



North Tyneside Council

Finance Sub Committee

Monday 6 September 2021

Tuesday, 14 September 2021 0.02 Chamber - Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY **commencing at 6.00 pm.**

Agenda Item	Page
<p>1. Apologies for Absence</p> <p>To receive any apologies for absence</p>	
<p>2. Appointment of Substitute Members</p> <p>To be notified of the appointment of any Substitute Members.</p>	
<p>3. Declarations of Interest and Notification of any Dispositions 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 interests that have been granted to you in respect of any matters appearing on the agenda.</p> <p>You are also requested to complete the Declarations of Interests card available at the meeting and return it to the Democratic Services Officer before leaving the meeting.</p>	
<p>4. Minutes</p> <p>To confirm the minutes of the meeting held on the 13 July 2021.</p>	5 - 10

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 5318 if you wish to attend or require further information.

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Agenda Item	Page
<p>5. 2020/21 Provisional Finance Outturn Report</p> <p>To consider the Cabinet report on the Provisional Outturn for the General Fund, Schools Finance, Housing Revenue Account, the financial and delivery aspects of the Investment Plan and the delivery of the Treasury Management Strategy for the financial year 2020/21.</p>	11 - 100
<p>6. 2021/22 Financial Management Report to 31 May 2021</p> <p>To receive the Financial Management report for the current financial year that reflected the financial position as at 31 May 2021.</p>	101 - 162
<p>7. Exclusion Resolution</p> <p>The Sub-Committee is requested to pass the following resolution:</p> <p>That under Section 100A(4) of the Local Government Act 1972 (as amended) and having applied a public interest test as defined in Part 2 of Schedule 12A of the Act, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act.</p>	
<p>8. Business and Technical Partnerships Risks</p> <p>To consider the latest monitoring update on risks rated as red contained within the Strategic and Operational Risk Registers of the Business and Technical Partnerships.</p>	163 - 172

Circulation overleaf ...

Members of the Finance Sub Committee

Councillor Debbie Cox (Chair)
Councillor Cath Davis
Councillor Paul Richardson
Councillor Judith Wallace

Councillor Naomi Craven (Deputy Chair)
Councillor Bruce Pickard
Councillor Willie Samuel

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Finance Sub Committee

Tuesday, 13 July 2021

Present:

Councillors N Craven, C Davis, B Pickard, P Richardson,
W Samuel and J Wallace

Apologies: Councillors D Cox

F1/21 Appointment of Substitute Members

There were no substitute members appointed.

F2/21 Declarations of Interest and Notification of any Dispensations Granted

Councillor B Pickard stated that as a former Cabinet Member and to ensure he followed the principles to the Members Code of Conduct he would only comment on points of accuracy or new areas of interest when they arise on the agenda.

F3/21 Minutes

Resolved that the minutes of the meeting 9 February 2021 be confirmed.

F4/21 Poverty Intervention Fund Update

The Assistant Chief Executive and Participation and Advocacy Manager presented an update on the use and spend of the Poverty Intervention Fund (PIF).

The purpose of the PIF was to alleviate the impact of poverty on families and individual across North Tyneside with particular emphasis on children.

The objectives of the PIF were to:

- to address the financial impacts of poverty by targeting support to areas where people are struggling to make ends meet to be able to afford the basics or where they are having to go without certain things which others take for granted.
- to address the social impacts of poverty by targeting support so that people can play a full role in society and for activities which will have a positive impact
- to address the health impacts of poverty by targeting support on relevant areas such as risk-taking behaviour and mental health and well-being

The agreed approach had been agreed by Cabinet on the 21 September with priority being given to:

- for children – focusing on the key impact which living in poverty has in relation to their

experience at school

- for older people – focusing on the key impact of not taking up full benefit entitlement
- for families with children – focusing on the key impact of not being able to afford the essentials of clothing for school and food during school holidays (where they do not have access to free school meals)

The report provided information to the initiatives funded in the 2020/21 financial year, in line with the priorities:

- Poverty Proofing the School Day (for children)
- benefit advice and support for older residents (for older people)
- school appropriate clothing (for families with children)
- holiday food (for families with children)
- Food for older residents (for older people)

The sub-committee heard that additional support had been granted through the Covid Winter grant that was part of the governments support due to Covid-19. The grant was an additional payment made to school aged children who were on free school meals and the Holiday Activity Fund (HAF).

Information to the funding allocated in 2020/21 to each initiative was provided and totalled £726,600, with a remaining balance £273,400 that had been carried forward into 2021/22 budget as agreed by Council.

A member requested the level of extra Government Funding that was received to cover the second week of Easter Holiday. The Head of Resources indicated the amount was £607k.

Agreed that the Poverty Intervention Fund update be noted.

F5/21 Welfare Reform - Financial update

The Sub-committee considered a update report on the three schemes that provide financial support to our residents, that were implemented or revised in April 2013 onwards because of on-going welfare reform, as well as an update on Universal Credit.

Discretionary Housing Payment Fund

The Discretionary Housing Payment (DHP) fund, administered by Local Authorities on behalf of the Department for Work and Pensions (DWP) with the aim at being a temporary payment, which provides support, just at the right time, to people in financial difficulties who have a shortfall between their rent and Housing Benefit (or Universal Credit including the housing element).

For the end of year financial position for 2020/21 768 applicants had received a payment with less than 1% (£4,772) being returned to Department of Work and Pensions (DWP).

Funding for 2021/22 was being managed differently by DWP and only part of the grant had been received (£309,105), with any remaining grant being given in late September 2021

based on demand and caseload.

Local Council Tax Support Scheme

The demand on the scheme had seen an increase from 17,172 at the end of March 2020 to 17,543 at the end of March 2021 and the cost to the scheme was £15,394,568.

The overall caseload for 2021/22 was 17,441 (claimants' being 9,996 working age and 7,445 pensionable age). The cost of the scheme had increased to £15,757,160.

Local Welfare Provision

There had been 2,803 applications for Local Welfare Support in comparison to the 2,075,368 in 19/20 and 1,607 in 18/19.

All applications were offered a full screening, advice and information including signposting to partner organisations where appropriate.

Spend for the period in respect of immediate practical support amounted to £12,722. This was in addition to the annual grant to the Food Bank of £40,500.

There was still funding with North East First Credit Union that allows the Authority to refer people with poor credit history who would be seen as higher risk customers, the opportunity to access reasonably priced loans.

This was a one off funding; customers are charged interest which goes back into the fund to be used by other customers and online applications had been introduced.

Covid-19 update

Additional grants to support applicants caused through the impact of Covid-19 had allowed increased support to assess and process discretionary applications for support with Track and Trace Payments.

Universal Credit

Universal Credit (UC) replaced 5 state benefits, the number of people claiming Universal Credit was 19,401 compared to 10,758 in February 2020.

Additional Work Coaches and Employment Advisors were employed to provide support, with Job Centre Plus Offices remaining open for those that are unable to access support digitally/via telephony.

Housing Department Update

The impact of UC continues to be felt by the housing department and they now have 4,658 tenants on UC as at 20 June 2021. 3,333 (73.26%) of these are in arrears although it is worth noting that 66.7% of those on UC were already in arrears when they moved onto UC. The average arrears for those on UC was £549.75 (this has reduced since last quarter despite the impact of Covid-19) compared to an average arrears of £515.61 for all tenants and £271.22 for those not on UC. Other housing providers are also advising of significant arrears with tenants in receipt of UC.

Covid-19 had a large impact on housing tenants with 1,248 of tenants reporting that they had been adversely impacted. This had contributed to the significant increase in the number of tenants claiming UC, with 756 tenants on UC stating they have been impacted by Covid-19.

Covid-19 had also impacted arrears levels and since 16 March 2020 arrears increased by £515,962.

A member requested if the level of the Hardship Grant would be the same for 2021/22 that had been received for 2020/21 and if this would be provided in a staged approach for 2021/22. In response the Head of Resources informed the approach for 2021/22 would be confirmed.

A member questioned if data was collected in relation to Domestic abuse/Family breakup resulting into homelessness due to the effect of being placed on Universal Credit. In response the Client Manager Revenues and Benefits stated that they would investigate if this data was collected.

Agreed that the Welfare Reform – Financial update be noted.

F6/21 2020/21 Financial Management Report to 31 January 2021

The Senior Manager Financial Strategy and Planning presented the 2020/21 Financial Management report to 31 January 2021.

The report was the fifth monitoring report of the 2020/21 financial position and provided the second indication of the potential revenue and capital position of the Authority on 31 March 2021.

North Tyneside Council had felt the ongoing impact of the Covid-19 pandemic. It was noted that when considering 'business as usual' the Council was performing favourably in comparison with previous financial years.

The forecasted overall pressure was estimated at £3.041m against the approved budget, which included forecasted pressure of £0.053m on normal activities and £2.988m relating to the impact of Covid-19. The Authority continued to face financial pressures across areas of Social Care and demand-led services.

The Head of Resources acknowledged that the report detailed information report to Cabinet in April 2021 and due circumstances not in the control of the sub-committee or officers this meeting was the first opportunity to present to scrutiny. The Head of Resources informed that the 2020/21 Outturn Position was to be reported to Cabinet at its meeting on the 15 July 2021 and that the report had been published on the Councils website.

Agreed that the 2020/21 Financial Management report to 31 January 2021 be noted.

F7/21 Exclusion Resolution

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

F8/21 Business and Technical Partnerships Risks

The Sub-committee considered a report that detailed the monitoring on the risks rated high (red) within the Strategic and Operational Risk Registers of the Business and Technical Partnerships with Engie and Capita.

Agreed that the Strategic and Operational Risk Registers of each partnership be noted.

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Finance Sub-committee 14 September 2021

Cabinet Report 15 July 2021

2020/21 Provisional Finance Outturn Report

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North Tyneside Council

Report to Cabinet

Date: 15 July 2021

Title: 2020/21 Provisional Finance Outturn Report

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

PART 1

1.1 Executive Summary:

- 1.1.1 This report, and the supporting Annex 1 and its Appendices, set out details in respect of the provisional outturn for the General Fund, Schools Finance, Housing Revenue Account, the financial and delivery aspects of the Investment Plan and the delivery of the Treasury Management Strategy for the financial year 2020/21.
- 1.1.2 The 2020/21 financial year was the single most complex for the Authority since its inception in 1974. The operational response to the pandemic required innovation, agility, professionalism and partnership. Handling the financial management was incredibly difficult as Government intervention came at various stages throughout the year and, as reported to Cabinet, meant that at points during the year, the Authority could not say with certainty what the final outturn would be. In addition, significant financial support to residents and businesses passed through the Authority's books and reconciling that work has challenged the sector.
- 1.1.3 However, by the final accounting period, the picture had settled and the impact is clearer. Some of the grant funding from Government will be required against pressures from the pandemic that will still exist in 2021/22 and social care spending, which was very volatile throughout the year, settled into a position where the overspend was less than feared. This led to a position where the Authority is able to make some provision against future liabilities and manage potential risks in 2021/22 which were made explicit in the Mayor and Cabinet's Budget Proposals as agreed by Council.

1.1.4 The purpose of this report is therefore to:

- (a) Advise Cabinet of the provisional 2020/21 outturn for the General Fund, Schools Finance and Housing Revenue Account (Annex 1, Sections 6, 7 and 8) together with a financial overview of the year and an outlook into 2021/22 with reference to considerations around the potential impact of Covid-19 on medium term financial planning (Annex 1, Section 1);
- (b) Advise Cabinet of decisions made under the Reserves and Balances Policy (Annex 1, Paragraph 1.6, and Appendix A);
- (c) Inform Cabinet of the Authority's Investment Plan spend during 2020/21, and the financing put in place (Annex 1, Section 9);
- (d) Seek Cabinet approval for reprogramming of £10.101m within the Investment Plan (Annex 1, Section 9, Paragraph 9.8 and Appendix C);
- (e) Advise Cabinet of the Council's Treasury Management performance (Annex 1, Section 9); and
- (f) Advise Cabinet of the performance of both Capital and Treasury Management Prudential Indicators (Annex 1 Section 10 and Appendix D).

1.2 Recommendations:

1.2.1 It is recommended that Cabinet:

- (a) Notes the provisional 2020/21 outturn for the General Fund, Schools Finance and Housing Revenue Account (Annex 1, Sections 6, 7 and 8) together with a financial overview of the year (Annex 1, Section 1);
- (b) Notes the decisions made under the Reserves and Balances Policy (Annex 1, Paragraphs 1.6, and Appendix A);
- (c) Notes the Authority's Investment Plan spend during 2020/21, and the financing put in place (Annex 1, Section 9);
- (d) Approves reprogramming of £10.101m within the Investment Plan (Annex 1, Section 9, Paragraph 9.8 and Appendix C);
- (e) Notes the Council's Treasury Management performance (Annex 1, Section 10); and,
- (f) Notes the performance against the Capital and Treasury prudential indicators (Annex 1 Section 10 and Appendix D).

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 Council plan and policy framework.

The budget is part of the Authority's Budget and Policy Framework.

1.5 Information - Executive Summary

- 1.5.1 Annex 1 to this report sets out the provisional outturn for 2020/21 for the General Fund, the Housing Revenue Account, Schools Finances and the Investment Plan. It also provides a summary position on the achievement of the Treasury Management Strategy during the year together with the associated Prudential Indicators for capital and treasury.
- 1.5.2 **Strategic Issues:** The end of the financial year 2019/20 saw the beginning of the Covid-19 Pandemic and the impact has continued throughout 2020/21. Cabinet and all Members have been kept up to date in terms of the response and approach to recovery the Authority has implemented throughout the various stages of the pandemic and what that meant for essential services being maintained for the most vulnerable residents of the borough. The authority has been required to provide a sustained and varied response to the pandemic, with all services impacted one way or another. There have been periods when restrictions meant a range of services had to be suspended or limited, such as the leisure and culture offer and as a result there has been a significant financial impact on the Authority arising from additional costs and lost income in 2020/21. There has been sustained support to the Social Care Sector for both Adults and Children's and this is expected to continue into 2021/22. The authority has been responsible for acting as agent for a number of grants to support the businesses in the borough and again this has continued into 2021/22.
- 1.5.3 There have been a range of financial interventions introduced by the Government, these are set out in section 5 of the Annex. The Authority had received its share of the Government's Local Support Grant of £16.370m. £0.733m of this was allocated to additional costs and income lost in March 2020, meaning £15.636m was available to support council services in 2020/21. Of this, £13.466m was allocated to support revenue activities and a further £0.485m was allocated to capital. The remaining £1.685m has been carried forward to support the identified on-going impact on Covid-19 into 2021/22.
- 1.5.4 Cabinet is aware that Local Authorities were also compensated for losses incurred against their sales, fees and charges budgets. North Tyneside Council received £5.757m from this grant to support services and this was fully allocated. This represented 71.25% of the fees lost, the balance being born by the Authority.
- 1.5.5 In addition to receiving support for council services, the Authority received grants to support the businesses in the borough. £66.072m was received and £54.731m was paid across to businesses. The remaining balance was transferred to reserve and will be paid out during the early stages of 2021/22.
- 1.5.6 £11.811m was allocated to the Authority to support our residents, including financial support for our most vulnerable and also to allow the Authority to put in place measures to allow residents to continue to enjoy our coastline, town centers and the many attractions throughout the borough, when restrictions allowed. £4.616m was spent during 2020/21, with £7.195m carried forward to 2021/22. Of the funding carried forward £5.302m of it related to Contain Outbreak Management and the

Authority has a range of proposals to spend this funding to help contain outbreaks as the country continues to see an easing of restrictions.

- 1.5.7 £5.471m was provided by government to help support the Care home market and all £5.471m was allocated in 2020/21. The Authority also received £2.264m to support its schools and £2.031m was allocated with the remaining £0.233m anticipated to be allocated in early 2021/22.
- 1.5.8 **General Fund Revenue Budget:** The budget for 2020/21 was approved by full Council at its meeting of 20 February 2020. The net General Fund revenue budget was set at £161.361m including efficiency savings of £3.622m. The monitoring report up to 31 January 2021 projected a pressure of £0.053m and the final position is an underspend of £2.500m. The surplus has arisen substantially from a reduced call on the contingency budget provision for Adult Social Care, increased interest savings and savings on the Strain on the Fund budget. Consideration has been given to the risks the Council has to manage and the following proposed use of the surplus:
- £1.000m to the Change Reserve as we move into the final third of the current Strategic Partnership contracts and prepare for exit;
 - £0.500m to the Insurance Reserve in recognition of the potential investment required to manage health and safety risks of the council's estate; and,
 - £1.000m to an Education Change Reserve recognising the risk to the authority in respect of Schools in deficit and the support needed to manage the Education offer in the borough.

Following these transfers, the General Fund will outturn on budget.

- 1.5.9 **Housing Revenue Account:** The Housing Revenue Account has year-end balances of £5.001m, which represents a small in-year decrease of £0.213m.
- 1.5.10 **School Finances:** School Balances have increased from £0.165m to £3.721m, these balances include a significant amount of committed funds and the permitted carry forward of grants for the remainder of the academic year.
- 1.5.11 **Investment Plan:** The final capital expenditure for the year was £53.830m, with a recommendation noted above for Cabinet to approve reprogramming of £10.101m into 2021/22.
- 1.5.12 **Treasury Management:** The Authority has acted in line with the agreed strategy that the security of the Authority's resources is of greater importance than returns on investments. The level of investments at 31 March 2021 was £48.589m (£14.000 with HM Treasury, £27.500m with other local authorities, and £7.089m with banks and other deposits). The level of borrowing (excluding PFI) was £417.443m (down from the 2019/20 level of £466.913m) which is well within the capital financing requirement agreed as part of budget setting. This is primarily due to continued level of internal borrowing.
- 1.5.13 **Reserves, Balances and Provisions:** As part of the 2020/21 final accounts, a full review of all provision and reserves has been undertaken to ensure that appropriate consideration has been given to known liabilities, risks and uncertainties that remain in future years, and in particular where conditions associated with Covid-19 grant funding require that unspent monies are carried into future years.

1.6 Decision options:

Option 1

Cabinet can agree the recommendations as set out in Section 1.2 of this report.

Option 2

Cabinet can disagree with all or some of the individual recommendations set out in section 1.2 of the report.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

It is recommended that Cabinet agree the proposals set out in section 1.2 of this report as it forms part of the 2020/21 Final Accounts process. Reprogramming of the Investment Plan will ensure successful delivery of projects included within the Investment Plan.

1.8 Appendices:

Annex 1	2020/21 Provisional Finance Outturn Report
Appendix A	Reserves & Balances
Appendix B	Investment Plan Financing Summary
Appendix C	Investment Plan Summary of Variations
Appendix D	Prudential & Treasury Indicators

1.9 Contact officers:

Janice Gillespie – Corporate Finance matters – Tel 643 5701

Claire Emmerson – Schools and Corporate Finance matters – Tel 643 8109

David Dunford – General Fund and Corporate Finance matters – Tel 643 7027

Darrell Campbell – Housing Revenue Account matters – Tel 643 7052

Cathy Davison – Investment Plan and Corporate Finance matters – Tel 643 5727

Amar Hassan – Treasury Management matters – Tel 643 5747

1.10 Background information:

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

- (a) Revenue Budget 2020/21 (P).
<https://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/Revenue%20Control%20Budget%202020-21.pdf>

- (b) Approved Investment Plan 2020-25 (P).
<https://democracy.northtyneside.gov.uk/documents/s2527/8.%20Appendix%20Di%20-%202020-25%20investment%20plan.pdf>
- (c) Council Reserves and Balances Policy (P) – Appendix G
<https://democracy.northtyneside.gov.uk/documents/s2514/14.%20Appendix%20G%20Reserves%20and%20Balances%20Policy%202020-21.pdf>
- (d) Investment Programme Board – End of year report 2020/21 (available at offices of author)

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 and Annex 1.

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

Internal consultation

Internal consultation has taken place with the Cabinet Member for Finance and Resources, the Elected Mayor, the Senior Leadership Team and Senior Finance Officers. This report will also be presented to the Authority's Finance Sub-Committee at its meeting on 14 September 2021.

Community engagement

The 2020/21 budget was agreed after widespread consultation in line with the Authority's approved Budget Engagement Strategy. Appendix F of the 2020/21 Financial Planning and Budget Process report to Council on 20 February 2020 provides details of the consultation.

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 ☐
- Head of Service ☐
- Mayor/Cabinet Member(s) ☐
- Chief Finance Officer ☐
- Monitoring Officer ☐
- Head of Corporate Strategy and Customer Service ☐

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2020/21 Provisional Finance Outturn Report

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Section 1 – EXECUTIVE SUMMARY

1.1. Summary

- 1.1.1. The Authority's audited Statement of Accounts (the Accounts) for 2020/21 will be presented to the Audit Committee for approval in September 2021. This will be later than in other financial years as a result of the Covid-19 pandemic. The Ministry of Housing, Communities and Local Government (MHCLG) has put in place revised regulations that came into force on 31 March 2021. The Accounts and Audit (Amendment) regulations 2021 extend the statutory audit deadlines for 2020/21 and 2021/22 for all local authorities. These changes have resulted in the deadline for the Chief Finance Officer to "certify" the draft accounts by 1 August 2021 and therefore the approval of the accounts by Audit Committee will not take place until September 2021. The Audit Committee have been briefed on these changes at its meeting on 26 May 2021. The figures contained in this report are provisional until the completion of the Accounts.
- 1.1.2. The Accounts are a statutory document which set out the Authority's financial position and performance for the year in a series of formal accounts prepared according to a specific statutory and regulatory framework. Successive changes to local government accounting practice have made the Accounts a very technical document. As in previous years, this report sets out the Authority's financial performance in an outturn report. This reflects the Authority's structure and is set out on a similar basis to the financial management reports presented to Cabinet throughout the year.
- 1.1.3. The financial year has seen the Authority continue to manage its finances despite on-going funding reductions and continuing cost pressures in respect of social care services. The Authority has also faced significant financial impact from the Covid-19 pandemic. Despite these challenges the proactive management of the General Fund Budget throughout the year has led to a year-end surplus of £2.500m.
- 1.1.4. It is proposed to deal with this surplus by a transfer to the Change Reserve (£1.000m) to recognise the plans that are needed to be put in place as planning begins for the exit of key Partnership contracts. The Insurance Reserve will be increased by (£0.500m) in recognition of potential investment required to manage health and safety risks of the council's estate, and finally a new reserve of £1.094m, with (£1.000m) being a transfer from the surplus balance, to support the changing needs of education provision across the borough. After the final transfers, the General Fund Revenue Account shows spend on Budget for 2020/21, with an unchanged closing balance on the Strategic Reserve of £14.504m and General Fund balances of £7.000m. Retaining these levels of balances is important for managing the financial resilience of the Authority through 2021/22 and beyond.
- 1.1.5. School balances have increased from £0.165m at the start of the financial year to £3.721m at 31 March 2021. Whilst some schools have seen their individual balances decrease, the value of individual school deficits overall has decreased which contributes to the £3.556m increase in balances.

Overall, the position improved by £10.476m from initial projected overall deficit balances of £6.755m. Further details are contained in Section 7 of this Annex.

1.1.6. The Housing Revenue Account balances have decreased from £7.803m to £5.001m, an in-year decrease of £2.802m. A reduction to balances of £2.589m was planned and the outturn represents a further £0.213m in-year movement against Budget. Further details are given in Section 8 of this Annex.

1.1.7. The initial approved Investment Plan for 2020/21 was £67.307m. Variations and reprogramming of (£5.937m) were approved by Cabinet during 2020/21 to give a revised Investment Plan of £61.370m. Capital expenditure for the year was £53.830m (87.71% of the revised plan), a variation of £7.540m. This outturn includes further reprogramming of £10.101m as shown in Section 9.

1.2. Strategic Management of the Authority's Budget

1.2.1. Whilst statutorily the Authority's Budget and Statement of Accounts must be prepared annually, the pressures and opportunities that the Authority faces often extend across several accounting years. Decisions taken in one year may be felt in subsequent periods. One of the benefits of the Authority's regular Budget monitoring process is that issues can be identified early in the year and action taken to address them. The outcomes of these actions can then inform both Budget-setting and preparation of the Financial Statements. Budget-setting, Budget management and the Financial Statements can therefore be seen as related parts of a continuous process of financial management by the Authority. This part of the report sets out some of the key strategic issues managed by the Authority during 2020/21.

1.3. General Fund

1.3.1. The Budget for 2020/21 was approved by full Council at its meeting of 20 February 2020. The net General Fund Budget was set at £161.361m including efficiency savings of £3.622m (£0.805m new to 2020/21 and £2.817m of prior year savings requiring a permanent solution in 2020/21).

1.3.2. The Monitoring report up to 31 January 2020 projected a pressure of £0.053m and the final position is an underspend of £2.500m.

1.4. Budget Savings Programme

1.4.1. The Efficiency Programme for 2020/21 included new savings of £0.805m and £2.817m of savings targets carried forward from 2019/20, totalling £3.622m, for the delivery of projects/actions included as part of the previous Creating A Brighter Future Programme. The delivery of savings in 2020/21 has been significantly impacted by the Covid-19 pandemic especially within HECS and Commissioning & Asset Management. The scale of the financial challenge for the year meant that during 2020/21 £1.754m of the savings target was achieved with a further £0.470m handled through a range of alternative management activities. The remaining £1.398m of the savings

target was supported through the Covid-19 Local Authority Support grant reflecting the impact the pandemic had on the opportunity to achieve these savings. The Efficiency Programme is monitored as part of the overall financial position of the Authority, and regular updates of progress is shared with the Mayor and Cabinet members and also reported to Cabinet as part of the bi-monthly Financial Management reports. Further details of the Efficiency Programme outcomes are detailed in section 3.

1.5. Treasury Management

- 1.5.1. There has been a decrease in the level of actual external borrowing (excluding PFI) from £466.913m at 31 March 2020 to £417.443m at 31 March 2021. The level of internal funding remains high at £95.166m at 31 March 2021 (£57.655m at 31 March 2020), subsequently this avoids interest charges. During 2020/21 the sustained approach to maximising the use of internal borrowing, using short-term borrowing at lower rates and the impact of reprogramming within the Investment Plan resulted in interest savings of £3.078m in-year (General Fund and HRA).

1.6. Reserves and Outlook

- 1.6.1. The end of the financial year 2019/20 saw the beginning of the Covid-19 Pandemic and the impact has continued throughout 2020/21. Cabinet and all Members have been kept up to date in terms of the response and approach to recovery the Authority has implemented throughout the various stages of the pandemic and what that meant for essential services being maintained for the most vulnerable residents of the borough. The authority has been required to provide a sustained and varied response to the pandemic, with all services impacted one way or another. There have been periods when restrictions meant a range of services had to be suspended or limited, such as the leisure and culture offer and as a result there has been a significant financial impact on the Authority arising from additional costs and lost income in 2020/21. There has been sustained support to the Social Care Sector for both Adults and Children's and this is expected to continue into 2021/22. The authority has been responsible for acting as agent for several grants to support the businesses in the borough and again this has continued into 2021/22.
- 1.6.2. There have been a range of financial interventions introduced by the Government, these are set out in section 5. The Authority had received its share of the Government's Local Support Grant of £16.370m. £0.733m of this was allocated to additional costs and income lost in March 2020, meaning £15.636m was available to support council services in 2020/21. Of this, £13.466m was allocated to support revenue activities and a further £0.485m was allocated to capital. The remaining £1.685m has been carried forward to support the identified on-going impact on Covid-19 into 2021/22.
- 1.6.3. Cabinet is aware that Local Authorities were also compensated for losses incurred against their sales, fees, and charges budgets. North Tyneside Council received £5.757m from this grant to support services and this was fully allocated. This represented 71.25% of the fees lost, the balance being born by the authority.

- 1.6.4. As mentioned previously the Authority received grants to support the businesses in the borough. £66.072m was received and £54.731m was paid across to businesses. The remaining balance will be paid out during the early stages of 2021/22.
- 1.6.5. £11.811m of additional funding was received to support our residents, including direct financial support for our most vulnerable but also to support the Authority to put in place measures to keep residents safe whilst they continued to enjoy our coastline, town centers and the many attractions throughout the borough, when restrictions allowed. Of this funding, £4.616m was spent during 2020/21, with £7.195m carried forward to 2021/22. Of the funding carried forward, £5.302m of it related to Contain Outbreak Management and the Authority has a range of proposals to spend this funding to help contain outbreaks as the country continues to see an easing of restrictions.
- 1.6.6. £5.471m was provided by government to help support the Care Home market and all £5.471m was allocated in 2020/21. The Authority also received £2.264m to support its schools and £2.031m was allocated with the remaining £0.233m anticipated to be allocated in early 2021/22.
- 1.6.7. There were further indirect impacts of the Covid-19 pandemic, which included the delay in the 2020 Spending Review, which was scheduled to be completed by July 2020.
- 1.6.8. Additionally, the Fair Funding and Business Rates Retention (BRR) schemes review, scheduled for implementation in April 2021, will now not go ahead until April 2022 at the earliest. This led to further significant risk remain to the Authority's ability to update the four-year financial plan.
- 1.6.9. It has been highlighted previously by the Chief Finance Officer that the Authority has a relatively low level of reserves. The level of uncertainty with regard to the levels of funding for Local Government Finance beyond 2020/21 alongside the uncertain long terms implications of how the borough and indeed the country will recover from the impacts of Covid-19 is of concern when considering the financial sustainability of the authority, particularly when taken in the context of funding reductions the authority has managed since 2007/08. Appendix A sets out in detail the movement on Reserves and Balances and despite some increases the general level of Reserves available to support the Authority's Budget remains relatively low when considering the current estimated gap arising from the financial impact of Covid-19.
- 1.6.10. The Strategic Reserve (£14.504m) represents 4.09% of the General Fund 2021/22 gross Budget and 11.46% of the 2021/22 net Budget, with the General Fund balances (£7.000m) added, these represent 6.06% of the 2021/22 gross Budget and 16.99% of the 2021/22 net General Fund Budget. There is no prescribed level of reserves advice by finance bodies with the level being considered in light of risks the authority faces not just in the current year but looking ahead.

- 1.6.11. The other general fund earmarked reserves total £65.487m, which is an increase of £33.130m from the 2019/20 position of £32.357m. Of this increase £19.298m relates to Covid-19 grants with specific condition that we have to follow in spending those grants, and some of which we act as agent for the government on. These Covid-19 balances are projected to be spent over the early part of 2021/22.
- 1.6.12. Cabinet will recall when setting the 2021/22 budget reference was made to the impact of reliefs given to business for NNDR and residents for Council Tax on the collection fund which flows through into future years. Grant funding received in 2020/21 in respect of this relief of £15.153m is planned to be used during 2021/22 to mitigate the collection fund deficit and the impact on overall resources.
- 1.6.13. The net movement in HRA reserves and balances is a decrease of £2.179m. The HRA reserves have increased by £0.623m to £19.725m in 2020/21 and the HRA balances have decreased by £2.802m to a total of £5.001m. Within the HRA reserve total, £12.390m relates to PFI reserves.
- 1.6.14. School Balances show an increase of £3.556m as set out in section 7 of this Annex, but as stated previously this is a significant improvement of £10.476m against the planned deficit balance position of £6.755m. As at 31 March 2021, the DSG account is showing a net deficit balance of £7.932m. This compares to a deficit balance of £3.262m in 2019/20. Whilst the Authority does have some plans to recover this deficit position, there remains uncertainty as to how this is to be resolved, adding further risk for the Authority in the short to medium term.
- 1.6.15. In these unrepresented times the importance of robust financial management across the authority remains paramount. A range of tighter spending controls have been put in place to ensure no non-essential spend is incurred during 2021/22 and to ensure any Covid-19 related expenditure is appropriately considered and approved in advance of being incurred.

SECTION 2 - GENERAL FUND INCOME AND EXPENDITURE SUMMARY

2 General Fund Revenue Provisional Outturn

- 2.1 This section of the report details the provisional outturn at 31 March 2021. The Authority's approved net revenue Budget of £161.361m is provisionally expected to underspend by £2.500m. This is an improvement of £2.553m on the previous position reported to Cabinet based on forecasts at January 2021 which showed a pressure of £0.053m. The Budget includes £0.805m of 2020/21 savings as agreed at full Council on 20 February 2020. Table 1 in paragraph 2.5 below sets out the variation summary across the General Fund. It is proposed that the surplus balances are transferred into the Education Change Reserve (£1.000m), the Change Reserve (£1.000m) and the Insurance Reserve (£0.500m). With these final transfers included, the General Fund will show spend on Budget for 2020/21.

Accounting Adjustments

- 2.2 As part of the statutory reporting regulations there is a requirement to ensure that there is a clear audit trail between the figures reported to Cabinet and those published in the Statement of Accounts. The outturn therefore includes a series of year-end accounting adjustments which, whilst having no impact on the final overall position against the Budget, provide a link from the outturn reported to Cabinet to the published accounts. These adjustments include:
- Adjusting both budget and actual positions for support services. This has no impact on variances.
 - Adjusting the service positions for actual (rather than budgeted) capital expenditure items; and,
 - Adjusting the service positions for the impact of Private Finance Initiatives (PFI) which has reduced the reported costs of the services by £5.487m and has had the opposite impact on the corporate budget lines.
- 2.3 As in previous years, these accounting adjustments were not included in the previously reported forecasts presented to Cabinet.
- 2.4 Table 1 below shows the variance between the outturn to be published in the Statement of Accounts and the Budget and shows the adjustments required to allow comparison of the provisional outturn for Cabinet to the last reported position:

2.5: Table 1: General Fund Position as at 31 March 2021

Services	Budget	Actual Outturn	Variance	Accounting Adjustments	Adjusted Variance	Business as Usual - Jan Variance	Variance Change since Jan
	£m	£m	£m	£m	£m	£m	£m
Health, Education, Care and Safeguarding	71.604	78.320	6.716	(0.313)	6.403	6.403	0.000
Commissioning and Asset Management	7.623	7.101	(0.522)	0.835	0.313	0.298	0.015
Environment, Housing and Leisure	43.439	42.651	(0.788)	0.420	(0.368)	(0.187)	(0.181)
Regeneration and Economic Development	1.437	5.270	3.833	(3.705)	0.128	0.170	(0.042)
Corporate Strategy	0.738	0.434	(0.304)	0.000	(0.304)	(0.063)	(0.241)
Chief Executive's Office	(0.078)	(0.215)	(0.137)	0.000	(0.137)	(0.091)	(0.046)
Resources	3.046	2.956	(0.090)	(0.227)	(0.317)	0.127	(0.444)
Law and Governance	0.133	0.303	0.170	0.000	0.170	0.220	(0.050)
Central Items	13.406	2.028	(11.378)	2.990	(8.388)	(6.824)	(1.564)
Support Services	20.013	20.013	0.000	0.000	0.000	0.000	0.000
Total Authority	161.361	158.861	(2.500)	0.000	(2.500)	0.053	(2.553)

Main Movements from Previous Reported Forecast Variance (January Report)

- 2.6 Comparing the adjusted outturn variance to the previously reported January forecast outturn shows an overall improvement of £2.553m. The main reasons for these movements are itemised below with more detailed explanations of both the outturns and the changes compared to the January report being contained in Section 6 of this report.

Health Education Care and Safeguarding (HECS)

- 2.7 The draft outturn position for HECS remains unchanged compared to the forecast position in the January report however there are variations across the service. The unchanged position has been achieved following a downward revision to the original estimates for the impact of Covid on children's and adult services and has resulted in less Covid-19 grant being required to cover Covid-19 pressures in HECS. Within Children's Services there has been an improvement of £0.766m resulting from reduced forecast of respite provision for children with disabilities, an improved staffing position and reduced non pay costs relating to corporate parenting around legal fees and s17 assistance payments. Within adult services there has been an improvement of £0.143m due to reduced forecasts of externally commissioned care and reduced staffing expenditure partially offset by reduced client contributions.

Environment Housing and Leisure

- 2.8 Environment Housing and Leisure saw an improvement of £0.181m since the January report largely due to reduced operating costs within Sport and Leisure.

Corporate Strategy

- 2.9 There has been an improved position of £0.241m compared to the January report, mainly due to additional external income and appropriate staff recharges against Covid grants reflecting Covid-related activities undertaken in Policy Performance and Research and Marketing.

Resources

- 2.10 There has been an improved position of £0.444m, mainly due to an improved benefit subsidy position within the final claim compared to the mid-year interim estimate/claim.

Central Items

- 2.11 Central Items has improved by £1.564m since the January report. The main movements relate to a reduction in the use of the Contingency Budget of £1.044m for Adults Social Care, further savings on interest £0.210m from the Authority's continued successful Treasury Management strategy and a £0.354m improvement in Corporate & Democratic Core caused by a number of small improvements across a range of lines.

SECTION 3 - DELIVERY OF BUDGET SAVINGS PROPOSALS

- 3.1 The combined budget savings of £0.805m in 2020/21 approved by Council in February 2020 brings the total savings the Authority has had to find in the ten years following the 2010 Comprehensive Spending Review (CSR) to £127.756m.

3.2 **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
Total Savings	127.756

- 3.3 In addition to the £0.805m of new savings proposals approved as part of the 2020/21 budget setting process, £1.346m of savings targets were agreed in prior year budget setting processes for delivery in 2020/21. Savings targets of £1.471m within Health, Education, Care and Safeguarding (HECS) were met in 2019/20 through management actions and still required a permanent solution in 2020/21. The total savings that needed to be achieved in 2020/21 were therefore £3.622m.

- 3.4 The delivery of savings in 2020/21 has been significantly impacted by the Covid-19 pandemic especially within HECS and Commissioning & Asset Management.

3.5 **Table 3: Efficiency Savings by Service at March 2021**

Service	2020/21 Target £m	Projected Delivery £m	In Year Management Actions £m	Impacted by Covid (grant funded) £m
HECS	3.069	1.283	0.470	1.316
Commissioning & Asset Management	0.249	0.167	0.000	0.082
Environment Housing & Leisure	0.360	0.360	0.000	0.000
Central Items	(0.056)	(0.056)	0.000	0.000
TOTAL	3.622	1.754	0.470	1.384

- 3.6 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)

- 3.7 HECS has achieved savings targets totalling £1.283m relating to Sector Led Improvement income, public health contracts, NHS income for children and for adults and family gateway. There has also been a reversal of the one-year only Troubled Families saving (£0.265m) which was built into the base budget. An in-year saving of £0.470m has been identified through management actions of retaining vacancies which represents an improvement of £0.120m since the January report.
- 3.8 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. The pressure arising within the budget of £1.316m due to the non-delivery of targets has been shown as part of the Covid-19 financial impact and has been adjusted out of the HECS budget position and is shown within Central Items against the Covid-19 support grants.
- 3.9 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 and this activity will continue into 2021/22.

Commissioning and Asset Management

- 3.10 Within Commissioning and Asset Management in the January report, the only savings target forecasted to be unmet related to the target for an increase in school meals fees of £0.082m. Due to the further school closures in the last quarter of the year, this target was not achieved and has been set against the Covid Support Grant. The value of £0.082m has been adjusted out of the service's position and has been shown within Central Items as Covid-19 related costs. All other targets have been achieved.

SECTION 4 – NEW REVENUE GRANTS

- 4.1 New revenue grants have been received or notified since the previous report at January until the publishing date for this report.

Table 4: Grants Received or Notified since the January Monitoring Report

Service	Grant Provider	Grant	Purpose	2020/21 value £m
Regeneration and Economic Development	North of Tyne Combined Authority	Brownfield Housing Fund (Revenue)	To support funding applications to the NoTCA Brownfield Housing Fund paying for site appraisals and surveys across the Borough	0.092
Environment Housing and Leisure	Ministry of Housing Communities and Local Government	Protect Plus	To provide additional support in relation to preventing rough sleeping	0.005
Resources	Department for Work and Pensions	Housing Benefit Administration Subsidy	To support costs of implementing changes to Housing Benefit	0.048
Schools	Education and Skills Funding Agency	Covid-19 Mass Testing for Schools and Colleges	To support costs associated with mass testing in schools	0.233
Total				0.378

SECTION 5 – IMPACT OF COVID-19

- 5.1 The Authority has played a key role in supporting businesses, residents, care homes and schools with financial support and additional Covid-19 related services throughout the Pandemic with over £107m of grants being managed. The Authority has also suffered financial impacts due to loss of income because of closures and restrictions on facilities it 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.
- 5.2 The Authority has managed over £66m of grant funding aimed at supporting businesses across the Borough. During 2020/21, £55m of grant funding was awarded and paid out to over 5,500 businesses within North Tyneside. A further £11m is expected to be paid to businesses in 2021/22.

Table 5: Supporting Our Businesses

Grant	Value Awarded 20/21 £m	Value Spent 01.04.20-31.03.21 £m	Value C/Fwd 31.03.21 £m	Value Spent/Committed 01.04.21-31.05.21 £m
Business Support	34.481	34.481	0.000	0.000
Business Support Top-Up	9.153	5.846	3.307	3.307
Local Restrictions Support 'Closed'	13.663	9.003	4.660	4.660
Local Restrictions Support 'Open'	1.033	1.033	0.000	0.000
Additional Restrictions Grant	6.082	3.344	2.738	2.738
Christmas Support 'Wet-Pubs'	0.130	0.130	0.000	0.000
Capacity Fund	1.500	0.864	0.636	0.636
Travel Demand Management	0.030	0.030	0.000	0.000
Total	66.072	54.731	11.341	11.341

- 5.3 The Authority was awarded just under £12m to support its residents during the pandemic. This ranged from ensuring our most vulnerable were protected, individuals that needed to self-isolated still had access to the services they required and ensuring residents could visit our coastline and other attractions safely, when guidelines allowed, through the employment of Covid Marshalls and other such safety measures.

The Authority was awarded just under £6m for Contain Outbreak Management, with funding being provided in instalments over the last half of the financial year. £5m of this grant has been carried forward into 2021/22 and the Authority's Recovery co-ordination Group, in conjunction with the Senior Leadership Team have plans in place to spend

the remaining balance in 2021/22 to ensure the containment of any outbreaks as we continue to see an easing of restrictions.

Table 6: Supporting Our Residents

Grant	Value Awarded 20/21 £m	Value Spent 01.04.20-31.03.21 £m	Value C/Fwd 31.03.21 £m	Value Spent/Committed 01.04.21-31.05.21 £m
Test & Trace Support Grant	1.140	0.358	0.782	0.782
Hardship Fund	2.023	1.733	0.290	0.290
Emergency Assistance Grant	0.256	0.176	0.080	0.015
Contain Outbreak Management Fund	5.953	0.651	5.302	5.302
Test & Trace Support Payments	0.902	0.464	0.438	0.438
Compliance & Enforcement	0.108	0.108	0.000	0.000
Clinically Extremely Vulnerable	0.470	0.167	0.303	0.018
Rough Sleepers Additional Grant	0.006	0.006	0.000	0.000
Winter Grant	0.832	0.832	0.000	0.000
Rapid Testing in the Community	0.121	0.121	0.000	0.000
Total	11.811	4.616	7.195	6.845

- 5.4 The Authority was awarded over £5m to support the care homes within the Borough. The majority of this funding was passed over directly to the care homes. The remaining funding has been used to support the Authority's adult social care services for infection control and testing activities.

Table 7: Supporting Our Care Homes

Grant	Value Awarded 20/21 £m	Value Spent 01.04.20-31.03.21 £m	Value C/Fwd 31.03.21 £m	Value Spent/Committed 01.04.21-31.05.21 £m
Infection Control 1 & 2	4.412	4.412	0.000	0.000
Workforce Capacity Grant	0.516	0.516	0.000	0.000
Rapid Testing – Care Homes	0.543	0.543	0.000	0.000
Total	5.471	5.471	0.000	0.000

- 5.5 Over £2m of grant funding was passed over to our maintained schools during 2020/21. This funding helped secure equipment necessary for children to continue to learn from home when schools were closed and supported schools to be able to offer a Covid-safe environment when government guidance allowed children to return to school.

Table 8: Supporting Our Schools

Grant	Value Awarded 20/21 £m	Value Spent 01.04.20-31.03.21 £m	Value C/Fwd 31.03.21 £m	Value Spent/Committed 01.04.21-31.05.21 £m
Digital Inclusion	0.076	0.076	0.000	0.000
Schools Catch-up Premium	1.232	1.232	0.000	0.000
Mental Health in Schools	0.027	0.027	0.000	0.000
Additional Home to School Transport	0.383	0.383	0.000	0.000
Mass Testing for Schools	0.233	0.000	0.233	0.233
Schools Fund 1 & 2	0.313	0.313	0.000	0.000
Total	2.264	2.031	0.233	0.233

- 5.6 The Authority's services have been heavily impacted by the Covid-19 pandemic. These services were supported in 2020/21 by just under £16m of Local Authority Support Grant and just under £6m of compensation for losses incurred against income due from sales, fees, and charges. Services such as catering (including school meals), sport & leisure and adults social care were the most impacted. The tables below show how the grant received has been used to support services across the Authority.

Table 9: Supporting Our Council Services

Service Area/Category	Main Grant £m	Sales, Fees & Charges £m	Other Specific Covid Grant £m	Total Claimed £m
Commissioning & Asset Management				
Free School Meals	2.319	0.948	0.072	3.339
Volunteer Scheme	0.071	0.000	0.042	0.113
Redeployed Employees	0.000	0.000	0.015	0.015

Service Area/Category	Main Grant £m	Sales, Fees & Charges £m	Other Specific Covid Grant £m	Total Claimed £m
Building Compliance	0.101	0.000	0.023	0.124
Property/Asset Management	0.096	0.000	0.140	0.236
PPE	0.066	0.000	0.000	0.066
Cleaning	0.175	0.000	0.045	0.220
Catering	0.112	0.205	0.000	0.317
Procurement	0.003	0.001	0.000	0.004
Absence from Schools	0.012	0.000	0.000	0.012
Car Parking – QE	0.025	0.072	0.000	0.097
Sub Total	2.980	1.226	0.337	4.543
Environment, Housing & Leisure				
Homelessness	0.060	0.000	0.064	0.124
Environmental Services	(0.226)	0.000	0.000	(0.226)
Waste Management	0.228	0.000	0.058	0.286
Cultural Services	0.030	0.046	0.000	0.076
Sport & Leisure	1.239	2.977	0.000	4.216
Highways & Transport	0.718	0.684	0.000	1.402
Planning & Development	0.050	0.204	0.007	0.261
Security	0.000	0.000	0.015	0.015
Street Lighting	0.005	0.000	0.000	0.005

Service Area/Category	Main Grant £m	Sales, Fees & Charges £m	Other Specific Covid Grant £m	Total Claimed £m
Sub Total	2.104	3.911	0.144	6.159
Health, Education, Care and Safeguarding				
CYPL – Front Door & Safe and Support	(0.349)	0.000	0.000	(0.349)
CYPL – Residential	1.585	(0.006)	0.000	1.579
CYPL – Placement Costs	0.669	0.006	0.000	0.675
CYPL – Adoption Services	0.063	0.038	0.144	0.245
CYPL – School Improvement	0.122	0.351	0.000	0.473
Adults Social Care	3.384	0.000	7.240	10.624
PH – Vaccinations	0.000	0.000	0.021	0.021
Sub Total	5.474	0.389	7.405	13.268
Corporate Strategy				
Corporate Strategy Management	0.074	0.000	0.146	0.220
Policy, Performance and Research	0.051	0.000	0.000	0.051
Marketing & Communication	0.121	0.000	0.000	0.121
Sub Total	0.246	0.000	0.146	0.392

Service Area/Category	Main Grant £m	Sales, Fees & Charges £m	Other Specific Covid Grant £m	Total Claimed £m
Law & Governance				
Information Governance	0.001	0.051	0.000	0.052
Legal	0.000	0.046	0.000	0.046
Registrars	0.061	0.134	0.000	0.195
Coroner	0.051	0.000	0.000	0.051
Sub Total	0.113	0.231	0.000	0.344
Regeneration & Economic Development				
Regeneration	0.055	0.000	0.000	0.055
Sub Total	0.055	0.000	0.000	0.055
Resources & Central Items				
ICT	0.145	0.000	0.000	0.145
Human Resources	0.007	0.000	0.000	0.007
Finance	0.094	0.000	0.011	0.105
Revenues, Benefits & Customer Services	0.644	0.000	0.000	0.644
Bad Debts	0.405	0.000	0.000	0.405
Cross Cutting	0.281	0.000	0.000	0.281
GF Recharge From HPC	0.918	0.000	0.000	0.918
Capital	0.485	0.000	0.000	0.485
Sub Total	2.979	0.000	0.011	2.990
Grand Total	13.951	5.757	8.043	27.751

Service Area/Category	Main Grant £m	Sales, Fees & Charges £m	Other Specific Covid Grant £m	Total Claimed £m
Local Authority Support Grant	(15.636)	0.000	0.000	(15.636)
Sales, Fees & Charges	0.000	(5.757)	0.000	(5.757)
Allocated to specific Covid grants	0.000	0.000	(8.043)	(8.043)
Unallocated to Reserve	(1.685)	0.000	0.000	(1.685)

SECTION 6 – SERVICE COMMENTARIES - BUSINESS AS USUAL

- 6.1 This section outlines the outturn variances resulting from the normal business of the Authority excluding the impacts of Covid-19 which are outlined in Section 5. Meetings have been held throughout the year between Finance officers and budget managers to review the forecast positions for 2020/21, with forecasts being prepared on a prudent basis during the year. Meetings have taken place to review the quarter one, two and three positions with the Elected Mayor, the Deputy Mayor, the Cabinet Member for Finance and Resources, and other relevant Cabinet Members to discuss the in-year finance and performance position. Heads of Service and their senior teams also attend these challenge sessions during the year to discuss plans in progress to mitigate any pressures.
- 6.2 **Health, Education, Care & Safeguarding (HECS)**
- 6.2.1 HECS is reporting a draft outturn overspend of £6.403m which is in line with the position reported to Cabinet in January. Improvements across the service of £0.909m were identified in February and March relating to a downward revision to the original estimates for the impact of Covid on children's and adult services and has resulted in less Covid-19 grant being applied to this area. The improvements of £0.909m related mainly to children's services with the largest improvement being within the Integrated Disability and Additional Needs service (£0.394m). There were also improvements in staffing costs within Children's services (£0.189m), reduced legal fees and s17 payments to safeguard or promote the welfare of vulnerable children (£0.109m) and increased grant and health income (£0.147m). Within adult social care the main Covid related improvements since the January forecast position were reduced care fee costs and an improved staffing position but these were partially offset by a worsening in client contributions.
- 6.2.2 This forecast position excludes the application of contingency budgets set aside in Central Items for pressures in HECS totalling £4.416m. The full £2.616m contingency for Children's Services was required but only £0.756m of the £1.800m set aside for Adults was required. The HECS outturn variance after the application of these contingencies is an overspend of £3.031m.
- 6.2.3 The HECS service continues to be heavily 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. Part of this pressure was supported by £5.110m from the North Tyneside Clinical Commissioning Group (NTCCG). Work has also been ongoing to support social care providers to maintain their vital services. The impact of Covid-19 on HECS is outlined in section 5 with the business as usual budget variances outlined below.

6.2.4 Table 10: Draft Outturn Variation for HECS at March 2021

	Budget £m	Outturn March £m	Variance March £m	Business as Usual Variance Jan £m	Business as Usual Change Since Jan £m
Corporate Parenting & Placements	16.426	21.461	5.035	4.942	0.093
RHELAC Service	0.008	(0.005)	(0.013)	0.000	(0.013)
Child Protection, Independent Assurance and Review	0.695	0.724	0.029	0.026	0.003
Early Help & Vulnerable Families	1.676	1.335	(0.341)	(0.216)	(0.125)
Employment & Skills	0.591	0.591	0.000	(0.027)	0.027
Integrated Disability & Additional Needs Service	2.366	3.336	0.970	0.962	0.008
School Improvement	0.207	0.174	(0.033)	(0.040)	0.007
Regional Adoption Agency	0.000	0.000	0.000	0.000	0.000
Children's Services Sub-total	21.969	27.616	5.647	5.647	0.000
Wellbeing, Governance & Transformation	2.305	2.334	0.029	0.029	0.000
Disability & Mental Health	31.964	31.748	(0.216)	(0.216)	0.000
Wellbeing & Assessment	11.993	13.447	1.454	1.454	0.000
Integrated Services	2.844	2.324	(0.520)	(0.520)	0.000
Business Assurance	0.288	0.297	0.009	0.009	0.000
Adult Services Sub-total	49.394	50.150	0.756	0.756	0.000
Public Health	0.241	0.241	0.000	0.000	0.000
Total HECS	71.604	78.007	6.403	6.403	0.000

Main budget pressures across HECS

- 6.2.5 In addition to its response to the Covid-19 Pandemic described in section 5, HECS has continued, throughout 2020/21 to manage a complex budget and has been required to deal with a combination of varied funding arrangements, pressures, and national policy changes. There are continuing upward pressures on care providers' fees partially resulting from the National Living Wage which will continue to impact in 2021/22. This pressure has become more acute with the operational impact of Covid-19 on care homes and issues around high vacancy levels in a small number of homes within the Borough. Dialogue continues with care home providers around appropriate fee rates. Work also continues into 2021/22 to ensure that appropriate levels of funding contributions from the NHS for clients with health needs as the North Tyneside Clinical Commissioning Group (NTCCG) themselves face continuing budget constraints.
- 6.2.6 The main factor behind the overall outturn position is the significant overspend within Corporate Parenting and Placements in relation to care provision for children in care and care leavers. There are pressures within the Integrated Disability and Additional Needs service due to increasing numbers of children with complex needs. In addition to third party care provision, there are also overspends in workforce costs arising from staff retention and recruitment issues. Within adult services, overspends remain in relation to third party care provision especially in relation to older people.

Adult Services

- 6.2.7 In Adult Services, there is a draft outturn overspend of £0.756m which is unchanged from the January budget position. An underlying improvement of £0.143m since the January forecasted has been the result of a downward revision to the original estimates for the impact of Covid on adult services and has resulted in less Covid-19 grant being required.
- 6.2.8 There have been on-going pressures in third party payments for care provision in 2020/21 which ended the year £3.583m above budget levels. There are also smaller overspends relating to premises costs, £0.149m and supplies and services, £0.064m. These are partially offset by client contributions and contributions from the NHS which are above budgeted levels (£2.255m). There is an underspend against transport budgets of (£0.169m) and within staffing budgets of (£0.603m). The demand pressures were foreseen by Cabinet and a £1.800m contingency base budget was set up, which was held centrally in 2020/21. £0.756m of this contingency was allocated at year end.
- 6.2.9 Overspends within external payments for care provision total £3.583m above budget. Table 11 below shows external payments for care overspends analysed into service types.

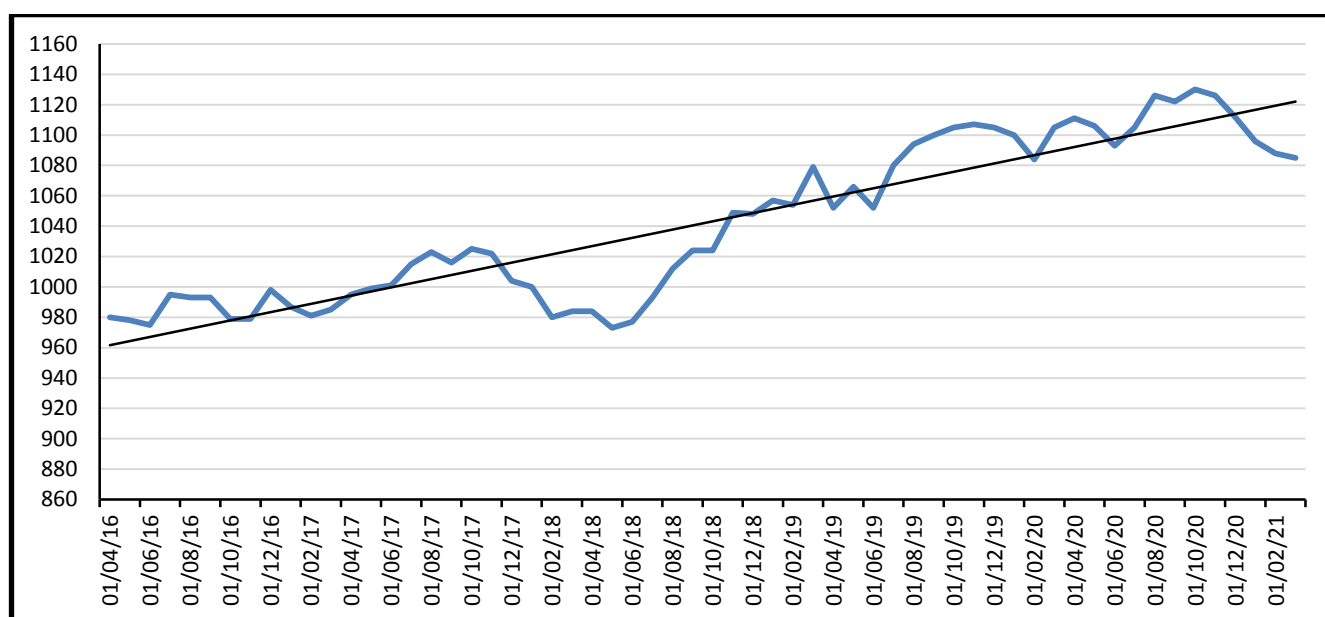
Table 11: Analysis of Adult Services Care Provision Overspend by Service Type

Type of Service	Jan £m	Mar £m
Residential and Nursing Care	2.344	1.748
Homecare and Extra Care	1.595	1.611
Other Community-Based Care	0.089	0.224
Total	4.028	3.583

Residential and Nursing Care

- 6.2.10 In relation to Residential and Nursing Care, an increase in short-term placements in the later part of 2018/19 saw numbers of placements overall rise to 1,066 by the end of that financial year. Internal processes to monitor the use of short-term placements were strengthened and numbers of placements fell in the first part of 2019/20. However, challenges remained, for example the option to move clients from short-term placements to community provision diminishes after longer lengths of stay in short-term placement as clients lose skills and family concerns increase around risks at home. The numbers of placements overall for residential and nursing care, continued in an overall upward trend since July 2019 to a total number of clients placed in care homes of 1,093 at the end of March 2020.
- 6.2.11 Sadly, the initial phase of the Covid-19 pandemic saw a higher number of deaths than would be normally seen and this, combined with a slower rate of new admissions, had a significant impact on the numbers in residential and nursing care. However, numbers increased over the summer to a peak in October 2020 of 1,130. Since October, total numbers in residential and nursing care have been trending downwards to 1,085 at the end of March 2021. This drop is reflected in the reduced variance for residential and nursing care shown in Table 11 above.
- 6.2.12 The movement in numbers placed in residential and nursing care is shown in Chart 1 below.

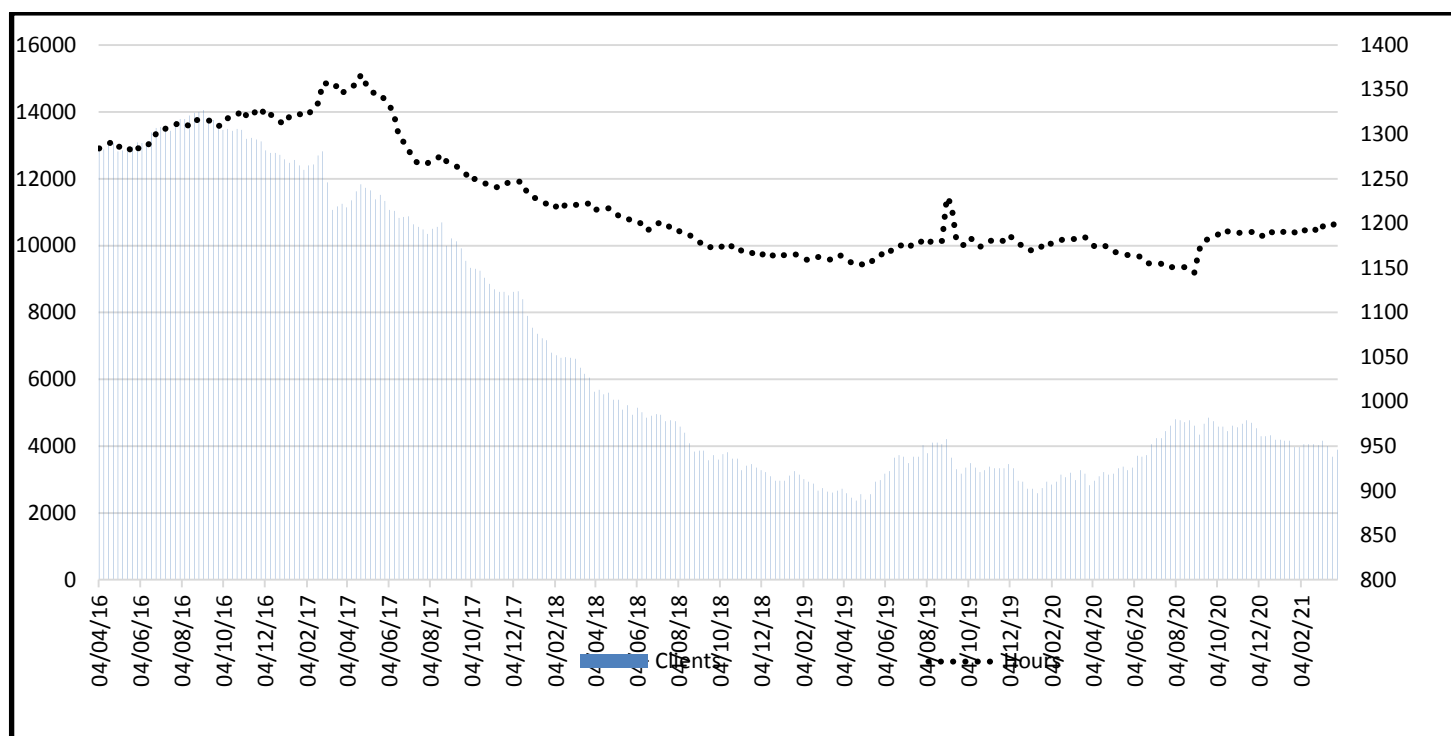
Chart 1: Movement in Numbers of Clients in Residential and Nursing Care since April 2016



Homecare and Extra Care

6.2.13 Cabinet will recall from the 2019/20 Outturn Report that the number of clients rose by 3% during 2019/20 and the number of hours delivered increased by 8.3%. The trend during the initial months of 2020/21 has been fairly volatile with an increase in the number of clients and hours delivered as shown in Chart 2 below. The upward trend has continued in February and March with a further increase of 516 hours per week. The increase in the overspend for these services has however been mitigated by a total of £0.362m which is due to be reclaimed from providers relating to the average payments made to support providers' cashflow in the early stages of the Pandemic.

6.2.14 Chart 2: Trends in Homecare/Extra Care Services



6.2.15 HECS continues to work hard to embed the asset-based approach by re-engineering the customer pathway through the service to ensure that assessments are proportionate and that clients receive the appropriate level of support to meet their needs to the extent that they are eligible under the Care Act as cost-effectively as possible. Work is continuing to develop further technology solutions to meet needs related to areas such as medication prompts and shopping in a more cost-effective way. The approach around the proportionate assessments carried out during the Covid-19 pandemic under Care Act easement guidance is expected to support further change within the service and management are ensuring that positive changes are retained in future practice.

Client Related Income

6.2.16 There is an under-recovery in NTCCG contributions for shared care of £0.958m due to a reduction in contributions for clients who have a significant health need but who do not meet the threshold for continuing healthcare often referred to as 'shared care'. Shared care is not subject to the same statutory guidance as Continuing Healthcare and funding arrangements are agreed on an individual client basis between the Authority and clinical commissioning groups. This form of funding has been reducing since 2015/16 and there has been a further reduction in 2020/21 of £0.339m mainly due to the full year impact of changes notified in 2019/20. Management within HECS are working hard to ensure that clients with significant health needs are appropriately supported by contributions from NHS funding. This reduction is offset by a surplus against budget in other areas of NHS funding to give an overall outturn surplus of £0.622m. Contributions from clients and associated income are forecasted to be significantly above budget with a surplus of £1.633m, partially offsetting the pressures within payments for externally provided care. The draft outturn position for client contributions is net of a provision of £0.814m in relation to potential

adjustments in 2021/22 following a consultation exercise and Cabinet approval of a revised contributions policy.

Staffing

- 6.2.17 There is an improved staffing position since the previous report with an underspend of £0.758m (January, underspend of £0.603) due to ongoing vacancies across several teams. The service continues to actively recruit. This in year saving is partially mitigating the delivery of savings targets of £0.350m.

Premises

- 6.2.18 There is an overspend of £0.149m in premises costs relating mainly to rent for respite premises for clients with a learning disability and accommodation costs for teams based within the community.

Children's Services

- 6.2.19 In Children's Services the draft outturn variance is in line with the January forecast position of an overspend of £5.647m. This relates mainly to an overspend in placement costs for children of £5.035m in Corporate Parenting and Placements and £0.970m in Integrated Disability and Additional Needs. These overspends are partially offset by underspends in Early Help and Vulnerable Families and School Improvement. The pressures were foreseen by Cabinet and a contingency based budget of £2.616m was created and continues to be held centrally. An improvement in the position was identified in February and March relating to a downward revision to the original estimates for the impact of Covid on children's services and has resulted in less Covid-19 grant being required to cover Covid-19 pressures in HECS. £0.766m less Covid-19 funding has been required. These savings mainly related to respite costs for children with disabilities where placements did not take place as a result of Covid (£0.394m). In addition there has been savings in relation to staffing costs within Children's services (£0.189m), reduced legal fees and s17 payments to safeguard or promote the welfare of vulnerable children (£0.109m) and increased grant and health income (£0.147m).

Corporate Parenting and Placements

- 6.2.20 The budget variances within Corporate Parenting and Placements can be broken down as follows:

Table 12: Analysis of Overspends in Corporate Parenting and Placements

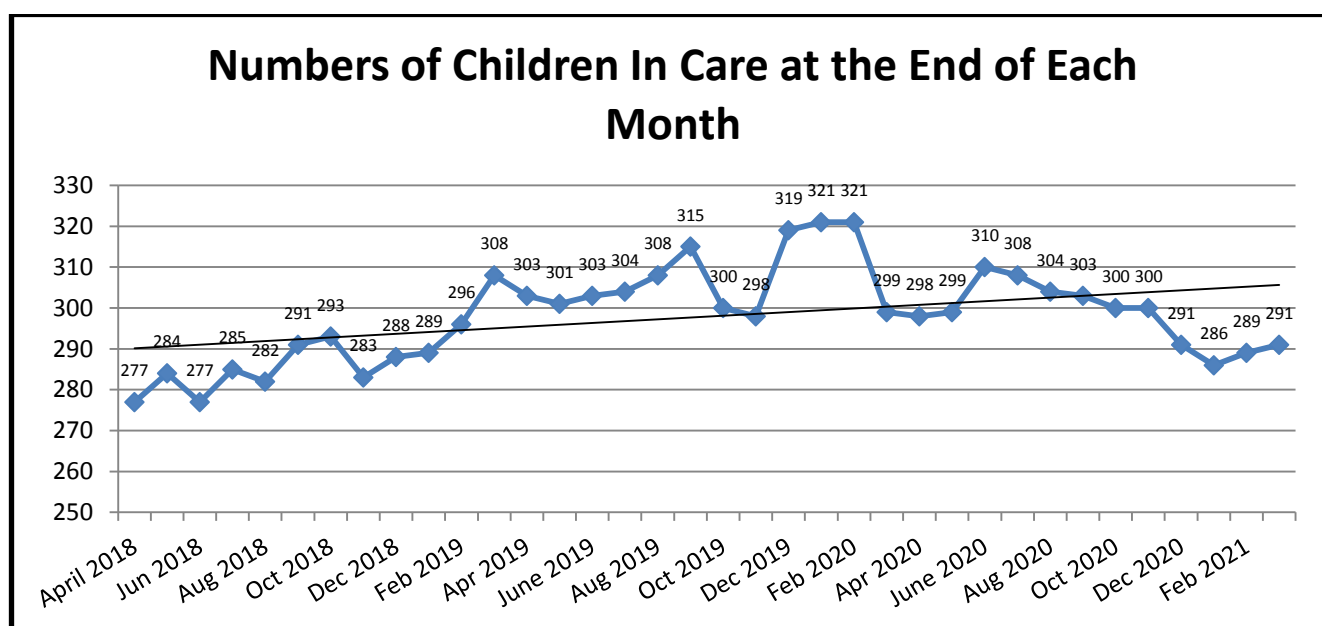
Type of Service	Budget 2020/21 £m	Variance Mar £m	Variance Jan £m	Change Since Jan £m
Care provision – children in care	9.449	2.957	2.901	0.056
Care provision – other children	3.180	0.950	0.891	0.059
Management & Legal Fees	(0.648)	0.571	0.475	0.096
Social Work	4.399	0.553	0.671	(0.118)
Safeguarding Operations	0.046	0.004	0.004	0.000
Total	16.426	5.035	4.942	0.093

6.2.21 The number of children in care at the end of January 2021 was 286, a net increase of 5 since the January report. The Authority also continues to incur costs for children not in care through for example, supported accommodation or Special Guardianship arrangements.

Care Provision – Children in Care

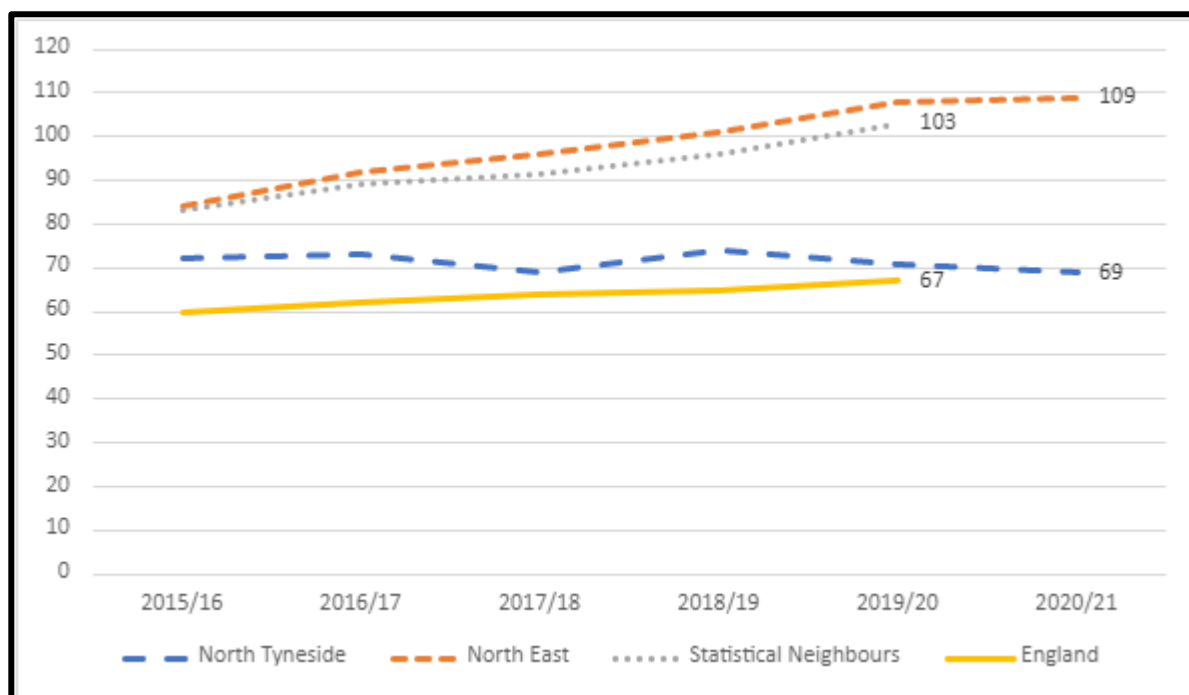
6.2.22 Over recent years, there has been an increase nationally in demand for children's residential placements but with no corresponding increase in government-funded provision. In North Tyneside over the last few years the overall number of children in care has been relatively stable but the overall trend is increasing mirroring the increases being felt nationally.

6.2.23 **Chart 3: Children in Care at the End of Each Month**



6.2.24 The rate of children in care per 10,000 is stable when compared to national and regional averages. The most recent available national comparators from 2019/20, as demonstrated by Chart 4 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.

6.2.25 **Chart 4: Comparative Performance in Rates of Children in Care per 10,000 Children under 18**



6.2.26 The draft outturn overspend for children in care costs is £2.957m which is an increase of £0.056m on the January forecast. The number of bed nights provided was broadly in line with the January forecast at 108,745 which is a 3.4% reduction on the 2019/20 level. There is a concern that there may be future spikes in numbers of children in care as the economic effects of the Covid-19 crisis continues to impact on families. Details of the movement in forecasted bed days by type of service is shown at Table 13.

6.2.27 Residential placements continue to be costly with a current average annual cost of £0.306m but this can be very volatile and is dependent on the individual needs of the cohort of children and young people in externally provided residential placements at any point in time. External supported accommodation can also be costly.

6.2.28 Table 13: Outturn variance, average placement cost and placement mix

Placement Type	Mar Var £m	Ave Annual cost £m	2020/21 Actual Bed Nights Mar	2020/21 Forecast Bed Nights Jan	2019/20 Bed Nights	Placement Mix as at Mar	No. of children Mar 21	No. of children Jan 21
External Residential Care	1.043	0.306	8,163	7,907	8,649	8%	25	24
External Fostering	0.051	0.039	12,068	12,060	11,184	11%	29	28
In-House Fostering Service	0.493	0.027	68,812	69,849	76,731	63%	176	181
External Supported Accommodation	1.314	0.159	6,170	6,054	4,349	6%	15	15
Other*	0.056	various	13,532	12,530	11,709	12%	46	38
Total	2.957		108,745	108,400	112,622	100%	291	286

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

Care Provision – Children not in care

- 6.2.29 The overspend of £0.950m (January variance, £0.891m) relating to care provision for children not in the care system results predominantly from 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 based budget of £2.616m established in 2018/19 was, in part, intended to mitigate against these costs.

Management and Legal Fees

- 6.2.30 This area has a draft outturn overspend of £0.571m (January, pressure of £0.475m). Overspends in this area include management costs of £0.104m, professional fees relating to children in care £0.060m, legal costs £0.100m and other child related costs such as professional fees, DNA tests, drug and alcohol testing, asylum seeker support, counselling sessions and costs for other therapeutic interventions.

Social Work

- 6.2.31 Within the overall variance of £5.035m for Corporate Parenting and Placements, there are staffing overspends of £0.553m, a reduction from £0.671m in January as a result of leavers not being replaced before March and a reduction in associated non pay costs. Cabinet is aware of the particular challenges faced across the children's social care sector nationally. The budget variance resulted from the need to establish an additional team, to enable manageable caseloads (£0.234m) and as a result of market supplement payments to support the recruitment and retention of

social workers. There is also an overspend of £0.050m relating to apprentice posts. As a result of the increase in the number of children with a Child Protection Plan during Covid-19, caseloads for social workers have shown an increasingly high number which is above the national average although this is beginning to reduce.

Integrated Disability and Additional Needs (IDANS)

- 6.2.32 IDANS is showing an outturn overspend of £0.970m. Reduced expenditure of £0.394m has been transferred to be set against Covid costs as it related mainly to respite provision which was impacted by the Pandemic. Budget overspends within IDANS should be seen within the national and local context of increasing numbers of children with Education Health and Care Plans (EHCPs) leading to a pressure in short break spend (£0.486m). Within North Tyneside, the number of children with an EHCP has risen from 1,102 in January 2018 to 1884 in March 2021. There are also operational staffing costs in excess of budget within in-house residential services of £0.131m and an associated unachieved health income target of £0.100m. There are also staffing overspends of £0.235m in Educational Psychology partly relating to cover arrangements associated with maternity leave and partly relating to an increase in non-chargeable statutory work associated with increased levels of EHCPs for children with additional needs. The IDANS service is continuing to carefully review planned provision in 2021/22.

6.3 Commissioning and Asset Management

- 6.3.1 Commissioning and Asset Management (C&AM) has a draft outturn overspend of £0.313m (January, forecasted pressure of £0.298m) as set out in Table 14.
- 6.3.2 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 5.
- 6.3.3 **Table 14: Commissioning and Asset Management (C&AM) Outturn Variation**

	Budget	Outturn	Business	Business	Business
	£m	March	as Usual	as Usual	as Usual
	£m	£m	Variance	Variance	Change
			March	Jan	since Jan
			£m	£m	£m
School Funding & Statutory Staff Costs	4.838	4.782	(0.056)	(0.059)	0.003
Commissioning Service	0.406	0.348	(0.058)	(0.043)	(0.015)
Facilities & Fair Access	0.594	1.097	0.503	0.504	(0.001)
Community & Voluntary Sector Liaison	0.441	0.389	(0.052)	(0.043)	(0.009)
Strategic Property & Investment	1.746	1.769	0.023	(0.036)	0.059

	Budget	Outturn	Business	Business	Business
	£m	March	as Usual	as Usual	as Usual
	£m	£m	Variance	Variance	Change
			March	Jan	since Jan
			£m	£m	£m
High Needs Special Educational Needs	0.000	0.000	0.000	0.000	0.000
Property	(0.600)	(0.600)	0.000	0.000	0.000
Commissioning & Asset Management & Support	0.161	0.160	(0.001)	0.000	(0.001)
Procurement	0.037	(0.009)	(0.046)	(0.025)	(0.021)
Total C&AM	7.623	7.936	0.313	0.298	0.015

6.3.4 The main 'business as usual' budget issues relate to Facilities and Fair Access which is showing forecast pressures of £0.503m (January, pressure of £0.504m). The overspend position relates to Home to School Transport (£0.699m) offset by underspends predominantly on catering and cleaning (£0.161m). The Home to School Transport position relates to the increase in children with complex needs attending special schools and has increased by £0.224m since January. 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 7.17 to 7.23 for more details). National supplier relief guidelines have been followed and transport contractors were paid at usual rates during the initial lockdown period when schools were closed, and these costs have been included within business as usual. Work continues on route rationalisation using the new QRoute system however this will also be impacted by Covid-19 as sharing of transport continues to be limited by infection control measures.

6.3.5 Within Strategic Property and Investment, there is an overspend on the repairs and maintenance budget of £0.164m which is partially offset by underspends against decommissioned buildings and additional income from the Capital Support Team. The increase in the overspend since the January report of £0.059m is due to increases in repairs and maintenance costs in February and March.

6.4 Environment, Housing & Leisure (EHL)

6.4.1 EHL has made a saving of £0.368m against the £43.439m budget, as set out in Table 15 below, which is an improvement of £0.181m from the January forecast.

6.4.2 Table 15: Outturn Variation in Environment Housing & Leisure to Budget

	Budget	Outturn March	Business as Usual Variance March £m	Business as Usual Variance Jan £m	Business as Usual Change since Jan £m
	£m	£m			
Sport & Leisure	2.975	2.769	(0.206)	0.100	(0.306)
Cultural Services	6.917	7.018	0.101	0.029	0.072
Security & Community Safety	0.322	0.365	0.043	(0.005)	0.048
Fleet Management	0.996	0.965	(0.031)	(0.042)	0.011
Waste and Recycling Disposal	7.587	7.632	0.045	(0.054)	0.099
Waste Management	3.975	3.930	(0.045)	(0.007)	(0.038)
Local Environmental Services	7.479	7.287	(0.192)	(0.123)	(0.069)
Head of Service and Resilience	0.245	0.199	(0.046)	(0.017)	(0.029)
Street Lighting PFI	4.323	4.323	0.000	0.000	0.000
Consumer Protection & Building Control	1.012	1.012	0.000	(0.022)	0.022
Transport and Highways	6.415	6.415	0.000	(0.022)	0.022
Planning	0.257	0.257	0.000	(0.005)	0.005
General Fund Housing	0.936	0.899	(0.037)	(0.019)	(0.018)
Total	43.439	43.071	(0.368)	(0.187)	(0.181)

6.4.3 The main area of the underlying improvement in the position since January is in relation to £0.200m operational savings in Sport & Leisure.

Sport & Leisure

6.4.4 The service identified savings during the year relating to the reduced staffing and premises costs when operational. These savings result from a reduction in Active North Tyneside activities, reduced use of casual staff and other operational savings.

Cultural Services

6.4.5 Cultural Services is showing an outturn overspend of £0.101m, which includes historical issues due to premises costs, additional costs at St Mary's lighthouse plus cost pressures associated with The Playhouse theatre and various events including the postponement of the 2020 Mouth of the Tyne Festival. These additional costs have been partially mitigated with the savings on libraries book spend and other operational areas.

6.4.6 There is no impact to the Authority for losses due to Tyne & Wear Museums as these costs have been met elsewhere.

Security & Community Safety

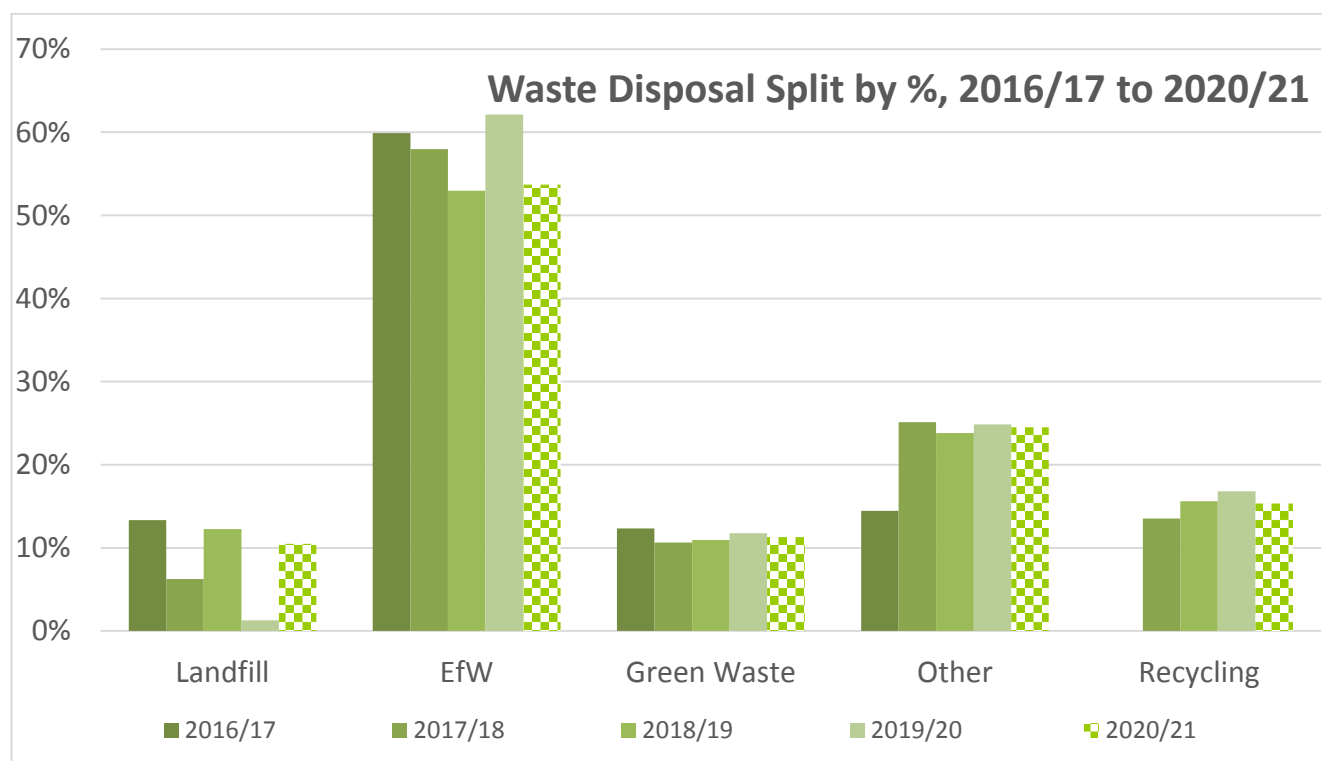
- 6.4.7 Security & Community Safety has closed the year with a £0.043m overspend. The service area ended the year with a small overspend on operational costs.

Fleet Services

- 6.4.8 Fleet Services ended the year with a saving against budget of £0.031m, mainly due to reduced costs in servicing and maintenance costs of a newer fleet. In addition, the service area has benefitted from reduced fuel costs associated with more efficient vehicles.

Waste Management including Recycling and Disposal

- 6.4.9 The Waste Management service has ended 2020/21 with an overall break-even position.
- 6.4.10 Waste Management is showing a £0.045m saving. As reported in previous Cabinet reports, vacancy savings were identified associated with waste strategy.
- 6.4.11 Waste and Recycling Disposal has an offsetting overspend due to a changing cost volume profile (see Chart 5 below) reflecting an increased cost across types of disposal. Landfill costs have increased to the detriment of Energy from Waste, largely due to the impact of Covid-19 on the wider waste market, particularly recycling.
- 6.4.12 **Chart 5: Waste Disposal Volume Comparison 16/17 to 20/21 (at March)**



Local Environmental Services

- 6.4.13 Local Environmental Services is showing a draft outturn saving of £0.192m. In part this is due to staffing vacancies and increased income in bereavement, with the remaining business as usual savings due to a reduction in capital financing costs charged to revenue for the cremator replacement of £0.050m.

Street Lighting PFI

- 6.4.14 Following the draw-down of reserves for the street-lighting PFI, the area is balanced.

Technical Services Partnership

- 6.4.15 These services, including Planning, Transport and Highways, Consumer Protection and Building Control all form part of the Technical Services Partnership. The partnership is reporting a break-even position.

General Fund Housing

- 6.4.16 This service has reported a final outturn saving of £0.037m, mainly due to reduced costs in Housing Growth and increased recharges for staff time to the HRA.

6.5 Regeneration & Economic Development (R&ED)

- 6.5.1 R&ED has ended the year with an overspend of £0.128m as shown in Table 16 below, an improvement of £0.042m since January.

6.5.2 **Table 16: Outturn Variation Regeneration and Economic Development**

	Budget £m	Outturn March £m	Business as Usual Variance March £m	Business as Usual Variance Jan £m	Business as Usual Change since Jan £m
Business & Enterprise	0.771	0.576	(0.195)	(0.121)	(0.074)
Regeneration	0.438	0.632	0.194	0.174	0.020
Resources & Performance	0.228	0.357	0.129	0.117	0.012
Total RED	1.437	1.565	0.128	0.170	(0.042)

- 6.5.3 As previously reported to Cabinet, the budget variances in R&ED result mainly from an inability to achieve staff capitalisation & recharge income targets and income generation shortfalls at both Swans-related sites, plus changes to the service structure.
- 6.5.4 Whilst the sale of the Swans site just before Christmas improved the budget position moving into 2021/22, a fire on the site just before the sale has had an impact which is reflected in the overspend in Regeneration.
- 6.5.5 Two new management roles were added to the structure of the team to enhance capacity and ensure the Council's objectives around regeneration and inclusive

economic growth are delivered. Whilst these posts are expected to be self-financing once fully established, the outturn Resources & Performance position reflects the costs of bringing these posts in. These costs were offset by increased service savings in Business & Enterprise.

6.6 Resources

6.6.1 Overall the Chief Executive Office & Resources is showing an outturn saving of £0.454m, a movement of £0.490m since the January forecast of a £0.036m pressure. This is mainly due the final benefits subsidy claim improving from previous forecasts by £0.417m.

6.6.2 **Table 17: Outturn Variation Chief Executive Office & Resources**

	Budget £m	Outturn March £m	Business as Usual Variance March £m	Business as Usual Variance Jan £m	Business as Usual Change since Jan £m
Chief Executive	(0.078)	(0.215)	(0.137)	(0.091)	(0.046)
ICT	2.796	3.196	0.400	0.014	0.386
Finance	0.013	(0.739)	(0.752)	0.098	(0.850)
HR & Organisational Development	0.237	0.272	0.035	0.015	0.020
Total	2.968	2.514	(0.454)	0.036	(0.490)

6.6.3 The Chief Executive office is showing a saving against the non-staffing budgets, which increased since January due to reduced spend caused by a change in priorities impacting the planned roll out of corporate programmes in year, whilst the Authority responded to the Covid-19 outbreak.

6.6.4 The increased spend in ICT is due to reporting costs that were previously assumed to be met from reserves. Due to the overall improvement in the Authority's position, the drawdown was no longer required.

6.6.5 The finance position reflects the £0.417m improvement in benefits subsidy plus additional funding secured from NoTCA of £0.200m and an improved position on contract costs that were previously expected to balance. Revenues and Benefits has improved by £0.418m due to the final subsidy claim, adding to existing savings due to improvement in bad debt provision and in overpayments positions.

6.6.6 The overspend within HR relates to staffing costs, including the costs of transferring HR services back to the Authority from its partner organisation, Engie.

6.7 Corporate Strategy

6.7.1 Corporate Strategy has ended the year with an outturn saving of £0.304m as set out in Table 18 below (January, forecast saving of £0.063m). The movement since the January reported position is due to further funding from Covid grants for staff time

and increased funding in Performance Policy and Research (e.g. NoTCA funding agreements).

6.7.2 Table 18: Outturn Variation Corporate Strategy

	Budget £m	Outturn March £m	Business as Usual Variance March £m	Business as Usual Variance Jan £m	Business as Usual Change since Jan £m
Elected Mayor & Executive Support	0.018	0.007	(0.011)	(0.026)	0.015
Policy Performance and Research	0.295	0.097	(0.198)	0.163	(0.361)
Corporate Strategy Management	0.006	0.107	0.101	(0.004)	0.105
Marketing	0.289	0.156	(0.133)	(0.112)	(0.021)
Children's Participation & Advocacy	0.130	0.067	(0.063)	(0.084)	0.021
Total	0.738	0.434	(0.304)	(0.063)	(0.241)

6.7.3 The final outturn reflects the services integral role in managing the Covid-19 response for the Authority, with costs being met from additional funding. External income targets, budgeted against the Corporate Strategy Management area, have been met by additional income recharged to the other sections.

6.8 Law & Governance

6.8.1 Law & Governance has ended the year with an overspend of £0.170m compared to the January forecast of £0.220m.

6.8.2 Table 19: Outturn Variation Law and Governance

	Budget £m	Outturn March £m	Business as Usual Variance March £m	Business as Usual Variance Jan £m	Business as Usual Change since Jan £m
Customer, Governance and Registration	(0.071)	(0.072)	(0.001)	0.008	(0.009)
Democratic and Electoral Services	(0.044)	0.183	0.227	(0.021)	0.248
Information Governance	0.059	0.161	0.102	(0.063)	0.165
Legal Services	(0.105)	(0.221)	(0.116)	0.210	(0.326)
North Tyneside Coroner	0.294	0.252	(0.042)	0.086	(0.128)
Total	0.133	0.303	0.170	0.220	(0.050)

6.8.3 The remaining business as usual overspend predominantly relates to staffing within the service as it was forced to incur high costs for locum staff. In addition, costs for the shared Coroner's Service have proven higher than anticipated.

6.9 **Central Items**

6.9.1 Central Items has ended the financial year with a surplus of £8.388m compared to a forecasted surplus of £6.824m in January, an improvement of £1.564m. The surplus figure of £8.388m contains contingencies supporting the Adults Social Care (£0.756m) and Children's Social Care (£2.616m) position. The main changes impacting the position since January are summarised below.

- Corporate & Democratic Core
 - £0.190m – growth balances not required; and,
 - £0.144m – savings on pensions out of revenue.
- Other Central Items
 - £1.044m – saving on contingency required for Adult Social Care
 - £0.210m – additional savings on external interest charges.

6.9.2 **Table 20: Outturn Variation Central Budgets and Contingencies**

	Budget £m	Outturn March £m	Business as Usual Variance March £m	Business as Usual Variance Jan £m	Business as Usual Change since Jan £m
Corporate & Democratic Core	1.686	1.342	(0.344)	0.010	(0.354)
Other Central Items	11.720	3.676	(8.044)	(6.834)	(1.210)
	13.406	5.018	(8.388)	(6.824)	(1.564)

SECTION 7 - SCHOOLS FINANCE

Schools Balances in 2020/21

7.1 Schools have concluded their 2020/21 accounts closure in line with the Local Scheme For Financing Schools and the Authority's revised year-end timetable. Collective school balances in North Tyneside maintained schools increased from a surplus of £0.165m at the start of the year to a closing surplus of £3.721m. This position is significantly better, by £10.476m, than the forecast at the start of the year when the outturn was expected to be an overall deficit of £6.755m. The most recent set of monitoring performed with schools during the year and completed in early February 2021 showed an overall forecast deficit balance of £2.900m. The final balance position for schools is reported in the Authority's statutory accounts and is before any commitments are taken into account, which are in a normal year around £4.500m (the full value of commitments for 2020/21 is still to be quantified and won't be known until late July 2021). The reported position across 2020/21 is analysed below in Table 21 by phase:

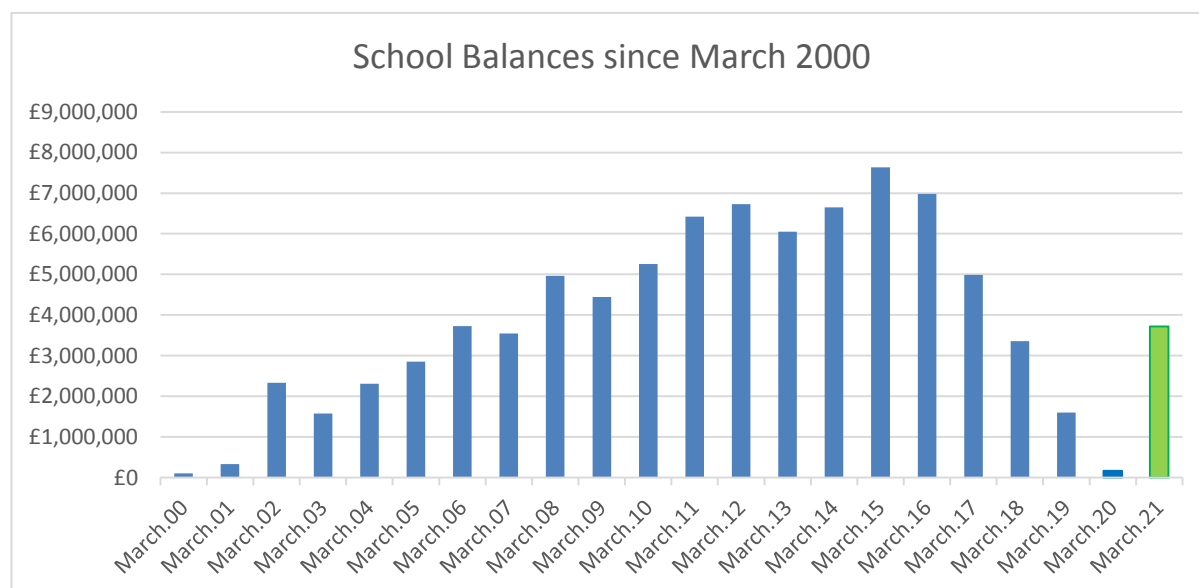
7.2 **Table 21: Total School balance position against plan Surplus/ (Deficit) - committed and uncommitted**

Phase	Outturn 2019/20 £m	Budget Plan 2020/21 £m	Monitoring 1 2020/21 £m	Monitoring 2 2020/21 £m	Provisional Outturn 2020/21 £m	Annual Movement £m
Nursery	0.127	0.053	0.086	0.099	0.124	(0.003)
First	0.746	0.665	0.619	0.910	1.291	0.545
Primary	3.497	2.271	2.693	3.232	6.055	2.558
Middle	0.437	0.276	0.338	0.523	1.013	0.576
Secondary	(5.549)	(9.679)	(9.766)	(8.056)	(5.577)	(0.028)
Special / PRU	0.907	(0.341)	0.353	0.392	0.815	(0.092)
Total	0.165	(6.755)	(5.677)	(2.900)	3.721	3.556

7.3 Cabinet will be aware that, under legislation, schools retain a high degree of autonomy when setting budgets unless they are in a deficit position. Therefore, whilst Elected Members and officers are able to advise schools on the adequacy of balances, they cannot intervene. Schools have been reminded of the need to forecast as accurately as possible so that decisions are taken in the light of accurate budget projections.

7.4 The outturn position for 2020/21 is significantly better than predicted during the year, this is the first year since 2015 of improved balances in North Tyneside. This is partly due to the impact of the Governments imposed lockdowns during the year, but it is also due to being unable to carry out various committed activities that will be slipped into 2021/22 along with the relevant committed funding. Chart 6 below sets out the long-term trend:

7.5 Chart 6: Long-Term Trend in School Balances within North Tyneside



Covid-19 Impact

- 7.6 Schools has been impacted significantly by the Covid-19 outbreak, especially during the various lockdowns in 2020/21. Whilst this has had a strain on their ability to operate effectively, it has had a positive impact on balances, with the costs of dealing with the Covid-19 outbreak being partially met by funding of £1.881m from the Department of Education (DfE) and partially from budget savings due to schools being closed.
- 7.7 The Authority has recognised that whilst open and carrying out their duties, schools have had to meet the costs of having to contain the spread of Covid-19 from their own balances. As stated above, overall schools have in the main shown improved balances due to being closed for parts of the year, they have had to meet exceptional costs of containing the spread of the Covid-19 outbreak when operating.
- 7.8 The Authority's Recovery Coordinating Group (RCG) has agreed to provide Containment funding to mitigate the impact on balances for the latter half of 2020/21. Schools will be asked to retrospectively apply for the funding to offset the qualifying costs they have already absorbed.

School Deficits

- 7.9 Cabinet will recall from the January update that some individual schools expected to face significant financial challenges. During the year, the Authority and Schools Forum paid particular attention to those schools with approved deficits.
- 7.10 There were twelve schools with identified with potential deficits in 2020/21, though three of these schools then received funding from Schools Forum for schools in financial difficulty and therefore did not require deficit approvals.

7.11 **Table 22: Provisional Outturn – Schools in no longer in deficit**

Schools Out of Deficit 2020/21	Deficit Approval £m	Provisional Outturn £m	Improvement £m
Benton Dene Primary	0.000	0.083	0.083
Holystone Primary	0.000	0.059	0.059
Marden Bridge Middle	0.000	0.096	0.096
Total	0.000	0.238	0.238

7.12 The remaining nine schools, including two classed as structural deficits, were supported with a total approved deficit value of £12.675m. Schools Forum and senior officers worked closely and collaboratively with these schools during the year, with all schools bar one improving their closing position against their budgeted deficit and contributing to an improved outturn of £10.570m, a movement of £2.105m. Three of these schools ended the year in a surplus position. The progress of individual schools is outlined in Table 23 below:

7.13 **Table 23: Provisional Outturn – Schools in deficit**

Deficit School Positions 2020/21	Deficit Approval £m	Provisional Outturn £m	Improvement £m
Forest Hall	(0.014)	0.037	0.051
Greenfields	(0.120)	(0.131)	(0.011)
Ivy Road	(0.300)	(0.165)	0.135
St Mary's (NS)	(0.033)	0.068	0.101
Marden High	(0.468)	0.078	0.546
Norham High	(3.193)	(3.064)	0.129
Longbenton High	(2.610)	(2.334)	0.276
Monkseaton High	(5.164)	(4.815)	0.349
Beaconhill	(0.773)	(0.244)	0.529
Total	(12.675)	(10.570)	2.105

7.14 Cabinet should note that six schools are expected to remain in deficit for 2021/22. In addition to these schools with planned deficits in 2020/21, an additional three schools have warned the Authority that they expect to need to apply for a licenced deficit agreement in 2021/22. Consequently, nine schools are expected to request deficit approval in 2021/22. Initial deficit challenge sessions have taken place during June 2021. Full details of deficit approval applications will be reported to Cabinet Members as part of the first financial management report of 2021/22.

2020/21 Dedicated Schools Grant (DSG) Outturn

7.15 After allowing for school allocations, the 2020/21 DSG account of £149.419m (after removing academy funding) is showing a net deficit balance of £7.932m.

This compares to a deficit of £3.262m in 2019/20. Cabinet will recall that in 2019/20 the DfE issued guidance that any shortfall in dedicated schools grant should not be supported using funds from the General Fund.

- 7.16 Within the individual blocks of the DSG, the closing balance on the High Needs block is a pressure of £8.720m, which increased by £4.175m in 2020/21 from £4.545m in 2019/20. This is partially offset by an underspend of £0.199m on the Early Years block and an underspend of £0.589m on Centrally Retained and de-delegated items which mainly relates to the headroom, growth funding and falling roles funding. As the DSG is a ringfenced account, any balance is carried forward into the next financial year.

High Needs Block

- 7.17 Cabinet will recall that the High Needs block outturn in 2019/20 was an overspend of £4.545m. This pressure has continued in 2020/21 in line with national trends. The provisional 2020/21 in-year outturn is £4.175m. Cabinet should note that the High Needs block forms part of the DSG, which is ringfenced and does not form part of the General Fund.
- 7.18 This overall pressure in the High Needs block is in line with the national and regional picture and results from additional places required in special schools, out of borough placements and in relation to top up payments as outlined in Table 24 below.

7.19 **Table 24: Breakdown of High Needs Pressures at March 2021**

Provision	Budget £m	Provisional Outturn Variance £m	Comment
Special schools and PRU	12.797	2.186	Pressure on places for children with Profound, Multiple Learning Difficulties, Social Emotional and Mental Health problems and Autism Spectrum Disorder
ARPs/Top ups	3.655	1.198	Pressures in mainstream top-ups (including Norham ARP)
Out of Borough	2.515	0.730	Additional costs of the most complex children currently not able to be supported in the Borough
Commissioned services	3.957	0.061	
Subtotal	22.924	4.175	
2019/20 brought/forward balance		4.545	
Cumulative Outturn		8.720	

- 7.20 The Department for Education guidelines state that Schools Forum can approve a transfer of up to 0.5% of the School Block to support other blocks. Transfers have been made to the High Needs Block from the Schools Block in previous years.

The Authority did not request a transfer for 2020/21 and has not requested one for 2021/22 pending the completion of the High Needs Recovery Plan.

High Needs Recovery Plan

- 7.21 North Tyneside continues to experience a significant increase in the numbers of children with Special Educational Needs and Disabilities (SEND). Increases since 2018/19 have made the Authority a national outlier in terms of the proportion of Education Health and Care plans maintained and the rate of increase. These plans, in excess of what would be seen to be typical, are placing the services that work with children and young people with additional needs under considerable pressure. All local authorities have a statutory responsibility to keep High Needs provision under review. Officers from the local authority are working with stakeholders to develop a pragmatic four-year recovery plan with a core objective to ensure that all children and young people are enabled to thrive within their local communities. It will continue to involve the Authority working with School's Forum, the Special School Heads Group, Primary Learning Partnership (primary headteachers), Education Improvement Partnership (secondary headteachers), the NTCCG, NHS Foundation Trust Therapeutic Services, the Parent Carer Forum and other stakeholders.
- 7.22 The new SEND Inclusion strategy has a clear focus on enabling children and young people with additional needs to live a 'gloriously ordinary' life and key to that is maintaining them where they will have most success and the evidence shows that this is accessing resource within their local community.
- 7.23 Our initial plans to strengthen the graduated approach in mainstream schools, strengthen the gatekeeping around access to High Needs top-up funding and to improve management of demand for out of borough placements by looking at the reasons behind current requests for an external placement have been impacted by the pandemic. Plans are underway to re-launch and more firmly embed the ambition of this work that will aim to increase the depth and breadth of the universal offer for all children and young people who may need support to have success in their local schools. This work will be ongoing in 2021/22.

Early Years Block

- 7.24 The Early Years block has ended the year with a cumulative surplus of £0.199m. This included a brought forward surplus of £0.435m from 2019/20. The 2019/20 surplus included £0.394m surplus generated on the 3- and 4-year-old funding, which was returned to providers of the 3- and 4-year-old entitlement as was agreed with Schools Forum.
- 7.25 The Early Years sector has been supported through the various stages of the Covid pandemic by flexing the local funding policy each term. For Summer 2020 settings were funded based on pre-Covid estimates, Autumn 2020 funding based on higher of Autumn 20 or Autumn 19 pupil numbers, with the refund of surplus funds mentioned above also being applied.

- 7.26 An adjustment to funding takes place each May/June when the DfE reviews initial funding estimates in relation to the numbers of pupils actually taking place compared to the initial funding estimates based on the January pupil census prior to the financial year. The Authority is anticipating a clawback of funding as a result of this review.

SECTION 8 - HOUSING REVENUE ACCOUNT (HRA)

Outturn in 2020/21

8.1 The HRA shows an overspend of £0.213m against the in-year 2020/21 Budget, counter-balanced by a £0.211m improvement in the budgeted brought forward balances, which cumulatively brings the HRA within £0.002m of the budgeted position for 2020/21. The overall position is shown in Table 25 below and shows a position that has improved moderately during the course of the year. The figures include the impact of all identified HRA and in-house construction service-related Covid-19 costs

8.2 Table 25: Outturn Variance Housing Revenue Account

	FULL YEAR – 2020/21			Jan 2020 Variance £m
	Full Year Budget £m	Actual £m	Outturn Variance £m	
<u>INCOME</u>				
Rental Income	(60.024)	(60.121)	(0.097)	(0.810)
Other Rental Income - Shops & Offices etc.	(0.275)	(0.399)	(0.124)	(0.031)
Interest on Balances	(0.050)	(0.062)	(0.012)	0.000
PFI Credits	(7.693)	(7.693)	0.000	0.000
TOTAL INCOME	(68.042)	(68.275)	(0.233)	(0.841)
<u>EXPENDITURE</u>				
Capital Charges – Net Effect	13.832	13.555	(0.277)	0.000
HRA Management Costs	10.226	9.325	(0.901)	(0.198)
PFI Contract Costs	9.690	9.995	0.305	0.350
Repairs	12.247	13.721	1.474	0.992
Revenue Support to Capital Programme	10.470	10.924	0.454	0.000
Contribution to Major Repairs Reserve – Depreciation	12.826	12.679	(0.147)	0.000
Contingencies, Bad debt Provision & Transitional Protection Payments	1.340	0.878	(0.462)	0.000
Pension Fund Deficit Funding	0.000	0.000	0.000	0.000
TOTAL EXPENDITURE	70.631	71.077	0.446	1.144
NET POSITION 2020/21	2.589	2.802	0.213	0.303
BALANCES BROUGHT FORWARD	(7.592)	(7.803)	(0.211)	(0.211)
BALANCES TO CARRY FORWARD	(5.003)	(5.001)	0.002	0.092

Outturn Variance Analysis

8.3 Rental income saw a budget under-recovery of £0.164m due to a significant reduction in final reconciliation figures for general needs dwellings. However, this was offset by Service charge income continuing to perform strongly and coming in

£0.105m better than budget, as did temporary and dispersed income (£0.122m better than budget) although this was also a dip from previous forecasts. Garage rents also came in better than budget as forecast (£0.035m). Income from commercial properties and properties rented to HECS for various client groups came in well above budget (£0.124m), as there was strong focus on ensuring all rental payments were collected in the final quarter of the financial year.

8.4 There are three elements of expenditure in Table 25 that together relate to the HRA's servicing of its' share of the Council's debt portfolio and the capital financing strategy for the HRA Capital Investment Plan, namely:

- Capital Charges – consists of external interest charges on debt (£0.051m over budget), Debt Management Expenses (£0.022m under budget), and the Minimum Revenue Provision (MRP) equivalent set aside to repay debt (£0.306m under budget). Overall, the net position for Capital charges shows as £0.277m under budget.
- Revenue contribution to the funding of Capital outlay – there was an increased call of £0.454m on this element of direct revenue financing of capital spend; and,
- Thirdly there is the annual charge for Depreciation, which has to be transferred to the Major Repairs Reserve (MRR), and can only be used to finance capital spend or repay debt, and there was a reduction of £0.147m against in the sum required in 2020/21 as part of capital financing.

Taking these three elements together it can be seen that the overall impact on the bottom line for the HRA is cost neutral against the budgets provided and is just a reflection of the reconciliation of the final capital financing requirements.

8.5 The budget for management costs has improved significantly over the course of the year, and particularly over the last quarter to result in a £0.901m under-spend against budget, A whole range of factors resulted in a significant swing in outturn figures for management costs, it appears that every element that could have improved did so during the final part of the year, with the main changes being:

- Pension Strain on the Fund - no pension costs this year for staff departures (£0.061m).
- Reduction compared to forecast sheltered utility and other costs (£0.340m).
- Reduced housing strategy recharge (£0.056m); Reduced ICT revenue costs (£0.061m); Reduction in Council Tax Empty Homes charges (£0.048m).
- Increased water rates commission (£0.062m).
- Range of other small reductions across range of cost centres relating to increased vacancy savings etc (£0.075m).

8.6 A number of delegated decisions have been made over the past few years to utilise PFI Reserve funds to support other areas of the HRA, namely, the purchase of the new fleet for the Housing Property and Construction Service, and payment of a settlement agreement with PFI Contractors S4NT and Galliford Try. Plans to restore the balance on the reserve over the following seven years were made. However, the opportunity was taken last year to make additional contributions into the reserve to bring that timeline down and reduce the risk to the reserve. An additional contribution to the reserve of £0.350m has now been identified this year in line with the same principle applied last year, and this should reduce the time taken to bring the reserve back into balance by at least a further year. This was the main reason for the £0.305m over-spend against this element of the budget.

- 8.7 The repairs adverse variance of £1.474m relates mainly to the overall impact of Covid-19 on the service. All of the HRA-related elements were gathered within the central repairs pot to maintain a clear focus on the implications and the potential impact on the service. The Housing Property and Construction Service also stepped up to provide a comprehensive procurement, storage, and distribution service for PPE, not just for the HRA but for the whole authority, care homes, and other regional bodies. The overall estimated costs of both of these elements totalled £2.515m. The HRA-related elements totalled £1.598m which had to be funded from existing budgets, and this explains the bulk of the £1.474m overall variance on the HRA repairs budget. All Covid-related costs including PPE which related to non-HRA services, and elements of unrecovered costs incurred by the in-house Construction service relating to General Fund services were recovered from Covid grant funding (£0.917m).
- 8.8 Rent Arrears have flattened out in the last few months of the year and significantly reduced the call on the in-year Bad Debt Provision (£0.421m); the contingency was not all required (£0.026m), and transitional protection came in slightly under budget (£0.015m). So overall although there were some significant swings across different service areas during the last quarter of the year, the bottom line was within £0.002m of coming in exactly on budget.

Rent Arrears and Bad Debt Provision

- 8.9 Arrears are made up of two elements:

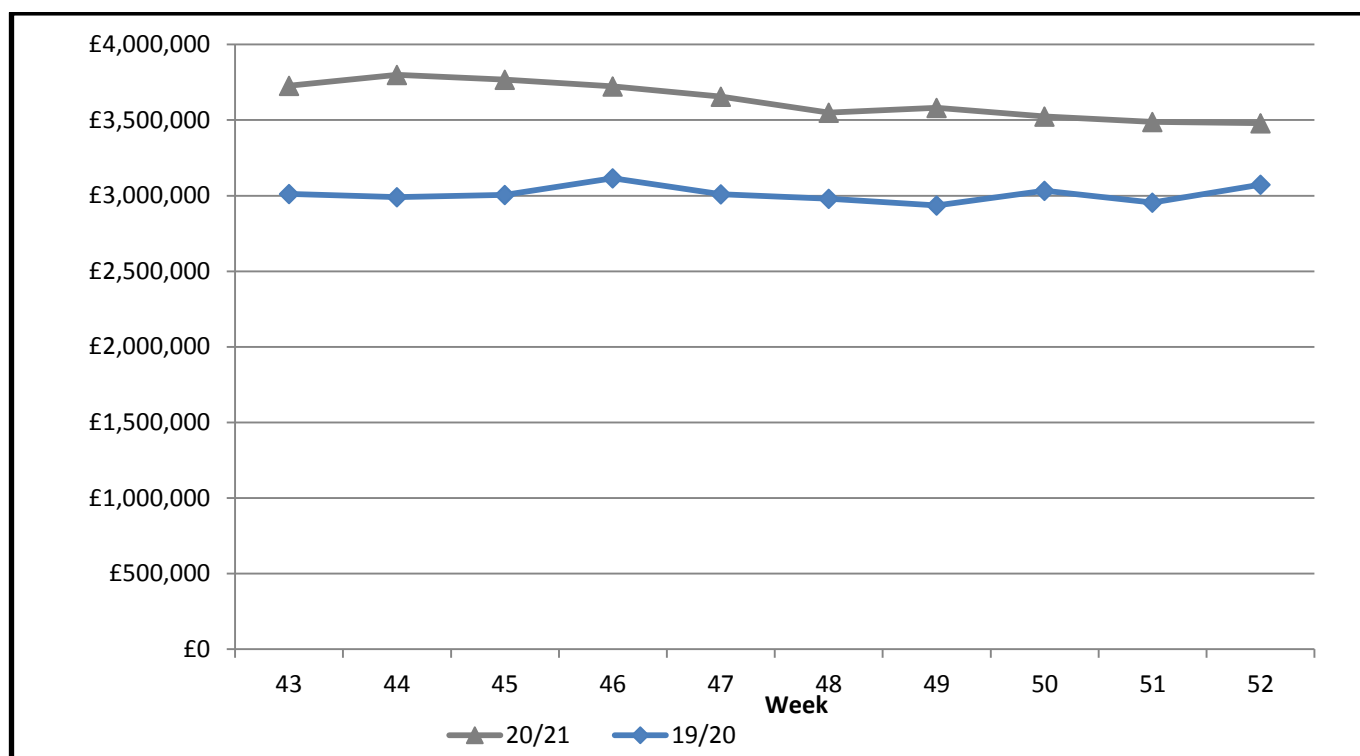
- Current Tenant Arrears &
- Former Tenant Arrears

- 8.10 **Table 26: Rent Arrears**

Date	Current Arrears	Former Arrears	Total Arrears	Change
	£	£	£	£
31/03/2019	2,649,474	1,726,269	4,375,743	627,000
31/03/2020	3,162,030	2,137,477	5,299,507	923,764
31/03/2021	3,498,391	2,311,655	5,810,046	510,539

- 8.11 Arrears have risen significantly over the last two years as illustrated in the table above. Initially it was feared that the increase in arrears in the current year due to the pandemic would be even higher than last year, but despite an initial spike the 2020/21 position has not risen as much as initially expected.
- 8.12 Chart 7 below shows the value of current rent arrears in 2020/21 compared to the same period in 2019/20. A team is continually working proactively with tenants to minimise arrears.

8.13 Chart 7: Current Arrears - Feb-Mar 2020/21 compared to 2019/20



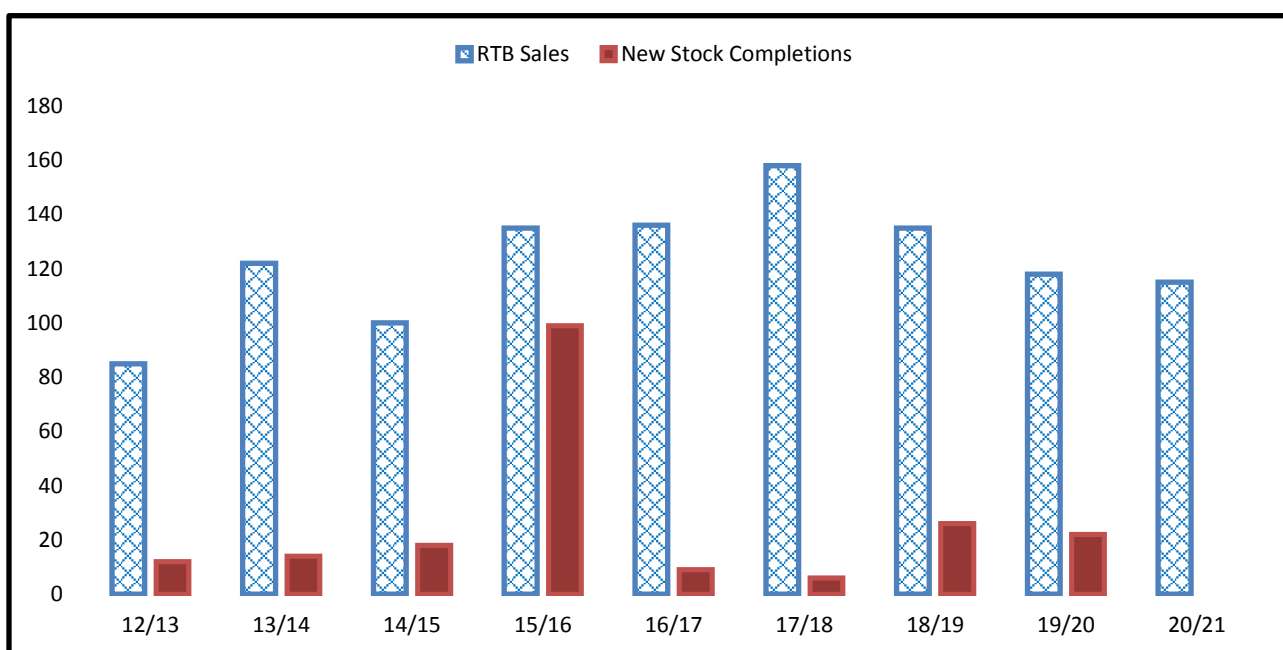
8.14 The main mechanism for helping to manage arrears is the Bad Debt Provision (BDP), which at the start of 2020-21 stood at £4.286m on the HRA Balance Sheet with the budget for the 2020-21 contribution at £0.980m. Because of the slowdown in the rate of increase in the level of arrears, the outturn in-year BDP requirement reduced significantly to £0.559m which was £0.421m under budget for 2020-21.

8.15 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 4,698 tenants of North Tyneside Homes on Universal Credit with arrears totalling £2.689m. This is up by 2,124 tenants and £0.479m of arrears from the beginning of the year when there were 2,574 tenants on UC with arrears of £2.210m.

Right to Buy (RTB) Trends

8.16 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 8 below shows the trend in RTB sales since that time which shows that sales during the pandemic in 2020-21 have remained at pre-pandemic trend levels.

8.17 Chart 8: Trend in Right to Buy Sales



SECTION 9 - INVESTMENT PLAN

- 9.1 The Investment Plan represents the Authority's capital investment programme in projects across all service areas, including General Fund and HRA activities.
- 9.2 All capital investment follows a structured gateway process, and is challenged by Members and senior officers, from the initial ideas stage, through the delivery stage and finally to post implementation. Delivery of the Investment Plan year by year, through both physical on-site development and capital spend, is key to the successful attainment of the Authority's objectives.

2020/21 Capital Expenditure

- 9.3 The initial 2020/21 Investment Plan Budget was £67.307m (£40.445m General Fund and £26.862m Housing). Further variations to the Plan and reprogramming were agreed by Cabinet during the year as part of the Financial Monitoring process to give an approved Plan at the year-end of £61.370m (£39.053m General Fund and £22.317m Housing). Table 27 below summarises these changes:

Table 27: 2020/21 Investment Plan – Summary of changes to Budget

	£m
Investment Plan approved by full Council – 3 February 2020	67.307
Reprogramming from 2019/20	6.751
Reprogramming to 2021/22	(19.642)
Other variations (net)	6.954
Revised Investment Plan	61.370

- 9.4 Actual capital expenditure in 2020/21 totalled £53.830m (£59.080m in 2019/20), comprising General Fund expenditure of £33.468m and £20.362m on Housing Schemes.
- 9.5 Not all of the expenditure relates to the creation or improvement of fixed assets for the Authority. £13.078m relates to spend on other items, including £1.508m for share capital, £1.125m on loans, £1.141m spent on Disabled Facilities Grants, £2.906m on Trust schools, £2.295m HCA joint venture agreement and £2.725m Nexus (Tanners Bank).
- 9.6 Table 28 below compares the actual capital expenditure for 2020/21 with the revised Budget for the year, as well as the actual spend for 2019/20 for comparison:

Table 28: Comparison of Capital Expenditure to Revised Budget for 2019/20

Actual Capital Expenditure 2019/20 £m		Revised Capital Budget 2020/21 £m	Actual Capital Expenditure 2020/21 £m	Variation from Budget over / (under) £m
35.911	General Fund	39.053	33.468	(5.585)
23.169	Housing	22.317	20.362	(1.955)
59.080	Total	61.370	53.830	(7.540)

- 9.7 Included within the appendices is further information on the Investment Plan and activities in the year. **Appendix B** shows the final expenditure, and how that expenditure was financed, with **Appendix C** showing a comparison of expenditure against budget for each individual project. The reasons for these variations have been analysed as reprogramming and other variations.
- 9.8 Across all capital projects, further reprogramming of £10.101m has been identified and it is requested that Cabinet approve the carry forward of this amount into the 2021/22 Investment Plan. A detailed breakdown of this amount is included in **Appendix C**.
- 9.9 The major achievements delivered as part of the capital investment programme in 2020/21 include:
- (a) Completion of projects including.
- Northern Promenade phase 2.
 - various works to housing stock (kitchen and bathroom replacements, heating upgrades, roof replacements, replacement windows and doors).
 - various projects as part of the Asset Planned Maintenance programme.
 - Wallsend Customer First Centre - internal fit out and improvements.
 - Centre for Innovation (CFI) phase 2 completed at the former Swan Hunter site.
 - strengthening Southern Promenade sea wall.
 - improvement works to the school's estate (DDA improvements, roof replacements, heating and electrical improvements, window renewals etc.).
 - ongoing programme of transport works including road resurfacing, maintenance of bridges and includes road resurfacing; maintenance of bridges and infrastructure; and road safety, network management and parking schemes.
 - fleet replacements including grounds maintenance vehicles, sweepers, vans, and electric vehicles; and,
 - ICT refresh.
- (b) In addition, there are a number of projects underway including.
- operational depot accommodation;
 - Works at Burradon Recreation Ground;
 - Streetlighting LED retrofit phase 2;

- building new HRA affordable homes at various locations; and,
- North Tyneside Trading Company building homes for sale.

Further details can be found in the Investment Programme Board end of year report which is included as a background paper to this report.

Capital Financing

- 9.10 Local authorities can finance capital expenditure from a variety of sources: grants; external contributions; capital receipts; borrowing; and contributions from revenue. This section of the report considers how the Investment Plan has been financed.
- 9.11 Under the Prudential System for capital financing, the Authority can decide to borrow to fund capital expenditure, known as prudential (or unsupported) borrowing. There are associated revenue costs (interest and Minimum Revenue Provision (MRP)) which must be met from the Authority's own resources, i.e. funded by Council Taxpayers. MRP is a charge included in the Authority's accounts that effectively spreads the cost of capital expenditure over a period that generally equates to the period in which the asset is used. When deciding whether to take out additional borrowing, the Authority must consider whether the Investment Plan is affordable, sustainable, and prudent.
- 9.12 When determining how to finance the Authority-funded element of the Investment Plan, the Authority's MRP Policy is used to maximise the effectiveness of borrowing in relation to individual schemes in the Investment Plan.
- 9.13 The total capital expenditure of £53.830m has been financed as shown in table 29 below:

Table 29: 2020/21 Capital Financing

	2020/21 Capital Financing £m
<u>Council Contribution</u>	
Prudential (Unsupported) Borrowing – General Fund	13.146
Capital Receipts -General Fund	2.245
Capital Receipts – HRA	1.132
Direct Revenue Funding - General Fund	1.263
Direct Revenue Funding – HRA	12.128
Major Repairs Allowance	7.102
	37.016
<u>External funding</u>	
Specific Government Grants	13.528
ERDF	0.910
Capital Grants and Contributions	2.376
	16.814
	53.830

9.14 Total Prudential borrowing for the General Fund was £13.146m. During the year £4.598m of General Fund capital receipts were generated, which adding the balance carried forward (£1.773m) gave an available balance of £6.371m. £2.245m have been used to finance expenditure in 2020/21, £1.369m have been used to repay loans, £0.168m used to repay debt, leaving a balance of £2.589m to be carried forward for future years.

9.15 For Housing, capital receipts of £5.637m were received during 2020/21, of which £1.874m were pooled and paid across to central government leaving a balance of £3.763m available for financing. This balance plus the brought forward receipts of £8.312m gave an available balance of £12.075m. Of this £1.132m was used to finance 2020/21 capital spend and £2.681m was set aside to repay debt leaving a balance of £8.262m to be carried forward into 2020/21.

9.16 Table 30 below shows the movement in capital receipts during 2020/21 including receipts received during 2020/21 (identified in paragraphs 9.14 and 9.15 above), receipts brought forward at 1 April 2020, receipts used to finance the 2020/21 Investment Plan, receipts set aside to repay debt and loans, and receipts carried forward at 31 March 2021.

Table 30: Movement in Capital Receipts during 2020/21

	Receipts brought forward 1 April 2020 £m	Net Useable Receipts received £m	Receipts used for financing £m	Receipts set aside for repayment of debt £m	Receipts set aside for repayment of loans £m	Receipts carried forward 31 March 2021 £m
General Fund	1.773	4.598	(2.245)	(0.168)	(1.369)	2.589
Housing	8.312	3.763	(1.132)	(2.681)	0	8.262
Total	10.085	8.361	(3.377)	(2.849)	(1.369)	10.851

9.17 The Authority also used £13.528m of funding from specific Government grants. These grants included:

- £4.460m Education and Schools Capital funding;
- £6.827m Transport and Infrastructure funding; and,
- £1.143m Better Care Fund (including Disabled Facilities Grant).

9.18 Capital Grants and Contributions of £2.376m used in the year included:

- £2.094m Section 106 contributions;
- £0.114m North East Local Enterprise Partnership (NELEP); and,
- £0.081m Public Health England.

9.19 As required, under self-financing for Housing, there is a Major Repairs Allowance calculated and used to finance ongoing works to Council dwellings. This contribution is financed from within the HRA (i.e. it is self-financed) and so appears as part of the Authority's contribution shown in Table 29 above.

9.20 An analysis of the overall capital financing is also shown in **Appendix B**.

International Financial Reporting Standards (IFRS) adjustments to Capital Expenditure in 2020/21

9.21 Under IFRS any expenditure incurred relating to PFI schemes and finance leases is classed as capital expenditure and the resulting assets are added to the Authority's balance sheet.

9.22 During 2020/21 spend of £0.099m was incurred under the street lighting PFI contract.

SECTION 10 – ANNUAL TREASURY MANAGEMENT REVIEW AND PRUDENTIAL INDICATORS

10.1 Regulatory Environment

10.1.1 The Authority is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2020/21. This section of the report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

10.1.2 During 2020/21 the minimum reporting requirements were that the full Council or Cabinet should receive the following reports:

- an annual treasury strategy in advance of the year (Council 20 February 2020);
- a mid-year (minimum) treasury update report (Cabinet 30 November 2020); and
- an annual review following the end of the year describing the activity compared to the strategy (this report).

10.1.3 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Authority's policies previously approved by members.

10.1.4 The Authority confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports. Reports are reviewed by Lead Member Briefing before they are reported to Cabinet.

Member training on treasury management issues was last taken on 10 December 2019, due to disruptions caused by COVID19 treasury management training has not been undertaken in 2020. It is intended training to be undertaken within 2021.

10.2 Capital Expenditure and Financing

10.2.1 The Authority undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Authority's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

10.2.2 The actual capital expenditure forms one of the required prudential indicators. Table 31 below shows the actual capital expenditure and how this was financed. Further details of this are shown in table 29 in section 9 of this report.

Table 31: Actual Capital Expenditure and its Financing

	2019/20 Actual £m	2020/21 Estimate £m	2020/21 Actual £m
General Fund	35.911	39.053	33.468
HRA	23.169	22.317	20.362
Total Capital Expenditure	59.080	61.370	53.830
Financed in-year (grants, contributions, and capital receipts)	47.079	44.729	40.684
Unfinanced Capital Expenditure (Prudential borrowing)	12.001	16.641	13.146

10.3 The Authority's Overall Borrowing Need

10.3.1 The Authority's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR).

10.3.2 **Gross borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Authority should ensure that its gross external borrowing does not, except in the short-term, exceed the total of the capital financing requirement in the preceding year (2019/20) plus the estimates of any additional capital financing requirement for the current (2020/21) and next two financial years. This essentially means that the Authority is not borrowing to support revenue expenditure. Table 32 below highlights the Authority's gross borrowing position against the CFR. The Authority has complied with this prudential indicator.

Table 32: Gross Borrowing against the CFR

	2019/20 Actual £m	2020/21 Estimate £m	2020/21 Actual £m
CFR General Fund	317.191	319.454	310.323
CFR HRA	321.772	315.730	313.049
Total CFR	638.963	635.184	623.372
Gross borrowing position	581.308	572.142	528.206
Under/over funding	57.655	63.042	95.166

10.3.3 The authorised limit - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Authority does not have the power to borrow above this level. The table below demonstrates that during 2020/21 the Authority has maintained gross borrowing within its authorised limit.

10.3.4 The operational boundary – the operational boundary is the expected borrowing position of the Authority during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

10.3.5 Table 33 - Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream.

	2020/21 £m
Authorised limit	1,230.000
Maximum gross borrowing position during the year	564.005
Operational boundary	670.000
Average gross borrowing position	548.036
Financing costs as a proportion of General Fund net revenue stream	16.86%
Financing costs as a proportion of HRA net revenue stream	29.84%

10.4 Treasury Position as at 31 March 2021

10.4.1 The Authority’s treasury position (excluding borrowing by PFI and finance leases) at 31 March 2020 and 31 March 2021 is shown in table 34 below:

Table 34: Treasury Position as at 31 March

Borrowing Position	31 March 2021 Principal £m	Rate/Return %	31 March 2020 Principal £m	Rate/Return %
Fixed Rate Funding:				
-*PWLB long - term	249.250	3.62	250.250	3.81
(HRA-Self Financing)	128.193	3.49	128.193	3.49
-Market **(LOBO's)	20.000	4.35	20.000	4.35
-Temporary	20.000	0.85	68.470	1.09
Total External Debt	417.443	3.48	466.913	3.35
CFR	512.609		524.568	
Over (Under) borrowing	(95.166)		(57.655)	

*Public Works Loan Board **Lender Option Borrower Option

Table 35: The maturity structure of the external debt portfolio was as follows:

	31 March 2021 Actual £m	31 March 2020 Actual £m
Within 12 months	20.000	64.470
12 months and within 24 months	5.000	15.000
24 months and within 5 years	34.000	24.000
5 years and within 10 years	43.475	38.475
10 years and within 20 years	77.200	77.200
20 years and within 30 years	58.575	63.575
30 years and within 40 years	115.000	115.000
40 years and within 50 years	65.193	69.193
Greater than 50 years	0.000	0.000

*note, LOBOs are recorded above on their next call date.

10.5 Investment Portfolio

Table 36: Treasury and Non-Treasury Investments

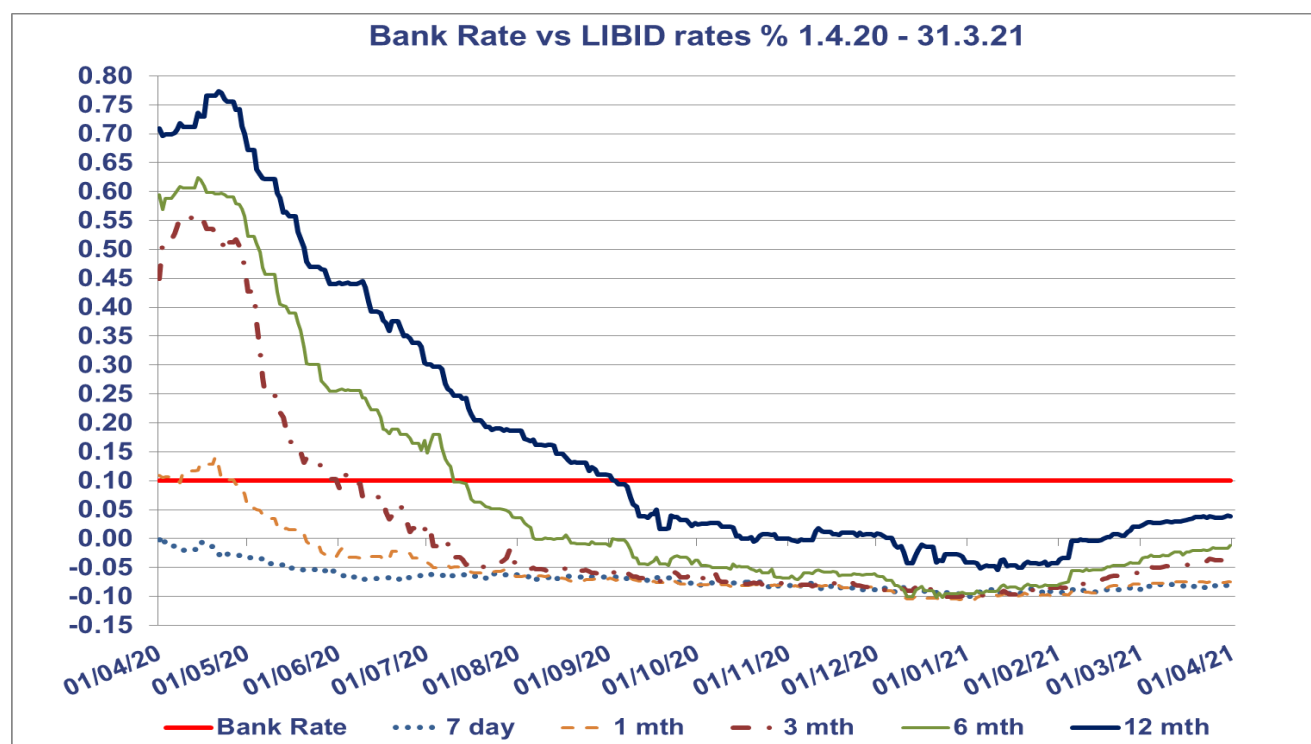
Treasury investments	Actual 31 March 2021 £m	Actual 31 March 2020 £m
DMADF (H M Treasury)	14.000	35.100
Other Local Authorities	27.500	17.000
Deposit Accounts	5.000	
Other Bank Balances	2.089	

Non-Treasury investments	Actual 31 March 2021 £m	Actual 31 March 2020 £m
Joint venture	0	1.322
Companies	4.665	4.000
TOTAL NON-TREASURY INVESTMENTS	4.665	5.322

10.5.1 Investment returns which had been low during 2019/20, plunged during 2020/21 to near zero or even into negative territory. Most local authority lending managed to avoid negative rates and one feature of the year was the growth of inter local authority lending. The expectation for interest rates within the treasury management strategy for 2020/21 was that Bank Rate would continue at the start of the year at 0.75 % before rising to end 2022/23 at 1.25%. This forecast was invalidated by the Covid-19 pandemic bursting onto the scene in March 2020 which caused the Monetary Policy Committee to cut Bank Rate in March, first to 0.25% and then to 0.10%, in order to counter the hugely negative impact of the national lockdown on large swathes of the economy. The Bank of England and the Government also introduced new programmes of supplying the banking system and the economy with massive amounts of cheap credit so that banks could help cash-starved businesses to survive the lockdown. The Government also supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates plummeted

10.5.2 Front loaded grant funding has contributed to strong balances available for investment, however balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates as illustrated in the charts shown above and below. Such an approach has also provided benefits in terms of reducing the counterparty risk exposure, by having fewer investments placed in the financial markets.

Chart 9: Investment strategy and control of interest rate risk



10.6 Borrowing strategy and control of interest rate risk

10.6.1 During 2020/21, the Authority maintained an under-borrowed position, the continued impact of COVID 19 on capital and investment delivery drove reduced capital expenditure. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt, as cash supporting the Authority's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were low and minimising counterparty risk on placing investments also needed to be considered.

10.6.2 A cost of carry remained during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost, the difference between (higher) borrowing costs and (lower) investment returns.

10.6.3 The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when the Authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

10.6.4 Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Head of Resources monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks:

- if it had been felt that there was a significant risk of a sharp fall in long and short-term rates, (e.g. due to a marked increase of risks around relapse into

recession or of risks of deflation), then long-term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short-term borrowing would have been considered; and,

- if it had been felt that there was a significant risk of a much sharper rise in long and short-term rates than initially expected, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position would have been re-appraised. Most likely, fixed rate funding would have been drawn whilst interest rates were lower than they were projected to be in the next few years.

10.6.5 Interest rate forecast remain cautious and flat. Bank rate forecast to remain unchanged for the next 3 years as at March 2021, with marginal increases in PWLB over the next 3 years also.

Chart 10: Interest Rate View

Link Group Interest Rate View		8.3.21												
		Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE		0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings		0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings		0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings		0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB		1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.40	1.40	1.40	1.40
10 yr PWLB		1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.80	1.80	1.90	1.90	1.90	1.90
25 yr PWLB		2.10	2.10	2.10	2.20	2.30	2.30	2.30	2.40	2.40	2.50	2.50	2.50	2.50
50 yr PWLB		1.90	1.90	1.90	2.00	2.10	2.10	2.10	2.20	2.20	2.30	2.30	2.30	2.30

10.6.6 Gilt yields fell sharply from the start of 2020 and then spiked up during a financial market melt down in March caused by the pandemic hitting western countries; this was rapidly countered by central banks flooding the markets with liquidity. While US treasury yields do exert influence on UK gilt yields so that the two often move in tandem, they have diverged during the first three quarters of 2020/21 but then converged in the final quarter. Expectations of economic recovery started earlier in the US than the UK but once the UK vaccination programme started making rapid progress in the new year of 2021, gilt yields, and gilt yields and PWLB rates started rising sharply as confidence in economic recovery rebounded. Financial markets also expected Bank Rate to rise quicker than in the forecast tables in this report. At the close of the day on 31 March 2021, all gilt yields from 1 to 5 years were between 0.19 – 0.58% while the 10-year and 25-year yields were at 1.11% and 1.59%.

10.6.7 HM Treasury imposed two changes of margins over gilt yields for PWLB rates in 2019/20 without any warning. The first took place on 9th October 2019, adding an additional 1% margin over gilts to all PWLB period rates. That increase was then, at least partially, reversed for some forms of borrowing on 11th March 2020, but not for mainstream non-HRA capital schemes. A consultation was then held with local authorities and on 25th November 2020, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates; the standard and certainty margins were reduced by 1% but a prohibition was introduced

to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three year capital programme.

The new margins over gilt yields are as follows: -

- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

10.6.8 There is likely to be only a gentle rise in gilt yields and PWLB rates over the next three years as Bank Rate is not forecast to rise from 0.10% by March 2024 as the Bank of England has clearly stated that it will not raise rates until inflation is sustainably above its target of 2%; this sets a high bar for Bank Rate to start rising.

10.7 Borrowing Outturn for 2020/21

10.7.1 Following the announcement of significant Government support to assist businesses and individuals following Covid-19, the Government provided significant grants which were largely front loaded and to be used to support businesses, individuals, and the Authority in managing Covid-19. Combined with slowed capital investment and expenditure there was no need for the Authority to undertake new long-term borrowing during 2020/21.

10.7.2 General Fund short-term borrowing outstanding at 31 March 2020 was £15.000m. The HRA short-term borrowing balance is £5.000m as at 31 March 2020.

10.7.3 Maturing long-term loans of £1.000m were repaid in 2020/21 as detailed in Table 37 below:

Table 37 - Maturing Long-Term Loans repaid during 2020/21

Principal £m	Interest Rate %	Date Repaid
1.000	8.000	19 October 2020

10.7.4 Short-term savings were achieved during the year by internally financing new capital expenditure by running down existing cash balances.

10.7.5 Borrowing in advance of need

The Authority has not borrowed more than, or in advance of its needs, purely to profit from the investment of the extra sums borrowed.

10.7.6 Rescheduling

No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

10.7.7 Summary of debt transactions

Management of the debt portfolio resulted in £3.078m in interest savings for the General Fund and £0.277m for the HRA.

10.8 Investment Outturn

10.8.1 **Investment Policy** – the Authority’s investment policy is governed by MHCLG investment guidance, which has been implemented in the annual investment strategy approved by full Council on 20 February 2020. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.).

10.8.2 The investment activity during the year conformed to the approved strategy, and the Authority had no liquidity difficulties.

10.8.3 **Resources** – the Authority’s cash balances comprise revenue and capital resources and cash flow monies. The Authority’s core cash resources comprised as follows:

Table 38: Core Cash Balances

Balance Sheet Resources	31 March 2021 £m	31 March 2020 £m
Balances	15.722	14.968
Earmarked reserves	99.716	66.948
Provisions	3.816	4.015
Usable capital receipts	10.851	10.085
Total	130.105	96.016

10.8.4 **Investments held by the Authority** - The Authority maintained an average balance of £19.851m of internally managed funds invested with the Debt Management Office (DMO). An average balance of £5.000m was deposited in Lloyds Bank on an on-call basis to meet any unforeseen cashflow requirements whilst managing credit exposures. As at 31 March the Authority had £27.500m outstanding with other local authorities. This balance generated a weighted average return for the Authority of 0.131% which is not an insignificant return in a negative and low interest rate environment.

10.8.5 Internally managed funds earned a total investment income was £0.220m compared to a budget of £0.023m.

10.9 A full list of the Prudential and Treasury Indicators is shown in **Appendix D**.

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Reserve	Purpose of Reserve	Opening Balance	Cont To	Cont From	Closing Balance	Balance as per GL
General						
Insurance Reserve	Risks covered by the reserve include fire, employer and third party liability, contract guarantee bonds, motor cars, personal accident and other general risks	(7,989,645.45)	(1,611,648.41)	900,000.00	(8,701,293.86)	(8,701,293.86)
Planning Functions 20% Fee	Reserve set aside to account for the 20% uplift in planning application fees. The reserve to be invested into the planning service	(242,875.00)	(97,608.22)		(340,483.22)	(340,483.22)
Private Landlord Lease to Let Scheme	Reserve set aside to modernise private landlord properties for future lettings	(188,364.93)	(46,329.12)	429.09	(234,264.96)	(234,264.96)
Street Lighting	Set up to equalise cash flows relating to the Council's street lighting PFI scheme	(2,779,753.51)	(976,798.35)	723,070.00	(3,033,481.86)	(3,033,481.86)
Lettings Agents Transparency & Redress Scheme	Grant to support the monitoring of lettings agents in the Lettings Agents Transparency & Redress Scheme	(4,770.68)			(4,770.68)	(4,770.68)
Music Service	Development of music education hub	(103,575.70)	(113,235.20)	103,575.70	(113,235.20)	(113,235.20)
North Shields Christmas Market	The Xmas Market runs annually at a 'cost neutral' basis. The balance handed over & now retained in NTC's accounts acts as a contingency for the market (given that the market event is run for the community). If the event makes a loss, the balance/funding held is used to meet the expense. Similarly, if the event makes a profit, the balance will increase. It is expected that the annual event runs on a 'cost neutral' basis for some time to come	(9,308.00)		227.00	(9,081.00)	(9,081.00)
Wallsend Festival	The Wallsend Festival runs annually at a 'cost neutral' basis. The balance handed over & now retained in NTC's accounts acts as a contingency for the festival (given that the festival is run for the community). If the event makes a loss, the balance/funding held is used to meet the expense. Similarly, if the event makes a profit, the balance will increase. It is expected that the annual event runs on a 'cost neutral' basis for some time to come	(5,300.00)			(5,300.00)	(5,300.00)
Tynemouth Pool Restoration	A grant from Ministry of Housing, Communities and Local Government to provide planning application support for Tynemouth	(46,800.00)			(46,800.00)	(46,800.00)
Reinvestment in Leisure Service	Reinvestment in Leisure Service	(424,579.14)		313,023.62	(111,555.52)	(111,555.52)
Alternate Weekly Waste Collection Reserve	Alternate Weekly Waste Collection Reserve	(170,000.00)			(170,000.00)	(170,000.00)
Redundancy & Remuneration Reserve	Reserve to meet the expected cost of redundancies arising from the Change Programme	(1,659,021.88)		25,000.00	(1,634,021.88)	(1,634,021.88)

Support for Change Programme	Reserve to support the implementation of the Change Programme	(3,691,482.20)	(1,000,000.00)	20,010.00	(4,671,472.20)	(4,671,472.20)
Community Infrastructure Levy	To be used on the costs associated with the Community Infrastructure Levy	(63,726.00)			(63,726.00)	(63,726.00)
Housing Growth	Carry forward of budget to continue to develop initiatives and create the requisite delivery mechanisms to help achieve Cabinet's ambition to enable delivery of 3,000 affordable homes in the Borough over the next 10 years	(91,358.32)	(7,192.72)		(98,551.04)	(98,551.04)
Capacity Funding	This is a grant received in 2014/15 from the Ministry of Housing, Communities & Local Government (MHCLG) for Capacity Funding towards the feasibility of the redevelopment of Murton Gap for Housing, with spend commencing in 2015/16	(7,192.72)	7,192.72		0.00	0.00
Lead Local Flood Authority	Funding to support the Council's programme of flooding work in its role as Lead Local Flooding Authority	(11,840.00)			(11,840.00)	(11,840.00)
MHCLG - Self Build	Works associated with the self build and custom build register	(82,656.33)			(82,656.33)	(82,656.33)
Capita Managed Budget Reserve	Surplus/loss relating to the Capita NTC Partnership Managed Budget	0.00	(211,658.29)		(211,658.29)	(211,658.29)
New Burdens UC Funding	To support welfare in future years as a result of the impact of Covid-19	(19,318.00)			(19,318.00)	(19,318.00)
Training Reserve	This reserve will be available to supplement and support the delivery of the Corporate Training Plan	(100,000.00)	(60,000.00)		(160,000.00)	(160,000.00)
Welfare Reform	Grant funding from central government to meet the on-going cost of implementing welfare reform and to support welfare in future years as a result of the impact of Covid-19	(56,266.00)	(95,264.14)		(151,530.14)	(151,530.14)
Education PFI Reserve	Established to provide a mechanism which takes account of project cashflows over a 30-year period to enable the yearly equalisation of the additional costs of the PFI schools	(1,064,549.44)	(557,420.00)	171,955.00	(1,450,014.44)	(1,450,014.44)
Education Change Reserve	Reserve to reflect potential future risks associated with change to our schools	0.00	(1,094,334.10)		(1,094,334.10)	(1,094,334.10)
Hackney Carriage Unmet Demand Survey Reserve	A ring fenced reserve set up at the request of the Hackney Carriages and Private Hire Trade representatives whereby any surplus from fees is reinvested in the service	(21,163.00)			(21,163.00)	(21,163.00)
Building Control Reserve	The reserve has been set up to assist in complying with the accounting requirements of the Building (Local Authority Charges) regulations 2010	(130,740.14)	(30,201.00)		(160,941.14)	(160,941.14)
Feasibility Study Reserve	Set up to fund feasibility studies of potential capital schemes	(599,319.22)	(189,057.37)		(788,376.59)	(788,376.59)
Strategic Reserve	Established to address future potential significant external pressures on the Council's budget	(15,489,241.69)	985,000.00		(14,504,241.69)	(14,504,241.69)

Poverty & Intervention Fund	Established to support our residents in financial hardship	0.00	(1,000,000.00)	150,073.10	(849,926.90)	(849,926.90)
Dudley/Shiremoor Joint Service Centre PFI Reserve	Established to provide a mechanism which takes account of project cashflows over a 25-year period to enable the yearly equalisation of the additional costs of the Joint Service Centre	(1,260,547.19)	(221,679.13)	163,860.00	(1,318,366.32)	(1,318,366.32)
Schools PFI Lifecycle Costs	Established to provide a mechanism to reflect the costs of replacing items of equipment over the life of the PFI contract	(2,232,890.98)	(705,488.00)	705,488.00	(2,232,890.98)	(2,232,890.98)
MHCLG Bond Bank	This reserve is used to underwrite the deposit required when renting a property and therefore enabling people (over 18) who are homeless or have a housing need to access private lettings	(39,935.00)			(39,935.00)	(39,935.00)
Dudley PFI Lifecycle Costs	Established to provide a mechanism to reflect the costs of replacing items of equipment over the life of the PFI contract	(289,272.72)			(289,272.72)	(289,272.72)
North Shields Business Centre	Business Centre Reserve	(4,000.00)		4,000.00	0.00	0.00
Salisbury House N Shields Ringfence	Salisbury House Reserve	(38,538.31)			(38,538.31)	(38,538.31)

Saville Exchange N Shields Ringfence	Saville Exchange Reserve	(15,419.04)				(15,419.04)	(15,419.04)
131 Bedford Street	North Shields Reserve - 131 Bedford Street.	(102,513.81)				(102,513.81)	(102,513.81)
Smokehouses Reserve	Fish Quay Reserve - Smokehouses	(84,272.27)	(3,332.06)			(87,604.33)	(87,604.33)
Service Improvement Fund	Support fund established to facilitate the delivery of the major change programme that is required to ensure we continue to provide the services that our people need. The fund also provides Cabinet with the flexibility to make service improvement choices based on feedback from the residents and other key stakeholders	(351,994.74)	(59,118.00)	6,000.00		(405,112.74)	(405,112.74)
Waste Procurement Reserve	A reserve established to manage the future costs of waste provision	(734,012.73)				(734,012.73)	(734,012.73)
Pow Dene Reserve	Fish Quay Reserve - Pow Dene	(194,738.26)		13,234.34		(181,503.92)	(181,503.92)
Dockmasters Reserve	Fish Quay Reserve - Dockmasters	(14,250.47)	(5,364.51)			(19,614.98)	(19,614.98)
Working Above The Shops	Fish Quay Reserve - Union Quay Reserve	(48,713.23)	(15,446.17)			(64,159.40)	(64,159.40)
Local Safeguarding Board	To hold the balance of contributions from various partners and income generated from the LSCB charging policy (in relation to training) on behalf of the LSCB	(55,499.15)	(47,632.62)	0.00		(103,131.77)	(103,131.77)
Vita House Reserve	Fish Quay Reserve - Vita House reserve	(57,564.80)	(5,935.65)			(63,500.45)	(63,500.45)
Ballards Smoke House Reserve	Fish Quay Reserve - Ballards Smoke House	(1,003.62)	(253.80)			(1,257.42)	(1,257.42)
Barracks Building Reserve	Fish Quay Reserve - Barracks Building	(35,041.02)	(11,315.17)			(46,356.19)	(46,356.19)
Whitley Bay CFC PFI Reserve	Established to provide a mechanism which takes account of project cashflows over a 25-year period to enable the yearly equalisation of the additional costs of the Customer First Centre	(776,903.53)	(117,933.51)	121,333.00		(773,504.04)	(773,504.04)
Whitley Bay CFC PFI Lifecycle Costs	Established to provide a mechanism to reflect the costs of replacing items of equipment over the life of the PFI contract	(212,798.05)				(212,798.05)	(212,798.05)
Apprenticeships	To support the further development of the Council's apprenticeship and training programme, with a particular focus on working with the business partners ENGIE and Capita Symonds	(70,000.00)	(125,167.00)			(195,167.00)	(195,167.00)
Internal Refurbishment Reserve	A furniture reserve to fund a rolling programme of refurbishments to the Direct Access Units and Dispersed Units	(35,156.23)	(40,000.00)	16,296.00		(58,860.23)	(58,860.23)
HRA Solar PV Green Fund	To support the provision of energy efficiency measures on council dwellings	(704,982.89)	(98,460.59)	34,938.63		(768,504.85)	(768,504.85)

Older Peoples Homes for the Future PFI Reserve	Set up to equalise cash flows relating to the Council's North Tyneside Living PFI scheme	(11,589,370.69)	(927,214.99)	127,043.68	(12,389,542.00)	(12,389,542.00)
New Build	Established to support the provision of New Build Council Housing	(1,442,412.43)		1,203,755.49	(238,656.94)	(238,657.00)
Housing PFI Lifecycle Costs	Established to provide a mechanism to reflect the costs of replacing items of equipment over the life of the PFI contract	(4,449,906.81)	(719,270.64)		(5,169,177.45)	(5,169,177.45)
Surplus on RTB Admin Costs	Reserve created to recognise additional administration payments over and above those required to fund RTB administration costs over the previous two years, have been set aside to supplement financing available for the Housing Investment Plan.	(544,009.80)	(32,551.00)		(576,560.80)	(576,560.80)
HRA Solar PV Maintenance	Maintenance of solar PV systems on new build council dwellings	(8,701.84)	(1,977.40)		(10,679.24)	(10,679.24)
Repairs Options Post 2019	To assist with Repairs Offer Options post 2019	(145,000.00)			(145,000.00)	(145,000.00)
HPC Vehicle Replacement Reserve	A delegated decision on Use of Reserves was taken as part of the project to create the Housing Property and Construction Group which released up to £3m from the North Tyneside Living PFI reserve to fund the purchase of the new fleet. As part of this decision it was agreed that the money recovered to cover the purchase costs over time from the financing element of hire rates, would initially be put into a VRR in order to build resource to replace the fleet as appropriate over the longer term. However, the one stipulation was that the PFI Reserve would have first call on the money to restore its position should that be required. For 2019-20 this resulted in the total applicable sum of £365,394 being split evenly between the Reserve and the VRR with each receiving a	(182,697.00)	(185,281.99)		(367,978.99)	(367,978.99)
Sub Total - General Reserves		(60,774,993.96)	(9,421,976.43)	4,803,312.65	(65,393,657.74)	(65,393,657.80)

Grants						
Air Quality Monitoring Grant	Grant to fund support on measures to improve air quality in the local authority area	(50,689.00)		8,370.28	(42,318.72)	(42,318.72)
Step up to Social Work Grant	A programme to provide accelerated entry route into social work for high achieving graduates and career changers	(86,019.00)	(129,156.73)		(215,175.73)	(215,175.73)
Rogue Landlords Grant Reserve	To provide improved reporting systems to assist in tackling rogue landlords in North Tyneside	(1,940.06)			(1,940.06)	(1,940.06)
Tobacco Burdens Grant	To cover any additional costs incurred as a direct result of the implementation new tobacco legislation	(6,497.51)			(6,497.51)	(6,497.51)
Public Health Grant	Department of Health ring-fenced grant made available to local authorities to allow them to discharge their new public health responsibilities	(595,894.06)	(1,058,599.76)	595,894.06	(1,058,599.76)	(1,058,599.76)
Education Funding Agency	The 16-19 Bursary Fund aims to ensure that every young person participates and benefits from a place in 16-19 training. The SEN element of the reserve is intended to develop special educational needs and disability implementation and services	(758,869.24)	(1,325,211.10)	636,236.71	(1,447,843.63)	(1,447,843.63)
Syrian Refugee Grant	The reserve is for the Syrian Refugee Relocation Programme and will be used for spend in-line with this programme. The grant will be spent over the 5 years of the programme, but will be added to/ reduced as the next wave of refugees enter our Borough, with their 5 years of funding starting from this point	(181,499.55)	(66,102.00)		(247,601.55)	(247,601.55)
Assessed & Supported Year in Employment Programme	The Assessed and Supported Year in Employment (ASYE) is designed to help newly qualified social workers develop their skills, knowledge and capability, and strengthen their professional confidence. It provides them with access to regular and focused support during their first year of employment in social work	(13,087.96)			(13,087.96)	(13,087.96)
North East Social Work Alliance	Development of a North East Social Work Alliance website providing a comprehensive one stop resource for everything to do with social work education within the region	(15,000.00)	15,000.00		0.00	0.00
Test & Trace Service Support	Covid-19 grant relating to the Test and Trace Service	0.00	(782,481.95)		(782,481.95)	(782,481.95)
Flexible Homelessness Support Grant	Grant to allow councils greater flexibility to prioritise homelessness prevention through new ways of working	(140,379.50)	(89,262.00)		(229,641.50)	(229,641.50)
RRP Tenancy Support	Tenancy Support for Rapid Rehousing Pathway Scheme for Homeless	(32,084.00)			(32,084.00)	(32,084.00)
Hardship Fund	Established from the unused balance of the Hardship funding provided during 20/21 for support to the covid-19 pandemic.	0.00	(400,353.78)		(400,353.78)	(400,353.78)
Covid 19 LA Support Grant Reserve	Covid 19 LA Support Grant Reserve	(6,088,914.66)	(1,684,766.89)	6,088,914.66	(1,684,766.89)	(1,684,766.89)

Local Authority EU Exit Preparation Reserve	As Central Government is committed to ensuring councils have the support and the funding they need to prepare for an orderly exit from the EU and do appropriate contingency planning, this funding will help councils to adapt to changes caused by Brexit, while still protecting vital local services	(336,698.80)				(336,698.80)	(336,698.80)
Business Rates Support Top Up	Covid-19 grant to support businesses during the pandemic	0.00	(3,307,000.00)			(3,307,000.00)	(3,307,000.00)
Local Restriction Support Grant	Covid-19 grant to support businesses during the pandemic	0.00	(4,660,665.00)			(4,660,665.00)	(4,660,665.00)
Additional Restrictions Grant	Covid-19 grant to support businesses during the pandemic	0.00	(2,737,779.00)			(2,737,779.00)	(2,737,779.00)
Test and Trace Support Payment	Covid-19 grant to support residents that are required to self-isolate	0.00	(438,266.00)			(438,266.00)	(438,266.00)
Contain Outbreak Management	Covid-19 grant to assist local authorities in containing outbreaks	0.00	(5,302,443.60)			(5,302,443.60)	(5,302,443.60)
Clinically Extremely Vulnerable	Covid-19 grant to support CEV residents in the borough	0.00	(303,447.76)			(303,447.76)	(303,447.76)
Emergency Assistance Grant	Covid-19 grant to support residents with food and essential supplies	0.00	(142,120.45)	62,473.92		(79,646.53)	(79,646.53)
Homeless Reduction Act Grant	Grant to support the introduction of the Homeless Reduction Act from 1 st April 2018	(61,375.50)				(61,375.50)	(61,375.50)

Rough Sleepers Grant	This grant supports the delivery of the government's rough sleeping strategy. It allows local authorities to employ one or more specialist personal advisers to support a small caseload of 5 to 10 care leavers	0.00	(114,962.00)		(114,962.00)	(114,962.00)
Business Rates; NoTCA Growth	Business Rates Growth income; result of the authority's membership in the 2019-20 NOTCA Pool	0.00	(1,841,479.00)		(1,841,479.00)	(1,841,479.00)
S31 Business Rates Relief	Additional S31 grant provided by Government to cover losses LA's faced as a result of the additional BR reliefs offered to businesses during the pandemic	0.00	(13,634,697.54)		(13,634,697.54)	(13,634,697.54)
LRSO Open	Covid-19 grant to support businesses during the pandemic	0.00	(1,484.00)		(1,484.00)	(1,484.00)
Apprentice Incentive Payments	The incentive payment is in addition to the £1,000 employers already receive for hiring an apprentice.	0.00	(13,250.00)		(13,250.00)	(13,250.00)
Homeless Veterans	The homeless veteran's daily allowance and grant program is designed to help non-profit and government organizations set up and run supportive service centres and housing to cater for the needs of homeless veterans.	0.00	(28,160.00)		(28,160.00)	(28,160.00)
Brownfield Land Register	The Brownfield Land Register is a register of brownfield land which is suitable, available and achievable for housing development. The register has been introduced to help ensure that 90% of suitable brownfield sites have planning permission for housing by 2021.	0.00	(1,040.50)		(1,040.50)	(1,040.50)
Tyne Port Health – Export Health Certificates		0.00	(31,000.00)		(31,000.00)	(31,000.00)
Tyne Port Health – Brexit Transition Support		0.00	(86,000.00)		(86,000.00)	(86,000.00)
Street Naming		0.00	(5,012.80)		(5,012.80)	(5,012.80)
Tax Income Guarantee - C Tax	Government grant to cover income losses from Council Tax as a result of the pandemic	0.00	(568,313.00)		(568,313.00)	(568,313.00)
Tax Income Guarantee - NDR	Government grant to cover income losses from Business Rates as a result of the pandemic	0.00	(949,943.00)		(949,943.00)	(949,943.00)
Grant Reserves under £100k	Safer North Tyneside (£27,777.04); Heritage Events (£1,606.50); Local Authority Parks Improvement Funding (£14,348.00); National Community Clean-Up Campaign (£35,844.00); Moving on Tyne and Wear (£15,542.88); Universal Credit (£4,772.89); Reducing Parental Conflict (£121,985.54) and Domestic Abuse (£7,779.27).	(229,656.12)	(542,999.48)	141,097.88	(631,557.72)	(631,557.72)
Revenues and Benefits admin Subsidy Grant	The Admin Subsidy is used to part fund the Unitary Charge that is paid to Engie for them to deliver the Housing Benefit Administration	0.00	(92,426.00)		(92,426.00)	(92,426.00)

Training & Development	School-centred initial teacher training (SCITT) - Networks of schools that have been approved to run school-centred courses are known as SCITTs. They provide practical, hands-on teacher training, delivered by experienced, practising teachers based in their own school or a school in their network. SCITT courses generally last one year, and many include a postgraduate certificate in education (PGCE) and/or Master's-level credits. Training as part of a SCITT gives you the opportunity to learn 'on the job'. You will benefit from working and learning every day in a school and getting	(25,368.51)	(53,942.09)	25,368.51	(53,942.09)	(53,942.09)
Parks - Heritage Lottery Fund Grant	Ring-fenced grant for the future maintenance and managements costs associated with Wallsend Parks and Northumberland Parks	(783,091.36)			(783,091.36)	(783,091.36)
Dedicated Schools Grant	This Grant is a ring-fenced specific grant and must be used in support of the Schools Budget as financed in the School Finance (England) Regulations 2008	3,261,612.75	7,932,468.00	(3,261,612.75)	7,932,468.00	7,932,468.00
NE One Public Estate Grant	Grant as part of a national programme (NT are part of North East Scheme) to transform local communities and public services	(25,683.00)			(25,683.00)	(25,683.00)
LAA Performance Grant	To support local authorities in England towards expenditure lawfully incurred	(2,098.59)			(2,098.59)	(2,098.59)
Sub Total of Grant Reserves		(6,173,233.67)	(32,444,897.43)	4,296,743.27	(34,321,387.83)	(34,321,387.83)
Total all Reserves		(66,948,227.63)	(41,866,873.86)	9,100,055.92	(99,715,045.57)	(99,715,045.63)

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	Actual Gross Expenditure £000	Financing						Total Financing £000
		Unsupported Borrowing £000	Capital Receipts £000	Government Grants £000	ERDF £000	Grants & Contributions £000	Revenue Funding £000	
General Fund	33,468	-13,146	-2,245	-13,528	-910	-2,376	-1,263	-33,468
Housing (HRA)	20,362	0	-1,132	0	0	0	-19,230	-20,362
Total	53,830	-13,146	-3,377	-13,528	-910	-2,376	-20,493	-53,830

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Investment Plan provisional outturn 2020/21

GENERAL FUND		Gross			(Under)/Over spend (-)/+ £000	Funding Adjustment £000	Reprogramming £000
		Expenditure	Budget	Variance			
		£000	£000	£000			
BS026	Asset Planned Maintenance Programme	2,177	2,571	-394	0	11	-405
BS029	Wallsend Customer First Centre	1,184	1,198	-14	0	266	-280
CO076	Lockey Park Environmental Improvements	22	23	-1	-1	0	-0
CO077	Amberley Playing Field Artifical Grass	2	0	2	0	2	0
CO079	Playsites	56	66	-10	0	0	-10
CO080	Burradon Recreation Ground	399	507	-108	0	-1	-107
CO082	Sport and Leisure Improvements	62	64	-2	0	0	-2
CO083	Whitley Bay Crematoria	162	366	-204	0	0	-204
CO084	Rising Sun Sports Ground	22	22	0	0	0	0
DV054	The Dome	0	2	-2	0	-2	0
DV058	Swan Hunter Redevelopment	2,514	232	2,282	0	2,295	-13
DV064	Council Property Investment	703	853	-150	0	0	-150
DV066	Investment in North Tyneside Trading Company	2,633	3,519	-886	0	0	-886
DV067	Northern Promenade	1,024	1,024	0	0	0	0
DV068	Southern Promenade	433	576	-143	0	0	-143
DV073	Ambition for North Tyneside	0	299	-299	0	0	-299
DV074	North Shields Heritage Action Zone (Ambition)	24	40	-16	0	0	-16
DV075	ERDF Town Centre Business Recovery (Ambition)	41	10	31	0	0	31
DV076	Getting Building Fund (North Shields Public Realm)	114	0	114	0	114	0
ED075	Devolved Formula Capital	820	823	-3	0	0	-3
ED120	Basic Need	239	277	-38	0	0	-38
ED132	LEA Formula Capital Maintenance Programme	3,401	3,535	-134	0	0	-134
ED186	Backworth Park Primary	1	0	1	0	1	0
EV034	Local Transport Plan	3,379	3,291	88	0	2	86
EV055	Surface Water Management	233	354	-121	0	0	-121
EV056	Additional Highways Maintenance	2,055	2,101	-46	0	0	-46
EV069	Transport Review	567	614	-47	0	0	-47
EV076	Operational Depot Accommodation Review	5,339	5,998	-659	0	351	-1,010
EV083	Street Lighting LED	375	500	-125	0	0	-125
EV084	A189 Improvements Haddricks Mill to West Moor	57	1,856	-1,799	0	0	-1,799

EV087	Air Quality Early Measures Fund	7	7	-0	0	0	-0
EV088	Tyne View Terrace Cycleway	8	8	0	0	0	0
EV090	Section 278 Avant Homes	0	66	-66	0	-66	0
EV091	Other Initiatives - Climate Change	20	25	-5	0	0	-5
EV092	E-Cargo Bikes	64	76	-12	0	0	-12
EV094	Transforming Cities Tranche 2	95	125	-30	0	0	-30
EV095	Emergency Active Fund Tranche 1	306	306	0	0	0	-0
EV096	Tanners Bank	2,739	2,739	0	0	0	-0
GEN12	Local Infrastructure Projects	17	176	-159	0	-149	-10
HS004	Disabled Facility Grants	1,202	1,032	170	0	0	170
HS051	Private Sector Empty Homes Programme	106	94	12	0	0	12
HS053	Green Homes LAD1b	0	380	-380	0	0	-380
IT020	ICT Strategy	866	1,102	-236	0	200	-436
Sub Total		33,468	36,857	-3,389	-1	3,025	-6,413
GEN03	Contingency Provision	0	2,196	-2,196	0	212	-2,408
TOTAL GENERAL FUND		33,468	39,053	-5,585	-1	3,236	-8,821
HRA							
HS015	Refurbishment / Decent Homes Improvements	16,610	17,563	-953	-538	0	-415
HS017	Disabled Adaptations	778	880	-102	0	0	-102
HS039	Integrated Housing Computer System	61	192	-131	-65	0	-66
HS041	Housing PFI	82	154	-72	-72	0	0
HS044	HRA New Build	2,830	3,528	-698	0	0	-698
TOTAL HRA		20,362	22,317	-1,955	-674	0	-1,281
TOTAL		53,830	61,370	-7,540	-675	3,236	-10,101

Prudential and treasury indicators

1. PRUDENTIAL INDICATORS	2019/20	2020/21	2020/21
	actual	revised	actual
	£m	£m	£m
Capital Expenditure			
Non – HRA (General Fund)	£35.911	£39.053	£33.468
HRA	£23.169	£22.317	£20.362
TOTAL	£59.080	£61.370	£53.830
Ratio of financing costs to net revenue stream			
Non – HRA (General Fund)	15.81%	17.09%	16.86%
HRA	27.56%	28.91%	29.84%
Ratio of financing costs for Prudential Borrowing to net revenue stream			
Non – HRA (General Fund)	10.23%	11.60%	11.85%
HRA	7.73%	6.88%	10.88%
Gross borrowing requirement General Fund (CFR excluding PFI)			
brought forward 1 April	£279.462	£274.968	£274.968
carried forward 31 March	£274.968	£278.936	£269.975
in year borrowing requirement	(£4.494)	£3.968	(£4.993)
Gross borrowing requirement HRA (CFR excluding PFI)			
brought forward 1 April	£254.731	£249.600	£249.600
carried forward 31 March	£249.600	£245.008	£242.634
in year borrowing requirement	(£5.131)	(£4.592)	(£6.966)
Gross debt (excluding PFI)	£466.913	£443.743	£417.443
CFR			
Non – HRA	£317.191	£319.454	£310.323
HRA	£321.772	£315.730	£313.049
TOTAL	£638.963	£635.184	£623.372
Annual change in Capital Financing Requirement			
Non – HRA	(£6.570)	£2.263	(£6.868)
HRA	(£6.897)	(£6.042)	(£8.722)
TOTAL	(£13.467)	(£3.779)	(£15.591)

2. TREASURY MANAGEMENT INDICATORS	2019/20	2020/21	2020/21
	actual	revised	actual
	£m	£m	£m
Authorised Limit for external debt -			
borrowing	£1,100.000	£1,080.000	£1,080.000
other long term liabilities	£150.000	£150.000	£150.000
TOTAL	£1,250.000	£1,230.000	£1,230.000
Operational Boundary for external debt -			
borrowing	£550.000	£540.000	£540.000
other long term liabilities	£130.000	£130.000	£130.000
TOTAL	£680.000	£670.000	£670.000
Actual external debt (including PFI)	£581.308	£572.142	£528.206

Maturity structure of fixed rate borrowing during 2019/20	upper limit	lower limit
under 12 months	50%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and within 20 years	100%	25%
20 years and within 30 years	100%	25%
30 years and within 40 years	100%	25%
40 years and within 50 years	100%	25%

Finance Sub-committee 14 September 2021

Cabinet Report 2 August 2021

2021/22 Financial Management Report to 31 May 2021

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North Tyneside Council

Report to Cabinet

2 August 2021

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

Portfolios:	Elected Mayor	Cabinet Member:	Norma Redfearn
	Finance and Resources		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 ☐
- Director of Service ☐
- Mayor/Cabinet Member(s) ☐
- Chief Finance Officer ☐
- Monitoring Officer ☐
- Assistant Chief Executive ☐

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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

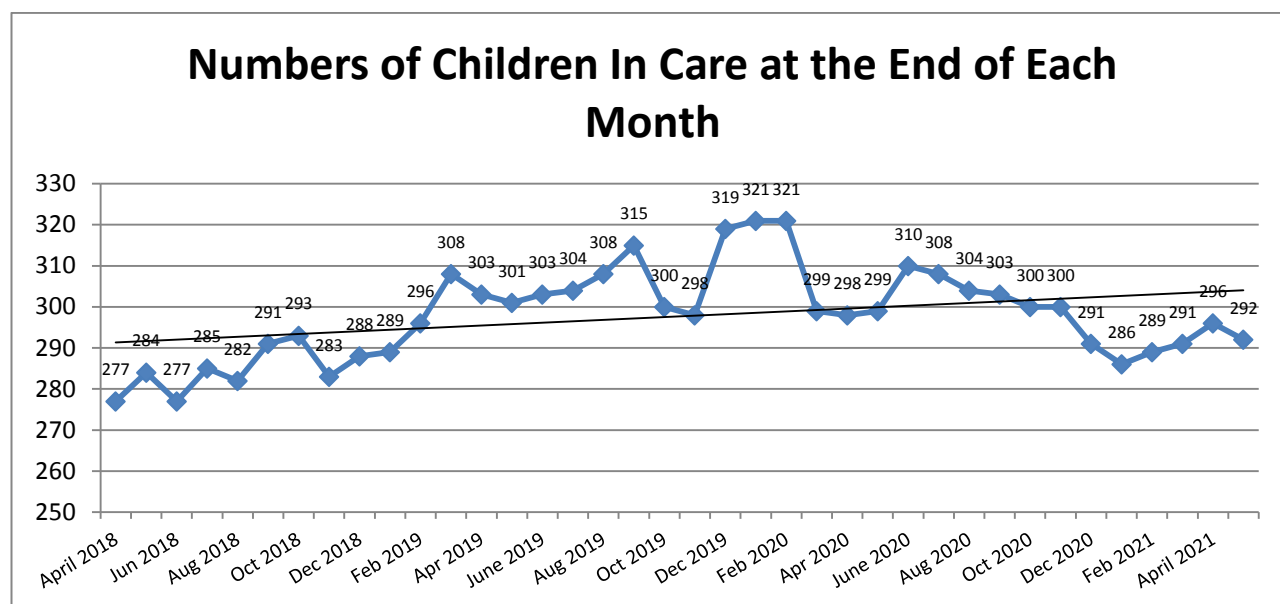
*Other includes Placed for Adoption, Placed with Parents/Parental Responsibility and NTC Children's Homes.

- 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

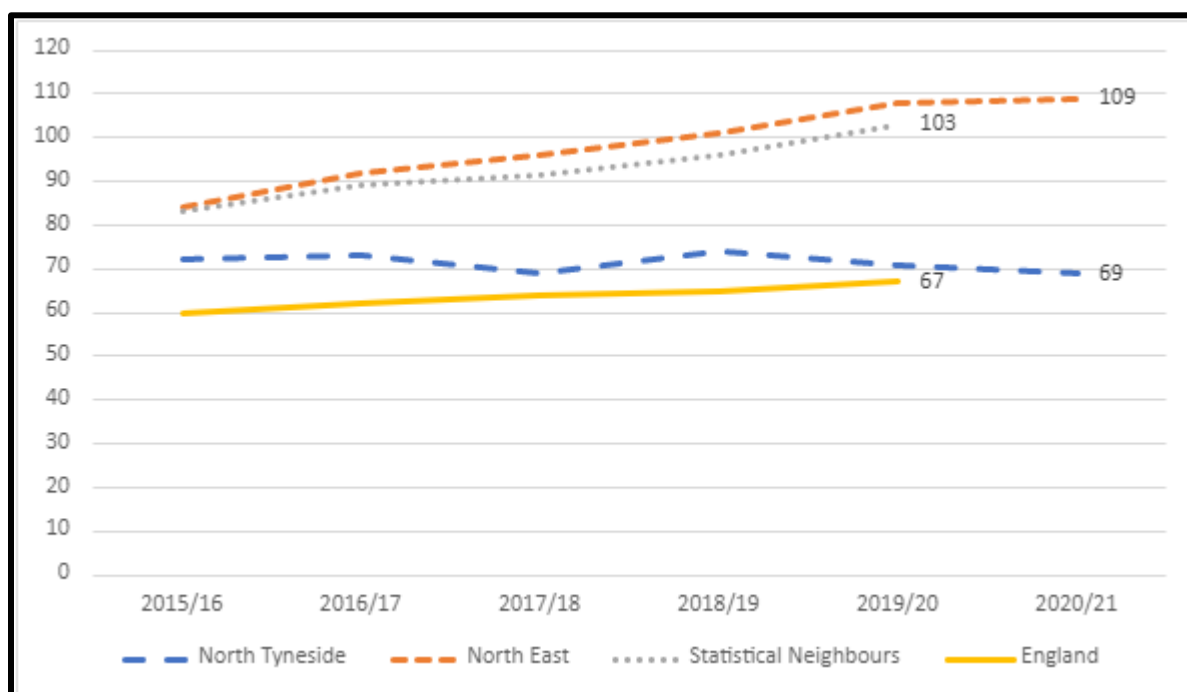
- 5.2.12 Over recent years, there has been an increasing trend nationally in demand for children's residential placements but with no corresponding increase in government-funded provision. The trend in North Tyneside over the last few years is that the overall number of children in care has mirrored 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.

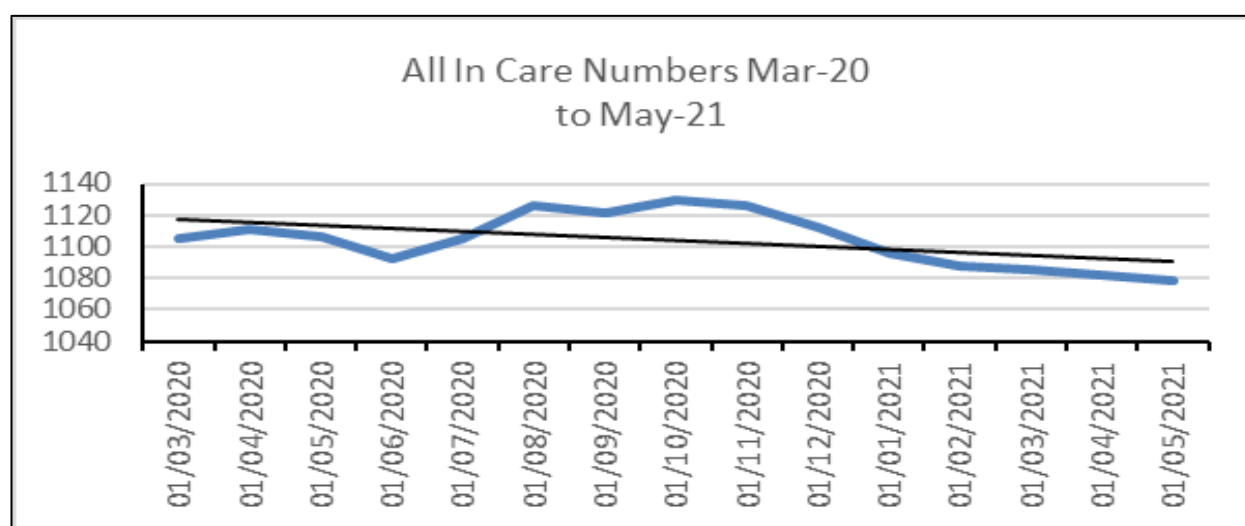
Adult Services

- 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.

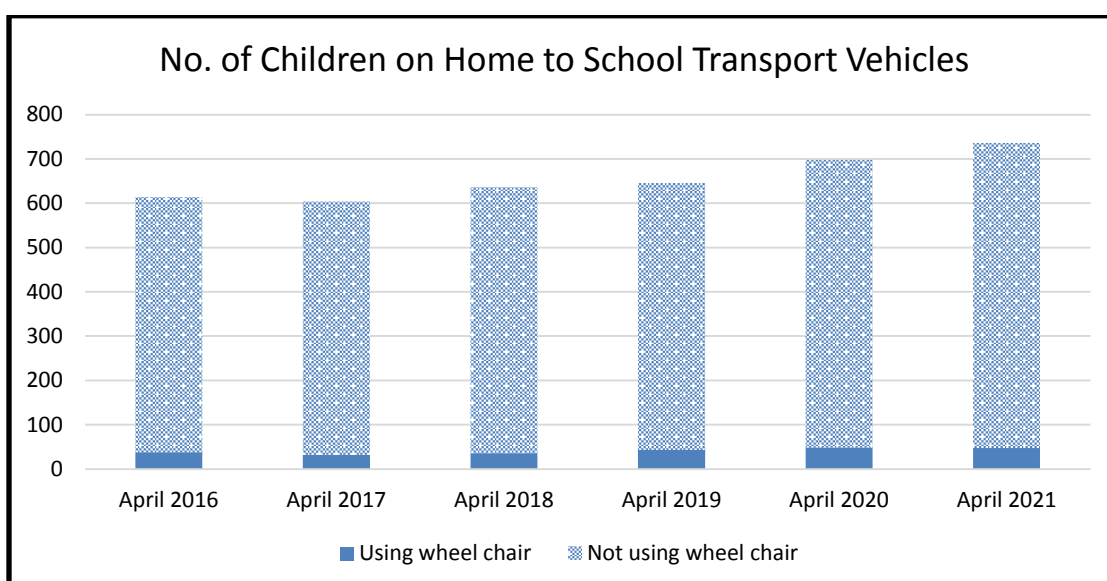
5.3.3 **Table 19: Commissioning and Asset Management (C&AM) Forecast Variation**

	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	

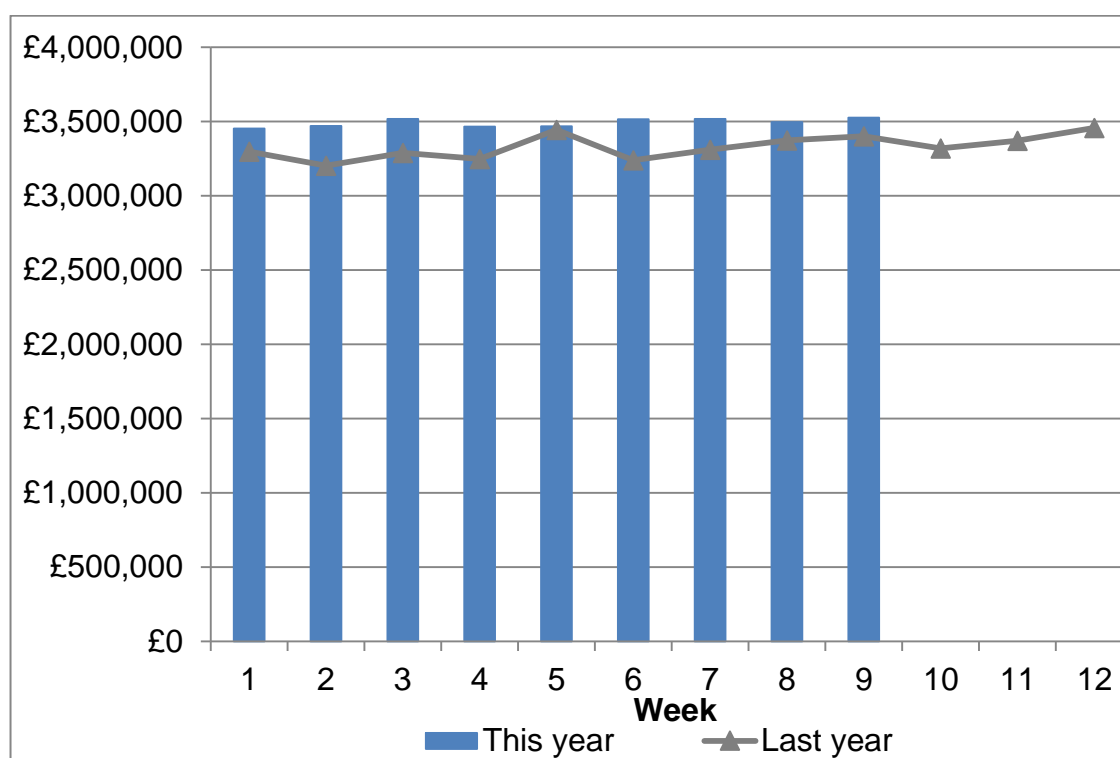
Rental Income

- 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

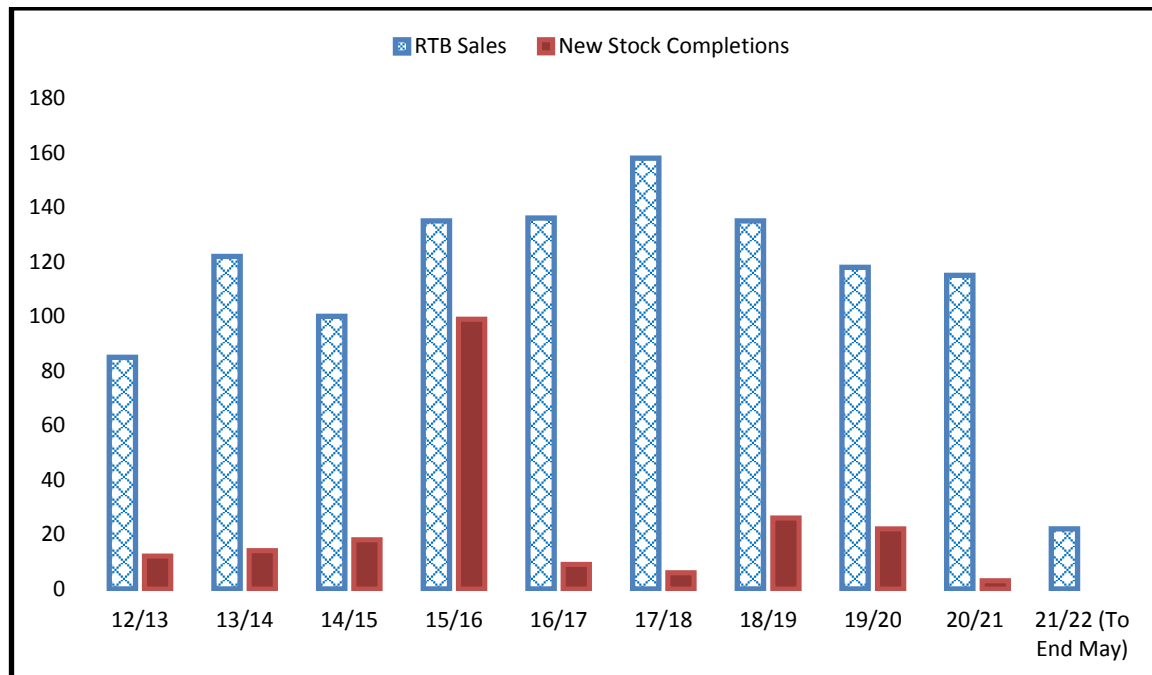


7.9 Universal Credit was fully implemented across North Tyneside on 2 May 2018. The Authority continues to work with residents to provide ICT support to help them make applications and to provide personal budget support to help residents manage their household finances. At 31 March 2021 there were 3,306 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