CORPORATE SERVICES AND ECONOMIC GROWTH OVERVIEW AND SCRUTINY COMMITTEE
27 JULY 2017

2016-17 Outturn Report
Report of Alison Elsdon, Director of Corporate Resources
Cabinet Member: Councillor Nicholas Oliver, Portfolio Holder for Corporate Services

Purpose of report
The purpose of this report is to provide members of the Scrutiny Committee with the Council’s 2016-17 outturn position for both Revenue and Capital.

Recommendations
It is recommended that members of the Scrutiny Committee should note the Council’s 2016-17 Outturn Position for Revenue and Capital.

Link to Corporate Plan
This report is relevant to all of the priorities included in the NCC Corporate Plan 2013-2017.

Key issues
The final outturn is a net contribution to general reserves of £0.45 million comprising a planned contribution of £0.08 million, the planned use of the Adult Services reserve of £5.40 million and a general underspend against services of £5.77 million. The use of the Adult Services reserve was planned in order to meet recurrent pressures within both Adult and Children’s Social Care. The General Reserve balance ring-fenced to Adult Services has now been fully exhausted. During the year the Council made a revenue contribution to capital of £15.70 million to fund the overall capital programme.

The overall movement on the General Fund was £0.48 million, following the transfer of the final reserves of £0.03 million from Homes for Northumberland.
**Background**

**Revenue Outturn**

Revenue budget monitoring reports were prepared on a monthly basis and were reported to each meeting of the Corporate Performance and Scrutiny Committee during 2016-17 and were regularly reviewed by the Corporate Leadership Team. The Council’s revenue outturn position is summarised as follows:

<table>
<thead>
<tr>
<th>Service</th>
<th>Budget £'000</th>
<th>Expenditure £'000</th>
<th>Variance £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult Services</td>
<td>85,221</td>
<td>86,152</td>
<td>931</td>
</tr>
<tr>
<td>Children’s Social Care</td>
<td>32,398</td>
<td>38,292</td>
<td>5,894</td>
</tr>
<tr>
<td>Corporate Resources</td>
<td>13,838</td>
<td>6,560</td>
<td>(7,278)</td>
</tr>
<tr>
<td>Education and Skills</td>
<td>18,798</td>
<td>21,421</td>
<td>2,623</td>
</tr>
<tr>
<td>Fire and Rescue</td>
<td>18,837</td>
<td>18,613</td>
<td>(224)</td>
</tr>
<tr>
<td>Human Resources</td>
<td>2,709</td>
<td>2,879</td>
<td>170</td>
</tr>
<tr>
<td>Leisure Services</td>
<td>14,065</td>
<td>13,611</td>
<td>(454)</td>
</tr>
<tr>
<td>Local Services and Housing</td>
<td>71,489</td>
<td>70,585</td>
<td>(904)</td>
</tr>
<tr>
<td>Planning and Economy</td>
<td>4,140</td>
<td>3,308</td>
<td>(832)</td>
</tr>
<tr>
<td>Public Health Service</td>
<td>197</td>
<td>(181)</td>
<td>(378)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>261,692</strong></td>
<td><strong>261,240</strong></td>
<td><strong>(452)</strong></td>
</tr>
<tr>
<td>Transfer from Adults Reserve</td>
<td>0</td>
<td>(5,391)</td>
<td>(5,391)</td>
</tr>
<tr>
<td><strong>Net Contribution to General Reserves</strong></td>
<td><strong>261,692</strong></td>
<td><strong>255,849</strong></td>
<td><strong>(5,843)</strong></td>
</tr>
<tr>
<td>Less Planned transfer to General Fund</td>
<td></td>
<td></td>
<td>78</td>
</tr>
<tr>
<td><strong>General Underspend against Services</strong></td>
<td></td>
<td></td>
<td><strong>(5,765)</strong></td>
</tr>
</tbody>
</table>

**Budget funded by:**

- Revenue Support Grant: 41,459
- Retained Business Rates: 65,429
- Council Tax: 154,882
- Planned transfer to General Fund: (78)
The key variances for each service are as follows:

**Adult Services**

Adult Services overspent by £931k with the key variances being:

**Commissioned Services**

The service was £4,638k overspent, reflected in the following key areas:

- Social care external purchasing overspent by £3,777k. There continues to be an increase in clients requiring care as the population ages.
- There was an overspend of £3,562k for unallocated savings. This was partially met from the transfer from the Adult Services reserve.
- There was an underspend on Section 256 clients of £174k.
- Client Contributions income was £1,892k more than budget. This was in line with the increase in expenditure on social care purchasing as clients contribute to the cost of their care.
- The Section 117 income was £581k more than budget. There has been an increase in the number of mental health clients which attract this funding.
- The income for Continuing Health Care clients was £90k more than budget.

**In House Services**

The service area was £1,539k underspent, reflected in the following key areas:

- Staffing and agency was underspent by £563k due to a number of vacant posts.
- Transport costs underspent by £77k which is in line with the underspend on staffing.
- Income received in relation to Continuing Health Care clients was £410k more than the budget due to an increase in the number of clients.
- There was £73k more income than budget for Telecare due to a change in charging arrangements.
- There were a number of small underspends across a range of non-staffing and income budgets totalling £299k.

**Care Management**

The service area was £2,093k underspent, reflected in the following key areas:

- Staffing including agency workers underspent by £1,600k due to vacant posts and there was additional income of £86k relating to staff recharges/secondments.
- Transport costs underspent by £138k which is in line with the large underspend on staffing.
- There was an underspend of £110k on the Social Care in Prisons grant and £147k underspend on other contributions.
Support & Other Services

The service area was £75k underspent, reflected in the following key areas:

- Staffing, agency and consultancy costs were underspent by £1,028k due mainly to vacant posts.
- Transport costs were underspent by £69k which is in line with the large underspend on staffing.
- There was an underspend of £172k in relation to enhanced LGO pensions.
- There was an overspend of £145k on the Deprivation of Liberty budget because of the increased volume of assessments carried out by GPs.
- There was a shortfall of £1,229k relating to the Council’s share of the Better Care Fund due to the CCG not delivering the savings that had been planned to be achieved.
- Additional income of £136k was received for administration fees for estate management, training and rent income at Dene Park House.

Children’s Social Care

Children’s Social Care overspent by £5,894k with the key variances being:

Specialist Services

The service area was £7,170k overspent, reflected in the following key areas:

- Staffing and agency social workers overspent by £864k; this was partly due to a restructure within the service in 2016-17 which will be funded from approved growth in 2017-18.
- Homecare overspent by £496k, this is predominantly to provide short-term emergency care for high need young people requiring various levels of support. The packages have all been reviewed and pressure on this budget is expected to reduce in 2017-18.
- The in-house foster care placements budget overspent by £837k with Special Guardianship/Residence Orders overspending by £1,288k. Northumberland is mirroring the national trend of placing looked after children with family or friends.
- The Independent Fostering Agencies budget overspent by £1,123k. However, the number of placements has reduced by 23 over the last year to 64 at the end of March 2017.
- Out of County Residential placements, including those in Independent Special Schools, overspent by £2,686k. The number of children placed has increased during the year by 4 to 28 clients overall. This increase was partly due to the Council’s maintained special schools being at full capacity and also to meet the specific needs of the child.
Family Disability Services

The service area was £186k underspent, reflected in the following key areas:

- Staffing underspent by £87k due to vacant posts.
- The Direct Payments budget underspent by £69k and in-house foster care placements by £34k.

Early Years

- The budgets for Children’s Centres underspent by £211k across staffing (£140k) following a service restructure and there was an overachievement of grant income (£71k) in relation to the 30 hour free childcare pilot.

Early Intervention

The service area was £384k underspent, reflected in the following key areas:

- The Supporting Families budget made a contribution of £200k towards other pressures across the service.
- The remainder of the underspend predominantly relates to staffing across the services as a new Early Help service was created. However, it will not be fully staffed until April 2017.

Northumberland Adolescent Service

The service area was £397k underspent, reflected in the following key areas:

- Staffing was underspent by £207k due to a number of vacant posts.
- Supported Accommodation underspent by £252k due to a reduction in demand during 2016-17.
- Leaving Care payments overspent by £76k.

Specialist Support functions

The District Office budgets underspent by £129k on staffing (£48k) and rent/building charges (£76k) as several offices co-located together during the year.

Corporate Resources

Corporate Resources underspent by £7,278k with the key variances being:

Corporate Services

Corporate Services underspent by £5,341k due largely to treasury management related activities as described below:

- Interest payable on borrowing underspent by £1,712k due to a reduction in the weighted average interest rate and a greater balance of short to long term borrowing than originally anticipated.
- Interest receivable on investments and third party loans overachieved by £3,864k
due largely to increased lending to Arch. The level of investment balances in year was higher than anticipated which offset the impact of a lower than budgeted average interest rate.

- A dividend of £3,382k was received from Newcastle Airport which was not anticipated.
- The Council sold its remaining Icelandic escrow account investment during the year via a currency auction held by the Central Bank of Iceland. This lead to an impairment loss of £563k, offset by interest earned in the year of £22k and a foreign exchange rate gain of £148k; resulting in a net loss of £392k.
- Debt management expenses, primarily brokerage fees, were considerably higher than budget because of the number of new short-term loans taken out during the year, plus the fees associated with rescheduling two LOBO loans.
- Additional Minimum Revenue Provision (MRP) of £1,611k was charged in respect of the Arch and Airport loans (for which no principal payments are being received). This was offset by a saving of £1,760k on the regulatory and asset life MRP calculations, which came about as a result of a lower opening Capital Financing Requirement (CFR) for the year (due to capital slippage/underspends at the end of 2015-16). However, PFI and finance lease MRP charges were £1,287k higher than budgeted. This resulted in a net overall overspend on MRP of £1,138k.
- There was an overspend of £784k in relation to an increased provision for the cost of tax and NI contributions relating to equal pay claims.
- There was an overspend of £2,951k in the finance general budget which was attributable to capital expenditure funded from revenue.
- Legal Services overspent by £188k due largely to the costs associated with the increased number of child care cases.
- There was an underspend of £1,534k as the recovery of charges from services relating to the pension deficit was greater than anticipated.

Financial & Customer Services

Financial & Customer Services underspent by £1,618k. The underspend was largely attributable to:

- An underspend against Revenues and Benefits of £1,264k was due largely to staff vacancies, £452k; and, an underspend against the cost of benefits of £574k due to an improvement in the recovery of overpaid benefits. There was also an underspend against the Social Fund of £175k as a consequence of bringing the administration of the service back in house; and, a £234k overachievement of income due largely to additional government grants. These underspends offset overspends arising from pressures in relation to the professional services costs associated with local taxation reviews and non-realisation of capacity grid income of £117k and £230k respectively.
Customer Services budgets underspent by £163k due largely to underspends on staffing due to vacant posts.

Transactional Services budgets underspent by £214k. A £99k unallocated saving was offset by underspends on staffing of £154k due to vacant posts and maternity arrangements; and, an overachievement of income, £135k, in relation to SLA charges to schools.

The Registrars’ service underspent by £76k due to overachieved wedding fees income.

The Coroner’s budget overspent by £99k due to an overspend on Coroner’s salaries and the cost of post mortem.

Shared Services

Shared Services underspent by £319k. The underspent was in the main attributable to:

- Internal audit underspent by £132k due to underspends on staffing, shared service provision and external auditor fees.
- Procurement underspent by £252k due to an underspend against staff budgets of £103k and an overachievement of income totalling £121k; the vast majority of which relates to rebate income. Underspends on non-staffing budgets make up the rest of the variance.
- The Commercial Team overspent by £66k due to the cost of replacing feed in tariff meters and a shortfall in renewable heat incentive income due to the under utilisation of biomass boilers.

Education and Skills

The Education and Skills Service overspent by £2,623k with the key variances being:

- An historic unallocated saving for the whole of Children’s Services of £2,292k is partially met by the transfer from the Adult Services reserve. This saving was based upon a restructure of the service in 2013-14 which did not take place.
- The SEN Home to school transport budget overspent by £732k. Demand for the service continues to grow as young people are entitled to support until they are potentially 25 if in Education.
- There was an underspend of £393k across a number of teams due to vacancies and a delay in filling new posts as a result of the restructure within the service. A further restructure of the service will be required in 2017-18 to ensure that the Council does not become liable for expenditure relating to non-statutory duties in relation to educational support.
- Due to the academisation of several schools the Dedicated Schools Grant (DSG) is now under significant pressure. In 2016-17 it was overspent by £1.7 million. The
Schools’ Forum will need to make significant changes and rebase the budget if the Council to ensure that the risks to the Council’s core budget are minimised.

- Several schools have been forced to become academies in 2017 and those schools that are carrying a deficit budget represent a significant draw on the Council’s core budget. For example Haydon Bridge High School is likely to have a deficit budget of between £0.7 million and £1.0 million which will have to be met by the Council.

**Fire and Rescue Service**

The Fire and Rescue Service underspent by £224k with the key variances being:

**Fire and Rescue**

- The Community Safety Academy budget underspent by £81k mainly as a result of additional income from courses and less overtime was required than was planned.
- The budget for Community Fire Stations overspent by £74k as a result of long term sickness issues that prompted temporary contracts to maintain watch and appliance availability. This was offset by an underspend of £94k against the Strategy and Support area, largely as a result of less overtime and lower vehicle repair costs.

**Public Protection**

- The Public Protection service underspent by £119k, mainly as a result of a number of staffing vacancies during the year.

**Human Resources**

Human Resources overspent by £170k with the key areas being:

- Occupational Health overspent by £32k mainly due to one-off costs incurred following the transfer to the Occupational Health shared service, and the Corporate Health & Safety Team underspent by £58k mainly due to salary underspend as a result of vacancies and additional income earned through Service Level Agreements.
- Human Resources overspent by £70k due to one-off costs associated with the recent service restructure.
- Communications overspent by £126k due to agency costs incurred in relation to additional projects and costs associated with the Head of Communications post.

**Leisure Services**

Leisure Services underspent by £454k with the key variances being:

- Sport and Leisure underspent by £323k due to renegotiation of the management fee.
Leisure Operations underspent by £147k due to utilities and repair and maintenance costs being less than budgeted.

Local Services and Housing

Local Services and Housing underspent by £904k with the key variances being:

Technical Services

Technical Services overspent by £386k with the key variances being:

- The highway maintenance and construction budget was overspent by £375k, the main areas being; overspends on budgets for highways materials and plant hire £150k; the net cost on emergency incident repairs was £80k despite recovering £51k from the parties involved; the additional cost of £80k for holiday pay in relation to overtime that was not budgeted for and an overspend of £50k from the backfilling of revenue posts when substantive staff were utilised on capital schemes.
- A saving of £110k which was built into the budget for depot sharing has not been achieved.
- The contract for the maintenance of the A69 broke even but savings intended to achieve a surplus were not delivered, the expected return was £157k. It is planned for this to be recovered in 2017-18.
- The settlement of the Bellwin claim resulted in the Technical Services budget receiving £220k more than anticipated in the accounts. This has been used to fund abortive fees £90k (Salt Barns £60k and Morpeth Shared Space Scheme £30k), £40k for additional support for managing members schemes and to fund the purchase of Vaisala Thermal Mapping and Route Optimisation equipment for Winter Services. (year 1 of 2) £125k.
- Due to a mild winter the winter services budget was underspent by £200k.
- Infrastructure was £2k underspent with the main variances being; the home to school transport budget which was overspent by £85k and continues to have pressures around the demand for the transportation of mainstream pupils to their alternative provision due to year groups being full within certain locations. This was offset by an underspend for the car parking budget of £110k where the income from parking charges and penalty charge notices exceeded the budget and there was a continued income from the sale of parking discs.

Neighbourhood Services

Neighbourhood Services underspent by £172k with the key variances being:

- The waste services budgets were overspent by £42k. This was mainly due to additional costs relating to waste recycling and disposal of £64k, vehicle-related costs £129k, partially offset by additional income from garden, bulky and trade waste and increase in recharges for waste haulage totalling £151k.
Neighbourhood Services underspent by £306k. Burial and cremation fees exceeded the budget by £122k, repairs and maintenance across the service underspent by £99k and public conveniences underspent by £54k following a review of provision across the Council. Changes to the management structure resulted in an in year saving of £65k. There were one-off additional equipment purchases of £33k for markets.

Fleet transport overspent by £156k. This was mainly due to £46k additional vehicle insurance costs and £74k additional vehicle hires to replace the flood damaged vehicles. In addition, MOT fee income and taxi test income budgets underachieved by £35k due to delays in the opening of the Alnwick depot.

Business Support underspent by £74k, mainly as a result of vacant posts and an underspend on the budget for training and staff development.

Property Services

Property Services budgets underspent by £677k with the key variances being:

- A restructure across Property Services and Housing was implemented during 2016-17 producing a saving of £245k.
- As a consequence of the restructure a number of posts were held vacant or took time to recruit to resulting in a further underspend of £246k across the service although this was partly offset by the use of agency staff totalling £61k.
- Repairs and maintenance to buildings across the Council, including the property maintenance section, underspent by £273k.

Housing Services

Housing Services underspent by £441k with the key variances being:

- The underspend is mainly due to additional income of £190k from Right to Buy receipts on previously transferred housing stock for which there was no budget.
- There was a £117k underspend due to vacant posts, reduced working hours and maternity leave, together with an additional recharge of £71k to the Housing Revenue Account following a review of duties undertaken within the service.

Housing Revenue Account (HRA)

The HRA underspent by £733k with the key variances being:

- Corporate Management salaries underspent by £63k due to an in-year restructure, along with a further underspend of £90k on office costs and training.
- Corporate recharges to the HRA were £400k less than the original budget.
- Rent income was £200k underachieved but was offset by smaller underspends on other service budgets including communications and housing management.
- Repairs and maintenance underspent by £322k as a result of vacant posts, savings
in vehicle fuel and vehicle hire as well as settled insurance claims within the year.

Planning and Economy

Planning and Economy underspent by £832k with the key variances being:

**Planning Services**

- Planning Services budgets underspent by £708k. This mainly related to an overachievement of planning fee income which exceeded the budget by £698k due to a number of large scale applications being received. The additional workload was accommodated within existing resources with additional agency staff funded from vacant posts.

Corporate Policy

- The Corporate Policy budget underspent by £145k. This mainly related to the repayment of the Skillsbridge bond during March totalling £100k where this will be allocated to various schemes in 2017-18. This is partly offset by costs incurred for feasibility studies relating to the construction of a new Blyth Relief Road with expenditure of £89k being incurred during the financial year for which there was no budget.

- There was also an underspend within the concessionary travel budget of £148k. Whilst the cost of reimbursement per passenger journey has increased due to modest fare increases, the total spend against this budget has reduced due to a circa 3% reduction in the total number of concessionary fare journeys made across Northumberland.

Public Health Service

The Service underspent by £378k. This underspend relates to those elements of the budget that are not grant funded, mainly staff vacancies and corporate recharges.
Capital Outturn

Capital budget monitoring reports were prepared on a monthly basis and reported to meetings of the Corporate Performance and Scrutiny Committee and were regularly reviewed by members of the Corporate Leadership Team. The Council's capital outturn position is summarised below:

<table>
<thead>
<tr>
<th></th>
<th>Budget £'000</th>
<th>Outturn £'000</th>
<th>Variance £'000</th>
<th>Over/ (Underspend) £'000</th>
<th>Re-profiling £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children’s Services</td>
<td>8,502</td>
<td>10,759</td>
<td>2,257</td>
<td>(300)</td>
<td>2,557</td>
</tr>
<tr>
<td>Adult Services</td>
<td>2,110</td>
<td>2,103</td>
<td>(7)</td>
<td>124</td>
<td>(131)</td>
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<tr>
<td>Local Services and Housing</td>
<td>85,647</td>
<td>85,738</td>
<td>91</td>
<td>3,386</td>
<td>(3,295)</td>
</tr>
<tr>
<td>Planning and Economy</td>
<td>610</td>
<td>(1)</td>
<td>(611)</td>
<td>0</td>
<td>(611)</td>
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<tr>
<td>Corporate Services</td>
<td>15,271</td>
<td>13,108</td>
<td>(2,163)</td>
<td>(428)</td>
<td>(1,735)</td>
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<td>Fire and Rescue</td>
<td>2,892</td>
<td>2,527</td>
<td>(365)</td>
<td>(363)</td>
<td>(2)</td>
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<td>Leisure Services</td>
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<td>(649)</td>
<td>157</td>
<td>(806)</td>
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<td>Arch</td>
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<td>2,018</td>
<td>(1,661)</td>
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<td>(1,661)</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>122,501</strong></td>
<td><strong>119,393</strong></td>
<td><strong>(3,108)</strong></td>
<td><strong>2,576</strong></td>
<td><strong>(5,684)</strong></td>
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<td>Other Capital Items</td>
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<td>(2,939)</td>
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<td>(2,939)</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>303,041</strong></td>
<td><strong>296,994</strong></td>
<td><strong>(6,047)</strong></td>
<td><strong>2,576</strong></td>
<td><strong>(8,623)</strong></td>
</tr>
</tbody>
</table>

Children’s Services

The underspend is mainly attributable to the Ashington Learning Partnership, £246k, where the reorganisation budget was re-profiled from 2015-16 to 2016-17 but was not required.

Key re-profiling is required on:

- School Buildings Programme - re-profiling of £0.536 million, due to delays in a number of in-house schemes. There is an on-going programme of works in 2017-18.
- Basic Needs Programme - re-profiling of £0.331 million. The majority of re-profiling relates to Stannington First School due to a delayed start due to design and cost. A completion date of November 2017 is anticipated.
- Kyloe House Redevelopment Phase 2 Build - re-profiling of £0.289 million with the build due to be completed in 2017-18.
- Pupil Referral Unit - Re-profiling of £0.267 million due to a delayed start regarding design and cost. A completion date in October 2017 is envisaged.
- Devolved Formula Capital - Reprofiling of £0.110 million from 2017-18 as this is a three year rolling budget allocation for schools.
- Ponteland Schools Reorganisation - Re-profiling of £1.337 million from 2017-18. School reorganisations from three to two tier including the Darras Hall new build and a new Ponteland Secondary School and Leisure Centre. The 2016-17 expenditure was in advance of budget provision in the medium term financial plan.
- Morpeth First School - Re-profiling of £0.236 million from 2017-18 due to expenditure being incurred in advance of budget provision in the medium term financial plan.
- Alnwick Schools Reorganisation - Re-profiling of £2.265 million from 2017-18 due to the reorganisation of schools in the Alnwick Partnership together with an extension to the new build at Alnwick Duchess High School to accommodate year 7 and year 8 pupils. Expenditure is currently ahead of the original budget profile.

Adult Services

The overspend is mainly attributable to:
- The Dene Park House car park extension. The project cost was based on a single quotation at design stage. However, when the work was awarded through the tender process it was at a lower cost than envisaged. The final account is £80k under budget.
- Disabled Facilities Grant - Overspend of £0.219 million. The grants provide for the adaptation of people’s homes to meet their changing health needs, including palliative needs, facilitating independent living and enabling them to remain in their own homes. There has been a huge turnaround in performance of the service and the backlog of cases has been cut significantly. The overspend has been met from the Social Care Capital Grant.

Key re-profiling is required on:
- Sea Lodge Bungalows - re-profiling of £19k from 2017-18 into 2016-17 with the majority of the project being delivered in 2017-18.
- Grant to Adapt - re-profiling of £0.150 million from 2016-17 into 2017-18.
Local Services and Housing

The overspend is mainly attributable to:

- South East Northumberland Link Road - The scheme is currently forecast to overspend by £3.4 million which increases the overall cost of the scheme to £33.5 million, after allowing for £0.708 million of external funding (NWL, Persimmon, and Virgin Media). The overspend has been funded from within the overall capital programme for highways and drainage works. The overspend is due to a combination of poorer than expected ground conditions, increased land costs and increased construction costs some of which fell on the Council.

- Fleet Replacement Programme - The budget was adjusted during the year by £1.034 million to reflect that some vehicles may be leased rather than financed by the Council. However, as a result of this options appraisal the most cost effective way forward was for the Council to finance the purchase. At the year end these vehicles were subsequently financed by the Council rather than leased.

- Housing Major Repairs Reserve was underspent by £0.235 million due to a review of the work undertaken and the budget required for committed schemes.

- Affordable Housing Morpeth Road was underspent by £0.272 million at the end of the project. The development was completed on 21 December 2016 with the final retention payment due to the contractor in December 2017.

- The Oval Estate Housing regeneration scheme was underspent by £0.287 million due to expenditure being lower than originally budgeted. As a consequence the full drawdown from the right to buy fund was not required.

Key re-profiling is required on:

- Local Transport Plan - During the financial year £3.1 million was re-profiled into 2017-18. Progress was better than expected and at the end of the financial year £0.787 million was required to be re-profiled back from 2017-18 reducing the actual re-profiling to £2.3 million.

- The Morpeth cycle and Cowpen road schemes commenced in January with approval received to re-profile some of the budget into 2017-18 due to the length of the construction period. As a result £0.409 million and £0.320 million respectively requires re-profiling into 2017-18.

- The Council is delivering a number of Flood Alleviation Schemes, including Haltwhistle, Morpeth Surface Water, Ovingham and Boulmer Coast protection), across the County. Due to the timing of the works and the required consents for access to certain areas £0.632 million is required to be re-profiled into 2017-18.

- Street Lighting Replacement and Modernisation Programme - The Council is entering the final year of its replacement programme with £0.431 million required to be re-profiled into 2017-18 for completion of the scheme.
- Fleet Replacement Programme - Due to the procurement and delivery dates for vehicles £0.269 million will require re-profiling into 2017-18.
- Alnwick Lionheart Depot and Fire Station will require £1.118 million to be brought forward from 2017-18 due to the completion of the works.
- Cowley Road Depot Car Park - Re-profiling of £0.420 million into 2017-18 is required for developing a car park at Cowley Road to allow the storage of more vehicles overnight.
- The major repairs (housing) programme will require re-profiling of £0.960 million into 2017-18 to fund the completion of various works. This mainly relates to the Dorrans External Wall Insulation scheme (£0.660 million) and refurbishment of a number of Swedish Timber Frame Houses which will go to tender in July 2017.

Planning and Economy

The Service is taking the lead on the Ashington, Blyth and Tyne Railway project with £0.502 million being spent on the Grip 2 process with Network Rail to the end of the financial year. Due to the risk and uncertainty around the project proceeding a decision was taken to write this sum off to the Council’s revenue budget at the end of the financial year.

Corporate Services

The underspend is mainly attributable to:
- The Broadband Main Programme BDUK is complete with an underspend of £0.338 million;

Key re-profiling is required on:
- RGN Local Growth Fund due to the delay in applicants submitting project claims totalling £1.69 million into 2017-18;
- Broadband Phase 2 re-profiling of £0.791 million from 2017-18 due to accelerated spend;
- Desktop Refresh Programme - work that was originally due to be carried out in 2017-18 was brought forward with £0.601 million being spent in 2016-17 in advance of the provision in the MTFP;
- Digitisation of Planning Records - £0.475 million re-profiling into 2017-18 with costs incurred to date charged to the revenue budget;
- Data Centre - BT were unable to provide enough resource to complete the implementation of the Cisco equipment within 2016-17. BT are still working on the
project and were due to complete by 30 June 2017 with £0.205 million being required to be re-profiled into 2017-18;

- Library Management System - scheme not yet commenced with £88k being required to be re-profiled into 2017-18;
- DECC Central Heating Fund project completed in 2016-17 with the remaining budget, £0.380 million, in 2017-18 being required to be brought forward due to the project completing earlier than expected;
- Solar PV Phase 3 - £0.549 million re-profiling from 2016-17 into 2017-18;
- Wansbeck Business Centre Ground Source Heat Pump - currently being installed and will complete in 2017-18 resulting in £0.090 million re-profiling from 2016-17;
- Waste Transfer Sites - Energy Projects with the project currently on hold and under review resulting in £0.435 million re-profiling from 2016-17 into 2017-18.

Fire and Rescue

The underspend was attributable to the FRS Fleet Requirement scheme. There is sufficient budget in 2017-18 to meet the commitments, therefore only minor re-profiling is required.

Leisure Services

There were a number of under and overspends resulting in a net overspend of £0.157 million, made up mainly of:

- Facility developments at Prudhoe Waterworld were £0.267 million underspent. Works were completed and the site opened in July 2016;
- Works at Concordia were overspent by £0.280 million and were completed in July 2016;
- Gym equipment was purchased at Ponteland Leisure Centre in November 2016 costing £0.088 million with no budget allocated to the scheme;
- A two storey extension to Druridge Bay Community Sport and Leisure facility to provide a boxing and community gym was overspent by £0.040 million;
- Purchase of spinning bikes overspent by £0.025 million.

In addition, the following projects have been re-profiled:

- Berwick Swan Centre £0.636 million from 2016-17 into 2017-18. This formed part of the leisure remedial programme. Discussions were ongoing as to whether this was to be a refurbishment scheme or a new development. Due to the previous announcement of a new development all further work was put on hold. The works which were undertaken were classed as essential remedial/health & safety. This
consisted of comfort cooling replacement in the dance studio, sports hall ventilation, lighting and heating replacement and fire door replacement.

- Haltwhistle football project £0.170 million from 2016-17 into 2017-18. Phase 2 of this scheme was completed in 2016-17 with re-profiling required into 2017-18 to fund Phase 3.

Arch
There are a number of projects that have slipped or not yet commenced which make up the outturn position as below:

- East Sleekburn Enterprise Zone - The scheme is yet to commence with re-profiling of £1.1 million from 2016-17 to 2017-18;
- Ashington North East Quadrant - Re-profiling of £0.525 million from 2016-17 to 2017-18;
- Cowe Building Purchase and Refurbishment - The final payment of the claim has been delayed with this now due in September 2017 resulting in re-profiling of £0.161 million from 2016-17 to 2017-18;
- Ashington Community Leisure Facility overspent by £0.126 million.

Other Capital Items
The Council granted loans to Arch Commercial Enterprises Ltd totalling £145.770 million for various projects. Examples include the purchases of Manor Walks Shopping Centre (£82.811 million); Westmorland Retail Park (£37.961 million); the purchase of Tyne Valley Retail Park (£7.843 million); and the purchase of the former Blyth Power Station site (£4.190 million).

Further loans were made to Arch Housing Ltd totalling £19.066 million and Arch Developments Ltd totalling £12.725 million for schemes that included the purchase of various residential and executive housing properties and various regeneration developments that Arch would initially take the lead on before either progressing the scheme themselves or selling the land to a developer.

Implications

<table>
<thead>
<tr>
<th>Policy</th>
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<tbody>
<tr>
<td>Finance and value</td>
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<tr>
<td>for money</td>
<td>performance of the Council for the financial year 2016-17.</td>
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<tr>
<td>Legal</td>
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<tr>
<td>Procurement</td>
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<td>Human Resources</td>
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<td>Property</td>
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<tr>
<td>Equalities (Impact Assessment attached)</td>
<td>An impact assessment is not applicable as the report does not require a key decision.</td>
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<td>Yes □ No □ N/A □</td>
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<tr>
<td>Risk Assessment</td>
<td>The risks within the preparation of the Statement of Accounts are well managed through the embedded processes in place.</td>
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<td>Crime &amp; Disorder</td>
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<td>Customer Consideration</td>
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<tr>
<td>Carbon reduction</td>
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<tr>
<td>Wards</td>
<td>All.</td>
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**Background papers:**
None

**Report sign off.**

Authors must ensure that officers and members have agreed the content of the report:

<table>
<thead>
<tr>
<th>Name</th>
<th></th>
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<tbody>
<tr>
<td>Finance Officer</td>
<td>Alan Mason</td>
</tr>
<tr>
<td>Interim Chief Executive</td>
<td>Daljit Lally</td>
</tr>
<tr>
<td>Portfolio Holder(s)</td>
<td>Nick Oliver</td>
</tr>
</tbody>
</table>

**Author and Contact Details**

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