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North Tyneside Council

Finance Sub Committee

Wednesday, 5 February 2020

Tuesday, 11 February 2020 0.02 Chamber - Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY **commencing at 6.00 pm**.

Agenda Item		**Page**
1.	**Apologies for Absence** To receive any apologies for absence.	
2.	**Appointment of Substitute Members** To receive a report on the appointment of Substitute Members.	
3.	**Declarations of Interest and Notification of any Dispensations Granted** You are invited to declare any registerable and/or non-registerable interests in matters appearing on the agenda, and the nature of that interest. You are also invited to disclose any dispensation in relation to any registerable interests that have been granted to you in respect of any matters appearing on the agenda. You are also requested to complete the Declarations of Interests card available at the meeting and return it to the Democratic Services Officer before leaving the meeting.	
4.	**Minutes** To confirm the minutes of the meeting held on 2 December 2019	**5 - 8**
5.	**2018/19 Financial Management Report to 30 November 2019** To receive budget monitoring report for the current financial year which reflects the forecast financial position as at 30 November 2019. (This report will be considered at the Cabinet meeting on 20 January	**9 - 68**

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2020)

6. **Exclusion Resolution**

The Sub-Committee is requested to pass the following resolution:

Resolved that under Section 100A(4) of the Local Government Act 1972 (as amended) and having applied a public interest test as defined in Part 2 of Schedule 12A of the Act, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act.

7. **Business and Technical Partnerships Risks** — **Circulated separately**

To consider a report on the risks rated as red contained within the Strategic and Operational Risk Registers of the Business and Technical Partnerships with Engie and Capita.

Circulation overleaf …

Members of the Finance Sub Committee

Councillor Debbie Cox (Deputy Chair)
Councillor Anthony McMullen (Chair)
Councillor John Stirling
Councillor Paul Richardson
Councillor Naomi Craven
Councillor John O'Shea
Councillor Judith Wallace

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Finance Sub Committee

Monday, 2 December 2019

Present:	Councillor A McMullen (Chair) Councillors D Cox, N Craven and P Richardson
	In attendance: Councillors
Apologies:	Councillors J O'Shea and J Wallace

F15/19 Appointment of Substitute Members

There were no substitute members appointed.

F16/19 Declarations of Interest and Notification of any Dispensations Granted

There were no declarations of interest reported.

F17/19 Minutes

Resolved that the minutes of the meeting held on 17 September 2019 be confirmed and signed by the Chair.

F18/19 Welfare Reform - Financial update

The Sub-committee considered the quarterly report that provided an update on the three schemes that were implemented or revised as a consequence of on-gong welfare reform.

It also provided an update on the Full Services Universal Credit.

Discretionary Housing Payment Fund – (DHP)

The Discretionary Housing Payment Fund provided by the Department of Work and Pensions supported people in financial need who have a shortfall in their rent and housing benefit (or Universal Credit including the housing element).

There was continued work with the Citizens Advice and refer claimants who may benefit from budgeting and debt advice.

The Sub-committee was reminded that the DHP policy was reviewed on an annual basis that ensure s payments were directed to those in most need.

The report provided the current financial position and a breakdown of the fund, which detailed an unallocated funding at an amount £41,171 at the time of publishing the report.

Of the all the assessed claims 597 (80%) were successful and of those paid a Discretionary

Housing Payment 61% were council tenants and 39% were privately rented tenants

Local Council Tax Support Scheme

The number of claimants to the scheme had continued to reduce and at the end of September 2019 the number of claimants were 17,372, which were split between 9,400 working age and 7,972 pensionable age claimants.

As at the end of September 2019 the amount of Council Tax Support awarded since 1 April 2019 is £14,498,125.

Due to some changes to support such as the removal of empty property discounts had made collection more difficult, however it was still expected that the long term collection rate would be 98.5%.

Local Welfare Provision

For the period 1 April 2018 – 30 September 2019 there had been 863 applications for Local Welfare Support.

There had been 408 crisis applications eligible for further practical support (47%) and included applicant receiving food, utility support, baby items/food, household items or clothing.
The spend for the period in respect to immediate practical support amounted to £4,133, this was in addition to the annual grant to the Food Bank £26,500 grant.

Universal Credit

Universal Credit (UC) replaced 5 state benefits.

There were 9,548 claimants on UC and of these 3,890 were required to look for work.

The UC working group continued to meet on a monthly basis and has a wider representation of organisations attend including De Paul Charity, to develop solution to local problems and sharing of skills and knowledge.

The Bay Food Bank had seen rising demand for food parcels and the working group was reviewing the process for referrals to the food bank and how to provide the best support.

Since the Full Service UC roll out in North Tyneside in May 2018 there had been a reduction of 4,134 in the number of working age residents claiming Housing Benefit, which represented 37% in working case load.

The Housing Department had 2,864 tenants on UC with 2,177 (76.01%) in arrears. The average arrears stood at £752.96 for those on UC, compared with £433.40 for all tenants and £268.70 for those not on UC.

AGREED that (1) the Welfare Reform – Financial update be noted;

F19/19 2018/19 Financial Management Report to 30 September 2019

The Sub-committee received the 2019/20 Provisional Financial Management Report to 31 May 2019 that had considered by Cabinet on 25 November 2019.

The third monitoring report indicated that the forecast for the year was a projection of a residual gap of £4.809m, which was an improvement of £0.434m from the July 2019 position.

There were still aspects of the £10.533m savings programme to be met to deliver the General Fund budget approved by Council on the 21 February 2019. Meetings had taken place to consider what actions were required to manage the financial risks identified for 2019/20 and included the Authority's Efficiency Statement and as a result £2.582m was include in the overall £4,809m pressure.

The report covered also included details of additional grants received by the authority since the budget was set. It also provided the position of the 2019/20 school budgets, planning for 2020/21, schools funding and the forecast outturn for the Housing Revenue Account as at 30 September 2019.

AGREED that 2019/20 Financial Management Report to 30 September 2019 be noted.

F20/19 Exclusion Resolution

Resolved that under Section 100A (4) of the Local Government Act 1972 (as amended) and having applied a public interest test as defined in Part 3 of Schedule 12A of the Act, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act.

F21/19 Business and Technical Partnerships Risks

The Sub-committee considered the report that set out the latest monitoring update on risks which were rated high within the Strategic and Operational Risk Registers of the Business and Technical Partnerships with Engie and Capita.

It was informed that the Business Partnership had two new risks and one that had been escalated and were in relation to ICT matters and would be monitored.

AGREED that Business and Technical Partnership Risks report noted

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North Tyneside Council
Report to Cabinet
20 January 2020

Title: 2019/20 Financial Management Report to 30 November 2019

Portfolios:	**Elected Mayor**	**Cabinet Member:**	**Norma Redfearn**
	Finance and Resources		**Councillor Ray Glindon**

Report from Service Area:	**Resources**	
Responsible Officer:	**Janice Gillespie, Head of Resources**	**Tel: 643 5701**
Wards affected:	**All**	

PART 1

1.1 Executive Summary:

This report is the fourth monitoring report to Cabinet on the 2019/20 financial position. The report brings together financial and performance information with the intention of explaining the current financial position in the context of the policy priorities in the Our North Tyneside Plan. It provides a further indication of the potential revenue and capital position of the Authority at 31 March 2020.

The report explains where the Authority continues to manage financial pressures. Like most local authorities, North Tyneside Council continues to face significant financial pressures. These were reported in the 2018/19 Outturn Report and continue to manifest in 2019/20.

In considering the financial outlook for 2019/20, Services have considered the financial pressures they will face and how they will mitigate these. The current forecast for the year is a projection of a residual gap of £3.483m, an improvement of £1.326m from September.

At this stage in the financial year, Cabinet will understand that there are still aspects of the £10.533m 2019/20 savings programme to be met to deliver the General Fund budget approved by Council on 21 February 2019. A number of sessions have already been held by the Senior Leadership Team to give early consideration as to the actions required to manage the financial risks identified for 2019/20, including what additional actions can be taken in line with the Authority’s Efficiency Statement. As a result, £2.582m is included within the £3.483m overall pressure outlined above, which represent the residual balances of the challenging cross-cutting savings targets.

This is the fourth report of the financial year and necessarily reflects these known pressures the Authority will be required to manage during the rest of the financial year. As well as an explanation of any previously identified risks that have crystallised, this report sets out any new risks that may have a financial impact on the Authority. It is anticipated that the overall in-year pressures will be managed by the Services, enabling the Authority to again deliver a balanced position at year end.

The report includes details of any additional grants received by the Authority since the budget was set. The report also advises Cabinet of the position so far on the 2019/20 Schools budgets, planning for 2020/21, Schools funding and the forecast outturn for the Housing Revenue Account as at 30 November 2019.

The report provides an update on the 2019/20 Investment Plan, including delivery so far this year, along with details of variations and reprofiling of the Investment Plan which are presented to Cabinet for approval.

1.2 Recommendations:

It is recommended that Cabinet:

(a) notes the forecast budget monitoring position for the General Fund, Schools' Finance and Housing Revenue Account (HRA) as at 30 November 2019 (Annex sections 1, 5 and 6);

(b) notes the Authority's Investment Plan spend of £30.546m to 30 November 2019 and the financing of the Plan to the end of the year (Annex Section 7);

(c) approves variations of £0.940m and reprogramming of £7.758m within the 2019 – 2023 Investment Plan (Annex Section 7); and

(d) approves the receipt of £3.860m of new Revenue grants (£0.140m relating to the General Fund) and £0.095m of capital grants.

1.3 Forward Plan:

Twenty-eight days' notice of this report has been given and it first appeared on the Forward Plan that was published on 4 October 2019.

1.4 Authority plan and policy framework:

The budget is a key strand of the Authority's Budget and Policy Framework.

1.5 Information:

1.5.1 <u>Financial Position</u>

This report is the fourth monitoring report presented to Members on the Authority's 2019/20 financial position. It provides the fourth indication of the expected revenue and capital financial position of the Authority as at 31 March 2020.
The report covers:

- The forecast outturn of the Authority's General Fund and HRA revenue budget including management mitigations where issues have been identified;
- The delivery of 2019/20 approved budget savings plans; and

- An update on the Capital Investment Plan, including details of variations and reprogramming, that is recommended for approval.

General Fund Revenue Account:

The budget for 2019/20 was approved by full Council at its meeting on 21 February 2019. The net General Fund revenue budget was set at £155.730m. This included £10.533m of savings to be achieved (£6.875m relating to 2019/20).

The forecast overall pressure is estimated at £3.483m against an approved net budget of £155.730m. This is driven mainly by Health, Education, Care & Safeguarding reflecting the continued pressures in Children's Services of £4.460m and Adult Services of £1.346m, partly mitigated by the contingency balances that were created by Cabinet as part of the 2018/19 budget setting process and continue to be held centrally to reflect the on-going pressures in social care being felt locally and nationally.

Included in this projection is £3.894m of pressures in Corporate Parenting and Placements and £2.206m in Wellbeing and Assessment. The drivers for these pressures continue from 2018/19 and arise from:

- Continued growth in demand in Adult and Children's Social Care Services;
- The timing of delivery of some aspects of the Efficiency Savings Programme to the extent that achievement of some savings may be at risk;
- Managing the costs of the shared pressure with the North Tyneside Clinical Commissioning Group around agreeing adequate levels of contributions for clients with health needs and to support social care; and
- Negotiations continuing with care providers to assess the impact of the National Living Wage and the consequential impact on our commissioning costs for 2019/20.

New Revenue Grants:

The following new Revenue grants have been received during the period October – November 2019:

Service	Provider	Grant	Purpose	Value (£m)
Environment, Housing & Leisure	Department for Transport	Bikeability	To support the provision of cycle training for children attending compulsory education and to train instructors	0.055
Commissioning & Asset Management	Ministry of Housing, Communities and Local Government	Domestic Abuse, Housing and Complex Needs Grant	To support projects supporting families and individuals suffering domestic abuse	0.085
Commissioning & Asset Management	Education and Skills Funding Agency	Teachers' Pension Employer Contribution Grant for Maintained Schools (DSG funding, not part of the General Fund)	Funding passported to schools to support the increase in employer contributions to pension costs with effect from 1 September 2019	2.591
Health, Education, Care and Safeguarding	Education and Skills Funding Agency	PE and Sports Premium Grant (DSG funding, not part of the General Fund)	Funding passported to schools to improve the provision of PE and sport to promote healthy lifestyles	1.129
Total				**3.860**

School Funding:

Schools are required to submit their rolling three year budget plan by 31 May each year. The total planned deficit for 2019/20 is £5.045m. Cabinet will be aware that the Authority has been working with schools for a number of years with regard to the long-term strategic issue of surplus secondary places and the associated financial pressures which continue to be compounded by rising employment costs. As anticipated, 2018/19 was the fourth year of balances decreasing following a long term trend of rising balances in North Tyneside and the overall projected balances for 2019/20 continues this trend.

As well as school balances reducing overall, some individual schools continue to face significant financial challenges. There were nine schools with approved deficits in 2018/19 and five of these schools continue to be in deficit for 2019/20. Six schools are also new to deficit in 2019/20.

Cabinet will recall that the High Needs Block ended 2018/19 with a pressure of £0.920m. Initial forecasting of the budget position for 2019/20 indicated a similar level of pressure within the year of £0.952m. However, at November the anticipated pressure is now £3.733m reflecting the rise in demand for special school places within the Authority and a general increase in complexity of children supported in special schools and within mainstream schools. This increase in demand is in line with the national picture and the Authority is planning for places at the end of 2019/20 to total approximately 740. This compares to a total of 664 places at the beginning of 2018/19.

Housing Revenue Account (HRA):

The HRA is forecast to have year-end balances at 31 March 2020 of £7.592m, which are £3.721m higher than budget which was set at £3.871m. The higher than forecast balances are mainly as a result of higher opening balances due to the impact of the previous year's financial performance (£1.101m) but there is also an in-year estimated underspend of (£2.620m), against an in-year budget of £2.331m, due to additional income of (£0.642m) combined with reduction to expenditure of (£1.978m) which is linked to savings identified following the end of the Kier JV from April 2019.

Universal Credit was fully implemented across North Tyneside on 2 May 2018. As of the end of November 2019, 2,920 North Tyneside Homes tenants have moved on to Universal Credit and a team is working proactively with tenants to minimise arrears. This position will be closely monitored as the year progresses to identify any adverse impacts on the budget position.

Investment Plan:

The 2019-2023 Investment Plan, as adjusted for proposed variations and reprogramming, totals £209.093m (£65.402m 2019/20) and is detailed in table 20 of the Annex. The Annex to this report also sets out in Section 7 delivery progress to date, planned delivery for 2019/20, reprogramming and other variations identified through the Investment Programme Governance process.

1.5.2 <u>Performance against Council Plan</u>

The 2018-2020 Our North Tyneside Plan (Council Plan) sets out the overall vision and policy context within which the Financial Plan and Budget are set. The Council Plan has three key themes – Our People, Our Places and Our Economy. For each one there is a set of policy outcomes that the Authority is seeking to deliver as set out below.

Our People will:

- Be listened to so that their experience helps the Council work better for residents.

- Be ready for school – giving our children and their families the best start in life.
- Be ready for work and life – with the skills and abilities to achieve their full potential, economic independence and meet the needs of local businesses.
- Be healthy and well – with the information, skills and opportunities to maintain and improve their health, well-being and independence.
- Be cared for, protected and supported if they become vulnerable.
- Be encouraged and enabled to, whenever possible, be more independent, to volunteer and to do more for themselves and their local communities.

Our Places will:

- Be great places to live by focusing on what is important to local people.
- Be a thriving place for choice of visitors through the promotion of our award winning parks, beaches, festivals and seasonal activities.
- Offer a good choice of quality housing appropriate to need, including affordable homes.
- Benefit from the completion of the North Tyneside Living project and by North Tyneside Council's housing stock being decent, well managed and its potential use maximised.
- Provide a clean, green, healthy, attractive and safe environment.
- Have an effective transport and physical infrastructure - including our roads, cycle ways, pavements, street lighting, drainage and public transport.
- Continue to regenerate Wallsend and Whitley Bay while ambitious plans will be developed for North Shields, Forest Hall and Killingworth.

Our Economy will:

- Grow by supporting new businesses and building on our strengths, including our existing world class companies, and small and growing enterprises.
- Be business friendly by ensuring the right skills and conditions are in place to support investment, and create and sustain new high quality jobs and apprenticeships for working age people.
- Continue to support investment in our business parks, units and Town Centres.

The Authority has plans in place to deliver all elements of the Council Plan and performance against these plans is carefully monitored. The area under most financial pressure is Health, Education, Care and Safeguarding.

In common with most local authorities, and in line with the national picture, North Tyneside Council has seen costs within adult social care continue to rise. The number of adults supported in placements within Residential and Nursing Care and Homecare and Extra Care have risen during 2019/20. The increase in demand is combined with the individual needs of those clients increasing due to living longer with multiple complex conditions. Supporting those needs requires more intensive packages of care which are more expensive to provide. In addition to older people, younger adults with learning disabilities and physical disabilities are also living longer, often with multiple complex issues.

In Children's Services, good progress continues to be made on engaging with children in the early years of life to ensure that they are ready for school. Safeguarding vulnerable children and maximising their educational attainment remain key priorities.

Over recent years, there has been an increase nationally in demand for children's residential placements but with no corresponding increase in central government funded provision. As such, the levels of looked after children (LAC) and children who require supervision after leaving care continue to generate a significant financial pressure. In year data suggests that our LAC levels have risen steadily from 283 in November 2018 to 298 in November 2019 (as per Chart 4 in 4.2.25 of the Annex). The Authority has seen numbers reach as high as 315 during 2019/20, and November 2019 is the first month during 2019/20 that the reported number is below 300. There are a wide range of levels of care provided, with more complex cases now being faced. Increasing demand and complexity continues to drive financial pressure in 2019/20 and the Authority is forecasting a pressure of £3.894m in Corporate Parenting and Placements. Where children have left the system, this has tended to be within In-House Fostering where package costs are lower then the complex cases being treated through External Residential Care or External Supported Accommodation.

1.5.3 Investment Plan

An officer led review of the Investment Plan has resulted in proposals for variations of £1.440m and reprogramming of £7.758m of which more details are set out in Section 7 of the Annex to this report. The revised Investment Plan stands at £65.402m for 2019/20 and to the end of November 2019 spend of £30.546m had been incurred which represents 46.70% of the revised plan.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet may approve the recommendations at paragraph 1.2 of this report.

Options 2

Cabinet may decide not to approve to recommendations at paragraph 1.2 of this report.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

Cabinet is recommended to agree the proposals set out in section 1.2 of this report as it is important that Cabinet continues to monitor performance against the Budget, especially given the current level of financial pressures faced by the public sector.

1.8 Appendices:

Annex: Financial Management Report to 30 November 2019
Appendix 1: 2019 – 2023 Investment Plan

1.9 Contact officers:

Janice Gillespie – Corporate Finance matters – Tel. (0191) 643 5701
Claire Emmerson – Corporate Finance matters – Tel. (0191) 643 8109
David Dunford – Corporate Finance matters – Tel. (0191) 643 7027
Cathy Davison – Investment Plan matters – Tel. (0191) 643 5727
Darrell Campbell – Housing Revenue Account matters – Tel. (0191) 643 7052

Amar Hassan – Treasury Management matters – Tel. (0191) 643 5747

1.10 Background information:

The following background papers and research reports have been used in the compilation of this report and are available via the links below or at the offices of the author:

(a) Revenue budget 2019/20
https://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/NTC%20Revenue%20Budget%20201920.pdf

(b) Investment Plan 2019-23
https://my.northtyneside.gov.uk/sites/default/files/meeting/related-documents/2019-2023%20Financial%20Planning%20and%20Budget%20Process%20Final%20Report.pdf (page 22-25)

(c) Reserves and Balances Policy (Appendix G)
https://my.northtyneside.gov.uk/sites/default/files/meeting/related-documents/cabinet%20ex%20agenda%20for%2021%2001%202019_0.pdf (page 128-133)

(d) Overview, Scrutiny and Policy Development Performance Report
https://my.northtyneside.gov.uk/sites/default/files/meeting/related-documents/6.%20OSPD%20Performance%20report%20%28June%202019%29.pdf

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

As this is a financial report, implications are covered in the body of the report. This report will also be presented to the Authority's Finance Sub-Committee at its meeting on 3 March 2020.

2.2 Legal

The Authority has a duty to ensure it can deliver a balanced budget. The Local Government Act 2003 imposes a duty on an authority to monitor its budgets during the year and consider what action to take if a potential deterioration is identified.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

Internal consultation has taken place with the Cabinet Member for Finance and Resources, the Elected Mayor, Cabinet Members, the Senior Leadership Team and Senior Finance Officers.

2.3.2 External Consultation / Engagement

The 2019/20 budget was completed after widespread consultation and community engagement in line with the Authority's approved Budget Engagement Strategy.

2.4 Human rights

The proposals within this report do not have direct implications in respect of the Human Rights Act 1998.

2.5 Equalities and diversity

There are no direct equalities and diversity implications arising from this report.

2.6 Risk management

Potential future financial pressures against the Authority are covered in this report and registered through the Authority's risk management process.

2.7 Crime and disorder

There are no direct crime and disorder implications arising from this report.

2.8 Environment and sustainability

There are no direct environmental and sustainability implications arising from this report.

PART 3 - SIGN OFF

• Chief Executive	X
• Head of Service	X
• Mayor/Cabinet Member(s)	X
• Chief Finance Officer	X
• Monitoring Officer	X
• Head of Corporate Strategy and Customer Service	X

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2019/20 Financial Management Report Annex

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SECTION 1 - GENERAL FUND SUMMARY

1 General Fund Revenue Forecast

1.1 This report is the fourth monitoring report to Cabinet on the 2019/20 financial position. The report brings together financial and performance information with the intention of explaining the current financial position in the context of the policy priorities in the Our North Tyneside Plan. It provides an indication of the potential revenue and capital position of the Authority at 31 March 2020. The report explains where the Authority continues to manage financial pressures as, in common with most local authorities, North Tyneside Council continues to face significant financial challenges. These were reported in the 2018/19 Outturn Report and continue to manifest in 2019/20.

1.2 The Authority's approved net revenue budget of £155.730m is forecast to outturn with a pressure of £3.483m (a pressure of £4.809m was reported in September). The budget includes £6.875m of savings as agreed at Council on 21 February 2019. Table 1 in paragraph 1.7 below sets out the variation summary across the General Fund.

1.3 The most significant pressures continue to exist within Health, Education, Care and Safeguarding, primarily relating to demand and complexity driven pressures within adults and children's social care. Children's Services are forecasting a year end pressure of £4.460m (down from a forecasted pressure of £4.615m at September) and Adults Services are forecasting a pressure of £1.346m (an improvement from the £1.384m pressure in September). As Members will recall from 2018/19, the Authority is currently holding two contingency balances centrally for Children's (£2.616m) and Adults (£1.800m). Further details are contained within this report in Section 4.2.

1.4 On-going pressures relate to the previous Customer Journey Programme and the development of the Outsystems software. Further details can be found in section 4.7 of this report.

1.5 In Environment, Housing & Leisure (EHL) prudent forecasts suggest that the outturn position will be a pressure of £0.338m, an improvement of £0.015m since the last report. The main pressures are staffing, energy and rates. The Service is committed to delivering a balanced position and is continuing to work on identifying options around the remaining pressures. Further details can be found in section 4.4.

1.6 Central Items is forecasting an underspend of £3.570m, representing an improvement of £0.250m since the last report. This includes contingencies of £4.636m, which, if allocated, would produce pressures in Central Items of £1.066m. These pressures are a result of Central Items holding the targets for the cross-cutting savings proposals, partially offset by forecasted underspends generated by management actions around Strain on the Fund and the Authority's Treasury Management Strategy.

1.7 Table: 1 2019/20 General Fund Revenue Forecast Outturn as at 30 November 2019

	Gross Expenditure as at November 2019			Income as at November 2019			Net Expenditure as at November 2019			Sept 2019
	Budget	Forecast	Variance	Budget	Forecast	Variance	Budget	Forecast	Variance	Variance
Services	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Health, Education, Care and Safeguarding	178.667	189.632	10.965	(110.898)	(116.057)	(5.159)	67.769	73.575	5.806	5.999
Commissioning and Asset Management	207.556	211.692	4.136	(185.329)	(189.090)	(3.761)	22.227	22.602	0.375	0.391
Environment, Housing and Leisure	71.425	74.401	2.976	(29.290)	(31.928)	(2.638)	42.135	42.473	0.338	0.353
Regeneration and Economic Development	2.193	2.225	0.032	(1.022)	(0.955)	0.067	1.171	1.270	0.099	0.116
Corporate Strategy	1.785	2.034	0.249	(1.587)	(1.702)	(0.115)	0.198	0.332	0.134	0.134
Chief Executive	0.406	0.368	(0.038)	(0.486)	(0.486)	0.000	(0.080)	(0.118)	(0.038)	(0.038)
Resources	79.829	74.724	(5.105)	(78.338)	(73.076)	5.262	1.491	1.648	0.157	0.992
Law and Governance	3.666	4.650	0.984	(3.811)	(4.613)	(0.802)	(0.145)	0.037	0.182	0.182
Central Items	16.059	12.489	(3.570)	(15.108)	(15.108)	0.000	0.951	(2.619)	(3.570)	(3.320)
Support Services	20.013	20.013	0.000	0.000	0.000	0.000	20.013	20.013	0.000	0.000
Total Authority	**581.599**	**592.228**	**10.629**	**(425.869)**	**(433.015)**	**(7.146)**	**155.730**	**159.213**	**3.483**	**4.809**

SECTION 2 - DELIVERY OF BUDGET SAVINGS PROPOSALS

2.1 The combined budget savings of £6.875m in 2019/20 approved by Council in February 2019 bring the total savings the Authority has had to find in the nine years following the 2010 Comprehensive Spending Review (CSR) to £126.951m.

2.2 **Table 2: Year on Year savings since 2010 CSR**

Year	£m
2011/12	16.169
2012/13	16.739
2013/14	12.240
2014/15	16.552
2015/16	14.158
2016/17	15.737
2017/18	18.338
2018/19	10.143
2019/20	6.875
Total Savings	**126.951**

2.3 In addition to the £6.875m of savings proposals required in 2019/20, £3.658m of prior year savings require a permanent solution. These savings were successfully achieved by in-year management actions during 2018/19. The total amount of savings that need to be achieved in 2019/20 is therefore £10.533m.

2.4 In tracking progress made against each individual saving proposal, a total of £7.803m, representing 74% of the target, is already forecast to be saved in 2019/20 (September, £7.753m and 74%). These figures include mitigating items of £1.400m comprising of the £1.100m of management actions which have been identified as achievable via Central Items in 2019/20 and a further £0.300m additional health income which is mitigating a savings target within HECS. A prudent approach is taken to reporting efficiency savings and they will only be reported as achieved in the forecast position when the impact can be seen flowing into the general ledger. As such it is projected that 26% of the target still needs to be achieved (September, 26%).

2.5 **Table 3: Efficiency Savings by Service at November 2019**

Service	2019/20 Target £m	Projected Delivery £m	Management Actions £m	Still to Achieve £m
Regeneration and Economic Development	0.103	0.075	0.000	0.028
Central Items	6.058	2.376	1.100	2.582
Commissioning & Asset Management	0.176	0.176	0.000	0.000
Corporate Strategy	0.042	0.022	0.000	0.020
Environment, Housing & Leisure	0.886	0.886	0.000	0.000
Health, Education, Care & Safeguarding	3.268	2.868	0.300	0.100
Total	**10.533**	**6.403**	**1.400**	**2.730**

2.6 The governance structure of the Efficiency Savings programme includes a monthly review of progress by the Senior Leadership Team (SLT). In addition, in-year budget and performance progress meetings are held between officers and Cabinet Members to consider progress and actions being taken to deliver savings. The main variations in relation to the savings still to be achieved are outlined in the sections below.

Central Items

2.7 The £2.582m of savings targets, currently forecast as still needing achievement, relate to cross-cutting targets from the following Efficiency Statement categories; A Focus on the Social Care Customer Experience (£0.903m), How We Are Organised (£0.687m) and Delivering Our Fees & Charges Policy (£0.992m).

2.8 These ambitious cross-cutting savings proposals were identified as being challenging to achieve. In the previous financial year, the Authority was able to take advantage of its Treasury Management Strategy to secure in-year mitigations to offset these targets. Continued benefits of this Strategy have enabled management actions of £1.100m to be identified, which will provide in-year mitigations to these targets in 2019/20. SLT is continuing to work on identifying further activity, actions and plans to further mitigate the residual target in 2019/20.

2.9 One of these cross-cutting savings targets relates to a proposal to maximise the Authority's resources in relation to sourcing, supply chain and commercials. The initial business case was developed in 2017/18 and included an ambitious target of £2.000m to be delivered by the end of 2018/19. A range of work has been performed in 2017/18 and 2018/19 which has allowed the Authority to realise £0.408m of this saving. A further £0.400m is expected to be achieved during 2019/20 and management actions of a further £0.200m are expected to be available to support the delivery of this target in 2019/20.

Central Items – Procurement

2.10 The review of the Procurement arrangement with ENGIE has proven that the original savings targets were overestimated. The Authority has a track record of delivering greater than anticipated savings from Procurement than previously expected. The Authority has already delivered substantial Procurement savings, which can be demonstrated within Construction but this has mostly been seen within the Housing Revenue Account. Following work completed in the early part of 2019/20, it is estimated that the Authority can deliver a further £0.400m of savings within the General Fund from Procurement.

Central Items – Management

2.11 The initial management savings target was £2.500m and to date the Authority has achieved £1.300m. Actions currently underway which may have an impact and generate further savings are:

- Contracted Services returning in-house;
- Redesigning Housing & Construction with wider impact on Environment Housing & Leisure; and
- Service restructures.

Central Items – Customer Service / Community Hubs

2.12 The initial savings target was £2.000m and to date the Authority has achieved £0.600m. Currently it is expected that a maximum of £0.200m can be achieved from the Community Hubs project due to a range of factors such as the Authority's commitment to its Customer Services offer, its commercial boundary with ENGIE and property costs at Wallsend and Whitley Bay. Through a range of available management actions, the Authority is anticipating allocating an additional £0.300m against these tasks to reduce the overall residual balance.

Health, Education, Care and Safeguarding

2.13 HECS is forecasting to deliver £2.868m (88%) of its targets at this stage in the year. There is one remaining target which still requires achievement as at November 2019. This is an amount of £0.100m relating to the implementation of assistive technology under the Efficiency Statement category of A Focus on the Social Care Customer Experience. This project is trialling new approaches and there is cautious optimism that the full target will be permanently delivered from April 2020. An outstanding target outlined in the previous report of £0.050m relating to generating new income streams under Leading Sector-Led Improvement is now forecasted to be achieved. A target relating to 2018/19, for the revision of quality bandings for care homes, has been met in year by additional CCG income of £0.300m with arrangements progressing to permanently deliver this saving from 2020/21.

SECTION 3 – NEW REVENUE GRANTS

3.1 The following new revenue grants have been received or notified during October and November 2019.

Table 4: Grants Received or Notified in October and November 2019

Service	Grant Provider	Grant	Purpose	2019/20 value £m
Environment Housing and Leisure	Department for Transport	Bikeability	To support the provision of cycle training for children attending compulsory education and to train instructors	0.055
Commissioning and Asset Management	Ministry of Housing, Communities and Local Government	Domestic Abuse, Housing and Complex Needs Grant	To support projects supporting families and individuals suffering domestic abuse	0.085
Commissioning and Asset Management	Education and Skills Funding Agency	Teachers' Pension Employer Contribution Grant for Maintained Schools (DSG funding not part of the General Fund)	Funding passported to schools to support the increase in employer contributions to pension costs with effect from 1 September 2019	2.591
Health, Education Care and Safeguarding	Education and Skills Funding Agency	PE and Sports Premium Grant (DSG funding not part of the General Fund)	Funding passported to schools to improve the provision of PE and sport to promote healthy lifestyles	1.129
Total				**3.860**

SECTION 4 – SERVICE COMMENTARIES

4.1 Meetings have been held between finance officers and budget managers to review the forecast positions for 2019/20, with forecasts being prepared on a prudent basis. Meetings have taken place with Lead Members to review the quarter one and quarter two positions. Further meetings are scheduled on a quarterly basis with officers, the Elected Mayor, the Deputy Mayor, the Cabinet Member for Finance and Resources, and other relevant Cabinet Members to discuss the in-year finance and performance position. Heads of Service and their senior teams will also attend to discuss plans in progress to mitigate any pressures.

4.2 Health, Education, Care & Safeguarding (HECS)

4.2.1 HECS is forecasting a pressure against its £67.769m net controllable expenditure budget of £5.806m. This represents an improvement of £0.193m since the September forecast variance of £5.999m. This forecast position excludes the application of contingency budgets set aside in Central Items for pressures in Adult Services of £1.800m and within Children's Services of £2.616m.

4.2.2 **Table 5: Forecast Variation for HECS at November 2019**

	Budget £m	Forecast £m	Variance Nov £m	Variance Sept £m
Corporate Parenting and Placements	16.495	20.389	3.894	3.656
Early Help and Vulnerable Families	1.173	1.179	0.006	0.066
Employment and Skills	0.546	0.524	(0.022)	(0.003)
Integrated Disability and Additional Needs Service	2.269	2.924	0.655	0.957
School Improvement	0.088	0.015	(0.073)	(0.061)
Regional Adoption Agency	0.000	0.000	0.000	0.000
Children's Services Sub-total	**20.571**	**25.031**	**4.460**	**4.615**
Wellbeing, Governance & Transformation	2.265	2.300	0.035	(0.014)
Disability & Mental Health	31.008	30.219	(0.789)	(0.757)
Wellbeing & Assessment	10.643	12.849	2.206	2.178
Integrated Services	2.903	2.741	(0.162)	(0.092)
Business Assurance	0.274	0.330	0.056	0.069
Adult Services Sub-total	**47.093**	**48.439**	**1.346**	**1.384**
Public Health	0.105	0.105	0.000	0.000
Total HECS	**67.769**	**73.575**	**5.806**	**5.999**

Main budget pressures across HECS

4.2.3 In addition to its normal complex budget management, HECS has been required to deal with a combination of pressures and national policy changes. There are continuing upward pressures on care providers' fees partially resulting from the National Living Wage and negotiations continue around ensuring funding contributions from NHS for clients with health needs as the North Tyneside Clinical Commissioning Group (NTCCG) themselves face continuing budget constraints.

4.2.4 The main factor behind the forecasted position is the significant pressure within Corporate Parenting and Placements in relation to care provision for children in care and care leavers. Although there has been a fall in the overall number of children in care to 298 from 315 at September 2019 (see 4.2.25 below), the reduced numbers are within internally fostered provision. The numbers of care nights provided through more costly external residential placements and supported accommodation have continued to rise resulting in the ongoing financial pressures. In addition to third party care provision pressures, there are also on-going pressures in the workforce arising from staff retention costs and recruitment costs. Within adult services, cost pressures remain in relation to third party care provision especially in relation to older people.

Adult Services

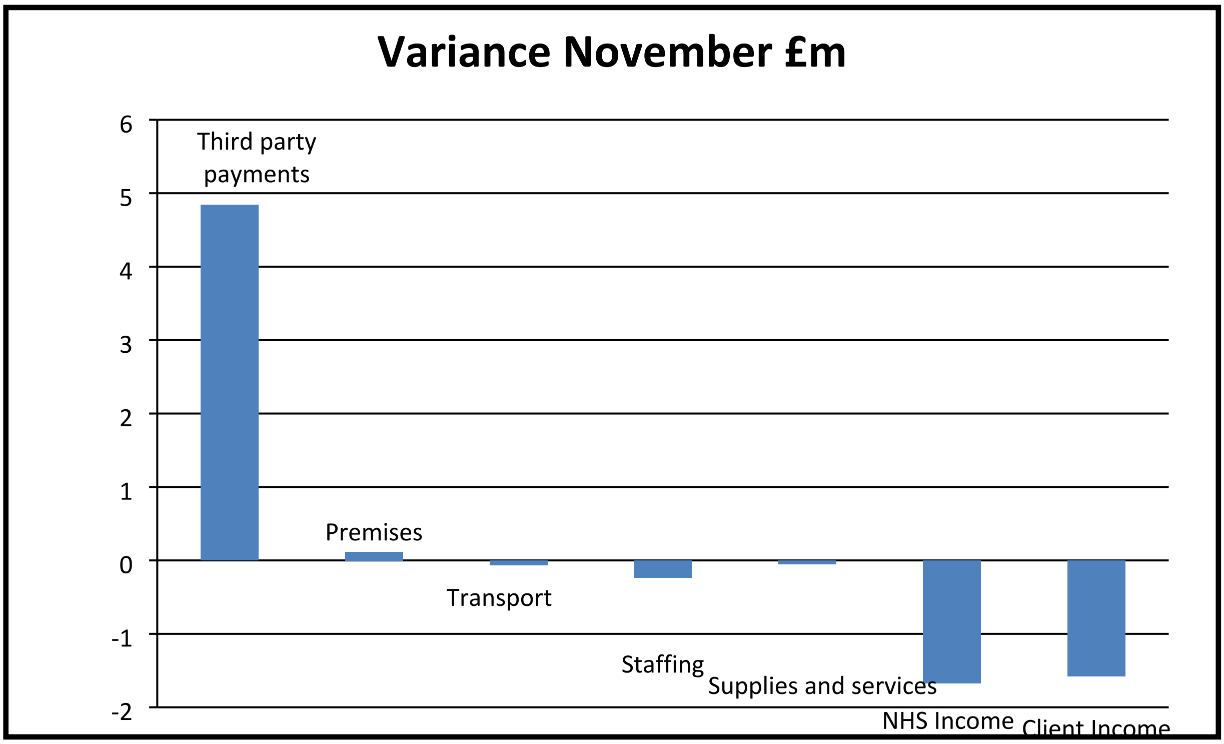
4.2.5 In Adult Services, there is a remaining pressure of £1.346m, which has improved by £0.038m from the reported position in September.

4.2.6 The small improvement in position relates to a combination of movements with a reduced forecast in Loan Equipment within Integrated Services, an increased staffing underspend and improved client contributions partially offset by a further increase in third party payments.

4.2.7 The remaining pressure relates to third party payments for care provision which is £4.839m above budget levels. There is also a smaller pressure relating to premises costs (£0.116m). These pressures are partially offset by a higher than budgeted level of contributions from the NHS (£1.675m), and from client contributions (£1.577m). There are underspends against staffing budgets and supplies and services of £0.238m and £0.051m respectively. The demand pressures were foreseen by Cabinet and backed by £1.800m of contingencies held centrally.

4.2.8 The factors behind the overall pressure of £1.346m are represented graphically below:

Chart 1: Breakdown of Budget Variances within Adult Social Care



4.2.9 In common with most local authorities, North Tyneside Council has seen demand for adult social care continue to rise as the success story of longer lifespans means there are many more people with care and support needs arising from a mixture of physical health and mental health conditions including dementia and frailty in old age. In addition to older people, younger adults with learning disabilities and physical disabilities are also living longer, often with multiple complex issues.

4.2.10 In order to manage this demand as effectively as possible and ensure that the most intensive services are targeted at those in the greatest need, HECS has been going through transformation to develop an asset-based approach that focuses on enhancing an individual's strengths and informal support networks to maximise their independence. This has had the impact of containing the overall size of the population in receipt of services with a cost to the Authority, but the average cost of those services has increased due to the increased average complexity of the needs of those clients.

4.2.11 Pressures within external payments for care provision total £4.839m above budget. These are analysed into the following service types:

Table 6: Analysis of Adult Services Care Provision Pressure by Service Type

Type of Service	November £m	September £m
Residential and Nursing Care	3.303	3.162
Homecare and Extra Care	1.150	1.106
Other Community-Based Care	0.386	0.345
Total	**4.839**	**4.613**

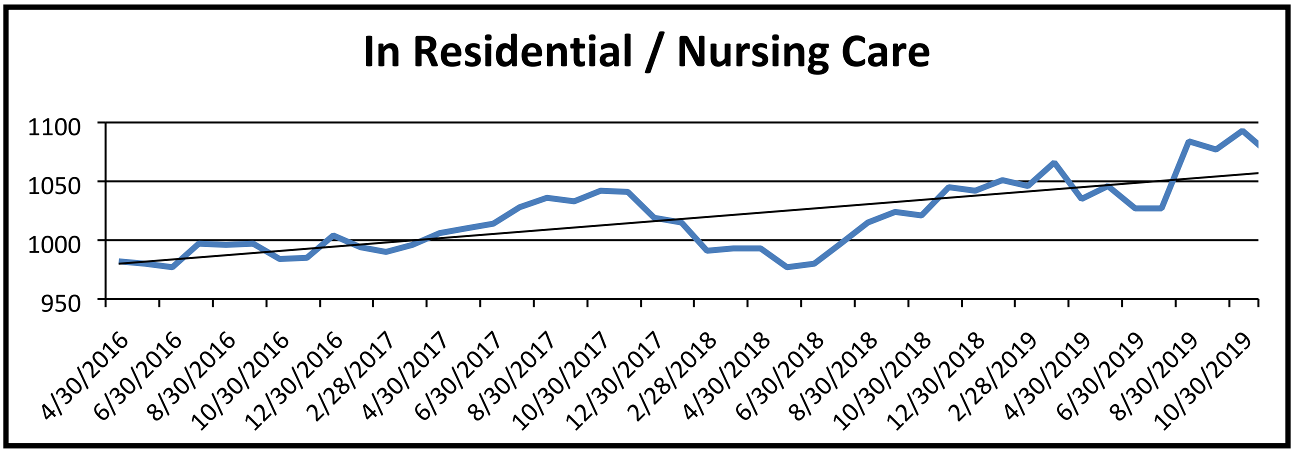
Residential and Nursing Care

4.2.12 In relation to Residential and Nursing Care, an increase in short-term placements in the later part of 2018/19 saw numbers of placements overall rise to 1,066. Internal processes to monitor the use of short-term placements have been strengthened and numbers of placements had fallen in the first part of 2019/20 (1,027 at July 2019). However, challenges remain, for example the option to move clients from short-term placements to community provision diminishes after longer lengths of stay in short-term placement as clients lose skills and family concerns increase around risks at home.

4.2.13 Alternative provisions of services are being identified for short-term placements to prevent admission to long-term residential care such as reablement services, community based intermediate care or extra care provisions. HECS is continuing a focused review of all short-term placements with support from colleagues from sheltered accommodation and with a view to maximising the appropriate use of assistive technology to identify exit plans for those people needing to move on from short-term residential placements.

4.2.14 The numbers of placements overall for residential and nursing care, however, increased in August and September from 1,027 to 1,077 this increase was sustained into October with a figure of 1,093 but has since fallen in November to 1,073. The comparative numbers in residential and nursing care in October and November 2018 were 1,021 and 1,045 and this clearly shows the significant increase in client numbers during 2019/20. The increased numbers of clients placed in residential and nursing care has led to further increase in pressure for this type of service to £3.303m (£3.162m in September). HECS is continuing to review all placements made through an internal panel and is examining individual cases and the flow of clients through the whole system to understand the causes of this increased level of demand and whether the reducing trend seen in November can be sustained and continued. The movement in numbers placed in residential and nursing care is shown in Chart 2 below.

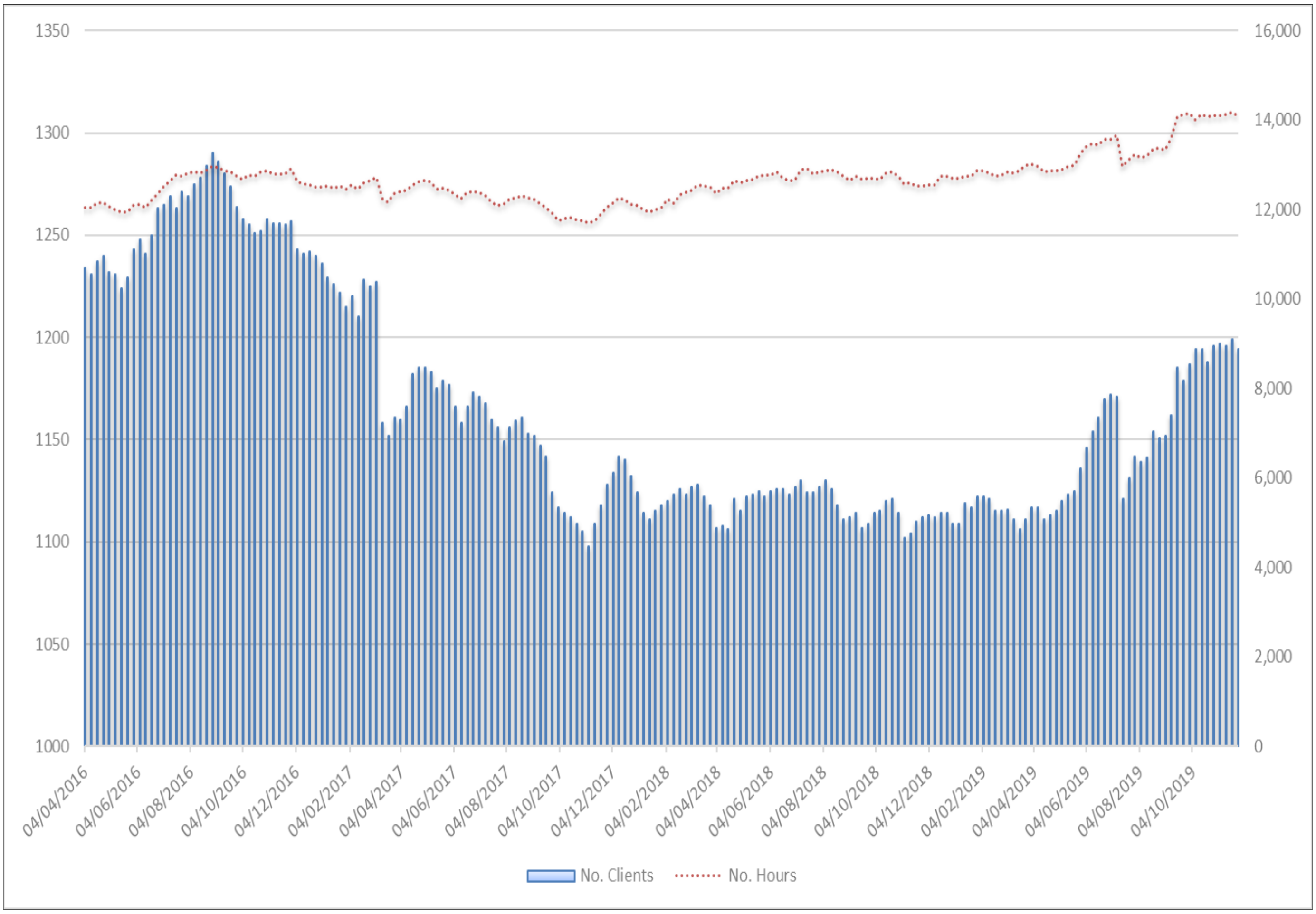
Chart 2: Movement in Numbers of Clients in Residential and Nursing Care since April 2016



Homecare and Extra Care

4.2.15 As reported during 2018/19, the Authority, in line with the national trend, has seen an in increase in the number of homecare hours provided despite a fall in the total number of clients receiving this type of service. It is noted, however, that the number of clients is now starting to rise. In April 2019 there were 1,117 clients, by July this had risen to 1,142 and in September there were 1,187. The numbers receiving homecare in November have risen again to 1,194. The rise in numbers of clients and in hours delivered has increased the budget pressure for homecare and extra care to £1.150m (September, £1.106m). The movement in client numbers and hours delivered is shown in Chart 3 below:

4.2.16 **Chart 3: Trend in Annual Cost per Client of Homecare/Extra Care Services**



4.2.17 HECS is working hard to continue to embed the asset-based approach by re-engineering the customer pathway through the service to ensure that assessments are proportionate and that clients receive the appropriate level of support to meet their needs to the extent that they are eligible under the Care Act as cost-effectively as possible. Work is continuing to develop further technology solutions to meet needs related to areas such as medication prompts and shopping in a more cost-effective way.

<u>CCG Income and Better Care Fund Contributions</u>

4.2.18 Contributions from health are forecasted to be maintained at the same level as in September.

<u>Client Income</u>

4.2.19 Client contribution income has improved since September by £0.087m and is now forecasted to over-recover against budget by £1.577m. This includes an additional £0.120m relating to the full year impact of the new contributions policy agreed by Cabinet in October 2018. HECS continues to apply national guidelines to financial assessments of all relevant clients to ensure that appropriate contributions are made towards the care provided.

Premises

4.2.20 There are pressures of £0.116m in premises costs relating mainly to rent for respite premises for clients with a learning disability and accommodation costs for teams based within the community.

Children's Services

4.2.21 In Children's Services the £4.460m pressure relates mainly to demand pressures of £3.894m in Corporate Parenting and Placements and £0.655m in Integrated Disability and Additional Needs, which were foreseen by Cabinet and backed by £2.616m of contingencies held centrally. The forecast has decreased overall by £0.155m since the last report mainly due to £0.200m additional funding from public health and £0.118m reduction in short break placement costs partially offset by increased cost of externally provided placements for children in care.

Corporate Parenting and Placements

4.2.22 The pressures within Corporate Parenting and Placements can be broken down as follows:

Table 7: Analysis of Pressures in Corporate Parenting and Placements

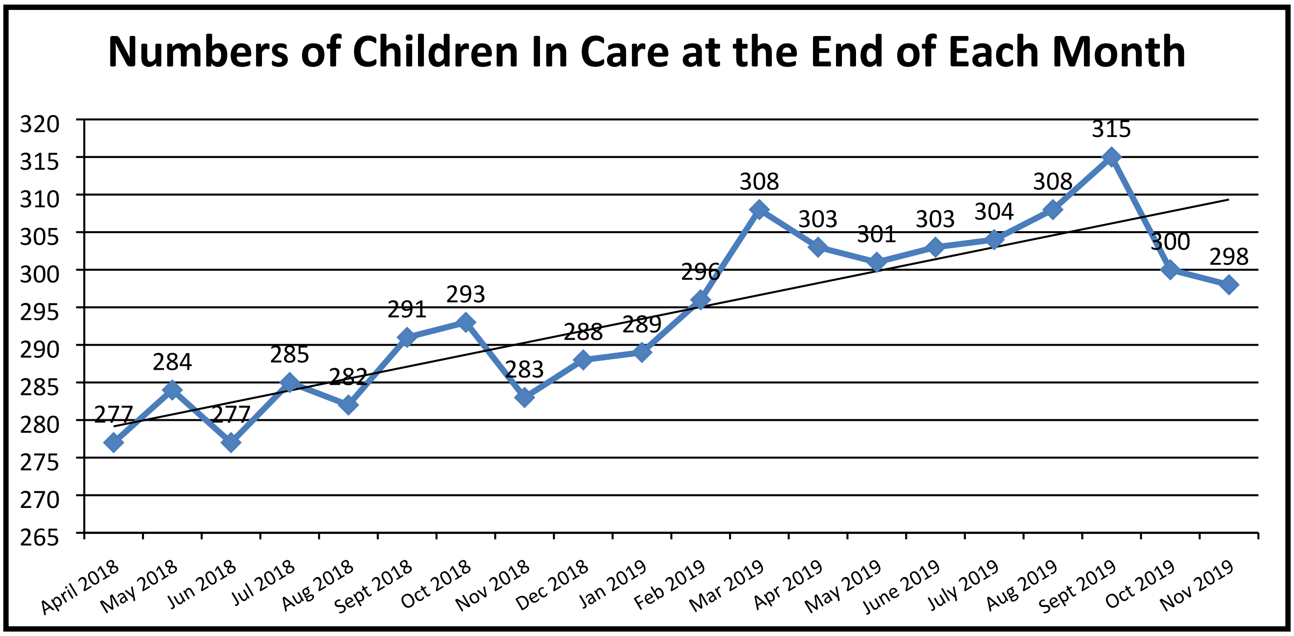
Type of Service	Budget 2019/20 £m	Variance November £m	Variance September £m
Care provision – children in care	9.185	2.830	2.809
Care provision – other children	3.202	0.541	0.392
Management and Legal Fees	(0.120)	0.141	0.123
Social Work	4.184	0.377	0.328
Safeguarding Operations	0.044	0.005	0.004
Total	**16.495**	**3.894**	**3.656**

4.2.23 The increase of £0.238m since the last report relates mainly to three residential placement extensions (£0.127m) partially offset by one residential placement not yet started (£0.048m). In addition, there has been one new supported accommodation placement (£0.020m), one supported accommodation placement change (£0.029m) and one supported accommodation placement extension (£0.116m).

Care Provision – Children in Care

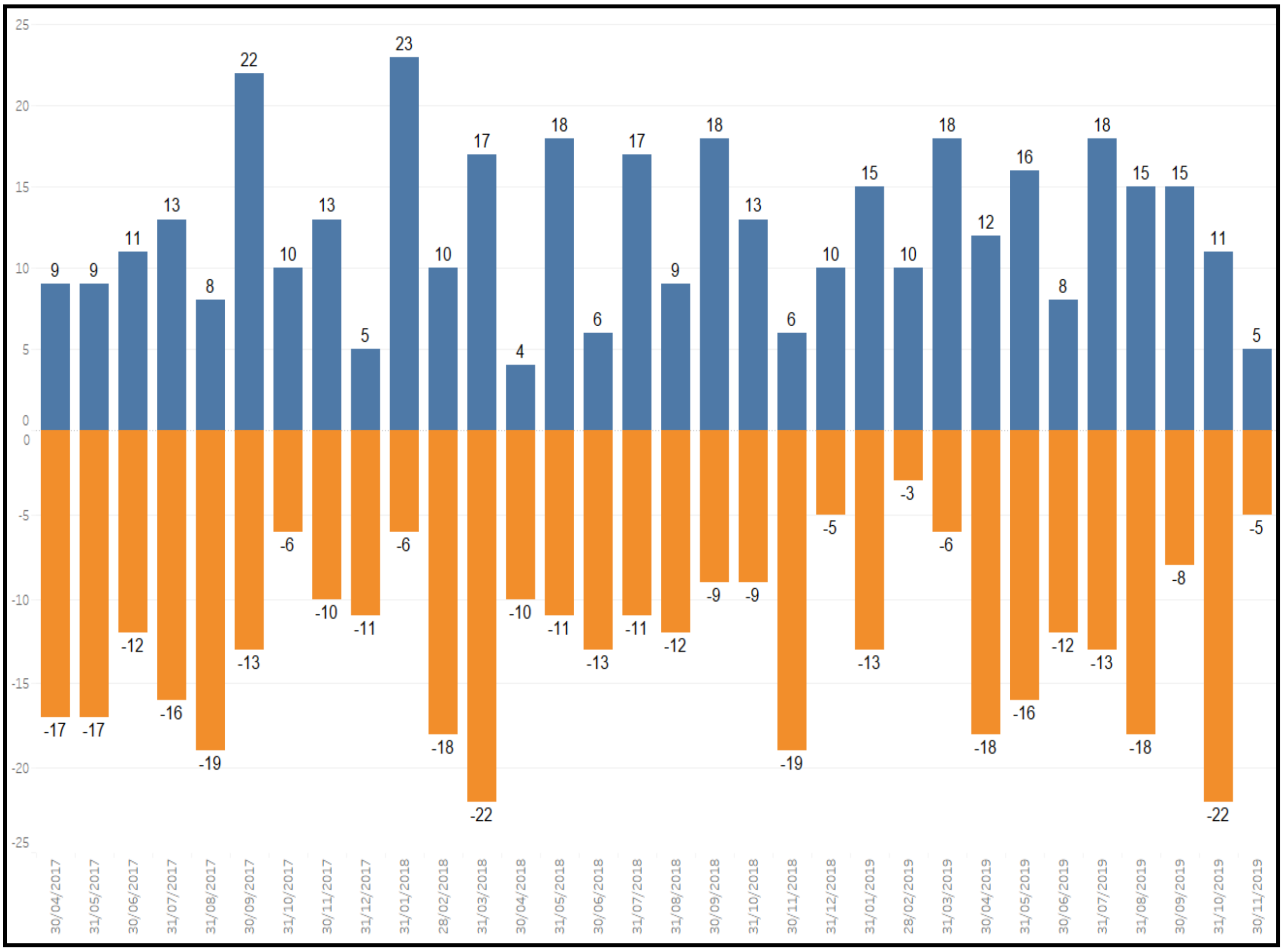
4.2.24 Over recent years, there has been an increase nationally in demand for children's residential placements but with no corresponding increase in central government funded provision. In North Tyneside over the last few years the overall number of children in care has mirrored the increases felt nationally. Numbers were, however, steady through 2018/19 before rising to 308 at the year end. Although the number of children in care fell slightly from this during the first few months of the financial year, they rose to 315 at the end of September 2019 but have now fallen back to 298 in November.

4.2.25 **Chart 4: Children in Care at the End of Each Month**



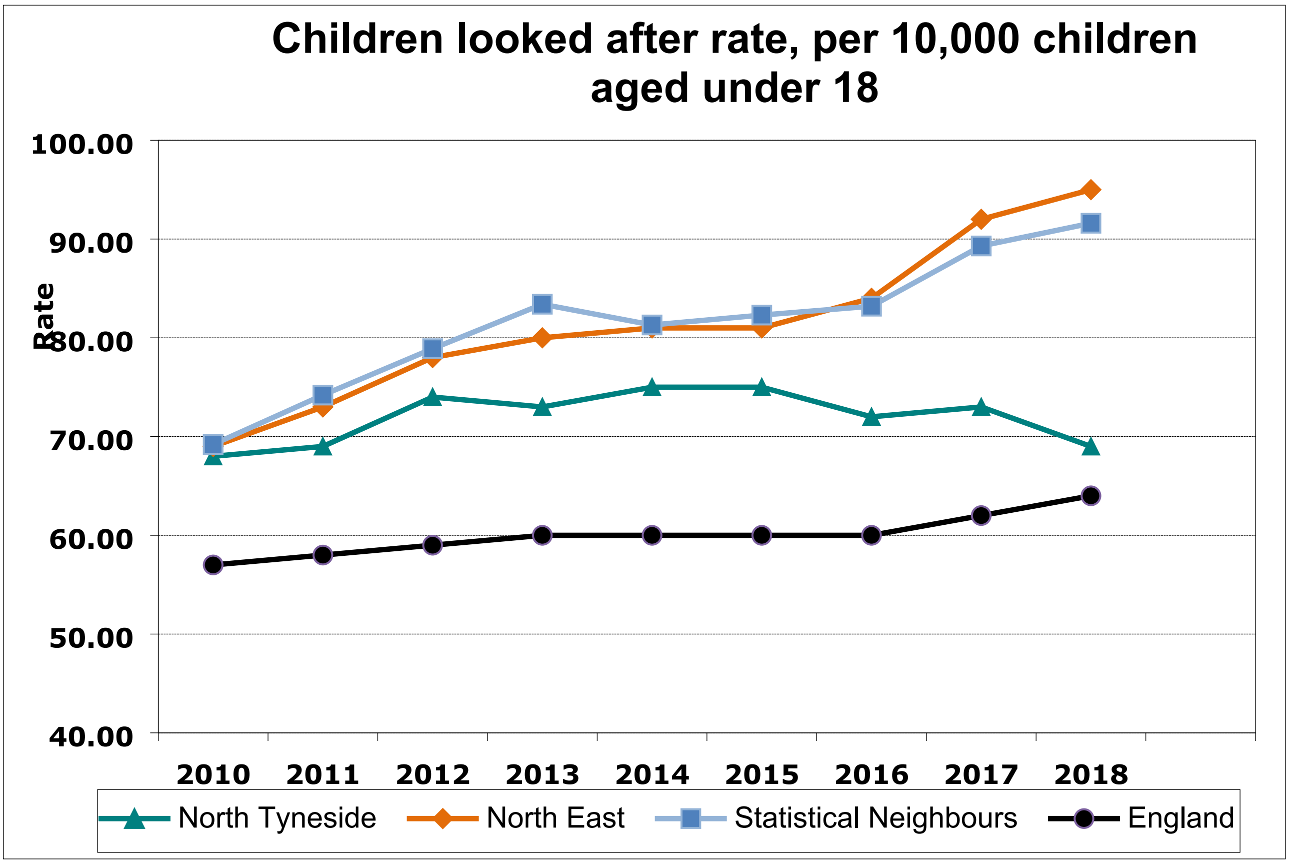
4.2.26 Delays within the court system continue to impact on the numbers of children leaving care. The pattern of children leaving care has proven to be much more volatile in 2019 as compared to 2018 but with a general pattern of less children leaving care, as shown in Chart 5 below.

Chart 5: Detailed Movement in the Numbers of Children in Care



4.2.27 The most recent available national comparators from 2018, as demonstrated by Chart 6 below, shows that North Tyneside, although above the England average, performed well within the North East region in relation to the rates of children in care.

4.2.28 **Chart 6: Comparative Performance in Rates of Children in Care per 10,000 Children under 18**



4.2.29 Placement mix continues to change, moving towards the complex end of the spectrum and this is driving an increase in overall costs. Placements for adolescents (particularly males) with a combination of risks including aggressive behaviour, offending, substance use and sexualised behaviour are increasingly difficult to source. This has resulted in the use of more costly bespoke individual placements, where it is not suitable to place young people in group environments. This is demonstrated in table 8 below where the main pressure results from residential placements which, in terms of total bed nights, represents only 8% of provision by bed nights but is very costly amounting to 35% of the overall placement cost. The average cost of a residential care placement at present is £0.254m; however, this is very volatile and is dependent on the individual needs of the cohort of children and young people in externally provided residential placements at any point in time. External supported accommodation can also be expensive and there is currently a cohort of four young people with very complex needs being supported at an average cost in excess of £0.005m per week.

4.2.30 **Table 8: Forecast cost, forecast variance, average placement cost and placement mix**

Placement Type	19/20 Forecast Variance	Average Annual Placement cost (£m)	19/20 Bed nights	Placement Mix	No. of children Nov 19	No. of children Sept 19
External Residential Care	1.583	0.254	8.236	7%	23	26
External Fostering	0.124	0.038	10.648	10%	25	22
In-House Fostering Service	0.004	0.020	76.009	69%	204	214
External Supported Accommodation	1.166	0.176	3.945	4%	16	12
Other*	(0.047)	various	11.680	10%	30	41
Total	**2.830**		**110.518**	**100%**	**298**	**315**

*Other includes Placed for Adoption, Placed with Parents/Parental Responsibility and NTC Children's Homes.

4.2.31 The impact of the increasingly complex needs of children within the care system can be seen in the increase in average costs of placements between 2018/19 and 2019/20 shown in Charts 7 and 8 below.

Chart 7: Changes in Average, Minimum and Maximum Weekly Fee Rates Between 2018/19 and 2019/20 for Residential Care (net of health and education contributions)

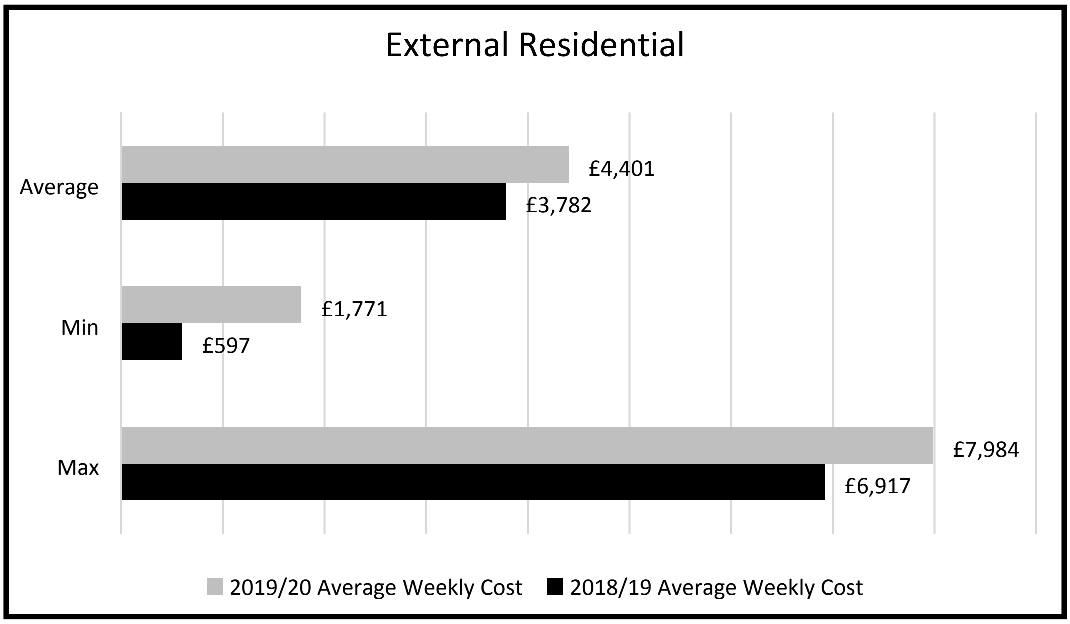
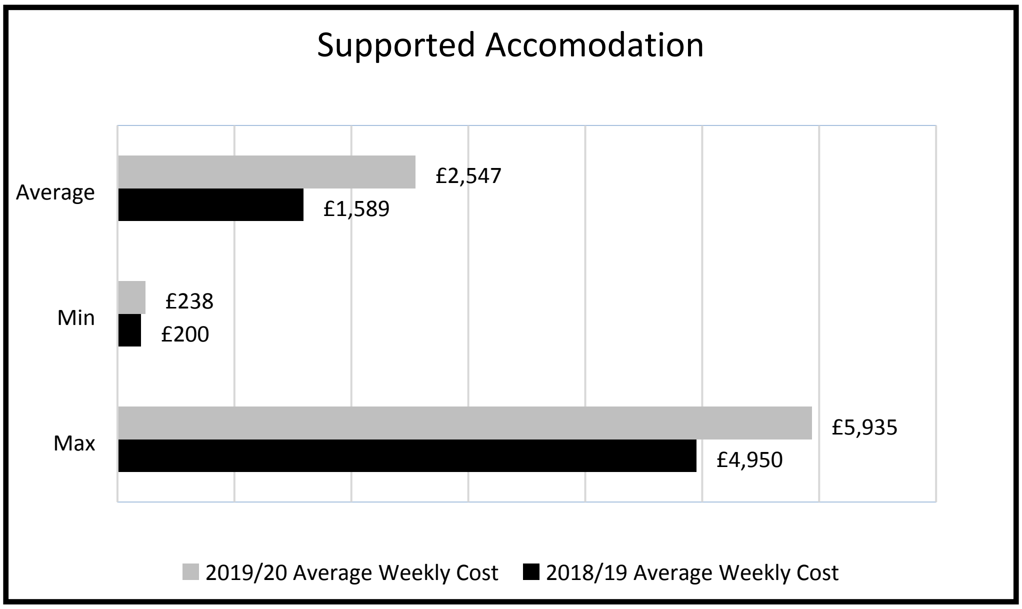


Chart 8: Changes in Average, Minimum and Maximum Weekly Fee Rates Between 2018/19 and 2019/20 for Supported Accommodation (net of health and education contributions)



4.2.32 Children's Services has been successful in reducing the use of externally provided supported accommodation, which is the next most expensive form of provision after residential care. This has been achieved by making full use of the Authority's in-house provision jointly working with the housing team and supporting young people who have been involved in risk taking behaviour with stable and resilient staff teams. This has allowed the placement of young people within internal services that may otherwise have required an external placement at significant additional cost.

Care Provision – Children not in care

4.2.33 The pressure of £0.541m relating to care provision for children not in the care system relates predominantly to children under a Special Guardianship Order (SGO). Cabinet will recall that the Authority's policy for supporting children in SGOs was amended in 2018 and that this brought about additional costs. The contingency budget of £2.616m established in Central Items in 2018/19 was, in part, intended to mitigate against these costs.

Management and Legal Fees

4.2.34 There is a pressure in management staffing costs of £0.020m and general operating expenses of £0.050m within the overall pressure of £0.141m.

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Social Work

4.2.35 Within the overall pressures of £3.894m for Corporate Parenting and Placements, there are staffing pressures of £0.274m. Cabinet is aware of the particular challenges faced across the children's social care sector nationally. The net pressure is due to the need to establish an additional team, to support with case load management (£0.114m) and market supplement payments (£0.160m). At the time of reporting, no agency staff are currently required and caseloads are in line with good practice.

Integrated Disability and Additional Needs

4.2.36 There is a pressure of £0.655m at September 2019 which is an improvement of £0.302m since the last report. Within this service area there are pressures relating to operational staffing costs within in-house residential services of £0.218m, and an associated unachieved health income target of £0.096m. There are pressures relating to the delivery of the Authority's statutory duties in relation to Special Educational Needs and Disability (SEND) with additional management capacity and loss of grant funding forecast to cause a pressure of £0.117m. There are also staffing pressures of £0.175m in Educational Psychology partly relating to cover arrangements associated with maternity leave. The improvement since the September report relates to a contribution from Public Health of £0.200m and a reduction in the forecast for respite placement cost of £0.118m following a review of high cost cases. There is a remaining pressure of £0.255m within respite placement costs and the IDANS service is continuing to carefully review planned provision.

4.3 Commissioning and Asset Management

4.3.1 Commissioning and Asset Management (C&AM) is forecasting a pressure of £0.375m as set out in Table 9. This is an improvement of £0.016m compared to the previously reported variance of £0.391m.

4.3.2 **Table 9: Commissioning and Asset Management Forecast Variation**

	Budget £m	Forecast £m	Variance Nov £m	Variance Sept £m
School Funding & statutory staff costs	18.288	18.268	(0.020)	0.000
Commissioning Service	0.384	0.384	0.000	0.000
Child Protection independent assurance and review	0.674	0.694	0.020	0.020
Facilities and Fair Access	0.636	0.831	0.195	0.187
Community and Voluntary Sector Liaison	0.439	0.424	(0.015)	(0.008)
Strategic Property and Investment	0.865	0.860	(0.005)	0.000
High needs Special Educational Needs	0.000	0.000	0.000	0.000
Property	0.815	1.015	0.200	0.200
Commissioning & Asset Management & support	0.155	0.155	0.000	0.000
Procurement	(0.029)	(0.029)	0.000	(0.008)
Total Commissioning & Asset Management	**22.227**	**22.602**	**0.375**	**0.391**

4.3.3 In addition to Property, there are budget pressures relating to Facilities and Fair Access where there are inflationary pressures of £0.075m within Catering and £0.040m in Cleaning. In addition, there are pressures within Home to School Transport of £0.130m due to the increasing number of pupils attending special schools. There has been a 5% increase in the specific Consumer Price Index for food and beverages over the last three-year period which on an annual spend of £2.200m equates to a pressure of £0.110m across the Service; this has been partially mitigated by cost efficiencies and by raising additional income.

4.3.4 C&AM is continuing to look at additional ways to achieve further efficiencies across the Catering and Cleaning services and within Home to School Transport work is actively progressing on route rationalisation using the new QRoute system.

4.4 **Environment, Housing & Leisure (EHL)**

4.4.1 EHL is forecasting a pressure of £0.338m against the £42.135m budget, as set out in Table 10 below, which is an improvement of £0.015m from the forecast at September. This forecast position and improvement is in line with EHL's record of managing pressures through each financial year and there is still an expectation to be to manage out these pressures in their entirety. This monitoring position reflects a £0.698m transfer from reserves to cover Private Finance Initiative (PFI) pressures and £0.320m transfer from the reserves specifically related to pressures from the Kerbside/Home Recycling Disposal Contract renewal.

4.4.2 **Table 10: Forecast Variation in Environment Housing & Leisure**

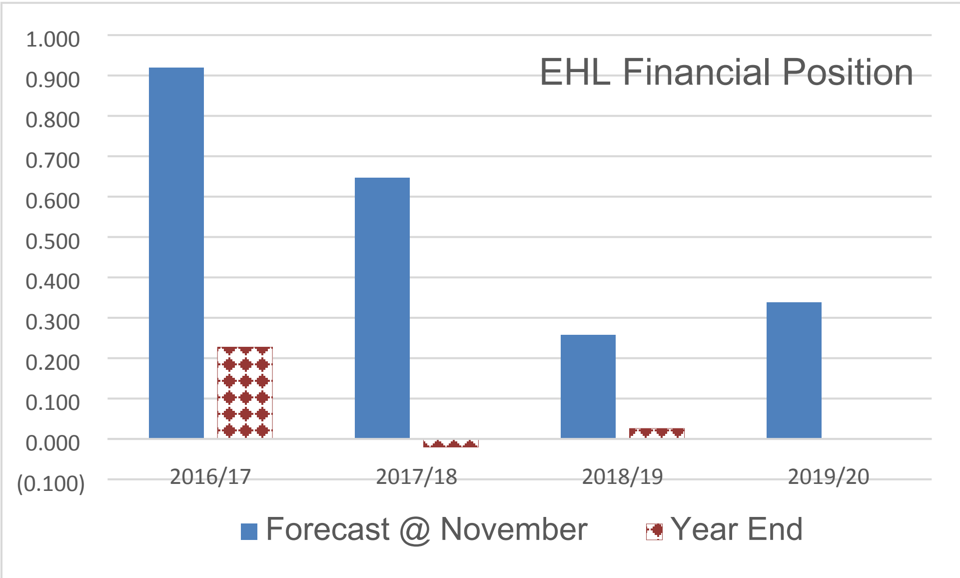
	Budget (£m)	Current Forecast (£m)	Current Variance (£m)	September Variance (£m)
Sport & Leisure	3.101	3.301	0.200	0.215
Cultural Services	6.925	7.078	0.153	0.113
Security & Community Safety	0.301	0.294	(0.007)	(0.005)
Fleet Management	0.808	0.844	0.036	0.070
Waste and Recycling Disposal	7.130	7.029	(0.101)	(0.101)
Waste Management	3.707	3.783	0.076	0.077
Local Environmental Services	7.249	7.248	(0.001)	0.001
Head of Service and Resilience	0.133	0.180	0.047	0.048
Street Lighting PFI	4.396	4.396	0.000	0.000
Consumer Protection & Building Control	0.928	0.886	(0.042)	(0.042)
Transport and Highways	6.328	6.331	0.003	0.003
Planning	0.217	0.217	0.000	0.000
General Fund Housing	0.912	0.886	(0.026)	(0.026)
Total	**42.135**	**42.473**	**0.338**	**0.353**

4.4.3 EHL remains committed to delivering a balanced position. The following areas of spend are under review, with an expectation they will bring the EHL forecast position to break-even:

- Waste volume charges (current forecast only includes new charges to July due to timing of billing)
- Fleet operational costs (expecting costs of maintenance to drop now new fleet is in place)
- Whitley Bay Playhouse profit-share has not yet been identified
- Bereavement income
- Operational costs in Cultural Services and Local Environmental Services

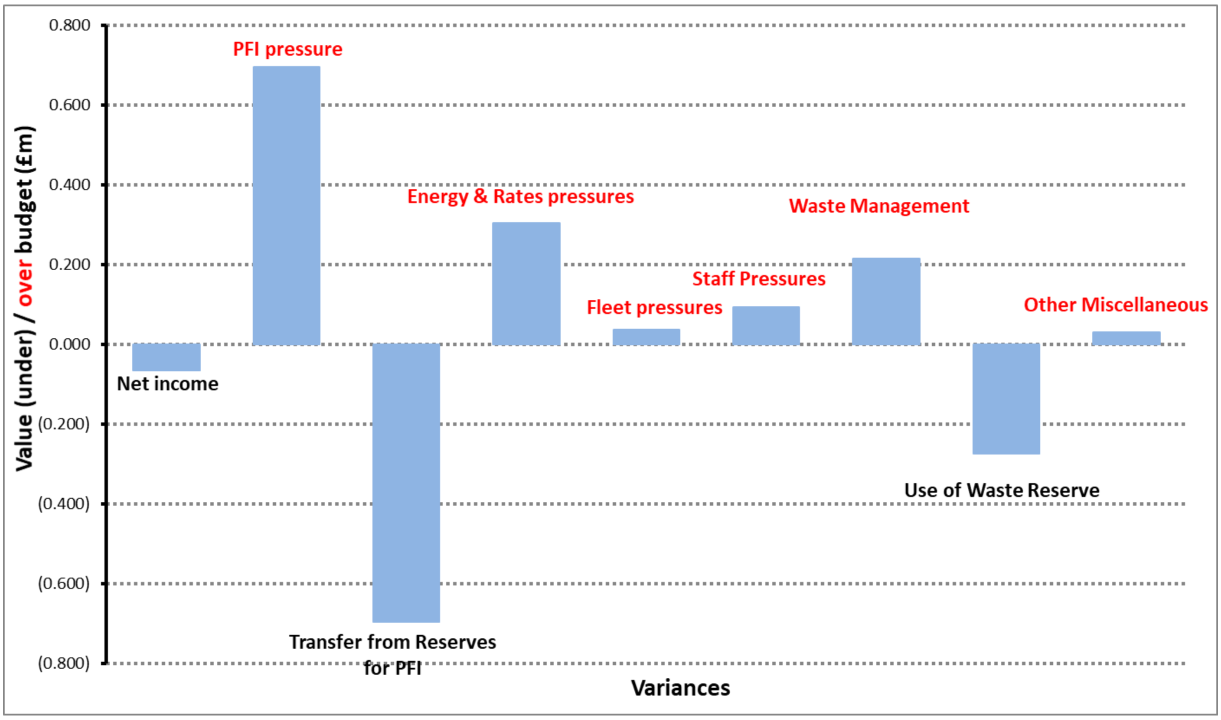
Chart 9 below shows EHL's improvement in managing pressures between November and year end for the last three years.

4.4.4 **Chart 9: EHL management of budget overspends 2016/17 to 2018/19**



4.4.5 The main pressures, identified in Chart 10 below, are Street-lighting PFI of £0.696m, pressures on energy and rates across the service areas of £0.275m and waste pressures of £0.215m. In addition, there are pressures in Fleet Management due to the capital financing of the new vehicles of £0.070m which are netted off by operational savings on maintenance and net staffing pressures across the EHL service of £0.094m, plus smaller pressures associated with income generation shortfalls and other miscellaneous operational spend.

4.4.6 **Chart 10: EHL Underlying Pressures and Mitigation Savings 2019/20**



4.4.7 The following paragraphs 4.4.8 to 4.4.20 outline the pressures in each service area;

Sport and Leisure

4.4.8 Sport and Leisure is predicting a pressure of £0.200m, reflecting a £0.015m improvement since September. Whilst income budget targets around gyms have increased by £0.600m compared to 2018/19, EHL is still expecting a £0.161m improvement against these revised targets.

4.4.9 The improved income is offsetting historical pressures within Sport and Leisure around staffing and energy and rates costs.

Cultural Services

4.4.10 Cultural Services within North Tyneside are showing a forecast pressure of £0.153m, which includes historical pressures due to energy and rates costs and income shortfalls due to changing patterns of consumer behaviour. This has worsened by £0.040m since September's forecast position due to increased quarterly estate management costs for Wallsend Customer First Centre.

4.4.11 EHL is expecting to partially mitigate the pressure primarily by maximising the return from the Playhouse, along with continued close management of operational expenditure.

Security and Community Safety

4.4.12 Cabinet will recall from September that this service area has reviewed and realigned both structure and finances to increase its overall viability. Following this review, it is forecasting an underspend of £0.007m at November 2019.

Fleet Management

4.4.13 Fleet Management is now forecasting a £0.036m pressure, mainly in relation to a £0.070m burden absorbing increased capital financing costs for newly purchased vehicles.

4.4.14 This service area is prudently forecasting other costs, such as vehicle maintenance and other operational expenditure, however it has reflected an improvement of £0.034m in operational costs since September. In past years the additional cost of financing new vehicles has been successfully offset by the associated reduction in servicing and maintenance costs of newer vehicles and EHL is working hard to identify further mitigating savings to deliver a balanced budget position.

Waste Management including Recycling and Disposal

4.4.15 Waste Management are predicting pressures relating to kerbside materials recycling contract costs which are planned to be mitigated by use of all available waste resources. Operational increases to routes due to new housing developments across North Tyneside account for other pressures, leaving a net saving of £0.025m.

4.4.16 EHL are seeing the proportion of household reuse, recycling and composting continue to show improvement since the introduction of alternate weekly collections.

Local Environmental Services

4.4.17 Local Environmental Services is predicting a forecast break-even position. Income for cremations has improved to a £0.047m surplus, creating an upturn in forecasts since September. This is offsetting a worsened position for cafes within parks and income pressures in Grounds Maintenance.

4.4.18 EHL have reprofiled the borrowing associated with the refurbishment of Tynemouth Crematorium which has had a positive impact in year. Next year this will contribute to the refurbishment of Whitley Bay Crematorium and Cemetery. Local Environmental Services will continue to manage overall costs and look for opportunities to make additional savings whilst closely reviewing the income levels, especially during winter.

Street Lighting PFI

4.4.19 The Street Lighting PFI is predicting a cost pressure for 2019/20 of £0.696m, mainly caused by increased energy costs. As the Authority has planned for this issue, this pressure will be mitigated by a draw-down from the PFI reserve, established for this purpose and this will deliver a balanced budget position.

Consumer Protection & Building Control

4.4.20 £0.122m shortfall primarily in taxi licensing. In 2019/20 Capita, the Authority's Technical Services partner, has agreed to undertake a review of the service to mitigate this pressure and the risk to the Authority.

4.5 **Regeneration and Economic Development**

4.5.1 Regeneration and Economic Development is forecasting a pressure of £0.099m at November 2019 as summarised in Table 11 below. This is a £0.017m improvement from September, with improvements in operational cost forecasts.

4.5.2 **Table 11: Forecast Variation for Regeneration and Economic Development**

	Budget (£m)	Current Forecast (£m)	Current Variance (£m)	September Variance (£m)
Regeneration	0.309	0.408	0.099	0.099
Business & Enterprise	0.754	0.739	(0.015)	0.000
Resources & Performance	0.108	0.123	0.015	0.017
Total	**1.171**	**1.270**	**0.099**	**0.116**

4.5.3 The pressures result from a forecast shortfall against budget for berthing fee income of £0.153m and for rental income for business units at the Swans Centre for Innovation of £0.092m. These pressures are partially offset by savings in supplies and services at Swans Quay mainly relating to security services, plus further operational savings in Business & Enterprise.

4.6 **Corporate Strategy**

4.6.1 Corporate Strategy is forecasting a pressure of £0.134m as set out in Table 12 below and is unchanged from September. Corporate Strategy continue to assess opportunities to increase income and continuing to reduce non-essential spend to mitigate these pressures.

4.6.2 **Table 12: Forecast Variation Corporate Strategy**

	Budget (£m)	Current Forecast (£m)	Current Variance (£m)	September Variance (£m)
Corporate Strategy Management	(0.019)	0.010	0.029	0.029
Policy, Performance & Research	(0.059)	(0.064)	(0.005)	(0.005)
Marketing	0.092	0.179	0.087	0.087
Elected Mayor and Executive Support	(0.003)	0.000	0.003	0.003
Children's Participation & Advocacy	0.187	0.207	0.020	0.020
Total	**0.198**	**0.332**	**0.134**	**0.134**

4.7 **Resources and Chief Executive Office**

4.7.1 The forecast pressure of £0.119m within Resources and Chief Executive Office improved by £0.835m from £0.954m in September. The movement mainly relates to an assumption relating to a contract payment from ENGIE of £0.500m relating to pension costs shown within the Finance Service plus an improved position also shown within Finance relating to Revenues & Benefits of £0.305m.

4.7.2 **Table 13: Forecast Variation Resources**

Resources	Budget (£m)	Current Forecast (£m)	Current Variance (£m)	September Variance £m
Chief Executive	(0.080)	(0.118)	(0.038)	(0.038)
ICT Retained Services	1.891	2.502	0.611	0.611
Finance Service	(0.328)	(0.887)	(0.559)	0.252
Human Resources & Organisational Development	(0.072)	0.033	0.105	0.129
Total Resources	**1.411**	**1.530**	**0.119**	**0.954**

4.7.3 Within ICT Retained Services the main pressures relate to continuing staffing pressures associated with the Customer Journey project of £0.212m. There is an on-going pressure of £0.262m relating to the Outsystems software development and hosting platform for the production of custom applications. The remaining pressure relates to adopted systems for which budgets have yet to be identified.

4.7.4 Also within ICT Retained Services are budget pressures within Digital Strategy of £0.401m, which relate to ICT costs for systems which are outside the ENGIE contract. These include telephony, network and storage support and maintenance packages amongst other smaller items.

4.7.5 Human Resources (HR) is showing a pressure of £0.105m due to the costs of the new restructure adding to existing staffing pressures following the transfer of HR back to the Authority from ENGIE.

4.7.6 Within Finance (including Revenues, Benefits and Customer Services) there remains a pressure due to a reduction in overpayment income. This, however, has improved over the last month due to increased housing benefit overpayments being recovered through reduced ongoing housing benefit. The forecast bad debt provision has also reduced for 2019/20 due to historic and current Housing Benefit overpayments being passed to the DWP, which reduces the in-year provision requirement to £0.892m below budget. There are also pressures on bank charges (£0.037m) and the Engie contract payment for splitting of the Northgate database (£0.044m). A forecasted amount of £0.500m relating to a pension related contractual payment from ENGIE has been included since the last report and there is also a forecast surplus of £0.050m for enforcement income.

4.8 Law and Governance

4.8.1 Law and Governance is forecasting a pressure of £0.182m, which is in line with the reported position in September.

4.8.2 **Table 14: Forecast Variation for Law and Governance**

	Budget (£m)	Current Forecast (£m)	Current Variance (£m)	September Variance (£m)
Customer, Governance and Registration	(0.075)	(0.070)	0.005	0.004
Democratic and Electoral Services	(0.064)	(0.015)	0.049	0.049
Information Governance	(0.113)	(0.089)	0.024	0.024
Legal Services	(0.186)	(0.104)	0.082	0.082
North Tyneside Coroner	0.293	0.315	0.022	0.023
Total	**(0.145)**	**0.037**	**0.182**	**0.182**

4.8.3 The main pressures are due to use of locums to cover vacant posts within Legal Services. In addition, there is a cost pressure within Democratic and Electoral Services associated with canvassing related activities due to the increased number of elections held in year. The other service areas within Law & Governance are all showing small pressures due to increased operational spend.

4.9 **Central Items**

4.9.1 The forecast outturn at November 2019 set out in Table 15 below reflects an underspend of £3.570m on central budgets, including contingency budgets relating to pressures in adult and children's social care of £4.416m. This is an improvement of £0.250m resulting from increased savings in budgets relating to strain on the fund costs.

4.9.2 **Table 15: Forecast Variation Central Budgets and Contingencies**

	Budget £m	Forecast £m	Variance Nov £m	Variance Sept £m
Corporate & Democratic Core	9.545	9.545	0.000	0.000
Other Central Items	(8.594)	(12.164)	(3.570)	(3.320)
Total Central Items	**0.951**	**(2.619)**	**(3.570)**	**(3.320)**

4.9.3 Within Other Central Items there are several areas where spend and income is forecast to deviate from budget. Continued savings have been identified resulting from the application of the Authority's Treasury Management Strategy. There is a saving of £1.462m (September, £0.962m) relating to Public Works Loan Board loans taken out at a lower rate of interest than budgeted for (£0.355m) and a reduction in borrowing costs resulting from higher internal borrowing (£1.107m). In addition, reprogramming within the Investment Plan has delivered a credit against Minimum Revenue Provision of £0.370m. Of this total saving, an amount of £1.100m has been proposed as in-year mitigation to the cross-cutting savings targets which are yet to be permanently saved as outlined in sections 2.7 to 2.9. There is also a saving against budget of £0.850m for Strain on the Fund costs, increased from £0.600m at September. There are contingency budgets of £4.636m including the £4.416m held against pressures in social care. There is a total of £0.104m other smaller savings.

4.9.4 These underspends are partially offset by savings targets forecast as still to be achieved. These relate to the following Efficiency Statement Categories; A Focus on the Social Care Customer Experience, How We Are Organised and Delivering Our Fees and Charges Policy.

SECTION 5 - SCHOOLS FINANCE

Update on the Overall School Position from First Monitoring

5.1 Cabinet will recall that in July it was reported that schools submitted initial budgets for 2019/20 reflecting a total forecast deficit of £5.045m. These budgets were revised, mainly following discussions with schools showing deficit balances, to an expected deficit of £4.661m. This compared to a 2018/19 budget plan forecasting £4.715m, whilst school balances carried from 2018/19 totalled £1.599m.

5.2 The first set of budget monitoring for the financial year was completed in October. Forecast results across all school phases (as shown in table 16 below) now reflect a forecast deficit of £4.105m, which is an improvement against budget of £0.556m.

5.3 **Table 16: First Monitoring Results for Schools - 2019/20**

Phase	Budget Plan 2018/19 £m	Outturn 2018/19 £m	Budget Plan 2019/20 £m	Monitoring 1 2019/20 £m	Variance 2019/20 £m
Nursery	(0.003)	0.008	0.002	0.029	0.027
First	0.220	0.523	0.412	0.433	0.021
Primary	1.292	3.266	2.346	2.356	0.010
Middle	0.098	0.380	0.369	0.346	(0.023)
Secondary	(6.570)	(3.658)	(8.028)	(7.770)	0.258
Special / PRU	0.248	1.080	0.238	0.501	0.263
Total	**(4.715)**	**1.599**	**(4.661)**	**(4.105)**	**0.556**

5.4 Despite the overall improvement in forecast outturns for schools, a further five schools are forecasting deficits over £5,000 in 2019/20. This is in addition to the eleven schools with deficit plans as reported in November's cabinet report. Additional governance arrangements and monitoring meetings have been put in place with these schools which are new to deficit. School Improvement, HR and Finance officers will continue to meet with Head Teachers and Governing Body representatives for all sixteen schools in deficit to monitor the specific requirements of each individual school's deficit approval and recovery plans to bring them back into balance.

High Needs Block

5.5 The High Needs block ended 2018/19 with a pressure of £0.920m. Cabinet should note that the High Needs block forms part of the Dedicated Schools Grant (DSG) which is ring-fenced and does not form part of the General Fund. This overall pressure in the High Needs block is in line with the national and regional picture and Members will be aware of the high level of interest in special needs provision and associated funding issues in the national media. In research undertaken by the ISOS Partnership on behalf of the Local

Government Association (LGA), 93 local authorities were surveyed. Their year-end high needs positions overall worsened from a surplus of £39m in 2015/16 to a deficit of £314m in 2018/19. The regional position in 2018/19 of high needs deficits as a percentage of the overall high needs allocations for the 93 authorities surveyed is shown in Table 17 below.

5.6 **Table 17: High Needs Deficits as a Percentage of High Needs Allocations**

Region	Deficit as a Percentage of High Needs Allocation
North East	**8%**
North West	**9%**
Yorkshire and the Humber	**10%**
East Midlands	**2%**
West Midland	**7%**
East of England	**9%**
London	**13%**
South East	**6%**
South West	**8%**

5.7 The forecast at November 2019 for the High Needs block has worsened since the last report with an anticipated in-year pressure of £3.733m (September, £2.616m) reflecting a rise in demand for special school places within the Authority and a general increase in complexity of children supported in special schools and within mainstream schools. A breakdown of the in-year pressure is shown in Table 18 below and further details are provided in paragraphs 5.9 to 5.15.

5.8 **Table 18: Breakdown of High Needs In Year Pressures at November 2019**

Provision	Budget £m	Provisional Outturn Variance £m	Comment
Special schools and PRU	11.004	1.988	Pressure on places for children with profound, Multiple Learning Difficulties, Social Emotional and Mental Health problems and Autism Spectrum Disorder
ARPs/Top-ups	3.520	0.780	Pressures in pre 16 top-ups
Out of Borough	1.225	0.940	Increased numbers of external school places due to higher numbers of children with more complex needs
Commissioned services	3.977	0.025	
Subtotal	**19.726**	**3.733**	

5.9 **Special Schools and the Pupil Referral Unit (PRU)**

5.10 There is a pressure of £1.988m relating to this area. The Authority has seen increasing numbers of children and young people within the education system with significant needs requiring specialist provision. This is particularly relating to Autism Spectrum Disorder (ASD) and Social, Emotional and Mental Health needs (SEMH). The Authority has increased the numbers of places within in special schools to cope with this additional demand. Number of places have increased as follows:

Table 19: Increase in Special School Places in 2019/20

School	Place increases during 2019/20
Silverdale	25
Beacon Hill	22
Benton Dene	3
Woodlawn	15
Southlands	17
Moorbridge (PRU)	20
Total	**102**

5.11 Special schools are funded with £10,000 per place plus a top-up based on a banding which is reflective of the needs of each individual child. Funding values for each banding is shown in Table 20 below. The majority of pupils attending special schools attract band 4 and band 5 top-up levels.

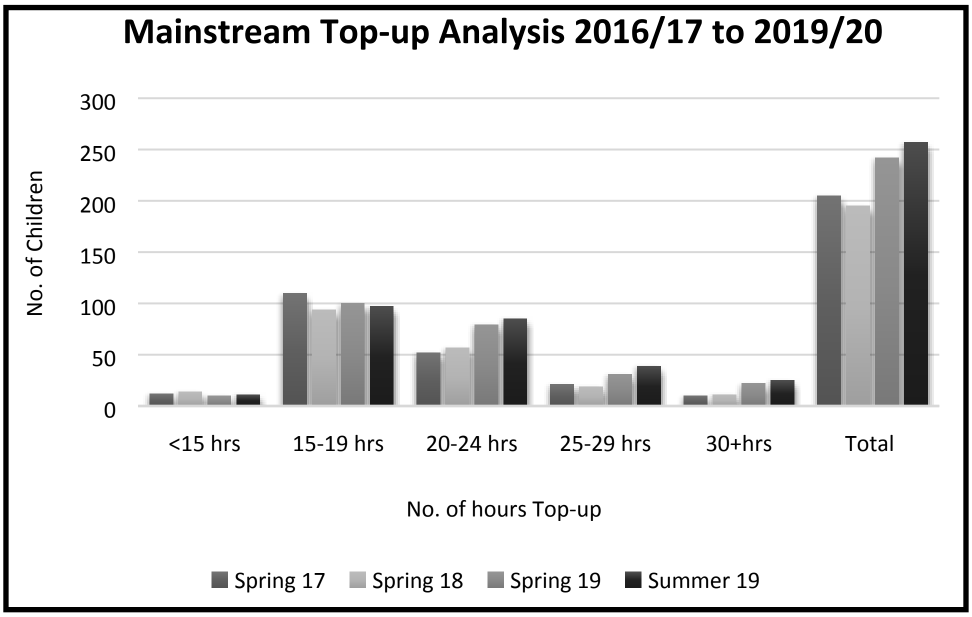
Table 20: Special School Top Up Values by Banding

Band	Top up value £
Band 1	0
Band 2	3,341
Band 3	6,682
Band 4	9,507
Band 4	19,221

ARPS and Mainstream Top Ups (Pre 16)

5.12 There are pressures of £0.780m within Additional Resourced Provision (ARP) and top-up costs within mainstream schools due to increasing numbers of children and young people with additional needs and the rising average complexity of those needs. Twelve additional ARP places have been agreed during 2019/20 at Grasmere Academy (primary) and Longbenton High. These places also attract £10,000 place funding and top-up funding. Top-up funding is also paid to support children with additional needs in mainstream school. This is paid on the basis of an hourly rate reflecting the costs of additional staffing support outlined within the individual child’s Education, Health and Care Plan (EHCP). Levels of top-up payments to mainstream schools have risen in the last four years with an overall increase in the numbers of children and a rise in larger packages of support reflecting the increasing complexity of needs. This is analysed in Chart 11 below.

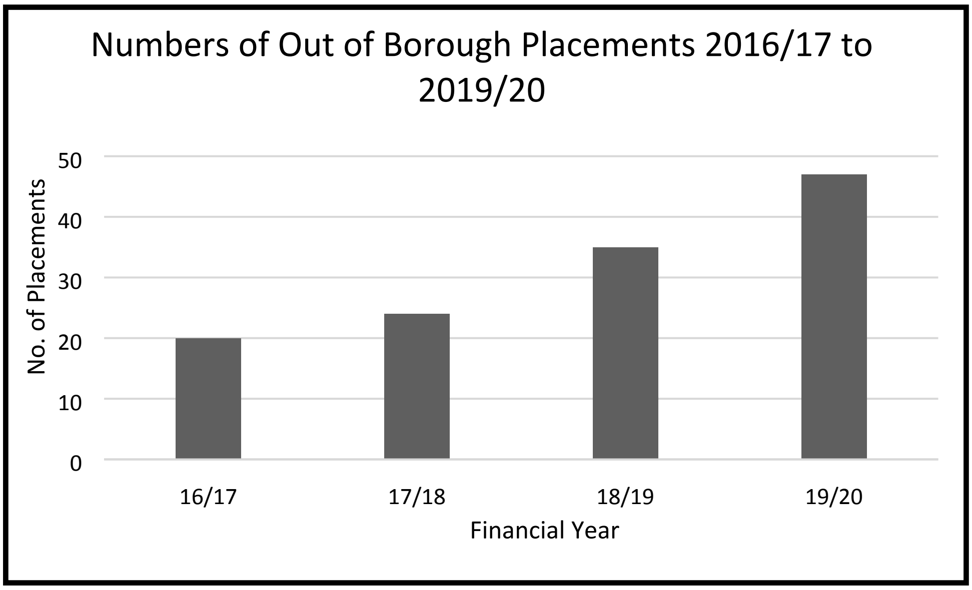
Chart 11: Analysis of Top Up Hours Paid to Mainstream Schools



Out of Borough Placements

5.13 In some instances, the Authority is unable to meet the needs of an individual child or young person and an out of borough placement is made. This can be made with a local private provider. This area of expenditure is showing a pressure of £0.940m due to increasing numbers of placements made with 47 children attending out of borough providers at November 2019 compared to 35 in 2018/19 and only 20 in 2016/17. The increasing use of these placements in illustrated in Chart 12 below.

Chart 12: Numbers of Out of Borough Placements 2016/17 to 2019/20



5.14 The Government announced indicative levels of funding for 2020/21 for the Schools block and High Needs block in October 2019. This shows an increase in High Needs funding of £2.900m which will contribute towards addressing the in-year level of pressure which has developed in 2019/20. However, the Authority and Schools Forum will need to continue to closely monitor the overall financial position for high needs.

5.15 Work is continuing within the Authority to strengthen processes around Special Educational Needs and Disabilities (SEND).

- Following a SEND review in 2018/19 there has been a significant investment in the Authority's SEND Support Team. The team is responsible for the statutory assessment process covering Education, Health and Care Plans (EHCPs) and annual reviews. This has built capacity and expertise to improve co-ordination, increase efficiency, strengthen quality assurance and improve partnership working across education, health and social care.

- Work continues to strengthen the gatekeeping around access to High Needs top-up funding, to ensure greater equity and value for money in the way funding is allocated and used. Consultation with schools has proposed improvements to the process used to evidence what support is required, over and above core place funding and notional SEND budget. It is proposed that additional funding will be based on actual costs to meet need rather than the current default allocation of additional staffing hours.

- A review of the SEND Panel has taken place and new terms of reference agreed to strengthen decision making. The SEND Panel will continue to receive individual requests to assess and panel will decide on whether to issue an EHCP. As part of that process, panel will agree access to specialist placements, requests for additional support or funding to meet the identified need.

SECTION 6 - HOUSING REVENUE ACCOUNT

6.1 The forecast set out in Table 21 below is based on the results to November. This reflects the previously reported improvements following the end of the Kier Joint Venture and the creation of the new Housing Property and Construction Service. As this is the first year of running with this new service, EHL were prudent in budgeting for the impact, whilst expecting a more efficient service.

6.2 The values of efficiencies are now becoming apparent and the relative forecasts have been amended accordingly. Further details were presented to Cabinet on 25 November 2019 in the 'Construction Project – Delivery and Benefits Realised' report. There are two main areas showing improvements: the cost of the repairs and the management-related costs of the new service. The total £2.117m saving identified previously is a permanent saving to the base budget and has been built into the HRA 30-year business plan going forward. These include an over-achievement of rental income of (£0.496m) combined with in-year savings within repairs (£0.634m) as well as the forecast underspend within the project team (£1.712m), which is due to complete its work in December 2019.

6.3 Since the last report to Cabinet the position has improved by £0.007m. This is mainly due to a further improvement in rental income (£0.146m). To meet the demand for repairs from our tenants an increase in spend is now forecasted through to the year end (£0.152m), compared to figures reported in September, but the £0.500m of revenue savings estimated at the beginning of the year are still expected to be delivered.

6.4 **Table 21: Forecast Variance Housing Revenue Account**

	FULL YEAR - 2019/20			Variance Sept 2019
		Forecast Outturn		
	Full Year Budget £m	Forecast Actual £m	Nov 2019 Variance £m	£m
INCOME				
Rental Income	(58.697)	(59.339)	(0.642)	(0.496)
Rental Income - Shops & Offices	(0.275)	(0.275)	0.000	0.000
Interest on Balances	(0.050)	(0.050)	0.000	0.000
PFI Credits	(7.693)	(7.693)	0.000	0.000
	(66.715)	**(67.357)**	**(0.642)**	**(0.496)**
EXPENDITURE				
Capital Charges - Net Effect	12.110	12.110	0.000	0.000
HRA Management Costs	12.036	10.311	(1.725)	(1.712)
PFI Contract Costs	9.641	9.641	0.000	0.000
Repairs	11.959	11.477	(0.482)	(0.634)
Revenue Support to Capital Programme	9.053	9.053	0.000	0.000
Contribution to Major Repairs Reserve – Depreciation	12.392	12.392	0.000	0.000
Contingencies, Bad debt Provision & Transitional Protection Payments	1.000	1.229	0.229	0.229
Pension Fund Deficit Funding	0.855	0.855	0.000	0.000
	69.046	**67.068**	**(1.978)**	**(2.117)**
	2.331	**(0.289)**	**(2.620)**	**(2.613)**
BALANCES BROUGHT FORWARD	**(6.202)**	**(7.303)**	**(1.101)**	**(1.101)**
BALANCES TO CARRY FORWARD	**(3.871)**	**(7.592)**	**(3.721)**	**(3.714)**

6.5 Rental income continues to perform well due to the continued reduction in the number of empty homes being maintained, leading to a forecast over-recovery against budget (£0.506m). Income from Garages also continues to perform above budget (£0.026m). Service charge income (including furniture packs) has also seen an improvement and this now expected to perform ahead of budget (£0.110m).

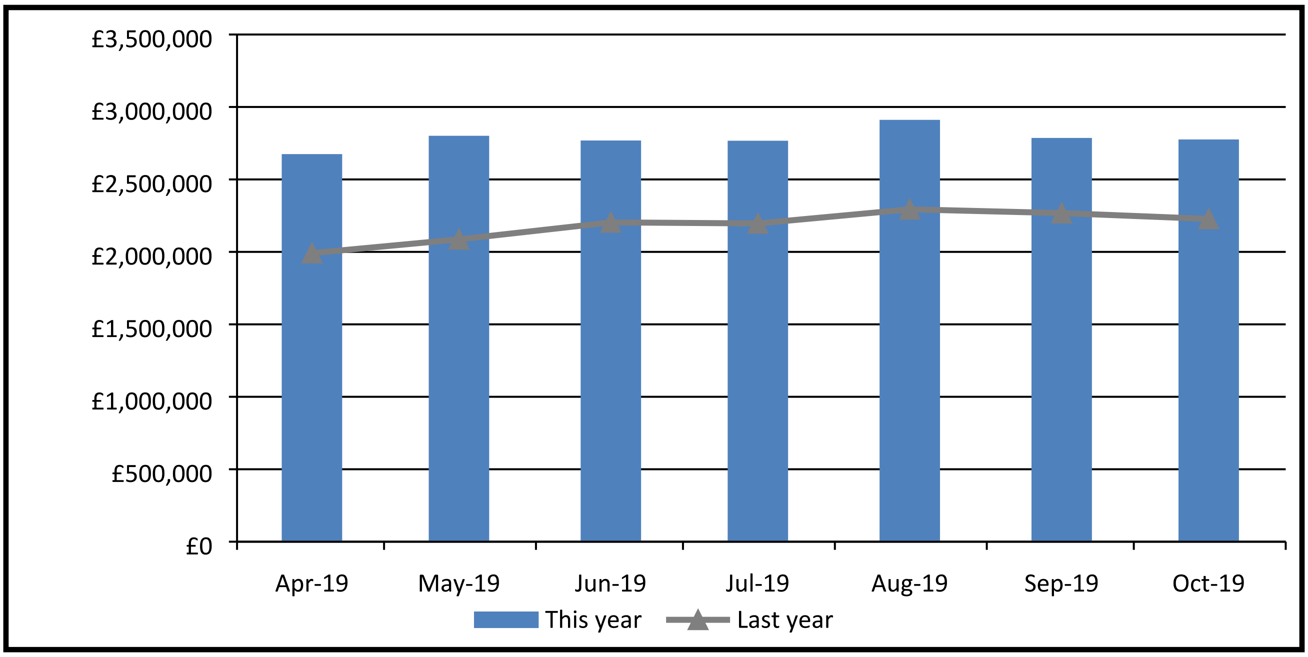
6.6 The current situation regarding arrears, partially due to the impact of Universal Credit, is continuing to increase. As a result of this, the bad debt provision held on the balance sheet is forecast to increase by £0.229m more than the budgeted level.

6.7 Based on this half year performance, the rental income could continue to improve throughout the remainder of 2019/20, however, some of this improved position may be offset by the continuing impact of Universal Credit and the potential continued increase in the bad debt provision, both of which will be closely monitored throughout the year.

Rent Arrears

6.8 The level of rent arrears has risen in the first seven months of 2019/20 as compared to 2018/19 with the value of arrears being £0.547m higher than this period last year. Chart 13 below shows the value of rent arrears in 2019/20 compared to the same period in 2018/19. A team is working proactively with tenants to minimise arrears and this is being closely monitored as the year progresses to identify any adverse impacts on the budget position. For the first time in the last 15 years, there was a pressure on the bad debt provision in 2018/19, with a pressure again forecast in 2019/20. This is mainly in relation to changes caused by Universal Credit.

6.9 **Chart 13: Rent Arrears in 2019/20 compared to 2018/19**

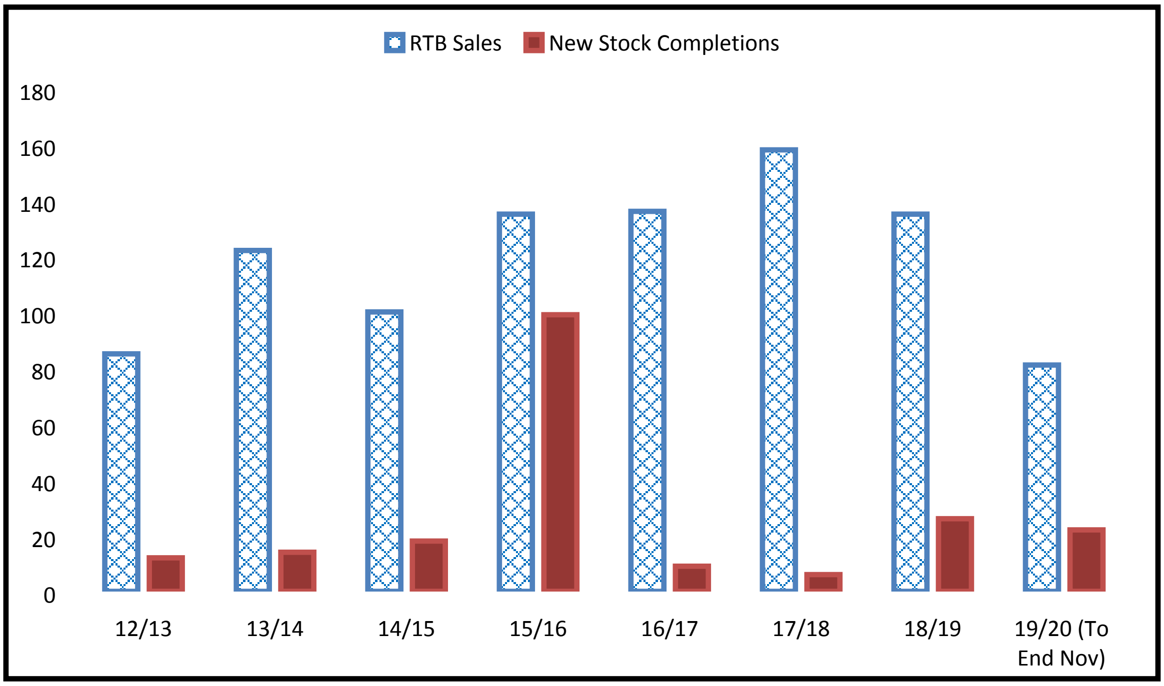


6.10 Universal Credit was fully implemented across North Tyneside on 2 May 2018. The Authority continues to work with residents to provide ICT support to help them make applications and to provide personal budget support to help residents manage their household finances. At 1 April 2019 there were 2,005 tenants of North Tyneside Homes on Universal Credit with arrears totalling £1.163m. At November 2019 there were 2,920 tenants on Universal Credit with related arrears of £1.778m.

Right to Buy (RTB) Trends

6.11 The impact of RTB is critical to long-term planning for the HRA. Prior to the introduction of self-financing in 2012, average RTB sales had dropped to around 25 per annum, mainly due to the capped discount (£0.022m) which had remained static as property values had increased, making RTB less attractive financially to tenants. Shortly after self-financing began, Central Government announced a change to RTB significantly increasing the maximum discount, initially to £0.075m and then subsequently annual inflation was added to the maximum. Chart 14 below shows the trend in RTB sales since that time.

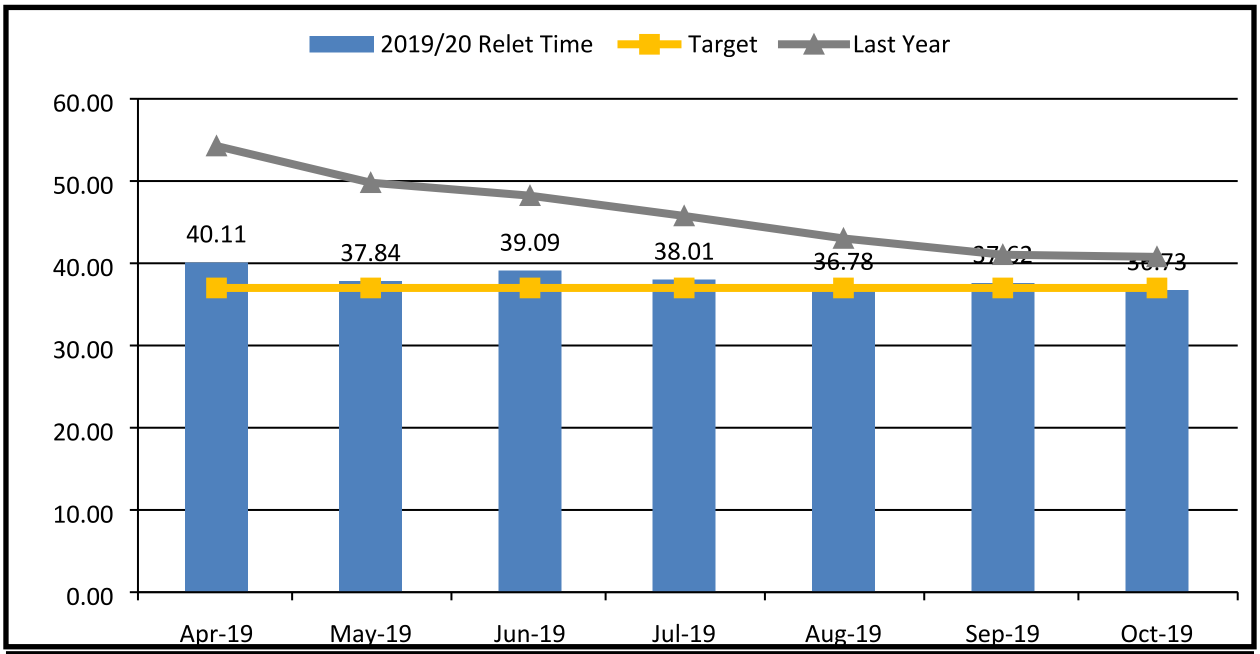
6.12 **Chart 14: Yearly RTB Sales v New Stock Additions**



Improvements to Average Reletting Periods

6.13 The HRA is expecting increased rentals throughout 2019/20, in part due to the improvements made in reletting empty properties. Chart 15 below shows the average relet time, for the first seven months of 2019/20, has improved since 2018/19, with year to date statistics showing a decrease of almost 18 days since April 18/19 and reduction of 4 days since the same period last year. In addition, 71% of property relets have been completed within the new 37-day target.

6.14 **Chart 15: Average Relet Period**



SECTION 7 - INVESTMENT PLAN

Review of Investment Plan - Position Statement

7.1 The Authority's Investment Plan represents the capital investment in projects across all Service areas. The vast majority of the 40+ projects are currently on target to deliver on time and on budget. Some of the key highlights of the Investment Plan due to be delivered during 2019/20 are summarised below:

Affordable Homes New Build and Conversion Works

7.2 2 projects have been completed to date in 2019/20:

- The construction of 13 new affordable homes in Battle Hill, on the former Bonchester Court site. Completed May 2019; and,
- The construction of 9 new affordable homes in Battle Hill, on the former Beadnell Court site. Completed May 2019.

In addition to the above projects there will be a number of other projects progressed through the design, planning and procurement process during 2019/20 that will subsequently complete in future financial years.

Housing Investment Work

7.3 The Housing Capital delivery programme will see the following works delivered across the borough during 2019/20:

- Kitchens and bathrooms to 654 homes;
- Heating upgrades to 600 homes;
- Boundary improvements to 1,281 homes;
- External decoration to 1,928 homes;
- Roof replacements to 260 homes;
- External Brickwork Repairs to 190 homes;
- Footpath repairs throughout the borough; and,
- Firedoor replacement to 630 flats within communal blocks.

Education Investment Works

7.4 Delivery of the priority condition related projects across the school estate as part of the schools condition investment programme.

Priority Schools Building Programme (PSBP) 2 (Off Balance Sheet):

- Cullercoats Primary School – this project is being delivered as part of PSBP2 as a heavy refurbishment programme rather than a new build. Works commenced in May 2018 and have now been completed with handover at the end of August 2019. Reinstatement of the externals and decanting of contractor facilities were completed at the end of September 2019.

Highways and Infrastructure Works

7.5 The main Highways & Infrastructure works include:

- Delivery of the Local Transport Plan (LTP) including the annual resurfacing programme and integrated transport projects;
- Delivery of the Additional Highway Maintenance Programme including footway improvements in line with the Mayor's priorities;
- Works to the Southern Promenade sea wall repair scheme;
- Completion of final phase of A1058 Coast Road Cycle Scheme;
- Completion of the North Bank of Tyne highway improvements; and,
- Completion of construction on the A189 Salters Lane major highways scheme.

Regeneration Works

7.6 Regeneration Works for 2019/20 include:

Swans – the next phase consists of:

- CFI Phase 2 – works started May 2019 with completion expected in March 2020.

Variations to the 2019-2023 Investment Plan

7.7 Variations of £1.840m credit to the Investment Plan and reprogramming of £7.758m have been identified and are included in Tables 22 and 23 below. Further details are provided in paragraph 7.8:

7.7.1 **Table 22: 2019 - 23 Investment Plan changes identified**

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
Approved Investment Plan – Council 21 February 2019	**62.758**	**42.463**	**37.008**	**37.055**	**179.284**
Previously Approved Reprogramming/Variations					
Cabinet 1 April 2019	6.828	0	0	0	6.828
Cabinet 28 May 2019	8.484	0	0	0	8.484
Cabinet 29 July 2019	(4.744)	9.275	0	0	4.531
Cabinet 9 Sep 2019	1.300	0	0	0	1.300
Cabinet 25 Nov 2019	0.374	6.132	4.000	0	10.506
Approved Investment Plan	**75.000**	**57.870**	**41.008**	**37.055**	**210.933**
Oct/Nov 2019					
Variations	(1.840)	0	0	0	(1.840)
Reprogramming	(7.758)	7.758	0	0	0
Total Variations	**(9.598)**	**7.758**	**0**	**0**	**(1.840)**
Revised Investment Plan	**65.402**	**65.628**	**41.008**	**37.055**	**209.093**

7.8 Details of the variations and reprogramming are shown below:

(a) **BS026 Asset Planned Maintenance £0.018m**– Section 106 funding has been approved to fund the replacement of heating controls at Hadrian Leisure Centre;

(b) **BS029 Wallsend Customer First Centre (CFC) £0.095m** – A successful bid has been made to the Home Office to undertake some multiagency work with young people and their families in the Wallsend area to prevent anti-social behaviour, the proposal includes creating a base for police colleagues in Wallsend Customer First Centre as part of developing a community hub;

(c) **DV064 Council Property Investment £1.500m /DV066 Investment in North Tyneside Trading Co. £1.500m credit –** Transfer of Council Contribution £1.500m from DV066 to DV064 to develop opportunities to support the ongoing regeneration of North Shields Town Centre. It is expected that these works will take place in 2020/21, therefore it is requested to reprofile £1.457m to 2020/21;

(d) **DV067 Northern Promenade £0.250m reprogramming** – Options are currently being explored for the delivery of future works therefore it is requested to reprogram funding to 2020/21;

(e) **DV068 Southern Promenade £0.550m reprogramming** – The planning application is due to be submitted in December with the commencement of construction due to start in Spring 2020;

(f) **DV070 Forest Hall Regeneration £0.019m credit** – The project is complete. The residual balance of £0.019m is no longer required from feasibility fund and is to be removed from the Investment plan financing;

(g) **ED075 Devolved Formula Capital £0.350m reprogramming** – The project is school led, and funding is available over a three-year period. Reprogramming of £0.350m is requested to be carry forward to 2020/21 to reflect the likely profile of spend;

(h) **ED188 SEND £0.449m** – Works have concluded at Langdale Centre, Longbenton High School and Beacon Hill School. Reverse reprogramming of the SEND grant from 2020/21 is required to align the financing with delivery;

(i) **EV034 Local Transport Plan (LTP) £0.378m credit / EV056 Additional Highways Maintenance £0.378m** – The Department of Transport Incentive funding was initially allocated against the LTP project. The works on road and footpaths have been delivered under the Additional Highways project therefore this financing is to be transferred to match the delivery of works;

(j) **EV076 Operational Depot Accommodation Review £2.000m reprogramming -** to reflect project delivery;

(k) **GEN03 Contingencies £3.000m reprogramming –** This funding is for the provision for unforeseen items that may arise during the year. At this stage it is not expected that the full provision will be required therefore it is requested that £3.000m is carried forward to 2020/21**;**

(l) **HS015 Refurbishment / Decent Homes Improvements £0.900m credit –** As outlined in the “Construction Project – Delivery and Benefits Realised” report to 25 November Cabinet meeting there are a number of savings to be realised including capital savings on the delivery of the Refurbishment / Decent Homes programme. For 2019/20 £1.400m of savings have been identified. Set against this, significant structural works to some properties have recently been identified with an estimated cost of £0.500m at this stage. Therefore, £0.900m will be removed from the 2019/20 Investment Plan;

(m) **HS044 HRA New Build £0.600m reprogramming –** Two projects have been completed this financial year with several projects in flight. A review of the delivery of those projects has resulted in a further £0.600m to be reprogrammed into 2020/21; and,

(n) **HS050 Construction Options Project £1.034m credit –** The project has been completed and the budget is to be reduced to reflect the actual level of expenditure.

7.9 The impact of the changes detailed above on capital financing is shown in Table 21 below.

7.9.1 **Table 23: Impact of variations on Capital financing**

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
Approved Investment Plan – Cabinet 25 Nov 2019	**75.000**	**57.870**	**41.008**	**37.055**	**210.933**
Council Contribution	(6.707)	6.707	0	0	0
Grants and Contributions	(0.338)	0.451	0	0	0.113
Revenue Contributions	(0.019)	0	0	0	(0.019)
HRA Contribution from reserves	(0.244)	0	0	0	(0.244)
HRA House Building Fund	(0.600)	0.600	0	0	0
HRA Capital Receipts	(1.690)	0	0	0	(1.690)
Total Financing Variations	**(9.598)**	**7.758**	**0**	**0**	**(1.840)**
Revised Investment Plan	**65.402**	**65.628**	**41.008**	**37.055**	**209.093**

Capital Receipts – General Fund

7.10 General Fund Capital Receipts brought forward at 1 April 2019 were £1.100m. The capital receipts requirement for 2019/20 approved by Council on 21 February 2019 was £Nil. To date £1.109m capital receipts have been received in 2019/20. This includes a capital receipts of £0.712m which is a repayment of a capital loan. The receipts position is shown in Table 24 below. The 2020/21 draft budget proposals agreed by Cabinet on 25 November 2019 include a proposal to use the £1.100m capital receipts brought forward at 1 April 2019 as part of the financing of the 2020/21 Investment Plan.

7.10.1 **Table 24: Capital Receipt Requirement – General Fund**

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
Requirement reported to 21 February 2019 Council	0	0	0	0	0
Receipts Brought Forward	(1.100)	0	0	0	(1.100)
Total Receipts received 2019/20	(1.109)	0	0	0	(1.109)
Receipts used to repay capital loans	0.712	0	0	0	0.712
Net Useable Receipts	**(0.397)**	**0**	**0**	**0**	**(0.397)**
Surplus Receipts	**(1.497)**	**0.000**	**0.000**	**0.000**	**(1.497)**

Capital receipts – Housing Revenue Account

7.11 Housing Capital Receipts brought forward at 1 April 2019 were £7.251m. The Housing receipts are committed against projects included in the 2019-2023 Investment Plan. The approved Capital Receipt requirement for 2019/20 was £4.286m. This, together with the reprogramming previously reported to Cabinet and the reduction of £1.690m to reflect the completion on the Construction Options Project, gives a requirement of £0.452m. To date, £4.440m receipts have been received in 2019/20 of which £0.937m has been pooled as part of the quarterly returns to Central Government. In total, subject to future pooling, this leaves a surplus balance of £10.302m to be carried forward to fund future years.

7.11.1 Table 25: Capital Receipt Requirement - Housing Revenue Account

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2019-23 £m
Requirement reported to 21 February 2019 Council	4.286	3.685	3.748	2.019	13.738
Reprogramming 2018/19	(0.348)	0	0	0	(0.348)
Reprogramming 2019/20	(1.796)	1.796	0	0	0
Variation 2019/20	(1.690)	0	0		(1.690)
Revised Requirement	**0.452**	**5.481**	**3.748**	**2.019**	**11.700**
Receipts Brought Forward	(7.251)	(10.302)	(4.821)	(1.073)	(7.251)
Receipts Received 2019/20	(4.440)	0.000	0.000	0.000	(4.440)
Receipts Pooled Central Government	0.937	0.000	0.000	0.000	0.937
(Surplus)/ Balance To be generated to fund future years (subject to further pooling)	**(10.302)**	**(4.821)**	**(1.073)**	**0.946**	**0.946**

The final figure for useable receipts and pooled receipts in year will depend on the final number of Right to Buy properties sold during 2019/20.

Investment Plan Monitoring Position to 30 November 2019

7.12 Actual expenditure, for 2019/20, in the General Ledger was £30.546m, 46.70% of the total revised Investment Plan at 30 November 2019. This is after adjusting for £0.248m of retentions relating to 2018/19 expenditure.

7.12.1 Table 26: Total Investment Plan Budget & Expenditure to 30 November 2019

	2019/20 Revised Investment Plan £m	Actual Spend to 30 Nov 2019 £m	Spend as % of revised Investment Plan %
General Fund	41.972	20.320	48.41%
Housing	23.430	10.226	43.64%
TOTAL	**65.402**	**30.546**	**46.70%**

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		2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
General Fund						
Maintaining Our Assets						
BS026 Asset Planned Maintenance						
	Council Contribution	1,522	1,500	1,500	1,500	6,022
	Section 106	172	0	0	0	172
	Private Contribution (NHS)	100	0	0	0	100
	War Memorial Trust Grant	4	0	0	0	4
	Contribution from Reserves	94	232	0	0	326
BS026 Asset Planned Maintenance Total		1,892	1,732	1,500	1,500	6,624
BS029 Wallsend Customer First Centre						
	Public Health England	411	0	0	0	411
	Northumbria Violence Reduction Unit Interver	95	0	0	0	95
BS029 Wallsend Customer First Centre Total		506	0	0	0	506
CO064 Social Care Information System						
	Better Care Fund	99	0	0	0	99
CO064 Social Care Information System Total		99	0	0	0	99
CO076 Lockey Park Environmental and Play Improvements						
	Section 106	74	0	0	0	74
CO076 Lockey Park Environmental and Play Improvements Total		74	0	0	0	74
CO078 Coastal Revival Fund						
	Coastal Revival Fund (HCLG)	48	0	0	0	48
CO078 Coastal Revival Fund Total		48	0	0	0	48
DV071 Section 106 Contributions to Set Up Health Facilities						
	Section 106	78	0	0	0	78
DV071 Section 106 Contributions to Set Up Health Facilities Total		78	0	0	0	78
ED075 Devolved Formula Capital						
	Education Funding Agency	929	1,929	579	579	4,016
ED075 Devolved Formula Capital Total		929	1,929	579	579	4,016
ED120 Basic Need						
	Education Funding Agency	184	113	113	113	523
ED120 Basic Need Total		184	113	113	113	523
ED132 School Capital Allocation						
	Education Funding Agency	3,781	3,534	3,534	3,534	14,383
	Private Contribution (Kier Gain Share)	33	0	0	0	33
ED132 School Capital Allocation Total		3,814	3,534	3,534	3,534	14,416
ED186 Backworth Park Primary						
	Council Contribution	-2,374	0	0	0	-2,374
	Section 106	2,374	0	0	0	2,374
ED186 Backworth Park Primary Total		0	0	0	0	0
EV034 Local Transport Plan						
	Dept for Transport LTP ITA	958	958	958	958	3,832
	Dept for Transport LTP Maint	2,126	2,195	2,000	2,000	8,321
	DFT Pothole Funding 19/20	144	0	0	0	144
EV034 Local Transport Plan Total		3,228	3,153	2,958	2,958	12,297
EV056 Additional Highways Maintenance						
	Council Contribution	2,000	2,000	2,000	2,000	8,000
	Department For Transport	876	0	0	0	876
	Dept for Transport LTP Maint	378	0	0	0	378
EV056 Additional Highways Maintenance Total		3,254	2,000	2,000	2,000	9,254
EV069 Vehicle Replacement						
	Council Contribution	1,300	500	0	0	1,800
EV069 Vehicle Replacement Total		1,300	500	0	0	1,800
IT020 ICT Strategy						
	Council Contribution	1,234	1,000	1,000	1,000	4,234
IT020 ICT Strategy Total		1,234	1,000	1,000	1,000	4,234

	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
Gei Maintaining Our Assets					
Maintaining Our Assets Total	16,640	13,961	11,684	11,684	53,969
Corporate					
EV076 Operational Depot Accommodation Review					
Council Contribution	2,279	5,366	0	0	7,645
ERDF	843	1,169	0	0	2,012
EV076 Operational Depot Accommodation Review Total	3,122	6,535	0	0	9,657
EV086 Clean Bus Technology Fund					
Department For Transport	358	0	0	0	358
EV086 Clean Bus Technology Fund Total	358	0	0	0	358
GEN03 Contingencies					
Council Contribution	559	5,125	500	500	6,684
GEN03 Contingencies Total	559	5,125	500	500	6,684
IT026 ICT Citizen Interaction					
Council Contribution	0	0	0	0	0
IT026 ICT Citizen Interaction Total	0	0	0	0	0
IT027 Self Service Kiosk Replacement					
Council Contribution	100	0	0	0	100
IT027 Self Service Kiosk Replacement Total	100	0	0	0	100
Corporate Total	4,139	11,660	500	500	16,799
Education					
ED100 30 Hours Capital Grant					
Education Funding Agency	75	0	0	0	75
ED100 30 Hours Capital Grant Total	75	0	0	0	75
ED188 SEND					
Education Funding Agency	849	0	0	0	849
ED188 SEND Total	849	0	0	0	849
Education Total	924	0	0	0	924
Housing General Fund					
DV064 Council Property Investment					
Council Contribution	1,296	1,457	0	0	2,753
DV064 Council Property Investment Total	1,296	1,457	0	0	2,753
HS004 Disabled Facilities Grant					
Better Care Fund	1,500	1,437	0	0	2,937
HS004 Disabled Facilities Grant Total	1,500	1,437	0	0	2,937
HS051 Private Sector Empty Homes					
Council Contribution	469	431	0	0	900
Homes & Communities Grant	244	93	0	0	337
Revenue Contribution (NHB)	76	0	0	0	76
HS051 Private Sector Empty Homes Total	789	524	0	0	1,313
Housing General Fund Total	3,585	3,418	0	0	7,003
Investments					
DV066 Investment in North Tyneside Trading Co					
Council Contribution	3,749	2,200	0	0	5,949
Section 106	1,623	0	0	0	1,623
DV066 Investment in North Tyneside Trading Co Total	5,372	2,200	0	0	7,572
Investments Total	5,372	2,200	0	0	7,572
Regeneration					
CO077 Amberley Playing Field Artificial Grass Pitch					
Football Foundation Grant	500	0	0	0	500
Section 106	214	0	0	0	214
CO077 Amberley Playing Field Artificial Grass Pitch Total	714	0	0	0	714
CO079 Playsites 2019/20					
Section 106	50	0	0	0	50

		2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
Gei Rege CO079 Playsites 2019/20 Total		50	0	0	0	50
DV054 Spanish City Dome						
	Council Contribution	45	0	0	0	45
DV054 Spanish City Dome Total		45	0	0	0	45
DV058 Swan Hunters Redevelopment						
	Council Contribution	300	0	0	0	300
	LGF	1,885	0	0	0	1,885
DV058 Swan Hunters Redevelopment Total		2,185	0	0	0	2,185
DV067 Northern Promenade						
	Council Contribution	128	250	0	0	378
DV067 Northern Promenade Total		128	250	0	0	378
DV068 Southern Promenade						
	Environment Agency Grant	0	550	0	0	550
DV068 Southern Promenade Total		0	550	0	0	550
DV070 Forest Hall Regeneration						
	Revenue Contribution (Feasibility)	18	0	0	0	18
DV070 Forest Hall Regeneration Total		18	0	0	0	18
EV080 Coast Road Cycle Route						
	Cycle City Ambition Fund	231	0	0	0	231
	Transforming Cities Fund	237	0	0	0	237
EV080 Coast Road Cycle Route Total		468	0	0	0	468
EV082 North Bank of Tyne Infrastructure						
	NELEP Growth Deal	1,214	0	0	0	1,214
EV082 North Bank of Tyne Infrastructure Total		1,214	0	0	0	1,214
EV084 A189 Improvements Haddricks Mill to West Moor						
	DFT National Productivity Fund	2,333	0	0	0	2,333
	Section 106	0	0	0	0	0
	Section 278	1,554	0	0	0	1,554
EV084 A189 Improvements Haddricks Mill to West Moor Total		3,887	0	0	0	3,887
EV087 Air Quality Early Measures Fund						
	DEFRA - Air Quality Grant	350	0	0	0	350
	Transforming Cities Fund	285	0	0	0	285
EV087 Air Quality Early Measures Fund Total		635	0	0	0	635
EV088 Tyne View Terrace Cycleway						
	Transforming Cities Fund	427	0	0	0	427
EV088 Tyne View Terrace Cycleway Total		427	0	0	0	427
EV090 S278 Avant Homes at Killingworth Village						
	Section 278	1,223	0	0	0	1,223
EV090 S278 Avant Homes at Killingworth Village Total		1,223	0	0	0	1,223
GEN12 Local Infrastructure						
	Council Contribution	190	100	100	100	490
	FLAG Grant	28	0	0	0	28
GEN12 Local Infrastructure Total		218	100	100	100	518
HS052 Killingworth Moor Infrastructure						
	Housing Infrastructure Fund	100	5,900	4,000	0	10,000
HS052 Killingworth Moor Infrastructure Total		100	5,900	4,000	0	10,000
Regeneration Total		11,312	6,800	4,100	100	22,312
General Fund Total		41,972	38,039	16,284	12,284	108,579
HRA						
Housing						
HS015 Refurbishment / Decent Homes Improvements						
	See HRA Financing	20,325	20,664	20,862	21,144	82,995
HS015 Refurbishment / Decent Homes Improvements Total		20,325	20,664	20,862	21,144	82,995
HS017 Disabled Adaptations						

				2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
HR/	Hous	HS017 Disabled Adaptations	See HRA Financing	1,041	1,051	1,062	1,072	4,226
		HS017 Disabled Adaptations Total		1,041	1,051	1,062	1,072	4,226
		HS039 ICT Infrastructure Works						
			See HRA Financing	110	107	108	109	434
		HS039 ICT Infrastructure Works Total		110	107	108	109	434
		HS041 Housing PFI						
			See HRA Financing	254	0	0	0	254
		HS041 Housing PFI Total		254	0	0	0	254
		HS044 HRA New Build						
			See HRA Financing	1,235	5,767	2,692	2,446	12,140
		HS044 HRA New Build Total		1,235	5,767	2,692	2,446	12,140
		HS050 Construction Options Project						
			See HRA Financing	465	0	0	0	465
		HS050 Construction Options Project Total		465	0	0	0	465
	Housing Total			23,430	27,589	24,724	24,771	100,514
HRA Total				23,430	27,589	24,724	24,771	100,514
Total £000				65,402	65,628	41,008	37,055	209,093

Investment Plan Financing

		2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
General Fund						
	Council Contribution	12,797	19,929	5,100	5,100	42,926
	Grants & Contributions	28,987	17,878	11,184	7,184	65,233
	Revenue Contribution	94	0	0	0	94
	Contribution from Reserves	94	232	0	0	326
General Fund Total		41,972	38,039	16,284	12,284	108,579
HRA Financing						
	HRA Capital Receipts	452	5,481	3,748	2,019	11,700
	HRA Revenue Contribution	9,136	8,079	7,702	9,014	33,931
	HRA MRR	12,392	12,825	13,274	13,738	52,229
	HRA House Building Fund Reserve	1,185	1,204	0	0	2,389
	HRA PFI Reserve	265	0	0	0	265
HRA Financing Total		23,430	27,589	24,724	24,771	100,514
Total£000		65,402	65,628	41,008	37,055	209,093
		0	0	0	0	0