



North Tyneside Council

Cabinet

23 July 2021

Monday, 2 August 2021 The Chamber, Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY **commencing at 6.00 pm.** (Due to Covid precautions anyone wishing to attend should first notify Democratic Services – see below)

Agenda Item	Page(s)
<p>1. Apologies for Absence</p> <p>To receive apologies for absence from the meeting.</p>	
<p>2. To Receive any Declarations of Interest and Notification of any Dispensations Granted</p> <p>You are invited to declare any registerable and/or non-registerable interests in matters appearing on the agenda, and the nature of that interest.</p> <p>You are also invited to disclose any dispensation in relation to any registerable and/or non-registerable interests that have been granted to you in respect of any matters appearing on the agenda.</p> <p>Please complete the Declarations of Interests card available at the meeting and return it to the Democratic Services Officer before leaving the meeting.</p>	
<p>3. Minutes</p> <p>To confirm the minutes of the meetings held on 28 June (Ordinary Meeting) and 15 July 2021 (Extraordinary Meeting) (previously circulated)</p>	

Members of the public are welcome to attend this meeting and receive information about it. However, in order to enable the meeting to be held in a Covid-secure manner, places for members of the public are limited. Please email democraticsupport@northtyneside.gov.uk or call (0191) 643 5358 if you wish to attend or require further information.

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Agenda Item	Page(s)
<p>4. Report of the Young Mayor</p> <p>To receive a verbal report on the latest activities of the Young Mayor and Young Cabinet.</p>	
<p>5. 2021/22 Financial Management Report to 31 May 2021</p> <p>To receive the first budget monitoring report for the current financial year which reflects the first indication of the potential revenue and capital position of the Authority at 31 March 2022.</p>	5 - 64
<p>6. Council Plan Refresh</p> <p>To seek approval for an updated Our North Tyneside Council Plan 2020-2024.</p>	65 - 72
<p>7. Contributions Policy for Adult Social Care and Support Services</p> <p>To seek approval for the revised North Tyneside Council Contributions Policy for Adult Social Care and Support Services.</p>	73 - 118
<p>8. Cabinet response to Overview, Scrutiny & Policy Development Committee - Engie Sub-Group</p> <p>To consider a report seeking approval for the proposed response to the recommendations of the Overview, Scrutiny and Policy Development Committee's study into the Equans (formerly known as Engie) Partnership.</p>	119 - 136
<p>9. Exclusion Resolution</p> <p>This is to give further notice in accordance with paragraphs 5(4) and 5(5) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 of the intention to consider item 10 below in private.</p> <p>Cabinet is requested to consider passing the following resolution:</p> <p>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 item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 1 of Part 1 of Schedule 12A to the Act.</p> <p>Reasons for taking item (10) in private: The report contains information relating to any individual.</p>	

**Agenda
Item****Page(s)****10. Chief Officer Structure****137 - 156**

To seek approval for a revision to the Authority's Chief Officer structure.

11. Date and Time of Next Meeting

Monday 20 September 2021 at 6.00pm.

Circulation overleaf ...

Circulated to Members of Cabinet: -

N Redfearn (Elected Mayor)
Councillor C Johnson (Deputy Mayor)
Councillor C Burdis
Councillor K Clark
Councillor S Cox
Councillor S Day
Councillor P Earley
Councillor S Graham
Councillor A McMullen
Councillor M Rankin

**Young and Older People's Representatives and Partners of
North Tyneside Council.**

North Tyneside Council Report to Cabinet 2 August 2021

Title: 2021/22 Financial Management Report to 31 May 2021

Portfolios: Elected Mayor Finance and Resources	Cabinet Member: Norma Redfearn Councillor Martin Rankin
Report from: Finance	
Responsible Officer: Janice Gillespie, Director of Resources	Tel: 643 5701
Wards affected: All	

PART 1

1.1 Executive Summary:

This report is the first monitoring report to Cabinet on the 2021/22 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 the first indication of the potential revenue and capital position of the Authority at 31 March 2022.

- 1.1.1 The 2020/21 financial year was highly complex for the Authority with the operational response to the pandemic requiring innovation, agility, professionalism and partnership. Like all local authorities, North Tyneside Council continues to feel the impact of the on-going Covid-19 pandemic and as such this report contains considerations to the potential financial impact the pandemic will have on the Authority in 2021/22.
- 1.1.2 Significant financial support to residents and businesses passed through the Authority's books in 2020/21 and reconciling that work has challenged the sector. Significant support is still available in 2021/22 too. The Authority currently has grants available of £23.232m to provide direct support for businesses (£11.400m), residents (£8.704m), care homes (£1.739m) and schools (£1.389m); as at the end of May, only £0.581m remains uncommitted, but it is anticipated that the full amounts will be spent by year-end.
- 1.1.3 In addition, the Authority has £10.418m of grant funding available to support services (£7.261m of Local Authority Support Grant and £3.157m service specific grants). The total impact on services as a result of Covid-19 is forecast to be £14.421m, which leaves a pressure of £4.003m.

- 1.1.4 Areas of business as usual continue to face financial pressures, forecast as £1.847m at May 2021, in particular across areas of Social Care and demand-led services that have been reported over a number of years. In considering the financial outlook for 2021/22, Services have considered the financial pressures they will face in 2021/22 and how they will mitigate these.
- 1.1.5 This report necessarily reflects these known pressures the Services will be required to manage during 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 of this nature will be managed by the Services.
- 1.1.6 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 2021/22 Schools budgets, Schools funding and the forecast outturn for the Housing Revenue Account as at 31 May 2021.
- 1.1.7 Finally, the report provides an update on the 2021/22 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) and as at 31 May 2021 (Annex sections 1, 5, 6 and 7);
- (b) approves the receipt of £0.459m new revenue grants (as outlined in Annex section 3);
- (c) notes the Authority's Investment Plan spend of £3.753m to 31 May 2021 and the financing of the Plan to the end of the year (Annex Section 8); and
- (d) approves variations of £5.324m (£5.087m for 2021/22) within the 2021-2026 Investment Plan (Annex Section 8).

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 28 May 2021.

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 Financial Position

This report is the first monitoring report presented to Members on the Authority's 2021/22 financial position. It provides an early indication of the expected revenue and capital financial position of the Authority as at 31 March 2022. This report is an initial

view and it is expected this will change over the coming months as the response and recovery to Covid-19 continues.

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 2021/22 approved budget savings plans; and
- An update on the Capital Investment Plan, including details of variations and reprogramming, that is recommended for approval.

1.5.2 General Fund Revenue Account

The budget for 2021/22 was approved by full Council at its meeting on the 18 February 2021. The net General Fund revenue budget was set at £150.154m. This included £4.337m of savings to be achieved, all of which had been identified in previous years.

The forecast overall pressure is estimated at £5.850m against the approved net budget. This is made up of a forecasted pressure of £1.847m on normal activities and £4.003m relating to the impact of Covid-19. The pressure on normal activities in the services is driven mainly by Health, Education, Care and Safeguarding of £7.771m, reflecting the continued pressures in Children's Services, 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 £5.999m of pressures in Corporate Parenting and Placements, and £1.609m in Integrated Disability & Additional Needs. The drivers for these pressures continue from 2020/21 and arise from:

- Continued growth in demand in Children's Social Care Services;
- Growth in numbers of children with Education and Health Care Plans;
- The timing of delivery of some aspects of the Efficiency Savings Programme to the extent that achievement of some savings may be at risk; and,
- Increases in staffing costs.

It is anticipated that the outturn forecast for normal activities will improve over the course of the financial year as planned remedial actions begin to impact on both expenditure and income.

With regards to the impact of Covid-19, the main drivers behind the £14.421m impact on services are also within Health, Education, Care and Safeguarding where £7.714m is for increased costs to the Authority. Significant Covid-19 related pressures also exist in Environment, Housing and Leisure (£2.233m) and in Commissioning & Asset Management (£3.723m).

1.5.3 New Revenue Grants

The following revenue grants have been received during April and May 2021:

Service	Grant Provider	Grant	Purpose	2021/22 value £m
Environment Housing and Leisure	Ministry of Housing, Communities and Local Government	Rough Sleeping Initiative 2021/22	To provide support for the prevention of rough sleeping	0.064
Environment Housing and Leisure	Ministry of Housing, Communities and Local Government	Emergency Accommodation Allocation	To provide support for the prevention of rough sleeping	0.025
Environment Housing and Leisure	Ministry of Housing, Communities and Local Government	Homeless Prevention Grant	To give local authorities control and flexibility in managing homelessness pressures and supporting those who are at risk of homelessness.	0.370
Total				0.459

1.5.4 School Funding

Schools are required to submit their rolling three-year budget plan by 31 May each year. The total planned deficit for 2021/22 is £5.132m. 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. The provisional outturn for the year ended 31 March 2021 showed a surplus of £3.721m, which reversed the trend of deficits over the previous few years. The forecast trend going forwards, however, is increasing deficit balances.

As well as school balances being forecast to reduce overall, some individual schools continue to face significant financial challenges. There are six schools with deficit budget plans for 2021/22, all of which continue to be in deficit following 2019/20.

Cabinet will recall that the High Needs Block ended 2019/20 with a pressure of £8.720m. The initial forecasting of the budget position for 2021/22 indicates an anticipated in-year pressure of £3.268m reflecting a further rise in demand for special school places.

1.5.5 Housing Revenue Account (HRA)

The HRA is forecast to have year-end balances at 31 March 2022 of £3.058m, assuming all identified Covid-19 related costs and income shortfalls are covered centrally. These balances are £0.046m higher than budget which was set at £3.012m, due mainly to the impact of the previous year's financial performance, but there is also an in-year estimated underspend of (£0.010m), against an in-year budget of £1.943m.

Universal Credit was fully implemented across North Tyneside on 2 May 2018. As of early June 2021, 3,428 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.

1.5.6 Investment Plan

The approved 2021-2026 Investment Plan totals £270.465m (£93.506m 2021/22) and is detailed in table 31 of the Annex. The Annex to this report also sets out in Section 8 delivery progress to date, planned delivery for 2021/22, reprogramming and other variations identified through the Investment Programme Governance process.

An officer led review of the Investment Plan has resulted in proposals for variations of £5.324m of which more details are set out in Section 8 of the Annex to this report. The revised Investment Plan stands at £98.593 for 2021/22 and to the end of May 2021 spend of £3.753m had been incurred which represents 3.81% of the revised plan.

1.5.6 Performance against Council Plan

The 2021-2025 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 right skills and abilities to achieve their full potential, economic independence and meet business needs.
- Be healthy and well – with the information, skills and opportunities to maintain and improve their health, well-being and independence, especially if they are carers.
- Be cared for, protected and supported if they become vulnerable including if they become homeless.
- 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, such as by tackling the derelict properties that are blighting some of our neighbourhoods.
- Offer a good choice of quality housing appropriate to need, including affordable homes that will be available to buy or rent.
- 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.
- Recognise the climate emergency by further reducing the Borough's overall carbon footprint. This will include reducing the Council's carbon footprint, along with encouraging and enabling everyone to reduce their carbon footprint.
- Provide a clean, green, healthy, attractive and safe environment.

- Have an effective transport and physical infrastructure - including our roads, pavements, street lighting, drainage and public transport.
- Continue to be regenerated in Wallsend and Whitley Bay, through effective public, private and community partnerships, while ambitious plans will be developed for North Shields, Forest Hall and Killingworth.
- Be a thriving place of choice for visitors through the promotion of our award-winning parks, beaches, festivals and seasonal activities.

Our Economy will:

- Benefit, along with our people and places, from our ambitious vision which we created with partners in the North of Tyne Combined Authority. We will have a dynamic and more inclusive economy, which will ensure that all residents have a stake in our region's future.
- Grow by supporting new businesses and building on our strengths, including our existing world class companies, and small and growing enterprises.
- Be business friendly, 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 has seen costs within adult social care continue to rise. Along with the number of adults supported increasing over the last few financial years, the individual needs of those residents have increased due to people 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. Data for LAC levels suggest that, whilst fluctuating, there is a general trend of a steady increase in numbers (as per Section 5.2 in the Annex) but there are a wide range of levels of care provided, with more complex cases now being faced.

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 31 May 2021
Appendix 1: 2021 – 2026 Investment Plan

1.9 Contact Officers:

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

1.10 Background Information:

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

- (a) Revenue budget 2021/22
https://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/North%20Tyneside%20Revenue%20Budget%202021_22.pdf
- (b) Investment Plan 2021-26
<https://democracy.northtyneside.gov.uk/documents/s5460/Appendix%20D%20i%20-%202021-2026%20Investment%20plan%20-%20FINAL.pdf> (Agenda reports pack - Appendix D(i))
- (c) Reserves and Balances Policy
<https://democracy.northtyneside.gov.uk/documents/s5467/Appendix%20G%20Reserves%20and%20Balances%20Policy%202021-22.pdf> (Agenda reports pack - Appendix G)
- (d) Overview, Scrutiny and Policy Development Performance Report
<https://democracy.northtyneside.gov.uk/documents/s5469/Appendix%20I%20-%20202122%20Report%20of%20the%20Overview%20Scrutiny%20and%20Policy%20Development%20Committee%20Jan%202021.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 14 September 2021.

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 2021/22 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
- Director of Service ☐ X
- Mayor/Cabinet Member(s) ☐ X
- Chief Finance Officer ☐ X
- Monitoring Officer ☐ X
- Assistant Chief Executive ☐ X

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2021/22 Financial Management Report Annex

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SECTION 1 - GENERAL FUND SUMMARY

1 General Fund Revenue Forecast

- 1.1 This report is the first monitoring report to Cabinet on the 2021/22 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 the first indication of the potential revenue and capital position of the Authority at 31 March 2022. The report explains where the Authority continues to manage financial pressures.

The 2020/21 financial year was highly complex for the Authority with the operational response to the pandemic requiring innovation, agility, professionalism and partnership. Like all local authorities, North Tyneside Council continues to feel the impact of the ongoing Covid-19 pandemic and as such this report contains considerations to the potential financial impact the pandemic will have on the Authority in 2021/22. The Authority continues to see areas of pressure across Adults and Children's Social Care, but there are also significant impacts on income particularly across Sport and Leisure Services, and Catering Services.

- 1.2 The Authority's approved net revenue budget of £150.154m is forecast to outturn with a pressure of £5.850m. Table 1 in paragraph 1.5 below sets out the variation summary across the General Fund.
- 1.3 The Authority is continuing to take a prudent approach to forecasting including in relation to the impact of Covid-19 which currently is forecast to add pressures of £14.421m to the General Fund in 2021/22. The total Local Authority Support Grant received from Government for 2021/22 to date is £7.261m, of which £5.576m is new and £1.685m is carried forward from 2020/21. In addition, £3.157m of grants have been received to support specific activities, leaving a forecast pressure in the General Fund due to Covid-19 issues of £4.003m. The remaining pressure of £1.847m relates to normal ongoing activities.

Section 4 of this Annex sets out details of all grant funding received in respect of Covid-19 issues.

- 1.4 This Annex describes as far as possible the assumptions currently made in respect of additional costs and loss of income as a result of Covid-19, and where services continue to see variations in respect of business as usual.

1.5 Table: 1 2020/21 General Fund Revenue Forecast Outturn as at 31 May 2021

Services	Budget	Forecast Outturn	Variance	Previous Cabinet (Outturn)	Variance Change since Outturn
	£m	£m	£m	£m	£m
Health, Education, Care and Safeguarding	74.040	81.811	7.771	6.403	1.368
Commissioning and Asset Management	8.013	8.844	0.831	0.313	0.518
Environment, Housing and Leisure	44.278	44.263	(0.015)	(0.368)	0.353
Regeneration and Economic Development	1.399	1.462	0.063	0.128	(0.065)
Corporate Strategy	0.711	0.788	0.077	(0.304)	0.381
Chief Executive's Office	(0.078)	(0.109)	(0.031)	(0.137)	0.106
Resources	3.521	3.561	0.040	(0.317)	0.357
Law and Governance	0.308	0.631	0.323	0.170	0.153
Central Items – BAU	(2.051)	(9.263)	(7.212)	(8.388)	1.176
Central Items – Covid-19	0.000	4.003	4.003	0.000	4.003
Support Services	20.013	20.013	0.000	0.000	0.000
Total Authority	150.154	156.004	5.850	(2.500)	8.350

SECTION 2 - DELIVERY OF BUDGET SAVINGS PROPOSALS

2.1 No new savings were proposed as part of the budget approved by Council in February 2021 so the total savings the Authority has had to find in the eleven years following the 2010 Comprehensive Spending Review (CSR) remains at the 2020/21 total of £127.756m.

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
2020/21	0.805
2021/22	0.000
Total Savings	127.756

2.3 Although no new savings were proposed, a total of £1.792m of savings targets were agreed in prior years budget setting processes for delivery in 2021/22. Savings targets of £1.981m within Health, Education, Care and Safeguarding (HECS) were met in 2020/21 through Covid grants or alternative management actions with a further £0.482m met through one-year funding sources. This leaves a total of £3.643m savings targets within HECS which still require a permanent solution in 2021/22. A target of £0.082m from 2020/21 within Commissioning and Asset Management also requires achievement on a permanent basis in 2021/22. The total savings that need to be achieved in 2021/22 are therefore £4.337m.

2.4 The delivery of savings in 2021/22 is expected to continue to be impacted by the Covid-19 pandemic within HECS and Commissioning & Asset Management.

2.5 Table 3: Efficiency Savings by Service at May 2021

Service	2021/22 Targets £m	Projected Delivery £m	In Year Actions £m	Yet to be achieved £m
HECS	3.643	0.540	1.100	2.003
Commissioning & Asset Management	0.264	0.100	0.000	0.164
Environment Housing & Leisure	0.430	0.430	0.000	0.000
TOTAL	4.337	1.070	1.100	2.167

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 variations in relation to the savings where delivery has been impacted by Covid are outlined in the sections below.

Health, Education, Care and Safeguarding (HECS)

- 2.7 HECS has achieved savings targets totalling £0.540m relating to Sector Led Improvement income (£0.100m), maximising children's (£0.190m) and Adults NHS income (£0.250m). An in-year saving of £1.100m has been identified through management actions of retaining vacancies and managing third party payments within Adult services.
- 2.8 This service has been significantly impacted by the Covid-19 pandemic and the level of response required through each phase as the Pandemic unfolded. A proportion of the savings involve income generation via third parties. Other service delivery-based savings have been impacted due to capacity issues where placements have had to be maintained due to delays in court proceedings or the type of placement not changing as previously planned due to Covid-19 restrictions.
- 2.9 Finance Officers continue to attend meetings with senior managers and the Head of Service across adult and children's services and individual managers have assigned responsibilities to pursue deliverability of existing schemes and to identify alternative proposals during 2021/22.

Commissioning and Asset Management

- 2.10 Within Commissioning and Asset Management the only savings target forecasted to be unmet in 2020/21 related to the target for an increase in school meals fees of £0.082m. This is now joined in 2021/22 by a further increase in this target of £0.082m. Both of these targets are forecasted as yet to be achieved pending decisions on school meal price increases. A target of £0.100m relating to SLA income is forecasted to be achieved.

Environment Housing and Leisure

- 2.11 All savings in this service are forecasted to be achieved.

SECTION 3 – NEW REVENUE GRANTS

3.1 New revenue grants have been received or notified during April and May 2021.

Table 4: Grants Received or Notified in April and May 2021

Service	Grant Provider	Grant	Purpose	2021/22 value £m
Environment Housing and Leisure	Ministry of Housing, Communities and Local Government	Rough Sleeping Initiative 2021/22	To provide support for the prevention of rough sleeping	0.064
Environment Housing and Leisure	Ministry of Housing, Communities and Local Government	Emergency Accommodation Allocation	To provide support for the prevention of rough sleeping	0.025
Environment Housing and Leisure	Ministry of Housing, Communities and Local Government	Homeless Prevention Grant	To give local authorities control and flexibility in managing homelessness pressures and supporting those who are at risk of homelessness.	0.370
Total				0.459

SECTION 4 – IMPACT OF COVID-19

4.1 The Authority continues to play a key role in supporting businesses, residents, care homes and schools with financial support and additional Covid-19 related services throughout the Pandemic. Financial impacts remain, due to loss of income as a result of closures and restrictions on the facilities the Authority operates and additional costs resulting from Covid-19 in relation to its business as usual activities. The Authority has received a range of grants from Government to fund this additional activity and the financial impact on the Authority's normal services. The tables below outline the grants received, spend in year and the outcomes related to each grant.

4.2 **Table 5: Supporting Our Businesses**

Business Grant	Value Awarded 21/22	Value B/Fwd from 20/21	Value Spent 01.04.21-31.05.21	Value Committed @ 31.05.21	Value Available @ 31.05.21
	£m	£m	£m	£m	£m
Business Support	0.000	0.000	0.000	0.000	0.000
Business Support Top-Up	0.000	3.307	0.199	3.108	0.000
Local Restrictions Support 'Closed' & 'Open'	0.000	4.662	0.351	4.311	0.000
Additional Restrictions Grant	0.000	2.738	0.814	1.924	0.000
Christmas Support 'Wet-Pubs'	0.000	0.047	0.047	0.000	0.000
Capacity Fund	0.000	0.636	0.013	0.623	0.000
Travel Demand Management	0.000	0.010	(0.008)	0.018	0.000
Total	0.000	11.400	1.416	9.984	0.000

4.3 The Authority has £11.400m of grant funding brought forward from 2020/21, aimed at supporting businesses across the Borough. £1.416m of this has been allocated to date and the full funding is anticipated to be allocated during 2021/22.

4.4 Table 6: Supporting Our Residents

Residents Grant	Value Awarded 21/22	Value B/Fwd from 20/21	Value Spent 01.04.21-31.05.21	Value Committed @ 31.05.21	Value Available @ 31.05.21
	£m	£m	£m	£m	£m
Test & Trace Programme Support Grant	0.000	0.782	0.030	0.752	0.000
Emergency Assistance Grant	0.000	0.080	0.000	0.080	0.000
Contain Outbreak Management Fund	1.439	5.302	0.153	6.588	0.000
Test & Trace (self-isolation) Support Payments	0.046	0.438	0.057	0.427	0.000
Covid Marshalls	0.000	0.003	0.000	0.003	0.000
Clinically Extremely Vulnerable	0.000	0.303	0.003	0.300	0.000
Rough Sleepers Additional Grant	0.025	0.000	0.008	0.017	0.000
Winter Grant	0.012	0.000	0.012	0.000	0.000
Local support (Winter Ext)	0.156	0.000	0.151	0.005	0.000
Rapid Testing in the Community	0.118	0.000	0.084	0.034	0.000
Total	1.796	6.908	0.498	8.206	0.000

- 4.5 The Authority has been awarded £1.796m of new grant funding in 2021/22 to continue supporting its residents on top of a brought forward balance of £6.908m from 2020/21, meaning there is £8.704m of funding available. This funding ranges from ensuring our most vulnerable are protected, individuals that needed to self-isolated still have access to the services they required and ensuring residents can visit our coastline and other attractions safely, where guidelines allow, through the employment of Covid Marshalls and other safety measures. The Authority has spent £0.498m in the period to the end of May and is committed to spending the balance of £8.206m in this financial year. The majority of the committed balance relates to the Contain Outbreak Management Fund. This grant is to help the Authority support the prevention of Covid-19 outbreaks or manage any that do occur in the borough. A number of plans are in place to spend this money over the remaining months of 2021/22 as restrictions continue to ease.

4.6 Table 7: Supporting Our Care Homes

Care Sector Grant	Value Awarded 21/22	Value B/Fwd from 20/21	Value Spent 01.04.21- 31.05.21	Value Committed @ 31.05.21	Value Available @ 31.05.21
	£m	£m	£m	£m	£m
Infection Control (combined)	1.237	0.000	0.163	0.572	0.502
Rapid Testing – Care Homes	0.502	0.000	0.000	0.502	0.000
Total	1.739	0.000	0.163	1.074	0.502

4.7 The Authority has been awarded £1.739m to support the care homes within the borough. The majority of this funding is passed over directly to the care homes. The remaining funding is used to support the Authority's adult social care services for infection control and testing activities. The available balance of £0.502m is being held until the impact of easing restrictions around visitor numbers in care homes is known with regards to its impact on infection control.

4.8 Table 8: Supporting Our Schools

Schools Grant	Value Awarded 21/22	Value B/Fwd from 20/21	Value Spent 01.04.21- 31.05.21	Value Committed @ 31.05.21	Value Available @ 31.05.21
	£m	£m	£m	£m	£m
Digital Inclusion	0.000	0.076	0.015	0.061	0.000
Schools Catch-up Premium	0.880	0.000	0.000	0.880	0.000
Mental Health in Schools	0.024	0.000	0.000	0.024	0.000
Additional Home to School Transport	0.176	0.000	0.043	0.133	0.000
Mass Testing for Schools	0.000	0.233	0.000	0.233	0.000
Total	1.080	0.309	0.058	1.331	0.000

4.9 Grant funding of £1.080m has been received in 2021/22 with a brought forward balance from 2020/21 of £0.309m giving a balance available to spend on our maintained schools during 2021/22 of £1.389m. This funding is to help support schools to be able to continue to offer a Covid-safe environment and deliver services to ensure children are not detrimentally impacted by being unable to attend classes in school.

Supporting Council Services

- 4.10 The Authority's services have been heavily impacted by the Covid-19 pandemic. These services are being supported in 2021/22 by £5.576m of Local Authority Support Grant and a brought forward balance of £1.685m. There is also £3.157m of specific grants supporting services, which together with the Local Authority Support Grant amounts to a total grant availability of £10.418m. The tables below, summarised in Table 15, show that the forecasted total impact of Covid-19 on general fund services in 2021/22 is expected to be £14.421m, which will therefore leave a pressure on Covid-19 of £4.003m over the funding currently available.

The figures in the tables below are forecasts based on a range of assumptions relating to when the service areas predict their services will see the financial impact of Covid-19 reduce and activity return to a pre pandemic level. These forecasts will continue to be updated as new Government guidance is considered and implemented.

4.11 Table 9: Supporting Our Council Services in Commissioning & Asset Management

Commissioning & Asset Management	Main Grant £m	Other Specific Grant £m	Total Claimed £m
Free School Meals	1.605	0.000	1.605
LA7 Home to School Transport	0.000	0.176	0.176
Clinically Extremely Vulnerable	0.000	0.303	0.303
Electricity	(0.021)	0.000	(0.021)
NDR	0.002	0.000	0.002
Cleaning	0.024	0.000	0.024
Rents General	0.028	0.000	0.028
Payments to Contractors	0.002	0.000	0.002
Car Parks(season tickets)	0.076	0.000	0.076
Penalty Notices (absence from School)	0.002	0.000	0.002
Central Purchasing	0.003	0.000	0.003
General Fund PPE	0.033	0.000	0.033
Total	1.754	0.479	2.233

4.12 Table 10: Supporting Our Council Services in Environment, Housing & Leisure

Environment Housing & Leisure	Main Grant £m	Other Specific Grant £m	Total Claimed £m
Sport & Leisure	2.658	0.000	2.658
Waste Management	0.493	0.000	0.493
Highways & Transport	0.269	0.000	0.269
Cultural Services	0.143	0.000	0.143
Homelessness	0.025	0.000	0.025
Environment & Regulatory	0.105	0.000	0.105
Planning & Development	0.030	0.000	0.030
Total	3.723	0.000	3.723

4.13 Table 11: Supporting Our Council Services in Health, Education, Care & Safeguarding

Health, Education, Care & Safeguarding	Main Grant £m	Other Specific Grant £m	Total Claimed £m
CYPL - School Improvement	0.284	0.000	0.284
CYPL - Front Door & safe and support	1.008	0.000	1.008
CYPL - Placement Costs	0.749	0.000	0.749
CYPL - Residential Staffing	0.833	0.000	0.833
CYPL - Adoption Agency (NTC share)	0.034	0.000	0.034
ASC - Adult Services	2.787	0.000	2.787
ASC - Rapid Testing in Social Care	0.000	0.502	0.502
ASC - Infection Control Grant	0.000	0.735	0.735
PH - Test & Trace Support Service	0.000	0.782	0.782
Total	5.695	2.019	7.714

4.14 Table 12: Supporting Our Council Corporate Strategy

Corporate Strategy	Main Grant £m	Other Specific Grant £m	Total Claimed £m
Corporate Strategy	0.090	0.000	0.090
Total	0.090	0.000	0.090

4.15 Table 13: Supporting Our Council Resources and Central Items

Resources & Central Items	Main Grant £m	Other Specific Grant £m	Total Claimed £m
Corporate ICT	0.334	0.000	0.334
Finance / Corporate Services	0.082	0.000	0.082
Provision for Bad Debt	0.125	0.000	0.125
Total	0.541	0.000	0.541

4.16 Table 14: Supporting Our Council in Law and Governance

Law & Governance	Main Grant £m	Other Specific Grant £m	Total Claimed £m
Law & Governance	0.120	0.000	0.120
Total	0.120	0.000	0.120

4.17 Table 15: Covid-19 Support to Services Summary

Service Area/ Category	Main Grant £m	Other Specific Grant £m	Total Claimed £m
Total Impact on Services	11.923	2.498	14.421
Local Authority Support Grant	(7.261)	0.000	(7.261)
Specific Covid Grants	0.000	(3.157)	(3.157)
Unallocated in Reserve	4.662	(0.659)	4.003

SECTION 5 – SERVICE COMMENTARIES

5.1 Meetings have been held between finance officers and budget managers to review the forecast positions for 2021/22, with forecasts being prepared on a prudent basis at this early stage in the financial year. Challenge sessions are planned to review the quarterly financial position and service performance with the Elected Mayor, the Deputy Mayor, the Cabinet Member for Finance and Resources, and other relevant Cabinet Members. Service Directors and their senior teams also attend these challenge sessions to discuss plans in progress to mitigate any pressures.

5.2 Health, Education, Care & Safeguarding (HECS)

5.2.1 HECS is showing an initial forecast variance of £7.771m against its £74.040m net controllable expenditure budget. This position is after adjusting for a total of £7.714m of Covid-19 related cost and income pressures which are now shown within Central Items. The forecasted pressure is entirely within Children's Services with Adult Services showing a balanced position. This forecast position excludes the application of contingency budgets set aside in Central Items for pressures in Children's Services of £3.116m.

5.2.2 The HECS service continues to be impacted by the Covid-19 Pandemic and has put in place a range of responses to support existing clients and other residents directly affected by the virus who have required new support packages to be put in place on discharge from hospital or to prevent an admission. Work is also ongoing to support social care providers to maintain their vital services. Further details on Covid impacts are shown in Section 4 above.

5.2.3 Table 16: Forecast Variation for HECS at May 2021

	Budget	Forecast	Variance	Variance	Change
	£m	May	May	2020/21	since
		£m	£m	£m	Outturn
					£m
Corporate Parenting & Placements	15.819	21.818	5.999	5.035	0.964
RHELAC Service	0.008	0.008	0.000	(0.013)	0.013
Child Protection, Independent Assurance and Review	0.708	0.732	0.024	0.029	(0.005)
Early Help & Vulnerable Families	1.544	1.513	(0.031)	(0.341)	0.310
Employment & Skills	0.591	0.591	0.000	0.000	0.000

	Budget	Forecast	Variance	Variance	Change
	£m	May	May	2020/21	since
		£m	£m	£m	Outturn
					£m
Integrated Disability & Additional Needs Service	2.267	3.957	1.609	0.970	0.639
School Improvement	0.214	0.386	0.172	(0.033)	0.205
Regional Adoption Agency	0.000	0.000	0.000	0.000	0.000
Children's Services Sub-total	21.151	28.925	7.774	5.647	2.127
Central, Strategy and Transformation	1.237	1.300	0.063	(0.052)	0.115
Social Work and Associated Activity	7.105	7.669	0.564	0.175	0.389
Integrated Services	2.751	2.357	(0.394)	(0.542)	0.148
Business Assurance	0.296	0.377	0.081	0.009	0.072
Sub-total Operations	11.389	11.703	0.314	(0.410)	0.724
Commissioned Services – Wellbeing and Assessment	12.563	11.548	(1.015)	1.316	(2.331)
Commissioned Services – Learning Disability	24.435	23.844	(0.591)	0.109	(0.700)
Commissioned Services – Mental Health	2.999	4.257	1.258	(0.359)	1.617
Commissioned Services - Other	1.262	1.293	0.031	0.100	(0.069)
Sub-total – Commissioned Services	41.259	40.942	(0.317)	1.166	(1.483)
Adult Services Sub-total	52.648	52.645	(0.003)	0.756	(0.759)
Public Health	0.241	0.241	0.000	0.000	0.000
Total HECS	74.040	81.811	7.771	6.403	1.368

Main budget pressures across HECS

- 5.2.4 In addition to its response to the Covid-19 pandemic, HECS continues to manage a complex budget and is required to deal with a combination of funding arrangements, pressures and national policy changes. There are continuing upward pressures on care providers' fees partially resulting from the National Living Wage but which have become more acute with the operational impact of Covid-19 on care homes and issues around high vacancy levels in a small number of care homes within the borough. Dialogue continues with care home providers around appropriate fee rates. Negotiations also continue around ensuring funding contributions from the NHS for clients with health needs as the North Tyneside Clinical Commissioning Group (NTCCG) themselves face continuing budget constraints.
- 5.2.5 The main factor behind the overall forecast position, however, is the significant pressure within Corporate Parenting and Placements in relation to care provision for children in care and care leavers. There is also a pressure relating to services for children with additional needs. In addition to care provision pressures, there are also on-going pressures in the workforce arising from staff retention costs and recruitment costs and a pressure resulting from savings targets not yet achieved.

Children's Services

- 5.2.6 In Children's Services the £7.774m forecast pressure relates mainly to demand pressures of £5.999m in Corporate Parenting and Placements and £1.609m in Integrated Disability and Additional Needs. There is also a forecast pressure of £0.172m in School Improvement. The pressures were foreseen by Cabinet and backed by £3.116m of centrally held contingencies. This position excludes Covid-19 related pressures of £2.907m which have been transferred to Central Items.
- 5.2.7 The May forecasted position of £7.774m represents an increase of £2.127m from the 2020/21 outturn position. This movement is due to a number of factors:
- Increased savings targets shown within the service as not yet achieved (£0.895m). In 2020/21 some of the savings could not be met due to the impact of Covid-19. These savings were supported by the Covid-19 Local Support Grant. The current forecasts assume that Covid-19 will continue to impact the delivery of these savings for the first 6 months of the financial year, leaving the second half of the financial year and a 'business as usual' pressure.
 - In 2020/21 the cost of in-house provision within two children's homes were supported by Covid-19 grant funding as changes to the placements for these particular children were delayed due to Covid-19. In 2021/22, no forecast is made for Covid-19 to impact these placements, therefore the full costs of these provisions are shown within the service resulting in an additional pressure of £0.471m;
 - Increased net staffing costs £0.450m due to forecast assumptions around vacancies being filled.
 - School Improvement income reductions in relation to service level agreements (SLA); and,

- Reduced recharges to Adult services. Two young people within in-house services turned eighteen in 2020/21 and recharges were made to Adult services for their costs as they were placed in facilities managed by Children's services. These young people have moved into new third party services, so no corresponding recharges are forecasted in 2021/22.

Corporate Parenting and Placements

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

Table 17: Analysis of Pressures in Corporate Parenting and Placements

Type of Service	Budget £m	Variance May £m	Variance 2020/21 £m	Change Since Outturn £m
Care provision – children in care	9.188	3.066	2.957	0.109
Care provision – other children	3.147	0.931	0.950	(0.019)
Management & Legal Fees	(0.948)	1.152	0.571	0.581
Social Work	4.386	0.845	0.553	0.292
Safeguarding Operations	0.046	0.005	0.004	0.001
Total	15.819	5.999	5.035	0.964

- 5.2.9 The forecast has been developed based on the children in care as at the end of May 2021. The number in care at the end of May was 292 which was a net increase of 1 from the March figure of 291. The May forecast for the total number of care nights however is currently significantly lower for 2021/22 at 102,304 nights compared to the total number of care nights delivered in 2020/21 which was 108,745. There is however an increase in pressure in 2021/22 of £0.109m due to changes in the mix of provision from less complex cases to more complex cases. Table 18 below shows a forecast reduction in internal fostering of 5,392 bed nights which is the least expensive form of provision with increases in external residential and in house residential bed nights provisions which both cater for children with more complex needs and are significantly more expensive.

5.2.10 Table 18: Forecast cost, forecast variance, average placement cost and placement mix

Placement Type	2021/22 May Variance	Average Annual Placement cost (£m)	2021/22 Forecast Bed Nights	2020/21 Outturn Bed Nights	Placement Mix	No. of children May 21	No. of children March 21
External Residential Care	1.505	0.255	8,338	8,163	8%	26	25
External Fostering	0.056	0.040	9,048	12,068	9%	28	29
In-House Fostering Service	0.420	0.027	63,420	68,812	62%	174	176
External Supported Accommodation	0.389	0.119	3,218	6,170	3%	14	15
Other*	0.696	various	18,280	13,532	18%	50	46
Total	3.066		102,304	108,745	100%	292	291

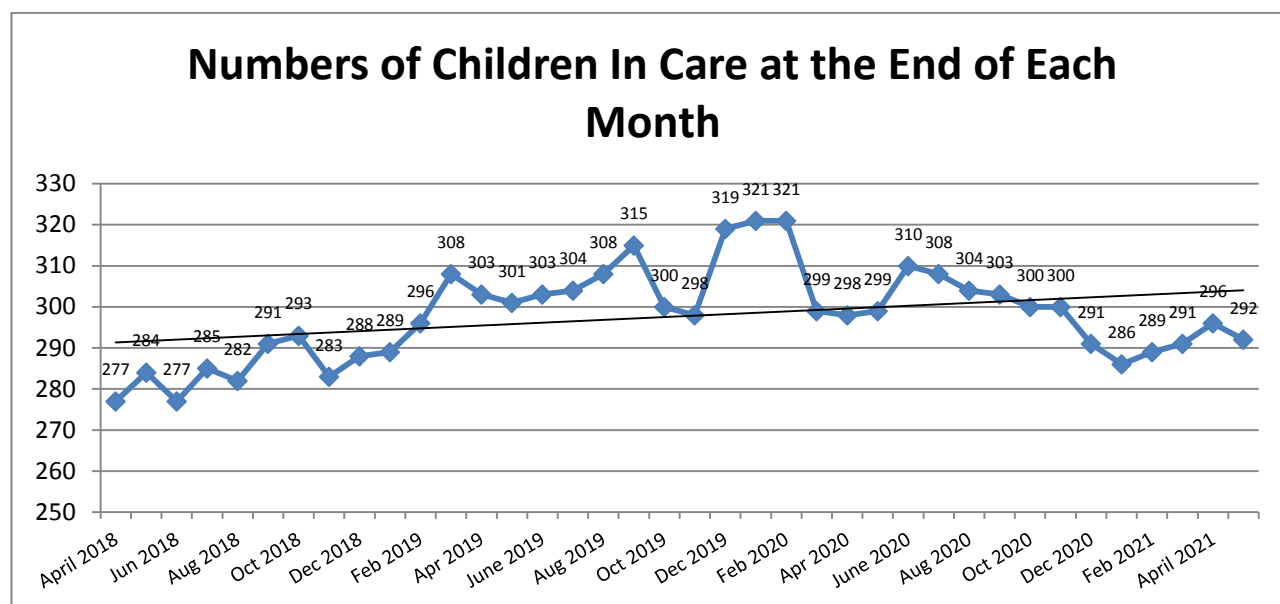
*Other includes Placed for Adoption, Placed with Parents/Parental Responsibility and NTC Children's Homes.

- 5.2.11 The number of children in care can be volatile and costs for individual children can be very high. There is a potential risk that the forecast could increase if numbers of care nights delivered on complex cases starts to rise above current levels. There is a concern that there may be future spikes in numbers of children in care as the potential economic effects of the Covid-19 crisis impact on families.

Care Provision – Children in Care

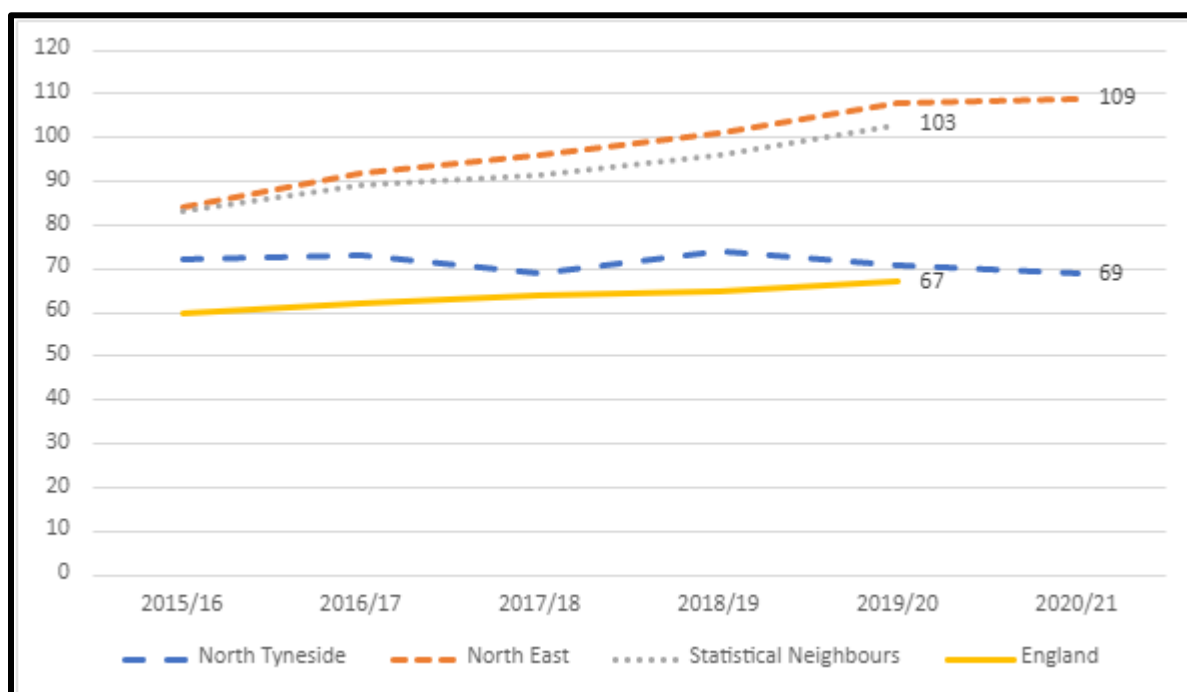
- 5.2.12 Over recent years, there has been an increasing trend nationally in demand for children's residential placements but with no corresponding increase in government-funded provision. The trend in North Tyneside over the last few years is that the overall number of children in care has mirrored the increases being felt nationally. Although as chart 1 shows the current levels are below the trend line for the first time since January 2019.

5.2.13 Chart 1: Children in Care at the End of Each Month



5.2.14 The most recent available national comparators from 2019/20, as demonstrated by Chart 2 below, shows that North Tyneside, although above the England average, has historically performed well within the North East region in relation to the rates of children in care.

5.2.15 Chart 2: Comparative Performance in Rates of Children in Care per 10,000 Children under 18



Care Provision – Children not in care

- 5.2.16 The pressure of £0.931m (2020/21 outturn variance, £0.950m) 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 £3.116m established in Central Items was, in part, intended to mitigate against these costs.

Management and Legal Fees

- 5.2.17 This area has a forecast pressure of £1.153m (2020/21 outturn variance, overspend of £0.571m). The increase in pressure within this area is due to savings targets of £0.660m which are yet to be achieved. The Government has provided Covid grant support for the first 6 months of 2021/22 and therefore only 50% of savings targets impacted by Covid have been charged to Central Items to be set against Covid grants. The service is continuing to work on the delivery of planned savings targets and continues to review all budget areas for any other mitigating savings.

Social Work

- 5.2.18 Within the overall pressure of £5.999m for Corporate Parenting and Placements, there are social work-related pressures of £0.845m. This has increased from an overspend of £0.553m in 2020/21. Of the £0.845m pressure, £0.610m relates to employee costs with £0.235m relating to non-pay costs. There is an additional team in place of 6 posts costing £0.244m and market supplements across the service amounting to £0.095m. There are s17 assistance costs forecasted above budget level by £0.051m, transport and travel pressures of £0.027m and legal and professional fee pressures of £0.105m. Cabinet is aware of the particular challenges faced across the children's social care sector nationally. Caseloads per social worker remain high at 22 compared to the national average of 16.3 (for 2020). The additional social work costs within Children's services reflects the commitment not to use agency staff within front line teams.
- 5.2.19 The increased variance compared to 2020/21 relates to the assumed filling of vacancies and increased forecasted car allowances as practice returns to a more pre-pandemic model. There are also savings targets which are yet to be achieved relating to legal and professional fees.

Integrated Disability and Additional Needs (IDANS)

- 5.2.20 IDANS is forecasting a pressure of £1.609m (2020/21 outturn variance was £0.970m). Pressures within IDANS should be seen within the national and local context of increasing numbers of children with Education Health and Care Plans (EHCPs). Within North Tyneside, the number of children with an EHCP has risen from 1102 in January 2018 to 1940 in May 2021. Within this service area the main pressures relate to operational staffing costs within in-house residential services of £0.259m and associated unachieved health income target of £0.213m. There are also forecast staffing pressures of £0.276m in Educational Psychology relating to an increase in non-chargeable statutory work associated with increased

levels of EHCPs for children with additional needs. There are pressures of £0.670m on externally commissioned short breaks and staffing pressures of £0.186m across the Statutory Assessment and Review Team and the Disability Team.

5.2.21 The increase in forecasted variance since the 2020/21 outturn is due to:

- Reduced recharge income resulting from two young people within in-house provision in 2020/21 turning eighteen and their costs being charged to Adult services, as they continued to be placed in facilities managed by Children's Services. These young people have now moved into new third party services and there is no corresponding recharge in 2021/22 (£0.213m);
- Increased staffing costs in Educational Psychology associated with increased demand from rising statutory work levels (£0.041m);
- Increased short break costs of £0.085m; and,
- Increased staffing costs in Statutory Assessment and Review and Disability Team resulting from rising workloads and the need to review provision across High Needs services (£0.195m).

5.2.22 The IDANS service is continuing to carefully review planned provision to identify any areas of spend which can be reduced without adverse impacts on the children and families receiving support.

5.2.23 The School Improvement Service is showing a forecast pressure of £0.172m compared to an underspend of £0.033m in 2020/21. A number of schools advised the Authority that they would no longer purchase ICT support in 2021/22. Following this, further discussions took place and the Authority decided to reduce the overall recharge to schools whilst a review of the service was undertaken. This ensured that the service level take up was sustained with only a small number of schools opting to receive their support from other providers. The non-curriculum elements of service delivery have now transferred to corporate ICT within Resources and discussions are continuing in relation to a realignment of this income target, which will be corrected by the next report to Cabinet. At which stage the pressure and mitigating actions will be shown in the Resources section.

Adult Services

5.2.24 Adult Services are forecasted to show a small surplus of £0.003m which compares to an outturn variance of a £0.756m overspend in 2020/21. Contingency budgets of £1.800m which were held in Central Items in 2020/21 have been transferred to the service in 2021/22 and this explains the movement in the position with an offset of additional new high cost care packages within Mental Health.

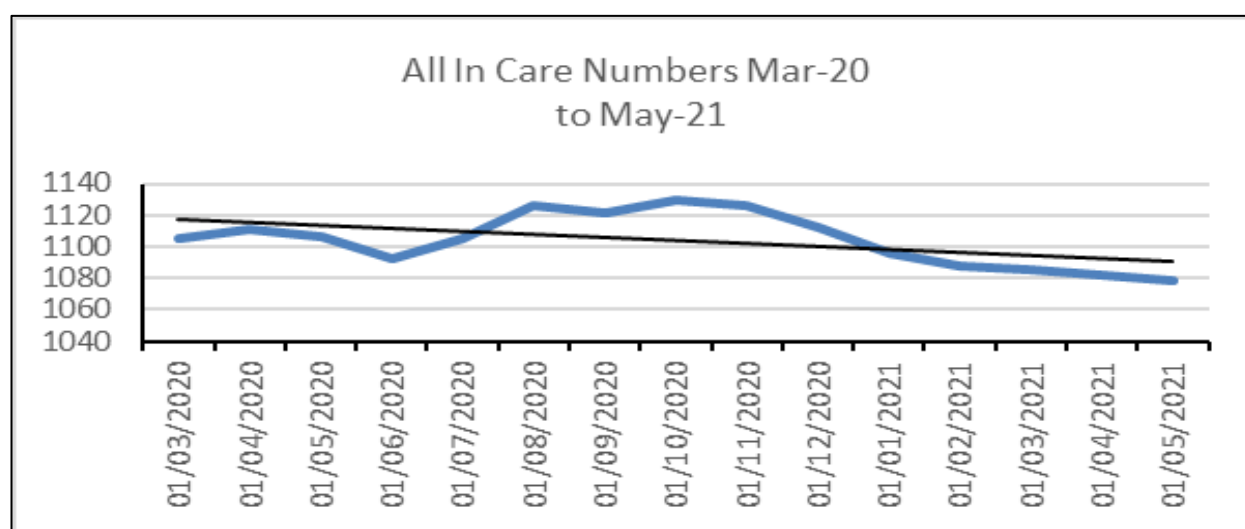
5.2.25 The analysis of sub service areas has been changed in 2021/22 to show the split between the operational aspects of the service and the externally commissioned care costs.

5.2.26 Forecasted costs associated with the operational management of the service are showing a pressure of £0.314m. This is mainly within social work teams where additional posts, resulting from increased workloads seen as a result of Covid-19 are forecast to be funded from Covid-19 grant funding in the first six months of the

year and as the service starts to transition back to a pre-pandemic level over the last six half of the financial year, a forecast amount of £0.361m has been included within business as usual. These pressures are partially offset by an underspend in Integrated Services due to vacancies.

- 5.2.27 There is a pressure within Commissioned Services – Mental Health due to three new high cost clients who entered the service in March and April 2021 (£0.940m). There are also pressures due to increased client numbers relating to residential and nursing care within Mental Health.
- 5.2.28 Forecasted pressures in Commissioned Services – Mental Health are offset by budget surpluses across Commissioned Services in Wellbeing and Assessment and Learning Disabilities. Within Wellbeing and Assessment, the level of residential and nursing costs continues to trend lower although this is partially offset by rising homecare costs.

5.2.29 Chart 3: Overall Numbers of Clients in Residential and Nursing Care



5.3 Commissioning and Asset Management

- 5.3.1 Commissioning and Asset Management (C&AM) is showing a pressure of £0.831m (2020/21 outturn overspend of £0.313m) as set out in Table 19.
- 5.3.2 C&AM has also been heavily impacted by the Covid-19 Pandemic, particularly in relation to supporting schools and in relation to lost income with details shown in Section 4.

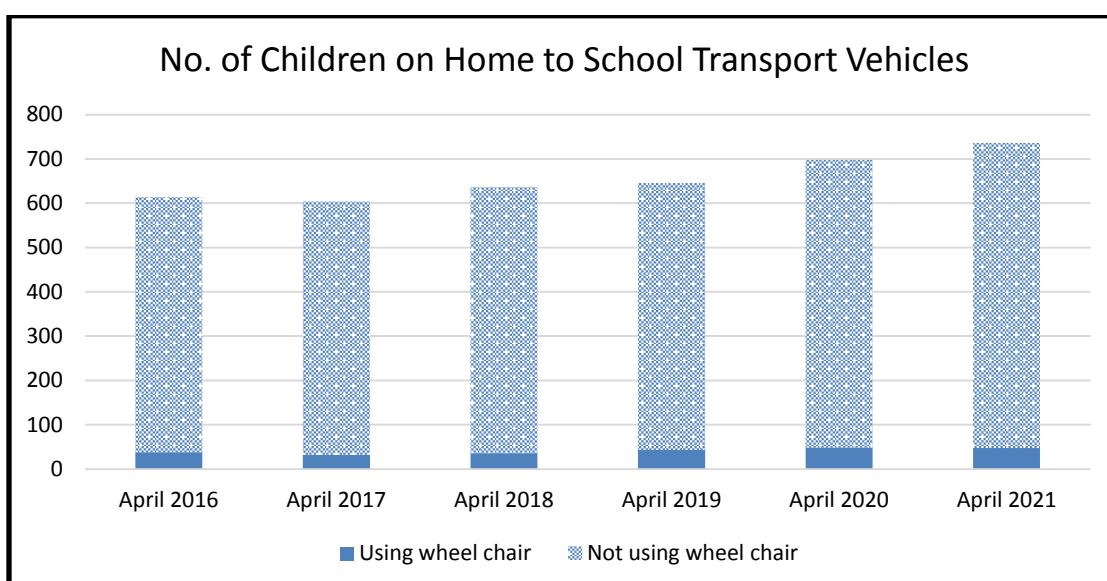
5.3.3 Table 19: Commissioning and Asset Management (C&AM) Forecast Variation

	Budget	Forecast May	Variance May	Variance 2020/21	Change since Outturn
	£m	£m	£m	£m	£m
School Funding & Statutory Staff Costs	5.410	5.345	(0.065)	(0.056)	(0.009)
Commissioning Service	0.406	0.431	0.025	(0.058)	0.083
Facilities & Fair Access	0.412	1.262	0.850	0.503	0.347
Community & Voluntary Sector Liaison	0.441	0.413	(0.028)	(0.052)	0.024
Strategic Property & Investment	1.918	1.968	0.050	0.023	0.027
High Needs Special Educational Needs	0.000	0.000	0.000	0.000	0.000
Property	(0.727)	(0.727)	0.000	0.000	0.000
Commissioning & Asset Management & Support	0.161	0.161	0.000	(0.001)	0.001
Procurement	(0.008)	(0.009)	(0.001)	(0.046)	0.045
Total C&AM	8.013	8.844	0.831	0.313	0.518

5.3.4 The main 'business as usual' budget issues relate to Facilities and Fair Access which is showing forecast pressures of £0.850m (2020/21 outturn, overspend of £0.503m). The overspend position mainly relates to Home to School Transport (£0.699m) with additional pressures on the catering service (£0.161m) due to increasing numbers of free school meals and the consequential impact on loss of paid income. There is also a pressure of £0.060m on car parking income in relation to Quadrant.

5.3.5 The Home to School Transport position, a pressure of £0.699m, relates to the sustained and increase in children with complex needs attending special schools. Demand pressures in High Needs is a known issue nationally and is also impacting on the High Needs budget within the Dedicated Schools Grant (see paragraphs 6.9 to 6.12 for more details). As a result of the increase in demand for home to school transport for children with additional needs, the number of children in vehicles has risen from 614 in April 2016 to 736 in 2021 as shown in Chart 4 below. Work is also continuing on route rationalisation using the new QRout system.

5.3.6 Chart 4: Increase in Numbers of Children Accessing Home to School Transport



5.3.7 In addition to Facilities and Fair Access, within Strategic Property and Investment, the repairs and maintenance budget is forecasted to show a pressure of £0.218m due to the cost of essential repairs across the Authority's buildings. This is partially offset by recharges to capital budgets and other savings across this service area.

5.4 Environment, Housing & Leisure (EHL)

5.4.1 EHL is forecasting a small underspend of £0.015m against the £44.278m budget, as set out in Table 20 below. The position includes a planned £0.583m draw-down of reserves for the street-lighting PFI contract and PFI buildings.

5.4.2 The impact of the Covid-19 Pandemic on EHL is mainly in relation to lost income. £3.152m of the £3.650m estimated impact is due to income-generating services being expected to operate at a lower level. This forecast is based on a high-level impact assessment of on-going income modelled on expected operating levels to September, with operations then returning back towards pre-pandemic levels.

5.4.3 Table 20: Forecast Variation in Environment Housing & Leisure

	Budget	Forecast May	Variance May	Variance 2020/21 Outturn	Change since Outturn
Service Areas	£m	£m	£m	£m	£m
Arts Tourism & Heritage	1.623	1.690	0.067	0.141	(0.074)
Bereavement	(0.786)	(0.735)	0.051	(0.097)	0.148
Fleet Management	1.123	1.087	(0.036)	(0.031)	(0.005)
General Fund Housing	0.936	0.941	0.005	(0.037)	0.042
Head of Service & Resilience	0.245	0.244	(0.001)	(0.046)	0.045

	Budget	Forecast May	Variance May	Variance 2020/21 Outturn	Change since Outturn
Service Areas	£m	£m	£m	£m	£m
Libraries & Community Centres	5.202	5.228	0.026	(0.040)	0.066
Security and Community Safety	0.369	0.382	0.013	0.043	(0.030)
Sport & Leisure	2.719	2.687	(0.032)	(0.206)	0.174
Street Environment	8.313	8.245	(0.068)	(0.095)	0.027
Street Lighting PFI	4.717	4.717	0.000	0.000	0.000
Technical Package - Building Control	(0.430)	(0.428)	0.002	0.000	0.002
Technical Package - Consumer Protection	1.417	1.407	(0.010)	0.000	(0.010)
Technical Package - Planning	0.247	0.247	0.000	0.000	0.000
Technical Package - Transport & Highways	7.187	7.222	0.035	0.000	0.035
Waste & Recycling Disposal Contracts	7.421	7.375	(0.046)	0.045	(0.091)
Waste Management	3.975	3.954	(0.021)	(0.045)	0.024
Grand Total	44.278	44.263	(0.015)	(0.368)	0.353

5.4.4 The variance reflects forecast cost pressures against Arts, Tourism & Heritage & Bereavement of £0.067m and £0.051m which are mitigated by combined underspends forecasts across Fleet Management, Sports & Leisure, Street Environment, Waste Management and Waste & Recycling Disposal.

5.4.5 The following paragraphs 5.4.6 to 5.4.10 outline the pressures in each service area with details of any variances greater than £0.050m.

Cultural Services

5.4.6 Cultural Services, which includes Libraries & Community Centres and Arts Tourism & Heritage, is expecting a forecast pressure of £0.093m in operational costs.

5.4.7 Included in this pressure is the £0.016m maximum limited liability against losses at the Whitley Bay Playhouse. This is a prudent approach and the actual position of the Playhouse will not be known until after the winter/pantomime events have taken place.

Waste Management including Recycling and Disposal

5.4.8 Last year's outturn reflected the increased costs of waste disposal due to the pandemic. Tonnages collected were higher due to the impact of more people staying at home. The pandemic also impacted the disposal market with the costs of recycling increasing due to harsher market conditions and as a result more waste went to landfill than planned. In 2020/21 the extra costs were offset by

Covid-related grants. This trend in increased waste volumes and harsher market conditions is expected to continue into 2021/22 with £0.205m being estimated to be the impact attributable to the impact of the pandemic. However, as waste volume data is made available across the year, this forecast will be constantly reviewed.

- 5.4.9 There is a forecast saving of £0.067m in waste strategy costs due to vacant posts which are yet to be filled. Whilst the service is currently forecasting to carry out this work to budget this will need to be carefully monitored and any financial impact identified as it manifests.

Local Environmental Services

- 5.4.10 Local Environmental Services includes Street Environment and Bereavement teams and is predicting a net forecast saving of £0.017m. This reflects expected vacancy savings due to reduced need for casual staff and other posts mitigating additional operational pressures in Bereavement of £0.051m.

5.5 Regeneration and Economic Development

- 5.5.1 Regeneration and Economic Development (RED) is forecasting a pressure of £0.063m at May 2021, as shown in Table 21 below. This is after moving the expected Covid-19 impact of £0.045m into Central Items to be matched against the grant received.

5.5.3 Table 21: Forecast Variation for Regeneration and Economic Development

	Budget	Forecast May	Variance May	Variance 2020/21 Outturn	Change since Outturn
Row Labels	£m	£m	£m	£m	£m
Business & Enterprise	0.751	0.747	(0.004)	(0.195)	0.191
Regeneration	0.445	0.436	(0.009)	0.194	(0.203)
Resources & Performance	0.203	0.279	0.076	0.129	(0.053)
Grand Total	1.399	1.462	0.063	0.128	(0.065)

- 5.5.4 The variance reflects a forecast cost pressure within Resources & Performance of £0.076m due to historic staffing pressures. Minimal underspends across the rest of the service slightly reduce the pressure.
- 5.5.5 At this stage, there is no expectation to use Covid-19 grants to meet income shortfalls or cost pressures as a consequence of the Covid-19 Pandemic.

5.6 Corporate Strategy

- 5.6.1 Corporate Strategy is forecasting to report a £0.077m pressure. The variance reflects a forecast underachievement in a cross-service income target of £0.157m.
- 5.6.2 Included within the forecast are assumptions a mix of corporate reserves and Covid-19 grant will be drawn down to meet the employee costs associated with the Customer Service and Covid-19 Recovery Programme posts, mitigating the impact of the income target pressure.

5.6.3 Table 22: Forecast Variation Corporate Strategy

	Budget £m	Forecast May £m	Variance May £m	Variance 2020/21 Outturn £m	Change since Outturn £m
Children's Participation & Advocacy	0.258	0.253	(0.005)	(0.063)	0.058
Corporate Strategy Management	0.006	0.108	0.102	0.101	0.001
Elected Mayor & Executive Support	0.018	0.025	0.007	(0.011)	0.018
Marketing	0.289	0.287	(0.002)	(0.133)	0.131
Policy Performance and Research	0.140	0.115	(0.025)	(0.198)	0.173
Total	0.711	0.788	0.077	(0.304)	0.381

5.7 Resources and Chief Executive Office

5.7.1 Overall Resources and Chief Executive Office are currently forecasting a joint pressure of £0.009m.

5.7.2 Table 23: Forecast Variation Resources and Chief Executive

	Budget £m	Forecast May £m	Variance May £m	Variance 2020/21 Outturn £m	Change since Outturn £m
Chief Executive	(0.078)	(0.109)	(0.031)	(0.137)	0.106
Finance	0.002	0.070	0.068	(0.752)	0.820
ICT	0.539	0.529	(0.010)	0.400	(0.410)
Human Resources	2.980	2.962	(0.018)	0.035	(0.053)
Total	3.443	3.452	0.009	(0.454)	0.463

5.7.3 Within the Finance service there is a forecast pressure due to the impact of funding managed by the Revenues and Benefits service, which is showing the following expected variances:

- The service area is predicting a pressure on Bad Debt Provision of £0.189m, where a forecast reduction in the bad debt provision is not currently expected.
- Overpayment income is also showing a pressure of £0.278m due the reduced value of overpayments expected to be raised with the ongoing move to Universal Credit (UC). The service is working to refresh the profile of change that is anticipated as the roll out of UC continues .
- The Benefits subsidy grant impact has been updated from initial estimate to take into account actual information for April and May which has improved the position by £0.239m from the initial estimate. This will be updated across the year and a mid-year estimate will be provided to the Department of Work and Pensions in October.

- Enforcement income is currently forecasted to be in line with budget and will be updated on a monthly basis using the cost of collection statistics. These forecasts are being carefully managed by the service management and are expected to be refined as the year progresses.

5.7.4 The Finance service is forecasting staffing savings across nearly all teams which mitigates these pressures. These staffing savings are a mix of vacancy savings and additional funding where the service area supports external organisations such as North of Tyne Combined Authority.

5.7.5 The remaining service areas within Resources are all forecasting small underspends for the year. The IT service is continuing to rationalise IT provision across the Authority's services, requiring ongoing close management of budgets.

5.7.6 The Chief Executive's office is showing a saving of £0.031m, due to forecast savings in staffing and other operational spend.

5.8 **Law and Governance**

5.8.1 Law and Governance is forecasting a £0.323m pressure. This variance reflects forecasted cost pressures in Legal Services of £0.256m for the employment Locums/staff costs and £0.109m pressure for delivering North Tyneside Coroner services. These are partially offset by forecast underspends within Information Governance linked to income over-achievement.

5.8.2 **Table 24: Forecast Variation for Law and Governance**

	Budget	Forecast May	Variance May	Variance 2020/21 Outturn	Change since Outturn
	£m	£m	£m	£m	£m
Customer, Governance & Registration	(0.071)	(0.055)	0.016	(0.001)	0.017
Democratic and Electoral Services	0.031	0.042	0.011	0.227	(0.216)
Information Governance	0.159	0.090	(0.069)	0.102	(0.171)
Legal Services	(0.105)	0.151	0.256	(0.116)	0.372
North Tyneside Coroner	0.294	0.403	0.109	(0.042)	0.151
Total	0.308	0.631	0.323	0.170	0.153

5.8.3 Included within the forecast is the utilisation of £0.120m of Covid-19 grant to be used to meet income shortfall forecasts around Legal Services (£0.100m) for Non Contract Fees & Registration of Births, Deaths & Marriages (£0.020m) for Wedding Venue Hire.

5.9 **Central Items**

5.9.1 Central Items is forecasted to be in surplus by £7.212m compared to an outturn surplus of £8.388m in 2020/21. The surplus figure of £7.212m includes the contingency budgets of £5.404m of which £3.116m of that budget provision relates to the pressure being experienced in Children's Services. The other main areas impacting the position are summarised below:

- Strain on the fund savings of £1.388m, due to minimum in-year costs anticipated this financial year;
- Minimum revenue provision savings of £0.350m; and,
- Interest savings on borrowing of £0.150, both of these arising from re-profiling of the Investment Programme and use of cash balances to minimum borrowing.

5.9.2 Savings within Corporate and Democratic Core in 2021/22 are due to anticipated pressures not being seen to materialise to date and the costs of pensions out of revenue are prudently forecasted to be balanced at this stage in the year. These may reduce across the rest of the year and provide some sustainable savings.

5.9.3 **Table 25: Forecast Variation Central Budgets and Contingencies**

	Budget £m	Forecast May £m	Variance May £m	Variance 2020/21 Outturn £m	Change since Outturn £m
Corporate & Democratic Core	4.315	4.315	0.000	(0.344)	0.344
Other Central Items	(6.366)	(13.578)	(7.212)	(8.044)	(1.168)
	(2.051)	(9.263)	(7.212)	(8.388)	1.176

SECTION 6 - SCHOOLS FINANCE

Update on School Budgets 2021/22 to 2023/24

- 6.1 Schools are normally required to submit their rolling three-year budget plan to the Authority by 31 May each year. Due to the impact of Covid-19, the Council exercised discretion to move this deadline to mid-June, allowing schools to provide initial budget plans before making any allowances for falling rolls, headroom or growth funding (as held within the Dedicated Schools Grant). Table 26 below shows the current three-year impact of the schools' budgets by phase.

6.2 **Table 26: Schools three-year budget plan summary by phase**

PHASE	2020/21 OUTTURN FIGURE £m	BUDGET PLAN 2021/22 £m	BUDGET PLAN 2022/23 £m	BUDGET PLAN 2023/24 £m
Nursery/ Primary	7.470	4.625	2.692	0.512
Middle / High	(4.564)	(9.430)	(10.991)	(13.787)
Special / PRU	0.815	(0.327)	(3.566)	(6.891)
TOTAL	3.721	(5.132)	(11.866)	(20.166)

- 6.3 The initial planned deficit for school balances is forecast to rise from a £5.132m deficit in 2021/22 to £20.166m in 2023/24. The schools finance team is continuing to work with schools to refine these budget positions and will also be supporting schools' applications for de-delegated funding held centrally to mitigate the impact where schools are experiencing falling rolls, where a potential application to schools in financial difficulty could be made, or where schools are experiencing growth in rolls where there is a lag in funding. These applications will be considered by a sub-group of Schools Forum and these allocations will be reported back to Cabinet as they are agreed.

School Deficits

- 6.4 Some schools continue to face significant financial challenges. There are currently six schools that have submitted a deficit budget plan for 2021/22. Cabinet should note that there are no new schools requiring a licenced deficit agreement in 2021/22. All six schools that continue to require support from the Authority were in deficit at the end of the 2020/21 financial year. Of the six schools two schools had structural deficits in 2020/21, however Cabinet will be pleased to note that Norham High school have submitted a 3-year budget plan which shows the school coming back into an in-year financial balance in year 3 of their budget plan.

The school have been working closely with the Authority to resolve the long-standing structural nature of the schools deficit. The Authority is confident that the schools plans for financial recovery are robust and that an in-year balanced position can be achieved.

Initial deficit review sessions have been held with these schools during June 2021, with deficit challenge sessions commencing for the six ongoing deficit schools

from July 2021. Before any adjustments identified during the upcoming challenge sessions and the allocation of falling rolls and headroom funding, the balances of these six deficit schools are expected to total £13.580m with individual school deficit values shown in Table 27 below.

6.5 **Table 27: Schools in an expected deficit position 2021/22**

School	Outturn 2020/21 £m	Budget Plan 2021/22 £m	
Beacon Hill	(0.244)	(0.997)	Ongoing
Greenfields Primary	(0.131)	(0.109)	Ongoing
Ivy Road Primary	(0.165)	(0.198)	Ongoing
Longbenton High	(2.334)	(2.618)	Ongoing
Monkseaton High	(4.815)	(5.689)	Structural
Norham High	(3.064)	(3.969)	Ongoing
Total	(10.753)	(13.580)	

6.6 Further work continues with special schools to look at appropriate levels of funding for the needs of their current cohort of pupils. A review of High Needs provision in North Tyneside is also being undertaken and the outcome of this review will be reported to Cabinet in due course.

6.7 As in previous years, the details of schools' balances will be reported to the Department for Education (DfE) through the Consistent Financial Reporting (CFR) return. This return is co-ordinated by the Authority and would normally be submitted by the deadline of July (to coincide with the end of term).

Containment funding for Schools

6.8 The Council's Recovery Coordination Group (RCG) has set aside £0.450m funding from the Containment Grant to assist schools with pressures on their balances for 2020/21 due to costs of containing the spread of Covid-19 that were not met by the Department for Education. Schools are currently bidding for this funding, which will be approved by RCG and reported back to Cabinet. A further fund of £0.500m is also being considered for 2021/22 to meet similar costs borne by schools in the current year.

High Needs Block

6.9 Cabinet will recall that the High Needs block ended 2020/21 with a pressure of £8.720m. 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 broadly in line with the national and regional picture and remains an area of concern nationally.

6.10 The forecast for the High Needs Block in 2021/22 is an anticipated in-year pressure of £3.268m reflecting a further rise in demand for special school places

within the Authority. These additional places create pressures in relation to place funding of £10,000 per place and the associated top-up funding reflecting each child's level of need. A breakdown of the in-year pressure is shown in Table 28:

6.11 **Table 28: Breakdown of High Needs Pressures at May 2021**

Provision	Budget £m	Provisional Outturn Variance £m	Comment
Special schools and PRU	15.520	2.055	Pressure on places for children with profound, Multiple Learning Difficulties, Social Emotional and Mental Health problems and Autism Spectrum Disorder
ARPs/Top ups	4.120	0.655	Pressures in pre 16 top ups e.g. Norham ARP, Melrose ARP
Out of Borough	2.890	0.497	Increased number of children placed outside North Tyneside Schools
Commissioned services	3.888	0.061	
Subtotal	26.418	3.268	
2020/21 Balance		8.720	
Adjustment		0.080	
Subtotal	26.418	12.068	

High Needs Recovery Plan

6.12 As previously noted North Tyneside is an outlier in terms of the number of Education Health and Care Plans currently in use. The most recent figures suggest that the Authority are around 1% above the national average in terms of whole population. This has a significant impact on all the services that work with our children and young people with additional needs. Following discussions with the Education Skills and Funding Agency the Authority has been required to develop a recovery plan that details how it intends to bring this under control. The themes of the recovery plan link clearly to our SEND Inclusion Strategy and our Ambition for Education:

- Improved Graduated Approach to support more young people to have success in their local school;
- Review of Commissioned Services with a focus on maintaining young people in their local school;
- Annual reviews are focussed, timely and include 'value for money';
- The banding and mechanisms we use to fund schools are brought in line with our graduation aspirations;
- Use of capital funding to address issue around capacity;

- More effective place planning and projection is used to ensure that there are sufficient resources in place; and,
- Ensuring that the Authority are working with our partners and stakeholders.

Early Years Block

- 6.13 The Early Years block outturn for 2020/21 was a surplus of £0.199m. An adjustment to funding normally takes place by June each year when the DfE reviews funding estimates based on the January pupil census prior to the new financial year. The Authority would normally expect a clawback of funding as a result of this review. Initial indications for 2021/22 show that services can be delivered within the budget available.

SECTION 7 - HOUSING REVENUE ACCOUNT

Forecast Outturn

7.1 The forecast set out in Table 29 below is based on the results to May 2021. Currently the HRA is forecasting an underspend of £0.010m, which includes £0.012m of Covid-19 related costs (see Table 30). Throughout the year, costs will be monitored closely across all areas with additional focus on Rent Arrears and the effect this has on the bad debt provision. In addition, changes to prudent assumptions around rental income, Council Tax voids, Contingency and staffing vacancies will be monitored which could lead to improvements in the forecast position.

7.2 **Table 29: Forecast Variance Housing Revenue Account**

Row Labels	Budget £m	Current Forecast £m	Variance £m
Management – Central	2.520	2.520	0.000
Management – Operations	4.767	4.738	(0.029)
Management – Strategy & Support	3.588	3.609	0.021
Capital Charges – Net Effect	12.969	12.969	0.000
Contingencies, Bad Debt & Transitional Protection	1.280	1.280	0.000
Contribution to Major Repairs Reserve – Depreciation	13.276	13.276	0.000
Interest on Balances	(0.050)	(0.050)	0.000
PFI Contracts – Net Effect	2.043	2.043	0.000
Rental Income - Dwellings, Direct Access Units, Garages	(60.995)	(60.995)	0.000
Rental Income – HRA Shops and Offices	(0.356)	(0.356)	0.000
Revenue Support to Capital Programme	10.551	10.551	0.000
Repairs	12.350	12.348	(0.002)
Total	1.943	1.933	(0.010)

7.3 The Covid-19 costs for HRA relate to unproductive workforce costs, as can be seen in Table 30 below.

7.4 Table 30: Forecast Impact of Covid-19 on HRA for 2021/22

Service Area	Covid Cost Pressure £m	Covid Income Pressure £m	Total Covid Pressure £m	Description
HRA – Workforce	0.012	0.000	0.012	Costs of carrying unproductive staff resource and related support costs during downtime, for staff delivering HRA-related work
Total	0.012	0.000	0.012	

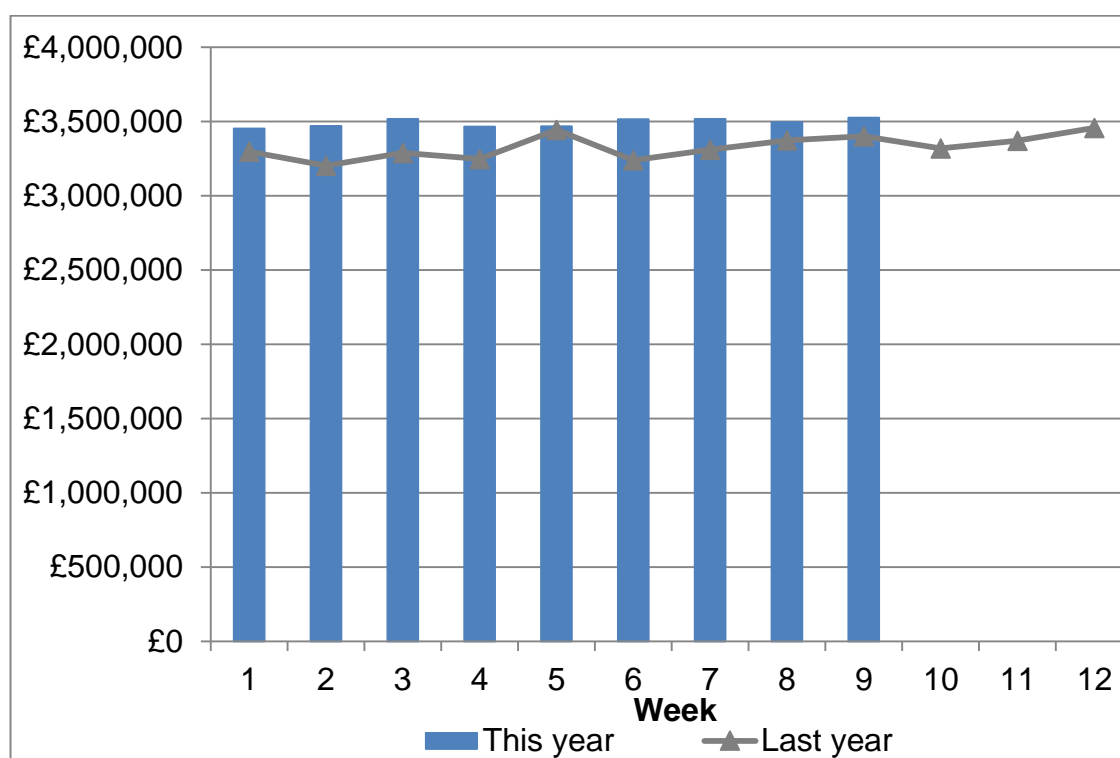
Rental Income

- 7.5 Rental income is currently performing on target, with the number of empty homes for the first two months of the year broadly in-line with the budget assumptions. Therefore, the current rental forecasts could improve as the year progresses if the service starts performing ahead of target. However, some of this improved position may be offset by the continuing impact of Universal Credit and the potential of an increase in the bad debt provision; all of which will be closely monitored throughout the year.

Rent Arrears

- 7.7 The impact of rent arrears has risen in the first two months of 2021/22 as compared to 2020/21, however the rate of increase during the first two months is very low as current arrears have only increased by around £0.075m during the period since the start of April 2021. Chart 5 below shows the value of current rent arrears in 2021/22 compared to the same period in 2020/21. 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. Last year saw a significant under-spend against the bad debt provision, which had over-spent for the previous two years. If the rate of increase continues at the current rate during the year, and there are no significant increases in the amount of debt being written off, then we will need to review the allocation both in terms of declaring an in-year saving, but also in relation to refreshing the HRA Business Plan as part of the next budget round. Of course, as always the impact of Universal Credit continues to be monitored, as significant increases in numbers on UC could adversely affect the rate at which arrears grow.

7.8 Chart 5: Rent Arrears in Weeks 1-9 (April-May) 2021/22 compared to 2020/21

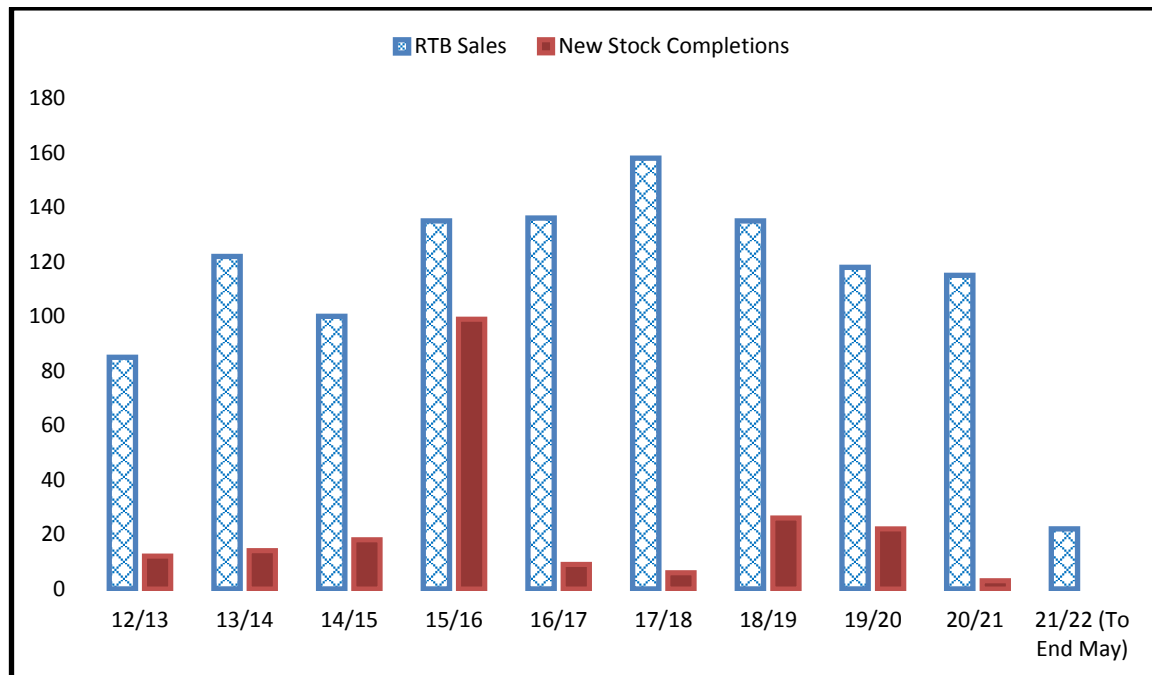


- 7.9 Universal Credit was fully implemented across North Tyneside on 2 May 2018. The Authority continues to work with residents to provide ICT support to help them make applications and to provide personal budget support to help residents manage their household finances. At 31 March 2021 there were 3,306 tenants of North Tyneside Homes on Universal Credit with arrears totalling £2.689m. By early June 2021 there were 3,428 tenants on Universal Credit (increase of 122 tenants) with related arrears of £2.712m (increase of £0.023m). These figures seem to bear out the reduced rate of increase in arrears mentioned above.

Right to Buy (RTB) Trends

- 7.10 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 6 below shows the trend in RTB sales since that time.

7.11 Chart 6: Yearly RTB Sales v New Stock Additions



SECTION 8 - INVESTMENT PLAN

Review of Investment Plan - Position Statement

- 8.1 The Authority's Investment Plan represents the capital investment in projects across all Service areas. Officers will continue to plan the delivery of those key projects included within the 2021/22 Investment Plan and regularly review the impact of Covid-19. Some of the key highlights of the Investment Plan due to be delivered during 2021/22 are summarised below:

Affordable Homes New Build and Conversion Works

- 8.2 There are currently 4 affordable home projects that will progress during 2021/22, these include:
- The construction of 12 new affordable homes on the former site of the Cedars, North Shields;
 - The construction of 9 new affordable homes on the former site of Bawtry Court, Battlehill;
 - Refurbishment and remodelling works to create 7 new affordable units at Charlotte Street, Wallsend; and,
 - Convert a Brownfield garage site in Falmouth Road, into 9 new affordable homes.

Housing Investment Work

- 8.3 The Housing Capital delivery programme will see the following works delivered across the borough during 2021/22:
- Kitchens and bathrooms to 678 homes;
 - Heating upgrades to 600 homes;
 - Window and doors replacements to 30 homes;
 - Boundary improvements to 830 homes;
 - Roof replacements to 227 homes;
 - External Brickwork Repairs to 223 homes;
 - DPC restoration works to 26 homes;
 - Footpath repairs throughout the borough; and,
 - Fire door replacement to 55 communal blocks

Education Investment Works

- 8.4 Delivery of the priority condition related projects across the school estate as part of the Schools Condition Investment Programme

Asset Investment works

- 8.5 Delivery of the priority condition related projects across the asset property estate as part of the Asset Condition Investment Programme.

Highways and Infrastructure Works

- 8.6 The main Highways & Infrastructure works include:
- Delivery of the LTP including the annual resurfacing programme and integrated transport projects. Larger projects are the construction phase of the Pier Road stabilisation scheme the demolition of Borough Road Bridge;
 - Delivery of the Additional Highway Maintenance Programme including footway improvements in line with the Mayor's priorities; and,
 - Progression of the Tanners Bank highway improvement scheme at various junctions in North Shields.

Regeneration Works

- 8.7 Regeneration Works for 2021/22 include:
- North Shields – continuation of works for the North Shields Heritage Action Zone scheme for Northumberland Square and Howard Street and initial works for the transport hub;
 - Segedunum – completion of the project initiation document to enable the development of proposals and a strategy to secure match funding;
 - Work is ongoing examining the potential options for the enhancement of the facilities at Killingworth Lake; and,
 - Development of outline scope for the Waggonways project.

Variations to the 2021-2026 Investment Plan

- 8.8 Variations of £5.324m to the Investment Plan have been identified and are included in tables 31 and 32 below. Further details are provided in paragraph 8.9:

8.8.1 Table 31: 2021 - 2026 Investment Plan changes identified

	2021/22 £m	2022/23 £m	2023/24 £m	2024-26 £m	Total £m
Approved Investment Plan – Council 8 February 2021	68.611	43.305	42.858	90.796	245.570
Previously Approved Reprogramming/Variations					
2020/21 Monitoring	11.398	0.000	0.000	0.000	11.398
2020/21 Outturn	13.497	0.000	0.000	0.000	13.497
Approved Investment Plan	93.506	43.305	42.858	90.796	270.465
Apr/May 21 Monitoring					
Variations	5.087	0.237	0.000	0.000	5.324
Reprogramming	0.000	0.000	0.000	0.000	0.000
Total Variations	5.087	0.237	0.000	0.000	5.324
Revised Investment Plan	98.593	43.542	42.858	90.796	275.789

8.9 Details of the variations are shown below:

- (a) **BS029 Wallsend Customer First Centre (CFC) £0.250m** – North of Tyne Combined Authority (NoTCA) funding of £0.250m has been approved. This is to assist with the fit out of the remaining vacant space within Wallsend CFC on the second floor of the building. This additional funding will allow for the co-location of a Voluntary, Community and Social Enterprise (VCSE) Hub that would support the development of social enterprise activities, expand local partnerships and networking, build organisational and volunteer capacity, strengthen governance and leadership and add value by developing a new way of working alongside statutory sector partners;
- (b) **BS030 Public Sector Decarbonisation Scheme £0.052m** – This adjustment reflects the actual grant received of £3.289m for Low Carbon Skills against the estimated grant award included in the Investment Plan;
- (c) **CO079 Playsites £0.060m** – Section 106 funding agreed £0.060m, for the installation of new play equipment, safer surfacing and seating at West Moor play site;
- (d) **DV067 Northern Promenade £0.800m** - This funding is to continue the regeneration work of the Northern Promenade with a further final scheme focussed on the promenade from just after the Rendezvous Café to the northern most point of the promenade. It is proposed to use funds set aside under DV073 Ambition for North Tyneside project (see (f) below);
- (e) **DV071 Section 106 Contributions to Set Up Health Facilities £0.264m** - Available Section 106 monies are proposed to be transferred to the health service to be used for enabling costs for the development of a new Wallsend town centre medical practice to the rear of The Forum Shopping Centre, bringing together two existing Wallsend medical practices under one roof (Portugal Place and Park Road);
- (f) **DV073 Ambition for North Tyneside £3.300m credit** – This variation is to reflect the allocation of funding to support the following projects, DV067 Northern Promenade £0.800m see (d) above and EV094 Transforming Cities (Transport Hub) £2.500m see (k) below;
- (g) **ED075 Devolved Formula £0.024m** – A budget adjustment of £0.024m is required to reflect actual grant allocation from the Department for Education (DfE) of £0.603m against initial budget estimates;
- (h) **ED120 Basic Need £0.088m** – A budget adjustment of £0.088m is required to reflect actual 2022/23 grant allocation from the DfE, for Basic Need compared to original estimates;
- (i) **ED132 School Capital Allocation £0.362m** – This is an adjustment to the budget to reflect the 2021/22 grant award of £3.896m announced by the DfE;

- (j) **ED190 High Needs Provision Capital Allocation £0.663m** – The Government have recently announced that they are committing £280 million in financial year 2021/22, through the High Needs Capital Allocation to support local authorities to deliver new places and improve existing provision for children and young people with SEND, particularly those with more complex needs, and for those pupils that require alternative provision. The Authority have received a grant allocation of £0.663m. Work is ongoing to determine the works to be undertaken;
- (k) **EV094 Transforming Cities Tranche 2 (TCF) £2.500m** – the project to deliver North Shields Transport Hub includes delivery of several key aspects of the adopted North Shields Masterplan including Gateway Improvements at three locations. The scheme has now reached a stage where the Authority needs to incur substantial costs for site investigatory work, design fees, business case development, and property acquisitions to allow the scheme to be delivered within the TCF programme. It is requested that the NTC match funding of £2.500m that is required is made available from the DV073 Our Ambition fund;
- (l) **EV095 Emergency Active Travel Tranche 2 £0.140m** – The variation of £0.140m is to reflect the actual grant award of £1.400m compare to initial estimates included in the Investment Plan;
- (m) **HS004 Disabled Facilities Grant £1.869m** – to reflect the Ministry of Housing, Communities and Local Government (MHCLG) recent announcement of the allocation for 2021/22;
- (n) **HS044 HRA New Build £0.225m** – A bid submitted for funding of £0.225m through the Rough Sleeping Accommodation Programme has been approved by the MHCLG; and,
- (o) **HS053 Green Homes Local Authority Delivery £1.154m** - Tees Valley Combined Authority (TVCA) have confirmed approval for a funding application in relation to the Green Homes Grant Local Authority Delivery 2 of £1.154m. The primary purpose of the Green Homes Grant is to raise the energy efficiency rating of low income and low EPC rated households.

8.10 The impact of the changes detailed above on capital financing is shown in table 37 below.

8.10.1 **Table 32: Impact of variations on Capital financing**

	2021/22 £m	2022/23 £m	2023/24 £m	2024-26 £m	Total £m
Approved Investment Plan	93.506	43.305	42.858	90.796	270.465
Grants and Contributions	4.689	0.237	0.000	0.000	4.926
HRA Capital Receipts	0.173	0.000	0.000	0.000	0.173
HRA Grants	0.225	0.000	0.000	0.000	0.225
Total Financing Variations	5.087	0.237	0.000	0.000	5.324
Revised Investment Plan	98.593	43.542	42.858	90.796	275.789

Capital Receipts – General Fund

- 8.11 General Fund Capital Receipts brought forward at 1 April 2021 were £2.583m. The capital receipts requirement for 2021/22, approved by Council in February 2021, was £0.423m (2021-26 £0.677m). There was reprogramming of capital receipts from 2020/21 of £0.342m giving a revised requirement of £0.765m for 2021/22 (2021-26 £1.019m). To date £nil capital receipts have been received in 2021/22. The receipts position is shown in table 33 below.

8.11.1 **Table 33: Capital Receipt Requirement – General Fund**

	2021/22 £m	2022/23 £m	2023/24 £m	2024-26 £m	2021-26 Total £m
Requirement reported to 8 February 2021 Council	0.423	0.254	0	0	0.677
Reprogramming 2020/21 Outturn	0.342	0	0	0	0.342
Revised Requirement	0.765	0.254	0	0	1.019
Receipts Brought Forward	(2.583)	(1.818)	(1.564)	(1.564)	(2.583)
Total Receipts received 2021/22	0	0	0	0	0
Receipts used to repay capital loans	0	0	0	0	0
Net Useable Receipts	0	0	0	0	0
Surplus Receipts	(1.818)	(1.564)	(1.564)	(1.564)	(1.564)

Capital receipts – Housing Revenue Account

- 8.12 Housing Capital Receipts brought forward at 1 April 2021 were £8.263m. The housing receipts are committed against projects included in the 2021-2026 Investment Plan. The approved Capital Receipt requirement for 2021/22 was £0.750m. This, together with the reprogramming and variations reported to Cabinet, gives a revised requirement of £2.047m. To date, receipts of £1.058m have been received in 2021/22 of which £nil has been pooled as part of the quarterly returns to Central Government. In total, subject to future pooling, this leaves a surplus balance of £7.274m to be carried forward to fund future years.

8.12.1 Table 34: Capital Receipt Requirement - Housing Revenue Account

	2021/22 £m	2022/23 £m	2023/24 £m	2024-26 £m	2021-26 £m
Requirement reported to February 2021 Council	0.750	1.886	2.871	5.673	11.180
Reprogramming 2020/21 Outturn	1.124	0.000	0.000	0.000	1.124
Variations to be reported to August 21 Cabinet	0.173	0.000	0.000	0.000	0.173
Revised Requirement	2.047	1.886	2.871	5.673	12.477
Receipts Brought Forward	(8.263)	(7.274)	(5.388)	(2.517)	(8.263)
Receipts Received 2021/22	(1.058)	0.000	0.000	0.000	(1.058)
Receipts Pooled Central Government	0.000	0.000	0.000	0.000	0.000
(Surplus)/ Balance To be generated to fund future years (subject to further pooling)	(7.274)	(5.388)	(2.517)	3.156	3.156

The final figure for useable receipts and pooled receipts in year will depend on the final number of Right to Buy properties sold during 2021/22.

Investment Plan Monitoring Position to 31 May 2021

- 8.13 Actual expenditure for 2021/22 in the General Ledger was £3.753m; 3.81% of the total revised Investment Plan at 31 May 2021. This is after adjusting for £0.107m of accruals relating to 2020/21 expenditure.

8.13.1 Table 35: Total Investment Plan Budget & Expenditure to 31 May 2021

	2021/22 Revised Investment Plan £m	Actual Spend to 31 May 2021 £m	Spend as % of revised Investment Plan %
General Fund	66.615	2.463	3.70%
Housing	31.978	1.290	4.03%
TOTAL	98.593	3.753	3.81%

SECTION 9 – TREASURY MANAGEMENT & CASH POSITION

Current Cash Position

9.1 The Authority's current available cash balance as at the end of May 2021 is £22.951m, with £37.500m invested externally with other UK Local Authorities. All investments are made in line with the approved Treasury Management Strategy.

9.2 Table 36: Investment Position as at 31/05/2021

Counterparty	Type	Amount (£m)	Maturity
DMO	Term	16.000	1 June 2021
Barclays	Call	1.951	n/a
Lloyds Bank	Call	5.000	n/a
Inter – LA	Fixed	37.500	31 January 2022*

**This is the last maturity of this tranche.*

9.3 Due to the continued low interest rate environment the strategy throughout 2020/21 has been to repay maturing debt.

Short-term cash investment rates remain at all-time lows and an opportunity has been taken to maximise investment returns by investing longer and locking in investment returns by undertaking forward dated transactions. Forecast investment income excluding DMO investment is anticipated to be £0.081m.

9.4 The approach of maintaining low cash balances has been part of the strategy for a number of years and has generated substantial savings year on year. The government's Debt Management Office (DMO) and other deposit investment rates are currently paying 0.01%, taking into account CHAPS transfers fees and principal invested, it can cost the Authority to invest surplus cash. Therefore, the Authority is investing longer to reduce transactional costs as well as maximise returns. The temporary borrowing market is currently very liquid with significant cash available at very low rates. A summary of rates available is shown in table 37 below. PWLB rates also continue to remain low due to the low Gilt yields, which they are tracked against.

9.5 Table 37: Summary of Borrowing Levels

Temporary Market		PWLB	
Tenor	Level	Tenor	Level
1 week	0.02%	2 years	1.12%
1 month	0.02%	5 years	1.40%
3 months	0.03%	10 years	1.86%
6 months	0.05%	20 years	2.27%
9 months	0.10%	30 years	2.28%
12 months	0.15%	50 years	2.11%

**Please note these levels are from 29/06/2021*

PWLB rates do not include certainty rate reductions,

9.6 Any shortfalls in cashflow are covered by in year temporary borrowing, which is a quick and cost-effective method of cash management in the current situation.

Borrowing Position

- 9.7 Table 38 shows the Authority's current debt position, with total borrowing maturing in 2020/21 of £15.000m.

Table 38: Current Debt Position

	PWLB (£m)	LOBO (£m)	Temp (£m)	Total (£m)
Total Outstanding Borrowing Debt	397.443	20.000	15.000	432.443
Debt Maturing 2021/22	0.000	0.000	15.000	15.000

Covid-19 Impact on Cash

- 9.8 The impact of Covid-19 on cashflow for the Authority has resulted in several large grants being front loaded and lumpy grant income profile to the Authority. In March 2020, the Authority drew down £25.000m of PWLB to bolster the Authority's cash position, de-risk our borrowing requirement and take advantage of historically low levels in PWLB, and by doing so has contributed to the continued the surplus cash balance. Whilst a proportion of this is currently invested out for a fixed term, the Authority is currently carrying a cash surplus balance. However, it is anticipated this surplus will unwind as Covid-19 restrictions are reduced. Projected reduced revenue streams, increased costs and repayment of outstanding debt is forecast to utilise cash balances within the year. It is therefore prudent to assume the Authority will be in a deficit cash position to the amount of the projected budget pressure.

The Authority is under-borrowed to the value of £95.166m as at 31 March 2021, and whilst the Authority cannot borrow to fund this revenue pressure however, it can look to utilise reserves, unwind its under-borrowed position and externalise borrowing.

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	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Total £000
General Fund						
BS026 Asset Planned Maintenance						
Council Contribution	2,120	1,500	1,500	1,500	1,500	8,120
Section 106	9	0	0	0	0	9
Capital Receipts	32	0	0	0	0	32
Contribution from Reserves (Insurance)	244	0	0	0	0	244
BS026 Asset Planned Maintenance Total	2,405	1,500	1,500	1,500	1,500	8,405
BS029 Wallsend Customer First Centre						
Council Contribution	280	0	0	0	0	280
North of Tyne Combined Authority	250	0	0	0	0	250
BS029 Wallsend Customer First Centre Total	530	0	0	0	0	530
BS030 Public Sector Decarbonisation Scheme						
Low Carbon Skills Grant	3,289	0	0	0	0	3,289
BS030 Public Sector Decarbonisation Scheme Total	3,289	0	0	0	0	3,289
CO079 Playsites						
Section 106	82	0	0	0	0	82
CO079 Playsites Total	82	0	0	0	0	82
CO080 Burradon Recreation Ground						
Section 106	107	0	0	0	0	107
CO080 Burradon Recreation Ground Total	107	0	0	0	0	107
CO082 Sport and Leisure Facility Improvements						
Contribution from Reserves (Leisure)	18	0	0	0	0	18
CO082 Sport and Leisure Facility Improvements Total	18	0	0	0	0	18
CO083 Whitley Bay Crematoria						
Council Contribution	1,379	0	0	0	0	1,379
CO083 Whitley Bay Crematoria Total	1,379	0	0	0	0	1,379
DV058 Swan Hunters Redevelopment						
Council Contribution	13	0	0	0	0	13
DV058 Swan Hunters Redevelopment Total	13	0	0	0	0	13
DV064 Council Property Investment						
Council Contribution	1,035	0	0	0	0	1,035
DV064 Council Property Investment Total	1,035	0	0	0	0	1,035
DV066 Investment in North Tyneside Trading Co						
Council Contribution	1,959	0	0	0	0	1,959
Section 106	3,413	0	0	0	0	3,413
DV066 Investment in North Tyneside Trading Co Total	5,372	0	0	0	0	5,372
DV067 Northern Promenade						
Capital Receipts	223	0	0	0	0	223
Revenue Contribution (08252)	577	0	0	0	0	577
DV067 Northern Promenade Total	800	0	0	0	0	800
DV068 Southern Promenade						
Environment Agency Grant	193	0	0	0	0	193
DV068 Southern Promenade Total	193	0	0	0	0	193
DV071 Section 106 Contributions to Set Up Health Facilities						
Section 106	228	36	0	0	0	264
DV071 Section 106 Contributions to Set Up Health Facilities Total	228	36	0	0	0	264
DV073 Ambition for North Tyneside						
Council Contribution	0	654	1,225	2,000	0	3,879
Capital Receipts	63	254	0	0	0	317
Historic England - Heritage Action Zone	0	0	0	0	0	0
Revenue Contribution (08252)	0	746	500	0	0	1,246
DV073 Ambition for North Tyneside Total	63	1,654	1,725	2,000	0	5,442
DV074 North Shields Heritage Action Zone (Ambition)						
Council Contribution	705	116	87	0	0	908

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Total £000
Ger DV07 Historic England - Heritage Action Zone	675	115	86	0	0	876
DV074 North Shields Heritage Action Zone (Ambition) Total	1,380	231	173	0	0	1,784
DV075 Town & Neighbourhood Centres (Ambition)						
ERDF	34	0	0	0	0	34
DV075 Town & Neighbourhood Centres (Ambition) Total	34	0	0	0	0	34
DV076 Getting Building Fund (North Shields Public Realm)						
NELEP - Getting Building Fund	3,386	0	0	0	0	3,386
DV076 Getting Building Fund (North Shields Public Realm) Total	3,386	0	0	0	0	3,386
ED075 Devolved Formula Capital						
Education Funding Agency (Devolved)	1,806	579	579	579	579	4,122
ED075 Devolved Formula Capital Total	1,806	579	579	579	579	4,122
ED120 Basic Need						
Education Funding Agency (Basic Need)	1,939	314	113	113	113	2,592
ED120 Basic Need Total	1,939	314	113	113	113	2,592
ED132 School Capital Allocation						
Education Funding Agency (SCA)	5,667	3,534	3,534	3,534	3,534	19,803
ED132 School Capital Allocation Total	5,667	3,534	3,534	3,534	3,534	19,803
ED189 School Nursery Capital Fund						
Education Funding Agency (Devolved)	25	0	0	0	0	25
Education Funding Agency (SNCF)	77	0	0	0	0	77
ED189 School Nursery Capital Fund Total	102	0	0	0	0	102
ED190 High Needs Provision Capital Allocation						
Education Funding Agency (High Needs)	663	0	0	0	0	663
ED190 High Needs Provision Capital Allocation Total	663	0	0	0	0	663
EV034 Local Transport Plan						
Dept for Transport LTP ITA	958	958	958	958	958	4,790
Dept for Transport LTP Maint	2,385	1,947	2,000	2,000	2,000	10,332
Section 106	340	0	0	0	0	340
Public Transport Funding	28	28	28	28	28	140
EV034 Local Transport Plan Total	3,711	2,933	2,986	2,986	2,986	15,602
EV055 Surface Water Improvements						
Environment Agency Grant	421	0	0	0	0	421
NWL Contribution	40	0	0	0	0	40
EV055 Surface Water Improvements Total	461	0	0	0	0	461
EV056 Additional Highways Maintenance						
Council Contribution	195	2,000	2,000	2,000	2,000	8,195
Dept for Transport - Pothole Challenge Fund	1,851	0	0	0	0	1,851
EV056 Additional Highways Maintenance Total	2,046	2,000	2,000	2,000	2,000	10,046
EV069 Vehicle Replacement						
Council Contribution	1,602	762	1,248	1,676	1,123	6,411
EV069 Vehicle Replacement Total	1,602	762	1,248	1,676	1,123	6,411
EV076 Operational Depot Accommodation Review						
Council Contribution	339	0	0	0	0	339
ERDF	1,772	0	0	0	0	1,772
EV076 Operational Depot Accommodation Review Total	2,111	0	0	0	0	2,111
EV083 Street Lighting LED						
Council Contribution	4,478	0	0	0	0	4,478
EV083 Street Lighting LED Total	4,478	0	0	0	0	4,478
EV084 A189 Improvements Haddricks Mill to West Moor						
DFT National Productivity Fund	245	0	0	0	0	245
Section 278	1,554	0	0	0	0	1,554
EV084 A189 Improvements Haddricks Mill to West Moor Total	1,799	0	0	0	0	1,799
EV091 Other Initiatives Climate Change						
Council Contribution	127	0	0	0	0	127
EV091 Other Initiatives Climate Change Total	127	0	0	0	0	127

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Total £000
Gen EV092 E-Cargo Bikes2						
DFT E-Cargo Grant	12	0	0	0	0	12
EV092 E-Cargo Bikes2 Total	12	0	0	0	0	12
EV094 Transforming Cities Tranche 22						
Council Contribution	2,053	0	0	0	0	2,053
Capital Receipts	447	0	0	0	0	447
Transforming Cities Fund	105	0	0	0	0	105
EV094 Transforming Cities Tranche 22 Total	2,605	0	0	0	0	2,605
EV095 Emergency Active Travel Tranche 1 & 2						
Dept for Transport Covid19 Emergency Travel Fund Tranche2	1,400	0	0	0	0	1,400
EV095 Emergency Active Travel Tranche 1 & 2 Total	1,400	0	0	0	0	1,400
EV096 Tanners Bank						
Dept for Transport LTP Maint	50	53	0	0	0	103
Dept for Transport - Highway Maintenance Challenge Fund	470	410	0	0	0	880
EV096 Tanners Bank Total	520	463	0	0	0	983
GEN03 Contingencies						
Council Contribution	5,759	2,000	500	500	500	9,259
GEN03 Contingencies Total	5,759	2,000	500	500	500	9,259
GEN12 Local Infrastructure						
Council Contribution	110	100	100	100	100	510
GEN12 Local Infrastructure Total	110	100	100	100	100	510
HS004 Disabled Facilities Grant						
Better Care Fund	3,980	0	0	0	0	3,980
HS004 Disabled Facilities Grant Total	3,980	0	0	0	0	3,980
HS051 Private Sector Empty Homes						
Council Contribution	441	393	0	0	0	834
Homes & Communities Grant	210	0	0	0	0	210
HS051 Private Sector Empty Homes Total	651	393	0	0	0	1,044
HS052 Killingworth Moor Infrastructure						
Housing Infrastructure Fund	0	0	0	0	0	0
HS052 Killingworth Moor Infrastructure Total	0	0	0	0	0	0
HS053 Green Homes Local Authority Delivery						
Green Homes Grant (LAD1b) - Dept for BEIS	2,162	0	0	0	0	2,162
Green Homes Grant (LAD2) - Dept for BEIS	1,154	0	0	0	0	1,154
HS053 Green Homes Local Authority Delivery Total	3,316	0	0	0	0	3,316
IT020 ICT Strategy						
Council Contribution	1,436	1,000	1,000	1,000	1,000	5,436
IT020 ICT Strategy Total	1,436	1,000	1,000	1,000	1,000	5,436
General Fund Total	66,615	17,499	15,458	15,988	13,435	128,995
HRA						
HS015 Refurbishment / Decent Homes Improvements						
See HRA Financing	26,785	20,433	21,248	21,745	22,877	113,088
HS015 Refurbishment / Decent Homes Improvements Total	26,785	20,433	21,248	21,745	22,877	113,088
HS017 Disabled Adaptations						
See HRA Financing	1,314	1,072	1,083	1,094	1,105	5,668
HS017 Disabled Adaptations Total	1,314	1,072	1,083	1,094	1,105	5,668
HS039 ICT Infrastructure Works						
See HRA Financing	273	608	1,109	360	112	2,462
HS039 ICT Infrastructure Works Total	273	608	1,109	360	112	2,462
HS044 HRA New Build						
See HRA Financing	3,606	3,930	3,960	6,750	7,330	25,576
HS044 HRA New Build Total	3,606	3,930	3,960	6,750	7,330	25,576
HRA Total	31,978	26,043	27,400	29,949	31,424	146,794
Total £000	98,593	43,542	42,858	45,937	44,859	275,789

		2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Total £000
		2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	Total £000
General Fund							
Council Contribution		24,031	8,525	7,660	8,776	6,223	55,215
Council Contribution - Capital Receipts		765	254	0	0	0	1,019
Grants & Contributions		40,980	7,974	7,298	7,212	7,212	70,676
Revenue Contribution		577	746	500	0	0	1,823
Contribution from Reserves		262	0	0	0	0	262
General Fund Total		66,615	17,499	15,458	15,988	13,435	128,995
HRA Financing							
HRA Capital Receipts		2,047	1,886	2,871	2,689	2,984	12,477
HRA Revenue Contribution		10,759	9,831	9,485	11,932	12,760	54,767
HRA MRR		17,920	14,326	15,044	15,328	15,680	78,298
HRA Grants & Contributions		1,252	0	0	0	0	1,252
HRA Financing Total		31,978	26,043	27,400	29,949	31,424	146,794
Total£000		98,593	43,542	42,858	45,937	44,859	275,789

North Tyneside Council Report to Cabinet Date: 2 August 2021

Title: Council Plan Refresh

Portfolio(s): Deputy Mayor

Cabinet Member: Cllr Carl Johnson

Report from Service Area: Corporate Strategy and Customer Service

Responsible Officer: Jackie Laughton,
Assistant Chief Executive Tel :0191 643 7075

Wards affected: All

PART 1

1.1 Executive Summary:

This report seeks Cabinet's approval of an updated Our North Tyneside Council Plan, in light of the findings from engagement with residents and other key stakeholders. This engagement is being undertaken in accordance with the approach agreed by Cabinet on 28 June 2021.

As the engagement process is not due to conclude until 15 August 2021, it may be necessary to provide supplementary information regarding the engagement findings following the publication of the Cabinet agenda for 2 August, and possibly following the meeting itself.

1.2 Recommendation:

It is recommended that Cabinet approve the updated Our North Tyneside Council Plan as set out in Appendix 1, subject to consideration of feedback received throughout the engagement process.

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 25 June 2021.

1.4 Council Plan and Policy Framework

This report sets out the proposed updated 2020-2024 Our North Tyneside Plan. The Council Plan is a 'local choice' plan under the Budget and Policy Framework as set out in the Council's Constitution.

1.5 Information:

1.5.1 Background

1.5.2 The previous Our North Tyneside Council Plan 2020-2024 was approved by full Council on 18 February 2021. Following the Mayoral election on 6 May 2021 the Council Plan needed to be updated to reflect the policy priorities of the incoming administration. As per the Council's Budget and Policy Framework, as set out in the Council Constitution, the Council Plan requires final approval by full Council.

1.5.3 At its meeting on 28 June 2021 Cabinet approved a plan for internal and external engagement on the initial proposals for an updated Council Plan (see Appendix 1). Engagement began on Friday 2 July 2021 and will continue until 15 August (including consideration by the Overview, Scrutiny and Policy Development Committee at its meeting on 7 July). Following Cabinet's consideration of this report, and any supplementary information received, approval of the updated Council Plan will be sought from Council at its meeting on 23 September.

1.5.4 Our North Tyneside Council Plan 2021-24 Engagement

1.5.5 In accordance with the engagement plan agreed by Cabinet in June, the following has been undertaken:

- publication of information about Cabinet's initial Council Plan proposals from the end of June and throughout July. This has been achieved online via the Council's website and at front line locations including the Community Conversation corners in the four Customer First Centres, where these have been available in line with Covid-19 restrictions. Feedback from residents and others is in the process of being gathered via a questionnaire either on-line or at these front-line locations (as at 26 July 2021 165 responses had been received, the vast majority agreeing with the Council Plan proposals). This engagement process has been supported by communications activity via the media and social media to raise awareness of opportunities to take part;
- the views of Overview, Scrutiny and Policy Development Committee were sought on 7 July and are outlined in Appendix 2.
- in addition to the opportunity to respond to the questionnaire, engagement sessions have been offered to the following internal and external stakeholder groups:
 - staff
 - businesses
 - schools
 - children and young people
 - trade unions
 - North Tyneside Strategic Partnership
 - older people
 - carers
 - Black, Asian and other Minority Ethnic Communities Task Force
 - low income households
 - groups representing people with protected characteristics under the Equality Act 2010.

1.5.6 Interim findings based on the engagement responses received up until the publication of the Cabinet agenda are shown in Appendix 2.

1.5.7 As the engagement process is not due to conclude until 15 August 2021, it may be necessary to provide supplementary information regarding the engagement findings following the publication of the Cabinet agenda for 2 August, and possibly following the meeting itself. Any such supplementary information may also include feedback from a sub-group of Overview, Scrutiny and Policy Development Committee. Any supplementary information will be published alongside the previously published Cabinet agenda for 2 August.

1.6 Decision options:

The following decision options are available for consideration by Cabinet

Option 1

To approve the recommendation as set out in paragraph 1.2 above

Option 2

To not approve the recommendation as set out in paragraph 1.2 above

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reason:

- The contents of the updated Council Plan have been informed by the findings of a comprehensive engagement approach delivered in line with Covid-19 restrictions
- Approval of the updated Council Plan will enable a report to be taken to Council on 23 September 2021, in advance of the Council's budget setting process beginning.

1.8 Appendices:

Appendix 1: Updated Our North Tyneside Council Plan 2020-2024

Appendix 2: Interim Our North Tyneside Council Plan Engagement Findings

1.9 Contact officers:

Jackie Laughton, Head of Corporate Strategy and Customer Service, tel. (0191) 643 7075

Pam Colby, Senior Manager Policy Performance and Research, tel. (0191) 643 7252

Claire Emmerson, Senior Manager Financial Strategy and Planning, tel. (0191) 643 8109

1.10 Background information:

The following background papers/information have been used in the compilation of this report and are available at the office of the author:

(1) [Council Plan Refresh](#) report to Cabinet on 28 June 2021

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

- 2.1.1 Any financial implications arising from the delivery of priorities in the Our North Tyneside Council Plan will be met from existing budgets.

2.2 Legal

The Council has agreed that the Council Plan is part of the policy framework (as a “local choice” plan and as such it must be agreed in accordance with the rules of procedure relating to the Budget and Policy Framework (Part 4.7 of the Authority’s Constitution).

2.3 Consultation/community engagement

2.3.1 Internal Consultation

Consultation has been carried out with the Elected Mayor, Cabinet and Senior Leadership Team. The proposals have been scrutinised as set out in the Authority’s Constitution and Budget and Policy Framework Procedure rules.

2.3.2 External Consultation/Engagement

The engagement approach has been conducted in accordance with the process set out in paragraphs 1.5.4 to 1.5.7 of this report.

2.4 Human rights

- 2.4.1 There are no human rights implications from this report.

2.5 Equalities and diversity

- 2.5.1 In undertaking the process for the refresh of the Council Plan the Authority’s aim has at all times be to secure compliance with its responsibilities under the Equality Act 2010 and in particular the Public Sector Equality Duty under that Act. An Equality Impact Assessment was carried out on the engagement approach, with the aim of removing or minimising any disadvantage for people wishing to take part in the engagement activity. The Authority has made direct contact with groups representing people with protected characteristics under the Equality Act 2010 to encourage participation and provide engagement in a manner that will meet their needs.

2.6 Risk management

- 2.6.1 Relevant risks have been identified regarding this report, they are currently held on strategic and corporate risk registers and are being reviewed and managed as part of the Authority’s normal risk management process.

2.7 Crime and disorder

- 2.7.1 The proposals for the refreshed Our North Tyneside Council Plan include a priority theme to build a secure North Tyneside, and in particular to focus on anti-social behaviour.

2.8 Environment and sustainability

2.8.1 The proposals for the refreshed Our North Tyneside Council Plan include a priority theme to build a green North Tyneside.

PART 3 - SIGN OFF

- Chief Executive ☐
- Director(s) of Service ☐
- Mayor/Cabinet Member(s) ☐
- Chief Finance Officer ☐
- Monitoring Officer ☐
- Assistant Chief Executive ☐

Appendix 1: Updated Our North Tyneside Council Plan 2020-2024

The Council Plan has a vision of building a better North Tyneside looking to the future. Throughout all that the Council does, there will be a clear focus on listening to and working with residents, businesses, the community and voluntary sector and all other stakeholders to ensure that things are delivered in partnership and in line with the different needs of the borough.

The Council Plan future vision is of a North Tyneside in the following five themes:

- thriving
- family-friendly
- caring
- secure
- green

Each of these five themes has a clear set of policy priorities and outcomes as set out below

A thriving North Tyneside

- We will regenerate the high streets of North Shields and Wallsend and will bring forward Master Plans for Wallsend and Whitley Bay town centres. We will also bring investment and improvements to the North West area of the borough and ensure that regeneration delivers ambition, opportunity and benefits for all of our residents
- We will bring more good quality jobs to North Tyneside – by helping local businesses to grow and making it attractive for new businesses to set up or relocate in the borough;
- We will invest in adult education and to support apprenticeships to make sure people have the right skills for the job;
- We will keep our libraries and leisure centres open as part of a vibrant cultural and leisure offering;
- We will continue to be the destination of choice for visitors through the promotion of North Tyneside's award-winning parks, beaches, festivals and seasonal activities; and
- We will reduce the number of derelict properties across the borough.

A family-friendly North Tyneside

- We will support local schools, making sure all children have access to a high-quality education with opportunities to catch up where needed after the pandemic;
- We will provide outstanding children's services, events and facilities so North Tyneside is a great place for family life; and
- We will ensure all children are ready for school including through poverty proofing the school day – giving our kids the best start in life.

A caring North Tyneside

- We will provide great care to all who need it, with extra support available all the way through to the end of the pandemic;
- We will work with the care provision sector to improve the health and well-being working conditions of our care heroes;
- People will be cared for, protected and supported if they become vulnerable, including if they become homeless;
- We will support local community groups and the essential work they do; and
- We will work to reduce inequality, eliminate discrimination and ensure the social rights of the people of North Tyneside are key to council decision making.

A secure North Tyneside

- Council wardens will work with Northumbria Police to tackle antisocial behaviour;
- We will invest an additional £2m per year on fixing our roads and pavements;
- We will maintain the Council Tax support scheme that cuts bills for thousands of households across North Tyneside;
- We will take a holistic view to tackling health and socio-economic inequalities across the borough including through our Poverty Intervention Fund to tackle food poverty;
- We will provide 5000 affordable homes.
- We will review the supply chain of services delivered on behalf of the Council to maximise value for money and environmental sustainability

A green North Tyneside

- We will keep increasing the amount of waste that can be recycled and introduce food waste collections and deposit return schemes;
- Council environmental hit squads will crack down on littering;
- We will secure funding to help households to install low-carbon heating;
- We will increase opportunities for safe walking and cycling, including providing a segregated cycleway at the coast; and
- We will publish an action plan of the steps we will take and the national investment we will seek to make North Tyneside carbon net-zero by 2030.

Appendix 2: Interim Our North Tyneside Council Plan Engagement Findings

Overview, Scrutiny and Policy Development Committee suggested:

- considering mortality rates within the secure North Tyneside theme
- giving higher prominence to the Authority's carbon net zero aims
- ensuring green issues are cross-cutting

The Committee affirmed plans contained in the engagement process to engage with young people, those on low incomes and community and voluntary sector organisations. It also agreed to create a sub-group, prior to Cabinet on 2 August, to consider any proposed changes to the Our North Tyneside Council Plan in light of engagement feedback received.

The **North Tyneside Strategic Partnership** has had initial discussions on the high level themes of the Council Plan and the opportunity for further discussion and engagement has been offered.

During the first week since the publication of the **on-line questionnaire** 165 responses have been received. Of these:

- 83.5% strongly agree/agree with the proposed thriving North Tyneside priorities
- 84% with those for a family friendly North Tyneside
- 87% with the caring North Tyneside priorities
- 81% with the secure North Tyneside priorities
- 79% with the green North Tyneside priorities.

The opportunity to take part in the Council Plan engagement process, either via the questionnaire or internal and external stakeholder engagement sessions, will be promoted throughout the engagement process until it closes on 15 August 2021. The findings from this engagement activity will be published as supplementary information following the publication of the Cabinet agenda for 2 August, and possibly following the meeting itself. The updating of the Our North Tyneside Council Plan will consider all feedback received during the engagement process.

North Tyneside Council Report to Cabinet Date: 2 August 2021

Title: Contributions Policy for Adult Social Care and Support Services

Portfolio(s): Adult Social Care

Cabinet Member(s): Cllr Anthony McMullen

Report from Service

Area: Health, Education, Care and Safeguarding. Adult Social Care

Responsible Officer: Jacqui Old, Director of Services for Children and Adults **Tel:** (0191) 6435963

Wards affected: All wards

PART 1

1.1 Executive Summary:

Financial assessments are carried out to establish how much money someone in receipt of Adult Social Care support can afford to contribute to the cost of their Social Care. The basis of financial assessments is set out in North Tyneside Council Contributions Policy for Adult Care and Support Services.

The Adult Social Care Service has been reviewing and updating the Contributions Policy for Adult Care and Support Services.

There are two main aspects of this which require consideration by Cabinet. These are:

- The pension age to be used in financial assessments; and
- The Minimum Income Guarantee to be used in financial assessments.

The Cabinet meeting in May 2021 agreed for a public consultation to take place. The findings of this process are set out in the report to allow Cabinet to make a final decision on the Contributions policy.

1.2 Recommendation(s):

It is recommended that Cabinet to:

- (1) Approve the reviewed Adult Social Care Contributions Policy.
- (2) Agree to use an individual's actual pension age, as set out by government for financial assessments.
- (3) Agree to use the threshold for Financial Assessments as Minimum Income Guarantee plus a further 5%.

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 26 February 2021.

1.4 Council Plan and Policy Framework

This report relates to the following priority(ies) in the 2020-2024 Our North Tyneside Plan:

Our people will:

- Be healthy and well – with the information, skills and opportunities to maintain and improve their health, well-being and independence, especially if they are carers.
- Be cared for, protected and supported if they become vulnerable including if they become homeless

1.5 Information:

1.5.1 Background

1.5.2 The current budget for Adult Social Care in North Tyneside in 2021/22 is £54,947,400 which is 36.59% of the Authority's net budget.

Section 14 of the Care Act 2014 (the Act) sets out the principles to be applied when local authorities are charging people in receipt of Adult Social Care services. Section 17 of the Act outlines the process for carrying out financial assessments to determine individuals' contributions.

1.5.3 The Care and Support statutory guidance published under the Act states that people should not be charged more than is reasonably practicable for them to pay and that charging rules must be applied equally (so those with similar needs or services are treated the same) and minimise anomalies between different care settings. North Tyneside has a Contributions Policy for Adult Social Care in place, which has been recently reviewed by Adult Social Care officers.

1.5.4 The principle of the charging process under the Act is that services are means tested and individuals should be charged according to their ability to pay. As a result of this review some aspects of the Contributions Policy have been identified as requiring further scrutiny to ensure that best processes are being followed, in line with the principles of equality and fairness.

1.6 Public Consultation

1.6.1 This was carried out using an on-line questionnaire through our Have Your Say page of the North Tyneside Council website, with paper versions available on request. The consultation was advertised via social media, with links to the webpage and by direct contact with all members of North Tyneside Residents Panel and current customers of adult social care, who received an individual letter.

1.6.2 The questionnaire asked for respondents' views on:

- the provision of good quality adult social care support
- the pensionable age for the purpose of financial assessment
- the level at which the minimum income guarantee should be set as part of the assessment

1.6.3 There were 247 responses received.

1.6.4 The survey included an optional section on equality monitoring. Of those who responded 58% were members of the public, 29% were carers of someone accessing services, 6% were people who access services themselves and 7% put other. From this we can see that over half were members of the public.

1.6.5 67% who completed the survey were female, with 33% male. From the Equality Impact Assessment, we know that more females than males access adult social care. 117 people who responded were aged over 60 and we know from the Equality Impact Assessment that most people accessing services are over 60 in age. 27% of those who responded stated that they did have a long-term condition illness and 73% stated that they did not. We can see that most people who responded do not have current access to services, however they are in sex or age category more likely to access services.

1.6.6 The public consultation asked people's general views on the provision of good quality adult social care support. 95% of respondents agreed that this is important, with 4% neither agreeing nor disagreeing while 1 % of respondents disagreed with this view. It is clear from this that people value the support provided to adults in need of care and support as set out by The Care Act 2014.

1.6.7 The survey asked for people's comments on their answers, not all people added comments, but of those who did their reasons for supporting social care can be put into specific themes.

- The moral obligation on society to support others (99 responses)
- A human rights issue (24 responses)
- Own experience or having members of family needing support (24 responses)
- The circle of life; we may all need support one day (29 responses)
- The impact good care can have on someone's wider health and wellbeing (11 responses)
- Not providing care can impact on other services and the general economy (11 responses)
- Other reasons (7 responses)

1.6.8 Some comments included

"Nobody knows when or if they may need this service and a fair contribution by all makes it affordable to everyone"

"Everyone deserves quality care"

"Adults who need any type of care can be vulnerable"

"It's the right thing to do"

"Our family needs it at the moment"

"We are living longer and more and more of us will need extra care in the future"

"We are vulnerable adults who deserve good quality care"

"Key services that enable people to regain and maintain their dignity"

1.6.9 Those who neither agreed or disagreed in most cases didn't give a reason, however the few that did, stated they felt that money should be invested in other things like the economy or stated that adult social care should only focus on the most vulnerable. It can be concluded that most people who responded to the consultation were in favour of providing good quality adult social care. This is view shared by North Tyneside Council.

1.7 Pension Age

1.7.1 The Authority currently financially assesses people to be over pension age at the age of 60. However, the pension age has increased to 65, 66, 67 and 68 depending upon people's date of birth. This is in line with national policy and is the basis on which other departments in the Authority calculate pension age, for example, Revenues and Benefits.

1.7.2 People between the ages of 60-65 are therefore currently not being assessed correctly based on the state benefits they may be entitled to.
The proposal is to increase the pension age for the purposes of financial assessment to the correct pension age depending upon an individual's date of birth.
This means that the correct state benefits would be applied, and the correct Minimum Income Guarantee would be used to calculate an individual's financial contribution.

1.7.3 As of January 2021, the change to the pensionable age would impact on 147 clients, however 38 clients would stay as a nil charge as they have lower income and Disability Related Expenditure's apply.
109 clients would see an increase to their charge, the average increase per client is £44.13 per week.

The overall summary increase in income to the Authority is set out below:

Number of People	Increase (weekly)	Increase (4 weekly)	Increase (annually)
147	£4,809.88	£19,239.52	£250,113.76

1.7.4 In relation to setting the pension age:

1.7.5 47% of respondents agreed with the change to government set pension age.
The reasons for this were that it would be in line with government guidance, was based on change in financial circumstances and was fairer and simpler (58 responses). Some stated that many people still worked into their 60's and so should be assessed accordingly (10 responses).

1.7.6 24% of respondents neither agreed nor disagreed as they felt they didn't know enough about it to give a view (15 responses) or that the assessment should be based on care needs and not age (14 responses).

1.7.7 29% of people disagreed, with most feeling that support should be based on need not age (45 responses).

1.7.8 The consultation shows that nearly half of people who gave a view agreed with the proposal. Over half either did not have a view or did not agree, with most of these being concerned that the decision should be based on care needs and not age.

It should be noted that the provision of adult social care support is based on assessed need however this consultation relates to the way an individual's financial contribution is calculated.

1.7.9 Proposal

1.7.10 It is proposed that the Authority use the actual pension age as set out by government for financial assessments in the reviewed Contribution Policy.

1.8 Minimum Income Guarantee

1.8.1 In order to calculate an individual's financial contribution to the cost of their social care a financial assessment is undertaken. This considers an individual's income and expenditure, based on set criteria.

1.8.2 As part of this assessment, the Government sets a Minimum Income Guarantee (MIG). This is an amount of money which is deemed to be the minimum an individual should have per week to enable them to manage financially and is disregarded as part of the financial assessment.

1.8.3 The Care Act 2014 set the MIG based on '*benefit rates plus 25%*'. This has since been superseded by annual Department of Health and Social Care (DHSC) circulars which now sets the MIG at defined rates.

1.8.4 North Tyneside are currently using differing thresholds following a consultation in 2018. The 2018 consultation suggested that the threshold would change over a three-year period, which has not ended. The rates are set out below:

	06.04.20	06.04.20
	Benefit rates + 25%	MIG plus 18.6%
Working age with disability premium	136.63	156.26
Working age with enhanced disability premium	158.00	179.62
Over pension age	217.19	224.15

1.8.5 However, these rates are not sustainable for the Authority and are not in line with our neighbouring authorities, who use DHSC MIG rate or the original Care Act benefits plus 25% calculation. Therefore, North Tyneside is now reviewing its position. The proposal is to adhere to the Minimum Income Guarantee as set out by government or to add a further 5% on top of this rate, both of which reduce the current threshold of income disregarded for the purposes of financial assessment. These are set out below:

	06.04.20	06.04.20
	MIG rate	MIG plus 5%
Working age with disability premium	131.75	138.43
Working age with enhanced disability premium	151.45	159.02
Over pension age	189.00	198.45

- 1.8.6 Applying MIG would result in additional client contributions of £0.829m per year and applying the MIG plus 5% would increase contributions by £0.160m per year.
- 1.8.7 Our 2021 consultation asked respondents to consider two options in relation to the Minimum Income Guarantee, namely:
- Option 1

To adhere to the Minimum Income Guarantee rates as set out by Department of Health and Social Care, or
 - Option 2

To set a disregard rate based on Department of Health and Social Care Minimum Income Guarantee rates and add an extra 5%.
- 1.8.8 20% of the people who responded felt it should be set at the same as Government MIG. They gave a variety of reasons for this. These included that it was correct to follow Government guidance, that it would mean it was equitable across the country (14 responses), for example:
- “It should be in line with the whole country and not dependent on where you live.”
- 1.8.9 Some people stated they felt the money should be spent on other things in the borough (8 responses).
- 1.8.10 60% of the people who responded stated it should be set at MIG plus 5%. They felt it would make a difference to people’s lives, that it would support a better standard of living for people who needed it (74 responses). Some people felt the MIG was too low in the first instance and that the rate should be set above it (24 responses), for example:
- “Has to leave people with some income to live on.”
- “The MIG is too low.
- 1.8.11 20% of the people who responded stated that neither were suitable as for example adult social care should be free at the point of delivery like the NHS, people shouldn’t pay for adult social care at all or there should be a higher threshold than either of these options set as a disregard. for example:
- “Some people have contributed and worked hard all their lives to own their own homes and make sure their families are cared for – you should not be penalised for saving sensibly for your future.”
- “It should be more than both of them because those amounts are not enough for people to live on if they have to pay for bills etc out of that.”
- 1.8.12 The consultation shows that the majority of respondents felt that the rate should be set at MIG plus a further 5%.
- Proposal

1.8.13 Based on the finding it is proposed that the Authority set the threshold at the Government based MIG plus a further 5%.

1.9 Other Changes to note

1.9.1 The Contributions Policy is an appendix to this report.

1.9.2 Since the Cabinet meeting in May 2021 the wording in the policy has been strengthened in Section 9.5 regarding Third Party tops ups. These are payments a third party can make to a residential placement for an individual to have a placement in a home that charges above Local Authority rates, or for a bigger room etc. The Authority will be offering the option to pay these charges directly to care homes and invoice third parties separately. The policy now reflects this position.

1.9.3 In Section 11 respite care will now be charged based on residential placements, however additional disregards will be allowed for an individuals' community bills for example rent and bills.

1.9.4 In Section 12.14 there is clarity regarding people living in Extra Sheltered accommodation with core charges to confirm that the charges will be invoiced separately but will be disregarded from an individual's financial assessment.

1.10 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

To agree to the recommendations as set out in paragraph 1.2 above

Option 2

Not to agree to the recommendations set out in paragraph 1.2 above

Option 3

To continue with the current arrangements.

Option 1 is the recommended option.

1.11 Reasons for recommended option:

The Contributions Policy needs to be fair and equitable for all people. The rates applied for disregards need to be financially viable for the Authority and this would bring the Authority in line both regionally and nationally.

1.12 Appendices:

Appendix 1: Proposed Revised North Tyneside Council Contributions Policy for Adult Care and Support Services

Appendix 2: Equality Impact Assessment

1.13 Contact officers:

Alison Tombs - Assistant Director Wellbeing and Assessment, (Tel 0191 6435963)
David Dunford, Acting Senior Business Partner, (Tel: 0191 643 7027)

1.14 Background information:

The following background papers/information have been used in the compilation of this report and are available at the office of the author:

- (1) The Care Act 2014 Section 14
<https://www.legislation.gov.uk/ukpga/2014/23/section/14>
- (2) The Care Act 2014 Section 17
<https://www.legislation.gov.uk/ukpga/2014/23/section/17>
- (3) The Department of Health and Social Care guidance regarding the Minimum Income Guarantee
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/772969/Social_care_charging_for_care_and_support_-_LAC_2019.pdf

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

The impact of the proposal of MIG plus 5% has been modelled on the cohort of 1,472 clients receiving community-based services in April 2021. The proposals consulted on are estimated to result in a full year impact of an increase of client contributions of £0.829m for the application of MIG and an increase of £0.160m for the application of MIG plus 5%. These impacts are in comparison to the level of contributions resulting from the rates applied in March 2021. If the change was implemented from 1 October 2021 following agreement with Cabinet, there would be a part year impact in 2021/22 of £0.415m for the application of MIG and £0.080m for the application of MIG plus 5%.

The impact of applying the actual pension age according to a client's date of birth is modelled to increase client contributions by £0.250m with a part year impact of £0.125m in 2021/22 if this change was implemented from 1 October 2021.

The total value of client contributions in relation to community-based services in 2020/21 was £4.399m. The budget for client contributions for community-based services in 2021/22 is £3.567m. Any additional client contributions accruing from Cabinet's decision to change the policy will be clearly reported during 2021/22 allowing consideration in relation to building these changes into the 2022-2026 Medium-Term Financial Plan.

2.2 Legal

Under section 1 of the Care Act 2014 the Authority has a duty to promote an individual's wellbeing and when exercising its functions, the Authority has to have regard to the matters set out in that section.

Under sections 9 and 18 of the 2014 Act the Authority has a duty to provide care and support services to those who need it. As stated in the report, the Authority can charge for the provision of its services having regard to the requirements of the Act and the Care and Support (Charging and Assessment of Resources) Regulations 2014.

The Authority must also act in accordance with the statutory guidance published under the Act.

In calculating the level of charges to be levied against individuals, as with any function that it discharges, the Authority has to do so in a way that does not discriminate against a particular individuals or group of individuals. To do so leaves the Authority open to challenge as demonstrated by the Judicial Review brought against Norfolk County Council and the way it levied charges under the Care Act 2014.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

This report has been discussed with Adult Social Care Senior Management Team

2.3.2 External Consultation/Engagement

A public consultation has been undertaken, the findings of which are shown in 1.6.to 1.8 of this report.

2.4 Human rights

There are no specific human rights implications arising from this report.

The proposals to be consulted on have been formulated having regard to current government guidelines or have precedent elsewhere. Any human rights implications that there may be when financially assessing an individual will be considered at that time as well as any equalities and diversity implications.

2.5 Equalities and diversity

An Equality Impact Assessment has been undertaken. It shows that individuals who receive social care support and have the following protected characteristics are more likely to be impacted by the proposed change. Older people are more likely to be in receipt of adult social care services. Women are also more likely to be in receipt of services. People with disabilities and long-term conditions are more likely to be in receipt of adult social care services. Under the Act, individuals must be financially assessed and charged for the social care that they receive. This is a complex area regarding finances and benefits; therefore, we ensure we use appropriate interpretation services for people who do not have English as first language.

The aim of the Authority's approach is to be equitable based on people's ability to pay, and to ensure that the financial assessment process is fair and consistently applied.

2.6 Risk management

There are no specific risk management implications arising from this report.

2.7 Crime and disorder

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

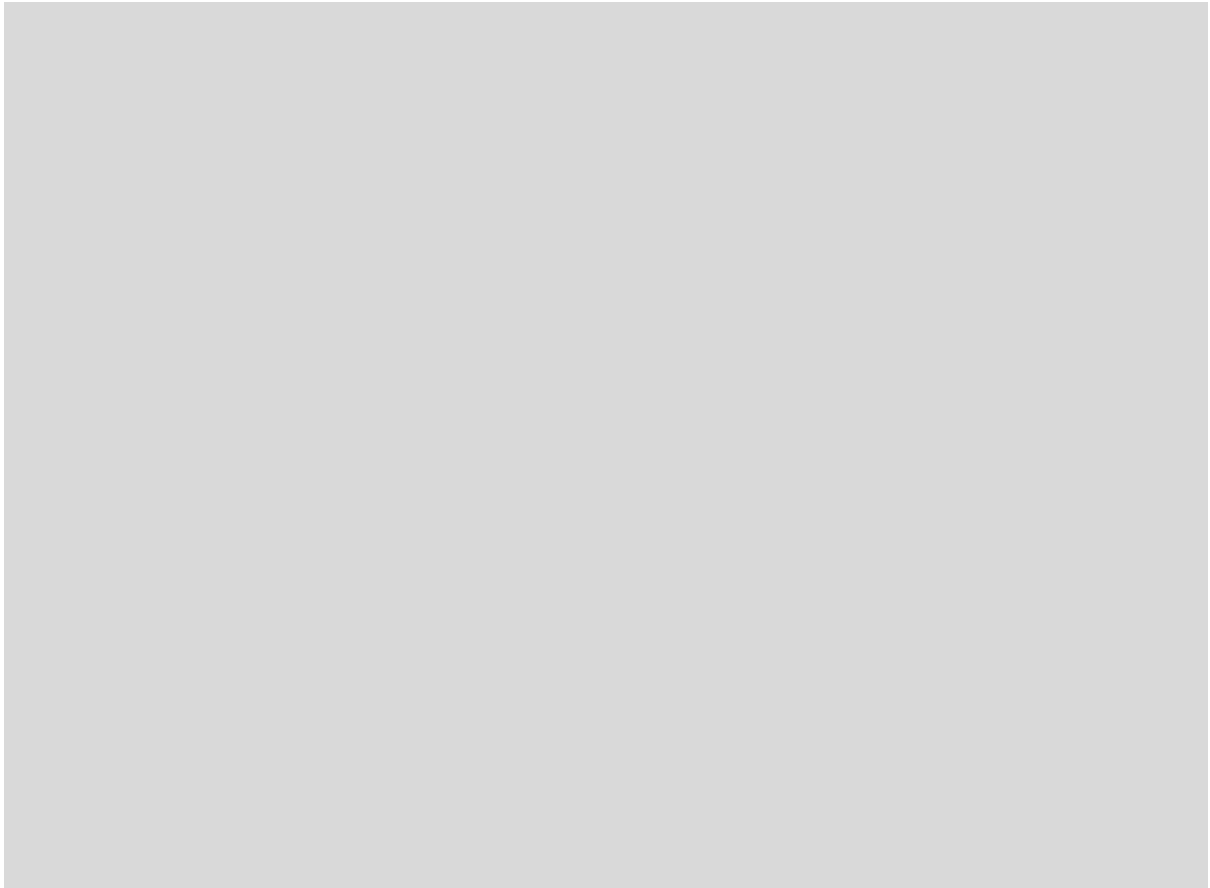
2.8 Environment and sustainability

There are no specific environment and sustainability implications arising from this report.

PART 3 - SIGN OFF

- Chief Executive ☐
- Director of Service ☐
- Mayor/Cabinet Member(s) ☐
- Chief Finance Officer ☐
- Monitoring Officer ☐
- Assistant Chief Executive ☐

Contributions Policy for Adult Care and Support Services



Date: June 2021; Version: 4a
Author: Alison Tombs



North Tyneside Council

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1. Introduction

- 1.1** North Tyneside Council's Contributions Policy for adult care and support services complies with the Care Act 2014, in particular, Sections 14 and 17.

Its aim is to produce a fair and consistent framework for charging and financial assessment for all adults who receive care and support services, following an assessment of their individual needs, and their individual financial circumstances.

The policy will be continually reviewed and amended in line with statutory guidance and advice issued by the Department of Health.

- 1.2** For the purposes of this policy, an adult is any customer aged 18 and above.

2 Legal basis for charging and financial assessment

- 2.1** The Care Act 2014 provides a single legal framework for charging for care and support. It enables Local Authorities to decide whether to charge an adult when it is arranging to meet care and support needs of the adult, or a carer's support needs. This is based on an individual's financial assessment

- 2.2** Section 14 of The Care Act 2014 provides Local Authorities with the power to charge adults in receipt of care and support services, where the Local Authority is permitted to charge for the service being provided.

- 2.3** Section 14 of The Care Act 2014 provides Local Authorities with the power to charge for services meeting carer's needs, by providing services directly to the carer.

- 2.4** Section 17 of The Care Act 2014 permits Local Authorities to undertake an assessment of financial resources. The financial assessment will determine the level of an adult's financial resource, and the amount (if any) which the adult may be likely to be able to pay towards the cost of meeting their needs through care and support services.

2.5 Section 14 of The Care Act 2014 instructs that Local Authorities are not permitted to charge for provision of the following types of care and support:

- Community equipment (aids and minor adaptations): a service which consists of the provision of an aid, or minor adaptation to property, for the purposes of assisting with nursing at home or aiding daily living. An adaptation is minor if the cost of making the adaptation is £1,000 or less;
- Intermediate care (including re-ablement support) services for **up to 6 weeks**;
- Care and support provided to people with Creutzfeldt-Jacob Disease;
- Services that are provided under Section 117 of the Mental Health Act (1983) which relate to an adult's mental health problems and cannot be charged for
- Any service or part of service which the NHS is under duty to provide. This includes Continuing Healthcare and the NHS contribution to Registered Nursing Care, or health services provided to adults who are terminally ill and assessed as palliative end of life care;
- Services which the Local Authorities have a duty to provide through other legislation;
- Assessment of needs and care planning, including the cost of the financial assessment, as these constitute 'meeting needs'.

2.6 North Tyneside Council will refer to the Care and Support Regulations (Statutory Instruments) and Care and Support Statutory Guidance and Annexes issued under The Care Act 2014, in all regards for specific guidance relating to charging and financial assessment.

As such, these statutory regulations form the basis of this policy, except where the Council exercises its power of discretion as set out within the regulations.

3 Equality and Diversity

3.1 Equality

The Care Act 2014 Section 14 outlines the principle for charging people in receipt of Adult Social Care services and Section 17 outlines the process for carrying out financial assessments to determine individuals' contributions.

The guidance states that charging rules must be applied equally so those with similar needs or services are treated the same and minimise anomalies between different care settings.

3.2 Diversity

The Council is committed to ensuring that no one is treated in any way less favourably on the grounds of personal differences such as age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.

4 Policy objectives

4.1 The principles underpinning this policy are:

- Where the Council is required to arrange care and support for free, it does so;
- That adults are not charged more than it is reasonably practicable for them to pay following a Financial Assessment. The Financial Assessment will consider any additional costs that an adult may face as a result of their disability;
- To provide clear and transparent information so adults know what they will be charged for;
- To apply the rules consistently, to avoid variation in the way adults are assessed and charged;
- To promote wellbeing, social inclusion, and support the vision of personalisation, independence, choice and control;
- To support carers to look after their own health and wellbeing and to care effectively and safely;
- To be person-focused, reflecting the variety of care and caring journeys and the variety of options available to meet needs of adults;
- To apply charging rules equally so those with similar needs or services are treated the same and to minimise anomalies between different care settings;
- To ensure that the charge to the adult for services provided is no greater than the cost of that service being delivered to the Council;
- To encourage and enable those who wish to stay in or take up employment, education or training, to plan for the future costs of meeting their needs to do so;
- To ensure that where an adult lacks capacity to undertake a Financial Assessment that the Council consults a suitable person defined as having either

- Enduring Power of Attorney (EPA);
- Lasting Power of Attorney (LPA) for Property and Affairs;
- Lasting Power of Attorney (LPA) for Health and Welfare;
- Property and Affairs Deputyship under the Court of Protection; or
- any other person dealing with that person's affairs, for example - someone who has been given Appointeeship by the Department of Work and Pensions (DWP) for the purpose of benefits payments

5. Principles

- 5.1** An adult requiring care and support must initially satisfy an eligibility assessment and only where an adult has an eligible need, will a financial assessment be required.
- 5.2** All adults requiring care and support must have a financial assessment. An adult's financial circumstances will determine whether the adult is eligible for support towards the cost of their care and support from the Council.
- 5.3** The purpose of the financial assessment is to ensure that the level of contribution calculated is within the adult's means and what they can reasonably afford to pay and leaves them with at least the guaranteed minimum level of income set by the Department of Health and Social Care.
- 5.4** The Council will ensure that all adults are supported to maximise their benefit entitlement and assist with the completion of benefit claim forms where necessary.

6. The Financial Assessment

- 6.1** Where the Council has determined that an adult is eligible for care and support services, it will undertake a financial assessment to ensure that the adult is not charged more than it is reasonably practicable for them to pay.
- 6.2** Once completed a written record of how the financial contribution has been calculated will be provided to the adult.
- 6.3** The adult is responsible for advising the Council of any changes to their financial circumstances that may impact upon their financial assessment.

7. 'Light-Touch' Financial Assessment

- 7.1** In some circumstances the Council may choose to treat a person as if a financial assessment had been carried out. In order to do so, the Council must be satisfied on the basis of evidence provided by the individual adult that they can afford, and will continue to be able

to afford, any charge due. This is known as a 'light-touch' financial assessment. The individual adult has the right at any time to request a full financial assessment.

7.2 The Council will consider a 'light-touch' financial assessment if:

- The adult has significant financial resources and does not wish to undergo a full financial assessment for personal reasons, but wishes nonetheless to access local authority support in meeting their needs;
- In such circumstances, and where care and support is provided in a community setting, including respite care, the Council will charge an 'arrangement fee'. (see section 12.7 below)
- Where an adult is in receipt of benefits/income which demonstrate that they would not be able to contribute towards their care and support costs; and
- Where there is difficulty in contacting the adult or their representative within a reasonable time to undertake the financial assessment. In such cases the Council will assess the client using a 'light-touch' financial assessment and charge accordingly. The charge will be reviewed when contact has been established and a full financial assessment undertaken.

8. Non-Disclosure of Financial information

8.1 An adult has the right to choose not to disclose their financial circumstances, for example where they can afford to and will continue to be able to afford to pay any charges due for care and support. If the adult chooses to exercise this right, then they will be required to pay the full cost of their care and support at the time the service is delivered.

8.2 If the adult lacks capacity and their representative fails to engage in the Financial Assessment process, then the Council will require the representative to pay the care costs in full.

8.3 If the Council is concerned that the representative is not acting in the adult's best interests, then the Council will consider following the Adult Safeguarding process.

9 Charging and financial assessment for care and support in a care home on a permanent basis

9.1 The Council will charge for care and support delivered in a Care Home on a permanent basis.

- 9.2** Adults requiring permanent care and support in a Care Home must initially satisfy an eligibility assessment for care and support. Only where an adult has an eligible care and support need will a financial assessment be required.
- 9.3** All adults requiring permanent care and support in a Care Home must have a Financial Assessment. The adult's individual financial circumstances will determine whether they are eligible for support towards permanent care costs from the Council.
- 9.4** Adults will be made aware at the outset of the maximum amount of funding the Council makes available towards care and support provided by independent / voluntary sector Care Homes. This is known as 'The Local Authority Rate'. This rate is inclusive of any assessed customer contribution, and in the case of Nursing Care, includes the free Funded Nursing Care element (FNC) paid by the NHS.
- 9.5** Third party top ups may be applicable when an adult chooses more expensive accommodation than the Local Authority Rate. The top-up is to be paid by a third party, the third party must confirm they are able to meet the costs of the top-up for the duration of the agreement, including any price changes that may occur.

Both they and the adult will be made aware of the cost and to whom payment is to be made, together with the frequency, as well as provision for review, the consequences of failing to maintain payment and the effect changes in any parties' financial circumstances will have on the agreement.

It is recommended that the top up is paid directly to the care home by the third party, this is the simplest option. The second option is for North Tyneside Council to pay the top up to the care home and then invoice the third party for the four-weekly amount.

Non-payment of the top up; if the top up is not paid the service user may be moved to a room or other home that does not require a top up. Any unpaid top up costs that are paid by North Tyneside Council will be passed on to the third party as debt to be recovered.

If the Local Authority were not involved in the placement of the person, any third party top up would be a private arrangement.

- 9.6** Where an adult is eligible to receive Local Authority funding for support in a care home setting, but decides to reside in another Local

Authority area, North Tyneside Council will pay the Local Authority rate for the area where the customer decides to live.

Where an adult chooses more expensive accommodation than the Local Authority Rate of their chosen area and the top-up is to be paid by a third party, the third party must confirm they are able to meet the costs of the top-up for the duration of the agreement, including any price changes that may occur.

Both they and the adult will be made aware of the cost and to whom payment is to be made, together with the frequency, as well as provision for review, the consequences of failing to maintain payment and the effect changes in any parties' financial circumstances will have on the agreement.

It is recommended that the top up is paid directly to the care home by the third party, this is the simplest option. The second option is for North Tyneside Council to pay the top up to the care home and then invoice the third party for the four-weekly amount.

Non-payment of the top up; if the top up is not paid the service user may be moved to a room or other home that does not require a top up. Any unpaid top up costs that are paid by North Tyneside Council will be passed on to the third party as debt to be recovered.

If the Local Authority were not involved in the placement of the person, any third party top up would be a private arrangement.

- 9.7** Adults who own a property, over which security can be taken, may be eligible to defer care costs against the value of the property.

This is known as a Deferred Payment Agreement. On an individual basis, North Tyneside Council will consider other assets than a property as eligibility for the Deferred Payment Scheme.

North Tyneside Council will make Deferred Payment Agreements available under the national 'Universal Deferred Payment Agreement Scheme' and 'North Tyneside Council Deferred Payment Agreement Scheme' providing the eligibility criteria has been met.

Details of Deferred Payment Agreements can be found within the Council's Deferred Payment Agreement Policy located at www.northtyneside.gov.uk

9.8 The Council will undertake a financial and benefits check for adults entering Residential Care on a permanent basis to ensure that their income is maximised. Contributions are payable from the date care commences.

9.9 The Financial Assessment will consider income, capital and the value of any assets.

The charging methodology will take into consideration any mandatory disregards of income, capital and property as defined in the Care and Support (Charging and Assessment of Resources) Regulations 2014.

9.10 The Financial Assessment will take into account statutory amounts required to be retained by the customer from their income. These are known as 'Personal Expenditure Allowance' (PEA) and 'Disposable Income Allowance' (DIA). These amounts are dependent upon the adult's individual financial circumstances and are reviewed annually by the Department of Health and Social Care.

The rates applicable for the relevant financial year (April – March) are set out on the Councils website www.northtyneside.gov.uk Where a customer has no income the Local Authority must ensure that they receive a personal expenditure allowance at the prevailing rate.

9.11 Financial assessments will be regularly re-assessed to ensure that the person is able to meet the cost of any charges. An assessment will take place if there is a change in circumstances or if the person requests an assessment.

10. Charging and financial assessment for care and support in a care home on a temporary basis – short-term placement (excluding respite care)

10.1 The Council will charge for care and support delivered in a care home on a temporary basis (short-term placement).

10.2 Following an assessment of an adult's eligible care and support needs, a decision may be taken that the adult would benefit from a temporary stay in a Care Home. A temporary resident is defined as an adult whose need to stay in a Care Home is intended to last for a limited period of time and where there is a plan to return home. The adult's stay should be unlikely to exceed 52 weeks, or in exceptional circumstances, unlikely to substantially exceed 52 weeks.

- 10.3** Where an adult's stay is intended to be permanent, but circumstances change and the stay becomes temporary, then the Council will assess and charge as a temporary stay.
- 10.4** Adults that have a temporary stay that becomes permanent will be assessed for a permanent stay at the date permanency is confirmed and the Care and Support plan is amended.
- 10.5** The Council will financially assess all adults having a temporary stay in a Care Home and will charge from the date of admittance.
- 10.6** The financial assessment for temporary stays will completely disregard the adult's main or only home where the adult intends to return to that home.
- 10.7** The financial assessment will treat income and capital in the same way as if the customer was entering a Care Home on a permanent basis with the following exceptions:
- Where the adult is in receipt of Disability Living Allowance, Personal Independence Payment or Attendance Allowance, these are completely disregarded from the financial assessment;
 - Where the adult receives Severe Disability Premium or Enhanced Disability Premium, these payments cease when Disability Living Allowance, Personal Independence Payment or Attendance Allowance ceases
- 10.8** The Council will ensure that where a spouse or partner resides in the same residence as the adult, that the spouse/partner will have an income of at least the basic level of income support or pension credit, to which they would be entitled to in their own right.
- 10.9** The Council will ensure that where Housing Benefit is paid, this is disregarded.

The Council will ensure that payments made by the adult to keep and maintain their home, such as rent or insurance premiums are disregarded at the rate of £20 per week.

In exceptional circumstances, where the payments are more than this amount, the Council will consider disregarding a higher amount but will request evidence to support the decision.

Contributions are payable from the date care commences.

A new financial assessment will be required in each financial year where an adult requires temporary accommodation in a Care Home.

11. Charging and financial assessment for respite care provided in a care home setting

The Council will charge for respite care delivered in a care home.

Respite care is defined as a short-term placement, which has an agreed start date and agreed end date, as identified in a support plan. Respite arranged outside of the support plan would be considered a private arrangement.

It is classed as 'replacement care' and is usually provided to a cared for person, to enable their carer to take a break from their caring role.

The Council will assess an individual's ability to pay for respite care, using the charging and financial assessment process for care and support services within a residential placement, however additional disregards will be provided to ensure the person is not financially disadvantaged due to housing costs.

The Council will ensure that payments made by the adult to keep and maintain their home, such as rent or insurance premiums are disregarded at the rate of £20 per week.

In exceptional circumstances, where the payments are more than this amount, the Council will consider disregarding a higher amount but will request evidence to support the decision.

Contributions are payable from the date care commences.

12. Charging and financial assessment for care and support in an adult's own home, including supported living

12.1 North Tyneside Council will charge for care and support delivered in other care settings including a person's own home.

12.2 Adults requiring care and support in their own home or other care settings, such as Extra Care Housing must initially satisfy an eligibility assessment for care and support. Only where an adult has an eligible care and support need will a financial assessment be required.

12.3 Where an adult has an eligible care and support need, the Council will calculate how much the personal budget might be using its

Resource Allocation System (RAS). Once the indicative budget is known, the care support planning process, taking into account the adult's desired outcomes, will determine the agreed personal budget.

- 12.4** Adults will have the option to take their personal budget as: a council commissioned services; an Individual Service Fund; as a Direct Payment; or a combination of any of these options.

Adults who take their personal budget as a Direct Payment may purchase alternative types of care to meet their care and support needs as defined in Sections 31 to 33 of The Care Act 2014

- 12.5** The Council has specific 'Direct Payments Guidance' that sets out the criteria for care and support being managed through Direct Payments available on our My Care website.

<https://mycare.northtyneside.gov.uk/web/portal/pages/help/facts>

- 12.6** The Council will undertake a financial assessment to determine the amount an adult can contribute towards their care and support costs. The financial assessment will be based, as a minimum, on income, capital, housing costs and Disability Related Expenditure (DRE).

Adults with capital in excess of the higher capital limit will be responsible for meeting all of their care and support costs.

Evidence will be required to substantiate fully an adult's financial circumstances. Please refer to Appendix A of this policy for Guidance in relation to DRE.

- 12.7** Where an adult has capital in excess of the higher capital limit and is therefore classed as 'self-funding' they can choose to make their own arrangements and pay privately to meet their needs.

Alternatively, they can request that their services are arranged by the Council. They would then be considered 'full cost client' and would be required to pay the full cost of their care and support.

The Council will charge an 'arrangement fee' for doing this.

The annual fee is set out in Appendix B Schedule of Charges. This schedule will be reviewed and updated annually.

12.8 The Schedule of Charges will be managed under the Council's Delegated Responsibilities and will be reviewed annually. This will include charges for support being met through technology.

12.9 The Council will ensure that adults retain at least the 'Minimum Income Guarantee.' As set out in Appendix C General Living Allowance

This retained income level is designed to promote independence and social inclusion and is intended to cover basic needs for ordinary living expenses such as food, light and heating, after housing costs have been taken into consideration.

Direct housing costs will only be considered where the adult is liable for such costs, i.e. holds the tenancy agreement or is party to the mortgage.

The 'Minimum Income Guarantee' is set out under The Care Act and is confirmed each year by Department of Health and Social Care.

12.10 The financial assessment will refer to the Care and Support (Charging and Assessment of Resources) Regulations 2014 for all disregards in respect of income and capital when making a determination of the adult's financial resources.

12.11 When the financial assessment has been concluded, the adult will be informed in writing of the weekly amount they must contribute towards their care and support costs.

Adults will not be charged more than the amount determined by the financial assessment.

Contributions are payable from the date that care and support services commence.

Adults who require services to be arranged by the Council will be invoiced on a four-weekly basis in arrears for their care and support costs.

Adults receiving their care and support costs through a Direct Payment will receive payments weekly, inclusive of their financial contribution. They will then receive an invoice for their financial contribution which will be paid to the Council.

Adults who receive their care and support through an Individual Service Fund, ISF, will be invoiced on a four-weekly basis for their assessed contribution.

- 12.12** The Council will aim to review all financial assessments with the adult or their financial representative on a regular basis.
- 12.13** The Council will back date any uplifts in charges based on the uplift in benefit rates which occur each April.
- 12.14** Adults who receive their care and support through an Extra Care schemes may be liable for a core charge, for maintenance and 24 - hour concierge support. The amount will be disregarded from their financial assessment and separate invoices raised on a 4-weekly basis. If the person is not in receipt of care and support from the Council, they would still be liable for the core charge.

13 Charging and financial assessment for support for carers

- 13.1** The Care Act 2014 provides Councils with the power to charge for support for carers, where they have an eligible support need in their own right.
- 13.2** Carers support is support provided directly to the Carer and not support provided directly to the adult being cared for. For example, sitting services and respite care are provided to the cared for person and are chargeable, although their provision benefits the Carer.
- 13.3** North Tyneside's current policy is not to charge Carers for the support they receive in their own right.

This decision will be reviewed on a regular basis and any appropriate notice of change will be given.

Following, the review, if the Council changes its policy in terms of charging Carers, the financial assessment will follow the same calculation methodology as those receiving care and support outside of a care home. This may be a 'light-touch' financial assessment, however the Carer can request a full financial assessment, if they so wish.

14. Financial Assessment Considerations

- 14.1** Deprivation of income and/or assets is the disposal of income and capital (property and investments) in order to avoid or reduce care charges.

Disposal can take the form of transfer of ownership or conversion into a disregarded form.

In all cases, it is up to the adult to prove to the Council that they no longer possess an income or an asset.

The Council will determine whether to conduct an investigation into whether deprivation of income or assets has occurred.

Where an investigation is conducted, this could be conducted under guidance contained within the Regulation of Investigatory Powers Act 2000.

Following the investigation, where the Council decides that an adult has deliberately deprived themselves of an asset or income in order to reduce a charge for care and support, the Council will initially charge the adult as though they still own the asset or income.

- 14.2** Property other than the adult's main or only home will be included within the financial assessment as a capital asset where they are the beneficial owner or have a beneficial interest in the property.

The only exception to this rule is where the adult is taking steps to sell any additional property(s). The Council would expect that reasonable steps are taken by the adult to ensure that the sale is progressed in a reasonable timeframe. The Council reserves the right to review this situation on a 6-monthly basis.

- 14.3** The Care Act 2014 requires that financial assessments are completed for adults as individuals.

Where capital is held and income is received on a joint basis, then it is assumed that each person is entitled to 50% of that income. A couple is defined (for administration of their financial affairs) as two people living together as spouses or partners.

Where appropriate the Authority will assess as a couple, if the outcome of the financial assessment is more beneficial to the adult being cared for.

- 14.4** An allowance for housing costs (e.g. rent/mortgage/council tax) will be made within the financial assessment for actual costs incurred, on production of evidence to substantiate liability for expenditure. Where the adult is not liable for these costs but contributes towards these through a private board agreement or similar, then the adult

will be expected to meet this expenditure from their guaranteed income.

14.5 Where funds are held in trust, the financial assessment will seek to determine whether income received, or capital held in trust should be included or disregarded. Copies of trust documents (e.g. Trust Deed, Will Settlement etc) are required to be produced as part of the financial assessment.

14.6 Where the adult receiving care and support has capital at or below the higher capital limit, but more than the lower capital limit, they will be charged £1 per week for every £250 in capital between the two amounts. This is called “tariff income”. For example, if an adult has £4,000 above the lower capital limit, they are charged a tariff income of £16 per week.

15. Recovery of Debt

15.1 The Care Act 2014 consolidates the Council’s powers to recover money owed for arranging care and support for an adult.

Section 69 of this Act provides equal protection to both the Local Authority and the person.

Section 70 of the Act also provides the Local Authority with the power to recover charges from a third party where a person has transferred assets to them in order to avoid paying charges for care and support.

Where North Tyneside Council is not able to recover the debt, it will pursue the recovery by making a claim to the County Court for a Judgment Order.

These powers can be exercised where an adult refuses to pay the amount they have been assessed as being able to pay, or have been asked to pay (where the cost of care and support is less than their assessed contribution).

15.2 The powers granted to the Council for the recovery of debt also extends to the adult or their representative, where they have misrepresented or have failed to disclose (whether fraudulently or otherwise), information relevant to the financial assessment of what they can afford to pay.

15.3 Where there is a refusal to pay for care and support costs by the adult or their representative, the Council will act reasonably and

endeavour to resolve the issue in one of the following ways, before making application to the County Court.

These include:

- Contacting the adult or their representative in writing, to establish why the contribution to care and support costs has not been met and for payment arrangements to be made. These repayments must be affordable and relevant to the outstanding debt.
- Where mental capacity is not established North Tyneside Council may support the representative to gain Deputyship as appropriate;
- Where mental capacity is not established and there is no appropriate representative to gain Deputyship North Tyneside Council will consider applying to be a Deputy; or requesting a Panel Deputy be appointed and
- Use of independent mediation through an independent third party such as a voluntary organisation, advocate or solicitor where appropriate

15.4 Documentary evidence must be gathered in all cases to support any application to the County Court. This includes documentary evidence that -

- the adult is eligible for, has been offered, and refused, a Deferred Payment Agreement (where applicable)
- All invoices raised
- Recorded dates of contact made with the adult or their representative and the outcome of these meetings
- Any other relevant information

15.5 In all cases the desired outcome is to prevent debt escalating and for the adult to enter into affordable repayments of the debt as well as being able to pay on-going costs as they arise.

15.6 Social workers will be advised of the debt and will become involved as appropriate

15.7 The Council will give regard to the level of debt and the cost of recovery and will not proceed with recovery action where the cost of recovery would be disproportionate.

15.8 All debt that arises from 1st April 2015 must be recovered within 6 years from when the sum became due to the council.

16. Reviews and Complaints

- 16.1** If an adult is unhappy with the assessment or considers after the assessment that they cannot afford to pay, then they have the right to request a review of the charge that has been assessed. The review will be carried out by a manager of the individual who has completed the assessment.

16.2 Review Process – Financial Assessments

Residential and Non-Residential Services

16.3 Purpose:

The Council refers to the Care and Support Regulations (Statutory Instruments) and Care and Support (Charging and Assessment of Resources) Regulations 2014 in all regards for specific guidance relating to charging and financial assessment.

This policy allows some discretion in terms of dealing with individual cases and each case is determined on individual financial circumstances and the outcome of a financial assessment.

The Local Government Ombudsman has emphasised that customers should be given clear information as to the criteria for having charges reviewed, reduced or waived.

The Financial Assessment Review process sets out the mechanism through which individuals may request a review of their assessed charge.

16.4 Review Process

Where a customer disagrees with the level of charge set following a financial assessment, they can request a review. The request would normally be within 1 month of receiving confirmation, in writing, of the assessed charge.

The review will be completed and undertaken by a Manager within Adult Social Care Finance. The customer will be notified in writing of this, with an undertaking that any reduction (if agreed) will be applied from the date of notification of the assessed/re-assessed charge, i.e. the date from which the charge would take effect.

The Manager will:

- Establish that the charging policy has been appropriately applied and that the charge has been calculated correctly.
- Establish that benefits have been maximised appropriately.
- Establish that any additional costs of disability have been allowed in accordance with agreed amounts.
- Consider any exceptional costs that result from disability, identified by the customer and assess the need for a reduction in the charge through the exercise of discretion.
- Check the care and support plan and discuss with the Care Manager whether any other exceptional circumstances apply.
- Ensure that, where appropriate, additional supporting evidence of actual expenditure is provided
- Arrange to meet with the customer user/family or carer as necessary to discuss the circumstances of the review.
- Obtain the agreement of the Review with Business Process Manager or Assistant Director Wellbeing and Assessment regarding the outcome of the review.
- Notify the customer in writing of the outcome of the review and advise the customer of the right to complain through the Council's Corporate Complaints process, if dissatisfied with the outcome of the review.

17 Complaints

- 17.1** If a customer is dissatisfied with the process or outcome of the financial assessment, then they are entitled to make a complaint. The leaflet entitled "How to Complain about Adult and Children's Social Services" is available upon request from Customer & Member Liaison Office, North Tyneside Council, Quadrant, The Silverlink North, Cobalt Business Park, Newcastle upon Tyne NE27 0BY,

Tel: (0191) 643 2280.

Fax: (0191) 643 2430

Email: CMLO@northtyneside.gov.uk

Equality Impact Assessment (EIA)

Before completing this form, please refer to the supporting guidance documents which can be found on the equality page of the intranet. The page also provides the name of your Corporate Equality Group member should you need any additional advice.

Equality Impact Assessments (EIAs) are a planning tool that enable us to build equality into mainstream processes by helping us to:

- consider the equality implications of our policies (this includes criteria, practices, functions or services - essentially everything we do) on different groups of employees, service users, residents, contractors and visitors
- identify the actions we need to take to improve outcomes for people who experience discrimination and disadvantage
- fulfil our commitment to public service.

The level of detail included in each EIA should be proportionate to the scale and significance of its potential impact on the people with protected characteristics.

This assessment may be published on the Authority's website as part of a Council or Cabinet Report. It can also be requested under the Freedom of Information Act 2000 and can be used as evidence in complaint or legal proceedings.

Proposal details

1. Name of the policy or process being assessed	North Tyneside Council Contributions Policy for Adult Care and Support Services	
2. Version of this EIA (e.g. a new EIA = 1)	2 nd	
3. Date EIA created	29.06.21	
	Name	Service or organisation
4. Principal author of this EIA	Alison Tombs	HECS Adult Social Care
5. Others involved in writing this EIA <i>EIAs should not be completed by a sole author. Think about key stakeholders and others who can support the process and bring</i>	Colin Strutt Ellie Anderson	HECS Adult Social Care

<i>different ideas and perspectives to the discussion.</i>		
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6. What is the purpose of your proposal, who should it benefit and what outcomes should be achieved?

The proposal is to review the Contributions Policy to ensure this consistently applied to all people

Having reviewed the policy, the proposal is to adopt the correct pension age based on an individual's date of birth rather than the set age of 60. This will ensure people are financially assessed according to the correct benefits and Minimum Income Guarantee, MIG.

The aim is to also review the Minimum Income Guarantee, which is the amount of money which is disregarded as part of the charging process.

7. Does this proposal contribute to the achievement of the Authority's public sector equality duty? Will your proposal:

Write your answers in the table

Aim	Answer: Yes, No, or N/A	If yes, how?
Eliminate unlawful discrimination, victimisation and harassment	Yes	The proposal will ensure that Government guidance is applied equally across all age ranges and that people's ability to pay is based on their accurate age-related benefits
Advance equality of opportunity between people who share a protected characteristic and those who do not	Yes	The aim of this proposal is to ensure consistency of practice with regards to charging for adult social care services.

Foster good relations between people who share a protected characteristic and those who do not	N/A	
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Evidence Gathering and Engagement

8. What evidence has been used for this assessment?

Information from Liquid Logic, the Councils data base shows the number of people using adult social care services split by age and sex.

	Sex		
Age	Female	Male	Total
Over 60	710	397	1107
under 60	257	317	574
Total	967	714	1681

All people accessing adult social care services have some form of disability or long term condition as to be eligible for social care services the Care Act requires an individual to have care and support needs.

9.a Have you carried out any engagement in relation to this proposal?

	√
Yes - please complete 9b	√
No	

9.b Engagement activity undertaken

With

When

<p><i>An online survey was carried out. Paper copies of this were also made available.</i></p> <p><i>This was advertised through social media, to members of North Tyneside Residents Panel and individuals in receipt of adult social care services were sent a letter with their current invoice.</i></p>	<p>Individuals in receipt of services were sent a letter to advise of the consultation and it was advertised to the wider through the Councils Have your Say webpage and through social media</p>	<p>Between 02.06.21 and 27.06.21</p>
<p>There were 247 responses received.</p> <p>The survey included an optional section on equality monitoring. Of those who responded 58% were members of the public, 29% were carers of someone accessing services, 6% were people who access services themselves and 7% put other.</p>	<p>From this we can see that over half were members of the public.</p> <p>67% who completed the survey were female, with 33% male. From the Equality Impact Assessment, we know that more females than males access adult social care. 117 people who responded were aged over 60 and we know from the Equality Impact Assessment that most people accessing services are over 60 in age. 27% of those who responded stated that they did have a long-term condition illness and 73% stated that they did not. We can see that most people who responded do not have current access to services, however they are in sex or age category more likely to access services.</p>	<p>Between 02.06.21 and 27.06.21</p>
<p><i>People were asked about their views on adult social care services in general.</i></p> <p><i>Specific questions were asked in relation to the age which should be used for pensions as part of the financial assessment and the rates to be disregarded when undertaking a financial assessment.</i></p>	<p>Individuals in receipt of services and the wider public</p> <p>In relation to setting the pension age: 47% of respondents agreed with the change to government set pension age. The reasons for this were that it would be in line with government guidance, was based on change in financial circumstances and was fairer and simpler (58 responses). Some stated that many people still worked into their</p>	<p>Between 02.06.21 and 27.06.21</p>

60's and so should be assessed accordingly (10 responses).
 24% of respondents neither agreed nor disagreed as they felt they didn't know enough about it to give a view (15 responses) or that the assessment should be based on care needs and not age (14 responses).
 29% of people disagreed, with most feeling that support should be based on need not age (45 responses).

In relation to the Minimum Income Guarantee, 20% of the people who responded felt it should be set at the same as Government MIG. They gave a variety of reasons for this. These included that it was correct to follow Government guidance, that it would mean it was equitable across the country (14 responses). Some people stated they felt the money should be spent on other things in the borough (8 responses).

60% of the people who responded stated it should be set at MIG plus 5%.
 They felt it would make a difference to people's lives, that it would support a better standard of living for people who needed it (74 responses). Some people felt the MIG was too low in the first instance and that the rate should be set above it (24 responses).
 20% of the people who responded stated that neither were suitable as for example adult social care should be free at the point of delivery like the NHS, people shouldn't pay for adult social care at all or there should be a

	higher threshold than either of these options set as a disregard.	

9. Is there any information you don't have?

	√	Please explain why this information is not currently available
Yes - please list in section A of the action plan at Q13		
No	√	

Analysis by protected characteristic

	A	B	C
11. Protected characteristic	Does this proposal and how it will be implemented have the <u>potential</u> to impact on people with this characteristic? (Answer – Yes or No)	If 'Yes' would the <u>potential</u> impact be positive or negative? (Answer – positive or negative)	Please describe the <u>potential</u> impact and the evidence (including that given in Q8 and 9) you have used
All Characteristics	N/A		
Sex – male or female	Yes	Negative	As women tend to live longer than men, this could impact negatively on women, as they are more likely to receive services from adult social care. The aim is to have a policy in place that ensures consistency. It is important to note that any requirement for an individual to pay for services is based on an assessment of their income to determine what can be afforded. To mitigate, the proposal in North Tyneside is to introduce an amount to be disregarded in the assessment that is higher than Government guidelines
Pregnancy and maternity – largely relates to employment, but also to some aspects of service delivery e.g. for breastfeeding women	N/A		

Age – people of different ages, including young and old	Yes	Negative	Older people are more likely to be in receipt of adult care services. All people who are in receipt of adult social care services have to be means tested and pay charges according to ability to pay. This is set out in The Care Act. The aim is to have a policy in place that ensures consistency
Disability – including those with visual, audio (BSL speakers and hard of hearing), mobility, physical, mental health issues, learning, multiple and unseen disabilities	Yes	Negative	People with disabilities are more likely to be in receipt of adult social care services. All people who are in receipt of adult social care services have to be means tested and pay charges according to ability to pay. This is set out in The Care Act. Therefore, issue of charging and ensuring that the council implements a policy that is fair across all people with disabilities is important. We also ensure that Disability Related Expenditure is disregarded from the financial assessment process. We have some standard allowances but will also look at each case individually.
Gender reassignment - includes trans, non-binary and those people who do not identify with or reject gender labels	N/A		
Race – includes a person's nationality, colour, language, culture and geographic origin	N/A		This is a complex area regarding finances and benefits; therefore, we ensure we use appropriate interpretation services for people who do not have English as first language
Religion or belief – includes those with no religion or belief	N/A		
Sexual orientation – includes gay, lesbian,	N/A		

bisexual and straight people			
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Marriage and civil partnership status - not single, co-habiting, widowed or divorced– only relates to eliminating unlawful discrimination in employment	N/A		To ensure couples are not disadvantaged couple's finances are treated based on 50% of their income, however, the Authority may assess as a couple, if the outcome of the financial assessment is more beneficial to the adult being cared for. Where one person in a couple needs residential care and the other remains in their own property, the property is disregarded from the financial assessment process.
Intersectionality - will have an impact due to a combination of two or more of these characteristics	No		Individuals are financially assessed, so will have a maximum charge identified. This is based on their individual financial circumstance. There will be a cohort of customers who have more than one protected characteristic however this will not directly impact on this policy. People are assessed to identify how much they can afford to pay towards their total care package regardless of the total cost of the package.

Page 114 If you have answered '**Yes**' anywhere in column A please complete the rest of the form, ensuring that all identified negative impacts are addressed in either Q12 'negative impacts that cannot be removed' or Q13 'Action Plan' below

If you have answered '**No**' in all rows in column A please provide the rationale and evidence in the all characteristics box in column C and go to Q14 'Outcome of EIA'.

12.a Can any of the negative impacts identified in Q11 not be removed or reduced?

Yes - please list them in the table below and explain why	
No	no

12.b Potential negative impact	What alternative options, if any, were considered?	Explanation of why the impact cannot be removed or reduced or the alternative option pursued.
People who receive social care support and have the following protected characteristics disability, age and sex are likely	To have consistency in the policy and to provide good information regarding this. The public consultation considered changing the pension age to actual pension age, rather than 60.	Under the Care Act, individuals are financially assessed and are charged for the social care that they receive. However, the Authorities aim is to be equitable based on people's ability to pay. To ensure that the financial

to be impacted by the proposed changes	The public consultation considered setting the amount of money to be disregarded from financial assessments at the rate set by Department of Health and Social Care, or 5% above this rate	<p>assessment process is fair and consistently applied and based on actual age-related income The proposal is to adhere to the actual pension age. This will be more consistent and in line with Government guidance.</p> <p>The proposed option is to set this at MIG plus 5% To leave it at the rate it is currently set out is not financially viable, but this option remains higher than the Government guidance.</p>

Action Planning (you do not need to complete the grey cells within the plan)

13. Action Plan	Impact: (Answer remove or reduce)	Responsible officer (Name and service)	Target completion date
Section A: Actions to gather evidence or information to improve NTC's understanding of the potential impacts on people with protected characteristics and how best to respond to them (please explain below)			
Section B: Actions already in place to remove or reduce potential negative impacts (please explain below)			
To have consistency of the policy to ensure it is fair for all people	Policy review has been undertaken and consulted on	Alison Tombs	
Section C: Actions that will be taken to remove or reduce potential negative impacts (please explain below)			
To improve the information provided regarding the financial assessment process. The Fact Sheets are being reviewed and updated -put in how we manage those who don't have English as first language	Improved information	Alison Tombs	September 2021
Section D: Actions that will be taken to make the most of any potential positive impact (please explain below)			
Section E: Actions that will be taken to monitor the equality impact of this proposal once it is implemented (please explain below)			

Section F: Review of EIA to be completed			

14. Outcome of EIA

Based on the conclusions from this assessment:

Outcome of EIA	Tick relevant box	Please explain and evidence why you have reached this conclusion:
The proposal is robust, no major change is required.	yes	Under the Care Act, individuals are financially assessed and are charged for the social care that they receive. The aim is to apply this legislation equitably based on people's ability to pay. To ensure that the financial assessment process is fair and consistently applied
Continue but with amendments		
Not to be pursued		

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Now send this document to the [Corporate Equality Group member for your service](#) for clearance.

Quality assurance and approval

Questions 15-18 are only for completion by the Corporate Equality Group Member for your service

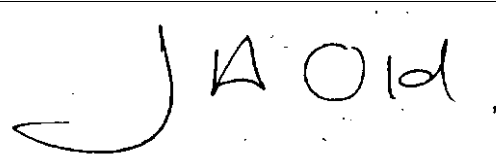
15. Do you agree or disagree with this assessment?	Agree	yes	Disagree	
16. If disagree, please explain:				

17. Name of Corporate Equality Group Member:	Ellie Anderson
18. Date:	1.7.21

Conclusion:

- If the assessment is agreed, please send the document to the Head of Service for sign off.
- If you disagree return to author for reconsideration.

Questions 19-22 are only for completion by the Head of Service

19. Do you agree or disagree with this assessment?	Agree	yes	Disagree	
20. If disagree, please explain:				
21. Head of Service:				
22. Date:	01.07.2021			

Please return the document to the Author and Corporate Equality Group Member.

North Tyneside Council Report to Cabinet Date: 2 August 2021

Title: Cabinet Response to Overview, Scrutiny and Policy Development Committee report on the study into the Equans (formerly known as Engie) Partnership

Portfolio(s):	Finance and Resources Deputy Mayor	Cabinet Member(s):	Cllr M Rankin Cllr C Johnson
Report from Service Area:	Resources		
Responsible Officer:	Janice Gillespie, Director of Resources	Tel: 643 5701	
Wards affected:	All		

PART 1

1.1 Executive Summary:

The purpose of this report is to consider Cabinet's response to the recommendations of the Overview, Scrutiny and Policy Development Committee study into the Equans (formerly known as Engie) Partnership.

The recommendations are set out in paragraph 1.5.4 below.

In accordance with section 9F of Part 1A of the Local Government Act 2000, Cabinet is required to provide a response to the recommendations of the Overview, Scrutiny and Policy Development Committee within two months. In providing this response Cabinet is asked to state whether or not it accepts each recommendation and the reasons for this decision. Cabinet must also indicate what action, if any, it proposes to take.

1.2 Recommendation(s):

It is recommended that Cabinet:

- 1) agrees to the recommendations as set out in paragraph 1.5.4, and
- 2) agrees to the actions as set out in Appendix 1 and Appendix 2.

1.3 Forward Plan:

The report was included in the Forward Plan published in March 2021 under the heading "Matters arising from Overview, Scrutiny and Policy Development Committee and its sub-committees".

1.4 Council Plan and Policy Framework

The report relates to the following priority in the 2020/2024 Our North Tyneside Plan:

Our Economy will:

- be dynamic and more inclusive, which will ensure that all residents have a stake in our region's future

1.5 Information:

1.5.1 Background

1.5.2 Overview, Scrutiny & Policy Development Committee has a programme to undertake in-depth reviews into the out-sourced partnerships that deliver services on behalf of the Authority, with the aim to see if the Authority and its residents are receiving the service specified in the contracts. The Committee established the Equans Sub-group to undertake this work to gain a clearer understanding of the partnership and its operation.

1.5.3 Continuing the policy to encourage cross party/committee involvement in scrutiny, an invitation was made to all Non-Executive Members of the Council to be part of the sub-group and the sub-group met on 10 occasions, where it received information from senior lead officers of the Council and its Equans Partners for each of the contract workstreams.

1.5.4 The Sub-Group has made a total of 3 recommendations for Cabinet's consideration:

- 1) In its benchmarking activity pay particular attention to the strategic aspects of service delivery of the partnership.
- 2) Following benchmarking testing, it believes if the Partner is not providing value for money it should consider amending the contract to assure best value and/or investigate all options to in-source parts/all services.
- 3) The group feels that as and when legally possible and at the best and earliest opportunity that these services should be returned and insourced to the local authority.

1.5.5 It is proposed that Cabinet accepts all the recommendations and a full response and associated action to those recommendations set out at Appendix 1

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet may accept the recommendation set out in paragraph 1.2 above

Option 2

Cabinet may not accept the recommendations set out in paragraph 1.2 above and provides a response to the Overview, Scrutiny and Policy Development Committee at the meeting.

Option 3

Cabinet may accept part of the recommendation as set out in paragraph 1.2 above

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Cabinet has a statutory duty to respond to the Overview, Scrutiny and Policy Development Committee's recommendations within 2 months of receiving them. Option 1 is recommended as this option allows Cabinet to consider and formulate a response to the recommendations

1.8 Appendices:

Appendix 1 Action Plan Equans (formerly Engie) Sub-Group Report.

Appendix 2: Overview, Scrutiny and Policy Development Committee Report - study into the Engie Partnership.

The following background papers/information have been used in the compilation of this report and are available at the office of the author:

Presentations relating to each workstream:

- ICT
- Finance
- Human Resources
- Revenue and Benefits Services
- Customer Service

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

The financial implications associated with each recommendation will be included in Cabinet's response to this report.

2.2 Legal

There are no legal implications at this stage.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

The Sub-Group met with Lead officers with the Authority and its Equans Partner who had direct responsibility to the delivery of workstreams within the partnership contract.

2.3.2 External Consultation/Engagement

There were no external consultation/engagement.

2.4 Human rights

There are no direct issues relating to human rights arising from this report.

2.5 Equalities and diversity

There are no direct issues relating to equalities and diversity arising from this report.

2.6 Risk management

There are no direct issues relating to risk arising from this report.

2.7 Crime and disorder

There are no direct issues relating to crime and disorder arising from this report.

2.8 Environment and sustainability

There are no direct issues relating to environment and sustainability arising from this report.

PART 3 - SIGN OFF

- | | |
|-----------------------------|--|
| • Chief Executive | <input checked="checked" type="checkbox"/> |
| • Director(s) of Service | <input checked="checked" type="checkbox"/> |
| • Mayor/Cabinet Member(s) | <input checked="checked" type="checkbox"/> |
| • Chief Finance Officer | <input checked="checked" type="checkbox"/> |
| • Monitoring Officer | <input checked="checked" type="checkbox"/> |
| • Assistant Chief Executive | <input checked="checked" type="checkbox"/> |

Cabinet Response to Overview and Scrutiny Recommendations Completed Action Plan

Equans (formerly Engie) Sub-Group Report

In accordance with Section 21B of the Local Government Act 2000, Cabinet are required to provide a response to the recommendations of the Overview and Scrutiny Committee within 2 months. In providing this response Cabinet are asked to state whether or not it accepts each recommendation and the reasons for this decision. Cabinet must also indicate what action, if any, it proposes to take.

Overview and Scrutiny Recommendation	Officer Commentary	Cabinet Decision (Accept or reject)	Action to be taken (if any) and timescale for completion
<p>Recommendation 1</p> <p>In its benchmarking activity pay particular attention to the strategic aspects of service delivery of the partnership.</p>	<p>The updated Service Plan approved at the June Strategic Partnering Board sets out key priorities of the partnership including a series of Service reviews which will focus on the Strategic aspects of the partnership.</p>	Accept	<p>Cabinet to consider the outcome of the Service reviews and progress in addressing Strategic aspects of delivery of the services ins cope of the contract.</p>
<p>Recommendation 2</p> <p>Following benchmarking testing, it believes if the Partner is not providing value for money it should consider amending the contract to assure best value and/or investigate all options to in-source parts/all services.</p>	<p>A benchmark report has been received for initial review and feedback. The outcome is being considered alongside a programme of detailed service reviews which is expected to conclude in November 2021.</p>	Accept	<p>Cabinet to consider the outcome of the Service reviews and options for any in-sourcing January 2022.</p>

<p>Recommendation 3</p> <p>The group feels that as and when legally possible and at the best and earliest opportunity that these services should be returned and insourced to the local authority.</p>	<p>The contract sets out provision for early termination of the contract and the associated compensation liability arising from that.</p> <p>Officers will continue to undertake the current service reviews and dialogue with the partner appropriate actions to ensure the contract provides Value for Money, and will dialogue with the partner options for in-sourcing where that is affordable and provides better VFM for the authority.</p>	<p>Accept</p>	<p>Cabinet to consider the outcome of the Service reviews and options for any in-sourcing January 2022.</p>
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Overview, Scrutiny & Policy Development Committee

Engie Sub-group report



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Reason for the Study

Overview, Scrutiny & Policy Development Committee has a programme to undertake in-depth reviews into the out-sourced partnerships that deliver services on behalf of the Authority, with the aim to see if the Authority and its residents were receiving the service specified in the contracts.

The Committee established the Engie Sub-group to undertake this work to gain a clearer understanding of the partnership and its operation.

Continuing the policy to encourage cross party/committee involvement in scrutiny, an invitation was made to all Non-Executive Members of the Council to be part of the sub-group.

The following members volunteered to serve and took some part in the review:

Councillor Sandra Graham
Councillor Muriel Green
Councillor John O'Shea
Councillor Willie Samuel

The Sub-group met on 10 occasions.

Outsourcing Council Services

The Authority entered into a major outsourcing project that began in the summer of 2011 with a formal decision made by Cabinet in November 2011 to go to the market.

There were two distinct tenders offered (Business Services & Technical Services) for the management of the Authority's services and a competitive dialogue was undertaken at pace.

A decision was taken to manage the negotiations with interested parties with the responsibility for awarding the contract being left to a small in-house officer team, led by an interim Chief Executive who had previous outsourcing experience.

Procurement concluded in the summer of 2012 and contracts were awarded in November 2012.

Background to the Business Services Contract

The Authority completed a Business Services Partnership Agreement (the contract) with Balfour Beatty Workplace Limited late in 2012.

The contract was then sold by Balfour Beatty to Cofley, which has since changed its name to Engie.

At the inception of the contract the services that were to be outsourced were considered to be good and well performing, however the decision to outsource was taken in the knowledge that the Authority was facing significant budgetary pressure as a consequence of Central

Government austerity measures. It was considered that if no action was taken there was a possibility of significant redundancy and therefore service failure.

Initial Workstreams

The workstreams of the initial contract consisted of the following 6 workstreams;

- ICT
- Finance
- Human Resources
- Revenue and Benefits Services
- Customer Service
- Procurement

The Authority retained Client Strategic Roles that oversee the contract management.

It was noted that during the course of the contract the Procurement workstream along with Human Resource Advisory Services for the Council (2015) and Health & Safety, which included Occupational Health (2020) returned into the control of the Authority.

Objectives

The objectives of the contract were to ensure.

- Investment in the services areas in scope.
- Protect existing workforce jobs.
- Create growth in services and support additional jobs in the Borough.
- Guarantee financial efficiencies of at least £32.9million over the time of the Contract with ongoing culminative savings thereafter.
- Improve services.

Term of the contract

At the time of its procurement, it was determined that longer-term contracts resulted in greater cost savings and efficiencies due to the spread of risk and capital costs over the term of the contract.

Provisions of the Contract

Termination

The term of the contract commenced from the effective date 1 November 2012 and will continue for the Initial Term (10 years) 31 October 2022 and continue for a further period of 5 Years beyond the expiry date.

Subject to any other rights of termination that may arise to the Authority, the Authority would be entitled to issue a notice of not less than 18 months to terminate the Agreement. This provision allows the Authority to terminate the contract if a termination notice has been issued that has not been satisfactorily remedied or the benchmarking test demonstrates that

the partner is not providing value for money and is not willing to amend pricing to assure Best Value.

Benchmarking

The Authority requires the partner to complete a benchmark review of all charges, services and for service levels in years 4, 8 and 12 of the Agreement Term. If any benchmark review determines that any charges, services and service levels do not represent Best Value, the Authority would seek reduced charges or implement service improvement. If agreement cannot be reached the Authority is entitled to seek an alternative supplier or provider. At the year 4 review it was determined that the Procurement workstream would return to the Authority leaving the remaining five workstreams to be delivered by the Partner.

Performance

Each workstream has a series of associated performance measures, these are divided into;

1. Performance Indicators (PI's), which have no financial penalties associated with them and are used for monitoring purposes and;
2. Key Performance Indicators (KPI's), which if not achieved triggers a process that can result in payment deductions to the Partner, known as penalties.

Understanding the Payment & Performance Mechanism

The sub-group received a comprehensive explanation to the contracts payment mechanism where payments would be reduced for performance below expected levels. Payment reductions would be ratcheted up for continuing poor performance which could result on the issuing of a Warning Notice. If a contract Warning Notice is issued the Authority would undertake increased monitoring of the partner until such time the performance had satisfactorily improved.

Investment

Best Value Agreements are part of the contract and designed to secure added benefits from the Partner, they often include the creation of additional jobs in the locality and/or refurbishment of accommodation, creating growth, improving services and are generally provided outside of the provisions of core services.

Although these are not subject to service level regimes there is an obligation within the contract that the Partner provides these additional elements, the Authority monitors the measures to ensure they are achieved.

Contract Management & Governance

There has been robust management and governance mechanisms in place and are delivered in two configurations.

Change Control Procedure

The Authority (Client lead) and/or Partner (Service lead) may require or propose a change to any provision of the contract. These Notice of Change requests are mainly called upon to implement a change in service delivery.

Groups and Boards

- I. Monthly workstream meetings take place where service leads from the Authority and Partner meet to discuss the monitoring of KPI's, Risk, Staff, Engagement and New Business
- II. Monthly Operational Partnering Board (OPB) take place, where the Head of Resources and Partner Director meet to discuss financial performance and any issues accelerated from the workstream meeting.
- III. Quarterly Strategic Partnering Board (SPB), where reviews of service plans are discussed with the Authority Executive (Cabinet Members and the Elected Mayor) and Regional and National Partner Directors.

Engie Sub-group work

The sub-group scoped, made initial preparations and convened two meetings into the review in early 2020 but due to the Covid-19 pandemic it was decided that the review be postponed until a more appropriate time when staff resources could be deployed to the sub-group.

During November 2020, arrangements were made to resume the review and it was decided due to the time gap to conduct the scrutiny from the beginning so to understand any impact of the pandemic on the contract's operation.

Meetings took place for the 5 current workstreams ICT, Finance, Human Resources, Revenue & Benefits and Customer Service, where Service and Client lead officers were requested to attend the meetings and present information to a prescribed structure set by the sub-group.

The structure being:

- a. Service Provision
- b. Client Responsibilities
- c. Performance
- d. Added Value (Investment)
- e. Contract Amendments

Service Provision

At the outset the sub-group was provided with Schedule 2 Workstream Specifications to provide clear understanding the services that they were scrutinizing in each of the remaining 5 workstreams. In each of the service meetings the sub-group received further information with the additional metrics to the elements of provision being delivered. This provided the sub-group some insight to the levels of activity of each service.

Client Responsibility

The Authority has retained client roles, whose objective is to manage the relationship with Engie, providing the link between the Authority and the services being managed by Engie as well as monitoring the contract and performance.

There is also the responsibility to ensure the Authority's plans and vision for service delivery are implemented.

It was evident that throughout the review the role of the client managers was fundamental to ensuring the ambition of the Authority continued to be driven forward.

Performance

The sub-group received the performance level achieved/target for each KPI in the suite for 2020/2021 each service area.

It was evident that when monitoring KPI's for transactional activity, the targets were achieved in all services as expected. However, it was less obvious that the KPI's were achieved where the target was a Pass/Fail. There was an acceptance that this strategic KPI is subjective and difficult to monitor.

The sub-group also reviewed historical performance for years 2014 -2020 to understand the performance throughout the contract term to date

- ICT - 25 failures KPI's
- Finance – 10 Warning Notices that resulted to 5 Penalties being issued
- Human Resources – 6 Warning Notices that resulted to 1 Penalty being issued
- Revenue & Benefits – 22 Warning Notices that resulted to 19 Penalties beings issued (during the period Jan – Dec 2018).
- Customer Services – 19 Warning Notices that resulted to 23 Penalties being issued

The sub-group acknowledges that the majority of the failures occurred early in the contract, however issues still arise such as in 2018/19 where 16 penalties were issued in the Customer Services workstream. This gives an indication of the significant monitoring and use of Authority resources to negotiate and resolve issues of this nature and directly impacts the service to the public.

Added Value

It was not fully evident how the Authority is benefitting from the partly delivered Business Intelligence (BI) reporting QLIK system and there was concern with delays on implementation.

The QLIK system allows managers who are budget holders to access information through self-service, the sub-group heard that licenses were acquired for circa 300 budget holders, however the use of the QLIK system was less than half. An opinion was that budget holders had concerns with the integrity of the data and were reluctant to use the system, in addition there was concern to the level of training for its use.

The sub-group were made aware that the current version of Oracle E Business Suite (BMS) would be no longer supported from December 2021 and the Authority was leading a project to look at a replacement for this system.

The group was unsure to the delay on the Implementation of alternative to Enterprise Resource Planning system to replace BMS but it understood that planning for a project of this nature takes a period of 18-24months. The sub-group viewed that the delay could have a

detrimental effect to the ability of the Authority to perform at its optimum and questions the delay which has resulted in the need to procure a 3rd party to support the current system until a new system can be procured.

In relation to the Human Resource workstream the sub-group were informed that a review using Lean Methodology had been completed. The Lean Methodology is defined as a way to optimise the people, resources, effort, and energy of and organization toward creating value for the customer, however it was viewed that no demonstrable outcomes had been realised from the review. The sub-group questions tasks undertaken that do not provide a demonstrable value.

Contract Amendments

A common theme throughout the review were the process of charging for services not specified in the contract.

It is acknowledged that the services were outsourced to make savings, secure services and jobs and the partner has assisted to do this. There is also the realistic view that the partner operates to make a profit. There is concern that the need to do both could affect the ability to deliver the services that our customers expect.

To provide an example the sub-group heard that at the time when the Authority in-sourced its housing property and construction services, it was accepted that there was a need to ensure the necessary work could be completed and a Notice of Change was negotiated with the partner to undertake the increased workload.

A further example was given to the operation of ICT support to staff and members working out of normal hours, such as in early evening when Committee meetings take place or at weekends. The sub-group was informed that this requirement was not part of the contract, however, the sub-group considered that changes to operational activity such as these should be viewed as business as usual activity and no Notice of Change should be required.

In the need to adapt to the changing ways of working, the sub-group viewed the need to negotiate and implement through the process of a Notice of Change was too restrictive and questioned would the costs and delays in service delivery exist in the same way if the service was delivered in-house. It was further felt that the significant time this took in negotiating such changes could be better spent simply providing the service at cost to our residents.

Findings

It was considered that from the outset that the decision to out-source services and the pace to its completion, insufficient time had been provided to allow full consideration of the contract.

In the scrutiny of the partnership with Engie it is clear that performance of the transactional day to day activity is rated good. This is contrasting to the areas of the contract where the Authority seeks strategic support and guidance.

There is a lack of evidence of strategic planning in Financial advisory support to the Authority, where it is believed should be fully embedded as part of the finance service.

It is the belief by the sub-group that this is driven by Authority officers rather than Engie.

There is little evidence of succession planning in relation to high level strategic staff and evidence how Engie could help deliver the Investment Plan has been an ongoing challenge. The client team appeared to be paramount in the strategic role of adding value and budget setting had been very delayed and lacking. It is the sub-groups view that the skills gap produced more financial challenges.

The Authority and its partners need to be strategically proactive however the view of the sub-group is that the partner works reactively and responds only when prompted by client managers to do so.

This was evident during the presentation in the Finance service and monthly budget monitoring. There is concern that the strategic advisory support to the Authority is insufficient and it was not demonstrable how the partner was providing this contract requirement fully. It was also clear there is not a consistent strategic approach in supporting all budget holders, which could affect the efficacy of budget monitoring and forecasting.

There is further concern to the issues where penalties have been issued and the effect of not having sufficient robust financial reporting. When occurrences such as these transpire, there is an increased risk in the decision making of the Authority.

When questioned to the challenges for the future, the response was to continue with Business Partnering. Business partnering is defined as the development of successful, long term, strategic relationships between customers and suppliers, based on achieving best practice and sustainable competitive advantage. It is understood that Business Partnering only commenced in 2019 and it is unclear why this did not commence at the outset of the contract.

The sub-group has concern that the number of qualified and experienced staff supporting services is not at the appropriate level. The Authority must be confident that it is being supported fully by qualified and experienced resource to fulfil all the contract requirements. Also there is a need to provide real opportunities within the partnership for succession planning as it is unclear that this is happening to ensure smooth running of the contract when people leave or move on.

The Authority should demand real deliverable outcomes to any reviews, implementation of new systems or devices. The sub-group heard of reviews with no real beneficial outcome, partially implemented systems that were not fully useable and devices that were regarded inadequate for use.

There were instances throughout the scrutiny where it was demonstrable that services, its officers and the Local Authority were committed and working together to the same values and ethos promoted by North Tyneside Council, this was evident in the Revenue & Benefit, Customer Services and in part Human Resources workstreams.

The sub-group acknowledge that Engie has cooperated and shown a more flexible approach in supporting the response to the Covid-19 pandemic. Remote working in particular was a challenge that was overcome to ensure employees could continue service delivery from their homes. It also acknowledges the distribution of payment transactions in business grants through Revenues and Benefits Service.

There were many instances before and during the current Covid-19 crisis that the Authority and its partners have shown flexibility in its operation. However, the sub-group also heard instances of where rigidity came to the fore and required extended negotiation and Notices of Change before the much-needed progress was made. Occasions of this nature should be reduced as much as possible to ensure we display the Authority values of We listen, We Care, We are Ambitious and We are good value for money.

Following issues with the resourcing of Customer Services in 2017/18, through the action of reducing staffing numbers which led to 16 penalties being issued the sub-group were assured that lessons had been learnt and once the correct staffing level were returned to normal customer satisfaction was re-established. The sub-group viewed this action as a cost saving enterprise by the partner, which ultimately affected service delivery and customer confidence.

The sub-group considered that throughout the length of the contract ICT delivery has been an issue from the reliability of the network, systems implemented, telephony, devices and training have all caused concerns. The security of delivering Teams meetings has also been an issue for Members and staff.

It acknowledged the Authority has made high value investment to the improvement of its systems, however its view is that ICT have over promised and under delivered and it was pleased to see the Authority had appointed a new client lead to drive service improvement. The sub-group felt that some parts of each of these workstreams dovetailed into each other – Finance, ICT, HR and Customer Service and an overall look at these workstreams together may be useful to aid efficiencies.

It was apparent that there was greater flexibility and issue resolution was quicker where client officers and partnership staff were displaying public service motivation and their focus on the residents/customers need. This is an endeavour that all services should work toward.

It is hoped that the findings and comments made throughout this report aids the thinking of Cabinet and appropriate officers towards areas of the partnership that the sub-group believes are not being fulfilled as expected.

Benchmarking and measuring performance of transactional activity is working well, however where performance is deficient is in the areas where a more strategic level of support is expected. The review could not determine if this was due to not having the right level of professional support in place or a business decision.

There is a need for a continued drive for efficiencies and having to devote Authority officer time prompting known responsibilities and negotiating changes, uses significant resources which could be better used for the benefits of residents.

It is recognised that the Authority has recent experience of gaining greater benefit and outcomes by managing its partnerships well. It is acknowledged that our partners are private organisations that work to make a profit. It is the view of the sub-group that managed appropriately the profit could be used to improve services to residents.

The sub-group would therefore recommend that Cabinet:

- 1. In its benchmarking activity pay particular attention to the strategic aspects of service delivery of the partnership.**
- 2. Following benchmarking testing, it believes if the Partner is not providing value for money it should consider amending the contract to assure best value and/or investigate all options to in-source parts/all services.**
- 3. The group feels that as and when legally possible and at the best and earliest opportunity that these services should be returned and insourced to the local authority.**

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Sue Graham - Principal Accountant
Jackie Mulvey - Revenues & Benefits Lead
Mick Nicholson - Senior Operations Manager
Christine Ponting - Senior Manager - Schools Human Resources
Mike Truran - Business Change Director

Background Papers

Presentations relating to each workstream:

- ICT
- Finance
- Human Resources
- Revenue and Benefits Services
- Customer Service

Recommendations

- R1: In its benchmarking activity pay particular attention to the strategic aspects of service delivery of the partnership.**
- R2: Following benchmarking testing, it believes if the Partner is not providing value for money it should consider amending the contract to assure best value and/or investigate all options to in-source parts/all services.**
- R3: The group feels that as and when legally possible and at the best and earliest opportunity that these services should be returned and insourced to the local authority.**

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