	0.036	0.091
Human Resources	3.019	4.136	4.050	(0.086)	(0.086)	0.000
Internal Audit	0.664	0.621	0.620	(0.001)	(0.001)	0.000
Legal	2.327	2.558	2.661	0.103	0.102	0.001
Transformation	(0.932)	0.272	0.273	0.001	0.001	0.000
Policy	0.425	0.493	0.452	(0.041)	(0.041)	0.000
Democratic Services	2.794	3.078	2.902	(0.176)	(0.179)	0.003
Elections	0.639	1.244	1.264	0.020	(0.007)	0.027
Public Relations	0.866	1.004	1.152	0.148	0.030	0.118
Total Chief Executive	24.804	29.970	30.065	0.095	(0.145)	0.240

NOTES - Year End Variances of £0.250 million or more

There are no significant variances to report.

Forecast Revenue Outturn - Detailed budget summary by Service

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

Summary by Service	2020-21 Outturn	Budget	Forecast Outturn	Variance	Variance BAU	Variance Covid-19
Service	£m	£m	£m	£m	£m	£m
Adolescent Services	3.308	3.450	3.296	(0.154)	(0.354)	0.200
Family Placement	12.083	12.238	12.051	(0.187)	(0.187)	0.000
Purchase Budgets	8.528	8.115	8.403	0.288	0.172	0.116
Early Intervention and Prevention	3.507	6.042	5.182	(0.860)	(0.887)	0.027
Local Children's Safeguarding Board	0.042	0.125	0.109	(0.016)	(0.016)	0.000
Looked after Children	3.760	2.157	2.514	0.357	(0.156)	0.513
Social Work Teams	9.460	9.275	9.436	0.161	0.161	0.000
District Admin Offices	0.763	0.983	0.827	(0.156)	(0.156)	0.000
Family and Disability Services	2.714	2.780	2.943	0.163	0.163	0.000
Safeguarding Standards	1.099	1.228	1.180	(0.048)	(0.048)	0.000
Other Children's Services	1.834	1.839	1.759	(0.080)	(0.080)	0.000
Total Children's Social Care	47.098	48.232	47.700	(0.532)	(1.388)	0.856

NOTES - Year End Variances of £0.250 million or more

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

- a. The Adolescent Services budgets are forecast to underspend by £0.269 million.
 - i. There is an overall underspend on supported accommodation of £0.031 million. However, included in this position are several short-term packages estimated to cost £0.200 million that have arisen due to Covid-19.
 - ii. There is an underspend on staffing of £0.174 million on the 14+ social worker team due to difficulty in recruiting to cover vacancies across the team.
- b. The Purchase budget is forecast to overspend by £0.403 million, this is due to the following:
 - i. There is an overspend on secure accommodation of £0.188 million. This is a result of one placement at Kylee House for six months, and another in a secure placement with another

authority expected to last for the remainder of the financial year.

- ii. There is an expected overspend of £0.094 million on professional services associated with on-going court proceedings; and,
 - iii. There is a £0.121 million underspend on external residential care placements. This is partially offset by the cost of agency staff required to support two bespoke packages between April and September that can be attributed to Covid-19 at a cost of £0.116 million. No further costs are expected due to a change in legislation, meaning that bespoke packages are no longer permissible for children under the age of 16.
- c. The Early Intervention and Prevention budget is forecast to underspend by £0.860 million. This is due to the following:
- i. Public Health funding of £0.750 million has been received to support the cost of services delivered through Early Intervention and Prevention that are in line with the terms and conditions of the grant; and,
 - ii. There are underspends of £0.111 million across the service on staffing and travel.
 - iii. A grant of £0.120 million was received in November 2021 from the Department for Education for Covid Recovery and Build Back Better funding. £0.112 million of this funding will enable the set-up of Family Hubs by adapting the sites of Children's Centres across the county as part of the capital programme. The remainder is revenue funding which will fund a temporary post. There is no effect on the forecast variance as it is assumed that all expenditure will be fully grant funded.
- d. The Looked After Children budget is forecast to overspend by £0.357 million. This is due to the following:
- i. Kyloe House secure unit is expected to overspend by £0.363 million due to an underspend on staffing of £0.153 million and on running costs of £0.072 million offset by a shortfall in income from other local authorities that purchase placements of £0.569 million. The unit has 14 beds available and is usually fully occupied but requires 11 beds to be full to achieve a breakeven position and cover the running costs of the unit. As a result of Covid-19, they are running at reduced capacity and expect occupancy of 9.5 beds on average over the financial year.

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: Children's Services: Education & Skills

Summary by Service	2020-21 Outturn	Budget	Forecast Outturn	Variance	Variance BAU	Variance Covid-19
Service	£m	£m	£m	£m	£m	£m
Director of Education & Skills	0.367	0.262	0.249	(0.013)	(0.013)	0.000
Curriculum & Learning	1.220	0.317	0.427	0.110	(0.014)	0.124
Alternative Education (Virtual Headteacher)	0.374	0.548	0.548	0.000	0.000	0.000
Special Educational Needs & Disability	5.915	6.148	6.799	0.651	0.651	0.000
School Organisation	11.696	10.163	10.122	(0.041)	(0.041)	0.000
School Improvement	0.221	0.000	(0.043)	(0.043)	(0.043)	0.000
Total Education & Skills	19.793	17.438	18.102	0.664	0.540	0.124

NOTES - Year End Variances of £0.250 million or more

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

- a. The Special Educational Needs & Disability budget is forecast to overspend by £0.651 million on SEN Home to School Transport. The forecast is based on 1,318 pupils and incorporates all agreed routes for the Autumn term. The next 12 months will see a review take place of all contracts which is likely to generate some savings to offset against the increase in numbers, but as yet, this cannot be quantified.

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's Services: Dedicated Schools' Grant

Summary by Service	2020-21 Outturn	Budget	Forecast Outturn	Variance	Variance BAU	Variance Covid-19
Service	£m	£m	£m	£m	£m	£m
Schools Block	82.993	87.203	86.994	(0.209)	(0.209)	0.000
Central Schools Block	2.494	2.981	2.939	(0.042)	(0.042)	0.000
High Needs Block	34.129	38.558	37.569	(0.989)	(1.009)	0.020
Early Years Block	16.622	17.769	17.769	0.000	0.000	0.000
Total Dedicated Schools' Grant	136.238	146.511	145.271	(1.240)	(1.260)	0.020

NOTES - Year End Variances of £0.250 million or more

- a. In 2021-22 the Council expects to receive Dedicated Schools' Grant totalling £146.681 million, which is ring-fenced and will be passported through to fund schools; with an element retained centrally by the Council to provide a range of support to schools. Schools that have transferred to academy status receive their funding directly from the Department for Education – this amounts to a further £117.624 million for 2021-22.
- b. The High Needs Block is expecting to underspend by £0.989 million, this is due to the following:
 - i. Additional Contain Outbreak Management Funding of £0.451 million has been used to partially meet the cost of the SEN support services that have worked to support vulnerable learners on their return to school;
 - ii. There is an underspend across the SEN Support Services of £0.211 million including £0.147 million on staff vacancies and travel. A further underspend of £0.024 million on building service charges following a move to Northumbria House and the remainder on running costs of the services; and,
 - iii. The Inclusion Service is now predicting an underspend of £0.207 million. This is based upon current pupils and an estimate of a further 7 exclusions per month from September onwards. This position will be reviewed throughout the year.
- c. During 2020-21 all school phases increased their reserves due to their partial closure for some pupils and the additional grant funding they have been able to access as a result of Covid-19. The position for 2021-22 shows that schools expect to be able to maintain their reserves during the coming year.

	Closing School Reserve	Closing School Reserve	Estimated School Reserve
	2019-20	2020-21	2021-22
	£m	£m	£m
Primary/First	2.381	3.843	4.205
Middle	0.714	0.862	0.735
Secondary/High	(1.669)	(0.495)	(0.121)
Special/PRU	0.872	1.330	0.820
Overall	2.298	5.540	5.639

- d. There are 14 schools predicting a deficit position compared to 29 schools in the previous year. Of these, 10 schools have an approved licensed deficit, 2 schools have a minor deficit of less than 0.05% of their budget; and work is ongoing with the remaining 2 schools to work towards an achievable budget recovery plan.

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: Finance

Summary by Service	2020-21 Outturn	Budget	Forecast Outturn	Variance	Variance BAU	Variance Covid-19
Service	£m	£m	£m	£m	£m	£m
Revenues & Benefits	1.593	1.626	1.189	(0.437)	(0.404)	(0.033)
Information Services	9.397	9.448	11.190	1.742	(0.003)	1.745
Corporate Finance	22.839	5.794	5.340	(0.454)	(0.454)	0.000
Strategic Property	5.296	6.836	6.982	0.146	0.058	0.088
Procurement	1.343	0.792	0.488	(0.304)	(0.304)	0.000
Total Finance	40.468	24.496	25.189	0.693	(1.107)	1.800

NOTES - Year End Variances of £0.250 million or more

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

- a. The Revenues and Benefits Service is forecast to underspend by £0.437 million due to:
 - i. An underspend on staffing amounting to £0.559 million due to a number of vacant posts throughout the service which are not expected to be filled;
 - ii. Additional new burdens grant income of £0.513 million, mainly for the administration of the Covid-19 business grant schemes and the transition to Universal Credit. This is offset by related costs amounting to £0.320 million (e.g. Business grants administration); and,
 - iii. An overspend on Cost of Benefits in relation to Rent Allowance and Rent Rebate payments of £0.357 million. This is due to two reasons; an increase in overpayments to claimants for which only a 40% subsidy is received and an increase in the number of supported exempt accommodation schemes that do not attract a 100% subsidy.
- b. Information Services is forecast to overspend by £1.742 million due to:
 - i. An overspend of £0.834 million in relation to additional Covid-19 costs, including the delayed implementation of Microsoft Office 365 along with costs in relation to a remote working solution, additional IT kit requirements and underachieved SLA income;
 - ii. A proposed revenue contribution, which will be funded from the Covid-19 grant allocation, to fund capital expenditure of £0.804 million in respect of the desk top refresh programme, due to the impact of the Covid-19 pandemic. A report will be taken to Capital Strategy Group proposing

approval of the revenue contribution which will then be presented to members. This figure is estimated and could vary; officers will update members if required.

- c. Corporate Finance is forecast to underspend by £0.454 million due to an underspend of £0.282 million in relation to vacant posts which are now being or have been filled and an underspend of £0.126 million on professional services.
- d. Procurement is forecast to underspend by £0.304 million due to an underspend on staffing of £0.113 million due to vacant posts and an overachievement of income of £0.184 million in relation to procurement rebate income and feed in tariff income.

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: Communities & Business Development

Summary by Service	2020-21 Outturn	Budget	Forecast Outturn	Variance	Variance BAU	Variance Covid-19
Service	£m	£m	£m	£m	£m	£m
Customer Services	1.704	2.029	1.605	(0.424)	(0.425)	0.001
Registrars & Coroners	2.197	1.217	1.507	0.290	0.270	0.020
Tourism, Culture, Leisure & Heritage	12.361	9.587	11.727	2.140	(0.078)	2.218
Improvement & Innovation	0.425	1.990	1.859	(0.131)	(0.131)	0.000
Total Communities & Business Development	16.687	14.823	16.698	1.875	(0.364)	2.239

NOTES - Year End Variances of £0.250 million or more

The main reason for the forecast position for Communities & Business Development is outlined below:

- a. Customer Services is forecast to underspend by £0.424 million. Within the Contact Centre and One Stop shops there is a £0.386 million underspend on staffing vacancies. Of this underspend, £0.188 million is attributed to nine staff who are working on Test & Trace calls and are being funded from the Contain Outbreak Management Fund.
- b. Registrars & Coroners is forecast to overspend by £0.290 million due largely to a £0.199 million overspend within Coroners in relation to post mortems and body storage costs.
- c. The Tourism, Culture, Leisure & Heritage Service is forecast to overspend by £2.140 million due to a forecast cost of £2.100 million to provide additional support to Active Northumberland in response to the Covid-19 pandemic. This figure could vary in the future; officers will monitor the position closely and update the value within future reports if appropriate.
- d. Improvement & Innovation is forecast to underspend by £0.353 million due to a number of posts within the service being funded from the Contain Outbreak Management Fund. It is recommended that an Earmarked Reserve of £0.222 million is created to fund the purchase of 3 mobile units which will support delivery of a preventative approach to health and wellbeing activities through localized and responsive engagement.

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: Planning and Local Services

Summary by Service	2020-21 Outturn	Budget	Forecast Outturn	Variance	Variance BAU	Variance Covid-19
Service	£m	£m	£m	£m	£m	£m
Local Services Management	24.527	24.532	24.532	0.000	0.000	0.000
Neighbourhood Services	11.711	10.432	10.634	0.202	0.087	0.115
Waste PFI Contract	19.037	21.286	21.586	0.300	0.000	0.300
Technical Services	21.083	18.423	18.440	0.017	0.017	0.000
Total Local Services	76.358	74.673	75.192	0.519	0.104	0.415
Planning	1.343	0.986	1.603	0.617	0.617	0.000
Corporate Health & Safety	0.274	0.283	0.283	0.000	0.000	0.000
Total Planning & Local Services	77.975	75.942	77.078	1.136	0.721	0.415

NOTES - Year End Variances of £0.250 million or more

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

- a. The Waste PFI budget is forecast to overspend by £0.300 million based on a number of assumptions linked to Covid-19 and its impact on waste. As more people are still working from home, it has changed the landscape of waste habits and increased kerbside waste collection tonnages.
- b. Whilst there is a relatively small overspend forecast for Technical Services this includes a forecast overspend of £0.502 million for Highways mainly due to the use of private contractors covering for staff sickness, additional pothole repairs and a shortfall in income from EV charging. This is offset through additional income, mainly from a forecast overachievement of car parking fees and fines of £0.300 million.
- c. Planning is forecast to overspend by £0.617 million mainly due to:
 - i. A forecast underachievement of planning fee income of £0.400 million. The budget was increased by £0.400 million as part of the 2021-22 budget setting process in anticipation of an increase to the national planning fee structure. The legislative implications of the Government led Planning White Paper which proposed these changes are yet to be agreed and therefore it is not anticipated that this saving will be achieved in the current financial year; and,
 - ii. There was £0.110 million grant funding for strategic planning identified as part of the 2021-22

budget setting process which is now unlikely to be received. However, alternative funding opportunities are being explored as part of ongoing discussions with the Ministry of Housing, Communities and Local Government regarding joint working and support arrangements.

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 & Community Services

Summary by Service	2020-21 Outturn	Budget	Forecast Outturn	Variance	Variance BAU	Variance Covid-19
Service	£m	£m	£m	£m	£m	£m
Housing General Fund	0.921	0.801	1.049	0.248	0.248	0.000
Public Protection	2.559	3.048	2.806	(0.242)	(0.411)	0.169
Total Public Health & Community Services	3.480	3.849	3.855	0.006	(0.163)	0.169

NOTES - Year End Variances of £0.250 million or more

The main reasons for the forecast position for the Public Health & Community Services Directorate are outlined below:

- a. Housing is forecast to overspend by £0.248 million mainly due to Northumbrian Water primary agency fee income being retained within the HRA to meet potential debt liability and administrative costs following the extension of water rate collection to southeast area tenants.
- b. Public Protection is forecast to underspend by £0.242 million, mainly due to an underspend on salaries of £0.551 million due to delays in recruitment and staff turnover, offset by an anticipated shortfall in licensing income (£0.144 million) resulting from the loss of business arising from the impact of Covid-19. There are also overspends relating to vehicle and travel (£0.054 million) and a contribution to capital (£0.065 million) for the replacement of noise monitoring equipment based on the assumption that the scheme will be approved by Cabinet at its meeting in December.

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 & Community Services - Public Health

Summary by Service	2020-21 Outturn	Budget	Forecast Outturn	Variance	Variance BAU	Variance Covid-19
Service	£m	£m	£m	£m	£m	£m
Staffing and Support Costs	0.896	1.443	0.620	(0.823)	(0.823)	0.000
Stop Smoking Initiatives	0.674	0.707	0.642	(0.065)	(0.065)	0.000
Drug & Alcohol Services	3.615	3.647	3.564	(0.083)	(0.083)	0.000
Sexual Health Services	1.936	1.872	1.826	(0.046)	(0.046)	0.000
0-19 Public Health Services	6.265	6.416	6.403	(0.013)	(0.013)	0.000
Other Health Initiatives	3.714	2.977	3.530	0.553	0.553	0.000
Total Public Health & Community Services	17.100	17.062	16.585	(0.477)	(0.477)	0.000

NOTES

- a. The Council's Public Health service will receive grant funding of £16.891 million in 2021-22. This funding is ring-fenced for the provision of services to improve the health of the local population and reduce health inequalities.
- b. Public Health England has created the Adult Weight Management Services Grant which is ring-fenced to support the commissioning of adult behavioural management services during 2021-22. The Council will receive an allocation of £0.171 million which is non-recurrent.
- c. The terms of the main Public Health grant allow unspent allocations to be carried over into the next financial year. Public Health carried forward a reserve of £4.649 million to financial year 2021-22. There are no plans at present to utilise the Public Health reserve in 2021-22.
- d. Public Health staff continue to support the Council's response to Covid-19 and 66% of their pay costs are being funded from the Contain Outbreak Management Fund during 2021-22. The staffing underspend will be used during the year to support and maintain public health activities within Children's services.
- e. It is anticipated that £0.477 million will be carried forward to the reserve balance at the end of 2021-22. This relates to a reduced level of demand led services primarily as a result of social distancing requirements and non-essential services being put on hold.

Forecast Revenue Outturn - Detailed budget summary by Service

Service: Public Health & Community Services - Housing Revenue Account

Summary by Service	2020-21 Outturn	Budget	Forecast Outturn	Variance	Variance BAU	Variance Covid-19
Service	£m	£m	£m	£m	£m	£m
Housing Management	5.941	6.527	6.324	(0.203)	(0.203)	0.000
Housing Special	0.620	0.645	0.699	0.054	0.028	0.026
Repairs and Maintenance	7.595	8.001	8.163	0.162	(0.014)	0.176
Housing Capital Works	0.747	0.515	0.515	0.000	0.000	0.000
Other HRA Services	13.080	13.444	13.571	0.127	0.127	0.000
HRA Income	(29.468)	(29.748)	(29.977)	(0.229)	(0.229)	0.000
Total HRA Expenditure & Income	(1.485)	(0.616)	(0.705)	(0.089)	(0.291)	0.202

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. Depreciation charges are estimated to be £0.285 million overspent due to the increase in the discount factor applied following the 2019-20 audit. Northumberland's stock is now valued at the regional discount rate of 44% rather than 42%.
- b. HRA Income is forecast to overachieve by £0.229 million mainly due to increased dwelling rental income. The budgeted void rate was increased in 2021-22 to reflect the rates seen in 2020-21 which included the effects of Covid-19 and long-term voids including hard to let properties. The void rates have just about reverted back to pre-Covid levels.

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: Regeneration

Summary by Service	2020-21 Outturn	Budget	Forecast Outturn	Variance	Variance BAU	Variance Covid-19
Service	£m	£m	£m	£m	£m	£m
Economy & Regeneration	1.929	2.335	2.187	(0.148)	(0.148)	0.000
Executive Director of Regeneration, Commercial & Economy	0.283	(0.016)	0.131	0.147	0.147	0.000
Total Regeneration	2.212	2.319	2.318	(0.001)	(0.001)	0.000

NOTES - Year End Variances of £0.250 million or more

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

- a. Concessionary Travel is forecast to underspend by £0.260 million. There is a recurring underspend from 2020-21 as a result of continuing to pay operators at pre-pandemic levels. A regional review of the provision of supported services is underway and passenger behaviour in the longer term following the easing of restrictions cannot yet be predicted.
- b. Land Management Carbon Reduction Income, unachievable saving of £0.147 million – The Council is delivering the Great Northumberland Forest project to contribute to becoming carbon neutral in the United Kingdom by 2050. It was envisaged that part of the grant being received could be utilised to offset costs the Council was already incurring. However, this is not the case and the full grant will be required to successfully deliver the project.

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: Other Corporate Expenditure and Income

Summary by Service	2020-21 Outturn	Budget	Forecast Outturn	Variance	Variance BAU	Variance Covid-19
Service	£m	£m	£m	£m	£m	£m
Corporate Items	26.170	38.305	30.391	(7.914)	0.596	(8.510)
Treasury Management	(25.501)	(22.960)	(22.860)	0.100	0.100	0.000
Capital Financing	36.665	8.684	8.184	(0.500)	(0.500)	0.000
Corporate Funding	(400.051)	(344.076)	(343.150)	0.926	0.926	0.000
Total Other Corporate Expenditure & Income	(362.717)	(320.047)	(327.435)	(7.388)	1.122	(8.510)

NOTES - Year End Variances of £0.250 million or more

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

- a. Corporate Items is forecast to underspend by £7.914 million mainly due to:
 - i. Covid-19 grant funding of £8.510 million which will be utilised to offset the Covid-19 pressures realised within the service budgets; and,
 - ii. £0.560 million overspend due to a corporate savings target which will not be delivered in year.
- b. Capital Financing is forecast to underspend by £0.500 million due to:
 - i. A £0.189 million underspend on interest payable. This is as a result of actual borrowing levels being lower than originally forecast, due to reprofiling of the capital programme, and actual interest rates payable on the borrowing undertaken being lower than budgeted; and,
 - ii. A £0.311 million underspend on the Minimum Revenue Provision in relation to the repayment of borrowing.
- c. Corporate Funding is forecast overspend by £0.926 million due to:
 - i. A recharge from the Invest to Save Reserve of £1.196 million will not be utilised as the Improvement and Innovation team has undertaken work in relation to Covid-19 and the cost of the service will be charged against the government funding received.
 - ii. £0.270 million is expected to be received from the sales, fees and charges compensation scheme.

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

Key Capital Movements by Service

Service: Adult Social Care and Commissioning – Forecast variance (£2.888) million

Summary by Project	Under/ Overspend	Reprofiling
	£m	£m
Disabled Facilities Grant	-	(1.879)
Community Capacity Grant	-	(0.411)
Person Centred Care Information System	-	(0.225)
Tynedale House Fire Doors	-	(0.373)
Total	-	(2.888)

NOTES - Year End Variances of £0.250 million or more

The main reason for the forecast variance for Adult Social Care and Commissioning are outlined below:

- a. Disabled Facilities Grant - Staff turnover within the Technical team has slowed progress on projects. In addition, contractors are reporting staffing issues and a shortage of supplies and materials resulting in longer lead times and subsequent delays. Consequently, the level of work expected to complete this financial year is lower than previously anticipated. Any unspent grant can be carried forward to the next financial year.
- b. Community Capacity Grant - There are no plans to use the balance of the Community Capacity Grant this financial year. Any unspent grant can be carried forward to the next financial year.
- c. Tynedale House Fire Doors - Design work on the fire doors is due to commence in January 2022 with work to start on site in the new financial year.

Service: Children's Services – Forecast variance (£7.210) million		
Summary by Project	Under/ Overspend	Reprofiling
	£m	£m
Ashington Academy	0.004	-
Wise Academy Trust – Haltwhistle Schools	0.209	-
Schools Building Programme (SCIP)	-	(1.500)
Blyth Free School Contribution (SEN)	-	(1.058)
Special Needs Schools	-	(0.751)
Mobile Classroom Replacement Programme	-	(2.827)
James Calvert Spence College	-	(0.250)
Children's Homes Provision	-	(1.037)
Total	0.213	(7.423)

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. Schools Building Programme (SCIP) – Works in relation to the 2021-22 programme require further condition surveys and feasibility studies to be completed prior to the full estimated costs being identified. Some of the works are likely to slip into 2022-23.
- b. Blyth Free School Contribution (SEN) – The opening of the school has been delayed until September 2023 with the Council's contribution now expected to be required in 2022-23.
- c. Special Needs Schools – It is anticipated design and survey works will be undertaken in the current financial year on the relocation and expansion of Atkinson House with works commencing in 2022-23.
- d. Mobile Classroom Replacement Programme – The initial design stages have commenced with the main works being undertaken in 2022-23.
- e. James Calvert Spence College – Preliminary investigation works for the provision of new and refurbished buildings are scheduled to commence in April 2022.
- f. Children's Homes Provision – Plans to develop two children's homes within the County are progressing. The site at Pegswood and an extension to an existing home is progressing and a further site is being sought as an alternative to the proposed home at Hadston that was deemed unsuitable.

Service: Communities and Business Development – Forecast variance (£2.500) million		
Summary by Project	Under/ Overspend	Reprofiling
	£m	£m
Provision of Leisure Facilities within Morpeth	-	(2.000)
Newbiggin Sports Centre	-	(0.500)
Total	-	(2.500)

NOTES - Year End Variances of £0.250 million or more

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

- a. Provision of Leisure Facilities within Morpeth – Work to construct the facility commenced in November 2020 with the project now due to be completed by January 2023.
- b. Newbiggin Sports Centre – The project is due to commence on site in November 2021 with a target completion date of July 2022.

Service: Finance – Forecast variance (£13.889) million		
Summary by Project	Under/ Overspend	Reprofiling
	£m	£m
Contingency for Grant Funded Projects	(1.155)	-
Alnwick Playhouse	0.007	-
Loans to Third Parties	-	(10.000)
Property Stewardship Fund:		
– Astley Park Depot	-	(0.200)
– Bearl Depot Drainage and New Build	-	(0.140)
– Powburn Depot Roof	-	(0.060)
– Public Toilet Refurbishment	-	(0.350)
– Woodhorn Walker Fan Building	-	(0.100)
Leisure Essential Remedials:		
– Concordia Air Handling Units	-	(0.349)
– Newbiggin Roof	-	(0.250)
Hexham Tyne Mills Depot	-	(0.180)
Alnwick Lindisfarne Site	-	(0.386)
Choppington Mineral Rights	-	(0.300)
Desktop Refresh	0.804	-
Hardware Infrastructure	-	(0.130)
Server Infrastructure	-	(0.100)
Telephony	-	(0.400)
Air Conditioning	-	(0.200)
CISCO Infrastructure	-	(0.400)
Total	(0.344)	(13.545)

NOTES - Year End Variances of £0.250 million or more

The main reasons for the forecast variance for Finance are outlined below:

- a. Contingency for Grant Funded Projects – No projects have been proposed to date in the current financial year that require the use of this funding.
- b. Loans to Third Parties – A review of the requirements for the current financial year is currently being undertaken. It is not envisaged the full budget allocation will be required in the current financial year and will require reprofiling into 2022-23.

- c. Property Stewardship Fund - Public Toilet Refurbishment – The programme of works is awaiting Cabinet approval with works extending into 2022-23
- d. Leisure Essential Remedials - Concordia Air Handling Units – The scale of the works has now been reduced and will be split into two phases with phase 1 now commencing in Spring 2022.
- e. Leisure Essential Remedials – Newbiggin Roof – The roof will be replaced as part of the main refurbishment works on the building. The works are due to commence in November 2021 and it is anticipated the roof will be replaced in Spring 2022.
- f. Alnwick Lindisfarne Site – The works will now commence in the Autumn and will be completed in Spring 2022.
- g. Choppington Mineral Rights – The payment to acquire the rights is now anticipated to be made in 2022-23.
- h. Desktop Refresh - The programme has been accelerated to replace Chromebooks earlier than anticipated due to issues with Office 365 and to provide laptops to the staff transferring into the Council from Northumbria Health Care Trust. The Information Services Manager is preparing a paper to seek additional resources to cover this expenditure.
- i. Other IT Projects – The projects have been delayed due to Information Services staff supporting the Northumbria Health Care Trust data migration.

Service: Planning and Local Services – forecast variance (£13.285) million		
Summary by Project	Under/ Overspend	Reprofiling
Project	£m	£m
FCERM schemes	0.008	-
Highways Maintenance Investment in U and C Roads and Footpaths	-	(0.225)
New DfT Challenge Fund Support – Steel Structures	-	(0.454)
Salt Barns	-	(0.358)
Streetlighting Replacement and Modernisation	-	(0.485)
Car Parks	-	(3.078)
Loansdean FCERM	-	(0.045)
Lynemouth Bay Landfill Encapsulation	-	(6.529)
Ovingham Surface Water	-	(0.208)
Hepscott Flood Alleviation Scheme	-	(0.200)
Members Local Improvement Schemes	-	(0.505)
Fleet Replacement Programme	-	(1.161)
Parks Enhancement Programme	-	(0.070)
Country Parks Improvement Programme	0.025	-
Total	0.033	(13.318)

NOTES - Year End Variances of £0.250 million or more

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

- a. New Department for Transport Challenge Fund Support – Steel Structures – The designs for the in-house works have been completed with the two main painting contracts currently out to tender with a small amount of work slipping into 2022-23;
- b. Salt Barns – the pre planning application for Morpeth is still being reviewed and the site at Bellingham is set to be considered in the current financial year;
- c. Streetlighting Replacement and Modernisation – The installations are continuing across the County with the decorative column replacements. The programme of works is due to be completed in 2022-23.
- d. Car Parks – The construction of the car parks at Morpeth Goosehill and Berwick Quayside will not be completed until 2022-23. The proposed scheme at the former Alnwick Duchess site is being

reassessed in conjunction with the wider masterplan for the area.

- e. Lynemouth Bay Landfill Encapsulation – The scheme is progressing on a phased approach using Council funds only as the external funds have not yet been secured (Northumberland County Council £4.030 million and External £2.500 million). It is anticipated commencement on site for the main works will begin in March 2022.
- f. Members Local Improvement Schemes – Based on the level of applications received to date and previous history of expenditure being incurred in relation to proposed schemes.
- g. Fleet Replacement Programme – A continuous review of the programme is being undertaken to assess likely build and delivery times which are still being significantly affected by the Covid-19 impact within the automotive sector and its supply chains resulting in reprofiling for vehicles, particularly those that are non-standard and already have long lead in times and build schedules.
- h. Union Chain Bridge – It should be noted the scheme is continuing to progress and is not envisaged to be completed until 2022-23 which will result in an increase in overall costs, the forecast of which is currently being assessed along with consideration of mitigation measures to limit the additional resource that will be required. Any cost increases will be shared equally between NCC and Scottish Borders Council as per the signed partnership agreement.

Service: Public Health and Community Services – forecast variance (£11.516) million		
Summary by Project	Under/ Overspend	Reprofiling
Project	£m	£m
Major Repairs Reserve	-	(1.500)
HRA Re-provision, Remodelling and New Build	-	(9.816)
Foggins Yard, Rothbury	-	(0.200)
Total	-	(11.516)

NOTES - Year End Variances of £0.250 million or more

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

- a. HRA Major Repairs Reserve – The programme has been reviewed and it is now estimated that £9.000 million will be incurred in the current financial year on upgrades to housing stock.
- b. HRA Re-provision, re-modelling and new build – The programme is currently being redeveloped resulting in a requirement to reprofile the budget.
- c. Foggins Yard, Rothbury – It is now anticipated land acquisition will now take place in 2022-23.

Service: Regeneration – forecast variance (£8.867) million		
Summary by Project	Under/ Overspend	Reprofiling
	£m	£m
County Hall Solar Car Port	-	(1.400)
Waste Transfer Sites – Energy Projects	-	(0.080)
Morpeth Leisure Centre Solar PV	-	(0.084)
Bedlington Town Centre – Grant to Advance Northumberland	-	(0.865)
Portland Park – Grant to Advance Northumberland	-	(3.000)
Energising Blyth Northern Gateway Phase 1 Town Deal 2020-21	-	(0.319)
Hexham HAZ	-	(0.731)
Borderlands – Ad Gefrin	-	(0.300)
Ashington North East Quarter Redevelopment Phase 2	-	(1.336)
Strategic Energy Site	(0.752)	-
Total	(0.752)	(8.115)

NOTES - Year End Variances of £0.250 million or more

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

- a. County Hall Solar Car Port – The contract has had to be retendered and additional grant funding sought from ERDF due to increases in construction costs, delaying the potential commencement date on site to February 2022;
- b. Bedlington Town Centre – Grant to Advance Northumberland – The scheme is continuing to be developed and it is anticipated work will commence in the current financial year with the majority of the Council's contribution being required in 2022-23;
- c. Portland Park – Grant to Advance Northumberland – Delivery of a six screen Cinema and restaurant units at Portland Park in Ashington to regenerate an economically deprived area of the county. The expectation is to start on site in 2022 and complete the build programme in early 2023 with the cinema opening in late Summer 2023. The project was retendered in Spring with the tender analysis recently completed;
- d. Energising Blyth Northern Gateway Phase 1 Town Deal 2020-21 – Works will commence on Bowes Street in the current financial year but will not be completed until 2022-23;
- e. Hexham HAZ – The uptake of grants for the scheme has been slow as businesses are

reluctant to commit to their required match funding in the present climate due to uncertainty around the future shopping habits of individuals as a result of Covid-19;

- f. Borderlands – Ad Gefrin – The construction commenced on site in Autumn 2020 but some works have now been rescheduled for 2022-23;
- g. Ashington North East Quarter Redevelopment Phase 2 – The scheme has been deferred until there is full clarity on the Ashington Masterplan which will impact on road layouts and the level of pedestrianisation required;
- h. Strategic Energy Site - £0.752 million underspend. The site was acquired in April 2021 with all transactions now processed resulting in an underspend against the allocated budget.

Items approved from the Council's Contingency – July to September 2021

The following items have been approved from the Council's contingency during July to September 2021.

Recurrent Funding	2021-22	2022-23
	£	£
Regrading of Elections Manager and Deputy Elections Manager	10,320	240
Payroll staff (x2)	51,740	1,090
HR Assistant staff (x3)	38,800	40,420
HR Tracking System	22,350	-
Psychological Wellbeing Co-ordinator	12,480	26,170
Regrading of Elections Officers (x2) and Elections Assistant	9,700	10,420
Public Relations staff (x2)	26,760	27,880
Improvement and Innovation Graduate Trainees uplift	19,980	-
Community Engagement and Assets Manager	68,590	-
Chief Executive's post	114,230	23,570
Corporate Finance Pensions Team correction to inflation	6,180	-
Ensuring all staff have access to an email account	6,240	6,240
Placecube digital transformation software	100,000	-
Pay inflation - Fire and Rescue staff at 1.5% (budgeted inflation was 1.25%)	158,440	-
Pay inflation – Adults Services NHS staff at 3% (budgeted inflation was 1.25%)	651,380	1,760
Total amount drawn from Contingency recurrently	1,297,190	137,790

Non-Recurrent Funding	2021-22	2022-23
	£	£
Enhanced Bus Partnership	204,700	-

Get Connected Programme – Ashington	10,000	-
Elections General Manager	14,440	10,660
HR Tracking System	6,620	-
Graduate Posts - regrade existing staff (x2) and new posts (x3)	113,240	24,130
Culture Programmes	40,000	-
Tour of Britain	47,000	-
Placecube digital transformation	68,000	-
Idox system	19,000	-
Teachers' Pension system	88,280	-
Pluralsight Licences	16,500	-
Total amount drawn from Contingency non-recurrently	627,780	34,790
1 year extension to Independent Living Fund grant	(840,600)	-
Net amount drawn from Contingency non-recurrently	(212,820)	34,790

Movement in the Council's Reserves July to September 2021

	Opening Balance at 1 April 2021*	Movement in Reserve	Commitments	Forecast Closing Balance at 31 March 2022
	£m	£m	£m	£m
General Reserves/Balances				
General Fund	(70.469)	-	(3.725)	(74.194)
Total General Reserve	(70.469)	-	(3.725)	(74.194)
Ring-Fenced Reserves/Balances				
Housing Revenue Account	(28.890)	-	(0.589)	(29.479)
Major Repairs (HRA)	(8.607)	-	1.046	(7.561)
HRA Capital Investment	(3.108)	-	0.779	(2.329)
Total Earmarked HRA Reserves	(40.605)	-	1.236	(39.369)
Specific Reserves/Balances				
Capital Grants Unapplied	(43.830)	-	15.000	(28.830)
Capital Receipts	-	-	-	-
Capital Receipts - HRA	(4.023)	-	0.922	(3.101)
Total Specific Reserves/Balances	(47.853)	-	15.922	(31.931)

Appendix R

	Opening Balance at 1 April 2021*	Movement in Reserve	Commitments	Forecast Closing Balance at 31 March 2022
	£m	£m	£m	£m
Earmarked Reserves				
Balances held by Schools	(5.498)	5.378	(5.260)	(5.380)
Business Recovery Reserve	(2.322)	-	-	(2.322)
Cessation of NHS Partnership Agreement	(1.500)	-	0.473	(1.027)
Collection Fund Smoothing	(26.291)	-	15.123	(11.168)
Community Led Housing	(0.829)	-	0.126	(0.703)
Council Commissioned Services	(11.100)	-	10.700	(0.400)
Council Transformation Fund	(7.466)	(10.486)	0.967	(16.985)
Dedicated Schools Grant	(0.898)	(0.170)	(0.985)	(2.053)
Economy & Regeneration Investments	(0.420)	-	0.061	(0.359)
Energy Masterplan	(1.067)	-	0.534	(0.533)
Estates Rationalisation	(8.946)	0.634	1.203	(7.109)
EU Exit Funding	(0.315)	-	-	(0.315)
EU Exit Funding - PP	(0.020)	-	-	(0.020)
Firefighters' Immediate Detriment	(0.250)	-	0.100	(0.150)
FPF Admin Grant	(0.033)	-	0.033	-
FRS HMICFRS Improvement	(0.060)	-	0.029	(0.031)
Haltwhistle Repairs Reserve	(0.015)	-	-	(0.015)
Insurance	(9.661)	-	0.500	(9.161)
Invest to Save Reserve	(10.508)	10.508	-	-
Legal Challenge	(0.637)	0.039	0.050	(0.548)
Local Authority Mortgage Scheme	(0.425)	0.425	-	-
Mobile Units	0.000	(0.222)	-	(0.222)
NCC Economic Regeneration	(0.082)	-	(0.056)	(0.138)

Appendix R

	Opening Balance at 1 April 2021*	Movement in Reserve	Commitments	Forecast Closing Balance at 31 March 2022
	£m	£m	£m	£m
Northumberland Enterprise Holdings	(0.300)	-	0.300	-
Open Spaces Maintenance Agreements	(0.065)	0.007	-	(0.058)
Planning Delivery Grant	(0.206)	-	0.206	-
Problematic Empty Properties	(0.050)	-	0.006	(0.044)
Regeneration Additional Capacity Reserve	(0.304)	-	0.114	(0.190)
Regeneration Development Reserve	(1.578)	0.059	0.767	(0.752)
Restructuring Reserve	(1.000)	-	1.000	-
Revenue Grants	(18.878)	1.469	8.104	(9.305)
Rural Growth Network	(0.095)	-	0.095	-
Sealodge	(0.017)	-	-	(0.017)
School Libraries	(0.009)	-	-	(0.009)
Section 106	(7.699)	0.005	(1.205)	(8.899)
Severe Weather	(2.500)	-	-	(2.500)
Social Fund	(1.695)	-	0.973	(0.722)
Sports Development	(0.256)	-	-	(0.256)
Strategic Management Reserve	(49.002)	(0.424)	3.427	(45.999)
Violence Reduction	(0.030)	0.030	-	-
Winter Services	(2.000)	-	-	(2.000)
ADC Parks & Open Spaces	(0.020)	0.011	-	(0.009)
ADC Section 106	(0.050)	0.004	-	(0.046)
Total Earmarked Reserves	(174.097)	7.267	37.385	(129.445)
Total Usable Reserves	(333.024)	7.267	50.818	(274.939)

	Opening Balance at 1 April 2021*	Movement in Provision	Commitments	Forecast Closing Balance at 31 March 2022
	£m	£m	£m	£m
Provisions				
Redundancy Costs	(0.171)	-	0.171	-
NNDR Appeals	(7.495)	-	1.750	(5.745)
Estates Rationalisation Project	(0.577)	-	0.227	(0.350)
Compensation Claims	(0.151)	-	0.151	-
Total Provisions	(8.394)	-	2.299	(6.095)
Total Reserves & Provisions	(341.418)	7.267	53.117	(281.034)

*provisional un-audited opening balance figure

Virements July to September 2021 – none to report

Directorate	Reason for Virement	Virement from	Virement to	£