

Finance Sub Committee

Tuesday, 28 March 2023

Present: Councillor D Cox (Chair)
Councillors N Craven, T Neira, T Mulvenna, M Murphy
and W Samuel

Apologies: Councillors B Pickard

F31/23 Appointment of Substitute Members

Pursuant to the Council's Constitution the appointment of the following substitute member was reported:

Councillor T Mulvenna for Councillor B Pickard.

F32/23 Declarations of Interest and Notification of any Dispensations Granted

There were no declarations of interest or dispensations reported.

F33/23 Minutes

Resolved that the minutes of the previous meeting held on 7 February 2023 be approved as a correct record and signed by the Chair.

F34/23 2022/23 Financial Management Report to 31 January 2023

The sub-committee was presented with a report relating to the financial position of the Authority as 31 January 2023 in the context of its policy priorities set out in Our North Tyneside Plan. The report had been considered by Cabinet on 27 March 2023.

The Authority continued to see areas of pressure across Adults' and Children's Social Care and significant impacts on income particularly across Sport and Leisure Services, Home to School Transport and Catering Services. The 'cost of living crisis' was further increasing demand on the Authority's services and increasing costs, adding significant financial strain to the Authority's budgets. Consequently, it was reported that as of 31 January 2023 the Authority was facing a total pressure on its budget of £22.872m. The sub-committee examined details of various mitigations to be applied within the current financial year which together would reduce the in-year pressure to £8.086m.

Whilst officers continued to work with Cabinet to challenge the projected risks and deliver planned efficiencies it was inevitable that there would be a general fund overspend at the year-end. A call on the Strategic Reserve would be required with the recently set 2023/24 budget and Medium-Term Financial Plan providing for a planned replenishment of this reserve through to 2026/27.

The report also included details of a small forecast underspend of £0.187m in the Housing Revenue Account, details of the additional grants received by the Authority since the Budget was set, the position so far on the 2022/23 schools' budgets and schools' funding, delivery of the Authority's Investment Plan, the Collection Fund position for 2022/23 and information on Treasury Management.

In response to the sub-committee's request at its previous meeting, officers presented details of the long-term underlying causes for the financial pressures within the Children's Services and the action being undertaken to manage these pressures within the Authority's budget and financial plans. It was reported that there were two strands to this work in terms of reducing demand for support for children in need and reviewing staffing structures and caseloads. Members asked a series of questions to examine in more detail Children's Services' recruitment and retention strategies, its impact on minimising the use of agency staff, the two year plan and associated targets for reducing demand, the capacity within the system to increase the number of in-house placements and the adequacy of government funding to support unaccompanied asylum seekers.

The sub-committee also paid particular attention to the impact of recent increases in the interest rates on the Authority's borrowing, the reasons for the reduction in the projected variance in the Adult Services budget and the methodology to be used in allocating the Homes for Ukraine Education and Childcare Grant to schools.

Officers undertook to provide members of the sub-committee with supplementary information to explain the peak in the amount of rent arrears in week 39 of both 2021/22 and 2022/23.

It was **agreed** that the 2022/23 Financial Management Report to 31 January 2023 be noted.

F35/23 Section 106 Funding - Overview and Update on Spend and Project Delivery

The sub-committee received the latest in a series of reports setting out details of the current balances, commitments and spend in relation to Section 106 agreements.

The Authority had the power under Section 106 of the Town and Country Planning Act 1990 to require developers to make financial contributions towards the delivery of a range of services including highways, affordable housing, sport and leisure facilities, health services and play sites where these contributions would make a development proposal acceptable in planning terms and mitigate the impact of the development on an area.

The sub-committee noted that on 28 February 2023, the Authority had received £20.300m in contributions of which £8.836m had been spent. A balance of £11.464m remained in the budget but £2.898 was committed.

The sub-committee received a presentation in which officers responded to a series of queries raised at the previous meeting including an explanation of the Authority's approach to identifying and developing projects to be funded from Section 106 contributions, details of the proposed improvements to parks contained within the Killingworth Lake and Weetslade

Waggonways Master Plans, confirmation that the residual amount of £540 received from development of 16 John Street, Cullercoats could be used to supplement the budgets for play sites, and details of how the Authority adopted a strategic approach to pooling contributions together to deliver longer term programmes of improvements. Officers undertook to provide members with a high-definition version of the Killingworth Lake and Weetslade Waggonways Concept Plans.

The sub-committee had agreed to invite officers responsible for the delivery projects to be funded from Section 106 contributions to attend future meetings to explain the reasons why these sums were not yet committed or spent. In accordance with this decision the Head of Sport, Leisure and Libraries, Paul Youlden, attended the meeting to present an overview of developer contributions received, spent and committed for the improvement of sports facilities and play sites.

The sub-committee welcomed the presentations and the explanation of the Section 106 process. Members examined in more detail the provision within Section 106 agreements to index link payments to the base interest rates, how the term close vicinity was defined within agreements and members expressed an interest in receiving more information in relation to the trigger points for payments.

It was **agreed** that the current balances, commitments and spend in relation to Section 106 agreements be noted.

F36/23 Welfare Reform - Financial update

The sub-committee received the latest in a regular series of reports to monitor the provision of various welfare support schemes.

The Authority had received from the Department for Work and Pensions a final award of £306,562 for 2022/23 together with a top up grant of £50,000 to administer on its behalf the Discretionary Housing Payment. As at 1 December 2022, 537 claimants had received support and the committed spend had been £329,028, leaving £27,534 unallocated.

At the end of January 2023, the Local Council Tax Support Scheme caseload stood at 15,951 people and the cost for the scheme was £16,624,730.

In the period between 1 October 2022 and 31 January 2023 there had been 1,339 applications for Local Welfare Support. All applicants had been offered screening with advice, information and signposting offered where appropriate. Officers undertook to provide members of the sub-committee with supplementary information on the signposting activities undertaken by the Authority to support available from other agencies. There had been 608 crisis applications eligible for further practical support. Spend for the period in respect of immediate practical support amounted to £15,746. This was in addition to the annual grant to the Food Bank of £29,934 paid in April 2022.

At the end of December 2022 there were 18,834 people claiming Universal Credit which was a small reduction in the number reported to the sub-committee in November. There were now 5,429 Council housing tenants on Universal Credit with 4,445 (81.88%) of these in rent arrears.

Members of the sub-committee examined the effectiveness of the funding invested with the North East First Credit Union as there had been no referrals during the previous financial quarter.

It was **agreed** that (1) the latest position regarding the provision of welfare support schemes be noted; and
(2) members of the sub-committee be provided with supplementary information relating to the signposting activities undertaken by the Authority to support available from other agencies to help people with the increasing costs of living.

F37/23 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.

F38/23 Business and Technical Partnerships Risks

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

It was **agreed** that the Strategic and Operational Risk Registers of each partnership be noted.