



North Tyneside Council

Cabinet

18 November 2022

Monday, 28 November 2022, Room 0.02 Chamber - Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY **commencing at 6.00 pm.**

Agenda Item	Page(s)
1. Apologies for Absence	
To receive apologies for absence from the meeting.	
2. To Receive any Declarations of Interest and Notification of any Dispensations Granted	
You are invited to declare any registerable and/or non-registerable interests in matters appearing on the agenda, and the nature of that interest.	
You are also invited to disclose any dispensation in relation to any registerable and/or non-registerable interests that have been granted to you in respect of any matters appearing on the agenda.	
Please complete the Declarations of Interests card available at the meeting and return it to the Democratic Services Officer before leaving the meeting.	
3. Minutes	7 - 22
To confirm the minutes of the meeting held on 17 October 2022.	
4. Report of the Young Mayor	
To receive a verbal report on the latest activities of the Young Mayor and Young Cabinet.	

Members of the public are welcome to attend this meeting and receive information about it.

North Tyneside Council wants to make it easier for you to get hold of the information you need. We are able to provide our documents in alternative formats including Braille, audiotape, large print and alternative languages.

For further information about the meeting please call (0191) 643 5320.

Agenda Item	Page(s)
<p>5. Storm Arwen Task & Finish Group</p> <p>To consider a report on the findings of the Storm Arwen (Scrutiny) Task & Finish Group submitted to Full Council on 21 July 2022, which referred the report to Cabinet to consider and formulate a response to the Group’s recommendations.</p>	23 - 42
<p>6. 2022-23 Financial Management Report to 30 September 2022</p> <p>To receive the third budget monitoring report for the current financial year which reflects the first indication of the potential revenue and capital position of the Authority at 31 March 2023.</p>	43 - 112
<p>7. 2023-2027 Financial Planning and Budget Process: Cabinet's Initial Budget Proposals</p> <p>To consider a report detailing Cabinet’s initial budget proposals and associated matters.</p>	113 - 278
<p>8. An Ambition for Wallsend</p> <p>To consider a report seeking approval for the draft Wallsend Masterplan and to use it as a basis for engagement with residents and businesses in Wallsend.</p>	279 - 294
<p>9. Delivering New Council Housing Homes and Tackling Derelict Properties</p> <p>To receive a report on delivering new Council homes and tackling derelict properties and seeking approval for two sites to be developed by the Authority through the Housing Revenue Account.</p>	295 - 306
<p>10. Annual Complaints Report 2021-2022</p> <p>To receive the Authority’s Annual Corporate Complaints Report 2021/22.</p>	307 - 340
<p>11. Future of Coroner Service for North Tyneside</p> <p>To consider a report seeking agreement to the proposed merger of the coronial areas of North Tyneside and Newcastle upon Tyne.</p>	341 - 360
<p>12. Land at Newsteads Drive, Monkseaton</p> <p>To receive a report on representations that have been made to the Authority in relation to statutory advertisements confirming the Authority’s intention to dispose of an area of land within its ownership at Newsteads Drive, Monkseaton.</p>	361 - 384

Agenda Item	Page(s)
<p>13. Fostering Strategy 2022-25 - Review and Refresh of Strategy</p> <p>To consider a report seeking approval for the proposed changes within the refresh of the Fostering Strategy 2022-25.</p>	385 - 424
<p>14. A Cultural Strategy for North Tyneside</p> <p>To receive a report detailing the progress to date and outcomes of the consultations as forming the basis of the strategic objectives for a boroughwide Cultural Strategy.</p>	425 - 458
<p>15. Annual Review of Council Policy on Covert Surveillance</p> <p>To consider a report seeking approval for the Authority's draft Covert Surveillance Policy 2022-23.</p>	459 - 474
<p>16. Developer Contributions Governance</p> <p>To consider a report seeking approval for the Authority's revised Infrastructure List 2022 and amended Developer Contributions Governance process.</p>	475 - 490
<p>17. Exclusion Resolution</p> <p>This is to give further notice in accordance with paragraphs 5(4) and 5(5) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 of the intention to consider item 18 below in private.</p> <p>Cabinet is requested to consider passing the following resolution:</p> <p>Resolved that under Section 100A (4) of the Local Government Act 1972 (as amended) and having applied a public interest test as defined in Part 3 of Schedule 12A of the Act, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act.</p> <p>Reason for taking the item in private: the report in Item 18 contains information to the financial or business affairs of any particular person (including the authority holding the information).</p>	

Agenda Item	Page(s)
18. Murton Gap Strategic Housing Site	491 - 510
To consider a report seeking approval to declare the Authority's land holdings at the Murton Gap Strategic Housing Site (as shown on plans appended to the report) surplus to its requirements and for them to be made available for sale by private treaty for the development of affordable homes.	
19. Date and Time of Next Meeting	
Monday 23 January 2023 at 6.00pm.	

Circulation overleaf ...

Circulated to Members of Cabinet: -

N Redfearn (Elected Mayor)
Councillor C Johnson (Deputy Mayor)
Councillor C Burdis
Councillor K Clark
Councillor S Graham
Councillor J Harrison
Councillor H Johnson
Councillor A McMullen
Councillor S Phillips
Councillor M Rankin

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

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Cabinet

Monday, 17 October 2022

Present: Councillor C Johnson (in the Chair)
Councillors C Burdis, K Clark, J Harrison, H Johnson,
A McMullen and M Rankin

In Attendance: M Godfrey (Young Mayor)
D Hodgson (Business Representative)
D McNally (Age UK North Tyneside)
R Layton (North Tyneside Joint Trades Union
Committee)
V Smith (Voluntary and Community Sector)

Apologies: N Redfearn (Elected Mayor), Councillors S Graham,
S Phillips and M Hall (Northumbria Police)

CAB45/22 To Receive any Declarations of Interest and Notification of any Dispensations Granted

Councillor K Clark declared a registerable personal interest in agenda Item 7: Procurement Plan 2022/2023 (CAB50/22), as she was a Director and Employee at Justice Prince CIC (Working Roots) which had contracts with North Tyneside Council funded to deliver community-based programmes.

CAB46/22 Minutes

Resolved that the Minutes of the previous meeting held on 21 September 2022 be confirmed and signed by the Chair.

CAB47/22 Report of the Young Mayor

The Young Mayor reported on the following activities in which he and Young Cabinet Members and/or Youth Councilors had been involved:

- The Young Mayor visited four of the five schools in North Tyneside that had completed the Eco School Award to present them with their Green Flag presentations. The schools were Appletree Gardens, Forest Hall Primary, Rockcliffe First School, and Valley Gardens Middle School.
- The Eco School Network Event was held at the Council Offices, Quadrant with interest from teachers in 29 schools. The lead teachers from the participating schools heard a presentation from Keep Britain Tidy about the steps they must follow to achieve the award, how to buy the Green Flag, the work done by teams from North Tyneside Council on sustainable transport and its waste strategy and about energy saving tips, and met volunteers from Hedges for Hope and Groundwork Trust who could all help support the schools to achieve the award.

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- Members of the Regeneration team visited the last Youth Council meeting to update them about the developing plans for improvements to Segedunum Roman Fort and Museum where the new development had incorporated ideas taken from a consultation they had taken part in.
- Some Youth Councillors had attended the North East Region Youth Convention hosted by South Tyneside Council and met some South Tyneside elected members and took part in debates with other young people.
- Youth Councillors had taken part in North Tyneside public transport forums, this topic remained important to many of them, and relished the opportunity to have their say.
- The Children's Council for children aged five to eleven enjoyed an interesting session when they learned about the importance of voting, they heard a debate about whether football should be banned in the school playground and then took part in making their choice and voted.
- The SEND Youth Forum were working on an interesting project, called "What Did You Do Last Summer?" Members were researching the barriers for young people with additional needs or a disability to access activities in North Tyneside. The findings would be used to inform future activities and would be shared with senior managers.
- The Children in Care Council had delivered two of their training sessions called Care4me to a range of different staff across the council and foster carers. This training was designed and delivered by the young people to help adults understand what was important for children in care, the evaluations of this were really positive and the group were using this to help shape future training.

The Deputy Mayor thanked the Young Mayor for the update and the Young People for their excellent work in the variety of activities they were involved in.

CAB48/22 North Tyneside Hate Crime Statement

Cabinet received a report seeking approval to a Hate Crime Policy Statement as part of the Authority's ongoing programme of work in relation to reducing inequality, eliminating discrimination and promoting inclusion.

A hate crime was any criminal offence perceived by the victim or someone else to be motivated by hostility or prejudice based on a person's protected characteristic of Race; Religion; Disability; Sexual orientation and Transgender identity. Additionally, whilst not recognised nationally, Northumbria Police also records crimes based on gender or age as hate crimes.

A hate incident was any incident that is perceived by the victim or someone else to be motivated by hostility or prejudice based on one of the above perceived characteristics, but which may not constitute a criminal offence or result in a conviction.

Reports of hate crimes had been increasing year on year, both locally and nationally. In North Tyneside there had been a significant increase in the number of reported hate crimes between 2015/2016 and 2021/2022. The increase was partially due to an increased

awareness of the need to report hate crimes and improvements in reporting practices. The rates of hate incidents were much harder to accurately record but these had also been on the increase.

In 2021, North Tyneside had 404 reported hate crimes. In North Tyneside, the most reported hate crimes were race related. In terms of hate crime and incidents, anyone can be a victim of a hate crime or hate incident and the consequences could be severe. Each individual's response to a hate crime or incident can be different but they may feel humiliated, embarrassed, angry, or no longer safe in their home or area. Hate crimes and incidents did not just impact on the victim. The victim's family and friends could also be negatively impacted by the crime or incident. Those who had not directly experienced the crime or incident could also experience fear and trauma. Communities who shared the protected characteristic of the victim could feel the impact on a member of their community, even when there was not direct connection with the victim.

Whilst an individual crime or incident can be traumatic, the risks of severe distress and long-term effects were increased with repeated incidents. The aftereffects of hate crime and incidents could lead to permanent damage, creating a climate of fear, preventing people from living normal lives and may sometimes lead to death.

The Authority's Equality and Diversity Policy made clear the Authority's commitment to stand against discrimination, victimisation, and harassment. The Policy Statement on hate crime set out in Appendix 1 of the report contributed to the delivery of the Authority's equality objectives as approved by Cabinet in February 2021.

Through its Embedding Equality programme, the Authority had ensured that, internally, there was a clear focus on promoting equality and inclusion and eliminating all forms of discrimination. The Policy Statement was part of this programme. In 2021, the Authority had taken part in Hate Crime Awareness Week, signposting what support and resources were available to people. Building on this work the Authority would take part in Hate Crime Awareness Week again this year. Externally, tackling hate crime was a priority of the Safer North Tyneside Partnership of which the Authority was a statutory partner and key member.

Externally, the Authority worked in partnership with others on matters in relation to equality and diversity including through the Safer North Tyneside Partnership which was chaired by the Cabinet Member for Community Safety and Public Protection (regarding crime and anti-social behaviour related matters including hate crime) and the Community Tension Monitoring Group.

Since 2020, the Authority had been working with its Ethnic Diversity Community Taskforce which was chaired by the Elected Mayor. The Taskforce had identified hate crime as one of its key priorities for action.

Subject to approval by Cabinet, the Hate Crime Policy Statement would be published and implemented. The Policy Statement would be kept under review and amended if necessary following consultation with Cabinet Members. Internally, the Policy Statement would be reflected in the development of a Dignity and Respect at Work Policy and associated procedure. The Policy Statement would also inform the future work of the Safer North Tyneside Partnership.

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Cabinet considered the following decision options: to either approve the recommendations as set out in section 1.2 of the report, or alternatively, to not approve the recommendations.

Resolved that (1) the Hate Crime Policy Statement contained at Appendix 1 of the report, be approved; and
(2) the Assistant Chief Executive be authorised to periodically review the Hate Crime Policy Statement and in consultation with the Cabinet Member for Inclusion, Employment and Skills the Cabinet Member for Community Safety and Public Protection and the Cabinet Member for Finance and Resources and the Director of Public Health and Director of Resources, to make amendments to the Policy Statement as considered appropriate.

(Reason for decision: This would provide a clear way forward for a refreshed approach to tackling hate crime both within the Authority and externally in partnership with others.)

CAB49/22 We Listen, We Care - Customer Service Programme End of Phase Two Review

Cabinet received an update report on progress in relation to delivering Phase Two of the Customer Service Programme, and sought approval to the priorities for Phase Three of the Customer Service Programme.

The Authority's Customer Service Programme (the Programme), agreed by Cabinet on 28 May 2019, was an organisation wide focus on how the Authority brought to life its organisation's values – we listen, and we care. Its alignment with Our North Tyneside Plan was clear, building a better North Tyneside, looking to the future, listening to, and working better for residents.

The Programme was built from customer feedback; be that of residents, Elected Members, teams and / or partners. The Authority had listened to what its customers were saying about their experience of North Tyneside Council services and had four main objectives it wanted to achieve:

1. Improved customer service standards across all Authority services, (Customer Promise)
2. Improved clarity, quality and consistency of the small but vital impressions the Authority makes, in communication and branding (Brilliant Basics)
3. Improved services which are designed and delivered around the needs of customers, (Customer First) and
4. An increased culture of continuous improvement (Better Never Stops).

Not only was improved customer experience and satisfaction the right thing to do for the people the Authority served, but it was also a reflection of the Authority's ambition for the Borough, residents, and the organisation. The Authority clearly understood the cost of not getting this right, both in terms of poorer outcomes for customers and the cost to the organisation, in time and resource spent 'fixing things' later.

Phase One of the Programme was reviewed by Cabinet on 19 February 2021 and priorities for Phase Two were agreed, building in learning from the Authority's Covid-19

Recovery Programme. A workplan and governance arrangements for Phase Two started in September 2021.

This report was a review of Phase Two of the Authority's Customer Service Programme – September 2021 to August 2022. This planned review formed part of the governance arrangements for the Programme. The purpose of the End of Phase review was to:

- Reflect on what has been delivered in this Phase – celebrate achievements and assess learning for future Phases of the Programme
- Assess if the Phase has delivered against the Programme's main objectives and ask if these remain the right objectives
- Listen to customer feedback to assess if there are any changes needed for the Programme and subsequent Phases
- Review Programme management arrangements and assess if these are suitable for the next Phase, and
- Gain appropriate agreement and buy-in for the priorities for Phase Three of the Programme.

Using the Programme's four main objectives and priorities agreed by Cabinet on 22 February 2021, the table in section 1.5.3 of the report highlighted the deliverables and achievements that had been realised in Phase Two of the Customer Service Programme. Section six of the Appendix to the report, listed all the deliverables and achievements for each of the 4 main objectives of the Programme; as summarised in the report.

Phase Two of the Programme had seen over 80 officers, Elected Members and partners, collaborating on over 30 customer improvement projects – all designed to improve things for the Authority's customers, to make sure it listened to them and to act on what they told the Authority to make sure North Tyneside Council was always value for money.

The Authority delivered many award winning and independently rated services - including OFSTED rated 'outstanding' services for children and young people; eight Green Flags for parks and cemeteries and an award for 'partnership of the year' with Northumbria Police for community protection. It was essential that the Programme continued to be driven by the ongoing experience and feedback of its customers, Elected Members and teams.

The report summarised Customer feedback about their experiences The 2021 Resident Survey showed overall satisfaction with the Authority from its residents had increased, in stark contrast to a decline of 7% nationally in 2021. Residents were more satisfied with their recent contact with the Authority, with more of them saying they felt listened to; and felt that the Authority, would do what it said it would do. However, fewer residents felt their enquiry was cared about by the Authority and this was at the heart of the Customer Service Programme – work would continue in the Customer Promise workstream in Phase Three of the Programme, to track progress on this issue. Feedback from the 2021 Resident Survey also showed that customers who contacted the Authority online were more likely to be satisfied with their overall experience, than those who made contact by email. Again, further work in Phase Three of the Programme would explore this further, to understand what the issues were and what work might need to be carried out.

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The perception of anti-social behaviour, particularly at night, was highlighted in the 2021 Resident Survey. A dedicated task force had been created with colleagues across the Authority working with partners to tackle anti-social behaviour and address concerns from residents.

The Authority understood that good customer experience, was often not based on what was provided, but how it was provided.

In 2021, residents engaged with the Authority through development of the Our North Tyneside Plan and through budget engagement with the Residents Panel told the Authority they wanted to better understand how the Authority decides what it spent its money on and asked that clearer language was used in all engagement. This feedback would inform how information was provided to residents in the Our North Tyneside residents magazine and future engagement approached with the Residents Panel.

Customer views and experiences would continue to drive the Programme in Phase Three, from corporate engagement activity, the Resident Survey, corporate complaints, and Elected Member enquiries. Where relevant, feedback from individual services would also be assessed and individual workstreams and the Programme Board, would strengthen how they ensured individual change activities were involving customers in specific service changes and improvements. The 2021 Staff Survey told the Authority that the link between employees who were safe, happy, healthy and appropriately paid, and great customer service to residents, was self-evident

The End of Phase Two review, appended to the report, captured the work to reflect; check-in with what customers were telling the Authority; celebrated what had been achieved and the difference it was making; and refined the work for Phase Three of the Programme from October 2022 to March 2024. Using learning from the Programme to date; End of Phase Two review and customer, team and Elected Member feedback, the priorities proposed for Phase Three were detailed in section 1.5.5 of the report.

Cabinet considered the following decision options: to either approve the recommendations as set out in section 1.2 of the report, or alternatively, to not approve the recommendations.

Resolved that (1) the progress made in Phase Two of the Customer Service Programme, be noted;
(2) the priorities for Phase Three of the Customer Service Programme, as set out in section 1.5.4 of the report, be approved; and
(3) an End of Phase Three report for the Customer Service Programme to be presented to Cabinet in the Spring of 2024, be noted.

(Reason for decision: The priorities outlined have been developed following a formal End of Phase Two review of the Customer Service Programme. The proposed priorities for Phase Three, continue to support the ambition set out in the Programme and the 4 objectives agreed by Cabinet on 28 May 2019.)

CAB50/22 Procurement Plan 2022/2023

Cabinet considered a report seeking approval to the Authority's Procurement Plan 2022-2023 to proceed with the relevant procurement exercises throughout the financial year and award contracts in accordance with UK public procurement legislation to the most advantageous tenders.

The Authority continued to spend a considerable sum on third party goods and services. The Authority's Constitution required that prior to any procurement commencing which exceeded £500,000 Cabinet approval must be obtained. Once the budget was approved by Full Council the third-party requirements were known. The procurement exercises which would commence in the remainder of financial year 2022/2023 had been identified and were set out at Appendix 1 to the report, the contract start date may be in the subsequent year due to the procurement lead in time. This approach would ensure timely procurements whilst continuing to maintain value for money.

The Authority had sought Social Value within its contracts since the implementation of the Social Value Act 2012, however following the adoption of the Procurement and Commercial Strategy the Authority had strengthened how it worked with its suppliers to jointly deliver this key aspect. Through Environment, Social and Governance (ESG) suppliers were already obliged to deliver social value to minimise the impact they had on the environment and maximise benefits to local economy. Through the Authority's Procurement and Commercial Strategy this would align to ensure that the Authority aligned with the private sector and work together to deliver Social Value within the Borough.

The Authority adopted its Procurement Strategy in March 2022. Utilising the social value principles within the Procurement Strategy, the Authority would continue to gain commitments of local employment and apprenticeships whenever applicable. The Authority's tendering process would be streamlined, and better information would be provided to the market. Where appropriate, lower value tenders would be issued. The Authority was seeing an increase in the number of Small and Medium Enterprise's (SME's) and local suppliers that it procured with. The procurement exercises due to commence in 2022/23 would continue to give SME's and local suppliers the chance to work with the Authority, again enabling and encouraging smaller businesses. Working with the Business Forum and the North East Procurement Organisation (NEPO), bespoke workshops would be developed to support SME's. The principles set out in the Authority's Responsible Procurement Charter would be embedded in the tender requirements.

The relevant service area would develop tender packages and robust specifications to ensure that the Authority was protected in terms of financial and commercial risk. The duration of the contract would be considered to help shape new and emerging markets; lessons learned from any previous contracts would be considered when developing the tender package. Relevant existing frameworks would be explored if appropriate to the contract. Collaborative regional working would be explored if appropriate to the contract. The contract award criteria would be developed considering social value as appropriate.

Consultation prior to commencing a procurement with the relevant Cabinet Members was key, this would ensure that the Authority's priorities were achieved through its contracting arrangements. The Authority's finance team would be engaged to identify any budgetary

risks associated with the delivery of the service and any potential mitigations. Its legal team would review the terms and conditions for each procurement to ensure the Authority mitigated any commercial risk. Consultation and engagement with the market and any relevant associations would take place to ensure that the offer to the market is attractive and that a market exists to deliver the goods and services. An evaluation team consisting of subject matter experts and the procurement team would evaluate each bid received against the published award criteria and in accordance with UK public procurement legislation. Prior to award of any contract the evaluation result would be provided to the Director of Service to approve the award together with financial assurance that the contract value would remain within existing budgets.

The Authority updated its Social Value priorities in April 2022, a pilot exercise was currently being undertaken to help develop a fully managed process as part of the procurement and contract management activity. The Authority's Social Value Priorities and subsequent outcomes used to measure social value followed the priorities within Our North Tyneside Plan: Thriving, Family Friendly, Secure, Caring and Greener. Social Value requirements have been an important aspect of the procurement process since The Public Services (Social Value) Act 2012, and this had directly resulted in benefits for communities across the borough. It had proven a challenging task however, to ensure that the commitments made through the procurement process were upheld throughout the contract period. The pilot exercise currently being undertaken aimed to ensure that social value was monitored and measured effectively through the Authority's contract management toolkit. The Authority's contracted suppliers would each have their own corporate social responsibility approaches; therefore, through contract management the Authority would work to shape their social value objectives towards policy priorities of the Elected Mayor and Cabinet.

Since April 2022, the new Social Value matrix had been piloted across 7 procurement projects across different service areas to ensure the measures were appropriate and enable to engage with the supply chain and review feedback on the Authority's procurement process. The projects were listed below:

- Framework for the Supply of Rigid Kitchen Units
- Solar PV Installations to North Tyneside Council Housing Stock
- Supply of Energy Performance Certificates to Domestic Dwellings
- Remodelling Programmed Works
- Residents & Staff Survey Research Framework
- Senior Leadership Training
- Bedding Plants Supply

As detailed in the Procurement Strategy this had focused on the 'greener' and 'caring' priorities of the Council Plan. Social Value gained for the Borough would be monitored and reported to Cabinet as a minimum on an annual basis. Retrospective social value commitments had been closely reviewed this year. This had resulted in several positive social value achievements for projects across the borough including £500 being donated to the charity 'Out of Sight' who were based in Dudley and work to support children with visual impairments.

Out of Sight said: *"The funds were used to provide a treat for families by contributing to a day trip to Blackpool. The donation helped to pay for entry fees into Blackpool Tower,*

Blackpool Zoo, and Sea Life where I can say the families had just the best weekend. We have never seen so many smiles, this was such a treat for them". Full details are set out at Appendix 2 of the report.

Cabinet considered the following decision options: to accept the recommendations set out in paragraph 1.2 of the report; or alternatively, to not accept the recommendations and continue to consider individual reports for each package of works and/or services. This may delay implementation of essential services and works being carried out.

Resolved that (1) the procurement of the goods and services as detailed in Appendix 1 of the report, be approved;
(2) the social value created for the borough as set out at Appendix 2, be noted;
(3) the relevant Director in consultation with the relevant Cabinet Member, Director of Resources and the Assistant Chief Executive, be authorised to commence the procurements identified and award contracts to those bidders who submit the most advantageous tenders in accordance with UK public procurement legislation

(Reason for decision: The Authority has a duty to obtain value for money. Tendering the opportunities identified in the report will meet the priorities contained within the Procurement Strategy and Our North Tyneside Plan.)

(Cllr Clark declared a Registerable Personal Interest in the above item of business)

CAB51/22 Transport and Highways Supplementary Planning Document

Cabinet considered a report seeking approval to the revised Transport and Highways Supplementary Planning Document (SDP), which sets out the updated guidance on the Authority's planning policies relating to transport and highways considerations.

Supplementary Planning Documents build upon and provided more detailed advice and guidance on the policies contained in the Local Plan. The purpose of the Supplementary Planning Document on Transport and Highways was to provide direction and guidance for prospective developers so as to ensure that the transport implications of new developments were rigorously, and consistently, assessed and appropriate mitigation measures secured.

The current SPD, previously also referred to as Local Development Document LDD12, was last revised in 2017. Since then, the national, regional and local policy context had substantially developed, with greater emphasis, for example, on provision for electric vehicles (EVs) and on carbon net zero objectives.

A report to Cabinet of 28 March 2022 set out how an updated draft SPD had been prepared to reflect this changing context: for example, details of car parking and cycle parking standards had been reviewed and realigned to the Use Classes Order which was updated at national level in 2020. Focus was given to sustainable transport requirements and additional detail was provided on the provision of infrastructure for EVs. The updates to the document sought to ensure that the draft SPD supported development that was sustainable, made efficient use of land and resources and demonstrated good design, in accordance with relevant policy at national, regional and local level.

Cabinet in March agreed that a process of stakeholder engagement should take place on the draft SPD. It was noted in the report that, owing to the technical nature of the document, the engagement process would particularly seek to involve relevant stakeholders such as developers, local and national voluntary and public sector organisations, as well as neighbouring local authorities. The engagement process was carried out over a six-week period between 31 May and 15 July 2022. Nine responses were submitted by or on behalf of relevant external stakeholders. These included Historic England, Natural England and National Highways, which are statutory consultees for planning applications. Responses were also received from further public and voluntary sector stakeholders such as the Energy Saving Trust, Nexus and Northumberland County Council, and from private sector stakeholders including the consortium of developers for the Killingworth strategic site identified in the Local Plan.

Revisions had been made to specific aspects of the draft SPD where appropriate to reflect feedback received as part of the stakeholder engagement process. These had included clarifying the links to specific policies in the North Tyneside Local Plan; referring to recent updates to the Building Regulations regarding charging provision for electric vehicles; and making the wording less prescriptive on specific measures expected as part of a developer's Travel Plan, while continuing to emphasise the importance of supporting the use of more sustainable modes of transport. A summary of the responses received, and revisions to the document proposed as a consequence, was attached as Appendix 2 to the report.

The revised draft SPD first covered sustainable transport, setting out specific requirements in relation to walking, wheeling, cycling, Public Rights of Way and public transport provision. It then sets out the Authority's requirements for the assessment of transport provision for new developments. This included details of a Travel Plan, which developers may be required to prepare to support accessibility by more sustainable modes; Transport Assessments and Transport Statements, which served to demonstrate that the transport impacts of new developments had been appropriately assessed; and parking control measures as they related to new developments.

The document proceeded to set out the Authority's specifications with regard to design quality, including links to its approach to tree planting and management, as well as Sustainable Urban Drainage Systems (SUDS) in new developments. This included requirements on developers to carry out a Flood Risk Assessment (FRA). Finally, the document then sets out requirements in relation to parking provision at both residential and non-residential developments. This included enhanced detail of required arrangements regarding the provision of EV charging equipment and/or cable routes which facilitated the future installation of such equipment.

It was intended that the revised SPD, once finalised, would continue to offer effective direction and guidance to prospective developers and applicants in the borough, in accordance with the North Tyneside Local Plan 2017 and the North Tyneside Transport Strategy, and would make a valuable contribution to meeting the Authority's aim of taking steps and seeking investment to be carbon net zero by 2030.

Cabinet considered the following decision options: to either approve the recommendations as set out in section 1.2 of the report, or alternatively, to not approve the recommendations.

Resolved that (1) the revised Supplementary Planning Document on Transport and Highways attached as Appendix 1 to this report, be approved; and (2) the Director of Regeneration and Economic Development, in consultation with the Deputy Mayor and the Cabinet Member for Environment, be authorised to make amendments to the Supplementary Planning Document on Transport and Highways from time to time to reflect national and local circumstances.

(Reason for decision: Approving the revised Transport and Highways SPD will reflect how the national, regional, and local policy context has developed since the SPD was last revised in 2017 and will enable the Authority's direction and guidance for prospective developers to ensure that the transport implications of new developments are rigorously, and consistently, assessed and appropriate mitigation measures secured.)

CAB52/22 North Tyneside Cycling Strategy

Cabinet received a report which sought approval to commence engagement on an updated North Tyneside Cycling Strategy and an updated version of the associated North Tyneside Cycling Design Guide, which sets out the standards for cycling provision.

In October 2021, Cabinet approved the revised and updated North Tyneside Transport Strategy. Its vision is "Moving to a green, healthy, dynamic and thriving North Tyneside".

Its key principles included reducing carbon emissions from transport and improving health outcomes. This linked to 'Equally Well', the Joint Health and Wellbeing Strategy, and its strategic ambitions of supporting equal life chances for all, thriving places and communities and maintaining independence. It also complemented the regional North East Transport Plan developed by Transport North East and its aims of supporting the decarbonisation of transport and encouraging active travel.

The North Tyneside Transport Strategy contained a commitment to update, where appropriate, the specific strategies and plans which fit within the context of the Transport Strategy. One of these is the North Tyneside Cycling Strategy, adopted in 2018. Everyday cycling was a healthy, sustainable and affordable way to get to work, school or the shops, for people of all ages. Cycling in the borough continues to grow, having increased by more than 60% in the four years since the current Cycling Strategy was adopted. In that time the Authority had expanded the delivery of Bikeability cycling training in schools, while the annual Summer of Cycling campaign had seen a rise in popularity and attendance. The Authority had delivered new cycling routes, such as a cycleway alongside A189 Salters Lane in Longbenton, and put in place improvements for cycling and walking provision as part of its regeneration activity, such as at Howard Street in North Shields.

Cabinet's approval was sought to commence consultation on an updated North Tyneside Cycling Strategy and an updated version of the associated North Tyneside Cycling Design Guide, which sets out design standards for cycling provision. Updating the strategy would ensure that it continued to support the commitments in the Our North Tyneside Plan 2021 to 2025 to increase opportunities for safe walking and cycling. This included providing a segregated cycleway at the coast, and publication of

an action plan of the steps the Authority would take, and the national investment it will seek, to make North Tyneside carbon net-zero by 2030. It would also reflect the Authority's declaration of a climate emergency, made in July 2019, and the aims of the North Tyneside Local Plan, which commits to provide infrastructure and facilities which increased the opportunities for, and attractiveness of, cycling; give greater priority to people cycling, walking and wheeling; and incorporated improvements for these modes of transport as part of other transport schemes. The updated draft Cycling Strategy sets out the outcomes which it seeks to achieve, which fitted with the aims of our Transport Strategy: i) helping more people to cycle; ii) helping to improve cycling safety; iii) designing cycling into our highways, infrastructure and regeneration investment; iv) delivering a continuous network of strategic and local cycle routes; and v) helping more residents to be physically active, and businesses to adopt sustainable modes of transport such as cargo bikes.

It sets out the following actions which were intended to be delivered over the period of the strategy:

Action 1 – Support a change in culture which prompts a switch to cycling as a healthy and sustainable way to travel, delivering initiatives such as cycling training.

Action 2 – Develop a network of routes suitable for everyday cycling, designed in line with good practice'

Action 3 – Make our town centres and destinations accessible for everyone cycling, including e.g. visitors to the borough; people using adapted cycles; and businesses using cargo bikes'

Action 4 – Improve connectivity between cycling and other forms of transport, making it easier to cycle as part of a longer journey.

Action 5 – Design everyday cycling into our infrastructure and regeneration plans and use digital information so that the highway network better serves people cycling.

The updated draft strategy sets a target for an annual increase in cycling trips of 10%, increased from 7% in the existing strategy, to reflect progress achieved to date and the scale of the Authority's ambitions. The revised list of indicators of success: i) more cycling trips are being made in the borough – the strategy aimed for an increase in cycling trips of 10% per year; ii) there was greater participation in cycle training and in the Go Smarter in North Tyneside and Active North Tyneside programmes; iii) more workplaces in the borough had the facilities and initiatives to encourage cycling to work and as part of their day-to-day operations (e.g. cargo bikes); and iv) the borough's cycling infrastructure was improved in line with good practice to create a continuous network.

The national Cycling and Walking Investment Strategy, and the Department for Transport's cycling and walking plan 'Gear Change', encouraged local authorities to carry out an assessment of strategic cycling routes and town centre walking routes. This was known as a Local Cycling and Walking Infrastructure Plan (LCWIP). This approach demonstrated that a strategic approach had been taken to identifying cycling and walking infrastructure improvements. LCWIPs refer specifically to infrastructure, and hence did not cover other types of initiatives such as cycling training or promotional measures.

North Tyneside's network of strategic cycling routes had already been defined by the Authority, and these were shown in the form of a 'tube map' in the existing Cycling Strategy. In addition, supporting walking, wheeling and cycling improvements in the borough's town centres already forms part of the aims of the Local Plan and the Authority's regeneration plans set out in the Our North Tyneside Plan and 'An Ambition for North Tyneside', the Regeneration Strategy. As such, by using the existing 'tube map' and plans for town centres as the basis to develop an LCWIP in accordance with Government guidance, the Authority can ensure it was well placed to make the case for future investment in cycling, walking and wheeling provision, from both Government grant funding and developer funding secured through the planning process.

The proposed LCWIP formed an appendix to the Cycling Strategy. In line with Government guidance, it first sets out how the supporting information was gathered. For the cycling routes, it described how a Government-endorsed software tool was used to assign a prioritisation score and notional cost range to sections of each route. The next section then described how a similar process was undertaken for walking routes in town centres. The document concluded by briefly setting out how this work would be used to support applications for external funding and the delivery of the Authority's investment plans.

The North Tyneside Cycling Design Guide sets out the design standards which the Authority would require, both for its own infrastructure works and for those delivered by developers. The design guide, which was adopted in 2018, had been updated to reflect more recent developments in good practice, including the publication in 2020 of relevant national guidance, Local Transport Note LTN 1/20 'Cycling Infrastructure Design'. The updated draft Design Guide sets out detailed standards for the design of cycling provision on the highway network; in areas of residential streets; and on off-road routes away from motor traffic. It then sets standards for various other aspects of design including junctions and crossings, cycle parking, signage, and construction and maintenance.

It was anticipated that, subject to approval of the recommendation, public engagement on the updated draft Cycling Strategy (including the LCWIP) and Cycling Design Guide would be carried out over a period of c.6 weeks in October-December 2022. Details of the engagement process would be communicated by means such as a news release and messaging via the Authority's social media accounts; local groups involved in sustainable and active travel would also be advised of the engagement process and encouraged to share details with their supporters.

Resolved that a process of public engagement be carried out on the updated draft North Tyneside Cycling Strategy, attached as Appendix 1, and incorporating the Local Cycling and Walking Infrastructure Plan (LCWIP), and the updated draft North Tyneside Cycling Design Guide attached as Appendix 2, be approved.

CAB53/22 Exclusion Resolution

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

CAB54/22 Corporate Risk Management Summary Report

Cabinet considered a report which detailed the corporate risks that had been identified for monitoring and management by the Authority's Senior Leadership Team and relevant Cabinet members. The report also provided detailed information on each risk and how it was being managed.

Cabinet considered the following decision options: to consider the information provided for each of the corporate risks and endorse the outcome of the latest review by the Authority's Senior Leadership Team; and after consideration of the detailed information provided for the corporate risks, suggest changes to the corporate risks and their controls.

Resolved that the latest review of key corporate risks undertaken by the Senior Leadership Team be endorsed.

(Reason for decision: Each of the corporate risks has undergone substantial review and challenge as part of the corporate risk management process. This is designed to provide assurance that corporate risks and opportunities are being identified and appropriately managed.)

CAB55/22 Household Recycling Contract Extension

Cabinet received a report seeking approval to the extension of the Authority's current Household Recycling Contract.

The Authority had a statutory duty to make arrangements to collect household waste that can be recycled. This responsibility was met primarily by providing householders in the Borough with a recycling bin and caddie and collecting it at the kerbside. Collection of these materials was a service provided in-house and during 2021/22 the Authority collected just under 17,500 tonnes of recycling at the kerbside. As part of the Authority's waste disposal operations, the material was delivered to a contracted processor who was responsible for separating it and finding markets to secure value from it.

This recycling service was being delivered under a contract which comes to an end on 30 September 2023. As the Authority entered the final year of this contract, there was uncertainty over proposed changes to the waste sector and this added financial risk to any newly procured contract. Officers and Cabinet Members had concluded that the service cannot be provided in-house at this point and this report therefore sought authority from Cabinet to finalise negotiations and to extend the current contractual arrangements.

Cabinet considered the following decision options: to accept the recommendations set out in paragraph 1.2 of the report; or alternatively, to not accept the recommendations.

Resolved that (1) the extension of the Authority's current recycling contract as detailed in the report, be approved;
(2) the Director of Environment in consultation with the Director of Resources, the Assistant Chief Executive, Cabinet Member for Finance and Resources and Cabinet Member for Environment, be authorised to conclude negotiations and enter into the necessary agreements to extend the recycling contract with the current contractor.

Cabinet

(Reason for decision: The Authority has a duty to obtain value for money. Tendering the service at this time will increase financial risk to the Authority. The payment mechanism within the contract is beneficial to the Authority, it is unlikely to be accepted by the market as newer contracts expect the Authority to take further pricing risk given the volatility of commodity trading.)

CAB56/22 Date and Time of Next Meeting

6.00pm on Monday 28 November 2022.

Minutes published on Thursday 20 October 2022. The decisions contained within these Minutes may be implemented (unless called in by 3 Non-Executive Members for consideration by the Overview, Scrutiny and Policy Development Committee) immediately following the expiry of the call-in period; i.e. 5.00pm on Thursday 27 October 2022.

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North Tyneside Council Report to Cabinet Date: 28 November 2022

Title: Storm Arwen Task & Finish Group Report

Portfolio(s): Community Safety and Public Protection	Cabinet Member(s): Councillor C Burdis
Report from Service Area: Law & Governance	
Responsible Officer: Jacqueline Laughton – Assistant Chief Executive (Tel: 0191 6435724)	
Wards affected: All	

PART 1

1.1 Executive Summary:

The purpose of this report is to present the findings of the Storm Arwen Task & Finish Group who carried out an in-depth review of the Authority’s response into the handling of Storm Arwen, including what work is outstanding and what lessons can be learned following a debated motion at the Council meeting 20 January 2022.

Following the Council meeting, the Elected Mayor wrote to the Chair of Overview, Scrutiny and Policy Development Committee (OS&PD) requesting that a review be undertaken through the establishment of a Task and Finish Group, which was agreed by the Chair (OS&PD).

The findings of the Storm Arwen Task & finish Group were reported to Council at its meeting 21 July 2022, which referred the report to Cabinet for its consideration.

The recommendations are set out in paragraph 1.2 below.

1.2 Recommendation(s):

It is recommended that Cabinet consider and formulate a response to the recommendations presented in Appendix 1 of the report as a result of the Overview, Scrutiny and Policy Development Committee’s, Storm Arwen Task & Finish Group review of the Authority’s response into the handling of Storm Arwen.

1.3 Forward Plan:

This item was included in the Forward Plan published in September 2022 under the heading “Matters arising from Overview, Scrutiny and Policy Development Committee and its sub-committees”.

1.4 Council Plan and Policy Framework

This report relates to all themes in the 2021/25 Our North Tyneside Plan.

1.5 Information:

1.5.1 Background

At its meeting 20 January 2022 Council debated a Motion in relation to Storm Arwen.

Following debate it was agreed that the Elected Mayor would;

- “write to the Prime Minister to raise our concerns with the way the situation was handled and to commit to providing funding to aid the recovery”.
- “Launch a cross party inquiry into the handling of Storm Arwen by North Tyneside Council, including what work is outstanding and what lessons can be learned, and report back to full Council before the end of the municipal year”.

The Elected Mayor requested that a review be undertaken by the Overview, Scrutiny and Policy Development Committee (OS&PD). It was agreed that OS&PD would establish a Task and Finish group (“the Group”) to review Storm Arwen. In drawing up the Group’s terms of reference it was agreed that it would be appropriate for other named storms that occurred after Storm Arwen up to February 2022 to be included in the report.

The approach and Terms of Reference for the review was presented and agreed by the OS&PD Committee at its meeting on 14 March 2022.

All non-executive members were canvassed to be part of the Group, and 8 members took up the opportunity to be involved. The agreed approach for the review was through two focussed sessions, which took place on 16 and 23 May 2022.

On the completion of its work a report was presented at the Council meeting 21 July 2022, where Council decided to refer the report to Cabinet for its consideration as it has the responsibility to implement any changes to the Authority’s Emergency Planning arrangements.

- 1.5.2 The Group was supported by a team of officers who had key positions of responsibility during any emergency events, including severe weather.

The Group received extensive information to each storm event, which included

- The background and the Authority’s response
- Command and control arrangements
- Timeline of events
- Summary of the impacts of each storm
- Communication activity
- Impact and work undertaken by Authority service areas

- 1.5.3 The conclusion of the Group's very comprehensive review was that resilience and emergency planning practice constantly evolves through experience. Through its review the Group has made a number of recommendations for consideration by Cabinet.
- 1.5.4 The Group also recognised the significant work that took place during the storms - by individuals, neighbours, communities, responders, voluntary groups, businesses, and others who came out in very challenging conditions to provide help to those in need.

The Group concluded that the Authority was able to rapidly mobilise staff with the necessary specialist technical skillsets to support the range of requirements needed to keep residents and property safe.

The Group's view was that the activation and effective mobilisation reduced possible further impact to residents/businesses within the borough and all staff involved throughout all the storm events worked tirelessly and should be commended.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet may accept the recommendation set out in paragraph 1.2 above

Option 2

Cabinet does not accept the recommendation set out in paragraph 1.2.

Option 1 is the recommended option because Cabinet is obliged to consider the report from the Overview, Scrutiny and Policy Development Committee.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

Cabinet is appropriate to consider the findings and recommendations from the Task and Finish Group, Cabinet has the responsibility to implement any changes to the Authority's Emergency Planning arrangements.

1.8 Appendices:

Appendix 1: Storm Arwen Task & Finish Group Report, Overview, Scrutiny & Policy Development Committee – 13 June 2022

1.9 Contact officers:

Jackie Laughton, Assistant Chief Executive, Tel. (0191) 643 7075

David Dunford, Senior Business Partner Tel (0191) 643 7027

Paul Wheeler, Democratic Services Officer, Tel (0191) 643 5318

1.10 Background information:

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

- (1) The Authority's Emergency Planning obligations with weather events
- (2) Storm Arwen
- (3) Storms Barra, Malik, Corrie, Dudley and Eunice
- (4) Lessons Learned

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

There are no financial implications at this stage.

2.2 Legal

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

2.3 Consultation/community engagement

2.3.1 Internal Consultation

The Task and Finish Group was presented with comprehensive information from lead officers within the Authority holding key positions of responsibility during any emergency events. The findings of the Storm Arwen Task & Finish Group were received and noted by Full Council at its meeting 21 July 2022.

2.3.2 External Consultation/Engagement

There was no external consultation/engagement.

2.4 Human rights

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

2.5 Equalities and diversity

Given that the importance of communication, due regard is given to the communication needs of all part of the community including those with sensory impairments and those with learning disabilities.

2.6 Risk management

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

2.7 Crime and disorder

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

2.8 Environment and sustainability

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

PART 3 - SIGN OFF

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

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Meeting: Overview, Scrutiny & Policy Development Committee

Date: 13 June 2022

Title: Storm Arwen Task & Finish Group Report

Author: Paul Wheeler Tel: 0191 643 5318

Service: Democratic Services Officer

Wards affected: All

1. Purpose of Report

At its meeting 20 January 2022 Council debated a Motion in relation to Storm Arwen and raised concerns with the way the emergency had been handled nationally and requested the Elected Mayor to request that Government provided funding to aid the recovery in North Tyneside and is appended at Appendix 1.

Following debate an amendment to the motion was put to Council to where it requested the Elected Mayor to;

Launch a cross party inquiry into the handling of Storm Arwen by North Tyneside Council, including what work is outstanding and what lessons can be learned, and report back to full Council before the end of the municipal year.

The amended Motion was agreed and is appended at Appendix 2.

Following the Council meeting, the Elected Mayor wrote to the Chair of Overview, Scrutiny and Policy Development Committee (OS&PD) requesting that a review be undertaken through the establishment of a Task and Finish Group, which was agreed by the Chair (OS&PD).

The Terms of Reference for the review were agreed by the Committee at its meeting on 14 March 2022. The Terms of Reference can be found at Appendix 3.

The approach for the review was through two focussed sessions being agreed in advance between the Chair and Officer Team.

This report details the findings of the review.

2. Recommendations

That the recommendations detailed in section 10 of this report be noted and forwarded to Council for consideration.

3. Membership

The Committee established the Storm Arwen & Winter Storms Task & Finish Group.

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

The following members volunteered to serve and took some part:

Councillor Liam Bones
Councillor Brian Burdis
Councillor Cath Davis
Councillor Muriel Green
Councillor Tracy Hallway
Councillor Janet Hunter
Councillor John O'Shea
Councillor Paul Richardson

The Task & Finish group met on 2 occasions.

4. Statutory Duties –Emergency Planning obligations

Statutory responsibilities to ensure that effective arrangements are in place to manage emergencies are set out in the Civil Contingencies Act 2004.

These define a core set of agencies as responsible for emergency planning and response. 'Category 1' responders to civil emergency, who have the greatest number of duties, are the Police, Fire and Rescue Service, Ambulance Service, NHS local authorities, Community and Voluntary (represented by British Red Cross) and the Environment Agency.

The list of 'Category 2' responders to civil emergency, who also have a range of legal duties to cooperate and share information, include organisations involved in the energy, telecoms, transport, and water sectors.

Following an emergency, these organisations work together and form a 'resilience partnership', which helps them to coordinate, collaborate and share information.

Local Resilience Forums (LRFs) covering police force areas are multi-agency partnerships made up of representatives of the local category one and two responders, plus the military. They are responsible for identifying and planning for local civil resilience risks.

A key principle of resilience partnerships is to have the right people in the right place at the right time. Whilst legislation guides statutory representation, the third sector also has an important play a part in the cycle of emergency management and are often part of the resilience partnership structures.

5. Local Response

The operational response to major incidents, such as Storm Arwen, is coordinated at the local level through Strategic Coordinating Groups or Tactical Coordination Groups which

are the response mechanisms of Local Resilience Forums in England and Wales in accordance with the Civil Contingencies Act 2004.

Blue light services, Local Authorities, Utilities, welfare partners and other relevant organisations take part in regular meetings at tactical and strategic levels to direct and prioritise resources and identify further risks throughout the response.

Local Resilience Forums and Partnerships are responsible for the civil contingencies' response to any incident in their geographic area. Partnerships and the Local Authority maintain regular engagement with one another throughout the year on contingency plans, which they also exercise regularly in accordance with their duty to prepare for emergencies under the Civil Contingencies Act (2004).

6. National Protocol

In Major Emergency situations the Joint Emergency Service Incident Protocol (JESIP) should be followed;

- Co-locate - Co-locate with other responders as soon as practicably possible at a single, safe and easily identified location.
- Communicate - Communicate using language which is clear and free from technical jargon and abbreviations.
- Co-ordinate.
- Jointly understand risk.
- Shared Situational Awareness.

There is an established reporting framework that provides a common structure for responders and their control rooms to share major incident information, this is called the METHANE model.

The Authority in operating its Emergency Planning is fully aligned and follows this national approach, with all involved trained.

7. Emergency Planning – North Tyneside

North Tyneside Council is responsible for areas of Emergency Planning, Business Continuity and responding to the effect of the weather.

In its Emergency Planning it ensures that those involved are suitably senior, trained, exercised. It has an Emergency Response Leadership Group and there is a Rota to ensure Gold Command and Emergency Response Officer availability/accessibility.

When an emergency occurs the following all needs consideration:

- Incident
- Scale and geography
- Command structure
- Priorities
- Partners
- Recovery

- All influenced by the nature of the incident or event

8. The Weather: Storm Arwen 2021 – context

There were 7 named storms during the 2021/22 winter season, the first was Storm Arwen which occurred on the 26 – 27 November 2021 and ended with Storm Franklin on 20 February 2022.

Storm Arwen brought significant and widespread severe weather to parts of the UK, including exceptionally high windspeeds, icy conditions, and deep snow.

The Authority conducts its forecasting with regards to monitoring the changes and impact of the weather that include:

- Meteo Group Weather Forecast
- Action Forecast for Winter Maintenance
- Met Office Forecast
- Weather Station

Yellow wind warnings were initially issued by the Met Office, on 23 November and the authority services with response roles monitored the situation. The first amber warnings, indicating a risk to life, damage to trees and buildings, and likely power, transport, and communications disruption, were issued on 25 November, when services and responsible roles began making standby arrangements.

At 10.56 hours on the 26 November 2021 the amber warnings were reinforced by a rare red warning for exceptional wind speeds down the east coast of Scotland and northern England.

Storm Arwen was an exceptionally severe storm, not without precedent in recent decades, but with features that made it more unusual.

A significant feature of Storm Arwen was the direction of the winds it generated. The wind generally comes from a southerly to north westerly direction. Storm Arwen brought very high winds from a north to north-easterly direction into areas of the country that are usually sheltered. A severe gale with a northerly wind direction, as seen in Storm Arwen, occurs roughly one day in every eight years, with Met Office records showing the last storm of comparable magnitude and similarity occurring in January 1953.

The windspeeds in the north-east were exceptional for the area, exceeding 92mph for several hours in exposed locations and peaking at 98mph, the strongest in this area since 1984.

North Tyneside experienced the impact of six of the named storms in 11 weeks during the 2021/22 winter season, Arwen, Barra, Malik, Corrie, Dudley and Eunice.

9. Response to the Storms

The group were provided with comprehensive information on the Authority's Emergency Planning obligations in relation to weather events, the extent of the storms and how the

authority prepared, communicated, co-ordinated response activity for each storm, which included identified good practice and what lessons had been learned.m.

Many Authority service areas receive calls/reports of incidents, these included areas for Environment, Building Control, Highways, Housing and Property Services, Commissioning and Asset Management and Social Care.

Hundreds of residents in North Tyneside, some of whom were vulnerable were affected by power cuts during Storm Arwen similar to many communities in the North East, this was due to the failure of Northern Power Grid to cope with the size of demand. The Authority's priority was always to prioritise welfare and safety over other activities.

The Task Group acknowledged that the primary priority in any emergency event should and will always be to ensure the safety of life.

In respect only to Storm Arwen, the size of the response was significant, with the following results:

- Door-knocked over **1,000 homes** to identify those without power and provide help to our residents where they needed it
- Identified around **70 people** with social care needs who were without power and made direct contact with them
- Made safe over **100** potentially dangerous structures
- Identified over **400** trees that had fallen, quickly assessing their priority for making safe
- Handled over **5,000** customer contacts (mainly calls but emails too) from residents looking to report damage, report vulnerabilities or to seek general advice from us
- Identified over **800** issues relating to roofs and fencing within our council homes
- **Implemented temporary road closures** to keep people safe from fallen trees, masonry, or other debris
- **Kept the borough** updated via our website, social media and direct messaging to elected members
- Involved around **100** of our staff (and those from our partners) over that weekend.

10. Response Activity - Recommendations

Dealing with Trees

Significant reports and incidents in relation to trees were reported over the weekend of Storm Arwen.

The Authority operates two tree teams each with 4 staff members, and these were supplemented with suitably trained staff from ground maintenance and in response the authority deployed 3 tree teams on the Friday and Saturday, with 1 team on the Sunday (providing respite for staff undertaking this demanding activity).

Activity was carried out to inspect and used an established a priority system, this was based on a traffic-light (RAG) rating:

- **Red** – council trees fallen onto properties or where there is clear health and safety concern or danger to life.
- **Amber** – trees on road and pavements (where blocking access to right of way)

- **Green** – trees/branches which have fallen and do not fall into the above categories
e.g. tree on green space

It was noted and agreed that the use of the traffic light priority system using RAG Rating when dealing with trees was wholly appropriate.

Reporting incidents online/telephone etc

It was recognised that there were a diverse number of ways that incidents were being received throughout all storm events and that there was a need to consider how the management of incoming incident communications could be improved.

Recommendation

To have consideration to undertake to establish a streamlined mechanism to receive and collate information.

Replacement of trees

It was recognised that the authority had redirected teams from Environmental Services and appointed an arboriculture contractor to assist the tree team with aid for the clearance of trees.

It was also recognised that consultation was being conducted with residents with regards to tree replacement requests in line with the Authority Tree Policy.

When replacing storm damaged trees, there should be consideration to ensure if like for like replacement is appropriate. The group agreed that any newly planted tree should be appropriate for the location and future environment.

The replacement of roofs/fencing

It was recognised that repairs would be conducted in accordance with the urgency for repair, with each being assessed for risk and managed appropriately.

It was felt that residents and the wider public should be provided with a realistic timescale of when the outstanding works would be completed. This would be dependent on the availability of resources to carry out the works.

Communication with the North Tyneside Community

The group heard that communication had taken place with all Council tenants in relation to concerns with their homes.

However, it was raised that communication of the progress of recovery was of interest to all the whole of the North Tyneside community and to do this would demonstrate the Authority was continually working towards full recovery.

Continued Recovery

There was a clear understanding that the Authority would carry out its statutory duty to carry out all recovery works.

However, there was a required need to ensure there was a clear understanding to elected members and the public that all recovery work would be prioritised and actioned according to risk and resource availability.

Communication

Public communications were a vital element of the response to Storm Arwen and ensured that as many individuals as possible were aware of the warnings and could take appropriate action. Coordination structures were quickly activated, and the Authority used a range of channels to keep responders, members and the public updated.

The group were informed that the Authority operates online forms for residents to report issues, with appropriate reference number being provided for housing repairs and members enquiries. However, it heard there are a diverse range of methods through which the Authority receives issues, many of which come via social media. There was a recognition that monitoring social media platforms would need to be implemented for receiving issues reporting during major events. An additional concern was that customers may report the same incident/issue on different platforms.

Recommendation

That consideration be given to review and promote comprehensively the best ways the Authority can receive the reporting of incident/issues, with the generation of a reference number where possible that would provide the customer reassurance that their concern has been logged and is traceable.

In relation to the communication with elected members during the winter storm period, communication was regarded as good and effective, with members receiving regular updates via email.

There was recognition that the role of the elected member during emergency events is an asset for the community, through their knowledge and community representation. The elected member can provide clear communication and reassurance to their communities.

On reflection the group thought moving forward, that members should have a direct link to an operational officer, which would allow immediate damage reports being logged.

However, it should be noted that when emergency events occur, elected members should always be aware not to independently action activity as there is a need for response continuity through the initiated actions of the Authority services.

Recommendation

Consideration should be given to explore alternative methods to communicate with elected members, with the proposal to look at using one secure channel to disseminate information to Members.

In its communication with the community, it is paramount to ensure that there is a clear narrative that the Authority is progressing the recovery, however it was emphasised that there required a degree of understanding to the expectation of recovery completion. This would require regular updates to the whole community of the progress of the recovery, not just to those directly affected.

The group was informed that the Authority would continue its openness and accessibility in engaging with the national and local media which aided communication during the winter storms.

In relation to how the Authority ensured its communities were kept abreast of the effects of the winter storms, the group commended the Authority for collaborating with local and national media outlets. The group heard that the Authority officers were available for interview by BBC radio and local TV news, which also showed the work being undertaken by staff.

Financial Cost

The financial cost to the authority as a result of the storms was £0.75m which increased to £1m when incorporating the cost of the additional staff required and was financed through the Authority's insurance reserve.

The group was reassured that the Authority had the correct risk and financial management policies in place to enable it to react appropriate to emergency events of this nature.

Future Planning

The group was informed of the number of policies and plans the Authority has that relate to the weather events, these being:

- Winter Maintenance Policy
- Flood Risk Policy
- Cold Weather Plan
- Heatwave Plan

The group considered there was a need to explore how the experience of the winter storms affected communities, with the expectation that events of this nature would increase because of the effects of climate change.

Recommendation

That consideration be given to explore the development of future policies or enhancing existing policies to deal with the projected increase in events of this nature.

11. Conclusion

By its very nature, resilience and emergency planning practice constantly evolves through experience. This report sought to review how the Authority conducted itself during the storms that occurred during the winter of 2021/22. It is hoped that sharing key themes will support the building of resilience in the future.

The group would like to recognise and express its thanks for the significant work that took place during the Storms - by individuals, neighbours, communities, responders, voluntary groups, businesses, and others who came out in very challenging conditions to provide help to those in need.

The Authority was able to rapidly mobilise staff with the necessary specialist technical skillset to support the range of requirements needed to keep residents and property safe.

It was the view of the group that this activation and effective mobilisation reduced possible further impacts to residents/business within the borough and all staff involved throughout all the storm events worked tirelessly and should be commended.

12. Acknowledgments

Paul Hanson – Chief Executive

Jacqueline Laughton – Assistant Chief Executive

Samantha Dand - Director of Environment

Mark Longstaff - Director of Commissioning and Asset Management

Colin MacDonald - Head of Technical and Regulatory Services

Harry Wearing - Communications and Marketing Manager

13. Background Information

The following documents have been used in the compilation of this report and may be inspected at the offices of the author

Briefing documentation and presentations in relation to:

The Authority's Emergency Planning obligations with weather events

Storm Arwen

Storms Barra, Malik and Corrie and Storms Dudley and Eunice

Lessons Learned

Original Motion

Storm Arwen

North Tyneside council notes:

- Storm Arwen caused devastating damage right across North Tyneside, many homes, businesses, and public places were severely damaged with many forced to move out of their homes in the run up to Christmas.
- North Tyneside council's staff did some incredible work to assist residents in the greatest need on immediately following the storm and continue to do so in the aftermath and clean-up.

North Tyneside Council believes:

- The Conservative government's response was totally inadequate.

North Tyneside Council calls on the Mayor to:

- Write to the Prime Minister to raise our concerns with the way the situation was handled and to commit to providing funding to aid the recovery.

Agreed Motion

Storm Arwen

North Tyneside council notes:

- Storm Arwen caused devastating damage right across North Tyneside, many homes, businesses, and public places were severely damaged with many forced to move out of their homes in the run up to Christmas.
- North Tyneside council's staff did some incredible work to assist residents in the greatest need on immediately following the storm and continue to do so in the aftermath and clean-up.
- There is still a significant amount of work to be done by the Council with many fallen trees still blocking public access. There is also now a huge backlog of existing work Council Thursday, 20 January 2022 which has now been pushed even further back.

North Tyneside Council believes:

- The Conservative government's response was totally inadequate.

North Tyneside Council calls on the Mayor to:

- Write to the Prime Minister to raise our concerns with the way the situation was handled and to commit to providing funding to aid the recovery.
- Launch a cross party inquiry into the handling of Storm Arwen by North Tyneside Council, including what work is outstanding and what lessons can be learned, and report back to full Council before the end of the municipal year.

Meeting: Overview, Scrutiny and Policy Development Committee

Date: 17 March 2022

Title: **Response to Storm Arwen, Malik, Barra and Corrie**

Author: Paul Hanson, Chief Executive

Service:

Wards affected: All

14. Purpose of Report

The Elected Mayor has asked the Chair of Overview, Scrutiny and Policy Development Committee to consider a Task and Finish Review of the preparations for and response to, Storm Arwen with the intention of learning any lessons for future practice.

15. Introduction

Since Storm Arwen the Borough has experienced Storm Malik, Storm Barra and Storm Corrie. The Mayor extended her request to include consideration of all.

The scope of the requested study is suggested as follows

- North Tyneside Council's responsibilities under the Civil Contingencies Act and how they are discharged
- How the Authority responds to Weather Warnings and prepares for Weather Events
- How the Authority prepared for Storms Arwen, Malik, Barra and Corrie
- How the Authority responded to Storms Arwen, Malik, Barra and Corrie including a timeline of events
- How the Authority communicated with Members, Residents and Communities during the storms; and
- What lessons were learned and good practice identified.

16. Details

Overview, Scrutiny and Policy Development Committee will establish a Tasks and Finish Group to

- Consider the preparations made to respond to Storms Arwen, Malik, Barra and Corrie
- Consider the response to the storms; and
- Identify any lessons learned and good practice which can be applied during future incidents.

The Task and Finish Group may wish to do this work as follows

- Briefing from the Officer Team responsible for Emergency Planning
- Briefing and materials from the Officer Team who managed the response; and
- A visit to the team to look at the work they do to manage trees in the Borough

4. Background Information

The following documents have been used in the compilation of this report and may be inspected at the offices of the author.

5. Appendices

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North Tyneside Council Report to Cabinet 28 November 2022

Title: 2022/23 Financial Management Report to 30 September 2022

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

PART 1

1.1 Executive Summary:

This report is the third monitoring report to Cabinet on the 2022/23 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 third indication of the potential revenue and capital position of the Authority at 31 March 2023. The report explains where the Authority continues to face financial pressures and the plans to address these.

- 1.1.1 The 2021/22 financial year was highly complex for the Authority due to the operational response to the pandemic and, like all local authorities, North Tyneside Council is continuing to feel the legacy impact of the Covid-19 pandemic. As such, this report sets out the potential financial impact the pandemic will have on the Authority in 2022/23. 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.
- 1.1.2 In addition to pressures seen in previous financial years, a number of global issues have emerged in more recent months including the war in Ukraine, leading to more supply chain issues and adding to rising inflation, especially in utility costs. The impact of these factors is leading to what is being termed a 'cost of living crisis' further increasing demand on the Authority's services, and all are adding significant financial strain to the Authority's budgets. The application of contingencies set aside by Cabinet of (£6.752m) results in the total pressure the Authority is facing, as of 30 September 2022, at £23.258m.
- 1.1.3 The potential impact of some of these additional pressures were foreseen by Cabinet, and a number of mitigations through the use of grants and reserves (£6.700m) were

set aside in the 2022-2026 Medium-Term Financial Plan to support the 2022/23 financial position when the current year budget was set by Full Council in February 2022. In addition to this, the Senior Leadership Team has identified a further (£2.515m) of mitigations to be applied in the remainder of the financial year and the forecasts have been updated for the removal of the additional Employer's National Insurance Contributions from 6 November 2022, an improvement of (£0.316m). This would result in a residual forecast pressure for the year of £13.727m.

- 1.1.4 If the forecast position over the remainder of the financial year does not improve, the Authority would be able to apply mitigations from the revised approach to the Minimum Revenue Provision (MRP) calculations. Cabinet will be aware that a change was made towards the end of the previous financial year, with the External Auditors having recently confirmed that there are no issues with this revised methodology, so these can now be factored into in-year budget monitoring. If required, this would release an in-year saving of (£4.927m). This would reduce the in-year pressure to £8.800m, as illustrated in Table 2 below.
- 1.1.5 Finance officers are continuing to work with Cabinet, the Senior Leadership Team and other senior officers across the Authority to challenge the projected risks facing the Authority whilst continuing to deliver planned efficiencies. The potential savings from MRP are available if required but it is expected that future actions to review activity and performance across the organisation, reducing non-essential spend and controlled vacancy management should see the pressure reduce in the coming months.
- 1.1.6 The Mayor and Cabinet will be aware of more recent increases in the Bank of England base rate, with an expectation that interest rates may continue to rise. The Authority drew down £10m of PWLB borrowing in August 2022 whilst rates were at the lower end of the interest rate curve and prior to the more recent financial markets volatility seen during September 2022. Whilst there is no immediate need to borrow, future borrowing costs may now be higher than originally forecast. This may lead to additional Capital and Treasury financing pressures in future years. As Cabinet would expect, interest rates continue to be proactively monitored and cash flow management undertaken to secure the maximum return/minimum cost for the Authority in line with the Prudential Code.
- 1.1.7 In terms of the Housing Revenue Account, a small underspend of £0.090m is forecast. This position is likely to be impacted by the "cost of living crisis", especially on rent collection levels, and will be closely monitored during the year.
- 1.1.8 The report includes details of the additional grants received by the Authority since the Budget was set. The report also advises Cabinet of the position so far on the 2022/23 Schools' budgets and Schools' funding.
- 1.1.9 In terms of the Investment Plan, initial work has been undertaken to consider the impacts of supply chain issues and inflation pressures. The focus has been to manage within the current financial envelope across the plan which may lead to a delay in delivery of some planned activity. Any such implications will be considered at the Investment Programme Board and brought to the Mayor and Cabinet for consideration as part of the normal financial management process.
- 1.1.10 At the halfway point of the financial year the report also includes a look at the Collection Fund position for 2022/23 and information on Prudential Indicators.

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 30 September 2022 (Annex sections 1, 2 and 3);
- (b) approves the receipt of (£0.444m) new revenue grants (as outlined in section 1.5.4 of this report);
- (c) notes the Authority's Investment Plan spend of £26.751m to 30 September 2022 and the financing of the Plan to the end of the year (Annex Section 4);
- (d) approves variations of £0.347m and reprogramming of (£13.283m) for 2022/23 within the 2022-2027 Investment Plan (Annex Section 4);
- (e) Notes the information on the Collection Fund (Annex section 6); and
- (f) Notes the information on Prudential Indicators contained in Appendix 2.

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 17 June 2022.

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 third monitoring report presented to Members on the Authority's 2022/23 financial position. It provides an indication of the expected revenue and capital financial position of the Authority on 31 March 2023. The view in this report is expected to change over the coming months as the recovery to a pre Covid-19 position continues, the impact of market conditions becomes clearer, further inflationary factors become apparent and management actions start to take effect.

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 2022/23 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 2022/23 was approved by full Council at its meeting on the 17 February 2022. The net General Fund revenue budget was set at £163.512m. This included (£7.257m) of savings to be achieved, of which (£3.113m) relates to new

business cases included in the 2022-2026 Medium-Term Financial Plan, (£1.607m) of full year effect of prior year business cases and (£2.537m) of savings previously achieved by one-off mitigations and non-permanent solutions.

Prior to any mitigation, the Authority's approved net revenue budget is forecast to outturn with a pressure of £15.500m. Table 1 below sets out the initial variation summary across the General Fund.

The Authority continues to take a prudent approach to forecasting including in relation to the on-going impact of Covid-19, which currently is forecast to add pressures of £5.226m to the General Fund in 2022/23. These pressures are primarily where fees and charges income has yet to return to pre-pandemic levels, where additional fixed term staff are employed to cover increased demand or to enable front-line service provision to continue unimpacted by employees needing to self-isolate. In addition to Covid-19, global market pressures exist around the Authority's supply chain and current inflation levels, these combined add a further £7.182m to the overall pressure. The remaining £3.092m relates primarily to staffing and other income related pressures across the services.

As part of the 2022-2026 Medium-Term Financial Plan (MTFP) agreed by full Council in February £2.200m was set aside from the Change Reserve to support additional pressures in Home to School Transport (£0.400m), Special Educational Needs (£0.400m), additional children's social care provision (£1.200m) and for the development of the Customer Relationship Management programme (£0.200m). The (£0.400m) relating to Home to School Transport has now been allocated to Commissioning & Asset Management and is reflected in the services projected position, leaving (£1.800m) to support the overall pressure.

In addition to the use of the Change Reserve, £2.000m was also set aside to create a Covid-19 Reserve as part of the 2022-2026 MTFP, this included (£0.650m) to support additional caseloads within Children's Services, (£0.350m) to support Home to School Transport and (£1.000m) to support reduced fees and charges income following the pandemic. The (£0.350m) relating to Home to School Transport has now been allocated to Commissioning & Asset Management and is reflected in the services projected position, leaving (£1.650m) to support the overall pressure.

Within the 2022-2026 MTFP, (£0.150m) was identified as planned use of the Insurance Reserve to support additional Repairs and Maintenance costs within the Authority's Commissioning & Asset Management Service Area. The use of this funding has been included in Table 2.

Included within the position for Central Items is (£6.752m) of contingencies; of which (£3.116m) is being used to offset the pressures in Children's Social Care, (£1.301m) is supporting the under achievement of savings targets and (£2.325m) is being used to support the inflationary pressures being faced by the Authority. A further (£0.989m) of central savings is supporting the wider bottom-line position. Additionally, this month (£0.316m) has been included reflecting the part year reversal of the national insurance increase and (£4.927m) of Minimum Revenue Provision savings have been included in the position following the conclusion of External Audit work into the methodology change. These savings follow on from savings made last year due to the switch to the annuity method following the review by Link Treasury Services Limited. In 2021/22 these savings were set aside in a new MRP reserve; however, it is likely the savings will be required to support the bottom-line position in 2022/23 and are available if required.

Further to this balance, an additional (£1.300m) was set aside in the 2022-26 MTFP to

support anticipated inflationary pressures in 2022/23. With the allocation of this support, the Authority has been able to release a provision of (£0.300m) previously held on the balance sheet to support increased Special Guardianship Order costs.

£1.925m of funding previously reported in July has now been allocated to help cover the cost of the Pay Award, which is anticipated to be approved at £1,925 for every full-time equivalent employee. Despite this additional allocation, the cost of the pay award is still likely to be higher than the funding set aside and officers continue to work through the projected figures until a final agreement is announced.

The Authority was able to carry forward from 2021/22 (£2.962m) of Covid-19 related central Government grants. Of this (£1.462m) has been committed and is reflected in the £15.500m position reported in Table 1. The remaining balance of (£1.500m) is available to support on-going Covid-19 legacy pressures and is reflected in the revised position shown in Table 2.

With the inclusion of the planned support from the 2022-2026 MTFP, the adjusted General Fund position, as shown in Table 2, is a pressure of £8.800m. This reflects the continuing impact of Covid-19 being £2.076m over the support funding allocated. The main areas impacted are within Environment, where Sports and Leisure income from fees and charges continues to be lower than pre-pandemic levels. Initial projections suggest income will be higher than in 2021/22 but still only 80% of the income levels achieved pre-pandemic in 2019/20. Significant pressures also exist in Children's and Adults' Services, where the response to the impact of Covid-19 has seen staffing levels increase to manage a significant increase in caseloads and demand for services for both Adults and Children. This is not unique to North Tyneside and is being seen across the region and nationally.

The Inflation Rate (Consumer Price Index) has recently reached 10.1% and is much higher than the rate anticipated when Cabinet set aside the allocations in the 2022-2026 MTFP. This is forecast to add a further £5.882m in respect of non-energy related inflationary pressures. Current projections suggest the funding set aside by Cabinet to support inflationary pressures on utilities will be enough to mitigate that pressure. The majority of the non-energy related inflationary pressures being in Adults Services across the external care market and contractual costs within Commissioning & Asset Management for catering supplies and the cost of Home to School Transport and Environment which includes leisure centres, libraires and customer first centres all impacted by utility pressures.

The remaining balance of £0.842m is attributable to pressures considered to be 'Business as Usual'. Finance officers are continuing to work with Cabinet, the Senior Leadership Team and other senior officers across the Authority to review Business as Usual activity as well as challenging and reviewing the current projected risks the authority is facing in a number of key areas:

- Children's Services – demand and cost assumptions;
- High needs/SEND pressures;
- Adults Social Care – demand and cost assumptions;
- Unachieved savings targets;
- Commissioning & Asset Management – Impact of schools' service level agreement reductions;
- Law & Governance Structure – use of locums; and
- Revenues & Benefits position – review of the level of benefits overpayments and subsequent recovery.

The aim of this work will be to ensure actions are in place to bring the outturn forecast for normal activities in on balance and it is anticipated the position will improve over the course of the financial year as planned remedial actions begin to impact on both expenditure and income. Should any balance remain at year-end then this would need to be supported from the Strategic Reserve, significantly reducing the level of unringfenced reserves the Authority has.

Table: 1 2022/23 General Fund Revenue Forecast Outturn as at 30 September 2022

Services	Budget	Forecast Sept	Variance Sept	Variance July	Change since July
	£m	£m	£m	£m	£m
Adults Services	56.120	61.708	5.588	5.262	0.326
Children's Services	21.489	34.643	13.154	12.720	0.434
Public Health	2.072	2.072	0.000	0.000	0.000
Commissioning & Asset Management	6.733	11.833	5.100	4.796	0.304
Environment	37.197	38.864	1.667	0.959	0.708
Regeneration & Economic Development	10.791	11.169	0.378	0.432	(0.054)
Corporate Strategy	0.624	1.086	0.462	0.384	0.078
Chief Executive Office	(0.076)	(0.076)	0.000	0.000	0.000
Resources	3.365	5.150	1.785	2.098	(0.313)
General Fund Housing	1.360	1.710	0.350	0.205	0.145
Central Items	3.656	(9.328)	(12.984)	(7.741)	(5.243)
Support Services	20.181	20.181	0.000	0.000	0.000
Total Authority	163.512	179.012	15.500	19.115	(3.615)

Table: 2 2022/23 Adjusted General Fund Revenue Forecast Outturn Position as at 30 September 2022

	Covid Legacy £m	Utility Inflation Pressures £m	Other Inflation Pressures £m	Other Pressures £m	Total £m	July £m	Change £m
Adults Services	2.378	0.043	2.484	0.683	5.588	5.262	0.326
Children's Services	1.561	0.259	0.968	10.366	13.154	12.720	0.434
Public Health	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Commissioning and Asset Management	0.851	0.635	2.280	1.334	5.100	4.796	0.304
Environment	0.436	2.675	0.119	(1.563)	1.667	0.959	0.708
Regeneration and Economic Development	0.000	0.013	0.000	0.365	0.378	0.432	(0.054)
Corporate Strategy	0.000	0.000	0.002	0.460	0.462	0.384	0.078
Resources and Chief Executive	0.000	0.000	0.000	1.785	1.785	2.098	(0.313)
General Fund Housing	0.000	0.000	0.039	0.311	0.350	0.205	0.145
Central Items	0.000	(2.325)	(0.010)	(10.649)	(12.984)	(7.741)	(5.243)
Grand Total	5.226	1.300	5.882	3.092	15.500	19.115	(3.615)
Planned use of Change Reserve	0.000	0.000	0.000	(1.800)	(1.800)	(2.200)	0.400
Planned use of Covid-19 Reserve	(1.650)	0.000	0.000	0.000	(1.650)	(2.000)	0.350
Planned use of Insurance Reserve	0.000	0.000	0.000	(0.150)	(0.150)	(0.150)	0.000
Planned use of Contingencies	0.000	(1.300)	0.000	0.000	(1.300)	(2.264)	0.964
Planned release of Provision	0.000	0.000	0.000	(0.300)	(0.300)	(0.300)	0.000
Planned use of Covid-19 Grants	(1.500)	0.000	0.000	0.000	(1.500)	(1.238)	(0.262)
Total	(3.150)	(1.300)	0.000	(2.250)	(6.700)	(8.152)	1.452
Revised Pressure	2.076	0.000	5.882	0.842	8.800	10.963	(2.163)

1.5.3 Delivery of Budget Savings Proposals

New savings of (£4.720m) were agreed as part of the Budget approved by full Council in February 2022 taking the total savings the Authority has had to find in the eleven years following the 2010 Comprehensive Spending Review (CSR) to £134.268m.

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 are outlined in the sections below.

New savings were proposed for 2022/23 of £4.720m combined with £2.537m of brought forward targets that still required a permanent solution from previous years meaning an overall target to achieve in 2022/23 is therefore £7.257m.

Table 3 – Efficiency Savings Programme 2022/23

Service	B/F Balances £m	2022/23 Business Cases £m	2022/23 Target £m	Projected Delivery £m	In Year Actions £m	Yet to be achieved £m
HECS – Adults	0.000	0.950	0.950	0.950	0.000	0.000
HECS – Children’s	2.373	0.850	3.223	0.223	0.000	3.000
Environment	0.000	0.520	0.520	0.520	0.000	0.000
C&AM	0.164	0.582	0.746	0.158	0.050	0.538
Resources	0.000	1.563	1.563	1.563	0.000	0.000
Central	0.000	0.255	0.255	0.255	0.000	0.000
TOTAL	2.537	4.720	7.257	3.669	0.050	3.538

Within HECS, Adults Services are projecting to achieve the full (£0.950m) relating to business cases brought forward from prior years and new business cases from 2022/23. Within the CYPL pressure of £13.154m, £3.000m relates to the non-achievement of savings targets. In the previous financial year these savings have been significantly impacted by Covid-19 and as such, achievement has been supported by Central Government Covid-19 grants. With these grants not available in 2022/23 and on-going demand-led pressures already impacting the service, current projections are for all CYPL savings to remain unachieved in 2022/23.

Finance Officers continue to attend meetings with Directors and the Heads of Service across Adult and Children’s Services, and individual managers have been assigned responsibilities to pursue deliverability of existing schemes and to identify alternative proposals during 2022/23.

Within Commissioning & Asset Management, £0.400m of cross-cutting 2022/23 savings are held with £0.026m of the Procurement saving projected to be achieved to date, with work on-going across the Authority to achieve the balance by the year end. Of the savings related to prior year business cases, £0.132m is projected to be achieved with a further £0.050m available via management mitigations leaving £0.164m still to be achieved. The planned 15p increase in paid school meals in September 2022 has been implemented but this has not allowed the full savings target to be delivered. Additional catering income has been generated supplementing the

achievement by £0.050m. Due to the impact of the Pandemic school meals increases have been delayed for two years, so previous income targets for 2020/21 & 2021/22 are also included in these figures. As a number of schools have left the SLA during that time period this target is only partially deliverable, and an alternative is being explored for the shortfall of £0.089m.

The schools leaving the SLA are now confirmed so £0.025m of the 2022/23 element of the savings target for paid school meals and SLA income will not be delivered in the original manner. Previous years SLA income targets create an additional pressure as targets were based on a greater number of schools in the SLA. A further £0.050m will not now be delivered as planned. In total, £0.075m of this savings target still requires a permanent solution.

All savings in the other service areas are forecasted to be achieved.

1.5.4 New Revenue Grants

The following revenue grants have been received during August and September 2022:

Service	Grant Provider	Grant	Purpose	2022/23 value £m
Public Health	Northumbria Police and Crime Commissioner	Safer Streets Fund 4 – Womens Safety in Public Places	To make public places across the region safer for women and girls. £0.029m received in 2022/23 and £0.006m in 2023/24.	0.029
Public Health	Public Health England	Inpatient Detox	To increase capacity for residential detox for drug misusers.	0.195
Public Health	Department of Health and Social Care	Botulin Toxin and Cosmetics Fillers Children Act	To prohibit the administering of botulinum toxin or a filler by way of injection for a cosmetic purpose to a person under 18.	0.006
Public Health	Department for Environment, Food and Rural Affairs	Enforcement Costs associated with Food Information	The enforcement of legislation relating to allergen labelling changes for prepacked for direct sale food.	0.005
Children's Services	Youth Custody Service / HM Prison & Probation Services	Remands to youth secure accommodation of children and young people	Transfer of responsibility to LA's for cost of remand to youth detention.	0.015
Children's Services	Education and Skills Funding Agency	Key Stage 2 Moderation and Key Stage 1 Phonics Funding	Statutory duties for KS2 Teacher Assessment and monitoring of the phonics screening check.	0.010
Children's Services	North of Tyne Combined Authority	North of Tyne Investment Fund - Local Employment Partnerships	The investment will fund a Local Employment Partnership Coordinator and an Employer Liaison/Engagement Lead. These posts will provide dedicated capacity to develop local employment partnerships within each Local Authority area and will work as a part of a virtual NTCA wide team – working to engage residents and businesses in employment programmes which move people into/closer to work.	0.073
Schools	Department for Levelling Up, Housing and Communities	Ukrainian Families Grant	Support for Ukrainian refugee children in schools.	0.111
Total				0.444

1.5.5 School Funding

Schools are required to submit their rolling three-year budget plan by 31 May each year. The total planned deficit for 2022/23 is £5.532m. 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. Finance officers are working with schools to produce an update on 2022/23 school finances position as reported previously to cabinet. A report of this update will be presented to Cabinet in the next finance report.

Cabinet will recall that the High Needs Block ended 2021/22 with a pressure of £13.511m. The forecast of the Budget position for 2022/23 indicates an anticipated in-year pressure of £5.111m reflecting a further rise in demand for special school places, producing a cumulative deficit balance of £18.622m.

1.5.6 Housing Revenue Account (HRA)

The HRA is forecast to have year-end balances at 31 March 2023 of £0.281m. These balances are £0.090m lower than budget which was set at £0.371m.

Universal Credit was fully implemented across North Tyneside on 2 May 2018. As of the end of September 2022, 3,999 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.

1.5.7 Investment Plan

The approved 2022-2027 Investment Plan totals £329.309m (£116.459m 2022/23) and is detailed in table 19 of the Annex. The Annex to this report also sets out in Section 4 delivery progress to date, planned delivery for 2022/23, 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 £0.347m and reprogramming of (£13.283m) of which more details are set out in Section 4 of the Annex to this report. The revised Investment Plan stands at £103.523m for 2022/23 and to the end of September 2022 spend of £26.751m had been incurred which represents 25.8% of the revised plan.

Significant inflationary pressures are being experienced across the UK, and senior officers within the Authority have undertaken a review of inflationary impact to the Investment Plan. Given supply issues and rising costs on committed schemes within the plan, there may be an impact on the delivery of some planned activity as investment is re-profiled to future years. The corporate risk register includes risks for such inflationary pressures to the investment plan.

1.5.8 Performance against Council Plan

The 2021-2025 Our North Tyneside Plan (Council Plan) sets out the overall vision and policy context within which the Medium-Term Financial Plan and Budget are set. The Council Plan, "Building A Better North Tyneside", has five key themes as set out

below;

- A caring North Tyneside;
- A thriving North Tyneside;
- A secure North Tyneside;
- A family-friendly North Tyneside; and,
- A green North Tyneside.

For each theme there is a set of policy outcomes which the Authority is seeking to deliver; these are detailed in the Council Plan. The Authority has plans in place to deliver all elements of the Plan and performance against delivery is carefully monitored.

An update report on the progress of delivering the 2021-2025 Our North Tyneside Plan was taken to Cabinet in September 2022.

1.6 Decision Options:

The following decision options are available for consideration by Cabinet:

Option 1

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

Options 2

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

1.7 Reasons for Recommended Option:

Option 1 is recommended for the following reasons:

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

1.8 Appendices:

Annex : Financial Management Report to 30 September 2022
Appendix 1: 2022 – 2027 Investment Plan
Appendix 2: Prudential Indicators
Appendix 3: Treasury Management mid-year review

1.9 Contact Officers:

Jon Ritchie – 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
Jane Cross – Corporate Finance and General Fund matters
David Mason – Investment Plan matters - Tel. (0191) 643 5747
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 2022/23_
https://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/NTC%20Revenue%20Budget%202022_23.pdf
- (b) Investment Plan 2022-27_
<https://democracy.northtyneside.gov.uk/documents/s7911/Appendix%20D%20i%20-%202022-2027%20Investment%20plan%20-%20FINAL.pdf> (Agenda reports pack 17th February 2022 - Appendix D(i))
- (c) Reserves and Balances Policy_
<https://democracy.northtyneside.gov.uk/documents/s7919/Appendix%20G%20-%202022-23%20Reserves%20and%20Balances%20Policy.pdf> (Agenda reports pack 17th February 2022- Appendix G)
- (d) Overview, Scrutiny and Policy Development Performance Report_
<https://democracy.northtyneside.gov.uk/documents/s7921/Appendix%20I%20-%202022-23%20Report%20of%20the%20Overview%20Scrutiny%20and%20Policy%20Development%20Committee%20Jan%202022.pdf> (Agenda reports pack 17th February 2022 – Appendix I)

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 7 February 2023.

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 2022/23 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 crime and disorder implications directly arising from this report.

2.8 Environment and Sustainability

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

PART 3 - SIGN OFF

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

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2022/23 Financial Management Report Annex

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SECTION 1 – SERVICE COMMENTARIES

1.1 Meetings have been held between finance officers and budget managers to review the forecast position for 2022/23, with the forecast being prepared on a prudent basis to give sight of the overall challenges at this stage in the financial year. In addition, 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.

1.2 Adults Services

1.2.1 Adults Services is showing a forecast variance of £5.510m against its £56.120m net controllable expenditure budget.

1.2.2 Table 1: Forecast Variation for Adults Services at September 2022

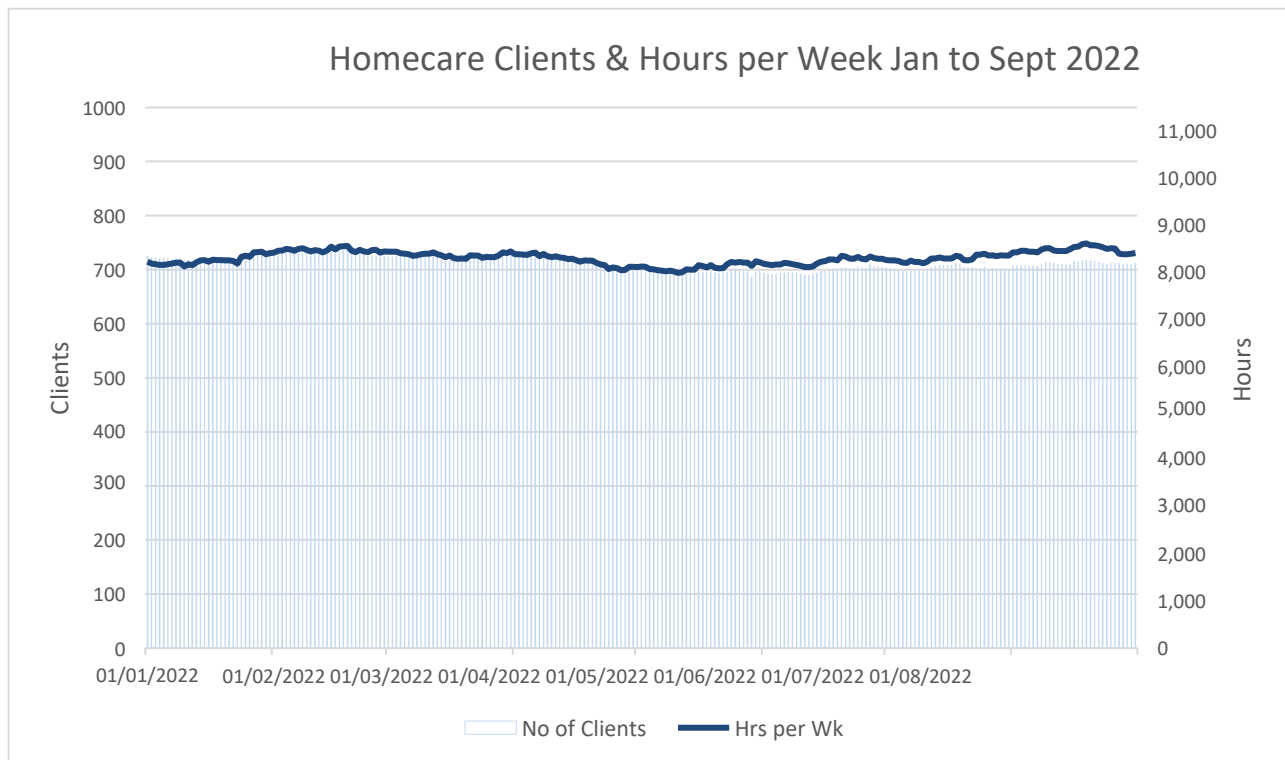
	Budget	Forecast Sept	Variance Sept	Variance July	Change since July
	£m	£m	£m	£m	£m
Central, Strategy and Transformation	1.180	1.275	0.095	0.146	(0.051)
Social Work and Associated Activity	7.384	7.188	(0.196)	0.396	(0.592)
Integrated Services	3.171	2.560	(0.611)	(0.393)	(0.218)
Business Assurance	0.304	0.320	0.016	0.028	(0.012)
Sub-total Operations	12.039	11.343	(0.696)	0.177	(0.873)
Commissioned Services – Wellbeing and Assessment	12.870	16.626	3.756	3.247	0.509
Commissioned Services – Learning Disability	26.864	27.735	0.871	0.478	0.393
Commissioned Services – Mental Health	3.607	5.715	2.108	1.210	0.898
Commissioned Services - Other	0.740	0.289	(0.451)	0.150	(0.601)
Sub-total – Commissioned Services	44.081	50.365	6.284	5.085	1.199
Total Adult Services	56.120	61.708	5.588	5.262	0.326

Main budget pressures across Adults Services

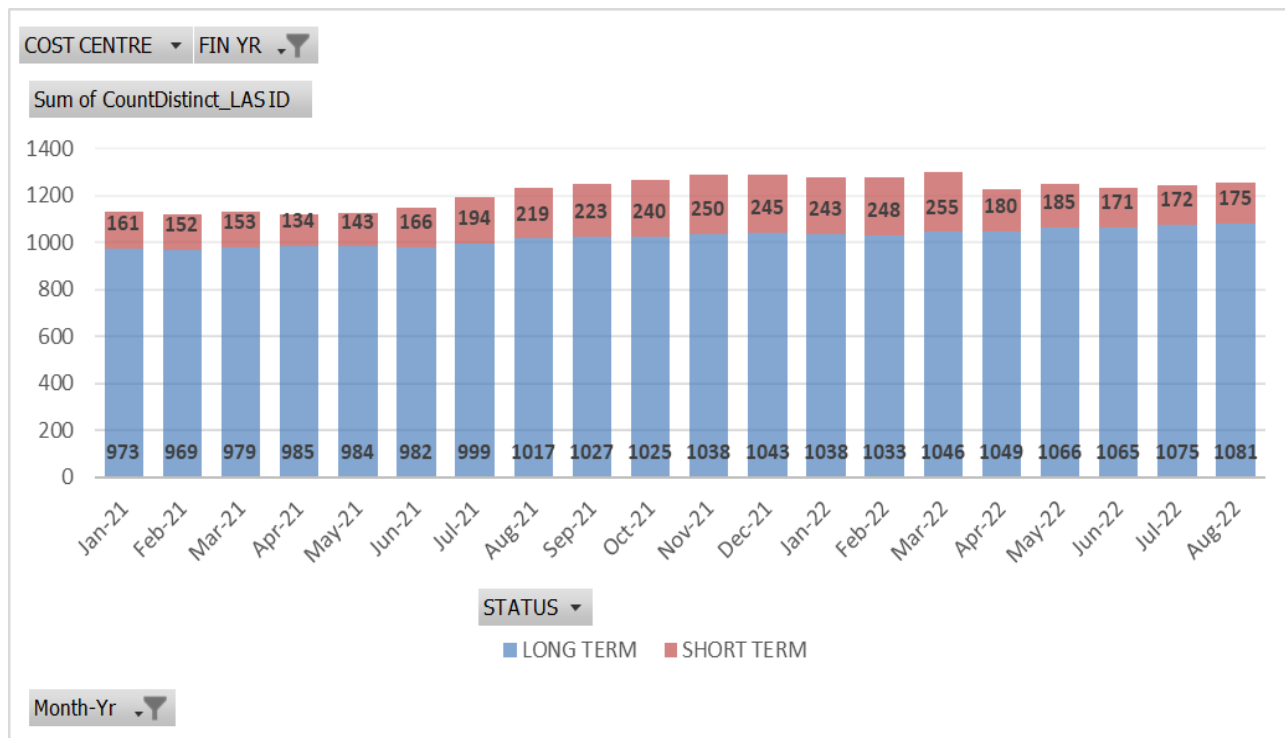
- 1.2.3 Adults Services continues to have residual impact from the Covid-19 pandemic and has put in place a range of responses to support existing clients and other residents directly affected by the virus. Support includes new packages required to be put in place on discharge from hospital as well as those to prevent hospital admission. Work is also ongoing to support social care providers to maintain their vital services.
- 1.2.4 Adults Services 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 also from the cost-of-living increases currently being experienced across the country. The 2022/23 fee uplift has now been agreed with providers, but dialogue will continue to be informed by the national exercise being undertaken to establish a fair cost of care for older person's care homes and domiciliary care for all adults.
- 1.2.5 The analysis of sub service areas is reported to show the split between the operational aspects of the service and the externally commissioned care costs.
- 1.2.6 Forecast costs associated with the operational management of the service are showing an underspend of £0.696m. This position represents an improvement of £0.873m from the previously reported position and is due to an increase in vacant posts as well as delays in recruitment.
- 1.2.7 Commissioned Services are reporting a pressure of £6.284m, an increase of £1.199m on the previous reported pressure. This increase is a result of a net reduction in health income, for shared care and S256 mental health resettlement £1.012m, 2 significant Mental Health (MH) clients previously not communicated by Service Managers to Finance £0.200m and an increase in residential and nursing placements £0.500m due to the shortage of home care provision to meet demand. This is then offset against savings from an ongoing review of commissioned services.
- 1.2.8 Within the overall pressure on commissioned services, £2.484m relates to the increased agreed care fee inflation rates, reflecting pressures on energy costs as well as general inflation. It also reflects a change in demand and delivery compared to pre-covid patterns, the authority is seeing additional pressure of approx. £3.300m this is due to a shift in clients from homecare into residential care homes, including short term placement.
- 1.2.9 There has been an increased pressure around funding from the NHS for clients with shared care and mental health resettlement needs; negotiations continue around ensuring funding contributions from the NHS for clients with these health needs and will continue on an equitable basis.
- 1.2.10 Whilst the pressure within Adult Services continues, there has been on-going work around maximising resources and reducing costs. 2022/23 savings targets have been achieved with additional Extra Care placements being utilised and

reablement flats helping with the transition from hospital, allowing more clients to receive community-based care.

1.2.11 Chart 1: Number of Clients and Total Hours purchased for Homecare



1.2.12 Chart 2: Overall Numbers of Clients in Residential and Nursing Care



1.3 Children's Services

- 1.3.1 Children's Services is showing a forecast variance of £13.154m against its £21.489m net controllable expenditure budget. This forecast position excludes the application of contingency budgets £3.116m, set aside in Central Items for pressures in Children's Services. The Children's Services, Corporate Parenting & Placements budget has increased by £0.786m since the July position, to reflect the pressure for children under a Special Guardianship Order (SGO).
- 1.3.2 Within Children's Services there is a continuing high level of activity resulting from a combination of Covid related and household finance pressures impacting on family stability.

1.3.3 **Table 2: Forecast Variation for Children's Services at September 2022**

	Budget	Forecast	Variance	Variance	Change
	£m	Sept	Sept	July	since
		£m	£m	£m	July
					£m
Corporate Parenting & Placements	16.051	26.135	10.084	10.174	(0.090)
RHELAC Service	0.010	0.010	0.000	0.000	0.000
Child Protection, Independent Assurance and Review	0.721	0.739	0.018	0.018	0.000
Early Help & Vulnerable Families	1.664	1.785	0.121	0.150	(0.029)
Employment & Skills	0.632	0.588	(0.044)	(0.030)	(0.014)
Integrated Disability & Additional Needs Service	2.219	4.956	2.737	2.173	0.564
School Improvement	0.360	0.598	0.238	0.235	0.003
Regional Adoption Agency	(0.168)	(0.168)	0.000	0.000	0.000
Total Children's Services	21.489	34.643	13.154	12.720	0.434

Main budget pressures across Children's Services

- 1.3.4 Children's Services continues to manage a complex budget and is required to deal with a combination of funding arrangements, pressures, and national policy changes. The £13.154m forecast pressure relates mainly to demand pressures of £10.084m in Corporate Parenting and Placements and £2.737m in Integrated Disability and Additional Needs. There is also a forecast pressure of £0.238m in School Improvement. The pressures were foreseen by Cabinet and backed by £3.116m of centrally held contingencies which, if transferred into Children's

Services, would reduce the forecast pressure to £10.038m. The ongoing impact of rising demand impacted by Covid and the cost-of-living crisis has led to additional challenges in delivering against savings targets and there are £3.000m of savings targets yet to be delivered.

- 1.3.5 The main factor behind the overall forecast position 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 and recruitment costs and a pressure resulting from savings targets not yet achieved.
- 1.3.6 The increased pressure of £0.434m since the July position is a result of new external residential care placements, net increase £0.100m. A block arrangement of 4 residential placements started from 1 August 2022, £0.300m, as well as 5 additional external supported placements £0.635m, including unaccompanied asylum-seeking children (UASC). There has been an increase in legal fees and S117 payments to families £0.100m, additional pressure in staffing for in-house establishments £0.100m and a reduction in income received from health £0.075m. This is offset by an ongoing review of supported accommodation and forecasts have been reduced accordingly.

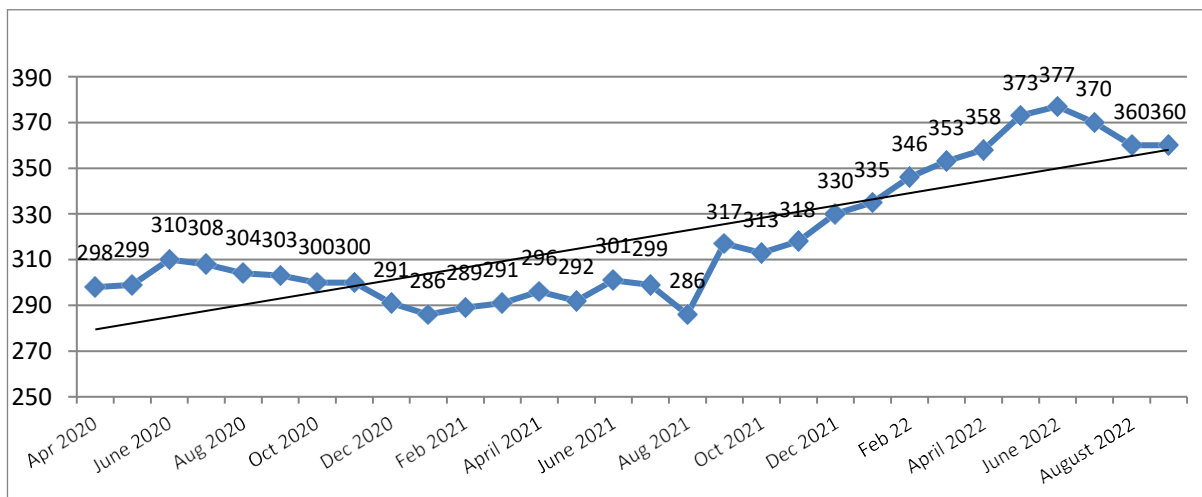
1.3.7 Table 3: Forecast Variation for Children’s Services Split between Operational & Commissioned Care Costs

	Budget £m	Forecast Sept £m	Variance Sept £m	Variance July £m	Change since July £m
Externally Commissioned Services	3.479	8.065	4.586	4.582	0.004
In-house Service Provision	9.523	13.390	3.867	3.697	0.170
Staffing & Operations	8.655	13.356	4.701	4.441	0.260
Regional Adoption Agency	(0.168)	(0.168)	0.000	0.000	0.000
Total Children’s Services	21.489	34.643	13.154	12.720	0.434

- 1.3.8 The Children’s Services system is established to meet the statutory needs of approximately 1,400 children. However, the service is currently dealing with more than 1,700 children who reach that threshold. Referrals have increased by 25% compared to pre-Pandemic levels with the police and schools continuing to be the main sources. This level of activity is leading to a requirement for additional staff and contributes to significant pressure on budgets providing care for the children in most need.

- 1.3.9 In September 2022, the children in care numbers have remained at 360, reducing down from a high of 377 in May 2022 but are still significantly above the levels seen in previous financial years. There were under 300 for the first half of 2021/22 rising to 353 at the end of the financial year. The increase in demand is largely due to the impact of additional stress on family relationships during Covid lockdown restrictions leading to increase in parental mental health issues and domestic abuse but is exacerbated when combined with financial stressors caused by the cost-of-living crisis.
- 1.3.10 Current numbers include 23 UASC, an increase of 5 since the July position, which the Authority is mandated to take. The net cost to the Authority, after applying the UASC grant funding, is forecast to be £0.223m.
- 1.3.11 The overall rise in demand is a national issue, with North Tyneside seeing a rate of children in care per 10,000 of 88, which compares favourably both to the North-East average of 108 and to the average within our statistical neighbours of 103.

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



Corporate Parenting and Placements

1.3.13 Table 4: Analysis of Pressures in Corporate Parenting and Placements

Type of Service	Budget £m	Forecast Sept £m	Variance Sept £m	Variance July £m	Change since July £m
Care provision – children in care	8.995	14.954	5.959	6.363	(0.404)
Care provision – other children	3.957	4.611	0.654	0.686	(0.032)
Management & Legal Fees	(1.442)	0.574	2.016	1.911	0.105
Social Work	4.494	5.945	1.451	1.210	0.241
Safeguarding Operations	0.047	0.051	0.004	0.004	0.000
Total	16.051	26.135	10.084	10.174	(0.090)

1.3.14 The forecast has been developed based on the children in care as at the end of September 2022. As set out in paragraph 1.3.7, the number in care at the end of September was higher than the average of 315 during 2021/22 resulting in the forecast for the total number of care nights also being higher for 2022/23 at 112,664 nights compared to the total number of care nights delivered in 2021/22 which was 108,745.

1.3.15 Table 5: Forecast cost, forecast variance, average placement cost and placement mix

Placement Type	2022/23 Sept Variance £m	Average Annual Placement cost £m	2022/23 Forecast Bed Nights	2021/22 Outturn Bed Nights	Placement Mix	No. of children Sept 22	No. of children July 22
External Residential Care	1.744	0.254	9,314	8,163	8.6%	31	31
External Fostering	0.306	0.041	9,925	12,068	7.2%	26	23
In-House Fostering Service	0.957	0.024	80,615	68,812	59.7%	215	230
External Supported Accommodation	1.480	0.104	8,214	6,170	8.9%	32	27
In-House Residential Care	1.473	0.161	4,596	**	4.7%	17	16
Other*	0.000	**	**	13,532	10.8%	39	43
Total	5.960	0.584	112,664	108,745	100%	360	370

*Other includes Placed for Adoption, Placed with Parents/Parental Responsibility.

** The table has been updated to split out In-House residential Care – therefore no previous years comparison available.

1.3.16 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 effects of the Covid-19 restrictions and the cost-of-living crisis impact on families.

Care Provision – Children in Care

1.3.17 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. Unit costs for external residential care have also increased significantly with a further increase in rates expected to be confirmed in 2022/23 because of the rising cost of living. Children’s Services have developed a small number of in-house services for children with very complex needs as a way of mitigating against high costs for external provision.

Care Provision – Children not in care

- 1.3.18 The pressure of £0.654m 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

- 1.3.19 This area has a forecast pressure of £2.016m. The pressure within this area is due to savings targets of £1.468m which are yet to be achieved, the increase this month is due to increased legal fees. 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

- 1.3.20 Within the overall pressure of £10.084m for Corporate Parenting and Placements, there are social work-related pressures of £1.451m. There is an additional team in place of 6 posts costing circa £0.265m and the '14 Plus Team' adds a further £0.243m to the pressure. Market supplements have been superseded by the Social Worker regrading exercise contributing £0.191m to the position. There are S17 assistance costs forecast to be above budget level. Cabinet is aware of the challenges faced across the children's social care sector nationally. Caseloads per social worker have increased with increasing referrals (up 25% on pre-Pandemic levels) and are now at 28 compared to the national average of 16.3 (for 2020).

Integrated Disability and Additional Needs (IDANS)

- 1.3.21 IDANS is forecasting a pressure of £2.737m, net of an over achievement of £0.370m Children's Health Income. There has also been a reclassification of one of the children's homes from Corporate Parenting & Placements to IDANS, bringing an additional pressure of £0.369m. 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 1,102 in January 2018 to 2,138 in May 2022.
- 1.3.22 Within this service area the main pressures relate to operational staffing costs within in-house residential services of £1.311m. There are also forecast staffing pressures of £0.365m 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 £1.057m on externally commissioned short breaks and staffing pressures of £0.104m across the Statutory Assessment and Review Team and the Disability Team.

- 1.3.23 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.
- 1.3.24 The School Improvement Service is showing a forecast pressure of £0.238m driven by staffing and energy inflation.
- 1.3.25 These have been partly mitigated by utilising (£0.350m) of grant funding brought forward from 21/22. The service is working with HR and Finance officers to review the School Improvement structure and continues to explore other income streams that may be available to help mitigate the pressure in-year.

1.4 **Public Health**

- 1.4.1 Public Health is forecasted to outturn on budget, which is the same as the last Cabinet report in July.

1.4.2 **Table 6: Public Health Forecast Variation**

	Budget	Forecast	Variance	Variance	Change
	£m	Sept	Sept	July	since
	£m	£m	£m	£m	July
					£m
Public Health Ring Fenced Grant	(0.032)	(0.032)	0.000	0.000	0.000
0-19 Children's Public Health Service*	0.273	0.273	0.000	0.000	0.000
Community Safety	0.223	0.223	0.000	0.000	0.000
Public Protection	1.608	1.608	0.000	0.000	0.000
GRAND TOTAL	2.072	2.072	0.000	0.000	0.000

* the 0-19 Children's Public Health Service forms part of the Public Health Ring Fenced Grant

- 1.4.3 The return of the Public Protection service to the Authority's management, will have no impact and for 2022/23 will be balanced, using central funding if required. This includes any pressures in Taxi Licensing, market supplement payments and any other miscellaneous costs incurred, as a result of bringing the service back in-house.
- 1.4.4 0-19 Children's Public Health Services and are funded by the Public Health Ring-Fenced Grant and any balances are carried forward and have no impact on the General Fund.

1.5 Commissioning and Asset Management

- 1.5.1 Commissioning and Asset Management (C&AM) is showing a pressure of £5.100m as set out in Table 7, an increase of £0.304m since the July Cabinet report.
- 1.5.2 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 2.

1.5.3 Table 7: Commissioning and Asset Management (C&AM) Forecast Variation

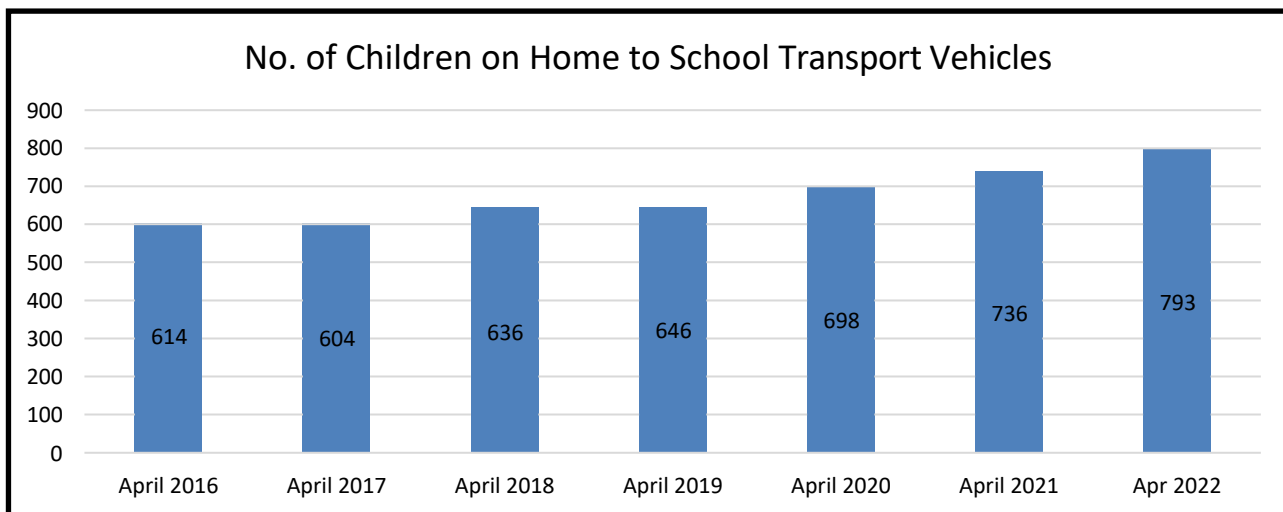
	Budget	Forecast	Variance	Variance	Change
	£m	£m	£m	July	since
	£m	£m	£m	£m	July
					£m
School Funding & Statutory Staff Costs	5.561	5.461	(0.100)	(0.095)	(0.005)
Commissioning Service	0.439	0.465	0.026	0.099	(0.073)
Facilities & Fair Access	0.410	4.688	4.278	4.109	0.169
Community & Voluntary Sector Liaison	0.435	0.435	0.000	0.000	0.000
Strategic Property & Investment	0.814	1.540	0.726	0.467	0.259
Property	(0.979)	(0.979)	0.000	0.000	0.000
Commissioning & Asset Management & Support	0.165	0.169	0.004	0.004	0.000
Procurement	(0.112)	0.054	0.166	0.212	(0.046)
GRAND TOTAL	6.733	11.833	5.100	4.796	0.304

- 1.5.4 The main 'business as usual' budget issues relate to Facilities and Fair Access which is showing a forecast pressure of £4.278m (July forecast pressure of £4.109m).
- 1.5.5 There is a pressure on the catering service of £2.900m, an increase of £0.804m since July due to more actual data now being available for 2022/23 to provide a more established accurate forecast. Further information based on the Autumn term will be updated for the next report. The pressure is due to paid school meals and other catering income not forecast to return to pre Covid levels (£0.750m) and inflationary pressures of £1.272m. There are pressures on wages of £0.378m and other operational income pressures of £0.017m. Current and previous years paid school meals and SLA income target savings will not now be achievable in their original planned way, due to the number of schools that have left the SLA adding £0.164m to the pressure. The service is currently reviewing all costs associated with SLA provision to mitigate the loss of income. The management & central

establishment element of the catering SLA cannot now be recovered from the schools that have left the SLA adding a further £0.319m to the position.

- 1.5.6 Cleaning has a pressure of £0.090m which results from inflationary pressures of £0.058m and sickness/maternity cover of £0.032m. These are partially offset by salary savings on the Access Service of (£0.056m).
- 1.5.7 There is a pressure on Strategic Property and Investment of £0.726m which relates to energy charges, of which £0.536m relates to the Killingworth site. The service has, and continues to, undertake several initiatives to minimise energy consumption and costs at the Killingworth site by the decommissioning of Block C and solar panel installations. There are pressures on the Procurement service of £0.166m due to a cross-cutting savings target of £0.174m and other operational pressures £0.042m, which is partially offset by additional income of (£0.050m) from a one off KPI failure in the Technical Partnership. The Commissioning service area is also reporting operational pressures of £0.026m. These are partially offset by savings on teachers early/ill health retirement costs of (£0.100m).
- 1.5.8 There are pressures on car parking income of £0.101m in relation to charges at Quadrant being removed and a corporate sustainability savings target of £0.100m. These are partially offset by other operational savings of £0.072m.
- 1.5.9 The Home to School Transport position, a pressure of £1.344m, relates to the sustained increase in children with complex needs attending special schools £0.356m and inflationary pressures of £0.988m. Demand pressures in High Needs is a known national issue and is also impacting on the High Needs budget within the Dedicated Schools Grant (see paragraphs 2.16 to 2.20 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 793 in April 2022 as shown in Chart 4 below. Work is ongoing to identify the number of children expected to use transport. Work is also continuing with route rationalisation using the new 'QRoute' system as well as looking at new options about transport delivery.

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



1.6 Environment

1.6.1 Environment is forecasting a pressure of £1.667m against the £37.197m budget, as set out in Table 8 below, an increase of £0.708m since the July report.

1.6.2 The main cause of the pressure is increased energy costs, though Sports & Leisure income is still to recover back to pre-pandemic levels.

1.6.3 Table 8: Forecast Variation in Environment

Service Areas	Budget £m	Forecast Sept £m	Variance Sept £m	Variance July £m	Change since July £m
Fleet Management	0.991	0.991	0.000	(0.026)	0.026
Head of Service Environment & Leisure	0.139	0.106	(0.033)	(0.033)	0.000
Local Environmental Services	7.744	8.296	0.552	0.238	0.314
Sport, Leisure & Community	8.634	10.381	1.747	0.982	0.765
Street Lighting PFI	5.123	5.123	0.000	0.000	0.000
Waste Management	14.566	13.967	(0.599)	(0.202)	(0.397)
GRAND TOTAL	37.197	38.864	1.667	0.959	0.708

1.6.4 The following paragraphs 1.6.5 to 1.6.12 outline the pressures in each service area with details of any variances greater than £0.050m.

Local Environmental Services

1.6.5 Local Environmental Services includes Security, Street Environment and Bereavement teams and is predicting a net forecast pressure of £0.552m. This is due to increased employee and operational expenditure plus higher energy and business rates costs within Bereavement of £0.120m, as well as Security income shortfalls (including the £0.050m loss of the annual Nexus contract income and

the one-off impact of a £0.075m credit note covering the cancellation of 2021/22 and 2022/23 income) together with employee and operational cost pressures amounting to a £0.194m pressure.

- 1.6.6 There are additional pressures linked to third party elements and high-profile coastal patrols across Community Protection of £0.065m. Income shortfalls and operational costs pressures (including £0.067m for higher Energy/Premises cost pressures) result in a £0.046m pressure across Parks & Horticulture. Employee and operational expenditure pressures across Environmental Protection & Street Cleansing add £0.099m to the projected position. The combined increased £0.340m variance change from the previously reported position can be attributed to; a net £0.110m adverse change linked to reduced forecast Security income, Higher Premises (including Energy and Business Rates) and operational cost pressures in Bereavement resulting in an adverse £0.099m variance change, an increase in the combined cross-service Employee, Premises and Operational expenditure plus reduced income across the rest of Street Environment.

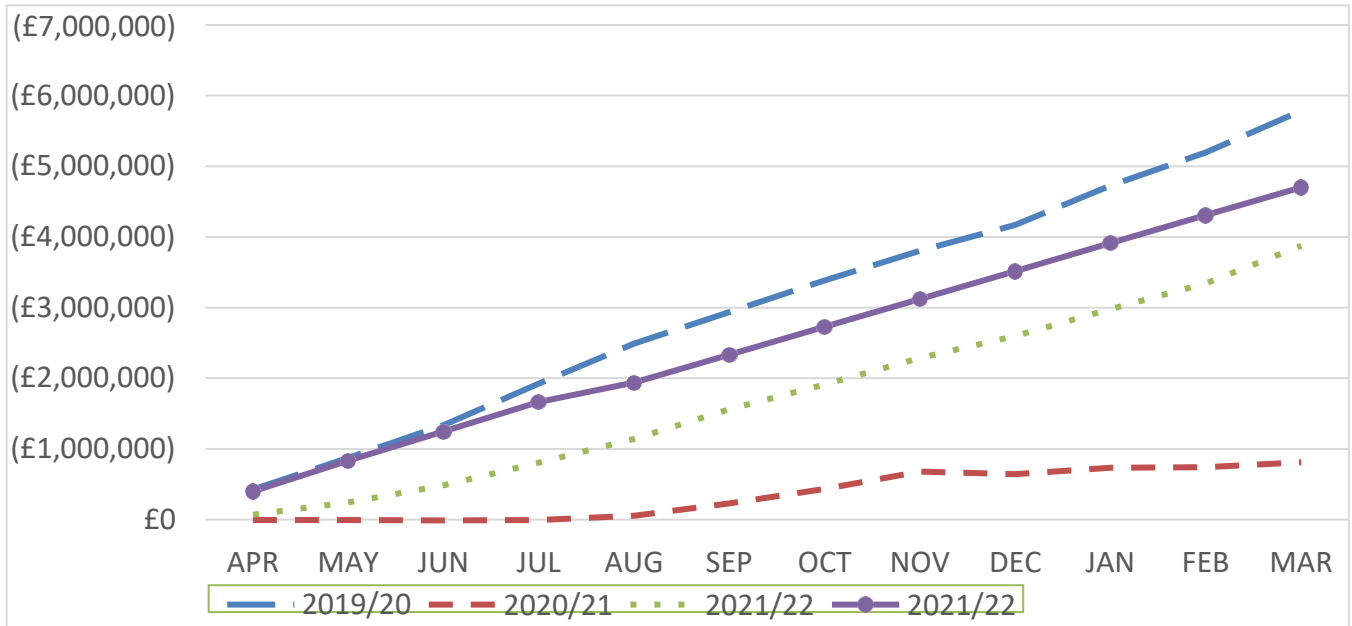
Waste Management including Recycling and Disposal

- 1.6.7 A combined underspend of (£0.599m) is now forecast which reflects employee savings as vacant posts are being held within Waste & Recycling Contracts. There are significant expenditure underspends compared to the July report (savings of £0.555m) which is linked to Home Recycling Disposal which are now forecast to reflect the lower global market rate on the cost per tonne. Additionally, a combined overachievement on income (of £0.149m) across Commercial Waste & Special Collections is forecast within Refuse & Waste Management. The aforementioned income overachievement fully mitigates forecast cost pressures of £0.136m associated with the Waste Disposal Contract as well as Marshalling costs at the Household Waste Recycling Centre.

Sport, Leisure & Community

- 1.6.8 Sports and Leisure is forecasting a pressure of £1.422m. The service is forecast to have a pressure of £0.300m against the £5.600m income target for sports and leisure centres. This pressure reflects that service income is still recovering and improving whilst looking to attain to income generation levels pre-pandemic.
- 1.6.9 Libraries & Community Centres is forecasting a £0.325m pressure, mainly linked to forecast premises costs being higher than the budget as well as reduced and unachievable income generation available around Wallsend & North Shields Customer First Centres. A change of £0.965m in the reported variance since the previously reported position across this service area is the adverse forecast costs associated with energy costs; combined cost pressures mainly around electricity and gas of £1.098m are now forecast (based on actual spend from April-June) which is partially offset by vacant posts and staff turnover within Libraries & Community Centres.

1.6.10 Chart 5: Income levels in Sports & Leisure for the last 4 Years



Street-Lighting PFI

1.6.11 The Street-Lighting PFI is expected to have energy inflation pressures of £1.433m. It is assumed, as in previous years, that the impact of energy pressures for this PFI would be taken to the PFI reserve. Officers are continuing to review the position across all PFI contracts and further updates will be included in future financial management reports.

1.6.12 The service continues to reflect vacancy and other operational cost savings as it is resourced to meet the new level of participation.

1.7 Regeneration and Economic Development

1.7.1 Regeneration and Economic Development (R&ED) has expanded with service areas previously managed under Environment, Housing & Leisure. R&ED is forecasting a pressure of £0.378m, as shown in Table 9 below, which is an improvement of (£0.054m) since the July Cabinet report.

1.7.2 Table 9: Forecast Variation for Regeneration and Economic Development

Service Areas	Budget £m	Forecast Sept £m	Variance Sept £m	Variance July £m	Change since July £m
Culture	1.572	1.736	0.164	0.278	(0.114)
Business & Enterprise	0.760	0.742	(0.018)	0.023	(0.041)
Regeneration	0.416	0.741	0.325	0.251	0.074
Resources & Performance	0.300	0.301	0.001	0.001	0.000
Technical Package - Planning	0.296	0.257	(0.039)	(0.039)	0.000
Technical Package - Transport & Highways	7.447	7.392	(0.055)	(0.082)	0.027
GRAND TOTAL	10.791	11.169	0.378	0.432	(0.054)

- 1.7.3 Culture is forecasting a pressure of £0.164m which is an improvement of (£0.114m) since the July Cabinet report. The movement reflects an improvement in the staffing forecast following a budget transfer from Environment as a result of the splitting of the former Environment, Housing and Leisure directorate. The remaining pressure is mainly due to events in the Borough (Queens Baton Relay, Platinum Jubilee Activities, National Festival of Archaeology) combined with a pressure at the Whitley Bay Playhouse of £0.035m due to increased fees to the external operating contractor. Culture service staffing costs and reduced forecast income across the service makes up the remaining pressure of £0.063m.
- 1.7.4 Transport and Highways is forecasting an underspend of £0.055m which is as a result of client team recharges for work on Section 38 and 278 schemes.
- 1.7.5 The small pressure on Resource and Performance has remained the same. It is anticipated that the projected cost of the proposed management structure will be funded from central funding.
- 1.7.6 The forecast pressure with Regeneration is mainly due to an ongoing issue at the former Swans site in relation to costs and income shortfalls relating to the Centre for Innovation (CFI) building which are expected to continue in 2022/23. Despite the shortfall, the service is still actively marketing vacant units and looking to attract tenants.

1.8 Corporate Strategy

- 1.8.1 Corporate Strategy is forecasting a £0.462m pressure, an increase of £0.078m since the July Cabinet report. The variance reflects a forecast underachievement in a cross-service income target of £0.157m within Corporate Strategy Management, as well higher forecast employee resource costs as workload and service demand activities are leading to a requirement for additional staffing capacity within Children's Participation and Advocacy.

1.8.2 Table 10: Forecast Variation Corporate Strategy

Service Areas	Budget	Forecast Sept	Variance Sept	Variance July	Change since July
	£m	£m	£m	£m	£m
Children's Participation & Advocacy	0.267	0.416	0.149	0.100	0.049
Corporate Strategy Management	(0.129)	0.063	0.192	0.173	0.019
Elected Mayor & Executive Support	0.022	0.038	0.016	0.014	0.002
Marketing	0.302	0.346	0.044	0.036	0.008
Policy Performance and Research	0.162	0.223	0.061	0.061	0.000
GRAND TOTAL	0.624	1.086	0.462	0.384	0.078

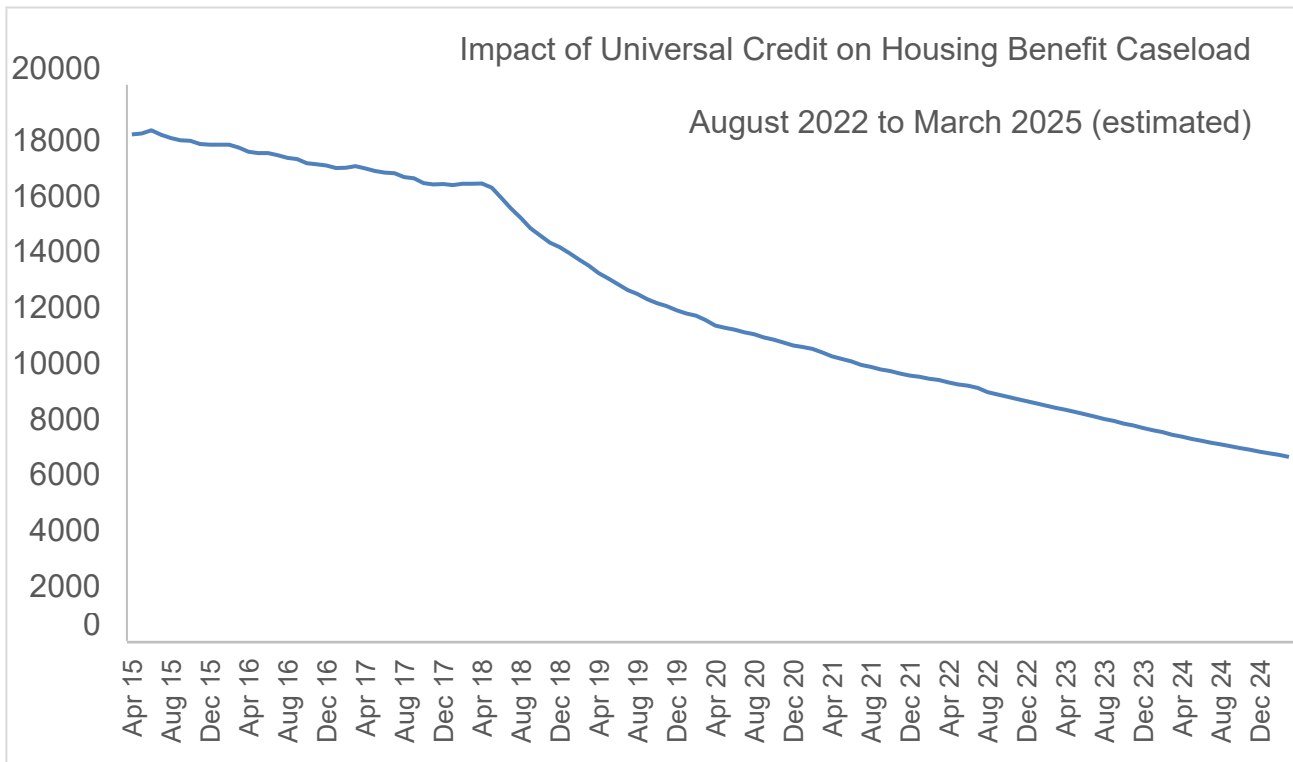
1.9 Resources and Chief Executive Office

- 1.9.1 Since the last Cabinet report in July, Law and Governance has moved into the Resources directorate. This report shows the forecast position for the full Resources directorate and the Chief Executive Office, which is showing a pressure of £1.785m, which is a decrease of £0.313m since the last Cabinet report in July.

1.92 Table 11: Forecast Variation Resources and Chief Executive

Service Areas	Budget £m	Forecast Sept £m	Variance Sept £m	Variance July £m	Change since July £m
Chief Executive	(0.076)	(0.076)	0.000	0.000	0.000
Finance	(0.563)	(0.724)	(0.161)	0.000	(0.161)
ICT	2.455	2.455	0.000	0.000	0.000
HR & Organisational Development	0.259	0.259	0.000	0.000	0.000
Internal Audit and Risk Management	0.032	0.032	0.000	0.000	0.000
Revenues and Benefits	0.629	1.518	0.889	0.932	(0.043)
Director of Resources	0.000	0.000	0.000	0.000	0.000
Customer, Governance and Registration	(0.066)	(0.026)	0.040	0.058	(0.018)
Democratic and Electoral Services	(0.002)	0.076	0.078	0.077	0.002
Information Governance	0.175	0.063	(0.112)	(0.096)	(0.017)
Legal Services	0.152	0.988	0.836	1.002	(0.166)
North Tyneside Coroner	0.294	0.509	0.215	0.125	0.090
GRAND TOTAL	3.289	5.074	1.785	2.098	(0.313)

1.93 Chart 6: Impact of Universal Credit on Housing Benefit Claims



1.94 Benefits processing has seen a reduction of 50% in caseloads since universal credit (UC) was introduced. By 2024/25 this is expected to drop to a third of original cases. This has a large impact on subsidy grants from the department for Work and Pensions (DWP) in four key areas:

- Benefits subsidy grants for claims paid out has dropped in line with the value of the claims. This has nil impact on the Authority's finances.
- The number and value of overpayment income recovery cases has dropped with caseload, reducing both the grant on eligible overpayment and the amount of overpayments that can be recovered via enforcement activities. This drop in income recovery has a detrimental impact on the forecast position.
- In opposition to this, the drop in overpayment cases reduces the Authority's bad debt liability in relation to housing benefits overpayments. However, any reviews of overpayments requested by the DWP now have a larger proportional impact on the value of bad debts.
- There is a knock-on impact connected to enforcement of bad debt collection. Whilst bad debt enforcement targets have remained static, the drop in caseload and relaxed recovery on specific case types to chase bad debt reduce the ability to hit these targets.

1.9.5 The impact on the current forecast position is expected to manifest as follows:

- Enforcement income is currently forecast to be below target by around £0.500m, based on the outturn and known position at September, which is no change from the July position. This reflects reduced court caseloads whilst the Authority supported vulnerable residents in difficult times by not adding to debt in the borough. The service will continue to work with our partners to review the impact of the service returning to normal protocols.
- Overpayment income recovery is expecting a pressure of £0.677m against targets due the reduction in Housing Benefit claimants caused by the move to Universal Credit (UC), which is down from £0.691m in the previous Cabinet report. The service is continuing to review and refresh the profile of change that is anticipated as the roll out of UC continues.
- The overpayment income pressure is partially offset (£0.261m, which is an improvement on the reported £0.210m at the last Cabinet report) by an in-year reduction in the Bad Debt Provision requirement, due to the reduction of overpayment income debt.
- The Benefits subsidy grant is expected to show a net saving of £0.027m, which is a slight worsening of the position (£0.076m) since the last report. However, the good performance overall for subsidy is masking a situation regarding lost subsidy for Housing Benefit on Bed and Breakfast accommodation for homeless persons. This area is forecast to have a pressure of £0.147m for the year due to increased demand and also due to the increased cost of Bed and Breakfast accommodation, which is above the limit subsidy can be claimed on and so therefore the Local Authority has to fund the balance. Discussions are ongoing with Housing regarding more sustainable solutions in the future, such as increased General Needs stock being available where possible.

1.9.6 Finance is showing an underspend of (£0.161m) compared to £0.000 at the last report. This is due to the allocation of new burdens funding relating to the administration of Covid 19 business grants.

1.9.7 The other areas are being forecast to come in on budget at this point in the year.

Law and Governance

- 1.9.8 Law and Governance is now incorporated into the Resources Directorate. The main budget issue in this area relates to Legal Services, with the variance reflecting forecasted cost pressures in Legal Services of £0.830m relating to the employment of locums and staff costs in response to staffing pressures and reduced income for legal fees. This has improved since the July Cabinet report due to additional central funding being allocated to assist the service (£0.234m). The Legal Service has had difficulty in attracting and retaining permanent staff to meet existing vacancies and additional pressures relating to increased demand for their services from other departments, which senior management in the service are actively looking to resolve.
- 1.9.9 Democratic and Electoral Services are forecasting a pressure of £0.079m due to the cost of the staffing of the 2022 Local Elections and By-Elections and also the expected cost of the canvas in the Autumn.
- 1.9.10 In addition, there is an expected £0.215m pressure to deliver North Tyneside Coroner Services, an increase of £0.090m, due to increased forecast costs from all areas of the service (NHS, Partner Local Authority, Funeral Directors, Doctors) arising from increased activity levels. Other areas within Law and Governance are forecast to mitigate these pressures. There are net savings forecast that can be attributed to an expected overachievement on Information Governance work carried out on behalf of schools under the SLA. In addition, vacant post savings result in a net £0.113m underspend.

1.10 General Fund Housing

- 1.10.1 General Fund Housing is reporting a forecast £0.350m pressure which is an increase of £0.145m since the last Cabinet report in July. This change reflects ongoing increased cost pressures of materials and subcontractors of £0.500m, less 2022/23 grant funding of (£0.150m). The Repairs and Maintenance pressure is a continuation of the pressure previously identified in 2021/22 due to the impact of higher costs of raw materials required to carry out repairs on the Authority's properties. There has also been a number of one-off high costs repairs which have completed in the period.

1.10.2 Table 12: Forecast Variation for General Fund Housing

Service Areas	Budget	Forecast Sept	Variance Sept	Variance July	Change since July
	£m	£m	£m	£m	£m
GF Housing	1.789	2.139	0.350	0.205	0.145
Building Control	(0.429)	(0.429)	0.000	0.000	0.000
GRAND TOTAL	1.360	1.710	0.350	0.205	0.145

1.11 Central Items

- 1.11.1 Central Items is forecasted to be in surplus by (£12.984m) which is an improvement of (£5.243m) since the July Cabinet report. The improvement relates

to two items; a part year reversal of the National Insurance increase (£0.316m) and the inclusion of (£4.927m) relating to Minimum Revenue Provision (MRP) savings following the review by Link Treasury Services Limited. The MRP savings from 2022/23 were allocated to a new MRP reserve but with the adverse position forecast in 2022/23 it is likely these savings will be needed to support the outturn position and is therefore available, if required.

1.11.2 Table 13: Forecast Variation Central Budgets and Contingencies

Service Areas	Budget	Forecast Sept	Variance Sept	Variance July	Change since July
	£m	£m	£m	£m	£m
Corporate & Democratic Core	2.925	2.906	(0.019)	(0.019)	0.000
Other Central Items	0.731	(12.234)	(12.965)	(7.722)	(5.243)
GRAND TOTAL	3.656	(9.328)	(12.984)	(7.741)	(5.243)

SECTION 2 - SCHOOLS FINANCE

Update on School Budgets

- 2.1 Finance are working with schools to produce an update on school finances on the position reported previously to cabinet. A report of this update will be presented to Cabinet in the next finance report. Table 14 below shows the current movement in budget and actual from 2021/22 to 2022/23.

Table 14: Schools three-year budget plan summary by phase

Phase	Budget Plan 2021/22 £m	Outturn 2021/22 £m	Budget Plan 2022/23 £m	Budget Movement £m
Nursery	0.082	0.086	0.004	(0.078)
First	0.832	1.410	0.814	(0.018)
Primary	3.061	5.816	4.139	1.077
Middle	0.414	1.408	0.716	0.303
Secondary	(9.808)	(5.943)	(9.907)	(0.099)
Special / PRU	(0.574)	0.621	(1.299)	(0.725)
Total	(5.993)	3.398	(5.532)	0.461

National Funding Formula Consultation for 2023/24

- 2.2 The method for allocating funding to schools is still set by a Local Funding Formula (LFF), though DfE are considering making their National Funding Formula (NFF) mandatory in the future. For 2022/23, North Tyneside have agreed with Schools Forum to adopt the NFF factors in their LFF.
- 2.3 For 2023/24 the Authority will ask Schools Forum to consider modelling a potential option to transfer the maximum funding from Schools Block to High Needs. Guidance states that a local authority can transfer up to 0.5% with agreement from the local Schools Forum. This would amount to approximately £0.730m on indicative grant values. If the Schools Forum do not agree to the transfer, the local authority can ask the Secretary of State to approve the transfer, although this is usually only agreed by exception.
- 2.4 Modelling scenarios will be presented to schools during October/November. The preferred model will then be confirmed with Schools Forum in November then taken to Cabinet for final agreement as part of the Authority's budget setting process.

School Deficits

- 2.5 Cabinet will recall from the previous finance updates that some individual schools expected to face significant financial challenges. During the year, the Authority and Cabinet paid particular attention to those schools with approved deficits.

2.6 There were six schools identified with planned deficits in 2021/22, including two classed as structural deficits, which were supported with a total approved deficit value of £13.799m. Schools Forum and senior officers worked closely and collaboratively with these schools during the year, with all schools improving their closing position against their budgeted deficit and contributing to an improved outturn of £11.832m, a movement of £1.967m. The progress of individual schools is outlined in Table 15 below:

2.7 **Table 15: Schools in an expected deficit position 2022/23**

Deficit School Positions 2021/22	Outturn 2021/22 £m	Budget Plan 2022/23 £m	Movement £m	Comments
Coquet Park	0.036	(0.020)	(0.056)	New Deficit
Holystone	0.015	(0.069)	(0.085)	New Deficit
Balliol Primary	0.012	(0.025)	(0.037)	New Deficit
Wallsend St Peter's	0.093	(0.107)	(0.200)	New Deficit
Monkseaton High	(5.328)	(5.799)	(0.471)	Structural Deficit
Ivy Road Primary	(0.139)	(0.162)	(0.023)	Existing Deficit
Longbenton High	(2.095)	(1.863)	0.231	Existing Deficit
Norham High	(3.684)	(4.130)	(0.446)	Existing Deficit
Beacon Hill	(0.521)	(1.794)	(1.274)	Existing Deficit
Total	(11.611)	(13.971)	(2.360)	

2.8 Nine schools are expected to request deficit approval in 2022/23.

2.9 The Education and Skills Funding Agency (ESFA) have offered support to schools in the form of School Resource Management Advisors (SRMAs). For the four schools new to deficit, along with Beaconhill and Monkseaton High School, the SRMAs will work through the schools' finances and management structure to then provide a report to these schools and the Authority in the autumn term. Initial deficit challenge sessions for these schools have taken place throughout October.

Falling Rolls

2.10 Following an initial assessment there were four schools identified as being eligible for falling roll funding with a total value of £0.113m. The details of these schools and the funding identified for each school is included in Table 16. The total falling roll funding available for distribution is £0.300m (£0.050m carried forward and £0.250m in year allocation). As in previous years, a proportion of the surplus funding will be transferred back to academies, the current estimate is that this will be around £0.030m. If approved, this will leave a balance of £0.157m of which £0.107m will be transferred to the headroom fund, leaving a closing balance of £0.050m.

2.11 Table 16: Breakdown of Falling Rolls Eligibility

School	Value £m
Monkseaton Middle	0.044
St Bernadette's RC Primary	0.025
Star of the Sea RC Primary	0.027
Percy Main Primary	0.017
Total	0.113

Schools in Financial Difficulty (Headroom Funding)

2.12 The opening balance for de-delegated funds for Schools in Financial Difficulty (Headroom funding) in 2022/23 was £0.335m. Assuming Schools Forum approve the Falling Rolls applications as mentioned above, £0.107m will be transferred from Falling Rolls to Schools in Financial Difficulty (Headroom), giving a balance of £0.442m. This balance will be available to fund Headroom applications still to be submitted by schools for consideration by Schools Forum Sub-Group.

Growth Policy 2022/23

2.13 The DfE established a separate fund in the School Block of the DSG for growth in 2019/20. In North Tyneside this fund was not used for growth and was instead added into the remaining balances to be redistributed to all schools. When setting the 2022/23 School Block allocation, Schools Forum agreed to set aside £0.250m of the identified growth funding, with a further £0.071m carried forward from 2021/22. Total Growth Funding available in 2022/23 is therefore £0.321m.

2.14 Officers from the Authority have reviewed all schools' projected pupil numbers for September 2022 using the latest information available from the Admissions Team, then applied the criteria in the Growth Funding Policy to identify eligible schools. Five schools, with a total funding allocation of £0.311m were eligible and approved by Schools Forum Sub-Group, subject to each school providing a response to our request for evidence. If all funding payments are approved the 2022/23 closing balance will be £0.010m surplus which will be held and carried forward into 2023/24.

2.15 Table 17: Growth Funding Eligibility 2022/23

Growth Funding	Value £m	Eligibility
Wellfield	0.057	Subject to response to request for evidence
Norham	0.058	Subject to response to request for evidence
Burnside	0.072	Subject to response to request for evidence
North Gosforth	0.064	Subject to response to request for evidence
Backworth	0.060	Growing School Criteria
Total	0.311	

High Needs Block

- 2.16 Cabinet will recall from the previous finance report that the High Needs block of the Dedicated Schools Grant (DSG) was anticipating an in-year pressure of £3.413m in July, which would have raised the cumulative pressure on the block to £16.924m.
- 2.17 The forecast for the High Needs Block as at September 2022 is now an anticipated in-year pressure of £5.111m reflecting a further rise in demand for special school places within the Authority. A breakdown of the in-year pressure is shown in Table 18.

2.18 Table 18: Breakdown of High Needs Pressures at September 2022

Provision	Budget £m	Forecast Variance September £m	Comment
Special schools and PRU	16.715	2.884	Pressure on places for children with profound, Multiple Learning Difficulties, Social Emotional and Mental Health problems and Autism Spectrum Disorder
Additional Resource Provision/Top ups	4.705	0.927	Pressures in mainstream pre 16 top-ups
Out of Borough	3.316	1.255	Increased number of children placed outside North Tyneside Schools
Commissioned services	3.974	0.045	
Unallocated budget	1.073	0.000	High Needs additional funding to be allocated
Subtotal	29.783	5.111	
2021/22 Balance	0.000	13.511	
Total	29.783	18.622	

Dedicated School Grant (DSG) Management Plan

- 2.19 In July 2022, the Authority was formally invited by the Department for Education (DfE) to take part in the 'safety valve' intervention programme, with the aim of agreeing a package of reform to the Authority's high needs system that will bring the Dedicated School Grant (DSG) overspend under control. The Authority is required to demonstrate this package of reform within a DSG Management Plan which shows that we can create lasting sustainability, effective for children and young people, which includes reaching an in-year balance within five years. Where the Authority does this, the DfE will enter into an agreement with the Authority, subject to Ministerial approval. Where there is evidence of progress in reaching that in year balance, the DfE will provide additional funding over time, with a view to removing the Authority's DSG deficit.

2.20 The Authority is undertaking engagement with partners across SEND to co-create the Dedicated School Grant Management Plan. An initial draft has been submitted to the DfE and together, with them, we will continue to refine before a final submission is made on 3 February 2023. The Secretary of State for Education will inform the Authority in March 2023 if we have been successful to enter onto the programme.

SECTION 3 - HOUSING REVENUE ACCOUNT

Forecast Outturn

- 3.1 The forecast set out in Table 19 below is based on the results to September 2022. Currently the Housing Revenue Account (HRA) is forecasting an underspend of £0.090m. 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. The main area of pressure is in the Repairs budget where the impact of inflationary increases, higher than anticipated pay awards, increasing difficulty in recruiting certain trades and an increased reliance on sub-contractors allied to supply chain issues in accessing key materials are driving the pressure.

3.1.1 Table 19: Forecast Variance Housing Revenue Account

Row Labels	Budget £m	Current Forecast £m	Variance £m
Management – Central	2.535	2.535	0.000
Management – Operations	4.958	4.962	0.004
Management – Strategy & Support	3.756	3.744	(0.012)
Capital Charges – Net Effect	12.484	12.484	0.000
Contingencies, Bad Debt & Transitional Protection	0.990	0.844	(0.146)
Contribution to Major Repairs Reserve – Depreciation	13.741	13.741	0.000
Interest on Balances	(0.050)	(0.075)	(0.025)
PFI Contracts – Net Effect	2.094	2.094	0.000
Rental Income - Dwellings, Direct Access Units, Garages	(62.891)	(63.079)	(0.188)
Rental Income – HRA Shops and Offices	(0.356)	(0.430)	(0.074)
Revenue Support to Capital Programme	10.311	10.301	(0.010)
Repairs	12.799	13.160	0.361
Total	0.371	0.281	(0.090)

3.2 Rental Income

Rental Income overall across all areas including general dwelling rent, service charges, garage rents and income from shops and other premises is currently forecast to be performing slightly better than budget (£0.188m). This is helped by the level of Empty Homes continuing to trend at well below 1% which increases the level of rent that is collectable. However, a note of caution is that the Right to Buy (RTB) levels in the first few months are still trending at higher than anticipated levels which could erode this forecast position. Therefore, the current rental forecasts could change as the year progresses if the level of RTB sales continues. The impact of Universal Credit on arrears and the bad debt provision also continues to be closely monitored.

3.3 Management Costs

Management Costs are currently forecast to come in slightly under budget (£0.008m). However, some pressures being faced are contained within existing budgets, notably in relation to costs of energy and the pay award for 2022/23 which with a flat rate increase currently waiting to be confirmed will cost considerably more than the 2% that was budgeted for. There may still be some improvement in this position depending on levels of staff turnover, and recruitment attached to the Unified Systems project including backfilling internally seconded staff.

3.4 Bad Debt Provision and Contingency

Current trends in rate of increase in arrears suggest that this will be contained within the Bad Debt Provision budget for the year, and a small underspend is now being forecast (£0.071m). In addition, Contingency is also being forecast to underspend (£0.070m), albeit this is helping to absorb the pressures elsewhere in the budget caused by the likes of the pay award for 2022/23.

3.5 Repairs

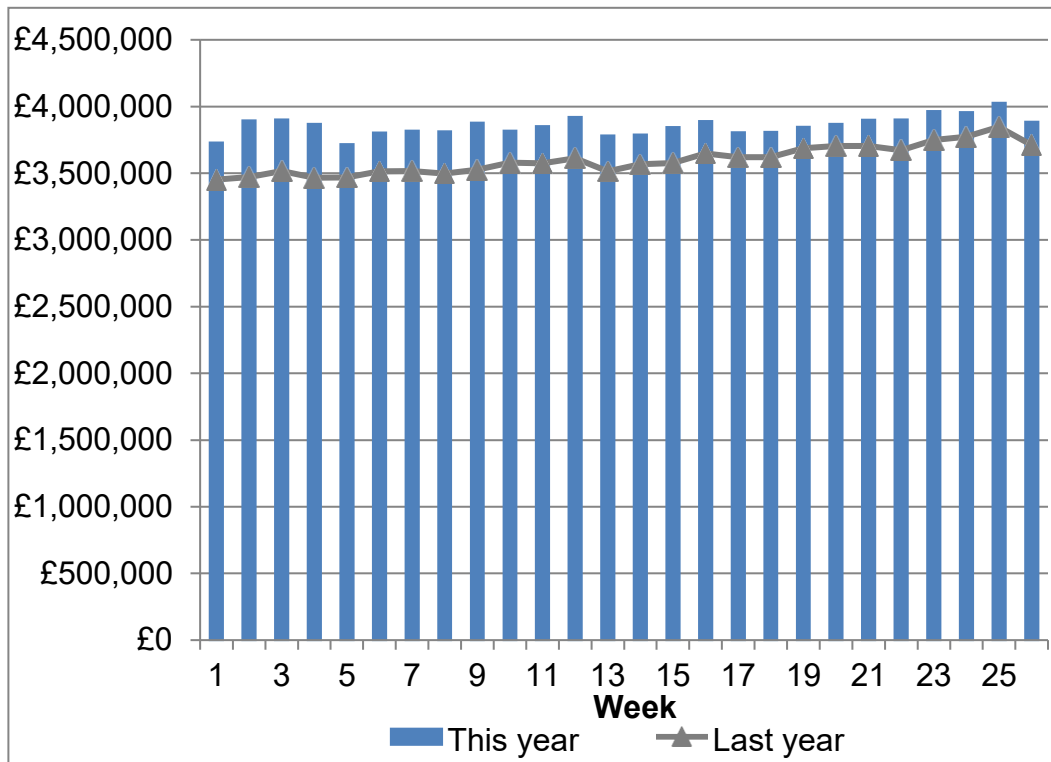
The Housing Repairs budget is starting to feel the pressure from a number of sources, mainly caused by the current economic turbulence being experienced across the world. The current rates of inflation in material and sub-contractor prices, plus difficulty even accessing certain materials and services within the supply chain are providing several challenges. There are difficulties recruiting to certain trades which then places more reliance on sub-contractors and agency staff. In addition to this the Authority is dealing with the implications of the Housing White Paper which arose from the Grenfell Disaster, which is placing a whole range of additional responsibilities on Landlords e.g., the need for carbon monoxide detectors to be placed in all properties, and more frequent periodic electrical testing. The Authority also now knows that the pay award for 2022/23 will have an impact of more than the 2% budgeted. All of which effectively means most of the in-year contingencies are already committed to known spend. This results in a pressure on this budget for 2022/23 (£0.361m), which is an increase of £0.063m on the July position reported to Cabinet, and this position will be closely monitored to assess if they can be contained as we head into the winter period or will increase before year-end.

3.6 Rent Arrears

Current Rent Arrears have continued to rise gradually in the first six months of 2022/23 as compared to 2021/22, with an increase of £0.219m being seen in this period since the start of April 2022. Chart 7 below shows the value of current rent arrears in 2022/23 compared to the same period in 2021/22. 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 for the second year in a row, which has led to a reduction in the budgeted provision made for 2022/23, so the position will need to be monitored closely to maintain confidence that the overall forecast increase in arrears can be contained within the budgeted

provision made. This will also be impacted potentially by the amount of debt being written off, which the Authority will seek to identify as quickly as possible. This will not only help inform the in-year monitoring position but will also be pivotal in helping to refreshing the HRA Business Plan as part of the next budget round. Of course, as always, the impact of Universal Credit (UC) continues to be monitored, as significant increases in numbers on UC could adversely affect the rate at which arrears grow.

3.6.1 Chart 7: Rent Arrears in Weeks 1-26 (April-Sept) 2022/23 compared to 2021/22



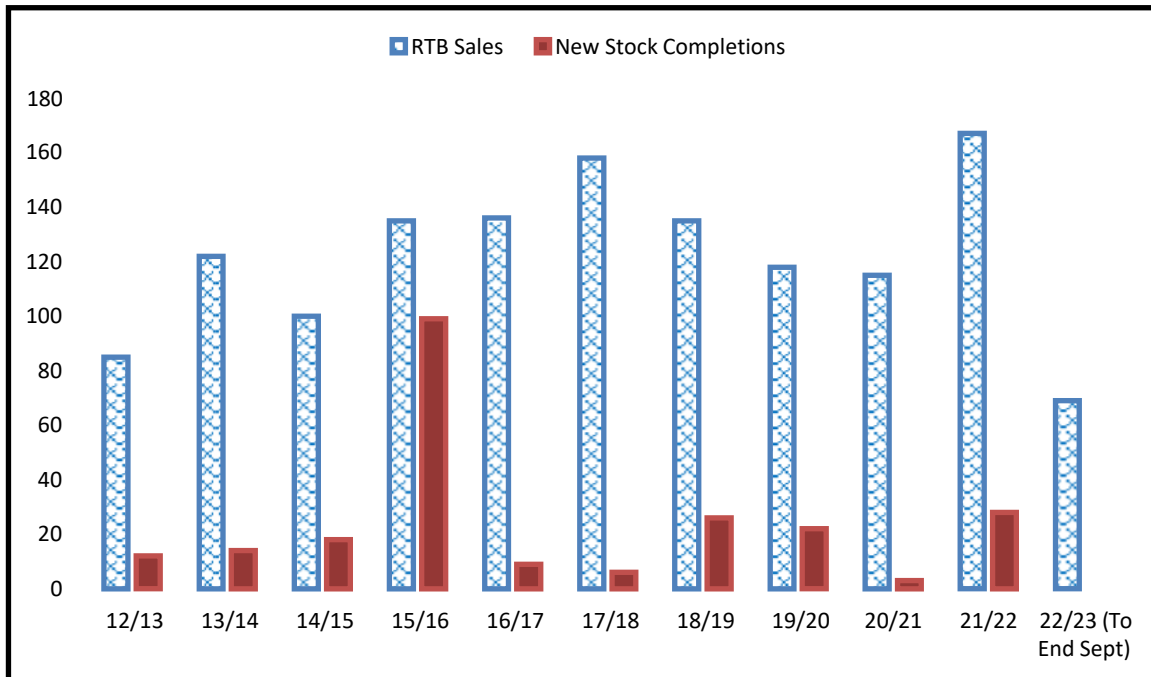
3.7 UC was fully implemented across North Tyneside on 2 May 2018. The Authority continues to work with residents to provide ICT support to help them make applications and to provide personal budget support to help residents manage their household finances. As of early June 2022, there were 3,915 tenants of North Tyneside Homes on UC, with arrears totalling £2.934m. At the end of September 2022 there were 3,999 tenants on UC (an increase of 287 tenants) with related arrears of £3.171m (an increase of £0.237m). For wider comparison, as at the beginning of 2021/22, there were 3,297 tenants on UC with arrears of £2.680m, which increased during the 2021/22 financial year to 3,712, an increase of 415 tenants with an increase in arrears of £0.254m.

Right to Buy (RTB) Trends

3.8 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. The first six months of 2022/23 saw 69 completed RTB sales, which continues the increased trend in 2021/22 where the Authority saw the highest number of RTB sales at 167 since the changes were introduced in 2012. These trends will need again to be closely monitored as they may impact not only on in-year forecasts, but significantly on future refreshes of the HRA 30-year Business Plan.

3.8.1 Chart 8: Yearly RTB Sales v New Stock Additions



SECTION 4 - INVESTMENT PLAN

Review of Investment Plan

- 4.1 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 2022/23 Investment Plan and regularly review the impact of Covid-19, inflationary cost pressures and supply issues attributable to the conflict in Ukraine.
- 4.2 There are worldwide inflationary cost pressures being seen across all industries and sectors. Although contingencies are set aside, the likely full Investment Plan impact is currently unknown. The Authority's view is to manage project expenditure within existing budgets and where possible, reprofiling spend, undertaking value engineering or reducing scheme scoping where the impact is minimal or can be managed. Any request to utilise contingencies will be reviewed on a case-by-case basis.

Variations to the 2022-2027 Investment Plan

- 4.3 Variations of £1.972m to the 2022-2027 Investment Plan have been identified and are included in tables 20 and 21 below. Further details are provided in paragraph 4.4 and 4.5.

4.3.1 Table 20: 2022 - 2027 Investment Plan changes identified

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Approved Investment Plan – Council 17 February 2022	64.632	51.594	49.829	47.561	51.358	264.974
Previously Approved Reprogramming/Variations						
2021/22 Monitoring	9.654	0.000	0.000	0.000	0.000	9.654
2021/22 Outturn	39.629	8.832	1.071	0.252	0.252	50.036
2022/23 Monitoring	2.544	2.101	0.000	0.000	0.000	0.365
Approved Investment Plan	116.459	62.527	50.900	47.813	51.610	329.309
September 22 Monitoring Variations						
Reprogramming	0.347 (13.283)	1.435 12.046	0.090 1.031	0.100 0.206	0.000 0.000	1.972 0.000
Total Variations	(12.936)	13.481	1.121	0.306	0.000	1.972
Revised Investment Plan	103.523	76.008	52.021	48.119	51.610	331.281

4.4 The proposed significant variations to the Investment Plan in 2022/23 are shown below:

- (a) **NEW The Parks Sports Centre £0.350m** – Transfer of £0.350m from contingencies to support investment in the provision of additional fencing and CCTV
- (b) **DV082 Wallsend Town and High Street Programme £0.130m** - Additional planned investment following the award of £1.490m of funding as part of the North of Tyne Combined Authority Town and High Street Innovation Programme, funding public realm, building, cycling, and walking infrastructure improvements.
- (c) **CO091 Neighbourhood Parks £0.065m** – Investment relating to the use of S106 contributions to fund improvements at the Rising Sun Country Park, Benton Quarry, and Wallsend Parks.
- (d) **IT020 ICT Strategy S31 Security Grant £0.150m** – Additional resources have been included within the Investment Plan following receipt of external funding relating to cyber security improvements.

4.5 The proposed reprogramming includes the following:

- (a) **EV094 Transforming Cities Fund North Shields Transport Hub (£8.936m)** – This reflects the latest delivery programme provided by the contractor relating primarily to the Embankment Walkway element of the scheme.
- (b) **EV100 Active Travel 3 – Permanent Seafront Scheme (£3.231m)** – Resources have been reprofiled to future years because of additional cost pressures, which have resulted in the need to reconsider the scheme scope and liaise with funders to identify additional external funding opportunities.
- (c) **HS051 Private Sector Empty Homes (£0.616m)** – Re-profiling of resources to 23/24 reflecting the delivery plans for the scheme and progress made in identifying and converting suitable properties.
- (d) **ED075 Devolved Formula Capital (£0.500m)** – Decision making regarding the use of these resources rest with Schools and their Governing Bodies, however it is proposed to re-profile resources to 23/24 following a review of the existing spend and plans for the remainder of the financial year.

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

4.6.1 Table 21: Impact of variations on Capital financing

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Approved Investment Plan	116.459	62.527	50.900	47.813	51.358	329.309
Council Contribution	(0.992)	(0.245)	1.031	0.206	0.000	0.000
Grants and Contributions	(11.944)	13.726	0.090	0.100	0.000	1.972
HRA Capital Receipts	0.000	0.000	0.000	0.000	0.000	0.000
HRA Grants	0.000	0.000	0.000	0.000	0.000	0.000
HRA Major Repairs Reserve	0.000	0.000	0.000	0.000	0.000	0.000
Total Financing Variations	(12.936)	13.481	1.121	0.306	0.000	1.972
Revised Investment Plan	103.523	76.008	52.021	48.119	51.610	331.281

Capital Receipts – General Fund

4.7 General Fund Capital Receipts brought forward at 1 April 2022 were £3.017m. The capital receipts requirement for 2022/23, approved by Council in February 2022, was £0.317m (2022-27 £0.317m). To date £0.020m of capital receipts have been received in 2022/23. The receipts position is shown in table 22 below.

4.7.1 Table 22: Capital Receipt Requirement – General Fund

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Requirement reported to 17 February 2022 Council	0.317	0.000	0.000	0.000	0.000
Receipts Brought Forward	(3.017)	(0.000)	(0.000)	(0.000)	(0.000)
Total Receipts received 2022/23	0.020	0.000	0.000	0.000	0.000
Receipts used to repay capital loans	0.000	0.000	0.000	0.000	0.000
Net Useable Receipts	0.000	0.000	0.000	0.000	0.000
Surplus Receipts	(2.720)	(2.720)	(2.720)	(2.720)	(2.720)

Capital receipts – Housing Revenue Account

4.8 Housing Capital Receipts brought forward at 1 April 2022 were £10.094m. The housing receipts are committed against projects included in the 2022-2027 Investment Plan. The approved Capital Receipt requirement for 2022/23 was £2.104m. To date, receipts of £3.747m have been received in 2022/23 of which £nil has been pooled as part of the quarterly returns to Central Government as these are now payable on an annual basis. In total, subject to future pooling, this leaves a surplus balance of £11.737m to be carried forward to fund future years.

4.8.1 Table 23: Capital Receipt Requirement - Housing Revenue Account

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Requirement reported to February 2022 Council	2.104	1.584	1.700	1.851	1.956
Variations to be reported to November 22 Cabinet	0.000	0.000	0.000	0.000	0.000
Revised Requirement	2.104	1.584	1.700	1.851	1.956
Receipts Brought Forward	(10.094)	(11.737)	(10.153)	(8.453)	(6.602)
Receipts Received 2022/23	(3.747)	0.000	0.000	0.000	0.000
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)	(11.737)	(10.153)	(8.453)	(6.602)	(4.646)

The final figure for useable receipts and pooled receipts in year will depend on the final number of Right to Buy properties sold during 2022/23.

Investment Plan Monitoring Position to 30 September 2022

4.9 Actual expenditure for 2022/23 in the General Ledger was £26.751m; 25.84% of the total revised Investment Plan at 30 September 2022.

4.9.1 Table 24: Total Investment Plan Budget & Expenditure to 30 September 2022

	2022/23 Revised Investment Plan £m	Actual Spend to 30 Sept 2022 £m	Spend as % of revised Investment Plan %
General Fund	73.010	17.020	23.3%
Housing	30.513	9.731	31.9%
TOTAL	103.523	26.751	25.84%

SECTION 5 – TREASURY MANAGEMENT & CASH POSITION

Current Cash Position

- 5.1 The Authority's current available cash balance as at the end of September 2022 is £33.803m, with £20.000m invested externally with other UK Local Authorities or institutions. All investments are made in line with the approved Treasury Management Strategy.

5.1.1 Table 25: Investment Position as at 30 September 2022

Counterparty	Type	Amount (£m)	Maturity
DMO	Term	20.750	1 October 2022
Barclays	Call	1.253	n/a
Lloyds Bank	Call	5.000	n/a
Fixed Deposits	Fixed	6.800	January 2023

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

- 5.2 Following recent Bank of England Monetary Policy Committee (MPC) meetings there have been steady increases in bank base rates. Since 23 September, it is now expected that the MPC will increase interest rates further and faster, from 2.25% currently to a peak of 5.00% in February 2023. The increase in November 2022 is expected to take base rate to 3.25% and 4.00% by December 2022.
- 5.3 The impact of raising base rate had an immediate impact to the cost of borrowing. Table 26 below demonstrates the increase in rates both in the temporary space and longer-term PWLB rates.
- 5.4 The Authority is currently monitoring interest rates, and whether the Authority should look to lock in rates as part of managing risk. This process considers the Authority's underlying need to borrow, Investment Plan priorities and commitments as well as the profile of existing loan arrangements.
- 5.5 Investment rates have also seen an increase in line with the increases in base rate, delivering better returns on investments.

5.5.1 Table 26: Summary of Borrowing Levels

Temporary Market		PWLB	
Tenor	Level	Tenor	Level
1 week	2.00%	2 years	2.76%
1 month	2.50%	5 years	2.69%
3 months	3.00%	10 years	3.00%
6 months	3.50%	20 years	3.58%
9 months	3.75%	30 years	3.52%
12 months	4.00%	50 years	3.37%

**Please note these levels are from 21/10/2022*

PWLB rates do not include certainty rate reductions,

5.6 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

5.7 Table 27 shows the Authority's current debt position, with total borrowing maturing in 2022/23 of £5.000m.

5.7.1 Table 27: Current Debt Position

	PWLB (£m)	LOBO (£m)	Temp (£m)	Total (£m)
Total Outstanding Borrowing Debt	387.443	20.000	0.000	407.443
Debt Maturing 2022/23	(5.000)	0.000	0.000	(5.000)

5.8 The Authority was under-borrowed to the value of £102.011m as at 31 March 2022. Whilst the Authority cannot borrow to fund this revenue pressure, it can look to utilise reserves, unwind its under-borrowed position, and externalise borrowing.

5.9 In August 2022 the Authority took £10m of long-term PWLB loans, this was for a combination of refinancing existing debt (as per table 27), de-risk the Authority's under-borrowed position, as well as take advantage of relatively low long-term rates.

5.10 Table 28 below shows the latest interest rate forecasts as provided by the Authority's treasury advisors Link. Rates are forecast to continue to rise over the next 2 years, forecasting to peak at 4.90% for 50 year borrowing in June 2023 before tracking back to lower levels.

5.9.1 Table 28: Link Interest Rate Forecasts

Interest Rate Forecasts								
Bank Rate	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24
Link	4.00%	5.00%	5.00%	5.00%	4.50%	4.00%	3.75%	3.25%
Cap Econ	4.25%	5.00%	5.00%	5.00%	5.00%	4.75%	4.25%	3.75%
5Y PWLB RATE								
Link	5.00%	4.90%	4.70%	4.50%	4.20%	3.90%	3.70%	3.50%
Cap Econ	5.20%	5.00%	4.90%	4.70%	4.50%	4.30%	4.20%	4.00%
10Y PWLB RATE								
Link	4.90%	4.70%	4.60%	4.30%	4.10%	3.80%	3.60%	3.50%
Cap Econ	5.10%	4.90%	4.80%	4.70%	4.60%	4.40%	4.20%	4.00%
25Y PWLB RATE								
Link	5.10%	4.90%	4.80%	4.50%	4.30%	4.10%	3.90%	3.70%
Cap Econ	5.10%	5.00%	4.90%	4.90%	4.80%	4.60%	4.50%	4.30%
50Y PWLB RATE								
Link	4.80%	4.60%	4.50%	4.20%	4.00%	3.80%	3.60%	3.40%
Cap Econ	4.90%	4.90%	4.90%	4.80%	4.80%	4.60%	4.50%	4.30%

SECTION 6 – COLLECTION FUND: COUNCIL TAX AND BUSINESS RATES RECOVERY

Council Tax and Business Rates Collection

- 6.1 The budgeted Council Tax debit for 2022/2023 is £124.729m, of which the retained share for the Authority is £109.720m. For Business Rates (NNDR) the opening net debit for 2022/2023 is £46.559m, following adjustment for the previous year's deficit position on NNDR, the budget retained share for the Authority for 2022/23 is £22.814m. Business Rates income is supplemented by a top up grant from Government of £20.505m, providing an anticipated combined budgeted income from Business Rates to the Authority of £43.319m. Tables below set out the in-year collection performance against the Council Tax and Business Rates net debit.
- 6.2 As at 30 September 2022, the actual current year Council Tax net liability has increased to £126.530m. The Authority has collected £67.191m (53.1%) compared to £63.670m (52.7%) at the same point in 2021/22. Further details are shown in table 29 below.
- 6.3 Collection is slightly ahead of 2021/22 but behind against the percentage collected pre-pandemic in 2019/20 at the same point. All working age Council Tax Support claimants received additional support of up to £150.00 again this year to help pay their Council Tax and this meant around 57% had no liability for 2022/23 to pay. This reduced the liability to collect by around £1.462m. A significant number of households are paying over 12 monthly instalments rather than 10 as households feel the challenge of meeting household bills and there are now 35,136 households (34.9%) paying over 12 months. Long-term rate of collection is expected to be maintained at the budgeted level of 98.5%.

6.3.1 Table 29: Council Tax Collection as at 30 September

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Dwellings administered	95,874	96,428	97,123	98,199	99,315	99,795	100,245	100,784
In year collection £m	44.477	49.574	52.751	55.923	59.009	60.867	63.670	67.191
In year %	52.39	55.19	54.7	53.8	53.4	52.6	52.7	53.1
Target %	53.19	52.39	55.0	55.0	55.0	55.0	55.0	55.0

- 6.4 In relation to Business rates, as at 30 September 2022, the Authority had collected £34.270m (57.2%) of the current net liability compared to £24.761m (47.0%) at the same point in 2021/22. Further details are shown in table 30 below.

6.4.1 Table 30: Business Rates Collection as at 30 September

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Properties administered	5,464	5,564	5,618	6,031	6,046	6,190	6,218	6,236
In year collection £m	35.783	35.770	35.564	34.780	34.828	16.908	24.761	34.270
In year %	59.1	57.0	58.7	57.4	57.6	53.0	47.0	57.2
Target %	57.7	59.1	56.5	56.5	56.5	56.5	56.5	56.5

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Fu nd	Proj ect	Financing Type	Year					Total £000
			2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	
General Fund								
		BS026 Asset Planned Maintenance						
		Council Contribution	2,012	1,900	2,000	2,000	2,000	9,912
		Section 106	9	0	0	0	0	9
		Contribution from Reserves (Insurance)	772	0	0	0	0	772
		BS026 Asset Planned Maintenance Total	2,793	1,900	2,000	2,000	2,000	10,693
		BS029 Wallsend Customer First Centre						
		Council Contribution	19	0	0	0	0	19
		North of Tyne Combined Authority	250	0	0	0	0	250
		BS029 Wallsend Customer First Centre Total	269	0	0	0	0	269
		BS030 Public Sector Decarbonisation Scheme						
		Council Contribution	317	0	0	0	0	317
		Low Carbon Skills Grant	444	0	0	0	0	444
		BS030 Public Sector Decarbonisation Scheme Total	761	0	0	0	0	761
		BS031 Childrens Home Capital Programme						
		Dept for Education - Childrens Home Capital Fund	201	0	0	0	0	201
		BS031 Childrens Home Capital Programme Total	201	0	0	0	0	201
		BS032 Spirit of NT Commemoration Project						
		Council Contribution	175	0	0	0	0	175
		Section 106	25	0	0	0	0	25
		BS032 Spirit of NT Commemoration Project Total	200	0	0	0	0	200
		BS033 Changing Places Facilities						
		Changing Places Grant MHCLG	100	0	0	0	0	100
		BS033 Changing Places Facilities Total	100	0	0	0	0	100
		BS034 Parks Sports Centre - Security Measures						
		Council Contribution	350	0	0	0	0	350
		BS034 Parks Sports Centre - Security Measures Total	350	0	0	0	0	350
		CO079 Playsites						
		Section 106	49	0	0	0	0	49
		CO079 Playsites Total	49	0	0	0	0	49
		CO080 Burradon Recreation Ground						
		Section 106	6	0	0	0	0	6
		CO080 Burradon Recreation Ground Total	6	0	0	0	0	6
		CO081 Gosforth Nature Reserve Grey Squirrel Control and Enhancements						
		Section 106	2	0	0	0	0	2
		CO081 Gosforth Nature Reserve Grey Squirrel Control and Enhancement	2	0	0	0	0	2
		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	613	0	0	0	0	613
		CO083 Whitley Bay Crematoria Total	613	0	0	0	0	613
		CO085 Northumberland Park Labyrinth						
		Section 106	5	0	0	0	0	5
		CO085 Northumberland Park Labyrinth Total	5	0	0	0	0	5
		CO086 North West Library Improvements						
		Section 106	129	0	0	0	0	129
		CO086 North West Library Improvements Total	129	0	0	0	0	129
		CO087 Contours Gym Improvements						
		Section 106	84	0	0	0	0	84
		Contribution from Reserves (Leisure)	93	0	0	0	0	93
		CO087 Contours Gym Improvements Total	177	0	0	0	0	177
		CO088 Gateways to the Boroughs						
		Council Contribution	100	0	0	0	0	100
		CO088 Gateways to the Boroughs Total	100	0	0	0	0	100
		CO089 S106 Raleigh Drive Allotment Extension						
		Section 106	30	0	0	0	0	30
		CO089 S106 Raleigh Drive Allotment Extension Total	30	0	0	0	0	30
		CO090 Wallsend Park Machinery						
		Contribution From Reserves (HLF acc 128)	95	0	0	0	0	95
		CO090 Wallsend Park Machinery Total	95	0	0	0	0	95

Fund	Project	Financing Type	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
General Fund								
	CO091 Neighbourhood Parks							
	Section 106		65	75	90	100	0	330
	CO091 Neighbourhood Parks Total		65	75	90	100	0	330
	DV064 Council Property Investment							
	Council Contribution		559	300	0	0	0	859
	North of Tyne Combined Authority - Brownfield Housing Fund		338	0	0	0	0	338
	DV064 Council Property Investment Total		897	300	0	0	0	1,197
	DV066 Investment in North Tyneside Trading Co							
	Council Contribution		500	1,459	0	0	0	1,959
	Section 106		1,980	0	0	0	0	1,980
	DV066 Investment in North Tyneside Trading Co Total		2,480	1,459	0	0	0	3,939
	DV067 Northern Promenade							
	Council Contribution		124	0	0	0	0	124
	Dept for Transport Active Travel Fund Tranche 3		269	0	0	0	0	269
	DV067 Northern Promenade Total		393	0	0	0	0	393
	DV071 Section 106 Contributions to Set Up Health Facilities							
	Section 106		249	0	0	0	0	249
	DV071 Section 106 Contributions to Set Up Health Facilities Total		249	0	0	0	0	249
	DV073 Ambition for North Tyneside							
	Council Contribution		254	1,225	2,000	0	0	3,479
	Capital Receipts		317	0	0	0	0	317
	Historic England - Heritage Action Zone		0	0	0	0	0	0
	Revenue Contribution (08252)		576	444	0	0	0	1,020
	DV073 Ambition for North Tyneside Total		1,147	1,669	2,000	0	0	4,816
	DV074 North Shields Heritage Action Zone (Ambition)							
	Council Contribution		423	87	0	0	0	510
	Historic England - Heritage Action Zone		0	86	0	0	0	86
	DV074 North Shields Heritage Action Zone (Ambition) Total		423	173	0	0	0	596
	DV076 Getting Building Fund (North Shields Public Realm)							
	NELEP - Getting Building Fund		882	0	0	0	0	882
	DV076 Getting Building Fund (North Shields Public Realm) Total		882	0	0	0	0	882
	DV077 Tyne Brand Development Site							
	North of Tyne Combined Authority - Brownfield Housing Fund		1,399	2,650	190	0	0	4,239
	DV077 Tyne Brand Development Site Total		1,399	2,650	190	0	0	4,239
	DV078 Bedford Street / Saville Street							
	Council Contribution		228	0	0	0	0	228
	DV078 Bedford Street / Saville Street Total		228	0	0	0	0	228
	DV079 Howard Street The Exchange							
	Council Contribution		139	0	0	0	0	139
	Historic England - Heritage Action Zone		187	0	0	0	0	187
	Notca Cultural & Creative Zone Funding		231	0	0	0	0	231
	DV079 Howard Street The Exchange Total		557	0	0	0	0	557
	DV080 Segedunum Roman Museum MEND							
	Council Contribution		50	100	0	0	0	150
	Revenue Contribution (08252)		50	56	0	0	0	106
	Arts Council Grant (MEND)		200	299	0	0	0	499
	DV080 Segedunum Roman Museum MEND Total		300	455	0	0	0	755
	DV081 North Shields Cultural Quarter							
	Revenue Contribution (08252)		120	0	0	0	0	120
	Notca Cultural & Creative Zone Funding		119	450	0	0	0	569
	DV081 North Shields Cultural Quarter Total		239	450	0	0	0	689
	DV082 Wallsend Town & High Street Programme							
	Wallsend Town & High Street Fund (Notca)		130	1,360	0	0	0	1,490
	DV082 Wallsend Town & High Street Programme Total		130	1,360	0	0	0	1,490
	ED075 Devolved Formula Capital							
	Education Funding Agency (Devolved)		873	1,110	610	610	610	3,813
	ED075 Devolved Formula Capital Total		873	1,110	610	610	610	3,813
	ED120 Basic Need							
	Education Funding Agency (Basic Need)		237	2,000	0	0	0	2,237
	ED120 Basic Need Total		237	2,000	0	0	0	2,237
	ED132 School Capital Allocation							
	Section 106		83	0	0	0	0	83
	Education Funding Agency (SCA)		5,148	3,868	3,868	3,868	3,868	20,620
	ED132 School Capital Allocation Total		5,231	3,868	3,868	3,868	3,868	20,703

			2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Fu nd	Proj ect	Financing Type						
General Fund								
		ED190 High Needs Provision Capital Allocation						
		Education Funding Agency (High Needs)	2,360	2,060	0	0	0	4,420
		ED190 High Needs Provision Capital Allocation Total	2,360	2,060	0	0	0	4,420
		EV034 Local Transport Plan						
		Dept for Transport LTP ITA	722	958	958	958	958	4,554
		Dept for Transport LTP Maint	1,532	1,566	1,566	2,000	2,000	8,664
		Section 106	487	0	0	0	0	487
		Public Transport Funding	28	28	28	28	28	140
		Department for Transport Traffic Signal Income	150	0	0	0	0	150
		EV034 Local Transport Plan Total	2,919	2,552	2,552	2,986	2,986	13,995
		EV055 Surface Water Improvements						
		Environment Agency Grant	723	0	0	0	0	723
		EV055 Surface Water Improvements Total	723	0	0	0	0	723
		EV056 Additional Highways Maintenance						
		Council Contribution	2,195	2,000	2,000	2,000	2,000	10,195
		DFT National Productivity Fund	58	0	0	0	0	58
		Dft Pothole Funding	1,688	1,253	1,253	0	0	4,194
		EV056 Additional Highways Maintenance Total	3,941	3,253	3,253	2,000	2,000	14,447
		EV069 Vehicle Replacement						
		Council Contribution	779	1,248	1,676	1,123	3,000	7,826
		EV069 Vehicle Replacement Total	779	1,248	1,676	1,123	3,000	7,826
		EV076 Operational Depot Accommodation Review						
		Council Contribution	1,214	0	0	0	0	1,214
		ERDF	1,040	225	0	0	0	1,265
		EV076 Operational Depot Accommodation Review Total	2,254	225	0	0	0	2,479
		EV083 Street Lighting LED						
		Council Contribution	2,969	1,386	0	0	0	4,355
		EV083 Street Lighting LED Total	2,969	1,386	0	0	0	4,355
		EV084 A189 Improvements Haddricks Mill to West Moor						
		DFT National Productivity Fund	0	0	0	0	0	0
		EV084 A189 Improvements Haddricks Mill to West Moor Total	0	0	0	0	0	0
		EV091 Other Initiatives Climate Change						
		Council Contribution	274	1,000	1,000	1,000	1,000	4,274
		EV091 Other Initiatives Climate Change Total	274	1,000	1,000	1,000	1,000	4,274
		EV094 Transforming Cities Fund - NT02 North Shields Transport Hub						
		Council Contribution	0	550	826	0	0	1,376
		Transforming Cities Fund	9,250	8,560	0	0	0	17,810
		EV094 Transforming Cities Fund - NT02 North Shields Transport Hub Tot	9,250	9,110	826	0	0	19,186
		EV095 Active Travel Fund 1 & 2 Rake Lane						
		Dept for Transport Active Travel Fund Tranche2	962	0	0	0	0	962
		EV095 Active Travel Fund 1 & 2 Rake Lane Total	962	0	0	0	0	962
		EV096 Highway Maintenance Challenge Fund - Tanners Bank						
		Dept for Transport LTP Maint	103	0	0	0	0	103
		Dept for Transport - Highway Maintenance Challenge Fund	822	0	0	0	0	822
		EV096 Highway Maintenance Challenge Fund - Tanners Bank Total	925	0	0	0	0	925
		EV097 Weetslade & Westmoor Roundabouts, Great Lime Road (S106 Bellway Homes)						
		Section 106	3,250	0	0	0	0	3,250
		EV097 Weetslade & Westmoor Roundabouts, Great Lime Road (S106 Bel	3,250	0	0	0	0	3,250
		EV098 Transforming Cities Fund - NT08 Four Lane Ends Bus Priority						
		Transforming Cities Fund	3,083	0	0	0	0	3,083
		EV098 Transforming Cities Fund - NT08 Four Lane Ends Bus Priority Total	3,083	0	0	0	0	3,083
		EV099 Transforming Cities Fund - NT10 Links to Metro						
		Dept for Transport LTP ITA	391	0	0	0	0	391
		Transforming Cities Fund	3,775	0	0	0	0	3,775
		EV099 Transforming Cities Fund - NT10 Links to Metro Total	4,166	0	0	0	0	4,166
		EV100 Active Travel 3 - Permanant Seafront Scheme						
		Dept for Transport Active Travel Fund Tranche 3	0	3,231	0	0	0	3,231
		EV100 Active Travel 3 - Permanant Seafront Scheme Total	0	3,231	0	0	0	3,231
		EV101 Transforming Cities Fund – Intelligent Transport Systems						
		Transforming Cities Fund	179	0	0	0	0	179
		EV101 Transforming Cities Fund – Intelligent Transport Systems Total	179	0	0	0	0	179
		GEN03 Contingencies						
		Council Contribution	3,050	2,000	2,000	1,000	1,000	9,050

			2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Fu nd	Proj ect	Financing Type						
Ge	GEN03 Contingencies Total		3,050	2,000	2,000	1,000	1,000	9,050
	GEN12 Local Infrastructure Council Contribution		127	100	100	100	100	527
	GEN12 Local Infrastructure Total		127	100	100	100	100	527
	HS004 Disabled Facilities Grant Better Care Fund		2,578	1,869	0	0	0	4,447
	HS004 Disabled Facilities Grant Total		2,578	1,869	0	0	0	4,447
	HS051 Private Sector Empty Homes Council Contribution		159	205	205	206	0	775
	Homes & Communities Grant		111	0	0	0	0	111
	HS051 Private Sector Empty Homes Total		270	205	205	206	0	886
	HS053 Green Homes Local Authority Delivery Green Homes Grant (LAD1b) - Dept for BEIS		950	0	0	0	0	950
	Green Homes Grant (LAD2) - Dept for BEIS		776	0	0	0	0	776
	Green Homes Grant (LAD3) - Dept for BEIS		3,700	0	0	0	0	3,700
	HS053 Green Homes Local Authority Delivery Total		5,426	0	0	0	0	5,426
	IT020 ICT Strategy Council Contribution		1,747	1,000	1,000	1,000	1,000	5,747
	Revenue Contribution (Security Grant Reserve 9841 107)		150	0	0	0	0	150
	IT020 ICT Strategy Total		1,897	1,000	1,000	1,000	1,000	5,897
General Fund Total			73,010	46,708	21,370	15,993	17,564	174,645
HRA								
	HS015 Refurbishment / Decent Homes Improvements See HRA Financing		23,421	23,148	22,447	23,579	24,857	117,452
	HS015 Refurbishment / Decent Homes Improvements Total		23,421	23,148	22,447	23,579	24,857	117,452
	HS017 Disabled Adaptations See HRA Financing		1,220	1,083	1,094	1,105	1,116	5,618
	HS017 Disabled Adaptations Total		1,220	1,083	1,094	1,105	1,116	5,618
	HS039 ICT Infrastructure Works See HRA Financing		746	1,109	360	112	113	2,440
	HS039 ICT Infrastructure Works Total		746	1,109	360	112	113	2,440
	HS044 HRA New Build See HRA Financing		5,126	3,960	6,750	7,330	7,960	31,126
	HS044 HRA New Build Total		5,126	3,960	6,750	7,330	7,960	31,126
HRA Total			30,513	29,300	30,651	32,126	34,046	156,636
Total £000			103,523	76,008	52,021	48,119	51,610	331,281

Fun d	Category	Year					
		2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
General Fund							
	Council Contribution	18,377	14,560	12,807	8,429	10,100	64,273
	Council Contribution - Capital Receipts	317	0	0	0	0	317
	Grants & Contributions	52,442	31,648	8,563	7,564	7,464	107,681
	Revenue Contribution	896	500	0	0	0	1,396
	Contribution from Reserves	978	0	0	0	0	978
General Fund Total		73,010	46,708	21,370	15,993	17,564	174,645
HRA Financing							
	HRA Capital Receipts	2,104	1,584	1,700	1,851	1,956	9,195
	HRA Revenue Contribution	10,281	10,185	12,632	13,160	16,092	62,350
	HRA MRR	16,839	17,116	16,189	17,035	15,868	83,047
	HRA Grants & Contributions	919	0	0	0	0	919
	HRA Contribution from Reserves	370	415	130	80	130	1,125
HRA Financing Total		30,513	29,300	30,651	32,126	34,046	156,636
Total£000		103,523	76,008	52,021	48,119	51,610	331,281

Prudential and treasury indicators

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the half year ended 30 September 2022, the Authority has operated within the treasury and prudential indicators set out in the Authority's Treasury Management Strategy Statement for 2022. The Director of Resources reports that no difficulties are envisaged for the current or future years in complying with these indicators.

All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

1. PRUDENTIAL INDICATORS	2022/23	2022/23
	budget	estimate
	£m	£m
Capital Expenditure		
Non – HRA (General Fund)	£36.818	£73.010
HRA	£27.814	£30.513
TOTAL	£64.632	£103.523
Ratio of financing costs to net revenue stream		
Non – HRA (General Fund)	17.52%	11.96%
HRA	27.03%	26.99%
Ratio of financing costs for Prudential Borrowing to net revenue stream		
Non – HRA (General Fund)	11.71%	6.13%
Gross borrowing requirement General Fund (CFR excluding PFI)		
brought forward 1 April 2022	£264.577	£264.577
carried forward 31 March 2023	£265.110	£275.575
in year borrowing requirement	£0.533	£10.998
Gross borrowing requirement HRA (CFR excluding PFI)		
brought forward 1 April	£238.803	£238.803
carried forward 31 March	£235.303	£231.137
in year borrowing requirement	(£3.500)	(£7.666)

Gross borrowing requirement (CFR excluding PFI)	£500.413	£505.190
Capital Financing Requirement (including PFI)		
Non – HRA	£377.046	£308.929
HRA	£302.493	£300.178
TOTAL	£679.539	£609.107
2. TREASURY MANAGEMENT INDICATORS	2022/23	2022/23
	budget	estimate
	£m	£m
Authorised Limit for external debt -		
borrowing	£1,020.000	£1,000.000
other long term liabilities	£235.000	£235.000
TOTAL	£1,255.000	£1,235.000
Operational Boundary for external debt -		
borrowing	£510.000	£550.000
other long term liabilities	£115.000	£185.000
TOTAL	£695.000	£735.000
Actual external debt (including PFI)	£528.206 (31/03/2021)	£533.706

Maturity structure of fixed rate borrowing during 2020/21	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%

Appendix 3

Treasury Management Strategy Statement and Annual Investment Strategy Mid-Year Review Report 2022/23

2022 / 23

Date: October 2022

Owner: Strategic Finance



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Foreword

- 1.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management stipulates that the Chief Finance Officer should set out in advance the Treasury Management Strategy for the forthcoming financial year, and subsequently report the treasury management activities during that year.
- 1.2 The primary requirements of the Code are as follows:
 - (a) forecast the likely activity for the forthcoming year (in the Annual Treasury Management Strategy Report);
 - (b) a mid-year review report; and,
 - (c) review actual activity for the preceding year, including a summary of performance.
- 1.3 This section of the document contains the required mid-year review report for 2022/23. This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:
 - An economic update for the first six months of 2022/23;
 - A review of the Treasury Management Strategy Statement and Annual Investment Strategy for 2022/23;
 - A review of the Authority's investment portfolio for 2022/23;
 - A review of the Authority's borrowing strategy for 2022/23; and,
 - A review of compliance with Treasury and Prudential Limits for 2022/23 (detailed in Reference to appendix 2).

Economic Performance and Outlook Summary

- 2.1 Economic performance continues to be driven by rising energy prices, cost of living crisis and the conflict in Ukraine with signs of economic activity losing momentum. The Bank rate continues to rise by 100bps over the last quarter taking the rate up to 2.25% with further rises forecast. Although the UK economy grew by 0.2% in July, revisions to historic data left it below pre-pandemic levels.
- 2.2 Inflation still remains the key topic over the MTFP, inflation recently rose to 10.1%, over 7% against September 2022.
- 2.3 There are signs of higher energy prices creating more persistent downward effects in economic activity. The search for alternative providers of energy, other than Russia, will take both time and effort. In August, the Bank of England's MPC increased Bank Rate to 1.75%, and on 22nd September moved rates up even further to 2.25%

Interest Rate Forecast

- 3.1 Link Asset services currently forecast Bank of England base rate to increase from the current 2.25% during Q3 of 2022.

Table 1: Link Asset Services BoE base rate forecast

Month	Dec-22	Dec-23	Dec-24
BBR Rate	4.00%	4.50%	3.00%

- 3.2 The latest forecast on 27th September 2022 sets out a view that both short and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy, whilst the government is providing a package of fiscal loosening to try and protect households and businesses from the effects of ultra-high wholesale gas and electricity prices.

As indicated in table 1, one increase in Bank Rate from 2.25% to 4.00% has now been included in 2023, a second increase to 4.50% in 2023 and before reducing to 3.00% in 2024.

- 3.3 The MPC has tightened short-term interest rates with a view to trying to slow the economy sufficiently to keep the secondary effects of inflation – as measured by wage rises – under control, however has been made more difficult of recent, following the more recent political uncertainty.
- 3.4 Chancellor Kwarteng was dismissed on the 14th October 2022, followed by Liz Truss resigning on the 25th October 2022. Rishi Sunak has been appointed Prime Minister, and Jeremy Hunt as Chancellor. Markets appeared to have stabilised marginally following the change.

Bond Yields and Increase in the cost of borrowing from the PWLB

- 4.1 Throughout 2022/23, gilt yields have been on an upward trend. The trend was exceptionally sharply at the end of September as investors demanded a higher risk premium and expected faster and higher interest rate rises to offset the government's extraordinary fiscal stimulus plans. Policies proposed by Liz Truss and Kwasi Kwarteng made a step change in government policy. The government's huge fiscal loosening from its proposed significant tax cuts added to existing domestic inflationary pressures and will potentially leave a legacy of higher interest rates and public debt.
- 4.2 The MPC has now increased interest rates seven times in as many meetings in 2022 and has raised rates to their highest level since the Global Financial Crisis. Even so, coming after the Fed and ECB raised rates in their most recent meetings, the Bank of England's hike looks relatively dovish. However, the UK's status as a large importer of commodities, which have jumped in price, means that households in the UK are now facing a much larger squeeze on their real incomes.

- 4.3 Since the Bank's announcement on 28th September, the 30-year gilt yield has fallen back from 5.10% to 3.83%. The 2-year gilt yield dropped from 4.70% to 4.30% and the 10-year yield fell back from 4.55% to 4.09%..
- 4.4 For local authorities, this means that investment interest, both short and long dated, will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy.
- 4.5 The labour market remained exceptionally tight. Data for July and August provided further evidence that the weaker economy is leading to a cooling in labour demand. The number of vacancies has started to level off from recent record highs but there have been few signs of a slowing in the upward momentum on wage growth. In July, the 3my/y rate of average earnings growth rose from 5.2% in June to 5.5%.
- 4.6 Whilst the government's utility price freeze, which could cost up to £150bn (5.7% of GDP) over 2 years, will reduce peak inflation from 14.5% in January next year to 10.4% in November this year, the long list of tax measures announced at the "fiscal event" adds up to a loosening in fiscal policy relative to the previous government's plans of £44.8bn (1.8% of GDP) by 2026/27.
- 4.7 The Authority has previously borrowed only from the PWLB as its main source of long-term funding; the changing market means the Authority should consider alternative sources of borrowing as necessary. At the current time, this area is still currently developing. The market has seen financial institutions entering the long-term borrowing market and make borrowing products available; however, this remains suitable for larger capital drawdowns in and around £50m+. Therefore, whilst this has limited appeal to North Tyneside Council, we continue to watch this space for future developments.

Balance of Risk to the UK

- 5.1 The overall balance of risks to economic growth in the UK is now to the downside, due to increases in inflation, labour and supply shortages, UK / EU trade arrangements and Geopolitical risks, for example in Ukraine/Russia.
- 5.2 There is a balance of upside risks, The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly and for a longer period within the UK economy, which then necessitates an even more rapid series of increases in Bank Rate faster than we currently expect.

Annual Investment Strategy

- 6.1 The Treasury Management Strategy Statement (TMSS) for 2022/23, which includes the Annual Investment Strategy, was approved by the Council on 17 February 2022. There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.
- 6.2 The 17 February 2022 Council approved TMSS sets out the Council's investment priorities as being:
- Security of capital;
 - Liquidity; and
 - Yield.
- 6.3 The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with highly credit rated financial institutions.
- 6.4 The approved limits within the Annual Investment Strategy were exceeded for 1 day on the 26 April 2022. This was due to an under investment on this day, leading to a balance larger than forecast overnight.
- 6.5 During the six months of the financial year, Treasury Management activities continue to manage the surplus cash balance whilst minimising the Authority's requirements to borrow.

Table 2: Investment performance at 30 September 2022

Investments	30/09/2022 £m	Average rate of Return %	Interest Earned period to 30/09/2022
Debt Management Office	20.750	1.09%	£148,173
Other Local Authority	20.000	1.19%	£19,326
Bank Deposits	6.800	1.53%	£13,807
Cash at Bank	6.253	0.01%	£0

- 6.7 As shown by the interest rate forecasts in section, rates have improved dramatically during the first half of 2022/23 and are expected to improve further as Bank Rate continues to increase.

Borrowing

- 7.1 The Authority's total capital financing requirement (CFR) including PFI for 2022/23 is £609.108m. The CFR denotes the Authority's underlying need to borrow for capital purposes. If the CFR is positive the Authority may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The summary table provided below provides the borrowing position as at 30 September 2022. Total external debt including PFI's is £504.569m.
- 7.2 In August 2022, the Authority drew down £10.000m of PWLB long term loans. This was to part fund a PWLB maturity, de-risk our borrowing position as well as take advantage of low interest rates at the time.

Table 3: Total External Debt 30 September 2022

Principal £m	
External Borrowing	
382.443	Public Works Loan Board (PWLB)
20.000	Lender Option Borrower Option (LOBO)
0.000	Other Local Authorities
402.443	Total
Other External Debt	
102.216	PFI & Finance Lease (as at 01 Apr 22)
504.659	Total External Debt
Split of External Borrowing	
244.672	Housing Revenue Account
157.771	General Fund
402.443	Total

- 7.3 Following introduction of self-financing for the Housing Revenue Account, from 1 April 2012, loans were split between General Fund and Housing. However, decisions on borrowing for both General Fund and Housing will continue to be made within the overall Treasury Management Strategy and will be reported jointly.
- 7.4 The difference between the CFR and external borrowing is known as internal borrowing. The level of internal borrowing is determined within the Treasury Management Strategy, by a number of factors including market conditions for investments and the level of the Authority's reserves and balances.
- 7.5 The Authority's borrowing strategy continues to focus on minimising the borrowing cost of carry and is doing so by use of internal borrowing. This may

pose a risk in the future when the Authority is required to materialise this by a way of external borrowing.

Debt Rescheduling

- 8.1 Debt rescheduling opportunities have been very limited in the current economic climate and following the various increases in the margins added to gilt yields which have impacted PWLB new borrowing rates since October 2010. No debt rescheduling has therefore been undertaken to date in the current financial year.

Compliance with Treasury and Prudential Limits

- 9.1 It is a statutory duty for the Authority to determine and keep under review the affordable borrowing limits. During the half year ended 30 September 2022, the Authority has operated within the treasury and prudential indicators set out in the Authority's Treasury Management Strategy Statement for 2022/23. All treasury management operations have also been conducted in full compliance with the Authority's Treasury Management Practices.

North Tyneside Council Report to Cabinet Date: 28 November 2022

Title: 2023-2027 Financial Planning and Budget Process: Cabinet’s Initial Budget proposals

Portfolio(s): Elected Mayor Deputy Mayor Finance and Resources Housing	Cabinet Member(s): Mrs Norma Redfearn Councillor C Johnson Councillor M Rankin Councillor J Harrison
Report from Service Area: Senior Leadership Team	
Responsible Officer: Jon Ritchie, Director of Resources (Chief Finance Officer)	
Tel: (0191) 643 5701	
Wards affected: All	

PART 1

1.1 Executive Summary:

- 1.1.1 On 19 September 2022, Cabinet agreed its 2023-2027 Financial Planning and Budget Process incorporating the associated Engagement Strategy. This report represents a key milestone in the development of the 2023/24 Budget and 2023-2027 Medium-Term Financial Plan (MTFP), as it sets out Cabinet’s initial Budget proposals for the next financial year and beyond.
- 1.1.2 The Budget is driven by the Authority’s key priorities that make up the Our North Tyneside plan – A thriving, secure, family friendly, caring and green North Tyneside. North Tyneside Council has a very clear and ambitious plan to ensure anyone who needs support can access it, to help the most vulnerable members of the community and to continue investment in all parts of the Borough.
- 1.1.3 The Authority’s Budget was already stretched following years of Government cuts and uncertainty, with the long-term impact of the covid pandemic, rising energy costs, inflation and the long-term impact of the war in the Ukraine exacerbating this. However, the Authority has a robust and fair approach to budget setting meaning that wherever possible, these challenges had been foreseen and provided for as the Authority headed into the current financial year.

- 1.1.4 Significant uncertainty remains around the planning position for 2023/24, and this report summarises the remaining steps required in the process leading to the Budget being set in February or March 2023. Recognising the scale of the Budget gap to be addressed, the Budget planning process for 2023/24 includes a further round of Efficiency Programme development which will enable proposals to be brought forward at the January Cabinet meeting.
- 1.1.5 The Medium-Term Financial Plan (MTFP) position will need to be updated once Government funding announcements are made. In particular, the scale of the impact of both social care reform announcements and any implications of the cost-of-living crisis on the Authority will have a material impact on the Authority's financial forecasts. The most up to date information will be reported to Cabinet in January 2023 and considered by the Overview Scrutiny and Policy Development Committee as the Budget-setting process progresses in advance of the full Council meeting in February 2023.
- 1.1.6 Cabinet decisions based on the information in this report will ultimately support the development of a robust, balanced 2023/24 Budget for the Authority. However, the level of uncertainty does make financial planning extremely difficult and requires the Authority to be flexible and adaptable as it considers setting the 2023/24 Budget and the MTFP for 2023/24 to 2026/27.

1.2.1. Recommendation(s):

It is recommended that Cabinet:

- a) agree the key principles being adopted in preparing the Medium-Term Financial Strategy for the Authority, subject to an annual review;
- b) note performance against the Our North Tyneside Plan outcomes (Annex 1 and 2);
- c) consider and agree the initial Budget proposals in relation to the 2023/24 General Fund Revenue Budget and Dedicated Schools Grant, including the assessment in relation to the current year's Budget monitoring information (Section 1.6);
- d) consider and agree the proposed 2023-2028 Investment Plan, including initial prudential indicators for 2023-2028 in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Prudential Framework and a proposed Minimum Revenue Provision (MRP) policy in line with capital finance regulations (Appendix B(i) & B (iii));
- e) note the draft Capital Investment Strategy and note that this Strategy will now be subject to consultation as part of the Budget Engagement Strategy (Appendix B (iv));
- f) note that all approved schemes within the 2023-2028 Investment Plan will be kept under corporate review by the Investment Programme Board;
- g) consider and agree the initial proposals in relation to the Treasury Management Statement, Annual Investment Strategy for 2023/24 and Treasury Management Practices (TMPs) (Appendix C & H);

- h) note the formal Reserves and Balances Policy for the Authority, subject to review at least annually (Appendix I);
- i) note the Provisional Statement by the Chief Finance Officer (Annex Section 8);
- j) consider and agree the 2023/24 rent policy for housing; and consider and agree the initial Budget proposals in relation to the 2023-2027 Housing Revenue Account budget, and associated Business Plan, including an assessment in relation to the current year's budget monitoring information (2022/23) (Annex Section 4);
- k) note the proposed 5.0% rent increase from April 2023 (subject to results of Government consultation and imminent issuing of new Direction on Social Housing Rent Policy to the Social Housing Regulator), and the initial proposals in relation to housing service charges and garage rents for 2023/24;
- l) authorise the Director of Resources, in consultation with the Director of Commissioning and Asset Management, the Cabinet Member for Children, Young People and Learning and the Cabinet Member for Finance and Resources, to undertake resource allocations to schools for 2023/24 in line with the school funding arrangements set out in the report; and
- m) authorise the Elected Mayor, in conjunction with the Cabinet Member for Finance and Resources, Deputy Mayor and other Cabinet Members, to work with the Senior Leadership Team to continue their joint review of these initial Budget proposals.

1.3 Forward Plan:

- 1.3.1 Twenty-eight days' notice of this report has been given and it first appeared on the Forward Plan that was published on 7 October 2022.

1.4 Council Plan and Policy Framework

- 1.4.1 The Budget and Policy Framework Procedure Rules are set out in Part 4.7 of the Authority's Constitution. The Budget is guided by paragraph 4.7.3, covering the process for the preparation, consideration and final approval of the Authority's Council Tax requirement and Council Tax level. The statutory and constitutional requirements for preparing, considering, and approving these issues drive the timetable for the financial planning and Council Tax-setting process of the Authority.
- 1.4.2 The Financial Planning and Budget process is a fundamental part of the overall governance and assurance framework of the Authority. This in turn provides assurance that is considered as part of preparing the Annual Governance Statement each year.
- 1.4.3 The Budget proposals will also be presented to the Overview, Scrutiny and Policy Development Committee during the Budget-setting process. The priorities in the 2021-2025 Our North Tyneside Plan provide the strategic framework within which Budget resources are allocated.

Information:

1.5 Background

- 1.5.1 The Authority's 2022/23 Budget and 2022-2026 MTFP were agreed by full Council on 17 February 2022. At that time, it was impossible for the Authority to foresee the global economic impact of the Russian invasion of the Ukraine. Rising interest rates and inflation have caused a significant impact leading to a cost-of-living crisis, which will see a real term reduction in living standards for families throughout the Borough. At the time of writing this report inflation (as measured by the consumer price index (CPI)) has reached 10.1%, with forecasts that it could rise further towards the end of the financial year. This will have a significant impact on the cost of delivering essential services and the Investment Plan.
- 1.5.2 The Authority's financial planning had previously assumed that COVID-19 pressures would abate in line with the withdrawal of Government support. However, as reported to Cabinet at this meeting in the Budget Monitoring Report for September, the Authority continues to feel the financial effects moving forwards.
- 1.5.3 Whilst the Authority carried forward COVID grants, which have been used to smooth the financial position in 2022/23, it is anticipated that these grants will be fully utilised in the current financial year with no residual funding available to meet any ongoing costs into future years. This poses a significant risk to the Authority's financial position for 2023/24 and future years and the Senior Leadership Team, supported by Senior Officers, continue to mitigate this as far as possible in budget monitoring and planning.
- 1.5.4 It is highly likely that key income sources including Council Tax, through both the Collection Fund and tax base growth, and business rates will continue to be under significant pressure in 2022/23. The current MTFP position incorporates prudent assumptions about these income streams, which will need to be reviewed over the course of the Budget-setting period. This will include Government announcements around the inflationary uplifts to business rates, which are set nationally.
- 1.5.5 Despite all this, Cabinet will be aware that the Authority's priorities, as set out in the Our North Tyneside Plan, continue to be met and that the Authority has a good track record of delivering those priorities within the funding resources that are available. This is evidenced by the fact that Cabinet have delivered balanced outturns, without the need to use reserves, in each of the last three financial years.
- 1.5.6 The cost-of-living crisis is accelerating inequalities in the Borough, pushing families further towards crisis and realigning many of the inequalities that already exist in the Borough. Cabinet is determined that this gap will not widen and will do everything it can to get support to families that need it whilst making sure that nobody is left behind. However, it is acknowledged that the Authority cannot deliver this essential work alone, so officers and Members continue to engage with the brilliant voluntary and community sector who help the Authority get the right support, at the right time, to the right people.
- 1.5.7 Whilst the approach to Budget-setting this year continues to be challenging and there is a significant amount of risk and uncertainty, Cabinet continues to plan for the future, listening to and focusing on the priorities of residents and businesses. The proposals for a balanced Budget for 2023/24 and a MTFP over 4 years will be based

on a reasonable and prudent set of assumptions. Despite the unknowns, this will give the residents and businesses in the Borough as much certainty as possible that the Authority continues to deliver services that meet their needs and that their money is being spent well.

1.6 General Fund MTFP

1.6.1 At the Council meeting in February 2022, the MTFP for 2023/24 to 2025/26 set out a gap of £21.534m over the 4-year period, with a gap of £10.655m for 2023/24. The gap in the February Council report for 2023/24 was calculated prior to the increase in council tax (1.99%) and adult social care precept (1%), which was agreed at that meeting. The additional resources agreed (£3.184m) reduces the revised gap for 2023/24 to £7.471m, which will be the base line position for the remainder of this report.

1.6.2 Before looking at the new and emerging pressures since the Budget was set, Cabinet should note that the robust approach to financial planning in North Tyneside served its intended purpose. Had new pressures not arisen, a review of changes to Government funding assumptions and reductions to growth pressures from management action, would have reduced the residual MTFP gap for 2023/24 from £7.471m to £1.059m. This would have been a manageable gap to address in the current budget round.

1.6.3 However, since the development of the 2022/23 Budget and MTFP in February 2022, a number of further significant risks have emerged that are impacting on the 2022/23 budget outturn position, as well as increasing the £7.471m gap identified for 2023/24. These risks are anticipated to add £15.635m to the gap and are summarised in Table 1.

Table 1: Estimated Financial Impact on 2023/24

	£m
Social care fees – 2022/23 increase impact into 2023/24	1.200
Pay Award	4.000
Energy Inflation	4.772
Contractual inflation 2023/24	5.663
Total Emerging Impact of Risks	15.635

1.6.4 Social care fees – following the 2022/23 budget being set, the in-year home care negotiations resulted in a further uplift in fees, reflecting the current market pressures facing the sector. As such, an additional amount has been added into 2023/24 estimates to ensure the base budget reflects these contract values.

1.6.5 Pay award – the current year pay award is based on the pay offer made by Local Government Employers, being a flat rate of £1,925 per full time equivalent employee. At the time of writing, 2 Trade Unions have accepted the offer, with one 1 rejecting it – it is expected to be formally agreed in November and paid to staff in December. For both in-year monitoring and future budgeting purposes, this rate, which equates to an average increase across the Authority of between 5-6%, has been used. The impact on the 2022/23 financial position is included in the Budget monitoring report elsewhere on this agenda, but for 2023/24 the base budget would need to increase by a further £4.000m to ensure the base budget is sufficient moving forwards.

1.6.6 Energy inflation – the original £7.471m gap in the MTFP included £0.800m for utility price inflation. Since the Budget was set, energy price inflation has increased exponentially. Despite the forward purchase of energy through the North East Procurement Organisation (NEPO) framework and the in-year Government support to councils, a further £4.772m is currently forecast to be required for the 2023/24 base budget. This area remains subject to significant volatility, so further updates will be given to Cabinet in future finance papers, both budget monitoring and budget setting.

1.6.7 Contractual inflation – this figure is made up of two elements; firstly £3.000m for indexation of contracts which are pre-determined in terms of timing and inflationary measure – generally CPI or Retail Price Index (RPI). Future reports will update for any further changes in the applicable rates, as current assumptions have been used as to what they will be at the specified contractual uplift dates. The residual amount of £2.663m relates to care fee inflation, arising from a combination of price and volume assumptions. Some of this increase may be funded from Fair Cost of Care allocations, but the timing of these announcements by Government are not currently known. The revised gap for 2023/24 is therefore £23.106m as shown in Table 2 below:

Table 2: Revised general fund gap for 2023/24

	£m
Revised gap from February Council, adjusted for Council Tax increase	7.471
Emerging risks	15.635
2023/24 revised gap	23.106

1.6.8 Finance officers are continuing to work with Cabinet, the Senior Leadership Team and other senior officers across the Authority to review Business as Usual activity in a number of key areas. The key areas of challenge, which could lead to further cost pressures, include:

- Children’s Services – demand, workforce and cost assumptions;
- High needs/Special Educational Needs and Disabilities (SEND) pressures;
- Adults Social Care – demand, workforce and cost assumptions;
- Unachieved savings targets;
- Commissioning & Asset Management – impact of schools’ service level agreement reductions;
- Law & Governance Structure – use of locums; and
- Revenues & Benefits position – review of the level of benefits overpayments and subsequent recovery.

The aim of this work is to ensure actions are in place to bring the outturn forecast for normal activities in on balance.

1.6.9 With regards to Government funding, the MTFP has assumptions in relation to the continuation of certain elements of the 2022/23 funding settlement, including in particular that there will be a repeat of part of the “one-off” 2022/23 Services Grant allocation of £3.330m. The current revised gap above assumes that 50% of the grant would be reversed by Government, i.e. a loss of £1.665m. Any further reduction in the grant would result in a worsening position, but the continuation of the grant at 2022/23 level would improve the income assumption.

- 1.6.10 There remains significant uncertainty about the Fair Funding Review or successor approach. A consultation on the Fair Funding Review had been expected earlier this year, following several years of being repeatedly delayed. Once again, no consultation has been brought forward and any future approach will be dependent on the new Government's priorities and the current macro-economic picture. Given the restrictions of the parliamentary timetable, Spending Review timescales and the significant impacts that implementing Fair Funding could have across the local government sector, it is possible that reforms will not be brought forward until 2026/27.
- 1.6.11 As well as uncertainty around progress on Fair Funding over the medium term, it is unlikely that there will be any certainty about the 2023/24 Provisional Settlement until mid-December at the earliest, with some commentators suggesting that this could be delayed into the new calendar year. For the remainder of the report, the starting point for the approach to bring the 2023/24 General Fund budget into balance will be £23.106m as set out in Table 2.

Options to reduce the General Fund gap for 2023/24 – review of assumptions

- 1.6.12 Using the starting point of a £23.106m revised gap for the General Fund, officers have reviewed the current assumptions included in the MTFP, including revising assumptions around the level of Government funding that will be provided. There are inherent uncertainties within this exercise for the reasons set out earlier, but this reflects the latest information gleaned from a variety of sources. It is summarised in Table 3 below, with a commentary included on each section.

Table 3: adjusted MTFP assumptions

	£m
Starting position/revised gap	23.106
Review of growth items already included in MTFP	
Low risk	
Reversal of pensions deficit	(2.747)
Medium risk	
Continuation of New Homes Bonus	(0.500)
Fall out of service grant reversed	(1.665)
Higher risk	
Revenue Support Grant – additional inflationary uplift	(0.367)
Business rates multiplier – additional inflationary uplift	(1.500)
Improved Better Care Fund – additional inflationary uplift	(0.287)
Reversal of national insurance contribution increases	(1.250)
2023/24 revised gap	14.790

- 1.6.13 Pensions deficit – the MTFP included an estimated figure of £2.747m that would be required in the base budget to address the forecast deficit on the pension fund. In October 2022, the updated position of the Tyne and Wear Pension Fund was provided, which confirmed that the fund was in surplus so this amount will not be required.
- 1.6.14 New Homes Bonus (NHB) – the schedule of NHB payments was expected to reduce from next financial year due to the winding down of the scheme. However, industry commentators have highlighted that due to the delay in the Fair Funding Review,

amongst other considerations, it is expected that there could be an extension of the scheme. A one-year extension, without any residual/legacy payments, would see an additional £0.500m next financial year.

- 1.6.15 Fall out of services grant – as noted earlier, £3.300m was received in 2022/23 for a one-off service grant. The assumed position in the MTFP was that this would be partially extended, with an assumption that 50% would be retained in 2023/24. Latest intelligence suggests that the full grant could be repeated in 2023/24, therefore an additional £1.665m would be available for the Budget next year.
- 1.6.16 Inflationary uplifts – the MTFP assumed a prudent assumption around inflation in the Revenue Support Grant, business rates and Improved Better Care Fund. Whilst it is not certain, these assumptions have been uplifted from 2% to 6.5%, although confirmation will be required from Government in the Provisional Settlement, which is expected in December. Although there have been indications from Ministers that there will be no increase in funding for inflation, the sector is currently lobbying for increases – so a partial uplift, compared to current CPI levels, is included at this stage.
- 1.6.17 Reversal of national insurance contribution increases – the full year effect of this could be up to £1.250m. However, Cabinet should note that there is a potential that the Government funding provided, in part, to cover the original increase could be reversed.
- 1.6.18 Unidentified growth – each year of the MTFP has an item in for unidentified growth of £1.000m. For 2023/24, this will be required to address various staffing restructures addressed in the current year, including the use of agency and locum staff in shortage areas. There is no change to the MTFP gap as a result, but this is included here for transparency. Future year proposed usage will be confirmed in MTFP considerations for next year's Budget-setting.

Further options to reduce the General Fund gap for 2023/24

- 1.6.19 The MTFP approved by full Council in February 2022 included a 1.99% general increase in Council Tax and a 1% adult social care precept for 2022/23. Cabinet will be aware that it remains a major concern that the Government continues to place significant reliance and expectations on locally raised income.
- 1.6.20 The Government has yet to announce the Council Tax referendum limit for 2023/24 but it is expected that a general Council Tax increase of 2% will remain in place. Since 2016/17 the Government has also allowed local authorities to raise additional income to support the rising costs of providing Adult Social Care by way of levying a precept, without having to hold a referendum. Following the failure of the Government to provide authorities with sustainable funding to support rising costs of supporting the Borough's most vulnerable residents the Authority, in line with the Government's expectations, has made full use of the precept raising ability. At the time of writing this report, no announcements have been made in relation to any precept levy which will be available to local government for the 2023/24 financial year, although this is widely expected to be announced.
- 1.6.21 Whilst no proposal about Council Tax and/or Adult Social Care levies are being made in this report, it is useful to set out what this would mean for the Authority for illustrative purposes. Should Cabinet consider the increases in Council Tax, based on current tax base estimates, this would raise approximately £3.294m of additional

funding for next year (made up of £2.192m general Council Tax (1.99%) and £1.102m from the Adult Social Care Precept (1%)). The precise final level of any change in Council Tax will be confirmed in February 2023 following a decision by full Council.

- 1.6.22 Strategic Reserve – the MTFP assumed that a contribution would be made to the strategic reserve each year to take account of usage in previous years. Given the current financial position, it is proposed to defer the 2023/24 contribution, but future years' contributions are left in the MTFP for planning purposes.
- 1.6.23 Minimum Revenue Provision (MRP) – Cabinet will be aware that a change was made to the way in which MRP is calculated towards the end of 2021/22. This has now been subject to external audit and no concerns were raised. As well as the savings made to date, it is estimated that this will lead to an underspend on the debt charges budget in 2023/24 in the region of £4.000m. Given the residual gap, as well as the inherent uncertainty, it is considered prudent at this stage to put this forward as a saving for illustrative purposes.
- 1.6.24 Table 4 below summarises the impact of these options:

Table 4: Revised General Fund gap following illustrative options

	£m
Revised gap from Table 3	14.790
1.99% council tax	(2.192)
1.00% adult social care precept	(1.102)
Defer replenishment of the strategic reserve	(1.500)
MRP saving	(4.000)
2023/24 revised gap	5.996

- 1.6.25 For completeness, the Mayor and Cabinet have already made decisions in previous years which result in savings during the MTFP period, which are already included in the MTFP gap calculations used in this report. These are summarised in Table 5 below for ease of reference.

Table 5: 2023-2026 Efficiency Programme as at February 2022

Efficiency Programme	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
2020/21 Full Year Effect of Budget Proposals	(1.035)	0.000	0.000	0.000
2022/23 Full Year Effect of Budget Proposals	(0.639)	(0.208)	(0.185)	0.000
Total Prior Year Budget Proposals	(1.674)	(0.208)	(0.185)	0.000

- 1.6.26 In addition to these planned savings, the Elected Mayor and Cabinet are developing further options for consideration to balance the General Fund over the next four years of the MTFP, with updates to be brought to the January 2023 Cabinet meeting. The aim is to do this via a range of strategic activity which includes:

- a) Workforce Planning: changing the workforce over the next four years where the need to change aligns to people's plans and recruitment and skills needs;

- b) Commissioning, Procurement and Commercial Planning: looking specifically at procurement, demand management testing joint provision with the NHS, direct service delivery and meeting need differently;
- c) Digital, Data and Customer Strategy: cash and efficiency benefits from investing in the Authority's priority projects and delivering the Digital Strategy; and
- d) Asset Management Planning: investing capital to reduce revenue costs and improve the Minimum Revenue Provision position.

1.6.27 Work will also continue before January 2023 to update the revised gap to take account of the Provisional Settlement (expected in December) along with any wider Government announcements, including the impact of policy initiatives. In particular, the residual gap around adult social care is hoped to narrow based on the allocation of Fair Cost of Care funds. However, in the absence of any detailed information, no attempt has been made to quantify this and the full extent of the social care growth already in the MTFP assumptions has been left unchanged.

2023-2027 General Fund MTFP estimates

1.6.28 As Cabinet will be aware from the information in this report so far, the level of uncertainty in this year's planning process is higher than previously experienced. As such, it is not yet possible to confirm the 2023/24 position with any certainty at this stage. This has a consequential impact on the 4-year planning horizon for the MTFP.

1.6.29 Normally this report would include a detailed forecasting of the MTFP, taking into account the full roll forward of year 1 (in this case 2023/24) into future years. However, given the increased uncertainty, a simplified approach has been taken at this stage to set out the 4-year MTFP period, which assumes that the 2023/24 year is balanced.

1.6.30 Table 6 below sets out the key areas of movement each year, plus adds in a "new" year 4 into the MTFP i.e. 2026/27:

Table 6: General Fund MTFP summary

	2024/25 £m	2025/26 £m	2026/27 £m
Estimated growth required	6.532	6.080	11.827
Existing efficiency programme	(0.208)	(0.185)	0.000
Replenish Strategic Reserve	1.500	1.000	0.000
Change in council tax base/business rates	(0.546)	(2.012)	(0.465)
In-year gap	7.278	4.883	11.362
Cumulative gap (assumes 2023/24 is balanced)	7.278	12.161	23.523

1.6.31 The estimated growth required assumptions are largely in line with previous year estimates for 2024/25 and 2025/26. 2026/27 has been added, to take the MTFP to a 4-year planning period, by rolling forward the majority of the assumptions from 2025/26. The notable exception is with regards to the pension fund deficit, as the next triennial valuation will have taken place. An indicative growth item of £5.000m has been added to address the potential deficit balance which could arise in the actuarial valuation. This figure will be revised each year based on the latest indications from the pension fund.

1.6.32 The change in the Council Tax base/Business Rates is the net impact of forecast changes to the Collection Fund. The spike in income in 2025/26 (£2.012m compared

to circa £0.500m in the other years) reflects the end of the COVID-19 accounting arrangements, which saw the deficit arising during the pandemic being spread over 3 years. After this one-off reset, the position on the Collection Fund is expected to return to normal levels.

Review of General Fund Reserves

- 1.6.33 The Authority maintains a level of reserves to plan for and manage financial risk. As Cabinet will already be aware, it is important to remember that reserves can only be used once, and that they are maintained to provide a degree of financial resilience and flexibility for the Borough.
- 1.6.34 Reserves balances have fallen from 2021/22 primarily due to the planned use of balances relating to COVID grants, which were partially received in advance of the intended spend. By the end of 2022/23, grants relating to COVID will either be utilised or repaid in line with the grant condition which were attached, with the Authority maximising the benefit to the Borough's business and residents.
- 1.6.35 The Authority bought forward reserves' balances of £80.298m into 2022/23, based on the latest forecast of planned usage, it is anticipated £17.050m will be drawn down in 2022/23 to support service delivery. This would result in a 2023/24 balance bought forward for reserves of £63.249m. The planned usage does not incorporate the potential requirement of the strategic reserves to support the 2023/24 revenue budget pressure being forecast of £5.996m for 2023/24. Neither does it take into account any use of the strategic reserves to support the 2022/23 in-year pressures, as reported in the Financial Management report elsewhere on this agenda.
- 1.6.36 Reserves balances are forecast to fall to £54.369m by the end of the financial year 2026/27. This assumes no utilisation of the strategic reserves to underwrite revenue budget pressures over the MTFP. Should the Authority utilise the strategic reserve to underwrite the revenue budget pressures, this could lead to the Authority being in breach of the internal requirement to maintain a level of strategic reserves no less than £10m as per the Reserves and Balances Policy.
- 1.6.38 Whilst there is still a significant level of uncertainty, the Authority will continue to deliver best practice as would be expected. That means there is a refreshed 4-year MTFP for both the General Fund and HRA, alongside a 5-year Capital Investment Programme. Those financial plans have been based on a benchmarked set of assumptions which have included information from HM Treasury, the Office of National Statistics, and the Office for Budget Responsibility, CIPFA, dialogue with the Society of Municipal Treasurers, as well as the local Treasurers across the LA7 and ANEC areas. The prudent use of reserves forms a vital part of this financial planning.

1.7 Housing Revenue Account

- 1.7.1 Financial Planning for the Housing Revenue Account (HRA), like the General Fund, is driven by the Council Plan vision and priorities. The HRA will set a Budget and updated four-year MTFP, supported by the updated 30-year Business Plan.
- 1.7.2 The Authority, in line with most Local Authority Registered Providers, follows the Government's social housing rent policy, which for the last two years has seen rent increases based on the Consumer Prices Index (CPI) rate, as of September, plus 1%. The CPI rate for September 2021 was 3.1% which led to a rent increase for

2022/23 of 4.1%. However, because of the cost-of-living crisis and the current high rates of inflation being experienced, the Government is concerned about the impact this would have on rent increases for tenants in 2023/24. On 31 August 2022 the Department for Levelling Up, Housing and Communities issued a consultation document on social housing rents, which concluded on the 12 October 2022. They were seeking views on a new Direction to be issued to the Social Housing Regulator in relation to social housing rent policy. The Government is proposing the introduction of a rent ceiling for 2023/24 to limit the maximum amount by which rents can be increased. The September 2022 rate of CPI was 10.1% and following the existing policy would see a rent increase of 11.1% for 2023/24. The Government's proposal is for a ceiling of 5% or CPI + 1%, whichever is the lower. In addition, however the Government were also seeking views on limits of 3% and 7% or any other proposals.

1.7.3 This has led to the need to model a range of scenarios within the 30-year HRA Business Plan. However, until the Government confirms its final position following the consultation, it has been assumed that rents will rise in line with the Government's proposed new Direction i.e. 5%. The Authority is facing a range of pressures due to several factors including post-pandemic legacy costs, war in Ukraine, rates of inflation, and general economic uncertainty. This is no different for the HRA which is having to contend with some key issues, namely:

- 2022/23 pay award being above 2% budgeted for;
- Uncertainty over future pay awards;
- Craft Workers Pay Review;
- Additional responsibilities required of Landlords under Government Safety White Paper following Grenfell disaster e.g. Carbon Monoxide Detectors in every home and increased periodic electrical inspections;
- Increased costs for Materials across the Supply Chain; and
- Increased Sub-Contractor costs linked to inflationary issues.

1.7.4 All these issues have been factored into refreshing the HRA Business Plan, along with the current proposed rent increase with the aim of ensuring that the 30-year HRA Business Plan can be balanced, whilst meeting all the Mayor and Cabinet's key objectives. These include maintaining the existing stock, meeting increased Affordable Homes ambitions and taking steps to respond to the Authority's Climate Change Emergency, by funding increased sustainability measures and starting to address the decarbonisation agenda as part of the Authority's Carbon Net-Zero 2030 Action Plan.

1.7.5 However, with the proposed change to the Government's rent policy, regardless of whether the increase ends up at 5%, or 3% or 7%, all these scenarios would result in a significant funding gap for the HRA. Table 7 below gives an indication of the potential impact of differing rent increase rates. As stated above the current proposal has sought to balance the model using a 5% rent increase, with the "gap" being closed by a combination of slowing down the rate at which debt is repaid over the life of the plan and ultimately reducing the funding the Authority has available to undertake new build affordable housing, based on the premise that the Authority's primary responsibility as a landlord is to manage and maintain its existing homes and tenancies.

Table 7: Housing Revenue Account 2023-2053 – Potential Impact of Different 2023/24 Rent Increase scenarios on 30-year Business Plan

Rent Increase	Available Resource – Revenue & Capital £bn	Required Resource – Revenue & Capital £bn	Current Funding Gap – Revenue & Capital £bn
0%	4.653	4.888	0.235
3%	4.732	4.888	0.156
5%	4.790	4.888	0.098
7%	4.790	4.888	0.041
11.1%	4.962	4.888	(0.074)

- 1.7.6 As is consistent with the General Fund, the HRA continues to face financial pressures, some of which have been significantly increased by the current economic climate. The continued roll out of Universal Credit and other welfare reforms brings greater pressure on tenants in terms of managing their finances in a time of rising inflation. The Authority continues to focus on supporting residents to sustain tenancies, and help tenants manage their money so that they do not end up in financial hardship or significant arrears.
- 1.7.7 During the current financial year there is clear evidence of continued shortages of certain key materials such as steel and wood, accompanied by increasing prices as a result along with the current upwards pressure on inflation, effecting both the capital programme and the day-to-day repairs.
- 1.7.8 The 2023/24 budget and 4-year Financial Plan for the HRA are based on the above assumptions, balanced with small, planned contributions from reserves over the next two years and then smaller adjustments to balances in the remaining two years of the MTFP as set out in Table 5 below.

Table 8: Housing Revenue Account 2023-2027 Initial Medium-Term Financial Plan – Available Resources and Estimated Spend

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Initial Estimate of Resources Available	(73.919)	(75.648)	(77.512)	(79.451)
Spend Assumptions	74.302	75.917	77.452	79.426
Net Gap/(surplus)	0.383	0.269	(0.060)	(0.025)

Housing Revenue Account – Options to reduce the gap

1.7.9 There are a number of areas where options have been developed for consideration to help balance the HRA and provide resources to move towards meeting Cabinet and tenants’ ambitions. These have centred around:

- a) An ongoing review of bad debt provisions and the associated assumptions;
- b) A review of levels of in-year contingency provided within both the Management and Repairs budgets;
- c) Review of the approach to debt management within the Treasury Management Strategy for the HRA;
- d) Analysing Government consultation on rent policy to assess potential impact;
- e) Balancing the needs of the existing stock whilst ensuring that the HRA continues to provide funding for a new build programme to assist towards helping to meet Cabinet’s Affordable Housing ambitions;
- f) Ensure that the Authority has the resources available to continue supporting a programme of training and development through apprenticeships and the Working Roots scheme; and
- g) Identifying resources specifically to respond to the Authority’s declaration of a Climate Change Emergency, by undertaking sustainability measures within the housing stock that will reduce the Authority’s carbon footprint and help move towards net carbon zero status the Authority’s Carbon Net-Zero 2030 Action Plan.

1.8 2023-2028 Draft Investment Plan

1.8.1 The 2022-2027 Investment Plan totalling £264.974m was approved by full Council on 17 February 2022. Delivery of projects within the plan and progress to date has been reported to Cabinet as part of the bi-monthly Financial Management reports. Reprogramming of £27.416m has been identified as part of the process and this spend is now included in the 2023-2028 planned spend shown below.

Table 9: Summary of the Draft Investment Plan 2023-2028

Spend	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m
General Fund	46.808	21.370	15.993	17.564	16.064	117.799
Housing	29.597	30.465	31.924	34.806	33.616	160.408
Total	76.405	51.835	47.917	52.370	49.680	278.207

1.8.2 A schedule of the individual projects included in the draft Plan is attached as Appendix B(i). All projects are subject to the Authority’s Gateway process.

2023-2028 Investment Plan Options

1.8.3 In addition to the agreed 2022-2027 Investment Plan, proposals for the 2023-2028 Investment Plan for consideration as part of Budget-setting are set out below:

- Projected investment of £1.000m pa to reflect the initial work underway in relation to Carbon reduction targets and enable progress to be made on this key priority; and
- A new year 5 (2026/27) has been added to reflect rolling programme projects such as Asset Planned Maintenance, ICT infrastructure refresh and sustained investment of £2m/annum on additional Highways Maintenance.

1.9 Dedicated Schools Grant

1.9.1 Cabinet will be aware that school funding is a matter for the Department for Education (DfE); either by direct funding agreements with academy trusts or delegated by local authorities to schools where budget management is the delegated responsibility of each governing body. As in previous years, Cabinet will need to determine the local formula to distribute funding to mainstream schools and academies for the financial year 2023/24. The formula will apply directly to maintained schools for the financial year, and for academies it will form the basis for their funding, distributed by the Education, Skills and Funding Agency (ESFA), for the year starting 1 September 2023. The local formula must comply with statutory guidance, but within these confines the final decision on the formula rests with the Authority after consultation with schools and the Schools Forum.

Table 6: Indicative Dedicated Schools Grant funding allocation 2023/24

	Schools Block £m	CSS Block £m	Early Years Block £m	High Needs Block £m	Total Indicative DSG 2023/24 £m
Indicative DSG Settlement	146.813	1.620	14.673	31.987	195.093

Dedicated Schools Budget - High Needs Block

1.9.2 North Tyneside, like many local authorities both regionally and nationally, is experiencing an increase in the numbers of children with SEND. The number of children with an Education Health and Care Plan (EHCP) continues to increase and the complexity of the needs of those children and young people continues to grow. Responding to this increase in needs is creating pressure on the High Needs block of the Dedicated Schools Grant (DSG). The indicative funding allocation for High Needs shows that the Authority will receive an additional £2.203m in 2023/24, however, it is not sufficient to address the underlying increase in need.

1.9.3 The ringfenced DSG is received from the Government and administered by the Authority and is the main source of income for the schools' budget. The DSG first fell into deficit during 2017/18 and it is an important element of the financial management of the Authority that the DSG is not in a deficit position. As a result, there has been action to address the deficit working collaboratively with Schools Forum, however increasing numbers of children with special needs entering the education system has offset some of the progress.

- 1.9.4 DSG deficits have come under increasing scrutiny from DfE and, during 2021, the Authority was required to submit a draft DSG Management Plan to the ESFA as its DSG deficit was more than 1% of the total value of the DSG as at March 2021. As a consequence, since then, the Authority's DSG deficit has remained under review.
- 1.9.5 Liaising with the DfE during 2021/22, the Authority has been working to reduce the DSG deficit and this work is now being overseen by the Strategic Education and Inclusion Board. The Authority submitted a draft DSG Management plan to the ESFA in August 2021 which outlined the main areas of priority that focus on reducing the deficit on the High Needs block of the DSG. As of 2022/23, the Authority has been invited to be part of phase 2 of the ESFA's Safety Valve Intervention programme from September 2022. The Authority has had early discussions with representatives from the ESFA and as plans are firmed up over the coming months, the ESFA will continue to challenge and support the Authority through to the Safety Valve process.
- 1.9.6 For 2022/23 £150m of revenue funding is available to support the cumulative deficit position of those authorities who are part of the Safety Valve programme, however, the ESFA have been clear that access to this funding will only be agreed once a robust and balanced DSG Management Plan is in place. The current cumulative deficit position on the High Needs block of the DSG at the end of the 2022/23 financial year is projected to be £18.622m. This is an increase of £5.111m since March 2022.
- 1.9.7 A key risk for the Authority is that the statutory override to ring-fence DSG deficits from councils' wider financial position in statutory accounts is due to end after the accounts for the financial year 2022/23. After this point, unless the statutory override is extended, authorities will need to demonstrate their ability to cover DSG deficits from their available reserves. Due to the level of the deficit on the High Needs block of the DSG it is imperative that the Authority's DSG Management Plan meets the ESFA's requirements to ensure the historic deficit can be supported by funding that is available.

1.10. General Fund Initial Budget Proposals and next steps

- 1.10.1 Cabinet's initial Budget proposals are based upon available information and judgements at the time of the writing of this report. As noted throughout this report, there are several assumptions and judgements built into the figures presented that are outside the control of the Authority and need to be finalised.
- 1.10.2 These initial Budget proposals are subject to further review and consultation before they can be confirmed. The information to be assessed and finalised includes:
- The overall impact of the Autumn Statement due to be announced on 17 November 2022;
 - The Provisional and Final Local Government Finance Settlement announcements for 2023/24, including capital announcements and specific grants, including the Dedicated Schools Grant (DSG);
 - Police and Crime Commissioner for Northumbria and the Tyne and Wear Fire and Rescue Authority Precepts (due February 2023);

- Levies, including the North of Tyne element of the Newcastle upon Tyne, North Tyneside, and Northumberland Combined Authority Transport Levy (due February 2023);
- Tyne and Wear Joint Service Budgets (due January/February 2023); and
- Consideration of the impact of the economic climate on the residents of the Borough and Council Taxpayers.

1.10.3 Therefore, as some external announcements are still to be received, it is recommended that Cabinet authorises the Elected Mayor, in conjunction with the Cabinet Member for Finance and Resources, Deputy Mayor and other Cabinet Members, to work with the Senior Leadership Team to continue their joint review of these proposals.

1.11 Decision options:

Option 1

1.11.1 Cabinet can agree the initial proposals set out in this report.

Option 2

1.11.2 Cabinet can suggest that further / different options are considered by the Senior Leadership Team and be reported back to Cabinet for further consideration.

1.11.3 Option 1 is the recommended option.

1.12 Reasons for recommended option:

1.12.1 Due to external information still to be received, Cabinet is not able to finalise setting its proposed Council Tax level for 2023/24 in relation to the General Fund. This report will form the basis of Budget engagement and scrutiny over the next two months, but further work will inevitably be required before final decisions are made on the Budgets for next year, hence the authorisation recommendation referred to in section 1.10 above.

1.13 Appendices:

Annex 1 2023-2027 Financial Planning and Budget Process – Cabinet’s Initial Budget Proposals

Appendix A 2021-2025 Our North Tyneside Plan

Appendix B(i) 2023-2028 Investment Plan Summary

Appendix B(ii) 2023-2028 Housing Investment Plan

Appendix B(iii) Prudential Indicators 2023-2028

Appendix B(iv) Draft Capital Investment Strategy

Appendix C 2023/24 Treasury Management Statement, Annual Investment Strategy and Credit Criteria

Appendix D	2023/24 Financial Planning and Budget Timetable of Key Future Decision Milestones
Appendix E	Glossary of Terms
Appendix F	HRA Business Plan 2023-2027
Appendix G	HRA Financial Plan, Reserves and Contingency Movement 2023-2027
Appendix H	Treasury Management Practices (TMPs) 2023/24
Appendix I	Reserves and Balances Policy 2023/24

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1.14 Background information:

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

- 2023-2027 Financial Planning and Budget Process, incorporating the Council Plan and associated Budget Engagement Strategy, Cabinet 19 September 2022. The report items are as follows:

<https://democracy.northtyneside.gov.uk/documents/s9784/2023-2027%20Financial%20Planning%20and%20Budget%20Process%20incorporating%20the%20Associated%20Engagement%20Strategy.pdf>

- CIPFA local authority reserves and balances;

<http://www.cipfa.org/policy-and-guidance/technical-panels-and-boards/local-authority-accounting-panel/laap-bulletins/laap-99>

- 2022/23 Financial Management Report to 30 September 2022 – Cabinet 28 November 2022;

Link to published report

- Autumn Budget and Spending Review 2021;

<https://www.gov.uk/government/publications/autumn-budget-and-spending-review-2021-documents>

1.14.2 The report also refers to other documents which are available at the office of the author:

- 2022/23 Efficiency Business Cases;
- Constitution; and
- Annual Governance Statement.

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

2.1.1 The financial implications arising from this report are appraised as part of the decisions made about what will be included in the Authority's Financial Plan, incorporating the 2023/24 Budget-setting process. Decisions on the Budget in relation to the General Fund, Housing Revenue Account, Dedicated Schools Grant, Investment Plan, Treasury Management Statement and Annual Investment Strategy need to be made within the overall context of the resources available to this Authority and within the legal framework for setting budgets. The Authority will need to closely examine the links with its key funding partners and their proposed financial plans, including an assessment of the impact of any grant fall-out over the proposed four-year resource planning period.

2.1.2 The report highlights that at this stage a further £5.996m of savings are required to balance the 2023/24 Budget, and over MTFP period savings of £23.532m are required. The assumptions leading to these forecasts are likely to change when the provisional Local Government Financial Settlement is announced. It is currently unclear if a 1-year or 3-year settlement is to be expected.

2.1.3 Cabinet and Council need to have due regard to the Chief Finance Officer's advice in relation to the levels of reserves and balances proposed as part of the four-year Medium-Term Financial Plan for 2023-2027, as issued in guidance from the Chartered Institute of Public Finance & Accountancy (CIPFA) in July 2014. A provisional statement to Council by the Chief Finance Officer is included in the Annex to this report.

2.2 Legal

2.2.1 This report, setting out the 2023-2027 Financial Planning and Budget; Initial Cabinet Proposals, has been prepared in compliance with the Authority's Budget & Policy Framework Procedure Rules contained in the Authority's Constitution. As stated in the body of the report, once approved by Cabinet the initial proposals will be submitted to the Overview, Scrutiny and Policy Development Committee as part of the Budget-setting process. The outcome of that Committee's review will be reported to Cabinet in February 2023 so that the review can be considered by Cabinet prior to the proposals for 2023-2027 Financial Planning and the 2023/24 Budget being submitted to full Council for Approval.

2.2.2 In accordance with legislative requirements and the Authority's Budget and Policy Framework decisions as to the Authority's Budget is a matter for full Council.

2.3 Consultation/community engagement

Internal Consultation

2.3.1 Each Cabinet Member has been consulted on the individual proposals put forward in this report, with regular discussions held between the Senior Leadership Team, the Elected Mayor and Cabinet.

External Consultation/Engagement

2.3.2 The Authority is committed to being an organisation that works better for residents and to ensure that it listens and cares. This commitment includes giving residents and other key stakeholders an opportunity to be involved in the Financial Planning and Budget process as outlined in the Budget Engagement Strategy which was approved by Cabinet on 21 September 2022.

2.3.3 The Authority's overall approach to engagement ensures that the public have opportunities to have their say throughout the year, through a series of different methods, including engaging with the Elected Mayor, Cabinet and ward members and through activities such as the Big Community Conversation and State of the Area Conference.

2.3.4 In all its engagement activity, the Authority is committed to ensuring that residents with protected characteristics, as set out in the 2010 Equality Act, can participate. In line with this an Equality Impact Assessment has been undertaken on the 2023/24 Budget Engagement Strategy and this is available on request.

2.4 Human rights

2.4.1 All actions and spending plans contained within the Budget are fully compliant with national and international human rights law. For example, Article 10 of the European Convention on Human Rights provides for a qualified right to freedom of expression, including the freedom to 'hold opinions and to receive and impart information and ideas without interference by public authority'. Article 8 of the Convention states that everyone has the qualified right to respect for private and family life and their home.

2.5 Equalities and diversity

- 2.5.1 In undertaking the Budget-setting process the Authority's aim will always be to secure compliance with its responsibilities under the Equality Act 2010 and the Public Sector Equality Duty under that Act.
- 2.5.2 To achieve this an Equality Impact Assessment (EIA) has been carried out on the Budget Engagement process. The aim is to remove or minimize any disadvantage for people wishing to take part in the engagement programme. Specific proposals on how services will seek to meet budgetary requirements will be subject to EIAs (Equality Impact Assessment), which will be informed by the findings of the Budget Engagement. A cumulative impact assessment of all of these will also be undertaken prior to Cabinet in January 2023 and will be made available to both Cabinet and full Council.

2.6 Risk management

Individual projects within the Financial Plan and Budget are subject to full risk reviews. For larger projects, individual project risk registers are / will be established as part of the Authority's agreed approach to project management. Risks will be entered into the appropriate operational, strategic, corporate or project risk register(s) and will be subject to ongoing management to reduce the likelihood and impact of each risk.

2.7 Crime and disorder

The Authority has in place a range of services that promote the reduction of crime and disorder within the Borough and are funded through the annual Budget and are included in the Medium-Term Financial Plan. Under the 1998 Crime and Disorder Act, local authorities have a statutory duty to work with partners on the reduction of crime and disorder.

2.8 Environment and sustainability

The Our North Tyneside Plan states that "We will reduce the carbon footprint of our operations and will work with partners to reduce the Borough's carbon footprint." A number of the proposals will contribute to this including those to reduce the Authority's energy consumption. The environmental and sustainability aspects of individual proposals will be assessed in detail as and when agreed and implemented to ensure these support the Authority's targets under the Carbon Net-Zero 2030 Action Plan.

PART 3 - SIGN OFF

• Chief Executive

• Directors(s) of Service

• Mayor/Cabinet Member(s)

• Chief Finance Officer

• Monitoring Officer

• Assistant Chief Executive

2023-2027 Financial Planning and Budget Process:

General Fund Revenue Budget,
Housing Revenue Account Budget,
Dedicated Schools Grant,
Investment Plan and Treasury
Management



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1. Introduction

- 1.1.1. In setting the Budget for the upcoming and future financial years it is crucial that the resource allocations align with the overall vision and strategic priorities of the Elected Mayor and Cabinet. Medium-term financial planning is fundamental in order to ensure that the Authority makes decisions by focussing on strategic priorities and has a clear financial vision and direction for the medium term.
- 1.1.2. The Authority is legally required to set a balanced Budget for the General Fund for 2023/24 to meet statutory duties and provide services such as social care and environmental services. For the Housing Revenue Account (HRA), the Council Taxpayer cannot subsidise those living in social housing and the rents and service charges paid by the tenants cannot be used to fund unrelated Council services. It is also illegal for an authority to budget for a deficit in its HRA or use HRA reserves for General Fund expenditure.
- 1.1.3. The duties and responsibilities imposed on local authorities through the Local Government Act 2003 are covered in sections 8 and 9, which covers the financial risks, risk assessment and actions necessary to mitigate against the risks posed within the Budget proposals. The Act requires Members and officers to consider the Chief Finance Officer's report on the robustness of the Budget and the adequacy of the Authority's financial reserves.
- 1.1.4. The Authority's 2022/23 Budget and MTFs were agreed in February 2022. At that time, it would have been impossible for the Authority to foresee the global economic impact of the Russian invasion of the Ukraine which has had and continues to have a long-lasting impact on the world economy. Rising interest rates and inflation have caused a significant impact leading to a cost-of-living crisis which will see a real term reduction in living standards for families throughout the Borough. At the time of writing inflation has reached 10.1% and it is expected that it will rise further towards the end of the financial year. This will have a significant impact on the cost of delivering essential Services and it will increase the costs associated with delivering the Investment Plan.

A number of pressures within the Authority's budget are driven by Central Government decisions, including elements of pay and price market pressures which are linked to the National Living Wage, social care reform, and pressures relating to assumed reductions in funding (for example the New Homes Bonus grant in 2023/24).

- 1.1.5. Despite the level of uncertainty, reviewing the Medium-Term Financial Plan remains essential to ensuring the Authority's medium-term financial sustainability. The Authority will have to make very difficult choices in the years ahead about which services to prioritise. To avoid cuts to services, the Authority continues to explore alternative options of service delivery to ensure that services remain fit for purpose in the context of smaller budgets. This may mean revisiting the expectations of residents to protect services for the most vulnerable. The opportunity to work with partners and neighbouring authorities remains to maintain and improve outcomes against a backdrop of reducing public spending.

2. Our North Tyneside Plan

- 2.1.1 The Our North Tyneside Plan 2021-2025 (the Council Plan) sets out the overall vision and policy context within which the Financial Plan and Budget proposals will operate. Since 2015 the Authority has worked to a clear set of priorities through the Our North Tyneside Plan. These priorities have formed the basis of the Framework for COVID-19 Recovery in North Tyneside.
- 2.1.2 On 23 September 2021, Council approved the updated Our North Tyneside Plan, which was refreshed following the Mayoral election on 6 May 2021 to reflect the policy priorities of the incoming administration and to consider feedback during the internal and external engagement carried out between 2 July 2021 and 15 August 2021.
- 2.1.3 The Our North Tyneside Plan is structured in five key themes and each theme has a clear set of policy priorities as set out below:
- A thriving North Tyneside
 - We will regenerate the high streets of North Shields and Wallsend, and in addition to the Master Plan for North Shields, we will bring forward Master Plans for Wallsend and Whitley Bay town centre areas. We will also bring investment and improvements to the North West area of the Borough and ensure that regeneration delivers ambition, opportunity and benefits for all our residents.
 - We will bring more good quality jobs to North Tyneside – by helping local businesses to grow and making it attractive for new businesses to set up or relocate in the Borough.
 - We will invest in adult education and to support apprenticeships to make sure people have the right skills for the job.
 - We will keep our libraries and leisure centres open as part of a vibrant range of cultural and sporting activities to support the health and wellbeing of our residents.
 - We will continue to be the destination of choice for visitors through the promotion of North Tyneside’s award-winning parks, beaches, festivals and seasonal activities.
 - We will reduce the number of derelict properties across the Borough.
 - We will review how the Authority purchases and contracts for goods and services to maximise value for money, social value and environmental sustainability.
 - A family-friendly North Tyneside
 - We will support local schools, making sure all children have access to a high-quality education with opportunities to catch up where needed after the pandemic.
 - We will provide outstanding children’s services, events and facilities so North Tyneside is a great place for family life.
 - We will ensure all children are ready for school including through poverty proofing for the school day – giving our kids the best start in life.

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

- A secure North Tyneside
 - Council wardens will work in partnership with Northumbria Police to prevent and tackle all forms of antisocial behaviour.
 - We will continue to invest £2m per year in fixing our road and pavements.
 - We will maintain the Council Tax support scheme that cuts bills for thousands of households across North Tyneside.
 - We will tackle health and socio-economic inequalities across the Borough including through our Poverty Intervention Fund to tackle food poverty; and
 - We will provide 5,000 affordable homes.

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

Performance against the priorities in the Our North Tyneside Plan

2.1.4 Our North Tyneside Plan 2021-2025 was approved on 23 September 2021 by Council, to reflect the policy priorities of the incoming administration following the Mayoral Election on 6 May 2021. A refreshed Our North Tyneside Plan Performance Report has been developed to monitor progress against the new priorities and objectives set out in the Council Plan. The latest performance report was received by Cabinet at its meeting on 19 September 2022. An overview of current performance against the key themes for the Our North Tyneside Plan is set out below:

- **A thriving North Tyneside**
 - **Regenerate high streets;** Master Plans are being developed for Whitley Bay, Wallsend and the North West area of the borough.
 - Work is underway in North Shields including public realm improvements, a new integrated transport hub, town square, planning permission has been granted for new family homes at the former Unicorn House Site,

- grant funding has been secured to develop a Cultural and Creative Zone and a bid has been submitted to the Levelling Up Fund for the Fish Quay;
- Northern Promenade improvement works completed at Whitley Bay and Active Travel Fund Bid successful;
 - At Wallsend, funding secured for a range of improvements at Segedunum Roman Fort and Museum. An expression of interest submitted to the National Heritage Lottery Fund. A bid has been made to the Levelling Up Fund to deliver public realm improvements along the High Street, transport connections and enhance Segedunum.
 - **Adult education and apprenticeships;** The number of advanced and higher apprenticeship starts increased during 2021. Intermediate apprenticeships decreased, in part due to national changes.
 - **Libraries and leisure centre offer;** visits severely impacted by the COVID-19 pandemic, but is showing recovery. Visits to Sport and Leisure Facilities in 2021/22 were two thirds the usual number pre-pandemic. Visits to Customer First Centres have reduced by 55% and Branch Libraries by 59%. Customer First Centres and Branch Libraries are being further developed as Community Hubs.
 - **Visitor destination of choice;** All three beaches retained their Blue Flag international status, as well as attracted Seaside Awards. Seven managed parks retained their Green Flag Awards after Preston Cemetery applied for the first time. Resident satisfaction with beaches and parks remains high.
 - **Derelict properties;** long-term vacant dwellings are at the lowest level in seven years at just over 1,000 dwellings.
 - **Contracts for goods and services;** a social value requirement has been included in the Authority's procurement and commissioning processes contribute to environmental sustainability and additional social benefits. By 2029 all our contracts will incorporate a 'greener target'.
- **A family-friendly North Tyneside**
 - **High quality education;** 96% of primary schools in North Tyneside are rated as good or outstanding by OFSTED, higher than the national performance. 88% of secondary schools are rated as good or outstanding, which is in line with the national performance.
 - **Outstanding children's social care services, events and facilities;** demand for children's services increased significantly during the COVID-19 pandemic and has remained high during 2021/22.
 - 257 children were subject to a child protection plan in 2021/22, higher than during the last 6 years;
 - 11,393 children safeguarding contacts received, 22% increase compared to previous year;
 - 12.1% of children in care have experienced 3 or more placements, reverted to pre-pandemic levels.
 - **Best Start in life;** 98.6% of children had a development review at 2-2 ½ years. 84% met the expected level of development in relation to communication, physical ability, social skills and problem-solving.
 - Just over a third of pupils with an Education, Health and Care Plan (EHCP) are educated in special schools, which is showing a decrease and better than regional performance. However, the authority continues to maintain a

disproportionate number of EHCPs compared to national averages and has submitted a High Needs Recovery Plan to the Department for Education.

- **A caring North Tyneside**
 - **Provide great care to all who need it;** During 2021/22, 86% people who received a short-term service subsequently received either no ongoing support or support of a lower level. Performance has improved in line with regional performance and is better than national performance.
 - **Improve working conditions of care workers;**
 - Continued to increase fees to external social care providers to take account of the increase in the National Living Wage;
 - Included an added element in the fee increase calculation to allow home care and extra care services providers to pay the Real Living Wage with the aim to support sufficiency in provision to support hospital discharge;
 - Continued to develop the Social Care Academy to support care providers and employees, also potential employees to get into care jobs in North Tyneside;
 - Endorsed the recommendations from the Home Care Study Group (a sub-group of the Adult Social Care and Health Scrutiny Sub-Committee) to support improvements in home care provision in North Tyneside.
 - **People will be cared for, protected and supported;** despite an increase in homeless presentations, priority acceptances are consistent at 5% of all presentations.
 - **Support local community groups, carers and young carers;** continue to work with VODA on a range of initiatives and support capacity via the Sector Connector project. Highlights include:
 - Spirit of North Tyneside Hub at Wallsend Customer First Centre;
 - Delivering £400k grant fund to 15 VCSE organisations on projects to support Equally Well Strategy;
 - Supported volunteers to welcome Ukrainian families to the borough;
 - Piloted a leadership programme for VCSE sector CEOs;
 - Created free online safeguarding training for VCSE sector.
 - **Reduce inequality and eliminate discrimination;** since September 2021 the Embedding Equality Programme has made good progress updating policy and procedures, developing training, improving accessibility, attracting grant funding, developing strong staff networks and diversity allies. As well as promoting equality in North Tyneside at UK Pride in Newcastle.
- **A secure North Tyneside**
 - **Working in partnership to prevent anti-social behaviour;** almost half of residents perceive anti-social behaviour and crime as an area that needs to be improved and less than half feel safe in their local area after dark. A multi-agency North Tyneside Anti-Behaviour Task Force has been established to develop and deliver a shared plan to tackle ASB.
 - **Additional £2m on road and pavement repairs;** Only 2% of principal roads and 2% of non-principal roads managed by the Authority should be considered for maintenance, significantly better than the national benchmark (4% principal roads and 6% non-principal roads). Resident satisfaction with road and pavement maintenance is consistently lower compared to other Authority services and is identified as most in need of improvement.

- **Council Tax Support Scheme;** as part of the 2022-2026 Financial Planning and Budget Process Proposals the Council Tax Support Scheme was extended, allowing applicants to backdate claims up to 26 weeks, rather than 4 weeks. The Hardship Support Scheme for working age claimants with payments of £150 was also extended. There has been a 6% decrease in claims since 2019/20, as more residents are now in work.
 - **Tackling health and socio-economic inequalities;** a range of activity is underway as part of the Holiday Activities and Food Programme, Household Support Fund and Poverty Intervention Fund.
 - Provisional figures for 2020/21 show that 24% of children under the age of 16 are living in relative low income families and 22% are living in absolute low income families. This proportion is significantly higher in more deprived areas.
 - The variance in life expectancy between most and least deprived areas is 9.9 years for women and 11.4 for men, both higher than national figures.
 - **Affordable Homes Programme;** 1,934 new homes built to date, on track to meet ambitious 5,000 affordable homes target. A new 2-phased programme to meet the 5,000 affordable homes target was approved by Cabinet in February 2022.
- **A green North Tyneside**
 - **Increase recycling;** during 2021/22, household reuse, recycling and composting remains consistent at 38% and landfill fell to just above 4%. The COVID-19 pandemic impacted on the level of waste during 2020/21 and 2021/22, as residents spent more time at home.
 - **Crack down on littering;** The Environmental Hit Squad introduced in 2019 have increased capacity to manage demand. The team are used 4-5 times per day and average 900kg per day in uplift of fly tipping. Fixed penalty notices issued for litter and fly tipping offences remain consistent.
 - **Support low income households to install low-carbon heating;** £8m funding has been secured from the Green Homes Grant Local Delivery Scheme to install low carbon heating, energy efficiency measures and renewable energy systems in over 500 homes with low-household incomes. Measures have been installed in 260 homes so far.
 - **Increase safe walking and cycling opportunities;** 72.1% of adults in North Tyneside walk or cycle at least once a week, which is showing an upward trend and slightly higher than regionally and nationally. 13.1% of adults in North Tyneside cycle at least once a week, higher than regionally and nationally.
 - **Publish an action plan to make North Tyneside carbon net-zero by 2030;** Council operations carbon emissions have decreased by 53% since 2010/11. In August, Cabinet approved the Carbon Net-Zero 2030 Action Plan. A range of carbon reduction and offsetting projects are being delivered including installation of low carbon heating systems, energy efficiency equipment and renewable energy systems in council buildings and residents homes, the electrification of the council's vehicle fleet, investment in sustainable transport and the creation of a North-East Community Forest.

3. General Fund

3.1 Council Tax Support

- 3.1.1 In 2013/14, the national Council Tax Benefit scheme came to an end, and Local Council Tax Support was introduced in its place. At the same time, funding was transferred into the Settlement Funding Assessment (SFA) (comprising Revenue Support Grant and Business Rates) after being cut by over 10%. As this funding is not separately ring-fenced within the SFA, it has effectively been cut at the same rate as the Authority's SFA has been cut for each subsequent year. This has put significant additional strain onto the General Fund Budget and resulted in the Authority, as well as many other local authorities, seeking to collect some Council Tax from working age people who previously received 100% Council Tax Benefit.
- 3.1.2 Under national rules pensioners are protected from any capping of maximum awards to ensure they are not subject to a reduction in Local Council Tax Support and may still be awarded reductions of up to 100% of their Council Tax liability. Council Tax Support under the current scheme for working age claimants is capped at 85% of an individual's Council Tax liability, meaning that working age people are charged 15% of their Council Tax before they receive Council Tax Support. There is no proposed change to the cap being considered for 2023/24.
- 3.1.3 The financial risks the Authority is currently facing is such that there are no changes proposed to increase the cap in the current scheme. Since 2020/21 the Authority has provided additional support to residents who are entitled to Council Tax Support by way of providing an additional £150 Council Tax Hardship payment. The cost of providing this support to the Authority is in the region of £1.5m. The Council Tax Hardship payment is currently under review by Cabinet as part of their Budget policy considerations. This will form part of the Budget engagement discussions during December 2022 and January 2023.

3.2 Business Rates

- 3.2.1 The level of Business Rates is set by the Government and is based on the rateable value of non-domestic properties across North Tyneside. Prior to April 2013 the Authority had no direct financial interest in the collection of Business Rates and acted purely as an agent of the Government. However, the Authority currently retains 49% of the business rates it collects and pays the other 51% over to the Government (50%) and the Tyne and Wear Fire and Rescue Authority (1%). This was due to the introduction of the Business Rate Retention Scheme. This resulted in a direct financial incentive to maximise the amount of business rates collected in North Tyneside.
- 3.2.2 The Government has yet to make any announcements which would have a direct impact on Business Rates for 2023/24. As a consequence, the planning assumptions remain unchanged until such announcements are made. Whilst the Authority are not anticipating a significant impact of any changes there is still uncertainty relating to the Business Rates resources available for 2023/24. Officers will continue to monitor the current position and will carry out further analysis when more information is available.

3.2.3 The Authority continues to carry the risk that business rates could be impacted in the event of business closures or increases in the number of properties claiming empty property relief where businesses either cease trading or seek to take advantage of changed working patterns to reduce property costs. However, on a positive note, the Authority has not seen a material reduction in the Rateable value, nor a surge in appeals against rateable values to date.

4. Housing Revenue Account (HRA)

4.1 Introduction

- 4.1.1 The HRA is required to produce a 30-year Business Plan, however, a four-year Medium-Term Financial Plan (MTFP) for revenue has been produced which brings this in line with the same MTFP period as the General Fund.
- 4.1.2 Whilst the current economic situation presents significant challenges, the Authority is still able to produce an MTFP for the HRA, which enables over £299m of revenue spend over the next 4 years to manage and maintain the housing stock and meet the aspirations of Cabinet and tenants.
- 4.1.3 As well as protecting the significant investment in the service delivered via revenue and the MTFP, the HRA also represents a significant element of the Authority's overall Investment Plan. In line with the key priorities of Cabinet outlined above, over the next 5 years a total of £141.916m has been provided to enable the existing stock to be maintained at the Decent Homes Standard. In addition, in line with the Mayor and Cabinet's Affordable Homes pledges, a total of £18.492m has been identified to fund the new build schemes identified in the Affordable Homes Plan.
- 4.1.4 The proposals to resource the revised MTFP and 30-year HRA Business Plan will be subject to the full engagement process, and consultation over the choices available to ensure the objectives can be achieved.

4.2 Background and Policy Context

- 4.2.1 The Authority is responsible for managing just under 14,200 homes. Rents and service charges provide most of the resources available to the HRA, which is then used to fund the management and maintenance of the housing stock. This income and expenditure are accounted for in a ring-fenced account as required by law under the Local Government and Housing Act 1989. Although accounted for separately, the HRA forms an intrinsic part of the Authority's overall vision and Council Plan, and this report sets the context within which the HRA Financial Plan and Budget proposals are set.
- 4.2.2 The Authority is still facing difficult times as it emerges firstly from the challenges created by the COVID-19 pandemic, seeking to move to as much of a 'business as usual' state as possible, to then be hit by the economic uncertainty caused by the conflict in Ukraine, and the significant economic downturn being experienced by all the major economies across the globe. In line with all areas of operation across the Authority, housing has continued to adapt and adjust to keep providing the most efficient services possible to tenants. Inflation rates of over 10% and shortages in obtaining certain key materials through the supply chain, continues to test the ingenuity of the Authority's procurement and operational teams. The budget proposals for 2023/24, where relevant, have sought to ensure that service delivery can be maintained in essential areas, and that resources are identified to cover increased supply chain costs where there may be material shortages and delays.
- 4.2.3 The Authority is still facing the impact of the continued roll-out of Universal Credit and other welfare reforms, which brings greater pressure on tenants in terms of managing their finances, and on the Authority's income collection teams who have a

responsibility to try and help sustain tenancies, and help tenants manage their money so that they do not end up in financial hardship or significant arrears, all of which could have a direct impact on the HRA, and the quality of the services that are then provided.

- 4.2.4 Following the removal of the HRA debt cap in 2018, it is the responsibility of the Authority to determine the level of any unsupported borrowing it wishes to undertake to fund newbuild or decent homes work, in line with the Prudential Code, which means applying the key tests to ensure that any debt taken on is “prudent, affordable and sustainable”. The approach to debt management is reviewed yearly and is discussed in more detail below.
- 4.2.5 April 2019 saw the Housing Property Services operation established within Environment, Housing and Leisure which has now moved into the newly formed Housing and Property Services function. The first 3 years of operation have been highly successful despite the challenges posed by COVID-19 and the subsequent recovery period, and has seen over £134m of construction works and repairs delivered across the Authority’s housing stock and public buildings portfolio. The benefits identified from the benefits realisation process were baked into the HRA Business Plan in previous years, and have helped to maintain and support core service provision and enabled initiatives such as the property Health-check programme to be funded to meet tenant priorities, and also to continue supporting the Mayor and Cabinet’s ambitions in relation to the Affordable Homes Programme.
- 4.2.6 2022/23 has seen the continuation of a significant programme of works being delivered by Housing Property Services, being on course to deliver over £50m of additional works. This has included new challenges such as starting to address the need for significant sustainability measures to be undertaken across our stock, to help tackle the climate emergency and address Cabinet’s decarbonisation ambitions. These factors along with issues relating to pay awards, and the continued difficulties in sourcing certain materials have all been considered in refreshing Authority’s Housing Asset Management Plan. A full review of the Asset Management Plan has been undertaken, and further work is ongoing to continue to develop and improve the service, to enable it to best meet the ongoing needs of tenants and residents whilst delivering greater efficiency and improved value for money.
- 4.2.7 All of these challenges continue to be considered as part of the updating of the 30-year plan which aims to ensure the long-term viability of the HRA in line with the policy direction of the Mayor and Cabinet and the needs of tenants. For the purposes of the current Financial Planning and Budget process, a four-year revenue plan has been developed in line with the approach adopted for the General Fund. Cabinet is advised that projections beyond 2023/24 are indicative at this stage. A five-year timeframe is being proposed for the Housing Capital Investment Plan once again in line with the 2023-28 General Fund Investment Plan.
- 4.2.8 HRA tenants will be consulted on these initial proposals, and the final HRA Budget will be presented to Cabinet in January 2023. At that meeting in January, Cabinet will be asked to approve the HRA Business Plan and Budget for 2023/24, including the housing rent, garage rent and service charge changes along with the Housing Capital Investment Plan.

4.3 Key Objectives and headline assumptions for the Housing Service

4.3.1 The over-riding objectives for the housing service which remain largely unchanged and in line with the agreed Housing Strategy and, as far as possible within financial constraints, are to:

1. Ensure the application of the principles of economy, efficiency, and effectiveness;
2. Continue to invest in the existing stock to maintain the Decent Homes Standard;
3. Maintain and develop effective engagement with tenants;
4. Continually monitor the impact of changes such as Universal Credit and other welfare reform on tenants and ensure they have the appropriate support;
5. Work with private landlords to refurbish stock where appropriate;
6. Undertake environmental improvements to estates to ensure that they are clean and safe;
7. Support the delivery of Affordable Homes across the Borough;
8. Specifically increase the delivery of new-build homes where practicable;
9. Create sustainable tenancies and maximise rental income collection;
10. Undertake sustainability measures across the housing stock as appropriate and affordable to help address the Climate Change Emergency;
11. Continue to invest in the Authority's Apprenticeship programme to ensure that it develops the workforce to sustain and improve housing services in the future;
12. Continue to support the Working Roots programme to give some disadvantaged young people the chance to learn new skills, gain meaningful qualifications, and in some cases embark on a career.

4.3.2 The key headlines for the HRA Budget for 2023/24 are as follows:

1. Rent and Service Charges

- A) Rent Policy - April 2020 saw the re-introduction of rent increases based on the Consumer Prices Index (CPI) plus 1% for at least the next 5 years. The baseline for 2022/23 was the CPI rate as of September 2022 which was 3.1%. The rent increase proposed for 2022/23, in line with Government policy, was 4.1%. However, since that time as Members will be aware various economic turbulences being experienced by the world economy due to a range of factors, has seen the largest inflationary increases in over 4 decades. Due to these inflationary pressures the Government is concerned about the impact this would have on rent increases for tenants in 2023/24. On 31 August 2022 the Department for Levelling Up, Housing and Communities issued a consultation document on social housing rents, which concluded on the 12 October 2022. They were seeking views on a new Direction to be issued to the Social Housing Regulator in relation to social housing rent policy. The Government is proposing the introduction of a rent ceiling for 2023/24 to limit the maximum amount by which rents can be increased. The September 2022 rate of CPI was 10.1% and following the existing policy would see a rent increase of 11.1% for 2023/24. The Government's proposal is for a ceiling of 5% or CPI + 1%, whichever is the lower. In addition, however the Government were also seeking views on limits of 3% and 7% or any other proposals. At this stage the refreshed and balanced HRA Business Plan is based on following the Government's proposed rent cap and setting rent at 5% for 2023/24.

- B) The impact of these proposals on the HRA Business Plan is to increase forecast rental income, however it also brings with it the issue of significantly increased costs as well as a number of other challenges such as the 2022/23 pay award, the Government White Paper regulations following the Grenfell disaster, Craftworkers Pay Review, decarbonisation measures etc.

The package of measures within these budget proposals is intended to ensure that the HRA has a balanced plan over 30 years, and is able to support the Cabinet and Mayoral priorities of:

- a commitment to deliver more affordable housing and provide the resources necessary to maintain the HRA element of the Affordable Homes strategy;
 - Maintaining the tenants' priorities budget within repairs to focus on key areas of need, those initial areas of focus being pest control, empty homes standard and property health checks;
 - Strengthening the resources available to support tenants in coping with the changes arising from welfare reform, the continued roll-out of Universal Credit and the deepening cost of living crisis;
 - Ensuring that existing housing stock is maintained to the Decent Homes Standard;
 - Identifying resources to undertake sustainability measures across the housing stock to start to tackle the Climate Change Emergency declared by the Authority;
 - Continue to support the apprenticeship programme;
 - Continue to support the Working Roots programme.
- C) It is proposed to increase service charges for 2023/24 in line with the Government proposed cap of 5%.
- D) A review of the garage letting process was concluded and implemented in 2019/20 which resulted in a phased approach over two years to harmonise garage rents. This exercise was completed in 2021/22, so for 2023/24 it is recommended that garage rents will increase in line with service charges being based on the Government proposed cap at 5%.
- E) The Authority will continue to move to target rent when properties become empty.
- F) An initial review of service charges attached to North Tyneside Living schemes has been undertaken, and service charges attached to those schemes will be increased in line with CPI i.e. 5.0%. However, as the schemes continue to become established and fully operational, the Authority is endeavouring to gather more accurate trend data and ensure that service charges reflect actual costs as closely as possible.
- G) The Authority also continues to monitor the impact of welfare reform changes. Service charges on affordable rent properties are not exempt, as the 80% of market rent calculation includes any service charges. The importance of ensuring that tenants continue to be kept fully informed of the requirements of the scheme is fully recognised and ensuring that they are supported in

managing the impact of any further changes. In North Tyneside Universal Credit numbers continue to increase, at the end of March 2022 there were 3,712 tenants on Universal Credit with arrears totalling £2.934m, by the beginning of November this number had risen to 4,171 with total arrears of £3.264m. The Authority has already allocated additional resources to support those tenants affected by the changes in previous year's Budgets. There is a continued focus on trying to ensure that tenants are getting the support they need, and the information they need in relation to avenues they can explore not just for managing their rent, but also for accessing other sources of help during the current cost of living crisis. The impact of the additional resources allocated in this area has been evidenced by a slow-down in the rate at which arrears have been increasing, albeit they are still increasing overall. Members will continue to be updated of any significant further welfare reform changes.

- H) The policy of tenants' weekly rent being spread over 52 weeks will continue, although for those residents that wish to continue paying over 50 weeks this option has been available.

2. The Housing Capital Investment Plan 2023-2028

The Housing Capital Investment Plan has been refreshed based on the revised Asset Management Strategy, along with revised sums identified to fund new build proposals. The key assumptions that have been made in developing the Housing Capital Investment Plan for 2023-2028 are as follows:

- A) Ensuring post COVID-19 pandemic, that any necessary lessons were learnt in relation to keeping work sites COVID-secure and ensuring any necessary measures are followed in the workplace and out on site to protect the workforce and our residents;
- B) Review of Housing Investment Plan spend based on maintaining Decent Homes, continuation of a fencing programme and other core items included in the refreshed Asset Management Plan, would see core spend of £141.916m over the next 5 years 2023-28, plus new build spend of £18.492m based on continuing where possible the existing approach to HRA new build within Cabinet's overall Affordable Homes Strategy; and
- C) Spend for 2023/24 of £29.597m including £2.533m for the continuation of a new build / conversion / acquisition council house programme.

These figures are based on maintaining the key principles of Cabinet's existing approach to debt management and self-financing.

3. Housing Repairs Budget 2023/24

Cabinet was presented two years ago with a proposal to create a Tenant Priorities budget from some of the savings realised from the creation of the Housing Property and Construction Service. A significant amount of work was undertaken to look at tenant priorities, and a list of options for prioritising resource allocation was put forward, and for the last three years the following have been given priority:

- Improving the Empty Homes standard;
- Free pest control service for tenants; and
- Property health checks i.e., scheduled maintenance visits as opposed to reactive ones to properties identified as high maintenance.

These priorities were extended due to the delays caused by the pandemic. In the light of the continued positive reaction of tenants to the property health-checks and the improved Empty Homes Standard, it is recommended that these areas remain the focus of the tenant priorities budget for 2023/24, as the objectives remain key to meeting tenants' aspirations.

4. Unified Systems ICT Project

2021/22 saw the start of a major exercise to fundamentally review all the Housing ICT systems currently in use across the service, as well as elements that would apply across the whole authority, namely, Asset Management systems. Northgate had never been fully reviewed to assess its ongoing suitability and whether it needs to be replaced or upgraded. The original contract for the Accuserv system used to support HPS's activity was coming to an end and so it was critical that this was also reviewed. A full procurement exercise was undertaken to engage with the market and seek a unified systems solution. On August 30, following the completion of the tender process, the council selected NEC Software Systems (formerly Northgate) to create and provide this new system.

The system will cover elements of a number of services across the council, including:

- Housing, including rent payments and neighbourhoods
- Property Services
- Strategic investment and Property
- Revenues and Benefits
- Health and Safety teams
- Leisure services
- Schools
- Information Technology team

This is a major project requiring dedicated resources along with a proper governance process to ensure success. Revenue and capital resources have been identified and put into the HRA Plan for a 4-year period starting in 2021-22 to enable this work to be carried out. The figures have been refreshed and will continue to be revised each year as the project develops, to confirm and ensure that the appropriate revenue and capital resources are in place to successfully deliver this change.

5. HRA Unallocated Working Balances

Sustain unallocated working HRA balances at a minimum of £2.5m across the life of the 30-year Business Plan this stage.

6. Right to Buy (RTB) Sales

RTB sales have increased significantly since the start of self-financing at the end of 2011/12.

Table 1: Right to Buy Sales 2011/12 to date

2011/12	30
2012/13	85
2013/14	122
2014/15	100
2015/16	135
2016/17	136
2017/18	158
2018/19	135
2019/20	120
2020/21	115
2021/22	169
2022/23 to-date (Sept)	69

As part of changes the Government introduced in 2012/13, the Authority signed an agreement that allows RTB receipts above the levels assumed as part of self-financing to be retained if they are used to fund new build homes at a 30% contribution rate within 3 years. In 2021/22 these rules were relaxed slightly to allow up to 5 years for the money to be spent, with an intervention rate of up to 40%. This agreement has seen an additional £8.654m of additional Capital Receipts retained to the end of 2021/22, which has helped deliver £23.425m of new build schemes. The trend in RTB sales is reflected in the 2023/53 Business Plan profile for stock numbers.

7. Treasury Management Strategy (TMS) and the HRA Borrowing “Cap”

The HRA is an integral part of the Authority’s TMS. When self-financing was introduced in 2012/13 all stock-retaining authorities had to decide on their approach to debt. Each had to either take on additional debt or have debt paid off, based on the assessed ability of the level of debt that their business plans could be expected to manage. For the Authority, this meant borrowing £128m of loans from the Public Works Loan Board to pay the allocated share of debt to the Treasury. Each authority was allocated a “cap” representing the maximum amount of debt that could be held by the HRA. This Authority was one of only a handful nationally where the debt held was above the “cap.” Actual debt was £290.825m compared to the calculated cap of £270.585m but the Government “flexed” the cap to match the actual position.

All authorities were in different positions regarding actual debt held and the cap; most were below but many were at or near the cap which restricted their options. Each had to decide what debt and risk approach they would take to both fund investment in existing stock and potentially any new build opportunities. Cabinet agreed at this point to set aside money where possible to repay debt each year, to bring the overall debt holdings down below the cap. The recommended strategy was not to seek to repay all debt held over the initial 30 years. This

approach enabled revenue surpluses to be created, which have been utilised to fund a programme of HRA new build spend totalling £23.425m to the end of 2021/22. By the end of March 2022, the Authority's actual HRA debt stood at £244.672m compared to the £290.825m "cap", and by March 2023 it is anticipated that the debt will drop further to £242.005m. The Authority has already created some headroom through the prudent approach agreed to its Treasury Management strategy.

The 2023/24 draft Budget proposals are based on the existing Cabinet agreed policy approach to debt. Last year there was a slight adjustment to the approach, as the rate at which debt is repaid was slowed down, in order to help fund a package of savings that countered the loss of an estimated £45m of rental income due to the low rate of CPI in September 2021. In order to balance the proposed plan for 2023-53 there will need to be some further reduction in the amount of debt repaid. Based on the current approach to debt management it is still estimated however that up to a further £69.731m of debt could be repaid over the next 30 years, compared to £81.166m in the base model based on an assumed target 3% rent increase per annum.

The table below shows the reduction in HRA debt included in the current proposals.

Table 2 – Impact on HRA Debt 2023-53 of Revised Business Plan

Description	Debt Movement £m
Opening Self-Financing Debt	290.825
Opening HRA Debt 01/04/2023	242.005
Closing HRA Debt after 30 Years	172.274
Debt Repaid over 30 years	69.731
Debt Repaid from start of SF	118.551

8. Self-Financing and Depreciation

From 2017/18 the Government has required that all local authorities calculate a true depreciation charge as an actual cost to the HRA. The approach developed by this Authority calculates a simple depreciation charge based on splitting investment works across several component elements of a building and linking that to the way the Authority's properties are valued using several "beacon properties" i.e., a sample of properties which represent the different standard types of properties held by the Authority. The level of depreciation calculated using this method will be able to be contained within the amounts currently budgeted in the 30-year HRA Business Plan, and these sums are allocated directly to fund the Housing Capital Investment Plan.

4.4 HRA Summary Financial Plans

4.4.1 In summary, the HRA Business Plan modelled to create the draft proposals has the following key assumptions, most of which are based upon continuing with current Mayoral and Cabinet policy priorities:

- Additional rental income of with a proposed increase for 2023/24 of 5%, with a longer-term assumption based on CPI target equivalent to 3% per year (to be reviewed annually).
- Garage rent and service charges will increase in line with the proposed rent increases of 5% for 2023/24.
- The Tenant Priorities budget created last year will be maintained particularly given the positive reaction to the approaches being taken by tenants, and the focus will remain on the currently identified priorities.
- Appropriate revenue and capital resources will be identified and maintained in place over the next 3 years to complete the full implementation of the Unified Systems solution, replacing current ICT systems and solutions to help support the development of more efficient and effective services.
- Continue supporting the Authority's Apprenticeship programme and the Working Roots scheme.
- The base Capital Investment Plan has been refreshed based on an update of the Asset Management Plan and includes continuation of a new build programme in line with Mayoral priorities and the Affordable Homes Plan.
- Resources have also been identified to tackle the Climate Change Emergency declared by the Authority, to undertake a range of sustainable measures across the housing stock to reduce its carbon footprint.

4.4.2 The updated HRA Business Plan for 2023-2028 contains over £18m to support a HRA new build programme over the next 5 years, whilst continuing to repay some debt. The impact of the current global economic downturn on interest rates and inflation will continue to be monitored to assess any potential impact on the HRA Business Plan. It is prudent that Cabinet maintains its current prudent policy approach to debt management and borrowing at this stage, until more surety can be gained over future economic trends.

4.4.3 Appendix F shows the revised four-year HRA Business Plan 2023-2027, and Appendix G splits those changes between Pressures and Growth, Efficiencies and Reserves and Contingencies. The HRA Business Plan for 2023-2053 (available as a background paper) starts with an assessment of the budget monitoring position as of 30 September 2022, and the impact on HRA balances for this year. At that point, as is being reported to this meeting of Cabinet, the HRA is predicting an underspend of £0.090m against Budget for 2022/23, due to a combination of factors whereby improved rental income forecasts and savings against Bad Debt Provision and Management Contingency are covering pressures brought about by the proposed 2022-23 pay award, increased repair costs and higher energy costs. This means that the opening balances feeding into the Business Plan as of 31 March 2023 are forecast to be £3.220m as shown in Appendix F.

The five-year Housing Investment Plan 2023-2028 is included within Appendix B (ii).

Appendix G also shows a further breakdown of the movement on Reserves and Contingencies which includes a contribution from reserves of £0.383m for 2023/24. It is not proposed to adjust contingency budgets in 2023/24 following a review and revision of the levels held for the 2022/23 budget, with separate provision made for inflation and pay awards of £1.725m for 2023/24 (which includes rebasing for the additional costs of the 2022/23 pay award, as well as provision for increased material and subcontractor costs).

5. Dedicated Schools Grant (DSG)

5.1 Background

5.1.1 The Dedicated Schools Grant (DSG) can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance Regulations 2018. The DSG funds those delegated budgets allocated to individual schools, nurseries (and other early years settings) and, high needs provision including special schools and alternative provision.

5.1.2 In September 2017, the Department for Education (DfE) published the response to the stage 2 National Funding Formula (NFF) consultation and confirmed the details of the NFF for the Schools block. In 2023/24, the DSG will continue to be comprised of four blocks covering: Schools, High Needs, Early Years and the Central School Services. Each of the four blocks has their own funding formula. In 2019, the DfE confirmed that the transitional arrangements where local authorities would continue to set a local formula to distribute funding to individual schools will continue into 2023/24 with the earliest expected move to “hard” NFF now expected in 2025/26.

5.1.3 In 2023/24, as in 2019/20 to 2022/23, the Authority will receive its DSG funding based on the DfE National Funding Formula (NFF). In July 2022, the DfE published indicative allocations under the NFF at school level using October 2021 census data. This shows the funding level for each mainstream school based on the NFF using the 2022/23 Primary Unit of Funding (PUF) and Secondary Unit of Funding (SUF) with October 2021 pupil numbers.

This information is for planning purposes only as local formulae used by each local authority can still vary from the NFF within the guidance issued by the DfE. The DSG allocation to the Authority for 2022/23 will be published in December 2022 using the October 2022 census results.

5.1.4 The Schools NFF for 2023/24 will continue to have the same factors as at present. The Government announced its intention to implement the formula to address historic underfunding and move to a system where funding is based on need. The key aspects of the formula for 2023/24 are:

- The minimum per pupil funding levels will be set at Primary £4,405, Key Stage 3 £5,503 and Key Stage 4 £6,033; and
- The funding floor will be set at 0.5% per pupil. This minimum increase in 2023/24 allocations will be based on the individual school’s LFF allocation in 2022/23.
- Rolling the 2022 to 2023 schools supplementary grant into the NFF.
- Increasing NFF factor values (on top of amounts added for the Schools Supplementary Grant) by:
 - 4.3% to free school meals at any time in the last 6 years (FSM6) and income deprivation affecting children index (IDACI)
 - 2.4% to the basic entitlement, low prior attainment (LPA), FSM, English as an additional language (EAL), mobility, and sparsity factors, and the lump sum.
 - 0.5% to the floor and the minimum per pupil levels (MPPL)
 - 0% on the premises factors, except for Private Finance Initiative (PFI) which has increased by Retail Prices Index excluding mortgage interest payments (RPIX) which is 11.2% for the year to April 2022

In addition, two important restrictions will continue:

- Local authorities will continue to set a Minimum Funding Guarantee in the local formula, which in 2023/24 must be between +0.0% and +0.5%. This allows them to mirror the real terms protection in the NFF, which is the Government's expectation; and
- Local authorities can only transfer up to 0.5% of their School Block to other blocks of the DSG, with their schools' forum approval. To transfer more than this, or any amount without their schools' forum approval, they will have to make a request to the Department for Education, even if the same amount was agreed in the past two years

5.1.5 The spending Review 21 confirmed another £4.7bn for core schools' budget nationally by 2024/25, which brings a suggested cash increase of £1,500 per pupil by 2024/25 compared to the 2019/20 Spending Review. Details of expressly what this mean for schools for 2023/24 remains outstanding so the following paragraphs are indicative based on current information.

5.1.6 The North Tyneside illustrative allocation for the Schools block, Central Schools Services block, Early Years and High Needs block in 2023/24 (using census 2021 i.e. static pupil numbers) is shown below.

Table 3: Indicative Dedicated Schools Grant funding allocation 2023/24

	2023/24 Schools block units of funding (£'s)	School Block	CSS Block	Early Years Block	High Needs Block	Total Indicative DSG 2023/24
		£m	£m	£m	£m	£m
Primary per pupil rate (£)	£4,771					
Secondary per pupil rate (£)	£6,277					
Indicative DSG Settlement		146.813	1.620	14.673	31.987	195.093

5.2 Schools Block

5.2.1 Officers from the Authority have been working to review the Authority's Local Funding Formula (LFF) for schools and what the potential impact would be for the LFF to remain aligned to the National Funding Formula (NFF). An update of that work was presented to Schools Forum on 21 September 2022 and a consultation proposal was approved to cover all schools, to enable Schools Forum to reach agreement on three proposals were put forward. These were: -

- To continue to use factors in line with NFF, funding permitting;

- To allow the Authority to set a Minimum Funding Guarantee (MFG) and capping based on affordability;
- To support a 0.5% transfer from the Schools block to High Needs block to fund the projects outlined by SEND/SST services.

A finance and resources update was also presented to schools at 2 separate briefings outlining the main changes across all blocks of the DSG and outlining the 0.5% Schools block transfer to the High Needs block. The outline consultation questions were also shared at the briefings to allow for any changes to be made in advance of the consultation launch. The consultation exercise was launched for schools to complete between 17th and 31st October 2022, with all headteachers, school leaders and governors given the opportunity to reply.

5.2.5 The outcome of the consultation was presented to Schools Forum at its meeting on 10 November 2022. The consultation results will be shared and reviewed by the Cabinet Member for Finance and Resources, Cabinet Member for Children Young People and Learning, the Director of Commissioning & Asset Management and the Director of Resources as per recommendation in paragraph 1.2 of the cover report to this Annex.

5.3 High Needs Block

5.3.1 In common with most authorities, North Tyneside Council is continuing to see rising pressures within provision for children with special educational needs. This is due to the increasing complexity of the needs of children and young people in addition to general rising cost levels mainly as a result of pay inflation. The number of children with an Education Health and Care Plan (EHCP) continues to increase and there are a rising number of pupils with Autism Spectrum Disorder (ASD) as their primary need. The forecast outturn for high needs as at September 2022 is estimated at £18.622m.

5.3.2 In addition, in July 2022, the Authority was formally invited by the Department for Education (DfE) to take part in the 'safety valve' intervention programme, with the aim of agreeing a package of reform to the Authority's high needs system that will bring our Dedicated School Grant (DSG) overspend under control. The Authority is required to demonstrate this package of reform within a DSG Management Plan which shows that it can create lasting sustainability, effective for children and young people, which includes reaching an in-year balance within five years. Where the Authority does this, the DfE will enter into an agreement with the Authority, subject to Ministerial approval. Where there is evidence of progress in reaching that in year balance, the DfE will provide additional funding over time, with a view to removing the Authority's DSG deficit.

5.3.3 The Authority is undertaking engagement with partners across Special Educational Needs and Disabilities (SEND) to co-create the DSG Management Plan. An initial draft has been submitted to the DfE and together, with them and schools, the Authority will continue to refine the Plan before a final submission is made on 3 February 2023. The plan currently includes an assumption that there will be a 0.5% transfer from the Schools block to the High Needs block of the DSG, which needs to be approved by Schools Forum. The Secretary of State for Education will inform the Authority in March 2023 if it has been successful to enter onto the programme.

5.4 Early Years Block

54.1 The DfE has not yet published the expected value of the Early Years block funding. To provide illustrative values the 2022/24 actual funding allocation of £14.7m has been assumed.

54.2 Local authorities are required to use a locally determined, transparent formula to set the funding rates for the Government-funded childcare entitlements for all types of provider. This is known as the Local Early Years Funding Formula (LFF). Local authorities are required to consult providers and Schools Forum on annual changes to their LFF.

5.5 Central Schools Services Block

55.1 The Central Schools Services block (CSSB) provides funding for local authorities to carry out the statutory duties they hold for both maintained schools and academies in England. Schools Forum is required to approve the proposals for expenditure from the CSSB. Schools Forum will consider certain elements of funding that are held centrally within the funding allocations (known as centrally retained and de-delegated items) which are applied to benefit pupils across the Borough.

55.2 The CSSB allocation has reduced again in 2023/24 by £0.159m which reflects the DfE's plan to reduce overall funding of this block. The historic commitments element has been reduced by 20% per annum, in line with strategic DfE published plans over the last two years.

5.6 Timetable for Agreeing 2023/24 Distributions

56.1 The key dates which must be met in setting 2023/24 school budgets are shown in Table 4 below. This report is requesting authorisation for the Director of Resources, in consultation with the Director of Commissioning and Asset Management, the Cabinet Member for Children, Young People and Learning and the Cabinet Member for Finance and Resources, to undertake resource allocations to schools to meet these deadlines.

Table 4: Key dates for 2023/24 School Budget-setting

Date	Activity
July 2022	Department for Education (DfE) guidance issued for 2023/24
October 2022	Local consultation documents issued to stakeholders
01 November 2022	Consultation returns received and reviewed
10 November 2022	Schools Forum considers consultation response and agrees proposals for local funding allocation formula to individual schools, de-delegated and centrally retained budgets and any transfers between funding blocks.
December 2022 / January 2023	Local Government Finance Settlement announced including school funding amounts
10 January 2023	Additional Schools Forum meeting (if required)
20 January 2023	Deadline for submission of final local School Allocations to DfE (the Authority Proforma Tool)
28 February 2023	Deadline for confirmation of schools' budget shares to maintained schools (in North Tyneside the intention is to issue in advance of this deadline)

6. Cabinet's initial Budget proposals for the 2023-2028 Investment Plan

6.1 Background

- 6.1.1 Capital investment generally relates to spending on physical assets that have a useful life of more than one year. This can be new assets, improvements to existing assets, or loans to third parties for a capital purpose.

Investment of this nature plays an important role in ensuring the Authority meets its health and safety responsibilities, it also plays an important role in improving economic opportunities across all parts of the Borough. Whilst some investment directly contributes to economic development, all has an indirect impact by providing stimulus to the economy, creating employment opportunities, supporting skills and development or contributing to confidence.

- 6.1.2 A Capital Investment Strategy has been developed to help support the delivery of capital investment and ensure that the investment programme builds on previous success, with a strong focus on delivery of the Our North Tyneside Plan outcomes and linking to the Our Ambition for North Tyneside. The Strategy also provides a framework to enable projects to be developed with the aim of helping to deliver revenue savings to assist the Authority in managing the financial pressure it faces. The draft Capital Investment Strategy is attached as Appendix B(iv).

The 2022-2027 Investment Plan totalling £242.333m was approved by Council on 17 February 2022. Delivery of projects within the plan and progress to date has been reported to Cabinet as part of the bi-monthly Financial Management reports. Reprogramming of £27.416m has been identified as part of the process and this spend is now included in the proposed 2023-28 Investment Plan.

The following adjustments are included in the draft plan:

- Continued investment of £1.000m pa to reflect the initial work underway in relation to Carbon reduction targets and enable progress to be made on this key priority;
- A new year 5 (2026/27) has been added to reflect rolling programme projects such as, sustained investment in additional Highways Maintenance, Asset Planned Maintenance, and ICT refresh.

All proposals for capital investment follow a structured gateway process, and are challenged by Members and senior officers, from the initial ideas stage, through the delivery stage and finally to post implementation. All proposals are considered in terms of their strategic alignment with the Our North Tyneside Plan, Ambition for North Tyneside and the updated Efficiency Programme.

The Investment Programme Board (IPB) meets on a monthly basis and, as part of its monthly meetings, receives an update on all on-going projects included in the approved Investment Plan (currently 2022-2027).

Table 5 below shows a summary of the initial draft 2023-2028 Capital Investment Plan.

Table 5: Summary of the draft Capital Investment Plan 2023-2028

Spend	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m
General Fund	46.808	21.370	15.993	17.564	16.064	117.799
Housing	29.597	30.465	31.924	34.806	33.616	160.408
Total	76.405	51.835	47.917	52.370	49.680	278.207

A schedule of the individual projects included in the draft plan is attached as Appendix B(i). Where applicable, confirmation of external funding will also be required before projects are able to proceed.

The estimated revenue implications of these schemes have been included in the revenue budget.

Table 6: Summary of Financing 2023-2028

Spend	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m
General Fund						
Council Contribution:						
Unsupported Borrowing	13.407	14.060	8.429	10.100	8,600	54.596
Capital Receipts	0	0	0	0	0	0
Revenue contribution	0.500	0	0	0	0	0.500
Grants & Contributions	32.901	7.310	7.564	7.464	7.464	62.703
Total General Fund Resources	46.808	21.370	15.993	17.564	16.064	117.799
Housing – HRA						
Capital Receipts	2.280	2.170	2.653	1.060	0.702	8.865
Revenue Contribution	10.472	12.447	12.959	15.050	15.797	66.725
Major Repairs Reserve	16.430	15.718	16.232	16.766	16.317	81.463
Other contributions	0.415	0.130	0.800	1.930	0.800	3.355
Total Housing HRA Resources	29.597	30.465	31.924	34.806	33.616	160.408
TOTAL RESOURCES	76.405	51.835	47.917	52.370	49.680	278.207

6.1.3 The initial draft 2023-2028 Investment Plan for the General Fund includes expenditure of £46.8m in 2023/24. Of this expenditure, £32.901m (70%) is funded through grants and other external contributions.

Housing capital receipts of £2.280m have been assumed in the financing of housing projects within the draft Plan. No General Fund capital receipts have currently been assumed to support the programme.

Across the life of the draft Plan, unsupported borrowing totals £54.596m, with £13.407m planned for 2023/24. Of this, £2.634m relates to invest to save projects and projects that cover the cost of borrowing through recharges namely, Streetlighting LED and Vehicle Replacement. The cost of borrowing is included within the General Fund Revenue Budget and Financial Plan.

Work is ongoing to finalise these draft proposals. There are currently a number of projects progressing through the investment gateway process where bids have been made for external funding. It is planned that these projects will be added to the Plan once funding is secured; no spend will be committed until funding is secured.

6.2 Capital Allocations 2023/24

6.2.1 A number of capital allocations (grants) are announced by the Government as part of the Local Government Finance Settlement. These include Education Funding (Capital Maintenance and Devolved Formula Capital) (Department for Education), the Local Transport Plan (Department for the Environment) and Disabled Facilities Grants (through the Better Care Fund). Figures for 2023/24 have not yet been announced and therefore indicative figures, based on previous allocations, have been included in the draft Plan. As soon as actual allocations are announced, these figures will be updated and included in subsequent reports.

6.3 Annual Minimum Revenue Provision (MRP)

6.3.1 The Capital Finance Regulations require full Council to agree an annual policy for the Minimum Revenue Provision (MRP), the amount that is set aside to provide for the prepayment of debt (principal repayment). The Regulations require the Authority to determine an amount of MRP which it considers to be prudent. The broad aim of a prudent provision is to ensure that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.

There are no changes proposed to the existing policy. The 2023/24 policy is set out in full below:

- (a) Existing assets pre 1 April 2007: MRP will be charged at 2% per annum;
- (b) Supported borrowing: MRP will be charged at 2%;
- (c) Unsupported borrowing: for all assets financed by unsupported borrowing, MRP will be charged over the estimated life of the assets, using the annuity methodology. This may include assets financed through PFI schemes and finance leases;
- (d) Lease transactions treated as “on balance sheet”: an element of the annual charge to the Authority for the lease will be treated as repayment of capital (i.e. repayment of principal and interest). The principal element is effectively the MRP charge for the year. This MRP charge will be equal to the element of the rent/service charge that goes to write down the balance sheet liability; and
- (e) Loans made for capital purposes for which borrowing is taken out: MRP will be based on the actual principal repayment schedule relating to the loan provided.

6.4 Prudential Indicators

6.4.1 The Local Government Act 2003 requires authorities to comply with the ‘CIPFA Prudential Code for Capital Finance in Local Authorities’. The Prudential Code requires authorities to develop a set of Prudential Indicators for capital as laid out in the Code. The proposed indicators for 2023-27 have been prepared using the current (2021) Code and are attached as Appendix B(iii).

7. 2023/24 Treasury Management

7.1 Background

- 7.1.1 The Authority is required to operate a balanced Budget, which broadly means that cash raised during the year will meet cash expenditure. A key part of the treasury management operation is to ensure that the cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Authority's low risk policy, providing adequate security and liquidity before considering investment return.

The second main function of the treasury management service is the funding of the Authority's capital plans. These capital plans provide a guide to the borrowing needs of the Authority, essentially the longer-term cash flow planning to ensure that the Authority can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses.

The contribution the treasury management function makes to the Authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or on larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available Budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of any sums invested, as a loss of principal will in effect result in a loss to the General Fund balance.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities (arising usually from capital expenditure) and are separate from the day-to-day treasury management activities.

- 7.1.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) recommends that an organisation's treasury management policy statement adopts the following form of words to define the policies and objectives of its treasury management activities:

- 1 This organisation defines its treasury management activities as:
The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
- 2 This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.
- 3 This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury

management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

This Capital Strategy is reported separately from the Treasury Management Strategy Statement. Non-Treasury Investments are reported as part of this update. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure in an asset.

7.1.3 There are no policy changes to the Treasury Management Strategy Statement or Annual Investment Strategy which was last approved at Council on 17 February 2022 the latest Treasury Management Strategy Statement and Annual Investment Strategy have been included as Appendix C. The details in this report update the current Treasury position in the light of the updated economic position and budgetary changes already approved.

7.1.4 Since 1 April 2022 there has been no instances of a material exposure in excess of credit limits as per the Treasury Management Strategy Statement and Annual Investment Statement Credit Criteria.

7.2 Treasury Management Reporting

7.2.1 In line with best practice, the Treasury Strategy including an Investment Strategy is considered as part of the Budget-setting process.

The Treasury Management Strategy (how investments and borrowings are to be organised), including treasury indicators and an investment strategy.

Prudential indicators are covered earlier in this report, with detailed indicators within Appendix B(iii).

There are two other main reports each year, which incorporate a variety of policies, estimates and actuals which are approved by Cabinet. These reports are:

- **A Mid-Year Treasury Management Report**
This will update Members with the progress of the capital position, amending prudential indicators as necessary, and indicate whether the Authority is meeting the strategy or whether any policies require revision; and
- **An Annual Treasury Report**
This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the Strategy.

7.3 Current Treasury Portfolio Position

7.3.1 The Authority's debt and investment position as at 30 September 2022 is set out in Table 7 below:

Table 7: Current Treasury Portfolio Position as at 30 September 2022

	Principal Outstanding £m	Average Rate %
Fixed Rate Funding		
PWLB*	254.250	3.59
PWLB – (HRA Self-Financing)	128.193	3.49
Market Loans	20.000	4.35
Temp Loans**	0.000	0.00
Total External Debt	402.443	
Less Investments		
(UK) DMO***	20.750	1.09
Other Local Authorities	20.000	1.19
Bank Deposits	13.053	0.01
Total Investments	53.803	
Net Position	348.640	

* Public Works Loan Board

** Loans from other local authorities

*** Debt Management Office

7.4 Prospects for Interest Rates

7.4.1 The Authority has appointed Link Asset Services as its external treasury advisor; part of their service is to assist the Authority to formulate a view on interest rates. Table 8 below sets out Link Asset Services' professional view of interest rates:

Table 8: Link Asset Services' forecast interest rates – 29th September 2022

Link Group Interest Rate View	27.09.22											
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
BANK RATE	4.00	5.00	5.00	5.00	4.50	4.00	3.75	3.25	3.00	2.75	2.75	2.50
3 month ave earnings	4.50	5.00	5.00	5.00	4.50	4.00	3.80	3.30	3.00	2.80	2.80	2.50
6 month ave earnings	4.70	5.20	5.10	5.00	4.60	4.10	3.90	3.40	3.10	3.00	2.90	2.60
12 month ave earnings	5.30	5.30	5.20	5.00	4.70	4.20	4.00	3.50	3.20	3.10	3.00	2.70
5 yr PWLB	5.00	4.90	4.70	4.50	4.20	3.90	3.70	3.50	3.40	3.30	3.20	3.20
10 yr PWLB	4.90	4.70	4.60	4.30	4.10	3.80	3.60	3.50	3.40	3.30	3.20	3.20
25 yr PWLB	5.10	4.90	4.80	4.50	4.30	4.10	3.90	3.70	3.60	3.60	3.50	3.40
50 yr PWLB	4.80	4.60	4.50	4.20	4.00	3.80	3.60	3.40	3.30	3.30	3.20	3.10

7.5 Economic Update (Provided by Link)

7.5.1 The latest forecast on 29th September sets out a view that both short and long-dated interest rates will be elevated for some time, as the Bank of England seeks to reduce inflation in line with its target rate of 2%, whilst the government is providing a package of fiscal loosening to try and protect households and businesses from the impact of ultra-high wholesale gas and electricity prices.

- 7.5.2 During H1 2022, there has been a change of both Prime Minister and Chancellor. The new team, at the time (Liz Truss and Kwasi Kwarteng) had made a step change in government policy. The government's huge fiscal loosening from its proposed significant tax cuts will add to existing domestic inflationary pressures and will potentially leave a legacy of higher interest rates and public debt. Whilst the government's utility price freeze, which could cost up to £150bn (5.7% of GDP) over 2 years, will reduce peak inflation from 14.5% in January next year to 10.4% in November this year, the long list of tax measures announced at the "fiscal event" adds up to a loosening in fiscal policy relative to the previous government's plans of £44.8bn (1.8% of GDP) by 2026/27. These included the reversal of April's national insurance tax on 6th November, the cut in the basic rate of income tax from 20p to 19p in April 2023, the cancellation of next April's corporation tax rise, the cut to stamp duty and the removal of the 45p tax rate, although the 45p tax rate cut announcement has already been reversed.
- 7.5.3 Following the fiscal event, UK politics remained volatile. The Chancellor Kwarteng was dismissed on the 14th October 2022, replaced by Jeremy Hunt as new Chancellor. This was followed by the Prime Minister, Liz Truss resigning on the 25th October. Liz Truss was replaced by Rishi Sunak on the 25th October 2022. Markets have stabilised somewhat; however it is early days.
- 7.5.2 CPI inflation eased from 10.1% in July to 9.9% in August, though it is anticipated inflation has not yet peaked. The easing of inflation into August due to the decline in fuel prices. Since the fiscal event on 23rd September, we now expect the Monetary Policy Committee (MPC) to increase interest rates further and faster, from 2.25% currently to a peak of 5.00% in February 2023. The combination of the government's fiscal loosening, the tight labour market and continued inflationary pressure expectations, markets expect the MPC to raise interest rates by 100bps at the policy meetings in November (to 3.25%) and 75 basis points in December (to 4%) followed by further 50 basis point hikes in February and March (to 5.00%).
- 7.5.3 The MPC has now increased interest rates seven times in as many meetings in 2022 and has raised rates to their highest level since the Global Financial Crisis. Even so, coming after the Fed and ECB raised rates by 75 basis points (bps) in their most recent meetings, the Bank of England's latest 50 basis points hike looks relatively dovish. However, the UK's status as a large importer of commodities, which have jumped in price, means that households in the UK are now facing a much larger squeeze on their real incomes.
- 7.5.4 Since August, wholesale gas prices have been highly volatile, and there have been large moves in financial markets, including a sharp increase in government bond yields globally. The MPC noted that the risks around its projections from both external and domestic factors were exceptionally large, given the very large increase in wholesale gas prices since May and the consequent impacts on real incomes for UK households and on CPI inflation. Fears that the government has no fiscal anchor on the back of these announcements has meant that the pound has weakened again, adding further upward pressure to interest rates.
- 7.5.5 The labour market remained exceptionally tight. Data for July and August provided that a weaker economy is leading to cooling in labour demand. Data collected in July showed that there are now 904,000 more inactive people aged 16+ compared to pre-pandemic in February 2020. The number of vacancies has started to level off from recent record highs

but there have been few signs of a slowing in the upward momentum on wage growth. Indeed, in July, the 3my/y rate of average earnings growth rose from 5.2% in June to 5.5%.

7.6 Prudential Code and Treasury Management Code Consultations

7.6.1 In September 2021 CIPFA released the stage 2 consultation in relation to Capital Finance in Local Authorities.

Following the consultation, a revised 2021 Code was issued in Q4 of 2021, the updated code which addressed issues relating to debt for yield, was to be applied with immediate effect by Local Authorities. As such the North Tyneside Council adopted the 2021 edition code.

7.7 Non-Treasury Investments

7.7.1 The definition of an investment covers all the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit, for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations. The definition of an investment also covers loans made by a local authority to one of its wholly owned companies or associates, to a joint venture, or to a third party.

7.7.2 The Authority recognises that investments in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries, and investment property portfolios. It is recognised that the risk appetite for these activities may differ from that for treasury management. The Authority maintains records of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the organisation's risk exposure.

7.7.3 At 31 March 2022, the Authority held the following investments on its balance sheet:

- Equity:

Newcastle Airport Holding Company Ltd £10.856m (£7.830m 31/3/2021)
North Tyneside Trading Company £10.508m (£9.075m 31/3/2021)
LIFT Co £0m.

The shares in Newcastle Airport are held primarily for economic regeneration. The cost of the original investment was £0.235m and the shares in North Tyneside Trading Company relate to two subsidiaries. The first, amounting to £9.075m, relates to investment in affordable homes in line with the Cabinet's priorities using section 106 funding. The second, amounting to £2.000m, relates to investment in Aurora Properties (Sale) Ltd for the provision of housing for sale on the open market.

- Loans:

Aurora Properties (Sale) Ltd £5.125m (£5.125m 31/3/2021)
Subordinated debt – Dudley and Shiremoor JSC £0.160m ((£0.160m 31/3/2021)

Subordinated debt – Whitley Bay JSC £0.110m ((£0.110m 31/3/2021)

7.7.4 The current 2022/23 Capital Investment Plan includes further planned investment in the Trading Company of £3.939m (which includes £1.980m in section 106 funding). There are currently no losses expected on any of the Authority's non-treasury investments or any indications that a loss may arise. However, this position is kept under constant review as market conditions are expected to remain very volatile. Any dividends from the Trading Company for 2022/23 or over the period of the Financial Plan (2023-2028) are not expected to be material. Recharge income in respect of staff time and loans is estimated to be £0.370m for 2022/23 and approximately £1.200m over the period of the Financial Plan (2023-2028).

8. Provisional Statement to Council by the Chief Finance Officer

8.1 Background

- 8.1.1 The Local Government Act 2003 imposes duties on local authorities in relation to Budget setting. The Act requires that when an authority is deciding its annual Budget and Council Tax level, Elected Members and officers must take into account a report from the Chief Finance Officer on the robustness of the Budget and the adequacy of the Authority's financial reserves.

The Government has a back-up power to impose a minimum level of reserves on any authority that it considers is making inadequate provisions.

In making the statement, the Chief Finance Officer necessarily places reliance on information provided to him by other officers of the Authority as part of the Financial Planning and Budget process. Due cognisance to guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) in relation to the adequacy of reserves and balances will also be taken into account.

The intention would be to make a full Statement as part of the report to the Council meeting on 16 February 2023, when all outstanding information should be available.

- 8.1.2 The 2023/24 Budget needs to be prepared with reference to the Financial Management Code (the FM Code) published by CIPFA. The FM Code provides guidance about the principles of good and sustainable financial management and requires authorities to demonstrate that processes are in place which satisfy these principles. It identifies risks to financial sustainability and sets out details of a framework of assurance which reflects existing successful practices across the sector. In addition, the Code establishes explicit standards of financial management and highlights that compliance with these is the collective responsibility of Elected Members, the Chief Finance Officer and the wider Senior Leadership Team. Full compliance with the FM Code is required from the 2021/22 Budget and further details of how this has been achieved will be set out in the February Cabinet report as appropriate.

8.2 Robustness of Estimates

- 8.2.1 In assessing the robustness of estimates, the Chief Finance Officer has considered the following issues:

- The general financial standing of the Authority;
- The underlying Budget assumptions from the Financial Strategy;
- Future Budget pressures and growth proposals, including the impact of prudential borrowing for the 2023-2028 Capital Investment Plan;
- The adequacy of the budget monitoring and financial reporting arrangements in place;
- The adequacy of the Authority's internal control systems, relying on the Assurance Statements provided as part of the Annual Governance Statement for the 2021/22 Statement of Accounts; and
- The adequacy of unearmarked and earmarked reserves to cover any potential financial risks faced by the Authority.

The level of contingencies has been increased to £6.368m as recognition of the risks associated with inflation and delivery of efficiencies. This will continue to be reviewed as these are initial Budget proposals which will be finalised by Cabinet once consultation is concluded and the final Local Government Finance Settlement is known.

- 8.2.2 The Cabinet is aware it must keep under review its Medium-Term Financial Strategy and four-year Financial Plan, in the context of the 2021-2025 Our North Tyneside Plan and known key financial risks. Future pressures need to be considered and the Authority should not take 2023/24 in isolation to future years' needs and pressures. Each year's Budget must continue to be considered within the context of the four-year Financial Plan, the four-year Investment Plan, the Financial Strategy and the global economic position prevailing at the time.

To ensure that the Authority continues to keep within its approved Budget and the financial integrity of the Authority is maintained, it is essential that Budget holder responsibility and accountability continues to be recognized as set down in the Authority's Financial Regulations and in the roles and responsibilities section of the Authority's Budget Management Handbook.

8.3 Capital Investment Strategy

- 8.3.1 In line with the Prudential Code's' requirement that the Chief Finance Officer of an Authority should report explicitly on the 'deliverability, affordability and risk associated with the capital strategy and where appropriate have access to specialised advice to enable them to reach their conclusions', the Authority has ensured that that all projects within the 2023-2028 Investment Plan follow the full gateway and governance procedure prior to inclusion on the Plan which ensures the deliverability, affordability and risk associated with each decision is fully understood prior to any decisions being made.

In terms of the overall investment position of the Authority, as set out above, a draft Capital Investment Strategy has been developed to help support the delivery of capital investment and ensure that the investment programme, builds on previous success, with a strong focus on delivery of the Council Plan outcomes.

8.4 Adequacy of Financial Reserves

8.4.1 General Fund

- 8.4.2 The level of un-ringfenced reserves remains of concern to the CFO in this ongoing period of uncertainty. It expected that over the course of 2022/23 the Change Reserve will reduce as planned investment in projects to support better management of demand are implemented. This year's Financial Management reports to Cabinet highlight areas of on-going financial pressure following years of Government cuts and uncertainty, with the long-term impact of the covid pandemic, rising energy costs, inflation and the long-term impact of the war in the Ukraine exacerbating this.

- 8.4.3 Since the development of the 2022/23 Budget and MTFP in February 2022, several further significant risks have emerged that are impacting on the 2022/23 budget position, as well as increasing the pressure identified for 2023/24. As detailed earlier within the report, the 2023/24 revised gap is anticipated to be £5.996m

- 84.4 The Authority bought forward reserves' balances of £80.298m into 2022/23, based on the latest forecast of planned usage, it is anticipated £18.549m will be drawn down in 2022/23 to support service delivery. This would result in a 2023/24 balance bought forward for reserves of £61.749m.
- 84.5 The planned usage does not incorporate the potential requirement of the strategic reserves to support the 2023/24 revenue budget pressure being forecast of £5.996m for 2023/24. Neither does it consider any use of the strategic reserves to support the 2022/23 in-year pressures, as reported in the Financial Management report elsewhere on this agenda.
- 84.6 These actions together with the requirement to balance the 2022/23 in-year budget may result in the level of the Strategic Reserve falling below the minimum planned level of £10.000m over the life of the Financial Plan. Based on this included in the initial budget proposals is corrective action to restore the Strategic Reserve to the agreed level.
- 84.7 Table 9 below shows the reserves as at the 31 March 2022 and the projected reserve levels over the period of the Financial Plan:

Table 9: Reserves and Balances as at 31 March 2022 and from 2022/23-2026/27

Reserves and balances	Closing Bal.	Projected Closing Balances				
	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s
Reserves						
General Fund ringfenced	37.015	29.553	28.593	28.145	27.762	26.329
General Fund unringfenced	18.448	13.102	12.389	11.776	11.200	10.700
General Fund grants	9.421	3.400	1.947	1.648	1.390	1.098
Dedicated Schools Grant	0.000	0.000	0.000	0.000	0.000	0.000
HRA	15.414	15.694	15.977	16.357	16.688	14.741
Reserves Sub Total	80.298	61.749	58.906	57.926	57.041	52.869
Balances						
General Fund Balances	7.000	7.000	7.000	7.000	7.000	7.000
School Balances	3.398	1.898	0.398	(1.102)	(2.602)	(4.102)
Housing Revenue Account Balances	3.501	3.440	3.069	2.837	2.568	2.627
Balances Sub Total	13.899	12.338	10.467	8.735	6.966	5.525
Grand Total Reserves and Balances	94.197	74.088	69.374	66.661	64.007	58.395

- 8.5 Housing Revenue Account (HRA)
- 8.5.1 Table 10 below sets out the movement in reserves of the HRA. The Budget proposals ensure that a minimum of £2.500m is retained in HRA revenue balances each financial year covering the two years of the Financial Plan to ensure some measure of contingency and financial stability. The proposals, as they currently stand, also balance the Plan over the longer 30-year period, which is what the Government requires authorities to demonstrate as part of the self-financing proposals.

Table 10: 2022–2026 Housing Revenue Account Balances

HRA Forecast Movement on Reserves	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Opening Reserve Balance	(5.002)	(3.440)	(3.069)	(2.837)	(2.567)
Contributions (to)/from balances	1.562	0.371	0.232	0.270	(0.059)
Predicted Reserve Balance Carried Forward	(3.440)	(3.069)	(2.837)	(2.567)	(2.626)

8.5.2 Guidance on local authority reserves and balances is given in CIPFA's Local Authority Accounting Panel (LAAP) Bulletin 99. This states that *"Balancing the annual budget by drawing on general reserves may be viewed as a legitimate short-term option"*, and so the proposed 2023/24 Budget does not contradict the issued guidance. The Bulletin does then go on to say that *"It is not normally prudent for reserves to be deployed to finance current expenditure"*. The 2023-2027 Financial Plan has been developed so that ongoing revenue expenditure is aligned to annual income with no long-term reliance on reserves.

9. Overall Financial Risk Assessment

9.1.1 Financial risks are driven by changes to Government policy and the national financial climate, issues arising throughout the year and reported as part of the financial management reporting process and those risks highlighted as part of the Authority's risk management procedures and monitored through the Authority's risk registers. As part of the monitoring process the Authority's Corporate Risk Register is monitored twice yearly by Cabinet.

9.2 Key Financial Risks

9.2.1 The key financial risks for the Authority (including the HRA), which have been considered as part of the Financial Planning and Budget process, are set out in the table below along with mitigating actions:

Table 11: Key Financial Risks and mitigating actions

Potential Risk	Initial Response
Long Term Financial Impact of COVID: There is a risk that there may be long term impact on the ongoing income from Council Tax and business rates	Revenue monitoring to understand affected services and areas; Update financial planning assumptions; A planned use of reserves; A named finance officer to be aware of and collate impacts.
There is a risk of being unable to set a balanced budget for 2023/24 and over the period of the MTFP.	Managed during the budget setting for 2023/24 and robust budget challenge.
The significant impacts of the "cost of living" crisis, exceptional inflationary pressures and the wider impact of the Russian invasion of Ukraine on the economy have the potential to drive additional cost pressures and may lead to reductions in overall income due to the wider economic impacts. The current MTFP approved by Full Council did not provide for the current extreme levels of inflation which are expected to persist throughout the remainder of the financial year and beyond.	Close monitoring of this position during 2022/23 will be required to ensure the MTFP reflects any ongoing pressure and the impact assessment of the current economic situation.
Ongoing uncertainty around local government and wider public sector finances	The Authority will continue to take part in consultations on any funding reforms and will continue to lobby the Government for additional funding where necessary.
There is a risk that the levels of savings and income the Authority has included in the Budget proposals are not fully deliverable.	A robust challenge process will take place to ensure proposals can be delivered. All savings and income will be monitored throughout the year to identify any areas which are not delivering savings as planned so corrective action can be taken.

<p>There is a risk that if the Efficiency Programme is not successfully implemented the Authority may be unable to deliver improved services and meet the increased demand for services within reducing resources. This could have the financial impact of the Authority not delivering on its Budget.</p>	<p>An overall Budget Proposal Document and Terms of Reference are in place for all existing and new Efficiency Programme projects. This spans all service redesign projects</p> <p>Monthly Updates to the Senior Leadership Team are provided as part of the in-year financial management process. The Customer Service Steering Group will be sighted on the outcomes from any Service reviews undertaken during 2023/24.</p>
<p>There is a risk that the assumptions that have been made based on the indicative settlement up to and including 2025/26 may be wrong, resulting in changes to the current targeted savings by 2026/27, for the General fund and for the HRA, which will be considered by Cabinet in January 2023.</p>	<p>Through a robust approach to financial management the Authority is in a position to respond to determine actions necessary if the assumptions that have been made prove to be incorrect. The Authority work closely with national, regional and sub-regional financial networks to help ensure that the Authority is informed and aware of any national developments. Being involved in the consultation process enables any issues or concerns specific to NTC to be highlighted before final decisions are made.</p>
<p>There is a risk that not all growth pressures have been identified in the 2023/24 proposed Budget.</p>	<p>Detailed proposals have been put forward by each Director of Service and challenged by the Senior Leadership Team, Cabinet Members and the Elected Mayor.</p>
<p>There is a risk that demand - led pressures exceed Budget provision.</p>	<p>Demand-led pressures continue in areas such as adults' and children's social care and the impact of the Living Wage on our care providers (and the price for services the Authority then has to pay) have been taken into consideration as part of these initial Budget proposals.</p>
<p>There is a risk that specific factors arising during 2022/23 will not been fully taken into account when preparing the 2023/24 Budget.</p>	<p>The 2022/23 financial position is monitored through bi-monthly reporting to Cabinet and monthly reporting to the Senior Leadership Team. This process ensures factors arising during the year are taken into account.</p>
<p>There is a risk that the in-year pressures being reported through the 2022/23 financial management process</p>	<p>As at 30 September 2022, a pressure of £15.500m (unmitigated) was reported against the 2022/23 Budget.</p>

<p>impact on the deliverability of the 2023/24 budget.</p>	<p>All Services continue to develop and deliver actions to mitigate these financial pressures and expect the outturn forecast to improve through the year. In addition, non-essential spend continues to be minimised and a detailed review of demand-led projections aims to reduce over-commitments. Progress will be monitored through bi-monthly reporting to Cabinet and monthly reporting to the Senior Leadership Team.</p>
<p>There is a risk that the contingency provision included in the Financial Plan for 2022/23 is insufficient.</p>	<p>The review of the base Budget and the reflection of the 2022/23 pressures into 2023/24 will be considered.</p>
<p>There is a risk that there are insufficient levels of reserves and balances.</p>	<p>A full review of reserves and balances is undertaken on a regular basis as part of both the in-year monitoring and planning processes.</p>
<p>There is a risk that the Authority will be unable to protect its housing assets and services to tenants as a consequence of reduced income to the HRA. Government policy on welfare reform is resulting in a number of direct challenges to rent collection; the spare room subsidy and the benefit cap have already had an impact.</p>	<p>The budget-setting process incorporates a review of the HRA Business Plan to reflect the changes. The cost and quantity of work within the 30-year Investment Plan is revised annually to help mitigate the impact of changes. In addition, the Financial Inclusion Strategy sets out how the Authority and its partners will support its residents to better manage their finances and maximise their income. The HRA budget includes proposal to increase support to tenants in managing their ability to sustain their tenancies. The Authority has representation on the DLUHC and CIPFA HRA working groups. This enables specific issues to be raised and allows the Authority to comment and influence change on HRA regulation</p>
<p>There is a risk that there may be a significant financial impact on school resources if the number of schools requesting deficit continues to rise at its current rate. This risk is currently driven by the number of surplus places at secondary schools.</p>	<p>The school deficit has been identified as a priority for the Authority, headteachers and governing bodies. A programme of work has been identified, working with schools to improve the schools deficit position. This will highlight the work that is required and through working with the schools a number of initiatives will be identified and progressed.</p>

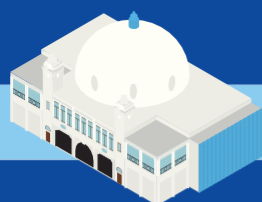
<p>There is a risk that the Authority may be unsuccessful in securing additional support from the ESFA to mitigate the pressures and current deficit position within the DSG</p>	<p>Internal Governance processes are being developed to ensure a robust plan is submitted and ongoing discussions are taking place with the ESFA. Schools Forum are being kept up to date with all plans that are included within the DSG Management Plan, and this will form part of budget setting for the DSG for 2023/24.</p>
<p>There is a risk that the DSG Deficit Statutory override will come to an end in 2022/23 leaving the Authority with a significant risk to its reserves if the level of deficit needs to be covered by General Fund Reserves</p>	<p>The Authority will continue to submit responses to consultations with the DfE to ensure the DfE are aware that if the Statutory override was to come to an end the Authority would be at significant risk of financial sustainability.</p>

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Our North Tyneside Plan

2021 TO 2025 | BUILDING A BETTER NORTH TYNESIDE



THE OUR NORTH TYNESIDE COUNCIL PLAN OUTLINES A VISION OF BUILDING A BETTER NORTH TYNESIDE LOOKING TO THE FUTURE; AND LISTENING TO AND WORKING BETTER FOR RESIDENTS.

The plan features five themes that reflect your priorities aimed at creating a North Tyneside that is thriving, family-friendly, caring, secure and green. Each of these five themes has a clear set of policy priorities.

Through this plan we will build on our excellent track record of delivery over the past eight years and address the key challenges we now face as a result of the COVID-19 pandemic.

It is a plan to build a better North Tyneside and to restore hope and confidence in the future where we tackle inequalities and discrimination and ensure that no-one is left behind.

It is a plan for a thriving North Tyneside – with regeneration across the whole of the borough, more good quality jobs, apprenticeships and access to skills training, support for businesses and keeping our libraries and leisure centres open as part of a vibrant cultural offer.

It is a plan for a family-friendly North Tyneside – with high-quality education, outstanding children’s services and making sure our kids have the very best start in life.

We will also be making sure we are a caring North Tyneside – with great care to everyone who needs it and support for our brilliant local community groups and the essential work they do.

It is a plan for a secure North Tyneside – tackling anti-social behaviour, investing in our roads and pavements, providing affordable homes and tackling food poverty.

And we look ahead to the very longer term – to protect our borough for generations long into the future with a green North Tyneside – increasing what can be recycled, cracking down on littering, improving ways for safe walking and cycling and planning how to make North Tyneside carbon net-zero by 2030.

This is our plan for North Tyneside but we know the council cannot deliver it all on its own. We work in partnership with our residents, our businesses, our community and voluntary sector and other key organisations such as the NHS, the police, fire and rescue services.

Norma Redfearn
Norma Redfearn CBE, Elected Mayor



Our North Tyneside Plan

2021 TO 2025

BUILDING A BETTER NORTH TYNESIDE

A thriving North Tyneside



We will regenerate the high streets of North Shields and Wallsend, and in addition to the Master Plan for North Shields, we will bring forward Master Plans for Wallsend and Whitley Bay town centre areas. We will also bring investment and improvements to the North West area of the borough and ensure that regeneration delivers ambition, opportunity and benefits for all of our residents;



We will bring more good quality jobs to North Tyneside – by helping local businesses to grow and making it attractive for new businesses to set up or relocate in the borough



We will invest in adult education and to support apprenticeships to make sure people have the right skills for the job



We will keep our libraries and leisure centres open as part of a vibrant range of cultural and sporting activities to support the health and wellbeing of our residents;



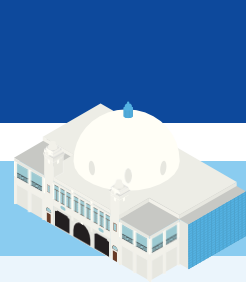
We will continue to be the destination of choice for visitors through the promotion of North Tyneside's award-winning parks, beaches, festivals and seasonal activities



We will reduce the number of derelict properties across the borough



We will review how the council purchases and contracts for goods and services to maximise value for money, social value and environmental sustainability



A secure North Tyneside



Council wardens will work in partnership with Northumbria Police to prevent and tackle all forms of antisocial behaviour;



We will continue to invest £2m per year in fixing our roads and pavements



We will maintain the Council Tax support scheme that cuts bills for thousands of households across North Tyneside



We will tackle health and socio-economic inequalities across the borough including through our Poverty Intervention Fund to tackle food poverty; and



We will provide 5000 affordable homes



A family-friendly North Tyneside



We will support local schools, making sure all children have access to a high-quality education with opportunities to catch up where needed after the pandemic



We will provide outstanding children's services, events and facilities so North Tyneside is a great place for family life



We will ensure all children are ready for school including through poverty proofing the school day – giving our kids the best start in life



A caring North Tyneside



We will provide great care to all who need it, with extra support available all the way through to the end of the pandemic



We will work with the care provision sector to improve the working conditions of care workers;



People will be cared for, protected and supported if they become vulnerable, including if they become homeless



We will support local community groups and the essential work they do



We will work to reduce inequality, eliminate discrimination and ensure the social rights of the people of North Tyneside are key to council decision making



A green North Tyneside



We will keep increasing the amount of waste that can be recycled and introduce food waste collections and deposit return schemes



Council environmental hit squads will crack down on littering



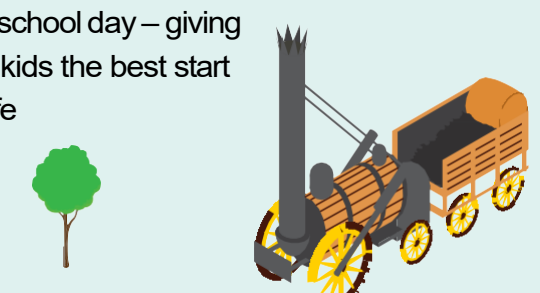
We will secure funding to help low income households to install low-carbon heating;



We will increase opportunities for safe walking and cycling, including providing a segregated cycleway at the coast



We will publish an action plan of the steps we will take and the national investment we will seek to make North Tyneside carbon net-zero by 2030





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Project	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total £000	Financing type	£000
General Fund								
BS026 Asset Planned Maintenance	2,000	2,000	2,000	2,000	2,000	10,000	Council Contribution	10,000
CO091 Neighbourhood Parks	75	90	100	0	0	265	Section 106 Contributions	265
DV064 Council Property Investment	300	0	0	0	0	300	Council Contribution	300
DV066 Investment in North Tyneside Trading Co	1,459	0	0	0	0	1,459	Council Contribution	1,459
DV073 Ambition for North Tyneside	1,669	2,000	0	0	0	3,669	Council Contribution Revenue Contribution	3,225 444
DV074 North Shields Heritage Action Zone (Ambition)	173	0	0	0	0	173	Council Contribution Historic England HAZ	87 86
DV077 Tyne Brand Development Site	2,650	190	0	0	0	2,840	Brownfield Housing Fund	2,840
DV080 Segedunum Roman Museum MEND	455	0	0	0	0	455	Council Contribution Revenue Contribution Arts Council Funding (MEND)	100 56 299
DV081 North Shields Cultural Quarter	450	0	0	0	0	450	NoTCA Cultural and Creative Zone Funding	450
DV082 Wallsend Town & High Street Programme	1,360	0	0	0	0	1,360	NoTCA Town and High Street Fund	1,360
ED075 Devolved Formula Capital	1,110	610	610	610	610	3,550	Education Funding Agency	3,550
ED120 Basic Need	2,000	0	0	0	0	2,000	Education Funding Agency	2,000
ED132 School Capital Allocation	3,868	3,868	3,868	3,868	3,868	19,340	Education Funding Agency	19,340
ED190 High Needs Provision Capital Allocation	2,060	0	0	0	0	2,060	Education Funding Agency	2,060
EV034 Local Transport Plan	2,552	2,552	2,986	2,986	2,986	14,062	Dept for Transport LTP Integrated Transport Allocation Dept for Transport LTP Maintenance Public Transport Funding	4,790 9,132 140
EV056 Additional Highways Maintenance	3,253	3,253	2,000	2,000	2,000	12,506	Council Contribution Dept for Transport - Pothole Funding	10,000 2,506
EV069 Vehicle Replacement	1,248	1,676	1,123	3,000	1,500	8,547	Council Contribution	8,547
EV076 Operational Depot Accommodation Review	225	0	0	0	0	225	ERDF	225
EV083 Street Lighting LED	1,386	0	0	0	0	1,386	Council Contribution	1,386
EV091 Other Initiatives Climate Change	1,000	1,000	1,000	1,000	1,000	5,000	Council Contribution	5,000
EV094 Transforming Cities Fund - North Shields Transport Hub	9,110	826	0	0	0	9,936	Council Contribution Transforming Cities Fund	1,376 8,560

Project	2023/24	2024/25	2025/26	2026/27	2027/28	Total	Financing type	£000
	£000	£000	£000	£000	£000	£000		
EV100 Active Travel 3 - Permanent Seafront Scheme	3,231	0	0	0	0	3,231	Dept for Transport - Active Travel Fund	3,231
GEN03 Contingencies	2,000	2,000	1,000	1,000	1,000	7,000	Council Contribution	7,000
GEN12 Local Infrastructure	100	100	100	100	100	500	Council Contribution	500
HS004 Disabled Facilities Grant	1,869	0	0	0	0	1,869	Better Care Fund	1,869
HS051 Private Sector Empty Homes	205	205	206	0	0	616	Council Contribution	616
IT020 ICT Strategy	1,000	1,000	1,000	1,000	1,000	5,000	Council Contribution	5,000
General Fund Total	46,808	21,370	15,993	17,564	16,064	117,799		117,799
HS015 Refurbishment / Decent Homes Improvements	23,309	22,346	22,378	23,097	25,013	116,143		
HS017 Disabled Adaptations	1,583	1,599	1,315	1,328	1,341	7,166		
HS039 ICT Infrastructure Works	459	210	112	113	114	1,008		
HS044 HRA New Build	2,533	4,406	4,962	4,945	1,646	18,492		
HRA Energy Efficiency Improvements and Decarbonisation Measures	1,713	1,904	3,157	3,523	3,702	13,999		
HRA Vehicle Replacement	0	0	0	1,800	1,800	3,600		
HRA Total	29,597	30,465	31,924	34,806	33,616	160,408		
TOTAL INVESTMENT PLAN £'000	76,405	51,835	47,917	52,370	49,680	278,207		

General Fund

Council Contribution	13,407	14,060	8,429	10,100	8,600	54,596
Council Contribution - Capital Receipts	0	0	0	0	0	0
Grants & Contributions	32,901	7,310	7,564	7,464	7,464	62,703
Revenue Contribution	500	0	0	0	0	500
General Fund Financing Total	46,808	21,370	15,993	17,564	16,064	117,799

Housing Revenue Account

HRA Capital Receipts	2,280	2,170	2,653	1,060	702	8,865
HRA Vehicle Replacement Reserve	0	0	0	1,800	600	2,400
HRA Other Contributions	415	130	80	130	200	955
HRA Revenue Contributions	10,472	12,447	12,959	15,050	15,797	66,725
HRA Major Repairs Reserve	16,430	15,718	16,232	16,766	16,317	81,463
HRA Financing Total	29,597	30,465	31,924	34,806	33,616	160,408

Total Financing

76,405	51,835	47,917	52,370	49,680	278,207
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Project Ref	Project Title	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
	Housing						
HS002	HRA Schemes	29,597	30,465	31,924	34,806	33,616	160,408
	Made up of:-						
HS015	Decency Refurbishments(incl.re-programming)	18,511	16,535	17,376	18,576	18,650	89,648
HS017	Disabled Adaptations (incl.re-programming)	1,583	1,599	1,315	1,328	1,341	7,166
HS015	Climate Change / Decarbonisation Measures eg Solar PV etc	1,500	1,690	2,941	3,305	3,482	12,918
HS015	Capitalisation of Major Repairs	1,283	1,296	1,308	1,322	1,335	6,544
HS015	Furniture Pack Scheme	521	526	531	537	542	2,657
HS015	Asbestos Works	315	318	322	325	329	1,609
HS015	Energy Efficiency & Environmental Improvements	213	214	216	218	220	1,081
HS015	Fencing / Walling / Offstreet parking / Landscaping	1,136	2,106	1,202	635	2,388	7,467
HS039	ICT Strategy (incorporating Unified Systems Project)	459	210	112	113	114	1,008
HS015	Garages (Renovation/Demolition)	124	127	131	135	139	656
HS015	Water Pipe Renewals/Fire Damage Reinstatement	135	137	139	140	141	692
HS015	Apprentice Costs & CLAs (Apprentices split with Repairs)	539	534	579	614	651	2,917
HS015	Footpaths & Communal Areas & Fire Doors	103	106	109	112	116	546
HS015	Project Management Fee	467	481	495	510	525	2,478
HS015	Pay Review Contingency	175	180	186	191	197	929
NEW Code	Vehicle Replacement Programme	0	0	0	1,800	1,800	3,600
HS044	Potential New Build (incl. re-programming)	2,533	4,406	4,962	4,945	1,646	18,492
	Total: Housing	29,597	30,465	31,924	34,806	33,616	160,408
	TOTAL	29,597	30,465	31,924	34,806	33,616	160,408

FINANCING**HOUSING****Council Contribution**

Capital Receipts	2,280	2,170	2,653	1,060	702	8,865
Vehicle Replacement Reserve	0	0	0	1,800	600	2,400
Other Funds eg Green Fund, RTB Admin Surplus etc	415	130	80	130	200	955
Revenue Contributions	10,472	12,447	12,959	15,050	15,797	66,725
Total Council Contribution	13,167	14,747	15,692	18,040	17,299	78,945
Depreciation / Major Repairs Reserve	16,430	15,718	16,232	16,766	16,317	81,463
	29,597	30,465	31,924	34,806	33,616	160,408

TOTAL HOUSING

	29,597	30,465	31,924	34,806	33,616	160,408
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TOTAL

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2023-2028 Prudential Indicators

Introduction

- 1.0 The Local Government Act 2003 requires the Authority to adopt the CIPFA Prudential Code and produce prudential indicators. The framework established by the Prudential Code is designed to support local strategic planning, local asset management planning and proper option appraisal. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital expenditure plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the organisation. In exceptional cases the Prudential Code should provide a framework which will demonstrate that there is a danger of not ensuring this, so that the local authority concerned can take timely remedial action.
- 1.1 The Prudential Code was updated in December 2021 and these indicators have been prepared in accordance with the principles outlined in the revised code.
- 1.2 The Prudential Code requires authorities to look at capital expenditure and investment plans in the light of overall organisational strategy and resources and ensure that decisions are being made with sufficient regard to the long run financing implications and potential risks to the authority. Effective financial planning, option appraisal, risk management and governance processes are essential in achieving a prudential approach to capital expenditure, investment and debt. The draft Capital Investment Strategy is included as Appendix B (iv) to this report.
- 1.3 To demonstrate that local authorities have fulfilled these objectives, the Prudential Code sets out the indicators that must be used, and the factors that must be taken into account. The Prudential Code does not include suggested indicative limits or ratios. These will be for the local authority to set itself. Each indicator either summarises the expected capital activity or introduces limits upon that activity and reflects the outcome of the Authority's underlying investment appraisal systems.
- 1.4 Within this overall prudential framework there is an impact on the Authority's treasury management activity as it will directly impact on borrowing and investment activity. The draft Treasury Management Strategy for 2023/24 is included within the annex to this report.
- 1.5 The Prudential Code requires the following matters to be taken into account when setting or revising the prudential indicators:
 - a) Service Objectives – e.g. strategic planning for the Authority
 - b) Stewardship of assets – e.g. asset management strategy
 - c) Value for money – e.g. options appraisal
 - d) Prudence and sustainability – e.g. implications of external borrowing

Appendix B (iii)

- e) Affordability – e.g. impact on Housing rents
 - f) Practicality – e.g. achievability of the forward plan
- 1.6 Matters of affordability and prudence are primary roles for the Prudential Code.
- 1.7 The revenue consequences of capital expenditure relating to the HRA must be paid for from HRA resources.
- 1.8 Capital expenditure can be paid for through capital receipts, grants etc, but if these resources are insufficient then any residual capital expenditure will add to the Authority’s underlying borrowing need.
- 1.9 The key risks to the plans are that the level of funding, such as capital receipt levels or revenue contributions may change as capital receipts are reliant on an active property market.
- 1.10 The indicators cover:
- Affordability;
 - Prudence;
 - Capital expenditure;
 - External debt; and
 - Treasury management.
- 1.11 Prudential indicators are required to be set as part of the Financial Planning and Budget process. Any revisions must be reported through the financial management process.
- 1.12 The prudential indicators for the forthcoming and future years must be set before the beginning of the forthcoming year. They may be revised at any time, following due processes and must be reviewed, and revised if necessary, for the current year when the prudential indicators are set for the following year.
- 1.13 The following sets down the draft Prudential Indicators as calculated and proposed for North Tyneside Council for 2023–2028. The indicators include those for the Housing Revenue Account.

Prudential Indicators for Affordability

- 1.14 The fundamental objective in considering affordability of the Authority’s Investment Plan is to ensure that the total capital investment of the Authority remains within sustainable limits, and in particular to consider the impact on the “bottom line” and hence Council Tax and for the HRA housing rents – both of which cannot be cross subsidised to support operations. Affordability is ultimately determined by a judgement on acceptable Council Tax or housing rent levels.
- 1.15 In considering the affordability of its Investment Plan, the Authority is required to consider all the resources that are currently available and estimated for the

Appendix B (iii)

future, together with the totality of the Investment Plan, revenue income and revenue expenditure forecasts for the forthcoming year and following two years (as a minimum). The Authority is also required to consider known significant variations beyond this timeframe. This requires the development of rolling revenue forecasts as well as capital expenditure plans. In line with the Medium Term Financial Plan and the Investment Plan, five-year forecasts have been provided for the prudential indicators.

- 1.16 When considering affordability, risk is an important factor to be considered. Risk analysis and management strategies should be taken into account.
- 1.17 Looking ahead for a five year period, the following is a key prudential indicator of affordability:
- the ratio of financing costs to net revenue stream for both the General Fund and Housing Revenue Account (HRA).

Ratio of financing costs to net revenue stream

- 1.18 This indicator identifies the trend in the cost of capital (predominately external interest and MRP) as a proportion of the net revenue budget for the General Fund and housing income for the HRA and is shown in Table 1 below:

Table 1: Ratio of Financing Costs to Net Revenue Stream

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Est.	Est.	Est.	Est.	Est.	Est.
General Fund	11.96%	11.22%	14.29%	14.71%	14.44%	14.76%
HRA	26.99%	25.73%	23.01%	22.64%	19.42%	19.34%

- 1.19 The above indicator shows costs for all borrowing, both supported and unsupported. It also includes the financing costs of PFI schemes and leases. A new accounting standard for leasing (IFRS16) was due to come into force for Local Authorities from 1 April 2020 due to the Covid-19 pandemic this was further delayed until 1 April 2024. Under this new standard leases that have previously been treated as operating leases and expensed to the revenue account on an annual basis, will now be required to be added to the authority's balance sheet. Work is ongoing to calculate the actual impact of this change on the cost of borrowing, with an estimate of £5m assumed at this stage. It should be noted that there is not expected to be a bottom-line impact to the revenue budget as a result of this change.

To enhance the information available for decision-making we have also provided a local indicator to show the proportion of the budget that is spent on unsupported borrowing within the General Fund. This is shown in Table 2 below:

Appendix B (iii)

Table 2: Ratio of Financing Costs for prudential (unsupported) borrowing to Net Revenue Stream

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Est.	Est.	Est.	Est.	Est.	Est.
General Fund	6.13%	6.01%	6.62%	7.03%	7.16%	7.45%

- 1.20 The cost of capital related to past and current capital programmes has been estimated in accordance with proper practices. Actual costs will depend on the phasing of capital expenditure and prevailing interest rates, and will be closely managed and monitored on an ongoing basis. Any reprogramming in the Investment Plan, whether planned or unplanned, may delay the impacts of debt financing costs to future years.

Prudential Indicators for Prudence

- 1.21 A key indicator of prudence is that, over the medium term, gross debt will only be used for a capital purpose. Under the Code the underlying need to borrow for a capital purpose is measured by the Capital Financing Requirement (CFR). Gross debt includes external borrowing and also other liabilities including PFI schemes and Finance Leases.

Gross debt and Capital Financing Requirement (CFR)

- 1.22 This key indicator shows that gross debt is not expected to exceed the total CFR including additional capital requirements for 2022/23 to 2027/28, for the General Fund and HRA combined
- 1.23 The CFR can be understood as the Authority's underlying need to borrow money long term for a capital purpose. The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. The CFR will increase annually by the amount of capital expenditure which is not immediately paid for by grants, contributions, direct revenue funding or capital receipts. The General Fund CFR will also be reduced each year by the amount of Minimum Revenue Provision (MRP) that is set aside in the revenue budget. In addition, the CFR may be reduced by additional voluntary contributions in the form of capital receipts or revenue contributions. The HRA business plan includes provision to reduce the HRA CFR in this way.
- 1.24 The CFR also includes any other long-term liabilities eg PFI schemes and finance leases. As outlined in paragraph 1.19 above the new accounting standard for leasing (IFRS16) now comes into force for Local Authorities from 1 April 2024. This means that leases that have previously been treated as operating leases and expensed to the revenue account on an annual basis, are now required to be added to the authority's balance sheet. An initial estimate of the impact of this change (£80m) has been added to the CFR. Work is ongoing to refine this estimate and the impact of this change on the

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CFR and this position will continue to be updated in readiness for its implementation.

Table 3: Gross external debt compared to CFR

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Est. £000s	Est. £000s	Est. £000s	Est. £000s	Est. £000s	Est. £000s
External Borrowing	431,490	443,695	453,511	460,752	469,226	477,268
Other Liabilities (including PFI and Finance Leases)	102,216	100,464	173,918	166,930	159,490	151,566
Total Gross Debt	533,706	544,159	627,428	627,681	628,715	628,834
Capital Financing Requirement	609,108	612,985	691,213	683,815	679,240	670,627

Prudential Indicators for Capital Expenditure

Estimate of capital expenditure

- 1.25 This indicator requires reasonable estimates of the total capital expenditure to be incurred during the current financial year and at least the following three financial years.
- 1.26 The Investment Plan for 2023-28 is included in the annex to the report and the figures below are based on that report. A full breakdown of individual projects is shown in Appendix B (i).

Table 4: Capital Expenditure

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Est. £000s	Est. £000s	Est. £000s	Est. £000s	Est. £000s	Est. £000s
General Fund	73,010	46,808	21,370	15,993	17,564	16,064
HRA	30,513	29,597	30,465	31,924	34,806	33,616
Total	103,523	76,405	51,835	47,917	52,370	49,680

- 1.27 There is a risk of cost variations to planned expenditure against the Investment Plan, arising for a variety of reasons, including tenders coming in over/under budget, changes to specifications, slowdown/acceleration of project phasing. There is also the possibility of needing to bring urgent and unplanned capital works into the Investment Plan. These risks are managed by project officers on an ongoing basis, by means of active financial and project monitoring, they will be overseen by the Investment Programme Board and any changes will be made in accordance with Financial Regulations.

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- 1.28 The availability of financing from capital receipts, grants and external contributions also carries significant risks. These risks are particularly relevant to capital receipts, where market conditions are a key driver to the flow of funds, causing problems in depressed or fluctuating market conditions. There is a much-reduced reliance on capital receipts in the proposed plan.

Estimate of Capital Financing Requirement (CFR)

- 1.29 In accordance with best professional practice the Authority does not associate borrowing with particular items or types of expenditure. The Authority has a number of daily cash flows, both positive and negative, and manages its treasury position in terms of its borrowing and investments in accordance with the approved Treasury Management Strategy. In day to day cash management no distinction can be made between revenue cash and capital cash. Over the long term external borrowing may only be incurred for capital purposes.

Table 5: Capital Financing Requirement

	2022/23 Est. £000s	2023/24 Est. £000s	2024/25 Est. £000s	2025/26 Est. £000s	2026/27 Est. £000s	2027/28 Est. £000s
General Fund	308,929	317,994	400,038	396,859	394,568	388,815
HRA	300,178	294,992	291,175	286,957	284,672	281,812
Total	609,108	612,985	691,213	683,815	679,240	670,627

- 1.30 The above indicator shows the total borrowing requirement, both supported and unsupported. To enhance the information available for decision-making we have provided a local indicator to show the Capital Financing Requirement for unsupported borrowing. This is shown in Table 6 below:

Table 6: Capital Financing Requirement for Unsupported Borrowing

	2022/23 Est. £000s	2023/24 Est. £000s	2024/25 Est. £000s	2025/26 Est. £000s	2026/27 Est. £000s	2027/28 Est. £000s
General Fund	185,453	195,246	200,096	206,136	209,035	211,437
Total	185,453	195,246	200,096	206,136	209,035	211,437

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Prudential Indicators for External Debt

Authorised limit for total external debt

- 1.31 For the purposes of this indicator the authorised limit for external debt is defined as the authorised limit for borrowing plus the authorised limit for other long term liabilities.
- 1.32 This indicator requires the Authority to set, for the forthcoming financial year and following years, an authorised limit for total external debt, separately identifying borrowing from other long term liabilities such as PFI and Finance Leases.
- 1.33 The authorised limit represents the maximum amount the Authority may borrow at any point in time in the year. It has to be set at a level the Authority considers is “prudent” and has to be consistent with the plans for capital expenditure and financing.
- 1.34 This limit is based on the estimate of the most likely, but not worse case, scenario with additional headroom to allow for operational management, for example unusual cash movements.
- 1.35 As outlined in paragraphs 1.19 and 1.28 above the new accounting standard for leasing (IFRS16) comes into force for Local Authorities from 1 April 2024. An uplift has been applied to the external and operational boundaries to allow for this change. Work is ongoing to calculate the actual impact of the change. This will be reported through the Financial Management reports to Cabinet.
- 1.36 Full Council will be requested to approve these limits and to delegate authority to the Chief Finance Officer, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities, in accordance with option appraisal and best value for money for the Authority.
- 1.37 Any such changes made will be reported to the Cabinet at its next meeting following the change.

Table 7: Authorised Limit for External Debt

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Est. £000s	Est. £000s	Est. £000s	Est. £000s	Est. £000s	Est. £000s
Borrowing	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Other Long-Term Liabilities	235,000	235,000	210,000	210,000	210,000	210,000
Total	1,235,000	1,235,000	1,210,000	1,210,000	1,210,000	1,210,000

- 1.38 The Chief Finance Officer reports that these Authorised Limits are consistent with the Authority’s current commitments, existing plans and the proposals in this 2023/24 budget report for capital expenditure and financing, and in

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accordance with its approved Treasury Management Policy Statement and Practices.

Operational Boundary for total external debt

- 1.39 The proposed operational boundary is based on the same estimates as the authorised limit. However, it excludes the additional headroom which allows for unusual cash movements.
- 1.40 The operational boundary represents a key management tool for in year monitoring by the Chief Finance Officer. Within the operational boundary, figures for borrowing and other long term liabilities are identified separately. Full Council will be requested to delegate authority to the Chief Finance Officer, within the total Operational Boundary for any individual year, to effect movement between the separately agreed figures for borrowing and other long-term liabilities, in a similar fashion to the Authorised Limit.
- 1.41 Any such changes will be reported to the Cabinet at its next meeting following the change.

Table 8: Operational Boundary for External Debt

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Est. £000s	Est. £000s	Est. £000s	Est. £000s	Est. £000s	Est. £000s
Borrowing	550,000	550,000	550,000	550,000	550,000	550,000
Other Long-Term Liabilities	185,000	185,000	185,000	185,000	185,000	185,000
Total	735,000	735,000	735,000	735,000	735,000	735,000

Prudential Indicators for Treasury Management

Adoption of the CIPFA Code of Practice for Treasury Management

- 1.42 The Authority has an integrated Treasury Management Strategy and has adopted the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. North Tyneside Council has, at any point in time, a number of cash flows, both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved Treasury Management Strategy and Practices.

Upper limits on interest rate exposure 2023-2028

- 1.43 Full Council will be requested to set an upper limit on its fixed interest rate exposures for 2023/24 through to 2027/28 of 100% of its net outstanding principal sums.
- 1.44 Full Council will be requested to set an upper limit on its variable interest rate exposures for 2023/24 through to 2027/28 of 50% of its net outstanding principal sums.
- 1.45 The proposals to set upper and lower limits for the maturity structure of the Authority's borrowings are as follows:

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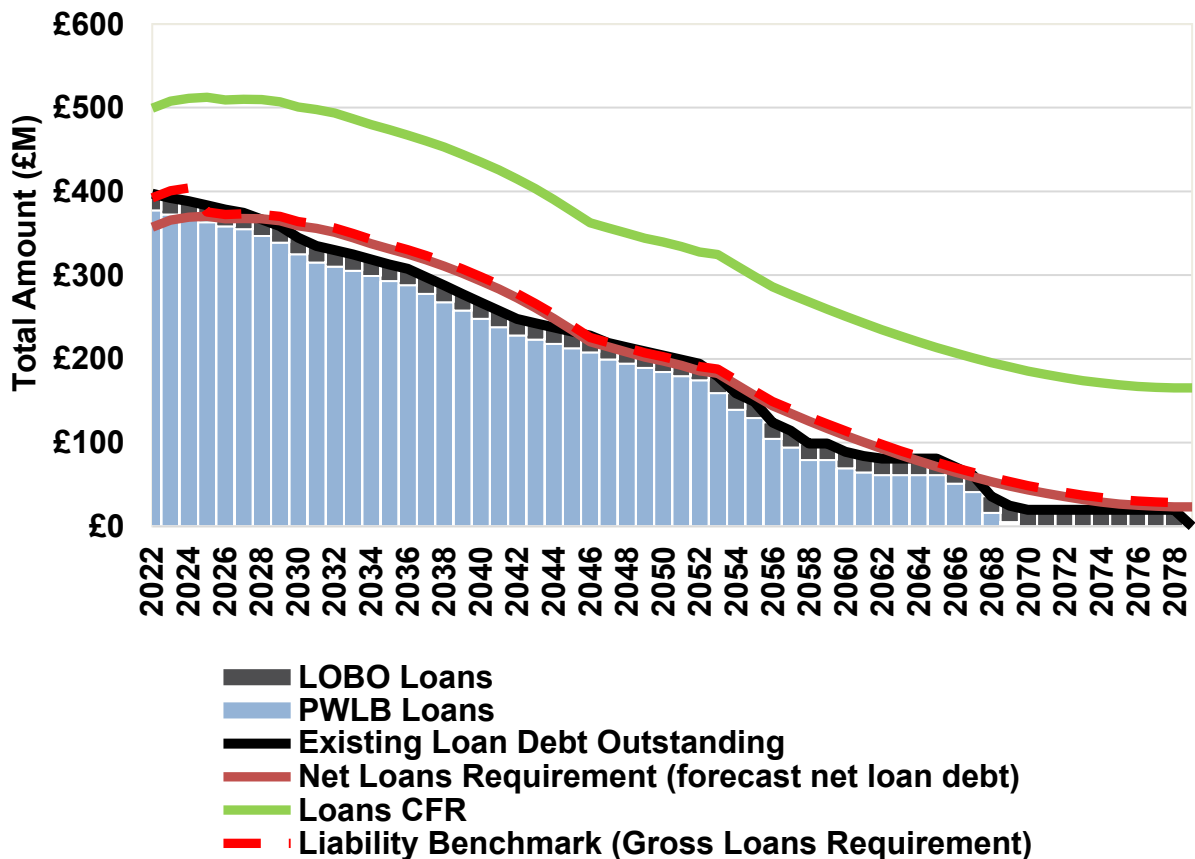
Table 9: Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate

	Upper Limit	Lower Limit
Under 12 months	50%	0%
12 months to 2 years	50%	0%
2 years to 5 years	50%	0%
5 years to 10 years	75%	0%
10 years to 20 years	100%	25%
20 years to 30 years	100%	25%
30 years to 40 years	100%	25%
40 years to 50 years	100%	25%

Liability Benchmark

1.46 The liability benchmark is a measure of how well the existing loans portfolio matches the authority’s planned borrowing needs. An example of a liability benchmark chart is shown in Chart 1, below.

Chart 1: North Tyneside Council Liability Benchmark



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- 1.47 The purpose of this prudential indicator is to compare the authority's existing loans outstanding (the black line) against its future need for loan debt, or liability benchmark (the dotted red line). If the black line is below the red line, the existing portfolio outstanding is less than the loan debt required, and the authority will need to borrow to meet the shortfall. If the black line is above the red line, the authority will (based on its current plans) have more debt than it needs, and the excess will have to be invested. The chart therefore tells an authority how much it needs to borrow, when, and helps to align maturities to match its planned borrowing needs.

DRAFT



North Tyneside Council

CAPITAL STRATEGY 2023 - 2033

WE LISTEN | WE CARE | WE ARE AMBITIOUS | WE ARE GOOD VALUE FOR MONEY



North Tyneside Council – Capital Strategy

- 1 Introduction
- 2 Objectives of the Capital Strategy
- 3 Capital Expenditure
- 4 Strategic Priorities
- 5 Investment Plan Governance
- 6 Setting the Investment Plan
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- 8 Longer Term Planning
- 9 Capital Funding Sources
- 10 Asset Management
- 11 Debt, borrowing, investments and treasury management
- 12 Investments for the service of commercial purposes
- 13 Other Long-Term Liabilities
- 14 Knowledge and skills
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1 Introduction

- 1.1 The Capital Strategy provides a high-level overview of how capital expenditure, capital financing and treasury management actively contribute to the infrastructure and provision of services for the benefits of North Tyneside's communities.
- 1.2 The overall aim of the Capital Strategy is to ensure that capital investment plans are affordable, prudent, and sustainable and they contribute towards the delivery of the Authority's strategic approach to building a better North Tyneside, outlined within Our North Tyneside Plan (Appendix 1).
- 1.3 Local Authorities are required by regulation to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003. The Prudential Code was updated by CIPFA in 2021 and provides a framework which supports local strategic planning, local asset management planning and proper option appraisal.
- 1.4 A key element of the Code is that Local Authorities should have a long-term capital strategy in place that sets out the long-term context in which capital and revenue decisions are made and gives appropriate consideration to both risk and reward and the impact on the achievement of priority outcomes.
- 1.5 The Authority's Capital Strategy takes a long-term view and covers the period from 2023 to 2033 and has been prepared to ensure compliance with the requirements of the Prudential Code, addressing the following key areas:
 - Capital expenditure
 - Debt, borrowing, investments and treasury management
 - Investments for service of commercial purposes
 - Other long-term liabilities
 - Knowledge and skills
- 1.6 The Capital Strategy is under significant financial pressure as a result of market volatility following Brexit, COVID-19 and the conflict in the Ukraine. The extent of the impact and implications are still evolving, given pressures on supply chains which are impacting upon the delivery timing and costs of planned investment. The Strategy must therefore include an element of flexibility to respond to changes and risks within the market and manage resources effectively.

2 Objectives of the Capital Strategy

- 2.1 The Capital Strategy determines the Authority's approach towards developing the Investment Plan, helping to ensure that capital resources are used in an efficient and effective manner to achieve medium and long-term strategic objectives.
- 2.2 The Authority's Capital Strategy ensures that Environmental, Social and Governance (ESG) considerations are embedded within the decision-making process.

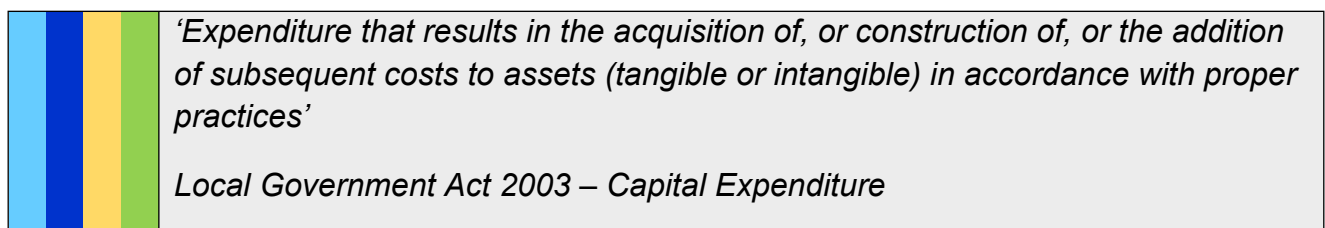
2.3 The Investment Plan represents a significant commitment of the Authority's resources to either purchase new assets or enhance existing assets to support the effective delivery of the Authority's services and promote wider economic and housing regeneration.

2.4 Key objectives include:

- Providing a framework within statutory legislation to support capital decision making and ongoing management and monitoring to ensure the Investment Plan remains affordable, sustainable, proportionate and prudent over the long-term;
- Outline the process to identify, programme and prioritise potential capital schemes;
- Providing a long-term view of capital expenditure plans and associated risks to the Authority;
- Consider resources and funding options over the longer term to minimise the impact upon the Authority's revenue budget.

3 Capital Expenditure

3.1 Capital expenditure is where the Authority spends money on assets, such as property or vehicles, that will be used for more than one year.



3.2 To qualify as capital expenditure, expenditure must be directly attributable to an asset and:

- Results in the acquisition, construction or improvement of an asset
- Is separately identifiable and measurable
- Results in a measurable benefit to the Authority for a period of more than 12 months

3.3 In Local Government, this also includes spending on assets which may be owned by other bodies and loans or grants awarded to other bodies for capital purposes provided this is not an investment primarily to generate a yield for the Authority.

3.4 The Authority's Capitalisation Policy (set out in Appendix 2) is audited as part of the production of the Statutory Accounts.

3.5 The majority of the Authority's non-current assets are properties that are used to support service delivery. As at 31 March 2022 the Authority's land, buildings and infrastructure asset base of over 450 properties has a current use Balance Sheet value of approximately £241 million, approximately 945 kilometres of highways and bridges, subways, culverts and other structures with a historic value of £179 million, council housing stock comprising almost 15,000 properties with a balance sheet value of £675 million and ICT and other equipment with a balance sheet value of £15m. In addition the Authority has an interest in assets of companies in which the Authority has a financial interest in terms of equity and loans.

4. Strategic Priorities

- 4.1 All investment within the Investment Plan must be clearly aligned to the Authority's strategic approach to Building A Better North Tyneside. The Our North Tyneside Plan sets out the Authority's ambitions for making North Tyneside an even greater place to live, work and visit by 2025. The plan outlines a vision of building a better North Tyneside, looking to the future and listening to and working better for residents.
- 4.2 The Our North Tyneside Plan builds on the Authority's work over the last eight years and addresses the key challenges faced as a result of the COVID-19 pandemic. It is a plan to build a better North Tyneside and to restore hope and confidence in the future which seeks to tackle inequalities and discrimination and ensure no-one is left behind.
- 4.3 There are five key themes within the Our North Tyneside Plan, each with specific areas of work and clear priorities as set out in Appendix 1.

				<ul style="list-style-type: none"> • A thriving North Tyneside • A secure North Tyneside • A family-friendly North Tyneside • A caring North Tyneside • A green North Tyneside
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- 4.4 The Authority will continue to work collaboratively in partnership with our residents, our businesses, our community and voluntary sector as well as our regional partners, the North of Tyne Combined Authority and other key organisations like the NHS, the police, fire and rescue services to help deliver the Our North Tyneside Plan.
- 4.5 The development of the Investment Plan has clear links to the Authority's Medium Term Financial Plan and revenue budget. To ensure the Investment Plan remains affordable, sustainable and prudent over the long-term, the whole life capital and revenue implications of each capital project are considered prior to determining whether a scheme can be supported and accommodated from within the Authority's financial plans.
- 4.6 Within the Investment Plan, the key focus includes supporting schemes which:
- Deliver policy priorities
 - Maintain existing assets
 - Generate ongoing savings through invest-to-save initiatives
 - Facilitate regeneration and enhance key strategic infrastructure
 - Maximise the use of external funding
- 4.7 The Authority has a series of key strategies which support the delivery of the Our North Tyneside Plan and provides more detailed guidance and priorities for the development of specific projects, set out in the following table.

Our North Tyneside Plan	
Thriving	<ul style="list-style-type: none"> • Strategic Economic Plan • Employment and Skills Strategy • Inclusive Economy Strategy • Estates Strategy • Our Ambition for North Tyneside • North Shields Master Plan
Secure	<ul style="list-style-type: none"> • Local Plan and Master Plans • Transport Strategy <ul style="list-style-type: none"> ○ Highways Asset Management Plan ○ Network Management Plan • Housing Strategy <ul style="list-style-type: none"> ○ Strategic Housing Market Assessment ○ Strategic Land Availability Assessment ○ Housing Revenue Account Business Plan ○ Housing Revenue Account Asset Management Plan • Flood Alleviation <ul style="list-style-type: none"> ○ Flood Risk Management Strategy ○ Coastal Strategy
Caring and Family Friendly	<ul style="list-style-type: none"> • Joint Strategic Needs Assessment • Health and Wellbeing Strategy • Community Safety Strategy • Ambition for Education • Children and Young People Plan
Green	<ul style="list-style-type: none"> • Climate Emergency <ul style="list-style-type: none"> ○ Climate Emergency Action Plan ○ Low Carbon Plan 2016 - 2027 • 10-Year Plan for Waste
Organisation	<ul style="list-style-type: none"> • Medium Term Financial Plan • Asset Management Plan • Treasury Management Strategy • ICT Digital Strategy

4.8 For any capital investment the Authority takes into consideration environmental, social and governance factors (ESG), which are embedded within the Authority's core strategies and reporting arrangements, with a view to influencing and delivering positive change within the Borough.

4.9 The Authority is committed to setting an example with regard to tackling climate change and reducing carbon emissions, which requires ongoing investment in a range of environmental and sustainable improvements including:

- Upgrading our buildings to improve their energy efficiency, including installing LED lighting, solar PV, replacing boilers and improving insulation measures

- Investing in our systems and infrastructure to support agile working and the growth of the digital economy
- Infrastructure improvements to support additional sustainable transport measures

4.10 The Authority provides a range of services with significant social value to the residents of the Borough, many of which require capital investment through the Investment Plan. This includes investment in areas such as the provision of social housing, schools, parks, playgrounds and green infrastructure as well as ensuring that the procurement approaches for major capital investment incorporate social value considerations. In addition, capital investment proposals also undertake Equality Impact Assessments as part of the decision-making process.

5. Investment Plan Governance

5.1 To ensure available resources are managed in the optimum way, the Authority considers and plans the Investment Plan as part of the service and revenue budget planning process within the Medium Term Financial Plan framework.

5.2 The Authority has a range of mechanisms in place to ensure the effective management of capital resources to deliver the Authority's strategic priorities including:

- Democratic decision making and scrutiny provide political direction and ensure accountability around investment decisions including:
 - *Full Council* – responsible for approving the Capital Strategy, Treasury Management Strategy and Investment Plan
 - *Cabinet* – responsible for setting the corporate framework and political priorities to be reflected in the Investment Plan, recommending projects for inclusion and monitoring delivery of the Investment Plan throughout the year
- Investment Programme Board – responsible for considering specific project proposals and recommending approval of schemes and variances to Cabinet
- Officer groups which bring together multi-disciplinary professional expertise from across the Authority helping to develop and scrutinise capital schemes, preparing business cases and to establish project boards for major and complex schemes as appropriate to ensure effective delivery.

5.3 Introducing schemes to the Investment Plan has a specific approved governance process which involves progressing through a series of Gateways, outlined in Appendix 3, which are considered by the Investment Programme Board.

5.4 As part of the approval process, all schemes will be required to develop a robust business case detailing full capital costs and full life revenue costs, including provision for ensuring that assets are maintained and that the financial implications are reflected in the Authority's financial plans. This will be provided as part of the Gateway 2 submission to the Investment Programme Board for approval prior to commencement of the scheme.

6. Setting the Investment Plan

6.1 The Investment Plan is set for a five-year period and reviewed annually alongside the development of the Authority's revenue budget. The review process considers the position on existing commitments, ensuring these remain a priority for the Authority, as well as

considering the introduction of additional priority schemes. Any variation to the Investment Plan, including the introduction of additional schemes, will consider the resourcing implications and potential delivery arrangements.

- 6.2 The Authority manages the introduction of new capital schemes through the Gateway process, with the details of proposed schemes being outlined on Gateway forms supported by individual business cases which are considered by Officer groups and reported to Investment Programme Board in advance of progressing to Cabinet and Council for consideration.
- 6.3 Individual project proposals must demonstrate a strong alignment with the Authority's strategic priorities and consider the associated financial implications and risks, including an analysis of:
- Project delivery timescales and estimated cashflows
 - Projected financial implications across the lifetime of the scheme (whole life costs)
 - Projected outcomes, both financial and non-financial
- 6.4 The projected financial implications of any capital investment decision must be incorporated into the Authority's Capital Financing Requirement and Medium-Term Financial Plan to ensure that a scheme is affordable and sustainable.
- 6.5 A key principle is that all investment decisions should ensure that risks are fully understood, with appropriate strategies in place to manage risks effectively. All capital projects are required to align to the Authority's risk management framework.
- 6.6 During the year, Investment Programme Board consider requests to vary existing capital commitments and to introduce additional schemes, which follow the same assessment process and are considered by Cabinet for inclusion in the Investment Plan.
- 7. Monitoring the Investment Plan**
- 7.1 Capital schemes within the Investment Plan are monitored by project managers, supported and co-ordinated by finance. This process considers delivery against the original programme, budget allocation, funding sources and agreed outputs.
- 7.2 Project managers are responsible for effective control and monitoring of their projects ensuring:
- Only genuine capital expenditure is charged to the project;
 - Capital expenditure is properly attributable to the specific project;
 - Capital expenditure is within the agreed budget, or approval is sought for any variations;
 - Expenditure profiles are realistic and subject to regular review and formal approval is sought to adjust this where required;
 - Risks relating to the project are considered, recorded, communicated and monitored;
 - The projected outcomes of the scheme are achieved.
- 7.3 Where capital schemes are more complex, a multi-disciplinary project group may be established to oversee the effective delivery of the scheme. This may also be supplemented by external specialist advice where it is deemed this is necessary.

7.4 A formal monitoring report on the progress of schemes within the Investment Plan is taken to Investment Programme Board on a monthly basis, which provides information on delivery progress, risks and captures any potential changes. Any changes are underpinned by the Gateway governance process (Appendix 3) which formally records any variance to the existing approved schemes. Formal reports are also taken relating to the outturn ensuring that Investment Programme Board understand the impact of the capital investment and outputs that have been achieved in any particular year.

7.5 Cabinet receives bi-monthly monitoring reports and must provide formal approval to additional resource allocations, changes to existing schemes relating to amounts, financing arrangements, delivery timing or outputs.

8. Longer-Term Planning

8.1 The Investment Plan is based upon a five-year planning cycle, aligning with the Authority’s medium-term financial plan. However, the Prudential Code requires a longer-term consideration of the Authority’s capital investment requirements, acknowledging that this will involve a high degree of estimation at this stage and that specific proposals will evolve.

8.2 The Investment Plan, approved by Council in February 2022 covers the period to 2026/27 and amounts to almost £330m, with £173m of General Fund schemes and £157m within the Housing Revenue Account.

8.3 Potential additional capital projects will be identified through the Gateway process however there are elements of recurring capital investment which will be necessary to continue to ensure effective service delivery beyond the Investment Plan period. This includes investment in areas such as:

- Highways – improvement and maintenance of the Authority’s highway assets including roads, bridges, footpaths and traffic signal equipment
- Property – improvement and maintenance of the Authority’s operational buildings utilised to support service delivery
- Vehicles – acquisition of vehicles, including refuse collection vehicles, to support service delivery
- IT equipment and infrastructure – improvement and replacement of the IT infrastructure and devices to ensure effective and secure service delivery

8.4 This has resulted in the following projections for future capital investment programmes beyond the existing Investment Plan term:

Asset Group (£m)	Investment Plan	Years 6 – 10
Highways	10.0	10.0
Council Property	13.0	10.0
Vehicles	8.0	10.0
IT Infrastructure	6.0	10.0
Total Projected	37.0	40.0

9. Capital Funding Sources

9.1 There are a range of external and internal funding sources that the Authority considers to support the delivery of the Investment Plan. These primarily include:

- External grants and contributions
- Capital receipts generated from the sale of assets
- Contribution from revenue resources
- Prudential borrowing
- Institutional investment

External Grants and Contributions

9.2 The Authority actively explores external funding opportunities to support the delivery of priority schemes within the Investment Plan. This can include the use of grants awarded on a formula basis from Government departments or as a result of competitive funding applications to Government departments or other grant awarding bodies such as Heritage Lottery, Local Enterprise Partnerships or the North of Tyne Combined Authority.

9.3 As part of the Investment Programme Board governance the Authority reviews each external funding opportunity to understand the associated conditions and risks that may pass to the Authority to manage as part of scheme delivery.

9.4 The Authority receives significant contributions from Developers as part of the planning process to support additional development and mitigate the impact locally. This includes Section 106 contributions, Community Infrastructure Levy and Section 278 contributions towards highways improvements. Any associated conditions relating to these contributions are addressed when developing specific project proposals and monitored as part of the delivery of the Investment Plan.

Capital Receipts

9.5 The Authority has a significant property estate the majority of which is held for operational purposes to ensure the effective delivery of the Authority's core services. However, strategic reviews of the portfolio can result in identifying properties which are deemed surplus to requirements and can be sold.

9.6 The proceeds arising from the sale of the Authority's assets are used to support the Investment Plan to fund the delivery of the Authority's priorities. The Authority has a planned and structured approach towards managing the disposal of assets, overseen by the Strategic Property Group.

9.7 The Authority does not commit capital receipts in advance of realisation and does not ring-fence the use of receipts to specific schemes except where regulations may require this. Typically, the following options will be considered when determining the optimum allocation of receipts:

- Repayment of existing debt
- Mitigating the need for future borrowing requirements to deliver the Investment Plan
- Funding transformational projects which will deliver significant efficiency savings
- Funding additional capital investment

Revenue Contributions

- 9.8 Capital investment can be financed directly from the Authority's revenue budget. However, the current pressures on the Authority's revenue budget limit the extent of this type of funding in the General Fund.
- 9.9 The Housing Revenue Account business plan utilises significant revenue contributions to fund investment in the Authority's housing stock. These contributions are transferred via a ring-fenced Major Repairs Reserve.

Prudential Borrowing

- 9.10 Under the Prudential Code the Authority is able to borrow to fund capital investment provided it can be demonstrated that the borrowing is prudent, affordable and sustainable. The Authority is unable to utilise borrowing to support any investment which is primarily for yield.
- 9.11 The level of borrowing that can be supported is dependent on the availability of revenue resources required to fund the associated financing costs, with the need to identify a long-term source of revenue to meet these payments. This position is reviewed as part of developing robust business cases for each project, considering the ongoing revenue implications of every investment decision.
- 9.12 The Authority makes provision for the repayment of the principal element of the borrowing through the Minimum Revenue Provision (MRP) which is charged to the revenue budget each year. The Authority considers the MRP policy on an annual basis as part of setting the revenue budget, with the calculation aligned to the useful life of the assets to which the borrowing relates in accordance with the guidance.
- 9.13 As part of complying with the Prudential Code several indicators are considered by full Council, showing ratios of costs and levels of borrowing. These indicators are monitored on an ongoing basis and reported formally to Cabinet and Council to ensure investment plans remain within agreed parameters.

Institutional and Alternative Investment

- 9.14 Whilst not currently actively pursuing this type of funding arrangement, the Authority may also consider long-term financing arrangements as an alternative to the use of prudential borrowing as a means to facilitate additional regeneration within the Borough.
- 9.15 This type of funding, typically involving UK Pension Funds with strong Environmental, Social and Governance credentials, also requires a long-term revenue commitment which means the Authority must fully understand the risks involved and the likely performance of the underlying asset. Any decision to explore alternative investment opportunities would be subject to Cabinet approval as part of developing the specific project.

10. Asset Management

- 10.1 It is essential to understand the need, utilisation, condition and the investment and operating costs associated with the Authority's asset portfolio to ensure the effective use of the Authority's resources.
- 10.2 To ensure that capital assets continue to be of long-term use, the Authority has approved asset management plans in place for property assets with the intention to create a sustainable, efficient and fit-for-purpose portfolio of assets. A disposal strategy is also in

place to find alternative beneficial uses for any assets which are deemed surplus to requirements.

- 10.3 The Authority also has asset management plans in place for highways and other infrastructure assets which guide investment decisions and seek to align spending plans with other key priorities as part of a co-ordinated and targeted approach to maximise value.

11. Debt, borrowing, investments and treasury management

- 11.1 CIPFA define Treasury Management in the Treasury Management Code of Practice as follows:

				<p><i>'The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with the activities; and the pursuit of optimum performance consistent with those risks'</i></p> <p><i>CIPFA – Treasury Management Code of Practice</i></p>
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- 11.2 The Treasury Management role is to keep sufficient but not excessive cash available to meet the Authority's spending needs, while effectively managing the risks involved. Surplus cash is invested until it is required, while a shortage of cash will be met by borrowing to avoid excessive credit balances or overdrafts in the bank account. The Authority is typically cash rich in the short-term as revenue income is received before it is spent and the Authority holds cash reserves. Revenue cash surpluses are often offset against capital cash shortfalls to reduce the overall borrowing requirement.

- 11.3 The Authority's Treasury Management Strategy specifies how the Authority manages its treasury activities and includes the Authorities borrowing and investment strategies as well as specifying the Authority's risk appetite.

Borrowing Strategy

- 11.4 The borrowing strategy outlines the options available to fund the Capital Financing Requirement (CFR), which is the Authority's underlying need to borrow, and how the risks around borrowing will be managed. Prudential Indicators are set annually as part of the Authority's revenue budget and these help to ensure that the Investment Plan remains affordable, sustainable and prudent by setting maximum levels of borrowing, interest rates exposure and the total borrowing maturity exposure per period.

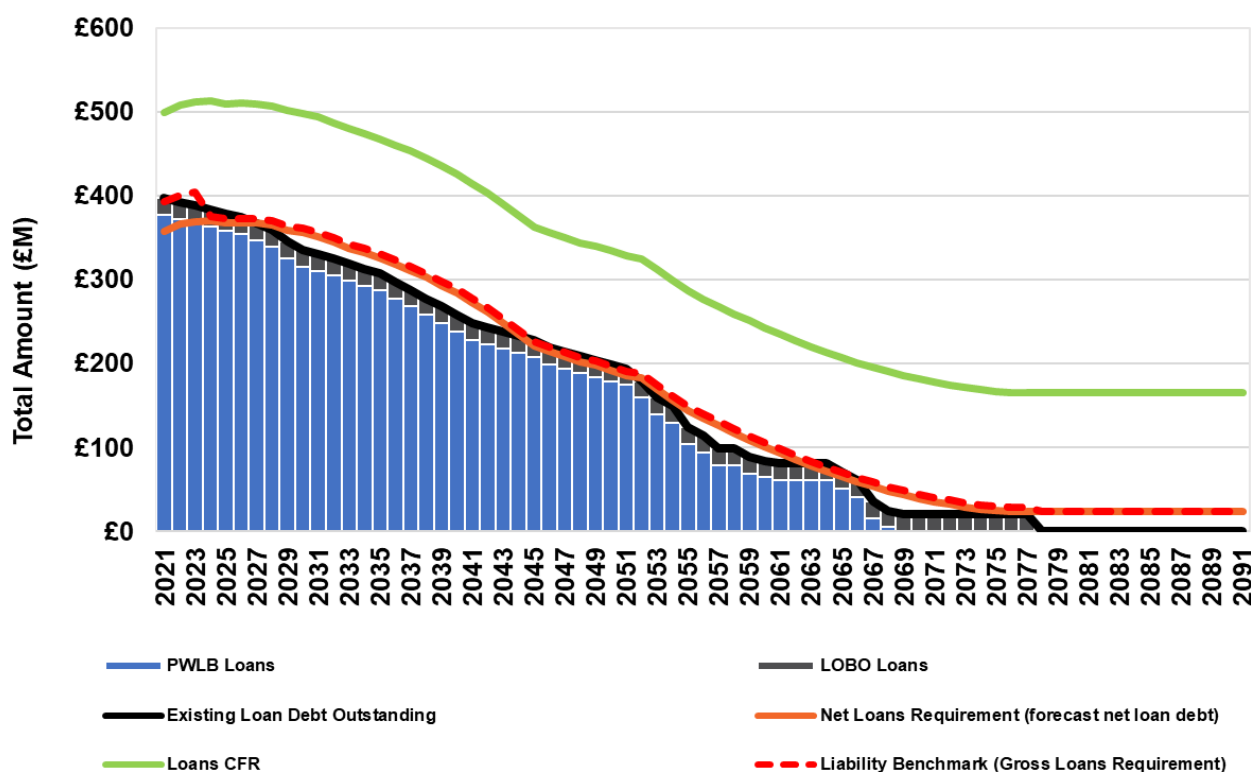
- 11.5 The following table shows the estimated net revenue cost of debt charges and future borrowing levels that will be required to meet the CFR over the 10-year timeframe of the Capital Strategy. This includes assumptions on longer-term investment requirements beyond the existing Investment Plan but does not include other long-term liabilities such as PFI schemes.

£m	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33
Capital Financing Requirement (Excl PFI)	499.5	506.9	512.5	517.3	516.9	519.8	519.1	516.3	510.0	506.6
Existing External Debt	398.4	393.4	388.4	384.9	376.9	368.9	355.0	345.0	340.0	335.0
Additional External Debt Requirement	101.0	113.4	124.1	132.4	140.0	150.9	164.1	171.3	170.0	171.6
Net Debt Charges	12.8	13.4	13.8	14.2	14.7	15.1	15.4	15.7	16.0	16.4

Liability Benchmarking

11.6 To compare the Authority’s actual borrowing to its underlying need to borrow a liability benchmark has been calculated using the Authority’s loans and Capital Financing Requirement less its underlying cash investments.

Liability Benchmark



11.7 The liability benchmark indicates that the Authority will be under-borrowed against its requirements. This will mean that additional borrowing will be required but the Authority will manage that by monitoring interest rates and identifying the optimum borrowing opportunities in accordance with its Treasury Management Strategy. There may be occasions when the Authority will opt to actively be under-borrowed to avoid excessive interest rate costs through the use of internal resources.

Borrowing Limits

11.8 The Authority sets an affordable borrowing limit (also known as the authorised limit for external debt) each year to comply with the Prudential Code. A lower operational boundary is also set as a warning level should debt approach the limit. An indication of these based on the Investment Plan is set out in the table below:

£m	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33
Authorised Limit for External Debt										
Borrowing	1,040	1,020	1,010	1,000	980	960	940	920	900	880
PFI and Leases	135	235	235	235	235	235	235	235	235	235
Total	1,175	1,255	1,245	1,235	1,215	1,195	1,175	1,155	1,135	1,115
Operational Boundary for External Debt										
Borrowing	520	520	520	520	520	520	520	520	520	520
PFI and Leases	115	185	185	180	175	175	175	175	175	175
Total	635	705	705	700	695	695	695	695	695	695

12. Investments for service of commercial purposes

- 12.1 The Authority has not entered into any non-treasury financial investments which are purely to generate a commercial return. The Authority does own a portfolio of tenanted non-operational units, such as industrial units and retail units which generate a source of revenue income, however these have been held for a number of years and are retained primarily to support the Authority's priorities around local employment and regeneration. As such, the key risk exposure relates to void periods and reductions in rental income.
- 12.2 There are currently no plans to enter into a non-treasury financial investment primarily to obtain a revenue return. However, if the opportunity arose the long-term financial implications and potential risks would be assessed as part of the due diligence process and any arrangement would require Cabinet approval.

13. Other long-term liabilities

- 13.1 Local Authorities may take on liabilities and hold investments where this forms part of service delivery. Whilst these are not included within the Investment Plan they are included within the wider Capital Strategy to provide an overarching view of the Authority's financial position.
- 13.2 As at 31st March 2022 the Council held £105.361m long-term liabilities in respect of PFI schemes;
- Sheltered Accommodation £70.711m
 - Schools £20.614m
 - Joint Service Centres £10.115m
 - Street Lighting £3.921m

14. Knowledge and skills

- 14.1 Officers and Councillors involved in the decision-making process regarding capital expenditure, borrowing and investment matters are required to have an appropriate level of skills and knowledge to make informed decisions.
- 14.2 The Authority employs experienced, professionally qualified officers which include qualified accountants from CIPFA, ACCA and CIMA with commitments to Continued Professional Development. In addition, the Authority ensures that key officers involved in the delivery of schemes within the Investment Plan from other disciplines also have the required professional standing and suitable experience to effectively manage risk.
- 14.3 The Authority also utilises Link Asset Services to provide additional advice and support regarding treasury management decisions and provide additional specialist knowledge.

- 14.4 Where individual capital schemes are complex or higher-risk in their nature the Authority will engage with specialist advisors where necessary to assist with the due diligence process which could include assisting with developing business cases, project appraisal or delivery advice and support. The outcome of this advice will form part of the reports to senior officers and Councillors as part of the decision-making process.
- 14.5 Treasury management and capital training is available to Officers and Councillors including formal training delivered by external advisors as well as in-house presentations and briefings on specific and relevant issues.
- 15. Conclusion**
- 15.1 The Capital Strategy is a reporting requirement of the CIPFA Prudential Code, most recently updated in 2021, and this Strategy summarises how capital expenditure, capital financing and treasury management activity contribute towards the infrastructure and provision of services for the residents of the Borough.
- 15.2 The Capital Strategy takes account of the Authority's vision to build a better North Tyneside and helps to ensure that any new investment is considered within the context of growth in a financially and environmentally sustainable manner.
- 15.3 The Capital Strategy provides an overview of how associated risk is managed and the implications for future financial sustainability, ensuring that the impact of capital investment plans are aligned with the Authority's Medium Term Financial Plan and the ongoing financial challenges that the Authority faces.

Our North Tyneside Plan

2021 TO 2025

BUILDING A BETTER NORTH TYNESIDE

A thriving North Tyneside



We will regenerate the high streets of North Shields and Wallsend, and in addition to the Master Plan for North Shields, we will bring forward Master Plans for Wallsend and Whitley Bay town centre areas. We will also bring investment and improvements to the North West area of the borough and ensure that regeneration delivers ambition, opportunity and benefits for all of our residents;



We will bring more good quality jobs to North Tyneside – by helping local businesses to grow and making it attractive for new businesses to set up or relocate in the borough



We will invest in adult education and to support apprenticeships to make sure people have the right skills for the job



We will keep our libraries and leisure centres open as part of a vibrant range of cultural and sporting activities to support the health and wellbeing of our residents;



We will continue to be the destination of choice for visitors through the promotion of North Tyneside's award-winning parks, beaches, festivals and seasonal activities



We will reduce the number of derelict properties across the borough



We will review how the council purchases and contracts for goods and services to maximise value for money, social value and environmental sustainability



A secure North Tyneside



Council wardens will work in partnership with Northumbria Police to prevent and tackle all forms of antisocial behaviour;



We will continue to invest £2m per year in fixing our roads and pavements



We will maintain the Council Tax support scheme that cuts bills for thousands of households across North Tyneside



We will tackle health and socio-economic inequalities across the borough including through our Poverty Intervention Fund to tackle food poverty; and



We will provide 5000 affordable homes



A family-friendly North Tyneside



We will support local schools, making sure all children have access to a high-quality education with opportunities to catch up where needed after the pandemic



We will provide outstanding children's services, events and facilities so North Tyneside is a great place for family life



We will ensure all children are ready for school including through poverty proofing the school day – giving our kids the best start in life



A caring North Tyneside



We will provide great care to all who need it, with extra support available all the way through to the end of the pandemic



We will work with the care provision sector to improve the working conditions of care workers;



People will be cared for, protected and supported if they become vulnerable, including if they become homeless



We will support local community groups and the essential work they do



We will work to reduce inequality, eliminate discrimination and ensure the social rights of the people of North Tyneside are key to council decision making



A green North Tyneside



We will keep increasing the amount of waste that can be recycled and introduce food waste collections and deposit return schemes



Council environmental hit squads will crack down on littering



We will secure funding to help low income households to install low-carbon heating;



We will increase opportunities for safe walking and cycling, including providing a segregated cycleway at the coast



We will publish an action plan of the steps we will take and the national investment we will seek to make North Tyneside carbon net-zero by 2030



Appendix 2 – Capitalisation Policy

Expenditure on the acquisition of a non-current asset, or expenditure that adds to rather than simply maintains the value of a non-current asset is capitalised on an accruals basis and classed as a non-current asset on the Authority's balance sheet provided that the benefits to the Authority and the services it provides will last for a period of more than one year.

Expenditure that should be capitalised will include expenditure on the:

- Acquisition, reclamation or enhancement of land;
- Acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures;
- Acquisition, installation or replacement of plant, machinery and vehicles;
- Replacement of a component of a non-current asset that has been treated separately for depreciation purposes and depreciated over its individual useful life.

In this context, enhancement means the carrying out of works that are intended to:

- Significantly lengthen the useful life of the asset; or
- Significantly increase the open market value of the asset; or
- Significantly increase the extent to which the asset can or will be used for the purposes of the Authority.

The Authority capitalises expenditure on developing and implementing computer software and licenses as an intangible asset, provided that the expected life exceeds one year.

The Authority capitalises dedicated Project Management costs where this is directly linked to the delivery of a major project included within the Investment Plan.

All capital expenditure creating or enhancing a non-current asset will be recorded in the Authority's Asset Register where the asset can be separately identified. Some expenditure may also relate to assets owned by a third party rather than the Authority and this is capitalised as Revenue Funded from Capital under Statute (REFCUS) in accordance with accounting regulations.

The Authority's de-minimis level is £10,000 for land, buildings and infrastructure and £6,000 for equipment, except for certain external funding regimes where different levels of capitalisation are specified.

All expenditure is capitalised using capital accounts and is financed at the year-end, as long as the scheme has been approved through the Authority's Investment Plan. This includes programmes of spending such as purchase of fleet vehicles, ICT equipment, strategic maintenance or health and safety schemes, where individual project spend could be less than the current de-minimis level.

Appendix 3 – Investment Plan Governance: Gateway Process

Investment Programme Board	
<p>The purpose of the Gateway process is to ensure that all necessary approvals are secured at all key stages of any Capital project – this also includes regional projects. Project Officers are responsible for the completion and submission of all Gateway Forms to the Strategic Investment and Property Team and must include sign off by the relevant Cabinet Member. The team will then ensure that all Gateway Forms are presented to IPB as required.</p>	
<p>Gateway 0 Strategic Fit</p>	<p>Purpose: A brief submission to demonstrate that a mandate exists, the project or programme has been prioritised and an outline business case has been developed. There is a requirement to convey how far the idea has been developed in terms of feasibility.</p> <p>Role: The submission will be scrutinised by the IPB in terms of strategic fit, corporate priorities, available capital resources and estimated revenue implications. This allows the Project Officer to commence the detailed feasibility stage.</p>
<p>Page 12 Gateway 1 Feasibility</p>	<p>Purpose: This document constitutes a formal bid for capital investment for inclusion in the Investment Plan. It should provide sufficient information to enable effective financial and technical scrutiny ahead of further review at strategic and member level. Figures on cost and funding should be as accurate as possible. At Gateway 1 there is a focus on viability, affordability, procurement and delivery. The initial submission of the Gateway 1 form will be considered by a sub-group of IPB. This will ensure that all projects are aligned to the Authority's Our North Tyneside Plan and that any financial or other implications are addressed prior to consideration by the full IPB Board</p> <p>Role: The IPB will scrutinise the bid in terms of its financial and technical viability and management of risk. The IPB will be briefed on outcomes and recommended actions and may wish to prioritise, amend or modify the submission in light of these comments. The IPB provide recommendations to Cabinet to form part of the budget setting and financial management processes.</p>
<p>Gateway 2 Approval and Delivery</p>	<p>Purpose: This stage provides formal approval to spend the Authority's resources and must be secured before any capital expenditure is incurred on a programme / project. This template brings together all the information needed for an appraisal and approval to be given. If the request varies from the previous Gateway, either in terms of expenditure, funding or both then any variance must be explained and justified. In addition, this Gateway Form must provide information on the spend profile which will then be monitored as part of the overall investment plan.</p> <p>Role: Officers in both the Strategic Investment & Property Team and the Client Finance Team will complete final checks to confirm that relevant information has been submitted correctly and appears reasonable and in accordance with the business case.</p>

<p>Gateway 3 Exception Report</p>	<p>Purpose: This submission addresses variances from the approved position which could include project delays, financial concerns or new information that may now have an impact on the project. Information contained in this submission should provide the IPB with information on the project and the specific issues as to why the matter has been escalated to the IPB and must include a revised spend profile. A Gateway 3 submission may be required on more than 1 occasion subject to the issues / matters that may / may not be raised regarding a particular project. The relevant Project Officer responsible for the project will be expected to attend the IPB to present the Gateway 3 submission.</p> <p>Role: The submission will be scrutinised by the IPB in terms of the wider strategic fit, corporate priorities together with the associated implications for capital resources and revenue budgets, prior to submission to Cabinet or Council as required.</p>
<p>Gateway 4 Project Close</p>	<p>Purpose of Document: The purpose of this document is to confirm financial completion, transfer or the abandonment of a project and to report on the status of associated records. Completion of all relevant sections is mandatory to enable consolidated reporting on the Investment Plan, helping to confirm scheme outputs and any relevant lessons that have been learned and which can then inform the delivery of similar schemes in the future.</p> <p>Role: The Investment Programme Board will provide scrutiny and review this submission including for capital accounting and financial closure purposes.</p>

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Treasury Management Statement and Annual Investment Strategy

2023 / 24

Date: October 2022
Owner: Strategic Finance



1.1 Treasury Management Strategy for 2023/24

1.1.1 The proposed Strategy for 2023/24 in respect of the following aspects of the treasury management function is based upon treasury management officers' view on interest rates, supplemented with market forecasts provided by the Authority's treasury advisor, Link Asset Services. This strategy covers:

- Training;
- Use of External Advisors;
- The borrowing strategy;
- Policy on borrowing in advance of need;
- Debt rescheduling;
- The investment strategy;
- Creditworthiness; and
- Non-Treasury Investments

1.2 Training

1.2.1 The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

1.3 Treasury management Consultants

1.3.1 The Authority uses Link Asset Services, Treasury Solutions as its external treasury management advisors.

Whilst the Authority has external treasury management advisors it recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of its external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, its treasury advisers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Authority will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

1.4 Investment and Borrowing Rates

Markets remain volatile and unpredictable due to inflation surging. The Bank of England have been increasing rates to combat rising prices. On 22 September, the Bank of England raised rates by 0.5 percentage points to 2.25%- the highest level for 14 years. The Bank's monetary policy committee meets every month to decide interest rate policy. Markets now expect the Monetary Policy Committee (MPC) to increase interest rates further and faster, from 2.25% currently to a peak of 5.00% in February 2023 (from the previous forecast peak of 2.75%). The combination of the government's fiscal loosening, the tight labour market and inflationary pressure

expectations mean markets expect the MPC to raise interest rates by 100bps at the policy meetings in November (to 3.25%) and 75 basis points in December (to 4%) followed by further 50 basis point hikes in February and March (to 5.00%).

Cost of goods continue to rise worldwide, as Covid restrictions are now no longer, consumers are spending more. Many companies are struggling to import the goods they need to sell, and with more buyers chasing fewer goods, prices have increased. There has also been a very sharp rise in the cost of oil and gas, a problem worsened by the conflict in Ukraine.

Wholesale gas prices have been also highly volatile, and there have been large moves in financial markets, including a sharp increase in government bond yields globally. Sterling has depreciated materially over the period.

1.5 Borrowing Strategy

1.5.1 The Authority's capital borrowing need (the Capital Financing Requirement) has not been fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent since 2019/20 as investment returns have remained low and counterparty risk is relatively high.

However, with interest rates on an upwards trajectory, the Authority has to review borrowing requirements whilst considering the risk of interest rates rising. Pushing up the cost of borrowing to the Authority.

The Authority's borrowing strategy will give consideration to new loans in the following order of priority:

- The cheapest borrowing and lowest risk approach is internal borrowing. By continuing to maintain a relatively low level of cash balances the risk of investment is reduced. However, in view of the overall forecast for long-term borrowing rates to remain stagnant over the next few years, consideration will be given to weighing the short-term advantage of internal borrowing against potential long-term costs if the opportunity is missed for taking loans at long-term rates which may be higher in future years;
- Temporary borrowing from money markets or other local authorities;
- Long-term fixed rate market loans at rates significantly below PWLB rates for the equivalent maturity period (where available) and to maintain an appropriate balance between PWLB and market debt in the debt portfolio;
- PWLB borrowing for periods under ten years where rates are expected to be significantly lower than rates for longer periods. This offers a range of options for new borrowing which will spread debt maturities away from a concentration in longer dated debt; and
- PWLB borrowing for periods of longer than ten years may be explored.

1.5.2 The principal risks that impact on the Strategy are the security of the Authority's investments and the potential for sharp changes to long and short-term interest rates. Officers, in conjunction with the Authority's treasury advisor, will continue to monitor the financial standing of banks and building societies, and the level of interest rates, both those prevailing and forecast.

Against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 treasury operations. The Director of Resources will monitor the interest rates in financial markets and adopt a pragmatic approach to changing circumstances, reporting any decisions to Cabinet or full Council, as appropriate, at the next available opportunity. Such circumstances include a situation where:

- If it were felt that there was a significant risk of a sharp fall in long and short-term interest rates, then long-term borrowings will be postponed, and potential rescheduling from fixed rate funding into short-term funding will be considered; or
- If it were felt there was a significant risk of a much sharper rise in long and short-term rates than that currently forecast, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

1.6 Policy on borrowing in advance of need

- 1.6.1 The Authority will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Authority can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

1.7 Debt Rescheduling

- 1.7.1 As short-term borrowing rates will be considerably cheaper than longer-term interest rates, there may be potential opportunities to generate savings by switching from long-term debt to short-term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred). Any position taken via rescheduling will be in accordance with the strategy position outlined above.

In order to generate the most attractive debt rescheduling opportunities, it is proposed that the strategy for 2023/24 should remain flexible. The reason for any rescheduling to take place may include:

- the generation of cash savings and / or discounted cash flow savings at minimum risk;
- to help fulfil the strategy outlined above; and
- to enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

All rescheduling will be reported to Cabinet as part of the next financial management report at the meeting following its action.

2.1 Annual Investment Strategy

2.1.1 Investment policy – management of risk

The Department for Levelling Up, Housing and Communities (DLUHC) and Chartered Institute of Public Finance and Accountancy (CIPFA) have extended the meaning of ‘investments’ to include both financial and non-financial investments. This section of the report deals solely with financial investments. Non-financial investments, essentially the purchase of income yielding assets, are covered later in the report.

The Authority’s investment policy has regard to the following:

- DLUHC (formerly MHCLG’s) Guidance on Local Government Investments;
- Treasury management in the public services, 2021 edition Code of practice and cross sectoral guidance notes;
- Treasury management in the public services, 2021 edition Guidance notes

The Authority’s investment priorities are:

- a) the security of capital;
- b) the liquidity of its investments; and,
- c) Yield (return).

2.1.2 The above guidance from the DLUHC and CIPFA place a high priority on the management of risk. This Authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means:

1. Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are their short-term and long-term ratings;
2. Other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Authority will engage with its advisors to maintain a monitor on market pricing such as credit default swaps and overlay that information on top of the credit ratings;
3. Other information sources used will include the financial press, share prices and other such information pertaining to the banking sector in order to establish a robust scrutiny process on the suitability of potential investment counterparties;
4. This Authority has defined the list of types of investment instruments that the treasury management team are authorised to use. There are two lists in within the Investments and Credit Criteria under the categories of ‘specified’ and ‘non-specified’ investments:

- Specified investments are those with a high level of credit quality and subject to a maturity limit of one year; and
 - Non-specified investments are those with less high credit quality, may be for periods in excess of one year, and are more complex instruments which require greater consideration by members and officers before being authorised for use.
5. The Authority has determined that it will limit the maximum total exposure to non-specified investments as being 25%;
 6. Lending limits for each counterparty will be set through applying the matrix table within the Investments and Credit Criteria table;
 7. Transaction limits are set for each type of investment in within the Investments and Credit Criteria table;
 8. This Authority will set a limit for its investments which are invested for longer than 365 days;
 9. Investments will only be placed with counterparties from countries with a specified minimum sovereign rating;
 10. This Authority has engaged external consultants to provide advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year;
 11. All investments will be denominated in sterling; and
 12. Following the introduction of IFRS 9 as a result of the type of type of investments the Authority holds, there has been no material impact on the Authority's financial statements.

The Authority will pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

There have been no changes in risk management policy from last year, and the above criteria are unchanged.

2.3 Investment Strategy

- 2.3.1 Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates. Greater returns are usually obtainable by investing for longer periods. While most cash flow balances are required in order to manage day to day cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer-term investments will be carefully assessed:

- If it is thought that the Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as short-term or variable; or
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

Investment returns expectation

A prudent approach will be taken with all investments being made on a short-term basis; in the current economic climate. This will primarily be achieved through investing with selected banks and funds which meet the Authority's credit rating criteria, as set out in Appendix E.

At the end of the financial year, the Authority will report on its investment activity as part of its Annual Treasury Report.

2.4 Creditworthiness Policy

2.4.1 The Authority applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies – Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- Credit watches and credit outlooks from credit rating agencies;
- Credit default swaps (CDS) spreads to give early warning of likely changes in credit ratings; and
- Sovereign ratings to select counterparties from only the most creditworthy countries.

The modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Authority to determine the suggested duration of investments.

The Link Asset Services' creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system; it does not give undue preponderance to one agency's ratings.

The Authority is alerted to changes to ratings of all three agencies through its use of the Link Asset Services creditworthiness service:

- If a downgrade results in the counterparty no longer meeting the Authority's minimum criteria, its further uses as a new investment will be withdrawn immediately; and
- In addition to the use of credit ratings the Authority will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website. Extreme market movements may result in downgrade of an institution or removal from the Authority's lending list. Sole reliance will not be placed on

the use of this external service. In addition, this Authority will also use market data and market information on any external support for banks to help support its decision-making process.

Investment Instruments and Credit Criteria

Investment instruments used for the prudent investment of the Authority's cash balances are listed below under the 'Specified' and 'Non-Specified' Investment categories.

Specified Investments – are those investments offering high security and liquidity. All such investments will be in sterling, with a maximum maturity of one year, meeting the minimum 'high' rating criteria where applicable. Table 1 below shows the credit rating criteria used to select with whom the Authority will place funds:

Table 1: Specified Investments and Credit Criteria

The minimum credit ratings criteria the Authority use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available or other market information, to support their use.

	Credit Criteria	Maximum Deposit	Maximum Period
UK Government Debt Management Office (DMADF)	N/A	£75m	6 months
UK Local Authorities	N/A	£10m each	1 year
UK Government Treasury Bills	UK Sovereign Rating	£10m	1 year
Term deposits with individual bank or building society entity	Blue /Orange Red Green No Colour	£5m each	12 months 6 months 100 days Not for use
Certificate of Deposits with banks and building societies	Blue /Orange Red Green No Colour	£5m each	12 months 6 months 100 days Not for use
Money Market Funds *(CNAV, LVNAV, VNAV)	AAA	£5m each	Liquid

*CNAV- Constant Net Asset Value

LVNAV- Low Volatility Net Asset Value

VNAV- Variable net Asset Value

Group Limit – A group limit is the maximum exposure that can be held in total across a group of entities which fall within a single parent. For example, Bank of Scotland PLC falls within the group of Lloyds Bank PLC, therefore no more than £10m can be invested across

the group.

A Group limit of £10m will not be exceeded.

Non-specified Investments - are all sterling denominated, with maturities in excess of one year. A maximum of 25% may be held in aggregate in non-specified investments. Table 2 below shows the counterparties with whom the Authority will place funds:

Table 2: Non-Specified Investments

	Credit Criteria	Maximum Deposit	Maximum Period
UK Local Authorities	N/A	£5m each	3 years

2023-2027 Financial Planning and Budget Process

Timetable of Key Milestones for 2023/24

Date / Meeting	Detail
19 September 2022 Cabinet	Cabinet approves the 2023-2027 Financial Planning and Budget process, incorporating the associated Engagement Strategy.
28 November 2022 Cabinet	Cabinet considers its 2023-2027 initial Budget proposals in relation to General Fund, Schools, Housing Revenue Account & Investment Plan for 2023-2028.
29 November 2022	Notice of Objection process for the 2023/24 Budget commences.
29 November 2022	Budget and Council Plan engagement process begins. Ends in January 2023.
30 November 2022 Scrutiny Process	Scrutiny of the 2023-2027 Financial Planning and Budget process.
30 November / 1 December 2022 Overview, Scrutiny and Policy Development Committee	Overview, Scrutiny and Policy Development Committee consider Cabinets Initial Budget Proposals for 2023-2027 Financial Planning and Budget and Council Plan process.
Mid December 2022	Estimated timing of the 2023/24 Provisional Local Government Finance Settlement.
16 January 2023 Overview, Scrutiny and Policy Development Committee	Overview, Scrutiny and Policy Development Committee considers the results of its review of the 2023-2027 Financial Planning and Budget and Council Plan process.
23 January 2023 Cabinet	2023/24 Council Tax Base agreed by Cabinet
30 January 2023 Cabinet	Cabinet approves the final proposals in relation to the 2023/24 Housing Revenue Account budget and associated Business Plan, including an assessment in relation to the current year's budget monitoring information (2022/23). In addition, Cabinet will agree the Annual Housing Rent policy for 2023/24.

Appendix D

30 January 2023 Cabinet	Cabinet considers its Budget proposals for 2023-2027 in relation to General Fund Revenue, Schools & Investment Plan for 2023-2028, taking into account feedback received as part of Budget Engagement and any recommendations from Overview and Scrutiny and Policy Development Committee.
Date / Meeting	Detail
31 January 2023 Overview, Scrutiny and Policy Development Committee	Overview, Scrutiny and Policy Development Committee/Budget Study Group as appropriate considers Cabinet's final Budget proposals.
6 February 2023 Cabinet	Cabinet meeting to consider any recommendations of the Overview and Scrutiny Budget Study Group following its review of the Cabinets 2023/24 Budget and Council Tax proposals.
14 February 2023	4pm deadline for responses to the Authority's Notice of Objection
16 February 2023 Council	Cabinet submits to the Council its estimates of amounts for the 2027-2027 Financial Plan and 2023/24 Budget & Council Tax levels.
20 February 2023 (if required) Cabinet	<p>Cabinet Meeting to consider any objections to Cabinet's Budget and Council Plan proposals.</p> <p>The Cabinet meeting on 20 February 2023 is now a scheduled meeting with other items of business and will proceed even where no objections are approved.</p>
2 March 2023 (if required) Council	Council meeting to agree the Budget for 2023/24, the Council Tax level for 2023/24 and the Investment Plan for 2023-2028

Glossary of Terms

Asset Management Strategy	Asset Management Strategy is a high-level document that guides the overall investment in existing and new assets within an organisation. Being a strategy it explores long term issues and ensures that the overall plan is linked to the key "strategic" priorities of the organisation.
Authorised Limit	Borrowing is prohibited beyond this limit. This limit reflects the level of borrowing that, while not desired or sustainable, could be required with some headroom for unexpected cash flow movements. It includes both temporary borrowing for cash flow purposes and long-term borrowing to finance capital expenditure.
Balances	The reserves of the Authority, both revenue and capital, which represent the accumulated surplus of income over expenditure on any of the funds.
Bank Rate	The Official Bank rate paid on commercial bank reserves i.e. reserves placed by commercial banks with the Bank of England as part of the Bank's operations to reduce volatility in short-term interest rates in the money markets.
Better Care Fund (BCF)	A pooled Budget arrangement between the Authority and the regional Intergrated Care System (ICS), which aims to bring greater integration between health and social care.
B/Fwd	The balance in the Statement of Accounts that has been brought forward from the previous period, normally the previous financial year.
Borrowing	Refers to external borrowing.
Budget	A plan of expected expenditure and income over a set period of time for example the Authority's revenue budget covers a financial year.
Budget Holder	A nominated officer in a Service area who has responsibility for the control and monitoring of a particular Budget.
Budget Manager	A nominated officer in a Service area who has responsibility for the control and monitoring of the budgets within a service area.
Budget Monitoring	The analysis and reporting of expenditure/ income against budget. Budget monitoring is carried out by Service area alongside the Finance Service on a monthly basis.
Budgetary Control	The use of budget monitoring information to manage the Budget and bring spend in on target for the year.
Business Rates	Business Rates also known as Non Domestic Rates (NDR) is a charge levied upon all non-domestic properties. The rateable value of non-domestic premises is determined by the Valuation Office Agency (part of the Inland Revenue). This rateable value is multiplied by a national multiplier (set each year by central Government) to arrive at the gross annual amount each business must pay. This can be reduced by reliefs, dependent on the size and circumstances of the business, to arrive at the net amount payable. Business Rate Retention Regulations were introduced in April 2013. These determine the proportion of Business Rates retained by Local Authorities and its preceptors, or transferred to Central Government.
Capital Financing	The resources required to fund capital payments e.g. <ul style="list-style-type: none"> • borrowing • the application of useable capital receipts • a direct charge to revenue • the application of a capital grant or contribution.

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Capital Financing Requirement (CFR)	This measures the Authority's underlying need to borrow for a capital purpose. It is a calculation of capital costs less funding from capital receipts, grants and contributions to give the balance to be funded by borrowing. The Authority needs to ensure that over the medium term net borrowing does not exceed the CFR. The capital financing requirement is one of the indicators that must be produced as part of the CIPFA prudential code.
Capital Investment / Expenditure	The total amount spent on capital including all those items capitalised under statute e.g. equal pay and grants to third parties.
C/Fwd	The balance in the Statement of Accounts that is "carried forward" to a future period, normally the next financial year.
CIPFA	Chartered Institute of Public Finance and Accountancy, which is the leading accountancy body for public services.
ICS (previously CCG)	Intergrated Care System – a regional NHS body which commissions community and hospital based healthcare for a local area. Previous local Clinical Commissioning Group's combined to form a regional ICS.
Consumer Price Index (CPI)	The index has been designed as a macro-economic measure of consumer price inflation. The official measure is calculated each month by taking a sample of goods and services that a typical household might buy, including food, heating, household goods and travel costs. It forms the basis for the Government's inflation target, which the Bank of England's Monetary Policy Committee is required to achieve.
Contingencies	Sums set aside as a provision for liabilities which may arise in the future but which cannot be determined in advance.
Cost Centre	A code created in the General Ledger to record expenditure and income for a particular activity. For example a library or a school.
Council Tax	The main source of local taxation for local authorities. It is a banded property tax (using 1 April 1991 property values), which is levied on households within its area by the billing authority and is set annually for the properties in its area. Council Tax income is paid into the billing authority's Collection Fund for distribution to precepting authorities and for use by the billing authority's own General Fund.
Counterparty	The organisations responsible for repaying the Authority's investment upon maturity and for making interest payments.
Credit Default Swap (CDS)	These contracts reflect the market perception of an institution's credit quality unlike credit ratings, which often focus on a longer-term view. CDS contracts can be compared with insurance, as a buyer of a CDS pays a premium insuring against a debt default.
Credit Rating	This is a scoring system that lenders use and publish to determine how credit worthy individuals and businesses are.
DLUHC	Department for Levelling Up, Housing and Communities.
Debt	The sum of borrowing and other long-term liabilities.
Debt Management Office (DMO)	Debt Management Office (DMO) is the executive agency responsible for carrying out UK Government's debt management.
Depreciation	The gradual conversion of the cost of an asset into an operational expense over the asset's estimated useful life. Depreciation reflects a reduction in the book value of the asset due to obsolescence or wear and tear and it spreads the purchase cost proportionately over a fixed period to match the income generated by the asset.

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DfE	Department for Education.
DWP	Department for Work and Pensions.
External debt	All borrowing, whether for capital or revenue purposes.
Fees and Charges	Income arising from the provision of a service.
Financial Regulations	Rules that set out the financial policies of the Authority and help to ensure that the assets of the Authority are protected and properly deployed.
Financial Year	1 April to 31 March.
Forecast Out-turn	A prediction of the final income and expenditure based at the year-end.
General Ledger (GL)	The prime financial record for the Authority. The General Ledger records all the expenditure incurred and all the income generated by the Authority.
Gilts	The UK Government issues gilts in order to finance public expenditure. They are generally issued for a set period and pay a fixed rate of interest for this period.
Holding Accounts	These are accounts within the General Ledger relating to a specific building or service (internal to the Authority) where costs are collected then shared out to the users of the building or service.
Housing Revenue Account (HRA)	Those authorities with a council-owned housing stock have a duty to maintain an additional account called the Housing Revenue Account (HRA). The HRA specifically accounts for spending and income relating to the management and maintenance of the council-owned housing stock. By law it must be kept separate from other Authority accounts.
IFRS	International Financial Reporting Standards – the basis on which the Authority’s accounts are prepared from 2010/11 onwards.
IBCF	Improved Better Care Fund is a Grant paid directly to Local Authorities as part of their main Local Government Finance Settlement to support Adult Social Care in ways which also benefit Health.
Journal Transfer	A journal transfer is used to correct miscoded transactions or to allocate costs/income within or across Service areas in the General Ledger.
Lenders Option Borrowers Option (LOBOs)	A form of long-term borrowing where loans run at a fixed rate of interest for a fixed period, after which the Lender has the option to ask for repayment or change the interest rate on pre-determined dates. If the Lender decides to exercise the option to change the interest rate, the borrower can then decide whether to accept the new terms or repay the loan.
LGPS	Local Government Pension Scheme.
Local Government Finance Settlement	<p>The Local Government Finance Settlement is the annual distribution of funding determined by the Government and debated by Parliament. It has two key elements:</p> <ol style="list-style-type: none"> 1. A Provisional Local Government Finance settlement, which is normally received in December. This is then subject to a specific Government Consultation. 2. A Final Local Government Finance settlement that is normally received in late January / early February after the government

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	has had time to consider the representations made to the Provisional Local Government Finance Settlement.
Long Stop Control	The Secretary of State may, by direction, set limits in relation to the level of borrowing of money by a particular local authority to ensure that the authority does not borrow more than it can afford.
Long term	A period of one year or more.
Major Repair Allowance (MRA)	Before Self Financing was introduced in April 2012, the rent payable across to Central Government as part of subsidy was calculated taking into account several factors including a major repairs allowance, which was intended to ensure that councils retained sufficient money to be able to maintain their housing assets.
Maturity	The date when an investment or loan is repaid or the period covered by a fixed term investment or loan.
Monetary Policy Committee (MPC)	This is a body set up by the Government in 1997 to set the repo rate (commonly referred to as being base rate). Their primary target (as set by the Government) is to keep inflation within plus or minus 1% of a central target of 2% in two years time from the date of the monthly meeting of the Committee. Their secondary target is to support the Government in maintaining high and stable levels of growth and employment.
Money Market	This is where financial instruments are traded. Participants use it as a means for borrowing and lending in the short term, with maturities that usually range from overnight to just under a year.
Minimum Revenue Provision (MRP)	Minimum Revenue Provision (MRP) is statutory requirement to make a charge to the Council's General Fund to make provision for the repayment of the Council's past capital debt and other credit liabilities
National Living Wage	The National Living Wage is an obligatory minimum wage payable to workers in the United Kingdom aged over 25, which came into effect on 1 April 2016.
Net Revenue Stream	This is the net revenue Budget.
Operational Boundary	This is the most likely, prudent view of the level of gross external indebtedness. External debt includes both borrowing and long-term liabilities (e.g. finance leases and PFI), with separate boundaries having to be identified for each of these. It encompasses all borrowing, whether for capital or revenue purposes.
Other Long Term Liabilities	The sum of the amounts on the face of the Balance Sheet that are classified as liabilities and are for periods in excess of 12 months, other than borrowing repayable within a period in excess of 12 months e.g. finance leases, PFI and Longbenton transferred debt.
"Pay to stay"	Pay to Stay was the name of a government policy in the United Kingdom whereby council tenants earning £30,000 (£40,000 in London) would have to pay "market or near market rents".
PFI	The private finance initiative is a way of creating "public-private partnerships" by funding public infrastructure projects with private capital.
Precept	The levy determined by precepting authorities on billing authorities. It requires the billing authority to collect income from council taxpayers on their behalf. In the case of North Tyneside Council, the precepting

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	authorities are the Police and Crime Commissioner for Northumbria and the Tyne and Wear Fire and Rescue Authority.
Profiling	A method by which budgets are spread across the year to reflect patterns of spend.
Projections	A forecast of expenditure and income to the year-end based on known commitments and trends.
Prudential Borrowing	See Unsupported borrowing.
Prudential Code	The current system of financial controls for capital financing introduced on 1 April 2004 that local authorities are required to operate within.
Public Works Loan Board (PWLB)	Part of the Government's Debt Management Office, making long-term funds available to local authorities on prescribed terms and conditions.
Quantitative Easing	The printing of money by the country's central bank in order to increase the supply of money.
Reprogramming	Refers to changes to the timing of projects in the Investment Plan between years.
Reserves	Amounts which are set aside in the accounts to meet expenditure which the Authority may decide to incur in a future period, but which are not allocated to specific liabilities that are certain or very likely to occur. Earmarked reserves are allocated to a specific purpose or area of spending. Unallocated reserves are often described as 'balances', and usually arise as unplanned surpluses of income over expenditure. This will include the House Building Fund, Strategic Reserve, Insurance Reserve and the Support Change Fund Programme.
Revenue Expenditure	Expenditure on the day-to-day running costs of a service for example employees and transport.
Revenue Support Grant (RSG)	A central government grant paid to each local authority to help to finance its general expenditure, as opposed to specific grants.
Right to Buy	The Right to Buy scheme is a policy in the United Kingdom (with the exception of Scotland since August 1st 2016) which gives secure tenants of councils and some housing associations the legal right to buy, at a large discount, the council house they are living in
RPI – Retail Price Index	The Retail Price Index (RPI) is published on a monthly basis and it shows the changes in the cost of living. It reflects the movement of prices in a representative sample of goods and services used regularly, such as food, housing, clothing, household goods and transport. Items considered the most important are given a higher weighting in the overall index.
S256 agreements	Legal agreements that allow Health to transfer money to Local authorities using powers listed under Section 256 (S256) of the Health & Social Care Act
Self-Financing	Housing Revenue Account (HRA) self-financing commenced in April 2012. Local housing authorities from this date were able to fully retain the money they received in rent in order to plan and provide services to their current and future tenants and in return took on a level of historical debt.
SEN	The term 'special educational needs' has a legal definition, referring to children who have learning problems or disabilities that make it harder for them to learn than most children of the same age.

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Service Area	Groups of related cost centres.
Settlement Funding Assessment	For individual local authorities, this comprises of the Revenue Support Grant for the year in question and the Baseline Funding Level.
Short-term	A period of less than one year.
SLT	Senior Leadership Team – this includes the Chief and Deputy Chief Executive and all Heads of Service.
Subjective	A subjective is a code within the General Ledger that indicates the type of expenditure incurred, for example basic pay. A subjective can also be used to record the type of income generated, for example rents and fees.
Supported Borrowing	This is borrowing to fund expenditure in the Investment Plan where the annual financing costs of such borrowing are supported by government through formula grant. No new supported borrowing has been awarded since 2010/11.
Trading Account	These accounts within the General Ledger hold the values of both the cost and income of a traded or recharged service e.g. cleaning or transport. Customers can be internal or external to the Authority.
Transitional Protection	North Tyneside agreed that for those tenants who were already residents of an NTC sheltered property at the point of the Sheltered Housing PFI works would have their rent held at the level they paid before the investment.
Treasury Management	The management of the Authority's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
Unitary charge	A PFI contract bundles the payment to the private sector as a single ('unitary') charge for both the initial capital spend and the ongoing maintenance and operation costs.
Universal Credit	Universal Credit is a social security benefit in the United Kingdom introduced in 2013 to replace six means-tested benefits and tax credits: income based Jobseeker's Allowance, Housing Benefit, Working Tax Credit, Child Tax Credit, income based Employment and Support Allowance and Income Support.
Unsupported Borrowing	This relates to borrowing to fund expenditure where the annual financing costs have to be met from the Authority's own revenue resources. This is also known as prudential borrowing.
Variance	The difference between net budgeted expenditure and income compared to net actual expenditure and income i.e. the actual or predicted overspend or underspend against Budget.
Virement	A transfer of budgets from one area of the Budget to another.
Yield	Return on an investor's capital investment.
Yield Curve	Graph plotting the yield of all bonds of the same credit quality with maturities ranging from the shortest to the longest available. If the resulting curve shows that short-term yields are lower than longer-term yields then it is called a positive yield curve. If short-term yields are higher than longer-term yields it is called an inverted yield curve. If there is little difference between short and long-term yields then it is a flat yield curve.

Housing Revenue Account – Revised HRA Business Plan 2023-2027

	2022/23 Forecast Outturn	2023/24 Draft Budget	2024/25 Draft Budget	2025/26 Draft Budget	2026/27 Draft Budget
	£m	£m	£m	£m	£m
Rent, Garages and Service Charge Income	(63.079)	(65.726)	(67.446)	(69.310)	(71.249)
PFI Credits - North Tyneside Living	(7.693)	(7.693)	(7.693)	(7.693)	(7.693)
Rent from Shops, Offices etc.	(0.430)	(0.425)	(0.434)	(0.434)	(0.434)
Interest on Balances	(0.075)	(0.075)	(0.075)	(0.075)	(0.075)
Contribution from Balances	(0.281)	(0.383)	(0.269)	0.000	0.000
Total Income	(71.558)	(74.302)	(75.917)	(77.512)	(79.451)
Capital Financing Charges	12.483	12.252	10.618	10.746	8.623
Management Costs	11.243	11.651	11.827	11.768	11.939
Repair and Maintenance	13.160	14.868	15.403	15.776	16.153
PFI Contract Costs – North Tyneside Living	9.787	9.836	9.887	9.941	9.995
Revenue Support to Strategic Investment	10.301	10.472	12.447	12.959	15.050
Depreciation / Major Repairs Account (MRA)	13.741	14.220	14.719	15.232	15.767
Bad Debt Provision	0.678	0.773	0.796	0.820	0.844
Transitional Protection	0.035	0.030	0.020	0.010	0.000
Management Contingency	0.130	0.200	0.200	0.200	0.200
Pension Fund Deficit Funding	0.000	0.000	0.000	0.000	0.855
Contribution to Balances	0.000	0.000	0.000	0.060	0.025
Total Expenditure	71.558	74.302	75.917	77.512	79.451

	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m
HRA Balances					
Estimated HRA Balances B/Fwd	(3.501)	(3.220)	(2.837)	(2.568)	(2.628)
Contribution to/from HRA	0.281	0.383	0.269	(0.060)	(0.025)
Estimated HRA Balances C/Fwd	(3.220)	(2.837)	(2.568)	(2.628)	(2.653)

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Housing Revenue Account Financial Plan, Reserves and Contingency Movement 2023-2027

HRA Forecast Expenditure Plan	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Original Base Budget	0.371	0.383	0.269	(0.060)
<u>Add:</u>				
Pressures and Growth				
North Tyneside Living (NTL) – Unitary charge	0.111	0.114	0.118	0.120
Depreciation (formerly MRA)	0.481	0.498	0.515	0.533
Housing Investment Plan-revenue support	0.191	1.975	0.512	2.091
Pension Fund Deficit Funding	0.000	0.000	0.000	0.855
Revenue Repairs – Pay Award & Rebasing re 2022-23 Pay Award	0.517	0.225	0.231	0.239
Revenue Repairs – Apprentices Succession Plans	0.053	(0.018)	0.031	0.021
Revenue Repairs – Increased Superannuation Rate	0.064	0.005	0.005	0.005
Revenue Repairs – Additional White Paper Responsibilities	0.400	0.000	0.000	0.000
Revenue Repairs – Increased Material and Operational Costs	0.742	0.369	0.136	0.140
Revenue Repairs – Craftworkers Pay Review	0.450	0.000	0.000	0.000
Increased Energy Costs – Communal Areas & Blocks	0.182	0.005	0.006	0.006
General Management Pay Award & Rebasing re 2022-23 and Price Inflation	0.466	0.226	0.224	0.229
General Management – Increased Superannuation Rate	0.055	0.007	0.007	0.008
General Management – Apprentice Succession Planning	0.092	0.003	0.003	0.003
ICT Strategy – Unified Systems Review Project Costs	0.065	(0.065)	(0.300)	(0.075)
Bad Debt Provision	0.023	0.023	0.024	0.025
Total - Pressures and Growth	3.892	3.367	1.512	4.200

HRA Forecast Expenditure Plan	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Efficiency Savings				
Council Dwellings – Rebasing and Rent Increase	(2.480)	(1.588)	(1.730)	(1.801)
Temporary and Dispersed Accommodation – Rebasing & Rent Increase	(0.095)	(0.013)	(0.013)	(0.013)
Garage & Other Rents – Rebasing & Rent Increase	(0.135)	(0.025)	(0.016)	(0.017)
NTL – Transitional Rent Protection	(0.010)	(0.010)	(0.010)	(0.010)
Interest on Balances	(0.025)	0.000	0.000	0.000
Base Budget Review – Management Budgets	(0.397)	0.000	0.000	0.000
Service Charges – Furniture Packs – Rebasing & Rent Increase	(0.083)	(0.036)	(0.037)	(0.038)
Service Charges – Sheltered and Communal Areas – Rent Increase	(0.112)	(0.066)	(0.069)	(0.070)
Treasury Management – Existing Debt & DME	(0.159)	(0.153)	(0.112)	0.000
Treasury Management – Debt Set Aside (MRP Equivalent)	(0.103)	(1.480)	0.240	(2.084)
Treasury Management – New Debt Interest & Temp Borrowing	0.000	0.000	0.000	(0.039)
General Management – Adult Social Care Levy	(0.062)	0.000	0.000	0.000
North Tyneside Living – contribution to/from Reserve Monitoring Costs	(0.061)	(0.063)	(0.064)	(0.066)
Revenue Repairs – Adult Social Care Levy	(0.087)	0.000	0.000	0.000
Repairs Budget–impact of stock reductions	(0.071)	(0.047)	(0.030)	(0.027)
Total – Efficiency Savings	(3.880)	(3.481)	(1.841)	(4.165)
Reserves & Contingencies				
General Management Contingency - Review	0.000	0.000	0.000	0.000
Repairs Contingency - Review	0.000	0.000	0.000	0.000
Total – Reserves & Contingencies	0.000	0.000	0.000	0.000
Revised Base Budget	0.383	0.269	(0.060)	(0.025)

Housing Revenue Account Financial Plan, Reserves and Contingency Movement 2023-2027 (Contd)

HRA Revenue Balances	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Changes in Contingencies	0.000	0.000	0.000	0.000
Contribution to/(from) Balances	0.012	(0.114)	(0.329)	0.035
TOTAL	0.012	(0.114)	(0.329)	0.035

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Treasury Management Practices

2023/24

Date: Oct 2022

Owner: Treasury Management Officer



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This section contains the schedules that set out the details of how the Treasury Management Practices (TMPs) are put into effect by this organisation.

Background

CIPFA recommends that an organisation's treasury management practices (TMPs) include those of the following that are relevant to its treasury management powers and the scope of its treasury management activities:

TMP1 Risk management

TMP2 Performance measurement

TMP3 Decision making and analysis

TMP4 Approved instruments, methods and techniques

TMP5 Organisation, clarity and segregation of responsibilities, and dealing arrangements

TMP6 Reporting requirements and management information arrangements

TMP7 Budgeting, accounting and audit arrangements

TMP8 Cash and cash flow management

TMP9 Money laundering

TMP10 Training and qualifications

TMP11 Use of external service providers

TMP12 Corporate governance

This section contains the schedules which set out the details of how the Treasury Management Practices (TMPs) are put into effect by the Council. There are no major changes to practices from prior year.

TMP1 - RISK MANAGEMENT

The Authority regards a key objective of its treasury management and other investments activities to be the security of the principal sums it invests. Accordingly, it will ensure that robust due diligence procedures covering all external investments including investment properties.

The Director of Resources (Section 151 Officer) will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the Authority's objectives in this respect, all in accordance with the procedures set out in TMP 6 Reporting Requirements and Management Information arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

1.1 Credit and Counterparty Risk Management

Credit and counterparty risk is the risk of failure by a counterparty to meet its contractual obligations to the organisation under an investment, borrowing, capital project or partnership financing, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current resources.

The Authority regards a prime objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisation's with which funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP 4 Approved Instruments Method and Techniques and listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements. The Authority will also give regard to investments which relate to ESG (Environmental, Social and Governance), this is still a developing area and ESG investment will be reviewed on a case-by-case basis.

Further details of the Authority's credit and counterparty limits are available within the Authority's Treasury Management Strategy Statement (TMSS) and Annual Investment Strategy (AIS).

1.2 Liquidity Risk Management

Liquidity risk is the risk that cash will not be available when it is needed, that ineffective risk management of liquidity creates additional unbudgeted costs, and that the organisation's business/service objectives will therefore be compromised.

The Authority will ensure it has adequate, not excessive, cash resources, borrowing arrangements, overdraft, or standby facilities to enable it at all times to have the level

of funds available to it which is necessary for the achievement of its business service objectives.

The Authority will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

1.2.1 Amounts of approved minimum cash balances and short-term investments

The Treasury Management team shall seek to minimise the balance held in the Authority's main bank accounts at the close of each working. Borrowing or lending shall be arranged in order to achieve this aim.

1.2.2 Details of:

a) Bank overdraft arrangements

A £1m overdraft at 2.5% over base has been agreed with Barclays Bank as part of the banking services contract. The overdraft is assessed on a group basis for all the Authority's accounts.

b) Short-term borrowing facilities

The Authority accesses temporary loans through brokers on the London Money Market, the Authority's own bank, banks and other local authorities.

1.3 Interest rate risk management

The risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the Authority's finances, against which the Authority has failed to protect itself adequately. The Authority will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary implications.

- Details of approved interest rate exposure limits;
- Trigger points and other guidelines for managing changes to interest rate levels;
- upper limit for fixed interest rate exposure; and,
- Upper limit for variable interest rate exposure

1.3.1 Policies concerning the use of instruments for interest rate management

a) Forward dealing

Consideration will be given to dealing from forward periods depending upon market conditions.

b) Callable deposits

The Authority will use callable deposits as part of its Annual Investment Strategy (AIS). The credit criteria and maximum periods are set out in the Schedule of Specified and Non Specified Investments appended to the Annual Investment Strategy.

1.4 Exchange rate risk management

The risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the Authority's finances, against which the Authority has failed to protect itself adequately.

It will manage its exposure to fluctuations in exchange rates so as to minimize any detrimental impact on its budgeted income/expenditure levels.

1.4.1 Approved criteria for managing changes in exchange rate levels

- a) As a result of the nature of the Authority's business, the Authority may have an exposure to exchange rate risk from time to time. This will mainly arise from the receipt of income or the incurring of expenditure in a currency other than sterling.
- b) Unexpected receipt of foreign currency income will be converted to sterling at the earliest opportunity.

1.5 Refinancing risk management

The risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the Authority for those refinancing, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.

The Authority will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the Authority as can reasonably be achieved in the light of market conditions prevailing at the time.

The Authority will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid overreliance on any source of funding if this might jeopardise achievement of the above.

1.5.1 Debt/Other Capital Financing, Maturity Profiling, Policies and Practices

The Authority will establish through the Prudential and Treasury Indicators the amount of debt maturing in any year/period.

Any debt rescheduling will be considered when the difference between the refinancing rate and the redemption rate is most advantageous and the situation will be continually monitored in order to take advantage of any perceived anomalies in the yield curve. The reason for any rescheduling to take place will include;

- a) The generation of cash savings at minimum risk
- b) To reduce the average interest rate
- c) To amend the maturity profile and balance volatility of the debt portfolio

1.5.2 Projected Capital Investment Requirements

The Director of Resources (Section 151 Officer) will prepare a five-year plan for capital expenditure for the Authority. The investment plan will be used to prepare a five-year revenue budget for all forms of financing charges. The Director of Resources (Section 151 Officer) will also draw up a capital strategy report which will give a longer-term view.

The definition of capital expenditure and long-term liabilities used in the Code will follow recommended accounting practices as per the Code of Practice on Local Authority Accounting.

1.5.3 Policy Concerning Limits on Affordability and Revenue Consequences of Capital Financing

In consideration of affordability of its investment plans, the Authority will consider all the resources currently available for the future together with the totality of its investment plans, revenue income and revenue expenditure forecasts for the forthcoming year and the two following years and the impact these will have on council tax and housing rent levels. It will also take into account affordability in the longer term beyond the three-year period.

1.6 Credit and counterparty risk management

Credit and counter-party risk is the risk of failure by a third party to meet its contractual obligations under an investment, loan or other commitment, especially one due to deterioration in its creditworthiness, which causes the Authority an unexpected burden on its capital or revenue resources.

As a holder of public funds, the Authority recognises its prime responsibility to always put first the preservation of the principal of the sums, which it invests. Consequently, it will optimise returns commensurate with the management of the associated risks.

1.6.1 Legal and regulatory risk management

The risk that the Authority itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the Authority suffers losses accordingly.

The Authority will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties to whom it deals in such activities. In framing its credit and counterparty policy it will ensure that there is evidence of counterparties' power, authority and compliance in respect of the transactions they may effect with the organization, particularly to duty of care and fees charged.

The Authority recognises that future legislative or regulatory changes may impact on its treasury management activities and will seek to minimise the risk of these impacting adversely on the Authority.

The treasury management activities of the Authority shall comply fully with legal statute, guidance, Codes of Practice and the financial regulations of the Authority. These are listed as appendix 1 of this document.

1.6.2 Procedure for Evidencing the Council's Powers

The Authority's power to borrow and invest are contained in legislation.

- a) Investing: Local Government Act 2003, section 12
- b) Borrowing: Local Government Act 2003, Section 1

The Authority also gives consideration to the latest Prudential Code (2021 Edition) in regards to debt for yield.

In addition, it will make available the scheme of delegation of treasury management activities which states which officers carry out these duties and also a copy of officer's authorised signatories.

Lending shall only be made to counterparties on the Approved Lending list. The list has been compiled using advice from the Authority's treasury advisers based upon credit ratings supplied by Fitch, Moody's and Standard & Poor's.

1.6.3 Statement on the Council's Political Risks and Management

The responsible officer shall take appropriate action with the Council, the Chief Executive Officer and the Leader of the Council to respond to and manage appropriate political risks such as change of majority group, leadership in the Council, change of Government and any other necessary risks.

1.6.4 Monitoring Officer

The Monitoring Officer is currently the Assistant Chief Executive, although this will revert to the Head of Law when they are appointed; the duty of this officer is to ensure that the treasury management activities of the Authority are lawful.

1.6.5 Chief Finance Officer

The Chief Finance Officer (Section 151 Officer) is the Director of Resources; the duty of this officer is to ensure that the financial affairs of the Authority are conducted in a prudent manner and to report to Council any concerns as to the financial prudence of its actions or its expected financial position.

1.8 Fraud, error and corruption, and contingency management

The Authority will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements.

The Authority will;

- seek to ensure an adequate division of responsibilities and maintenance at all times of an adequate level of internal check which minimise such risks.
- Staff will not be allowed to take up treasury management activities until they have received training in procedures and are then subject to an adequate and appropriate level of supervision.
- An up to date record of all transactions, limits etc must be maintained by the treasury function.

1.9 Details of systems and procedures to be followed

The Authority will demonstrate compliance with statutory power and regulatory requirements for all treasury activities, if required to do so, to all parties with whom it deals on such activities.

1.9.1 Authority

The Scheme of Delegation to Officers sets out the delegation of duties to officers. All loans and investments are negotiated by the responsible officer or authorised persons.

1.9.2 Investment and Borrowing Transactions

A detailed register of loans and investments is maintained in the treasury section. This is checked to the ledger balances online (Barclays.net).

Cash flow forecasting records are maintained and support the decision to lend or borrow.

Confirmation is received and checked against the dealer's record for the transaction.

Transactions placed through the brokers are confirmed by a broker note showing details of the loan/investment arranged. Written confirmation is received and checked against the dealer's record for the transaction.

The loans register is updated to record all lending and borrowing.

The calculation of repayment of principal and interest notified by the lender or borrower is checked for accuracy against the amount calculated by the Authority internally.

Workbooks maintained and updated by Treasury colleagues for the purpose of PWLB loan management calculates periodic interest payments of PWLB and other long-term loans.

The Treasury Management cashflow workbook prompts the Treasury Officer that money borrowed, or lent is due to be repaid.

1.9.3 Regularity and Security

All lending is only made to institutions on the Approved List of Counterparties.

All loans raised and repayments made go directly to and from the bank account of approved counterparties.

Counterparty limits are set for every institution that the Authority invests with.

There is a separation of duties in the section between dealers and the checking and authorisation of all deals.

The Authority's bank (Barclays Bank) has a list of Council officials who are authorised signatories for treasury management transactions as well as those authorised to contact Barclays.

No member of the treasury team is an authorised signatory.

The on-line banking system can only be accessed by a password and use of an authentication reader.

There is adequate insurance cover for employees involved in loans management and accounting.

Checks

The bank reconciliation is carried out daily from the bank statement to the financial ledger.

The treasury management workbook balances are proved to the balance sheet ledger codes at the end of each month and at the financial year end.

Working papers are retained for audit inspection.

We have complied with the requirements of the Code of Practice on Local Authority Accounting and will account for the fund as Fair Value through Profit and Loss. As a result, all gains and losses and interest (accrued and received) will be taken to the Comprehensive Income and Expenditure Statement.

Calculations

The calculation of repayment of principal and interest notified by the lender or borrower is checked for accuracy against the amount calculated by the treasury management system.

The treasury management workbooks automatically calculate periodic interest payments of PWLB and other long-term loans. This is used to check amounts paid to lenders.

Average weighted capital loans fund interest rates and debt management expenses are calculated using information from the financial ledger and treasury management system.

1.8.1. Emergency and contingency planning arrangements

Key treasury management colleagues have been provided with business continuity plan (BCP) contingencies.

All computer files are backed up as necessary, the core banking system is accessible remotely as well as without need to access the server.

1.8.2. Insurance cover details

Fidelity Insurance

The Council has 'Fidelity' insurance cover with Maven Public Sector. This covers the loss of cash by fraud or dishonesty of employees.

1.8.3. Market risk management

The risk that through adverse market fluctuations in the value of the principal sums an organisation borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately.

The Authority will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests and will accordingly seek to protect itself from the effects of such fluctuations.

1.8.5 Approved Procedures and Limits for Controlling Exposure to Investments whose Capital Value may Fluctuate

These are controlled through setting limits on investment instruments where the principal value can fluctuate. The limits are determined and set through the Annual Investment Strategy.

TMP 2 - PERFORMANCE MEASUREMENTS

2.1 Evaluation and Review of Treasury Management Decisions

The Authority has a number of approaches to evaluating treasury management decisions;

- Periodic reviews carried out by the treasury team
- Reviews of our treasury management advisers
- Annual review at the end of the year as reported to Full Council
- Mid-year Treasury Management monitoring update to Cabinet

2.2 Review of our Treasury Management Consultants

The treasury management team holds reviews with our consultants regularly to review the performance of the investment and debt portfolio.

2.3 Annual Review after the end of the Financial Year

An Annual Treasury Report is submitted to Cabinet each year after the close of the financial year which reviews the performance of the debt/investment portfolios. The report contains the following:

- Total debt and investments at the beginning and close of the financial year and average interest rate
- Borrowing strategy for the year compared to actual strategy
- Investment strategy for the year compared to actual strategy
- Explanation for variance between original strategies and actual
- Debt restructuring done in year
- Actual borrowing and investment rates available through the year
- Compliance with Prudential and Treasury Indicators

2.4 Comparative Reviews & Performance Measurement

When data becomes available, comparative reviews are undertaken to see how the performance of the Authority on debt and investments compares to other authorities with similar size portfolios.

The Authority are part of Link Asset Services Benchmarking group. The Authority's investment performance is benchmarked against other Local Authorities.

Investment performance is reviewed on a weighted average basis against other Local Authorities.

2.5 Policy Concerning Methods for Testing Value for money in Treasury Management

2.5.1 Frequency and Processes for Tendering

Tenders are normally awarded on a 3-year basis with the option to extend for a further year. The process for advertising and awarding contracts will be in line with the Council's Contract Standing Orders.

2.5.2. Banking Services

Banking services will be retendered or renegotiated every 5 years with an option to extend for further years.

2.5.3. Money-broking services

The Council will use money broking services in order to make deposits or to borrow and will establish charges for all services prior to using them.

2.5.4 Consultants Services

The Authority's policy is to appoint professional treasury management consultants.

The Authority has not appointed external investment fund managers.

TMP 3 - DECISION-MAKING AND ANALYSIS

3.1 Funding, Borrowing, Lending and New Instruments/Techniques:

3.1.1. Records to be kept

The treasury section has a transaction register in which all investment and loan transactions are recorded. The following records will be retained;

- Daily cash balances
- Market rates
- Payment documents for all money market transactions
- Brokers confirmation for investment and borrowing transactions
- PWLB borrowing confirmations

3.1.2. Processes to be pursued

- Daily cash flow analysis
- Debt and maturity analysis
- Ledger reconciliation

3.1.3. Issues to be Addressed

In respect of every treasury management decision made the Authority will;

- Above all be clear about the nature and extent of the risks to which the Authority may become exposed
- Be certain about the legality of the decision reached and the nature of the transaction, and that all authorities to proceed have been obtained
- Be content that the documentation is adequate both to deliver the Authority's objectives and protect the Authority's interests, and to deliver good practice
- Ensure that third parties are judged satisfactory in the context of the Authority's creditworthiness policies, and that limits have not been exceeded
- Be content that the terms of any transactions have been fully checked against the market and have been found to be competitive.

In respect of borrowing and other funding decisions, the Authority will;

- Evaluate the economic and market factors that might influence the manner and timing of any decision to fund;
- Consider the alternative form of funding, interest rate bases available and the most appropriate periods to fund and repayment profiles to use;
- Consider the ongoing revenue liabilities created and the implications for the Authority's future plans and budgets.

In respect of investment decisions, the Authority will:-

- Consider the optimum period considering cash flow availability and prevailing market conditions;
- Consider the alternative investment products and techniques available, especially the implications of using any which may expose the Authority to changes in the value of its capital;

TMP 4 - APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

4.1 Approved Activities of the Treasury Management Operation

- Borrowing
- Lending
- Debt repayment and rescheduling
- Consideration, approval and use of new financial instruments and treasury management techniques
- Managing the underlying risk associated with the Council's capital financing and surplus funds activities
- Managing cash flow
- Banking activities
- Leasing

4.2 Approved Instruments for Investments

Please see the current Annual Investment Strategy. The latest version is available from the Treasury Management Officer.

4.2.1 Implementation of MIFID II Requirements

Since 3 January 2018, UK public sector bodies have been defaulted to “retail” status under the requirements of MIFID II. However, for each counterparty it is looking to transact with, (e.g. financial institution, fund management operator, broker), there remains the option to opt up to “professional” status, subject to meeting certain requirements specified by MIFID II and that it has the appropriate level of knowledge and experience and decision making processes in place in order to use regulated investment products.

MIFID II does not cover term deposits so local authorities should not be required to opt up to professional status. However, some non-UK banks do not have the necessary regulatory permissions to deal with retail clients, so opting up to professional status would be required.

For investing in negotiable investment instruments, money market funds and other types of investment funds, which are covered by MIFID II, a schedule is maintained of all counterparties that the treasury management team are authorised to place investments with. This specifies for each investment instrument and for each counterparty, whether the authority has been opted up to professional status.

A file is maintained for all permissions applied for the received for opt ups to professional status specifying name of the institution, instrument, date applied for the and date received.

A separate file is maintained for confirmations that there is an exemption from having to opt up to professional status for the regulated investment.

4.3 Approved Techniques

- The use of structured products such as callable deposits
- Forward dealing
- LOBOs – lenders option, borrower's option borrowing instrument

4.4 Approved Methods and Sources of Raising Capital Finance

Capital finance will only be raised in accordance with the Local Government and Housing Act, 2003, and within this limit the Council has a number of approved methods and sources of raising capital finance. These are:

On Balance Sheet	Fixed	Variable
PWLB	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Local Authorities	●	●
Overdraft		●
Internal (capital receipts & revenue balances)	●	●
Leasing	●	●
Municipal bond agency	●	●

Other Methods of Financing

Government and EC Capital Grants
 Lottery monies
 PFI/PPP
 Operating Leases

Borrowing will only be done in Sterling. All forms of funding will be considered dependent on the prevailing economic climate, regulations and local considerations. The Director of Resources has delegated powers in accordance with Financial Regulations, Standing Orders, and the Scheme of Delegation to Officers Policy and the Treasury Management Strategy to take the most appropriate form of borrowing from the approved sources.

4.5 Investment Limits

The Annual Investment Strategy sets out the limits and the guidelines for use of each type of investment instrument.

4.6 Borrowing Limits

Please see the current Treasury Management Strategy Statement and Prudential and Treasury Indicators.

TMP 5 – ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

- 5.1** Treasury Management activities will be properly structured in a clear and open method and a rigorous discipline of segregation of duties will be enforced to ensure effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance.
- 5.2** The principles on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.
- 5.3**
- a) Council will receive and review reports on treasury management activities, the annual treasury management strategy and the annual treasury management report.
 - b) The Director of Resources will be responsible for amendments to the organisations adopted clauses, treasury management policy statement and treasury management practices.
 - c) The Director of Resources will consider and approve the Treasury Management Budget.
 - d) The Director of Resources will approve the segregation of responsibilities.
 - e) The Director of Resources will receive and review external audit reports and put recommendations to the Audit Committee.
 - f) The Director of Resources in accordance with Financial Regulations will decide approving the selection of external service providers and agreeing terms of appointment.
- 5.4** The Director of Resources has delegated powers to take all decisions on borrowing, investment, financing and banking and all activities in this respect will be carried out by suitably trained staff.

5.5 TREASURY MANAGEMENT ORGANISATION CHART

	Director of Resources (Section 151)	
	Head of Finance (Deputy Section 151)	
	Senior Manager Capital Strategy and Planning	
	Principal Accountant	
	Senior Accountant (Treasury Management Officer)	

	Finance Officer(s)	
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- 5.6** The Director of Resources may delegate powers to borrow and invest to members of staff. The Treasury Management Officer will conduct all dealing transactions, the Principal Accountant and Finance Officer(s) act as temporary cover for leave/sickness.
- 5.7** Prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the Director of Resources to be satisfied, by reference to the Council's legal department and external advisors as appropriate, that the proposed transaction does not breach any statute, external regulation or the Council's Financial Regulations.
- 5.8** A list of brokers is maintained within the Treasury Team and a record of all transactions recorded against them.
- 5.9** The Authority rotates business between brokers.
- 5.10** It is not the Authority's Policy to record brokers conversations
- 5.11** Preliminary instructions are given by telephone followed by email confirmation, a payment transfer will be made online in Barclays.net to be completed by 1700 on the same day.
- 5.12** For each deal undertaken with brokers, a record should be prepared giving details of dealer, amount, period, counterparty, interest rate, dealing date, payment date(s), broker.

TMP 6 - REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

6.1 Annual programme of reporting

- Annual reporting requirements before the start of the year: -
 - Review of the organisation's approved clauses, treasury management policy statement
 - Treasury Management Strategy report on proposed treasury management statement, Annual Investment Strategy and Minimum Revenue Provision Policy Statement
 - Capital/Treasury Strategy to cover the following:-
 - Give a longer-term view of the capital programme and treasury management implications thereof beyond the three year time horizon for detailed planning;
 - An overview of treasury and non-treasury investments to highlight the risks and returns involved in each and the balance between both types of investments;
 - The Authorities risk appetite and specific policies and arrangements for non-treasury investments
 - Schedule of non – treasury investments.
- Mid-year review
- Annual review report after the end of the year

6.1 Annual Treasury Management Strategy Statement

1. The Treasury Management Strategy sets out the expected treasury activities for the forthcoming financial year. This strategy will be submitted to Cabinet for approval before the commencement of each financial year.
2. The formulation of the Annual Treasury Management Strategy involves determining the appropriate borrowing and investment decisions in the light of the anticipated movement in both fixed and shorter-term variable interest rates. For instance, this organisation may decide to postpone borrowing if fixed interest rates are expected to fall or borrow early if fixed interest rates are expected to rise.
3. The Treasury Management Strategy Statement is concerned with the following elements:
 - Prudential and Treasury Indicators
 - Current Treasury portfolio position
 - Prospects for interest rates
 - Borrowing requirement
 - Borrowing strategy
 - Policy in borrowing in advance of need
 - Debt rescheduling
 - Investment strategy
 - Creditworthiness policy
 - MRP policy
 - Policy on use of external providers

- Extraordinary treasury issue
4. The Treasury Management Strategy will establish the expected move in interest rates against alternatives (using all available information such as published interest rate forecasts where applicable) and highlight sensitivities to different scenarios.
 5. The outcome of debt rescheduling undertaken and reported to Cabinet as soon as possible after completion of the exercise.

6.3 The Annual Investment Strategy Statement

At the same time as the Council receives the Treasury management Strategy Statement it will also receive a report on the Annual Investment Strategy which will set out the following;

- The Council's risk appetite in respect of security, liquidity and optimum performance
- The definition of high credit quality to determine what are the specified investments as distinct from non-specified investments
- What specified and non-specified instruments the Council will use
- The Authority's policy on the use of credit ratings and other credit risk analysis techniques to determine creditworthiness counterparties for its approved lending list
- Which credit rating agencies the Authority will use
- How the Authority will deal with the changes in ratings, rating watches and rating outlooks
- Limits of individual counterparties and group limits
- Interest rate outlook

6.4 The Annual Minimum Revenue Provision Statement

This statement will set out how the Council will make revenue provision for repayment of its borrowing using the four options and will be submitted at the same time as the Annual Treasury Management Strategy Statement.

6.5 Policy on Prudential and Treasury Indicators

The Council approves before the beginning of each financial year a number of treasury limits which are set through Prudential and Treasury Indicators.

The responsible Officer is responsible for incorporating these limits into the Annual Treasury management Strategy Statement, and for ensuring compliance with the limits. Should it prove necessary to amend these limits, the responsible officer shall submit the changes for approval to full Council.

6.6 Mid-year Review

Treasury management activities will be reviewed on a six-monthly basis. This review considers the following;

- Activities undertaken
- Variations from agreed policies
- Interim performance report
- Regular monitoring
- Monitoring of treasury management indicators for local authorities

6.7 Annual Review Report on Treasury Management Activities

An annual report will be presented to Cabinet at the earliest practicable meeting after the end of the financial year. This report will include the following;

- Transactions executed and their revenue effects
- Report on risk implications of decisions taken and transactions executed
- Compliance on agreed policies and practices, and on statutory/regulatory requirements
- Performance report
- Compliance with CIPFA Code recommendations
- Monitoring of treasury management indicators

6.8 Publication of Reports

Reports will be published online on the Authority's website in accordance with each meeting agenda.

TMP 7 - BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

7.1 STATUTORY/REGULATORY REQUIREMENTS

The accounts are drawn up in accordance with the Code of Practice on Local Authority Accounting in Great Britain that is recognised by statute as representing proper accounting practices.

The Council has also adopted the principles set out in CIPFA's 'Treasury Management in the Public Services – Code of Practice', together with those of its specific recommendations that are relevant to this Council's treasury management activities.

7.2 BUDGETS / ACCOUNTS/PRUDENTIAL AND TREASURY INDICATORS

The Principal Accountant will prepare an annual budget for treasury management, which will bring together all the costs involved in running the function, together with associated income.

7.4 AUDIT ARRANGEMENTS

The Council will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices.

List of information requirements of External Auditors

- Reconciliation of loans in the financial ledger to treasury management records
- Maturity analysis of loans outstanding
- Certificates for new long-term loans taken out in the year
- Reconciliation of loan interest, discounts received, and premiums paid to financial ledger by loan type
- Calculation of loans fund interest and debt management expenses
- Details of interest rates applied to internal investments
- Interest accrual calculation
- Principal and interest charges report from the treasury management workbooks
- Annual Treasury Report
- Treasury Management Strategy Statement and Prudential and Treasury Indicators
- Calculation of Minimum Revenue Provision

TMP 8 CASH AND CASH FLOW MANAGEMENT

8.1 ARRANGEMENTS FOR PREPARING/SUBMITTING CASH FLOW STATEMENTS

8.1.1 Unless statutory or regulatory requirements demand otherwise, all monies in the hands of this Council will be under the control of the responsible officer and will be aggregated for the cash flow and investment management purposes.

8.1.2 Cash flow projections will be prepared on a regular and timely basis. The annual and monthly cash flow projections are prepared from the previous year's daily cash flow records, adjusted for known changes in levels of income and expenditure and also changes in payments and receipts dates. These details are supplemented on an ongoing basis by information received of new or revised amounts to be paid or received as and when they are known.

8.1.3 The Authority has access to all its daily banking transactions via the online Banking System. All transactions are checked to source data. A formal bank reconciliation is undertaken daily by Income Management colleagues.

TMP 9 - MONEY LAUNDERING

9.1 Proceeds of Crime Act 2002

Money Laundering has the objective of concealing the origin of money generated through criminal activity. Legislation has given a higher profile to the need to report suspicions of money laundering. The Proceeds of Crime Act (POCA) 2002 established the main offences relating to money laundering. In summary, these are;

- Concealing, disguising, converting, transferring or removing criminal property from England and Wales, from Scotland or from Northern Ireland
- Being concerned in an arrangement which a person knows, or suspects facilitates the acquisition, retention, use or control of criminal property
- Acquiring, using or possessing criminal property

These apply to all persons in the UK in a personal and professional capacity. Any person involved in any known or suspected money-laundering activity in the UK risks a criminal conviction. Other offences under the POCA include;

- Failure to disclose money-laundering offences
- Tipping off a suspect, either directly or indirectly
- Doing something that might prejudice an investigation – for example, falsifying a document

9.2 The Terrorism Act 2000

This act made it an offence of money laundering to become concerned in an arrangement relating to the retention or control of property likely to be used for the purposes of terrorism, or resulting from acts of terrorism. All individuals and businesses in the UK have an obligation to report knowledge, reasonable grounds for belief or suspicion about the proceeds from, or finance likely to be used for, terrorism or its laundering, where it relates to information that comes to them in the course of their business or employment.

9.3 The Money Laundering Regulations 2012, 2015 and 2017

Organisations pursuing relevant business are required to do the following;

- Identify and assess the risks of money laundering and terrorist financing
- Have policies, controls and procedures to mitigate and manage effectively the risks of money laundering and terrorist financing identified through the risk assessments
- appoint a nominated officer
- implement internal reporting procedures;
- train relevant staff in the subject;
- obtain, verify and maintain evidence and records of the identity of new clients and transactions undertaken;

- report their suspicions.

9.4 Local Authorities

Public service organisations and their staff are subject to the full provisions of the Terrorism Act 2000 and may commit most of the principal offences under to POCA but are not legally obliged to apply the provisions of the Money Laundering Regulations 2012, 2015 and 2017. However, as responsible public bodies, they should employ policies and procedures which reflect the essence of the UK's anti-terrorist financing, and anti-money laundering, regimes. Accordingly, the Authority will do the following;

- i. evaluate the prospects of laundered monies being handled by them;
- ii. determine the appropriate safeguards to be put in place;
- iii. require every person engaged in treasury management to make themselves aware of their personal and legal responsibilities for money laundering awareness
- iv. make all its staff aware of their responsibilities under POCA
- v. appoint a member of staff to whom they can report any suspicions
- vi. in order to ensure compliance is appropriately managed, this Authority will require senior management to give appropriate oversight, analysis and assessment of the risks of clients and work/product types, systems for monitoring compliance with procedures and method of communicating procedures and other information to personnel
- vii. the officer responsible for the creation and monitoring the implementation of a corporate anti money laundering policy and procedures shall be a requirement that all services and departments implement this corporate policy and procedures.

9.5 PROCEDURES FOR ESTABLISHING IDENTITY / AUTHENTICITY OF LENDERS

The Council is alert to the possibility that it may become the subject of an attempt to involve it in transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions and will ensure that staff involved in this are properly trained. A copy of the Council's anti money laundering policy is available on the Council's intranet site and from Legal Services.

The Authority does not accept loans from individuals.

All loans are obtained from the PWLB, other local authorities or from authorised institutions under the Financial Services and Markets Act 2000. This register can be accessed through the FCA website on www.fca.gov.uk

When repaying loans, the procedures in 9.6 will be followed to check the bank details of the recipient.

9.6 Methodologies for Identifying Deposit Takers

In the course of its Treasury activities, the Council will only lend money to or invest with those counterparties that are on the approved lending list. These will be local authorities, the PWLB, Bank of England and authorised deposit takers under the Financial Services and Markets Act 2000. The FSA register can be accessed through their website on www.fsa.gov.uk.

All transactions will be carried out by BACS or CHAPs for making deposits or repaying loans. Counterparty repayment details will be checked on kept on file.

TMP 10 - STAFF TRAINING AND QUALIFICATIONS

10.1 The Authority recognises that relevant individuals will need appropriate levels of training in treasury management due to its increasing complexity. There are two categories of relevant individuals: -

- a) Treasury management staff employed by the Authority
- b) Members charged with governance of the treasury management function

All treasury management staff should receive appropriate training relevant to the requirements of their duties at the appropriate time. The Council operates a Professional Development Review system which identifies the training requirements of individual members of staff engaged on treasury related activities.

Training may also be provided on the job and it will be the responsibility of the Treasury Management Officer to ensure that all staff receive the level of training appropriate to their duties. This will also apply to staff who from time to time cover for absences from the treasury management team.

Details of staff training needs will be identified, as part of the training needs analysis undertaken during staff Individual Performance Review.

Treasury Management seminars will be attended as appropriate.

10.2 Statement of Professional Practices

Where the Chief Finance Officer is a member of a CCAB accountancy body there is a professional need for the CFO to be seen to be committed to professional responsibilities through both personal compliance and by ensuring that relevant staff are appropriately trained. Other staff involved in treasury management activities who are members of CIPFA must also comply with the SOPP.

10.3 Members charged with Governance

Members charged with governance also have a responsibility to ensure that they have the appropriate skills and training for their role. Treasury Management will ensure relevant members have training available regularly.

TMP 11 - USE OF EXTERNAL SERVICE PROVIDERS

11.1 DETAILS OF CONTRACTS WITH SERVICE PROVIDERS, INCLUDING BANKERS, BROKERS, CONSULTANTS, ADVISERS

The Authority will employ the services of other organisations to assist it in the field of treasury management. In particular, it will use external consultants to provide specialist advice in this ever more complex area. However, it will ensure that it fully understands what services are being provided and that they meet the needs of this organisation, especially in terms of being objective and free from conflicts of interest.

It will also ensure that the skills of the in-house treasury management team are maintained to a high enough level whereby they can provide appropriate challenge to external advice and can avoid undue reliance on such advice.

Treasury management staff and their senior management will therefore be required to allocate appropriate levels of time to using the following sources of information so that they are able to develop suitable levels of understanding to carry out their duties, especially in challenge and avoiding undue reliance.

- The quality financial press
- Market data
- Information on government support for banks, and
- The credit rating of that government support

11.1.1 BANKING SERVICES

a) Name of supplier of service is Barclays Bank PLC.
The branch address is:

Newcastle City
Newcastle upon Tyne
NE1 7AF

Tel: 0345 734 5345

- b) Contract commenced November 2016 and ran for 5 years until November 2021. Due to COVID-19 the Authority has exercised an option to extend for up to 24 months from November 2021.
- c) Cost of service is variable depending on schedule of tariffs and volumes
- d) Payments due quarterly/Monthly.

11.1.2 MONEY- BROKING SERVICES

The Council will use money brokers for temporary borrowing and investment and long-term borrowing. It will seek to give an even spread of business amongst the approved brokers.

Name of supplier of service:

Martin Brokers (UK) plc
Tradition UK Limited
Icap Tullett Probon
BCG/Sterling
King & Shaxton
Imperial Treasury Services

11.1.3 CONSULTANTS'/ADVISERS' SERVICES

The Council will seek to take expert advice on interest rate forecasts, annual treasury management strategy, timing for borrowing and lending, debt rescheduling, use of various borrowing and investment instruments, how to select credit worthy counterparties to put on the approved lending list etc.

Treasury Consultancy Services

a) Name of supplier of service is Link Treasury Services. Their address is:

65 Gresham Street
London
EC2V 7NQ

b) Contract commenced January 2018 for 3 years until December 2021 with an option to extend the contract for a further year. An extension was accepted to see the Authority through to a tender following COVID. Link Treasury Services are contracted through to Feb 2023.

c) Cost of the current service is maintained within the Treasury Team.

Credit Rating Agency

The Authority receives a credit rating service through the treasury management consultants, the cost of which is included in the consultant's annual fee.

TMP 12 - CORPORATE GOVERNANCE

12.1 The Authority is committed to the pursuit of proper corporate governance throughout its business and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

12.2 The Council has adopted and implemented the key recommendations of the CIPFA Code of Practice on Treasury Management This is considered vital to the achievement of proper corporate governance in treasury management.

12.3 The following documents are available for public inspection;

- Treasury Management Policy Statement
- Treasury Management Strategy Statement
- Annual Investment Strategy
- Minimum Revenue provision policy statement
- Annual Treasury Review Report
- Annual accounts and financial instruments disclosure notes
- Annual budget
- Capital Plan
- Minutes of Council/Cabinet/Committee meetings
- Capital Strategy

APPENDIX 1

References to Relevant Statutes and Regulations

Statutes

- Local Government Finance Act 1988 section 114 – duty on the responsible officer to issue a report if the Council is likely to get into a financially unviable position.
- Requirement to set a balanced budget - Local Government Finance Act 1992 section 32 for billing authorities and section 43 for major precepting authorities.
- Local Government Act 2003
- S.I. 2003 No.2938 Local Government Act 2003 (Commencement No.1 and Transitional Provisions and Savings) Order 2003 13.11.03
- S.I. 2003 No.3146 Local Authorities (Capital Finance and Accounting)(England) Regulations 2003 and associated commentary 10.12.03
- S.I. 2004 No.533 Local Authorities (Capital Finance) (Consequential, Transitional and Savings Provisions) Order 2004 8.3.04
- S.I. 2004 No.534 Local Authorities (Capital Finance and Accounting)(Amendment) (England) Regulations 2004 8.3.04
- S.I. 2004 no. 3055 The Local Authorities (Capital Finance and Accounting) (Amendment) (England) (No. 2) Regulations 2004
- S.I. 2006 no. 521 Local Authorities (Capital Finance and Accounting)(Amendment) (England) Regulations 2006
- S.I. 2007 no. 573 Local Authorities (Capital Finance and Accounting)(Amendment) (England) Regulations 2007
- Local Government and Public Involvement in Health Act 2007 s238(2) – power to issue guidance; to be used re: MRP
- S.I. 2008 no. 414 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2008
- S.I. 2009 no. 321 Local Authorities (Capital Finance and Accounting) (Amendment) (England) Regulations 2009
- S.I. 2009 no. 2272 The Local Authorities (Capital Finance And Accounting) (England) (Amendment) (No.2) Regulations 2009
- S.I. 2009 no. 3093 The Local Government Pension Fund Scheme (Management and Investment of Funds) Regulations 2009
- S.I. 2010 no. 454 (Capital Finance and Accounting) (Amendment) (England) Regulations 2010
- Localism Act 2011
- S.I. 2012 no. 265 Local Authorities (Capital Finance and Accounting)(England) (Amendment) Regulations 2012
- S.I. 2012 No. 711 The Local Authorities (Capital Finance and Accounting)(England) (Amendment) (No. 2) Regulations 2012
- S.I. 2012 No. 1324 The Local Authorities (Capital Finance and Accounting)(England) (Amendment) (No.3) Regulations 2012
- S.I. 2012 No. 2269 The Local Authorities (Capital Finance and Accounting)(England) (Amendment) (No. 4) Regulations 2012
- S.I. 2013 no. 476 The Local Authorities (Capital Finance and Accounting)(England) (Amendment) Regulations 2013
- S.I. 2015 no. 234 Accounts and Audit Regulations 2015
- There has not been an issue of a Local Authorities (Capital Finance and Accounting) (England) Regulations statutory instrument in 2005, 2011 and 2016
- S.I. 2017 no. 536 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2017

- S.I. 2018 no. 1207 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2018
- Statutory Guidance on Investments 2018
- Statutory Guidance on MRP 2018
- 2019 No. 394 Exiting the European Union financial services: The Money Market Funds (Amendment) (EU Exit) Regulations 2019
- S.I. 2019 no. 396 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2019

Guidance and codes of practice

- CIPFA Local Authority Capital Accounting - a reference manual for practitioners latest year Edition
- CIPFA Guide for Chief Financial Officers on Treasury Management in Local Authorities 1996
- CIPFA Standard of Professional Practice on Treasury Management 2002
- CIPFA Standard of Professional Practice on Continuous professional Development 2005
- CIPFA Standard of Professional Practice on Ethics 2006
- The Good Governance Standard for Public Services 2004
- CIPFA's Treasury Management Codes of Practice and Guidance Notes 2021,
- CIPFA Prudential Code for Capital Finance in Local Authorities revised 2021
- CIPFA Prudential Code for Capital Finance in Local Authorities – guidance notes for practitioners 2021
- LAAP Bulletins
- IFRS - Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of recommended Practice
- PWLB circulars on Lending Policy
- The UK Money Markets Guide. (was formerly known as the Financial Conduct Authority's Code of Market Conduct
- The Council's Standing Orders relating to Contracts
- The Council's Financial Regulations
- The Council's Scheme of Delegated Functions

Reserves and Balances Policy

Date: 28 November 2022 **Version:** V1 **Author:** Jon Ritchie

The Reserves and Balances Policy represents good financial management and should be followed as part of the annual Financial Planning and Budget process, Budget Monitoring and Final Accounts.

2 Application

The general principles set out in this Reserves and Balances Policy apply to North Tyneside Council's General Fund and to the Housing Revenue Account.

3 The Existing Legislative/Regulatory Framework

The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

The Local Government Finance Act 1992 and Local Government Act 2003 set out a range of safeguards to mitigate against local authorities over-committing themselves financially. These include:

- the balanced budget requirement;
- Chief Finance Officers' section 114 powers;
- the external auditors' responsibility to review and report on financial standing;
- the requirement for the Chief Finance Officer to report to full Council on the robustness of budget estimates and the adequacy of reserves in the Authority balance sheet; and
- the requirement for the Authority to regularly monitor its budget.

Generally, the balanced budget requirement is sufficient discipline for the majority of local authorities. This requirement is reinforced by section 114 of the Local Government Finance Act 1988 which requires the Chief Finance Officer in England and Wales to report to all the Authority's councilors if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the Authority will not have the resources to meet its expenditure in a particular financial year. The issue of a section 114 notice by the Chief Finance Officer cannot be taken lightly and has serious operational implications. Indeed, the authority's full council must meet within 21 days to consider the section 114 notice and during that period the authority is prohibited from entering into new agreements involving the incurring of expenditure.

Local Authority Accounting Practice (LAAP) Bulletin 99 (released July 2014) sets out guidance to local authority chief finance officers on the establishment and maintenance of reserves and balances. The Bulletin states that its guidance "represents good financial management and should be followed as a matter of course". The guidance covers the legislative and regulatory framework relating to reserves; types of reserves; the principles to be used to assess the adequacy of reserves and the Chief Finance Officer's advice to full Council.

Guidance on specific levels of reserves and balances is not given in statute, the published guidance or by the Chartered Institute of Public Finance and Accountancy (CIPFA) (the recognised accountancy body for local government finance) or the

Audit Commission. There is no statutory minimum level of reserves. It is up to local authorities themselves to set their own level of reserves and balances on the advice of the Chief Finance Officer.

4 The Role of the Director of Resources (Chief Finance Officer)

Within the existing statutory and regulatory framework, it is the responsibility of the Director of Resources (in his role as Chief Finance Officer) to advise the Authority about the level of reserves that it should hold and to ensure that there are clear protocols for their establishment and use.

The Authority then, acting on the advice of the Chief Finance Officer, must make its own judgements on the level of reserves and balances taking into account all the relevant local circumstances. These include the operational and financial risks, and the arrangements in place to manage them, including adequate and effective systems of internal control. The duties of the Chief Finance Officer in relation to the level of reserves are covered by the legislative framework described in 3 above. Under the Local Government Act 2003, the Chief Finance Officer must report to the full Council on the adequacy of reserves (section 27) and reserve transactions must be taken account of within the required budget monitoring arrangements (section 28).

5 Types of Reserves

Reserves can be held for four main purposes:

- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves;
- a contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves;
- a means of building up funds, often referred to as earmarked reserves, to meet known or predicted liabilities; and
- A reserve in respect of grants.

In addition, since 2003/04 the Authority has held a Strategic Reserve in its balance sheet. This has been used to manage significant financial pressures which can arise in year, or between years, for example to manage the significant pressures arising from equal pay settlements and costs of non statutory redundancy payments. The reserve has also been used to support the General Revenue budget in periods where the Authority's finances are in transition.

The Authority also holds a pensions reserve as required under International Accounting Standard 19 – Employee Benefits. This is a specific accounting mechanism used to recognise the Authority's share of pension fund liabilities in its balance sheet. As this is a reserve which arises from an accounting standard it is not available to finance expenditure of the Authority.

For each reserve held by the Authority there should be a clear protocol setting out:

- the reason for/purpose of the reserve;
- how and when the reserve can be used;
- procedures for the reserve's management and control; and,

- a process and timescale for review of the reserve to ensure continuing relevance and adequacy.

This Reserves and Balances Policy ensures that when establishing reserves, North Tyneside Council complies with the Code of Practice on Local Authority Accounting in the United Kingdom (The Code) and in particular the need to distinguish between reserves and provisions.

6 Policy and Principles to Assess the Adequacy of Reserves

The principles used by the Chief Finance Officer to assess the adequacy of unallocated general reserves when setting the budget ensure that account is taken of the strategic, operational and financial risks facing the Authority.

Setting the level of reserves is just one of several related decisions in the formulation of the financial strategy and the budget for a particular year. This is carried out as part of the Authority's Financial Planning and Budget Process. Account is taken of the key financial assumptions underpinning the budget alongside a consideration of the Authority's financial management arrangements. In addition to the cash flow requirements of the Authority the following factors are considered:

- The treatment of inflation and interest rates;
- Estimates of the level and timing of capital receipts;
- The treatment of demand led pressures;
- The treatment of planned efficiency savings / productivity gains;
- The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital investment developments;
- The availability of other funds to deal with major contingencies and the adequacy of provisions; and
- The general financial and economic climate in which the Authority operates.

The Authority holds two types of reserves

- General unearmarked reserves (the Authority's General Fund Balances)
- Earmarked reserves held for specific purposes

It is the current policy of North Tyneside Council for the *General Fund unearmarked reserves* (the General Fund Balances) to be held at a level of at least £7.000m. This is reviewed at least annually, during the setting of the budget. Factors which are taken into account during the review include; the level of balances as a percentage of the net revenue requirement, budget management and monitoring procedures, risk levels and financial projections for future years.

The level of each *earmarked reserve* is assessed separately with reference to the specific liabilities that the reserve represents. This is done in consultation with relevant officers. Individual earmarked reserves are assessed to ensure their adequacy in relation to factors that have become known since the previous year. It is the policy of North Tyneside Council to ensure that the Financial Planning and Budget Process takes account of any need to increase particular reserves due to factors which may arise and to fully account for these factors.

As one of the Authority's earmarked reserves, *the Strategic Reserve* is a significant part of the Authority's strategic financial management, often used to finance large pressures which can arise outside of the Authority's regular budget setting and financial management processes. As such, it has been used to address major spending issues and it is therefore the objective of the Authority to maintain the Strategic Reserve at a level of £10.000m over the medium term.

The use of the Strategic Reserve to balance budgets (either revenue or capital) should be very closely considered in line with LAAP (Local Authority Accounting Practice note) 99, which states that, although "balancing the annual budget by drawing on general reserves may be viewed as a legitimate short term option. It is not normally prudent for reserves to be deployed to finance recurrent expenditure". In principle, although the Strategic Reserve may, under certain circumstances, be used to balance the budget of the Authority, it should not be used as a year on year measure to support ongoing revenue spend. The level of the Strategic Reserve and the potential calls against it will therefore be reviewed on a continuous basis, and in the context of the overall financial planning process of the Authority.

Unless expressly agreed by Cabinet as part of the Budget process, the level of balances and reserves will be reviewed by the Chief Finance Officer and Deputy Chief Finance Officer during the final accounts process in consultation with the Elected Mayor, Cabinet Member for Finance and Resources and relevant officers. In addition, the regular budget monitoring process carried out by the Authority throughout the year will report on any changes in the level of balances or reserves. In-year and year-end transfers either into or out of a reserve must be authorised by the Chief Finance Officer and Deputy Chief Finance Officer in consultation with the Elected Mayor and Cabinet Member for Finance and Resources. Full documentation should be retained for all movements into and out of the reserves and balances.

The Reserves and Balances Policy is set in the context of the Authority's Financial Planning and Budget Process and does not focus exclusively on short-term considerations. Balancing the annual budget by drawing on general reserves may be viewed as a legitimate short-term option. However, in the longer term it is not prudent for reserves to be deployed to finance recurrent expenditure: and where such action is being taken this will be made explicit and an explanation given as to how the recurrent expenditure will be funded in the longer term. Advice will be given by the Chief Finance Officer on the adequacy of reserves over the lifetime of the financial plan. This is addressed in the Financial Planning and Budget Process.

7 The Reporting Framework

The Chief Finance Officer has a fiduciary duty to local taxpayers, and must be satisfied that the decisions taken on balances and reserves represent proper stewardship of public funds. Compliance with this Reserves and Balances Policy assists in allowing the Chief Finance Officer to be satisfied that there is proper stewardship of public funds.

The level and utilisation of reserves is determined formally by the full Council at its meetings to approve the annual budget and the final accounts. These decisions are informed by the advice and judgement of the Chief Finance Officer.

The Reporting Policy of North Tyneside Council is:

- The Financial Planning and Budget process report to the full Council, which sets the Authority budget for the following year, includes a statement showing the proposed use of, or contribution to, general and earmarked reserves for the year ahead. Reference should be made as to the extent to which such reserves are to be used to finance recurrent expenditure.
- In addition, as part of the budget report to full Council the Local Government Act 2003 requires the Chief Finance Officer to make a statement to full Council on the robustness of the budget estimates and the adequacy of reserves in relation to the forthcoming financial year and the period of the Authority's financial strategy (the two year Financial Planning and Budget Process). Where reserves are being used to finance recurrent expenditure this will be made explicit and an explanation given as to how such expenditure will be funded in the medium to long term. Advice should be given on the adequacy of, and expected need for, reserves over the lifetime of the financial strategy.
- The Authority's annual statement of accounts includes a required note on the level of reserves in the balance sheet, showing opening balance, net movement in year and year-end balance. Significant reserve movements are explained in the Chief Finance Officer's foreword to the accounts and the covering report to full Council which accompanies the presentation of the accounts. In addition, the financial management out turn report for the year, which is presented to Cabinet for approval, and subsequently to the Finance Sub Committee, includes a full listing of all reserves and an explanation of any significant movements in individual reserves.
- The regular in-year financial management reports to Cabinet and Finance Sub Committee include details of any transactions affecting the Authority's reserves.

8 Good Governance

It is essential that the Authority takes responsibility for ensuring the adequacy of reserves and provisions when they set the budget. This will be subject to the advice of the Chief Finance Officer and the arrangements for reviewing and reporting on the level of reserves and balances as set out above

North Tyneside Council Report to Cabinet Date: 28 November 2022

Title: An Ambition for Wallsend

Portfolio: Deputy Mayor	Cabinet Member: Councillor Carl Johnson
Report from Service Area:	Regeneration and Economic Development
Responsible Officer:	John Sparkes, Director of Regeneration and Economic Development Tel: (0191) 643 6091
Wards affected:	Battle Hill, Howdon, Northumberland and Wallsend

PART 1

1.1 Executive Summary:

At its meeting on 28th March 2022, Cabinet received a report which set out a set of policy priorities for Wallsend Town Centre. These policy priorities were developed with the Deputy Mayor and following engagement with the Ward Councillors for Battle Hill, Howdon, Northumberland and Wallsend and were to inform a Masterplan for Wallsend which is identified as a priority in Our North Tyneside Plan 2021-2025.

The policy priorities agreed by Cabinet were:

- **Improve the quality of the housing offer in Wallsend;** in particular making the area a focus of the Mayor and Cabinet’s plans for 5000 affordable homes and tackling some of the poor quality privately rented housing in the Masterplan area
- **Make the town centre and the nearby neighbourhoods great places to visit and live;** improving the street scene, public spaces and working with partners to make sure people feel safe; and
- **Make sure Wallsend residents are connected to good jobs;** using the full range of tools, including adult education, apprenticeships and the capabilities plus the transport infrastructure around the town to make sure people in the community, who need it, are supported to improve their life chances.

Over the past 6 months, and working with the Deputy Mayor, Ward Members, the Chief Executive and other stakeholders the Authority has prepared a draft Masterplan which reflects its ambition for the town centre and delivers on the policy objectives which were agreed in May 2022. The draft Masterplan enshrines the Cabinet’s agreed policy objectives and includes a series of projects

to deliver them. The first stage of that work is now complete, and a draft Masterplan has been prepared.

The report provides background and a summary of the work done so far in developing a draft Masterplan. Subject to the Masterplan being endorsed by Cabinet, it is proposed that it is used, over the coming months, as a basis for consultation and engagement with residents, businesses and other stakeholders with an interest in the regeneration of Wallsend.

The purpose of this report is therefore to seek Cabinet's approval of the draft Wallsend Masterplan and to use it as a basis for engagement with residents and businesses in Wallsend.

1.2 Recommendation(s):

It is recommended that Cabinet:

- (1) Notes the progress made in delivering the Wallsend Town Centre Masterplan since March 2022;
- (2) Agrees that the Draft Wallsend Town Centre Masterplan be used as a basis for consultation and engagement with residents, businesses and stakeholders over a 6-week period in January and February 2023;
- (3) Authorise the Director of Regeneration and Economic Development to consult and engage with residents, businesses and stakeholders in line with recommendation (2) above,
- (4) Authorise the Director of Regeneration and Economic Development in consultation with the Deputy Mayor and the Director of Resources to prepare a final Draft Wallsend Town Centre Masterplan.
- (5) Agrees to receive a further report in Spring 2023 when Cabinet will be asked to consider and approve the final draft Wallsend Town Centre Masterplan.

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 30 September 2022.

1.4 Council Plan and Policy Framework

This report relates to the following themes in the 2021-25 Our North Tyneside Plan:

- A thriving North Tyneside
- A secure North Tyneside
- A green North Tyneside

The Wallsend Masterplan also uses the Local Plan 2017 as a Framework, which sets the planning policies to guide the development and regeneration of Wallsend Town Centre and the adjoining areas.

1.5 Information:

1.5.1 Background

As reported in detail to Cabinet in May 2022, Wallsend has a long and proud history and has played a significant role in shaping the regional and national economy. Its history (and name) dates back to the Roman conquest where it served as the eastern end for Hadrian's Wall.

However, Wallsend is perhaps best known for being a manufacturing powerhouse being at the centre of industrial growth on the River Tyne throughout the 19th Century and garnering a worldwide reputation for ship building.

The economic fortunes of Wallsend have ebbed and flowed with changes in the national economy and de-industrialisation. However, as reported to Cabinet in May 2022, Wallsend has seen a renaissance in advanced manufacturing driven by offshore energy opportunities. The Authority has always taken a long-term view around securing sustainable economic growth and sought to ensure that strategic employment sites, such as the Swan Hunter site were retained for employment purposes. The sale of the site in 2020 to Shepherd Offshore limited is a significant step in seeing the site brought forward in due course for manufacturing purposes in line with the Authority's objectives.

More recently, the Mayor through the Authority's 'Our North Tyneside Plan' gave a commitment to bring forward a Masterplan for Wallsend Town Centre and, at its meeting on 21 February 2022, Cabinet agreed an update to its regeneration strategy "An Ambition for North Tyneside." That updated strategy made clear that Wallsend Town Centre and its environs were a specific priority.

The Cabinet are aware, from the March 2022 Cabinet Report, of the challenges facing town centres and the draft Masterplan will provide a framework for targeted interventions, when funding permits, within the town centre to deliver on the Authority's policy objectives. The Masterplan will also provide a clear narrative and strong platform from which to launch future funding bids.

1.5.3 What the Authority has achieved so far

As noted in the Executive Summary, in May 2022, Cabinet agreed 3 policy objectives and themes as priorities for the Masterplan namely:

- **Improve the quality of the housing offer in Wallsend;** in particular, making the area a focus of the Mayor and Cabinet's plans for 5000 affordable homes and tackling some of the poor quality privately rented housing in the Masterplan area. Building upon recent developments and interventions such as new housing on the site of the former Police Station and the refurbishment of neglected properties on Charlotte Street. In 2020-21, as part of our Empty Homes Programme, the Authority refurbished and repurposed residential properties in Charlotte Street which leads to High Street East. Having acquired them from a landlord where there were significant issues around poor property management/maintenance and anti-social behaviour, the properties have now been successfully converted from flats to family accommodation. This intervention has had a major impact on the appearance and perceptions of Charlotte Street and has significantly improved the quality of lives of the residents living there

- **Make the town centre and the nearby neighbourhoods great places to visit and live;** improving the street scene, public spaces and working with partners to make sure people feel safe.
- **Make sure Wallsend residents are connected to good jobs;** using the full range of tools, including adult education, apprenticeships and the capabilities plus the transport infrastructure around the town to make sure people in the community, who need it, are supported to improve their life chances. Much work has already been undertaken, helping to support the College and University focus on Energy together with work by our Employment and Skills team.

1.5.4 **Right now:**

Healthcare Facilities: We also continue to work with partners to support the delivery of new healthcare facilities via the Hadrian Health Centre to the rear of the Forum Shopping Centre. In addition to providing much needed new facilities and bringing forward a vacant site, increase footfall and linked trips, the development will also improve the appearance and liveability of the town centre.

Segedunum: Following confirmation of £0.499m MEND funding from Arts Council England in 2022, which seeks to invest in the physical fabric of cultural institutions, the Authority will commence a series of remedial works to the main Segedunum visitor building. We will also seek to attract further external funding to assist with the delivery of transformational changes to the Segedunum Museum offer. This will be to enhance its visitor offer and provide facilities that reflect its World Heritage Site status and reinforces its role as a town centre asset in the heart of the community which contributes to the wider visitor experience and sense of place. A stage 1 bid is expected to be submitted to the National Lottery Heritage Fund shortly.

Business Factory: Aligning with the Authority's policy objectives around ensuring residents are connected to good jobs; the Business Factory has relocated to the Old Town Hall and is continuing to deliver business pre-start and start up advice and support to a broad range of clients.

Engagement Activity: The Authority has sought to undertake some engagement prior to commencing work on the Masterplan. It has engaged with Members of the four wards that are served by the Masterplan area, and officers have met with representatives of New River Retail, who own The Forum Shopping Centre, and they have shared a vision and plan for their asset which forms part of the draft plan. A Towns and High Streets Board, which includes VODA and business representatives, has also been set up as a requirement of the funding award to discuss and endorse the Towns and High Streets Innovation Programme and grant application to NTCA.

UK Shared Prosperity Fund (UKSPF) bids via the North of Tyne Combined Authority NTCA: A response from Government on the UKSPF Investment Plan submitted in July is likely to be received in October 2022. Officers are working with colleagues from the Combined Authority, Newcastle City Council and Northumberland County Council to develop a number of interventions that build on activity previously supported through the European Regional Development Fund and the European Social Fund. Funding will be targeted on the following three key investment priorities; Community and Place; Supporting Local Business; and People and Skills.

Power to Change: The Authority has worked with representatives from Power to Change, the community business support organisation, to identify empty properties that could

potentially be purchased and run by the community. Power to Change's vision is that by 2025, more communities in England will run businesses that give them power to change what matters to them.

Wallsend Hall: The Authority is currently looking at the condition of the property, with a view to securing some initial works to protect the fabric of the listed building. Next steps will see the Authority advertising the property as an expression of interest exercise to secure a new private sector operator who will bring the building back into beneficial use which will contribute to the Authority's policy objectives for Wallsend

The Buddle: The ownership of the Buddle was transferred from the Authority to Adavo Workspace on 15th March 2021. The original intention of the company was to provide similar accommodation within the Buddle to that which the company has created in the former Wallsend Town Hall. The work to progress this was initially delayed because of the pandemic, but more recently the company has decided to move away from providing a solely traditional office-based business centre and to improve and convert the property with part of the focus being accommodating businesses in the wellness sector.

Former Swan Hunter Shipyard Local Development Order (LDO): On 27 June 2022 Cabinet considered a report to extend the simplified planning regime at the former Swan Hunter shipyard to help bring forward its development and to support our employment objectives for the site. A subsequent public consultation exercise was carried out and no issues were identified requiring modification of the proposed LDO. The necessary actions are now being taken to formally adopt the LDO and to submit a copy of the LDO to the Secretary of State for Levelling Up, Housing and Communities. This simplified planning regime makes the site more attractive to the market by providing certainty around planning use and permissions.

Funding Activity: The Authority has secured £1.94m funding for delivery of activity that contributes to the aims and objectives of the Masterplan through the NTCA Towns and High Streets Innovation Programme. Funding will support the delivery of events and festivals, business support, shop front grants and capital works to improve walking and cycle routes between the town centre and Segedunum and the adjacent National Trail and cycle routes. It also establishes a High Street Board with representatives from local businesses, VODA, Wallsend ward councillors, residents and the North Tyneside Business Forum to develop and oversee initiatives and improvements.

The Authority has also made a bid for over £19 million of grant from the Government's Levelling Up Fund to improve public realm around the town centre and adjacent residential streets to create better connectivity between key retail, leisure and cultural sites. The decision on this funding application was expected in October 2022 but may be delayed given the current national funding/budget landscape.

In 'The Growth Plan 2022' the UK Government set out a plan for Investment Zones, designed to drive economic growth and unlock development. Investment Zone sites will provide tax incentives, planning liberalisation, and wider support for the local economy. It is envisaged that these interventions will help 'accelerate' growth alongside a package of tax cuts and borrowing. An in-principle policy offer to all Mayoral Combined Authorities and Upper Tier Local Authorities provides the opportunity for all to submit an Expression of Interest (EOI) for a designated Investment Zone with 38 being identified as frontrunners. The Authority has worked with colleagues within the NTCA to prepare an Expression of Interest, that was submitted to Government on 14 October 2022. This EOI included sites within the Wallsend riverside.

Business Support: The Authority continues to work with the new owners (Shepherd Offshore Ltd) of the Swan Hunter site to support the delivery of new employment opportunities and to bring forward new high-quality jobs. The Authority has also engaged with other businesses in Wallsend as part of our strategic account management as well as engaging with the Chamber of Trade through the Town Centre Task Group.

Pre-Masterplan Activity: The Authority has also been active in securing funding to help deliver on our emerging Masterplan objectives. This includes working with the North East LEP to secure £80K from the Accelerated Development Fund (ADF) to assist in the delivery of the Masterplan. This work is now substantially complete and has produced the draft Masterplan which is the subject of this report.

The Draft Masterplan

The draft Masterplan proposes fourteen interventions that will deliver the three policy priorities for Wallsend, as identified by Cabinet.

The scope of the Masterplan area was agreed at Cabinet in March 2022. It covers the town centre core of High Street East and West, the Forum shopping centre and Station Road, with their surrounding catchment area of housing. It also includes the Segedunum Roman Fort and Museum and Wallsend riverside as far as Davy Bank. And to the north it includes the Parks, Wallsend Hall, and the former Buddle School and arts centre building. This builds on the early engagement with ward members which has helped inform thinking and the direction of the Masterplan.

In addition, since March 2022 the Authority has been working to better understand the issues, challenges and opportunities in Wallsend focussing in particular on the three policy priorities of housing, place and employment. This work has included:

- A review of recent reports such as the surveys of town centre businesses and customers in 2021 (the “Understanding the Heart of our Town” report)
- An assessment of the town centre’s buildings, roads, streets, footpaths and public spaces and development of ideas for improving them
- A review of the local property market to better understand the supply of and demand for homes, shops and offices
- Identification of opportunities to support residents in securing employment and improving their skills e.g. adult education and a “Working Well” employability hub
- Creation of the River Tyne Task Force with the North of Tyne Combined Authority, Port of Tyne, businesses and other local authorities marketing the offshore energy opportunities under the ‘Tyne Powered’ brand and providing a collective voice to talk to Government.
- A review of traffic flows, transport usage and car parking.
- Working with the Academic Health Service Network and the One Public Estate initiative to understanding the opportunities for the Masterplan to support public health initiatives and provision

The 14 proposed projects are mostly based on a specific place or building while those covering Business Support, Employment Support and Events & Animation will apply throughout the Masterplan area:

Project 1 – Wallsend Town Square

Located at the heart of the town centre the existing square provides a natural focal point for visitors and town centre activities. Refurbishment of these pedestrianised areas next to the Forum Shopping Centre, Customer First Centre and Anson Public House is a key objective of the Masterplan. This will see the space remodelled through new planting, paving and street furniture and it will provide the high quality, multi-functional space at a key 'Gateway' into the town centre.

Project 2 – High Street West, High Street East and Station Road

Improve the appearance and experience on High Streets West, East and Station Road and improve the experience for pedestrians, cyclists, wheelchair users and other town centre visitors. This could be achieved through widening pavements, introducing street trees and seating while retaining access for vehicles and servicing. Providing some design continuity and developing a Wallsend suite of materials and street furniture will be an essential part of this approach.

Project 3 – Segedunum World Heritage Site Gateway

Reimagine Buddle Street and the featureless paved area between Buddle Street and Woolley Street creating a 'pocket park' and an environment that celebrates and recognises you are passing through a historic fort. A key issue will be to enhance the visual appeal and visitor experience whilst maintaining the road as a key riverside traffic route serving industry

Project 4 – The Forum

NewRiver Retail are planning to further invest and improve the connectivity between Aldi, the Health Centre and the retail shops by removing the large atrium area and replacing it with public realm whilst consolidating the existing retail. The existing two storey car park is a potential development site for which various options are being considered.

Project 5 – Bus & Metro Station

The current Bus and Metro station is in a strategic location sited between the town centre and Segedunum. However, its visual appeal is limited, and the site currently contributes little to the townscape (other than its function as an interchange), and in some ways, creates a barrier between the town centre and Segedunum. The Masterplan seeks to explore options to modify the existing interchange through new tree and shrub planting and improved pedestrian and cycle links to Segedunum. This could extend to removal of some or all bus stands enabling new development to progress such as a cycle hub and secure cycle parking or even new build housing.

Project 6 – Housing Streetscape Improvements

The Masterplan proposes to transform the streets in the terraced housing north and south of the High Street East and West creating inclusive, pedestrian and cycle friendly streets that provide space for planting, allow safe children's play and can accommodate future electric vehicle infrastructure. This will radically improve the appearance, liveability

and appeal of Wallsend Town Centre as a destination of choice for new (and existing) residents.

Project 7 – Housing Development (New Build & Refurbishment)

Bring forward opportunities to refurbish existing homes and be proactive in bringing forward new build such as the Portugal Place/High Street West/Border Road site as well as windfall sites. This will be complemented by initiatives to raise housing standards especially in poor quality private rented homes. This will build on the Authority's success in North Shields where it has successfully delivered new housing opportunities and will broaden the Wallsend housing offer and will help attract new residents who are economically mobile and are able to support local shops and services.

Project 8 – Cycle Corridors

Wallsend is on the National Cycle Routes and therefore has a considerable reach into the local, national and international cycling communities. Improvements to the C2C/Route 72/Hadrian's Cycleway include a possible cycle hub and the creation of new routes north from the C2C via Holly Avenue to the town centre and from there to Richardson Dees Park. These collectively will improve provision and the attractiveness of the routes to cyclists which will have spin off benefits for the town centre.

Project 9 – Segedunum Transformation

The existence of a World Heritage Site within the Town Centre provides a raft of opportunities to drive footfall and spend in the town centre. It also provides the opportunity for the museum to become an asset in the heart of the community which benefits both residents and businesses. The Masterplan therefore proposes the transformation of Segedunum Roman Fort & Museum through new galleries, stories about the wider history of the town, together with Augmented Reality (AR) and Virtual Reality (VR) experiences. Works will also involve repairing and reopening the Bath House, relocating the café, creating an outdoor events space and frontage improvements that shouts we're a world-class World Heritage Site. Segedunum presents a unique opportunity to redefine the town centre offer and to improve links to the retail core which will be an essential component of any scheme.

Project 10 – Segedunum Linkages

As noted above, it is important to draw Segedunum into the town centre offer and to improve the linkages between the two. As such, the Masterplan considers options for interventions to improve and enhance the routes between Segedunum and the Metro Station and town centre which could include additional signage, planting, waymarkers, banners and coloured paving and surfacing.

Project 11 – Historic Buildings & Conservation

Wallsend has some beautiful and well-appointed buildings which reflect the wealth and proud history of the town. The Masterplan proposes to initiate and support ways of restoring and finding new uses for much loved, historic buildings such as the Buddle, the Civic Hall and the former Coach and Horses Public House. The Authority will also investigate the scope for declaring a town centre Conservation Area.

Project 12 – Business Support

Growing the local economy and securing inward investment will be a key ingredient of future success. The Masterplan seeks to deliver a programme of bespoke business

support using the grant funding from the Towns and High Streets Innovation Programme. This includes support for start-ups and established SMEs, a town centre business adviser and shop front grants.

Project 13 – Employment Support

One of the Authority's key policy objectives for Wallsend is to ensure residents are connected to good jobs and can fulfil their potential. Development of the Working Well Employability Hub will provide employment and skills support in one place. Initiatives will also assist people not using mainstream services as well as improving adult education provision. Digital inclusion will be a key element given that many job adverts and interviews etc are held on-line.

Project 14 – Events & Animation

Town centres thrive on activity and a varied events programme can help drive footfall, increase visitor spend and, importantly, leads to repeat visits. Expanding the scope and reach of Wallsend's existing programme to drive footfall and increase participation will be a major contributing factor to the town's future success. This can be achieved through greater use of the Customer First Centre and Segedunum and exploring new initiatives through AR and VR, town trails and attractions such as drone based light shows.

Next Steps

Cabinet is asked to note the work done so far and agree the approach to the next stage.

Officers have developed a draft Communications, Marketing and Engagement Plan which is subject to an EqIA to ensure stakeholders with protected characteristics have an equal opportunity to engage. The draft document sets out the Council's approach to communications, marketing and engagement activities, including the core narrative to support the successful delivery of the Wallsend Masterplan. It aims to:

- Help audiences to understand the Masterplan vision and its strategic intent, in a way that is relevant to their particular point of view and needs
- Ensure information is accurate, consistent and timely
- Help facilitate effective two-way communications and encourage feedback from residents, elected members and partners so that their views, issues and comments can help shape future communication planning
- Increase the profile of and change negative perceptions around Wallsend

A range of communications methods will be used to ensure residents, businesses, staff, members and partners are kept informed and encourage a two-way conversation, both digitally and via traditional methods to ensure all demographics are targeted.

A dedicated email address and phone line will be created for enquiries from members of the public. It is proposed to run the engagement process for a 6-week period from the 16 January -26th February 2022.

In line with the Authority's listening approach, public feedback will be reviewed, and any necessary changes made to the plan, prior to retuning to Cabinet in the spring of 2023 with a final plan for approval. This will then provide a long-term plan for the town and will

provide an effective tool to secure the additional funding necessary to bring forward projects. Further reports will be brought forward to Cabinet should the Authority secure Levelling Up funding in October, and to review progress on an annual basis.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

To approve the recommendation set out in paragraph 1.2 above.

Option 2

To approve and/or reject some or all of the recommendations set out in paragraph 1.2 above.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

The scope aligns with the themes within the Levelling Up prospectus and the Masterplan boundary enables the three themes of housing, employment and an improved built environment to be addressed.

1.8 Appendices:

Appendix 1: Masterplan boundary

Appendix 2: Matrix of links between projects and Cabinet policy priorities

1.9 Contact officers:

John Sparkes, Director of Regeneration and Economic Development

Graham Sword, Senior Manager - Regeneration, 0191 643 6421

Paul Graves, Regeneration Project Manager, 0191 643 6013

Julie Dodds, Head of Inclusive Economy and Business Development, 07583 042186

Claire Emmerson, Senior Finance Manager, 0191 643 8109

1.10 Background information:

The following background papers/information have been used in the compilation of this report:

(1) Our North Tyneside Plan 2021-25 <https://my.northtyneside.gov.uk/category/1241/our-north-tyneside-plan>

(2) Levelling Up Fund Prospectus <https://www.gov.uk/government/publications/levelling-up-fund-prospectus>

- (3) Accelerated Development Fund Grant Offer – Wallsend Masterplan and A19 Corridor Improvements, Report of the Head of Regeneration and Transport, 31 January 2022: <https://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/Report%20Accelerated%20Devpt%20Fund%20Grant%20Offer%E2%80%93Wallsend%20Masterplan-A19%20Corridor.pdf>
- (4) An Ambition for North Tyneside – Update Report of the Director of Regeneration and Economic Development, 21 February 2022: <https://democracy.northtyneside.gov.uk/documents/s7901/An%20Ambition%20for%20North%20Tyneside%20-%20Update.pdf>
- (5) An Ambition for Wallsend - Report of the Director of Regeneration and Economic Development, 28 March 2022 <https://democracy.northtyneside.gov.uk/documents/s8209/An%20Ambition%20for%20Wallsend.pdf>
- (6) Former Swan Hunter Shipyard - Report of the Director of Regeneration and Economic Development, 27 June 2022: <https://democracy.northtyneside.gov.uk/documents/s9043/Former%20Swan%20Hunter%20Shipyard%20Local%20Development%20Order.pdf>
- (7) An inclusive economy in North Tyneside - Report to Cabinet, 24 May 2021: <https://democracy.northtyneside.gov.uk/documents/s6007/An%20inclusive%20economy%20in%20North%20Tyneside%20Report.v2.pdf>

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

The table below outlines the current funding available to the Authority:

	Funding	Match Funding	Total Project Cost
Wallsend Masterplan Accelerated Development Fund	£80,000	£34,500 Feasibility Budget	£114,500
NTCA Towns and High Streets Innovation Fund	£1.94m	£0	£1.94m

Indicative budget costs for interventions such as public realm improvements, highway works and building refurbishment works will be produced as individual projects are developed. The Authority will continue to explore funding opportunities and potential projects will be prioritised as part of the development of the Authority’s Investment Plan.

The Authority has successfully secured consultancy support from the High Streets Task Force at no cost to the Authority.

2.2 Legal

There are no direct legal implications arising from this report. As specific actions are brought forward under the policy priorities set out above the legal implications (if any) for those actions will be identified and reported.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

The Ward members for Battle Hill, Howdon, Northumberland and Wallsend and the relevant Lead Cabinet Members have been briefed. Finance, legal and procurement senior officers have provided advice on this project and the background to this report. There will also be work with relevant service areas to ensure the full effects of the Masterplan are considered across the Authority. A Wallsend Masterplan officer group has been established to manage production and implementation of the Masterplan. In addition, the Engagement and Communications teams have worked closely with the Regeneration service to develop a draft Communications, Engagement and Marketing Plan.

2.3.2 External Consultation/Engagement

Tyne and Wear Archives and Museums, as operators of Segedunum, have been advised about the Wallsend Masterplan as have the Wallsend Chamber of Trade. The Authority has also, as part of the Towns and High Streets Innovation Fund programme, established a Board that includes representatives of local businesses and VODA. In addition, we have engaged with the Government's High Streets Task Force (HSTF), to gain support on further engagement work during the Masterplan consultation period. The HSTF will help with further engagement with businesses in the town. Discussions have also been held with NewRiver Retail, who operate the Forum Shopping Centre, to get an understanding of their longer-term objectives for the centre which includes some proposals for further investment. Additional external engagement on the draft Masterplan is proposed in January 2023 ensuring that residents, businesses and others have an opportunity to comment on the proposals.

2.4 Human rights

There are no Human Rights issues arising from this report.

2.5 Equalities and diversity

The engagement activities within the draft Communications, Engagement and Marketing Plan aims to reflect differing needs and the means of engagement will be subject to an Equalities Impact Assessment prior to finalisation of the plan. As individual projects within the Masterplan such as highways, active travel and public realm are developed they will be subject to Equalities Impact Assessments.

2.6 Risk management

A risk register will be developed for each of the projects and will be reviewed monthly by the project delivery teams.

2.7 Crime and disorder

There are no crime and disorder issues arising from this report. As the Masterplan and feasibility work progresses, consideration of crime, fear of crime and anti-social behaviour will be central to the development of the proposals.

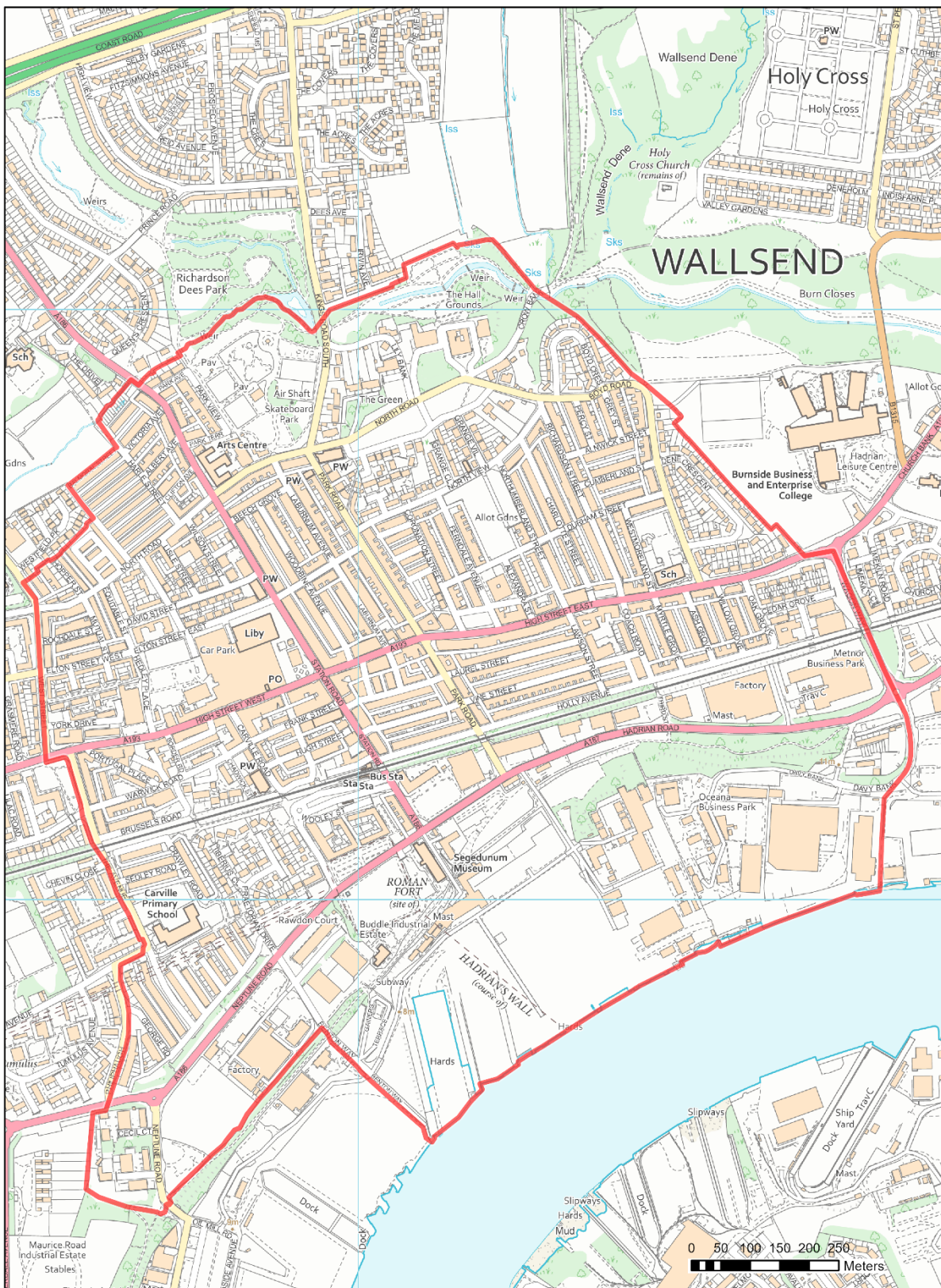
2.8 Environment and sustainability


The feasibility work undertaken with this funding is informing the development of robust business cases that include full environmental and sustainability plans to support the Authority's goals set out in the Carbon Net-Zero 2030 Action Plan.

PART 3 - SIGN OFF

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

APPENDIX 1 – Masterplan boundary



 Wallsend Masterplan Boundary (1)

Wallsend Masterplan Area

Scale : 1:8000  Working in partnership with 

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APPENDIX 2 – Matrix identifying the links between the proposed projects and Cabinet’s policy priorities

	Improve the quality of the housing offer in Wallsend	Make the town centre and the nearby neighbourhoods great places to visit and live	Make sure Wallsend residents are connected to good jobs
1 – Wallsend Town Square			
2 – High Street West, High Street East and Station Road			
3 – Segedunum World Heritage Site Gateway			
4 – The Forum			
5 – Bus & Metro Station			
6 – Housing Streetscape Improvements			
7 – Housing Development (New Build & Refurbishment)			
8 – Cycle corridors			
9 – Segedunum Transformation			
10 – Segedunum Linkages			
11 – Historic Buildings & Conservation			
12 – Business Support			
13 – Employment Support			
14 – Events & Animation			

North Tyneside Council Report to Cabinet Date: 28 November 2022

Title: Delivering New Council Homes and Tackling Derelict Properties

Portfolio(s): Housing

Cabinet Member(s): Councillor John Harrison

Report from Service

Area: Housing and Property

Responsible Officer: Peter Mennell, Director of Housing & Property (Tel: (0191) 643 6935)

Wards affected: Camperdown and Riverside Wards

PART 1

1.1 Executive Summary:

Delivering 5,000 affordable homes and reducing the number of derelict properties in North Tyneside are key priorities within the Our North Tyneside Plan approved at full Council on 23 September 2021.

As part of the ongoing work to meet this challenge, the Authority has recently purchased the former West House Public House site in the Camperdown Ward and a derelict property at 2 Seymour Street and 9 and 11 Waterville Road in the Riverside Ward. Both sites were causing considerable blight and were subject to anti-social behaviour and resident complaints.

This report seeks approval for the two sites to be developed, by the Authority through the Housing Revenue Account.

1.2 Recommendation(s):

It is recommended that Cabinet:

- (1) Approve the development of new Council Homes at the Former West House Public House site at Swindale Drive, Killingworth through the Housing Revenue Account;
- (2) Approve the demolition of the derelict property at 2 Seymour Street and 9 and 11 Waterville Road and re-provide a new Council home on the cleared site through the Housing Revenue Account; and
- (3) Authorise the Director of Housing and Property in consultation with the Cabinet Member for Housing, the Director of Resources and the Assistant Chief Executive to

undertake all necessary work to carry out and complete the two new affordable housing schemes.

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 October 2022.

1.4 Council Plan and Policy Framework

This report relates to the following priority(ies) in the 2020/24 Our North Tyneside Plan:

A thriving North Tyneside:

- We will reduce the number of derelict properties across the borough

A secure North Tyneside:

- We will provide 5,000 affordable homes

A green North Tyneside:

- We will publish an action plan of the steps we will take and the national investment we will seek to make North Tyneside carbon net-zero by 2030

1.5 Information:

1.5.1 Background

The Affordable Homes Programme was approved by Cabinet on the 14 May 2013 and has delivered 1,934 affordable homes to date, including 573 new Council homes. This performance represents a 145% improvement on the ten years prior to the programme starting. The Authority's work to support private landlords and tackle empty and derelict properties continues to improve communities and since 2019 the number of empty homes in the borough has reduced by 39%.

The Our North Tyneside Plan was approved at full Council on 23 September 2021 and included a priority to deliver 5,000 affordable homes and confirmed a commitment to reduce the number of derelict properties across the borough.

This new, ambitious target increased the previous delivery target by 1,000 affordable homes whilst remaining within the Authority's objectively assessed housing need and in line with the North Tyneside Local Plan that was adopted in July 2017. To meet this challenge, the target of 5,000 homes will be delivered in two phases.

Phase One will see the delivery of a further 2,000 affordable homes bringing the Phase One total to 4,000 by 2032. This will include the delivery of a ten-year Housing Revenue Account (HRA) plan that will aim to deliver at least 350 new Council homes, utilising new technology to reduce carbon emissions, supporting the Authority's work in response to the climate emergency declaration.

Phase Two of the programme will include work to identify new opportunities to deliver affordable homes. This will include assessing brownfield sites in the borough and actively seeking 'windfall' opportunities that may include new sites or opportunities that are not

currently within the Local Plan. for homes that are currently not within the plan. The two sites that are the subject of this report are both 'windfall' opportunities that will contribute to delivering the 1,000 homes in Phase Two of the programme.

1.5.2 Former West House Pub Site, Camperdown Ward

This site as shown in Appendix A is a 0.196-hectare brownfield site that formerly housed the West House Public House. The building on the site has been demolished and was the subject of an expired planning application for new residential homes. The site is adjacent to land already within the ownership of the Authority.

The site was overgrown and causing blight in the community and was put up for sale by the owner and following consultation with the Cabinet Member for Housing and the Strategic Property Group, it was recommended that the site be purchased to provide new Council homes. An offer for the land was accepted at £0.210m and the sale was completed on the 27 May 2022.

Preliminary design work and consultation with the Planning Authority has led to an outline design of 22 new affordable homes. The mix of homes aligns to housing need in the area and will include 10, two-bed houses, 2, three-bed house, 2 one-bed apartments and 8, two-bed apartments. Three of the properties will be built for wheelchair accessibility and the scheme will incorporate a full suite of green technology that exceeds the current Building Regulations.

The scheme will be delivered through the HRA with the expected cost to be circa £4.1m. Subject to Cabinet approval, a Planning Application is due to be submitted in December 2022 with work potentially beginning on site in August 2023 with a projected completion of Autumn 2024.

1.5.3 2 Seymour Street and 9 & 11 Waterville Road

The site as shown in Appendix B includes one property that consists of 2 Seymour Street and 9 and 11 Waterville Road, North Shields. The site is located on one of the main gateways to North Shields Town Centre. These properties have been unoccupied and unused for over 20 years and have fallen into a state of considerable disrepair.

Over the years both properties have been the subject of complaints to the Authority's Planning Enforcement, Environmental Health and Building Control sections with the landlord completing only minimal repairs, necessary to comply with the requirements of the various improvement notices issued.

Several unsuccessful attempts were made to develop a long-term solution with the owner to secure the reoccupation and improvement of the properties. During these attempts it came to light that the properties were included in a historic bankruptcy order. Consequently, the Authority have been able to work directly with the official receiver as the trustee in bankruptcy.

Following consultation with the Strategic Property Group and the Cabinet Member for Housing, authorisation was received in January 2020 for officers to investigate the legal position, negotiate directly with the receiver and make an appropriate offer or offers to secure the derelict properties.

Following extensive negotiations with the receiver and an independent valuation of the properties, an offer of £0.022m was accepted by the receiver with the sale completing on 4 January 2021.

With the properties in the Authority's ownership, work has been carried out to secure the buildings and to undertake an options appraisal of their future use. Due to the condition of the building, it is proposed that a planning application is submitted to demolish and clear the current buildings and use the site to provide a new 2-bed affordable home and provide a landscaped area to enhance the area.

This scheme will be delivered through the Housing Revenue Account with the expected cost to be circa £0.244m. Subject to Cabinet approval, a Planning Application has been submitted in October 2022 with a decision expected in December 2022. Subject to planning approval, work is currently forecasted to begin on site in April 2023 with a projected completion of Winter 2023.

1.6 Decision options:

The following decision options are available for consideration by Cabinet

Option 1

(a) agree the recommendations detailed in paragraph 1.2 of this report

Option 2

(b) reject the recommendations detailed in paragraph 1.2 of this report

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

- It will support the delivery of the Elected Mayor and Cabinet's commitments within the Our North Tyneside Plan to deliver more quality affordable homes, reduce the number of derelict properties and support the ambition for North Tyneside to be carbon neutral by 2030.

1.8 Appendices:

Appendix 1: Former West House Pub Site, Swindale Drive, Killingworth and Proposed Scheme

Appendix 2: 2 Seymour Street and 9 & 11 Waterville Road, North Shields and Proposed Scheme

1.9 Contact officers:

Richard Brook, Housing Growth Manager, tel. 07540 182 225

David Foster, Head of Property Services, tel. (0191) 643 7801

Darrell Campbell, Senior Business Partner, tel. (0191) 643 7038

1.10 Background information:

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

- (1) [Delegated Power Report: DPR Purchase of Land at Swindale Drive S:\NTH\Affordable Homes\BOARDS and Cabinet\Cabinet\2022-23\Swindale Cab Report\2022.04.05 DPR Purchase of Land at Swindale Drive - Full Approval.pdf](#)
- (2) [Delegated Power Report: 2 Seymour Street North Shields 18 December 2020_ S:\NTH\Affordable Homes\BOARDS and Cabinet\Cabinet\2022-23\Swindale Cab Report\DPR - 2 Seymour Street North Shields](#)
- (3) [Cabinet Report: Delivering 5,000 Affordable Homes and Reducing Derelict Properties, 21 February 2022 S:\NTH\Affordable Homes\BOARDS and Cabinet\Cabinet\2022-23\Swindale Cab Report\Delivering 5000 Affordable Homes and Reducing Derelict Properties - Final.docx](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

The resources necessary to complete these works will be provided for in the HRA 30-year Business Plan and will be delivered as part of the overall HRA Investment Plan. The Authority will also pursue any opportunity to access appropriate grant funding for the schemes should it become available.

2.2 Legal

In undertaking and completing both projects the Authority will comply with the Public Contract Regulations 2015 (PCR) and all other relevant procurement legislation. Any third-party contractors will be procured in accordance the PCRs and the Authority's own Contract Standing Orders.

Where the Authority is utilising its own funding for the provision of new council housing for rent and procures third-party contractors as stated above, there should be no subsidy control issues. However, the Authority will need to consider procurement legislation and subsidy control rules in relation to the delivery of each project to ensure compliance with all legal requirements placed on the Authority in relation to those issues. In addition to those considerations, there will be a need to be compliance with the Authority's Financial Regulations.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

Both sites identified within this report have been the subject of discussions and consultation with the Strategic Property Group, the Cabinet Member for Housing and relevant Ward Members.

Comprehensive governance arrangements have been put in place for the Affordable Homes Programme. Members and key officers are consulted through the Strategic Property Group comprised of the Elected Mayor, Deputy Mayor, Cabinet Members for Housing, Environment and Finance and Resources, Directors of Housing and Property, Resources, Commissioning and Investment, and Regeneration and Economic Development. They receive quarterly updates on the Affordable Homes Programme and make recommendations on key decisions for Cabinet.

In addition, the Authority's Investment Programme Board comprised of the Deputy Mayor, Cabinet Member for Finance and Resources, and Directors of Housing and Property, Commissioning and Investment, Resources and Regeneration and Economic Development receives update reports on the delivery of our Affordable Homes Programme.

2.3.2 External Consultation/Engagement

Pre-planning consultations will be held with Ward Members, residents, and businesses for both sites identified within this report. The Authority's tenants are kept up to date with progress through the Authority's Repairs and Investment Service Development Group that is held three times a year. In addition, there are regular press releases to ensure the

local communities are kept up to date with progress and the key milestones on the Authority's developments. The Local Plan has also involved extensive consultation around housing, which has included engagement with developers and members of the public.

2.4 Human rights

There are no human rights issues directly arising from this report.

2.5 Equalities and diversity

The Strategic Housing Market Assessment that was completed in March 2022, highlighted the need for more affordable rented homes in North Tyneside. The final mix of properties on the sites will be aligned to objectively assess the need in their location.

All the homes would be built to a Decent Homes standard and to align with the principles of Lifetime Homes. As part of our planning requirements, three of the homes will be built to be fully wheelchair accessible.

Consultation with officers within Adult Social Care will be undertaken to assess the potential of any of the proposed new homes being considered for specialist housing use.

2.6 Risk management

There are multiple risk registers associated with all Authority new build schemes. These are monitored on a regular basis as part of their respective governance arrangements. A project risk register has been collated for the Affordable Homes Programme, however at this stage it is considered that there are no specific risks that need to be added to the Directorate Risk Register.

2.7 Crime and disorder

Any sites being brought forward for development by either the Authority or by a private developer must address crime and disorder issues as part of the normal planning process.

When building new homes, the Authority's Design Standard is followed ensuring that Secure by Design Principals are achieved.

Both sites that are the subject of this report have been causing blight and the subject of anti-social behaviour. This will be addressed by delivering new homes.

2.8 Environment and sustainability

The Authority has committed to delivering new homes that utilise a fabric first approach. This will ensure that all homes are well insulated and provide high levels of air tightness.

The Authority will go further on directly built homes by moving ahead of planned changes to Building Regulations and build homes without fossil fuel heating systems and including

solar photovoltaic panels wherever feasible. Both schemes identified within this report will be built to this standard subject to relevant planning requirements being met.

PART 3 - SIGN OFF

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

Former West House Public House Site, Killingworth (Camperdown Ward) Proposed Scheme 22 homes – Subject to Planning Approval



Schedule of Accommodation:

D	2 Bed 4 Person House
E	3 Bed 4 Person House

13&17	Type 1 - GF 18/3P Flat = 70sqm PF 28/3P Flat = 73sqm
14-16	Type 2 - GF 28/3P Flat = 73sqm PF 28/3P Flat = 78sqm

22 TOTAL no Units

Parking:
24 No. - Parking Spaces for Housing
8 No. - Visitor Spaces (V)
TOTAL: 32 SPACES

- AMENITY GRASS AREAS
- WILDFLOWER MEADOW AREAS
- CONCRETE PAVING 400K 400
- EXISTING TREES
- NEW TREE PLANTING
- HEDGEROW PLANTING
- 1.8m HIGH TIMBER FENCE
- 450mm HIGH TIMBER TRIPFALL

A1 DO NOT SCALE

Rev	Description	Date
1	Issue for Planning	12/11/2023
2	Issue for Planning	12/11/2023

North Tyneside Council

Project: 22
Title: 1

Author: [Name]
Checked: [Name]
Date: [Date]

Scale: 1:1000

North Tyneside Council
100, Westgate Road, Newcastle upon Tyne, NE1 4JF
Tel: 0191 275 2000

Appendix 2 – 2 Seymour Street and 9 and 11 Waterville Road



Housing Strategy
The Killingworth Site
Station Road
Killingworth
North Tyneside
NE12 6QQ
Tel: 0191 643 6204



2 Seymour St & 9 -11 Seymour Street

Contains Ordnance Survey data Copyright ©
North Tyneside Council 100016801, 2022.

Scale: 1:300
Date 17/10/2022
IG

North Tyneside Council Report to Cabinet Date: 28 November 2022

Title: Annual Corporate Complaints Report 2021/22

Portfolio(s): Deputy Mayor	Cabinet Member(s): Councillor Carl Johnson
Report from Service Area:	Corporate Strategy and Customer Service
Responsible Officer:	Jacqueline Laughton, Assistant Chief Executive
Wards affected:	All
	Tel: (0191) 643 5724

PART 1

1.1 Executive Summary:

The Authority's Annual Complaints Report, attached in Appendix 1, shares information about the corporate complaints the Authority has received in 2021/22.

Both the Our North Tyneside Plan 2021 – 2025, agreed by Council on 23 September 2021 and the customer service programme, agreed by Cabinet on 28 May 2019, make clear the Authority's commitment to using customer feedback, including complaints, to design, deliver and improve its services.

Every complaint received by the Authority, is an opportunity to demonstrate that the Authority listens to its residents and cares about their views and concerns. The way in which complaints are received and responded to is an important element of a customer's experience and should follow the Authority's Corporate Complaints Procedure.

All complaints provide an insight into what is working well and what is not. The analysis of complaints data can provide a rich source of intelligence, to inform future prioritisation, planning and service delivery by the Authority.

The Authority serves over 208,000 residents each year with millions of individual services and transactions, including those to businesses and visitors. Whilst the overwhelming majority of the services are well received, the Authority knows it does not always get it right, for every one of those customers, first time. Our aim is to listen, learn and improve, where we don't get it right.

The Authority received 647 corporate complaints in 2021/22. Whilst this number is very low as a proportion of the services provided, the Authority is committed to learning from each and every complaint raised and is grateful to those who take the time to share their experiences.

At its meeting of the 17 October 2022, Cabinet agreed the 'We Listen, We Care', Customer Service Programme End of Phase Two report which detailed other feedback on customer experiences of council services and the improvements the Authority is making in response to this feedback.

1.2 Recommendation(s):

It is recommended that Cabinet:

- (1) notes the Annual Complaints Report for 2021/22 (Appendix 1),
- (2) approves the publication of the Annual Complaints Report on the Authority's website from 12 December 2022, and
- (3) receives the Local Government and Social Care Ombudsman's Annual Review of complaints concerning North Tyneside Council for 2021-22 (Appendix 2).

1.3 Forward plan:

28 days notice of this report has been given and it first appeared on the Forward Plan that was published on 5 August 2022.

1.4 Council plan and policy framework

The Our North Tyneside Plan sets out bold ambitions for ensuring that's the Borough's residents, businesses, environment and economy continue to thrive; making North Tyneside an even greater place to live, work and visit by 2025. The plan outlines a vision of building a better North Tyneside, looking to the future, and listening to and working better for residents.

Listening and learning from all customer feedback, including that from complaints, is an integral part of this ambition.

1.5 Information:

1.5.1 Background

The definition of a complaint can be wide-ranging but can be defined as an expression of dissatisfaction with the service provided, or lack of action by the Authority or its employees. This can include failure to achieve specific standards of service

The Authority's Corporate Complaint Procedure covers all services it provides and has a three-stage process. Corporate complaints also include statutory complaints received through the Local Authority Social Services Complaints (England) Regulations 2006.

Cabinet recently reviewed the work of the second phase of its Customer Service Programme – 'we listen, and we care' at its meeting of 17 October 2022. This report detailed other feedback on customer experiences of council services and the improvements the Authority is making in response to this feedback.

The Authority has many ways that it receives feedback about the services it provides. Whatever the channel, nature or purpose of this feedback, its benefit is not only to the customer but also to the Authority.

All feedback or complaints are an opportunity to demonstrate that the Authority listens to its residents and cares about their views and concerns. The way in which complaints are received and responded to, is an important element of a customer's experience and should meet the standards set out in the Authority's customer promise, every time.

Complaint information is an insight into what is working well and what is not and helps the Authority to meet the needs of the communities it serves, especially as those needs evolve. The organisation wide assimilation and analysis of this feedback can then provide one of the most reliable sources of intelligence, to inform future prioritisation, planning and service delivery.

A new Customer First Office (CFO) was established by the Authority in July 2022. This Authority team continues to administer the Authority's corporate complaints in line with its corporate complaint procedure but are now also delivering the work using lessons learned from the Customer Service Programme, as well as ongoing learning from complaints received by the Authority.

1.5.2 Summary of Corporate Complaints in 2021/22

Appendix 1 is the Annual Authority's Annual Corporate Complaints report for 2021/22.

- The Authority received 647 corporate complaints in 2021/22. Whilst this number is low as a proportion of all services provided, the Authority committed to learning from all complaints raised and is grateful to those who take the time to share their experiences.
- The number of corporate complaints received, is a significant decrease from 2019/20 (1,069) but an increase from 2020/21 (519).
- 7.4% of the corporate complaints received this year, were subsequently reviewed by either the Local Government and Social Care Ombudsman (LGSCO) or the Housing Ombudsman (HO).
- 81% of corporate complaints were resolved at stage one of the Authority's corporate three stage complaint process.
- The number of corporate complaints resolved outside of the Authority's three stage complaint process, has increased this year. This *may be* linked in part to the establishment of a new Customer First Office and the Customer Service Programme, both focused on making it easier for customers to share their experiences with the Authority.
- Just over half of corporate complaints received this year were upheld by the Authority, - acknowledging lower than expected performance in service delivery standards or what our customers should expect from the customer promise. This figure has decreased since a rise during 2021-22 but is now lower than in previous years.
- The factors driving corporate complaints are broadly in line with those of the previous three years; the top three reasons are:

- time taken to receive a service
 - communication, often linked to the first point when waiting for a service to be delivered, and
 - disagreement with a decision made by the Authority, such as priority rating for housing or the outcome of an assessment by a service team.
- Just over 40% of corporate complaints relate to housing, property and repairs; this includes customer dissatisfaction with decisions on the priority in which council houses are offered to residents.
 - There are increasing numbers of customers opting to register corporate complaints online.
 - There has been a notable decrease in the number of Children’s Services and Adult Social Care corporate complaints, since 2018/19. However, the pace of reduction in Adult Social Care complaints, has halted this year, with only one fewer complaint received, when compared to 2020/21. This trend will be explored in next year’s learning and improvement activity.
 - The Local Government and Social Care Ombudsman (LGSCO) annually provides a performance letter to every Local Authority on the complaints that have been referred to their service during the course of the year. Highlighted are any areas where recommendations have been made. During 2021/22, the Authority received two recommendations, one for Childrens Services, and one for Community Protection. Both recommendations were quickly actioned, and confirmation of compliance issued with the LGSCO.

1.5.3 Learning and Priorities for 2022/23

Complaint activity over the past two years has undoubtedly been influenced by the Covid-19 pandemic and it’s clear that trends and patterns have become more difficult to interpret and predict as a result. Other changes made by the Authority in terms of embedding its values of ‘we listen’ and ‘we care’, may also be changing how the Authority better responds to initial complaints and seeks early resolution of any customer complaints.

Priorities for the year ahead reflect the learning from the Authority’s Annual Corporate Complaint report for 2021/22 and focus primarily on strengthening the processes, practices and recording systems, which support the Authority in making the most from corporate complaint feedback.

- Work will be undertaken in 2022/23 with Authority services whose complaint patterns have shifted significantly over the past 4 years, to understand the reasons for this.
- The Authority remains committed to the prerequisites of a good complaint system. Action will be taken next year to strengthen customer complaint statements, including the outcomes they wish to see and the learning outcomes and actions for services.
- A new IT system will assist with easier collation of corporate complaint data and frequency of reporting.

- The CFO is still in its infancy and will continue to embed in the year ahead, developing positive and proactive relationships with Authority customers and service teams. Particular focus will be given to the relationship between the CFO and the Authority's dedicated housing, repairs and property customer experience function.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet notes the content of the Authority's Annual Complaints Report 2021/22 and approves publication of it, on the Authority's website.

Cabinet notes the Local Government and Social Care Ombudsman's Annual Review of complaints concerning North Tyneside Council for 2021-22.

Option 2

Cabinet refers the Authority's Annual Complaints Report 2021/22 back to officers and requests that further analysis and information is provided.

Cabinet notes the Local Government and Social Care Ombudsman's Annual Review of complaints concerning North Tyneside Council for 2021-22.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reason:

All Local Authorities providing social service functions are legally required to publish an annual report on complaints received.

1.8 Appendices:

Appendix 1: North Tyneside Council Complaints Service Report 2021-22

Appendix 2: The Local Government Ombudsman's Annual Review of complaints about North Tyneside Council 2021-22

1.9 Contact officers:

Haley Hudson, Customer Services and Digital Strategy Manager, tel. (0191) 643 7008
Eilidh Cook, Customer First Office Manager, tel. (0191) 643 5363
David Dunford, Senior Business Partner, tel. (0191) 643 7027
Adam Hagg, Customer Interface & Service Improvement Manager, tel. (0191) 643 6684

1.10 Background information:

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

- (1) The LGSCO Annual Review of Social Care Complaints October 2022_
<https://www.lgo.org.uk/assets/attach/6312/ASC-Review-2021-22-FINAL.pdf>
- (2) Report to Cabinet - We Listen, We Care - Customer Service Programme End of Phase Two Review 17 October 2022_
<https://democracy.northtyneside.gov.uk/documents/s10006/We%20Listen%20We%20Care%20-%20Customer%20Service%20Programme%20End%20of%20Phase%20Two%20Review.pdf>
- (3) The LGSCO Review of Local Government Complaints July 2022_
<https://www.lgo.org.uk/assets/attach/6280/LG-Review-2021-22-F.pdf>
- (4) The Local Authority Social Services Complaints (England) Regulations 2006 and Guidance (Children)_
<http://www.legislation.gov.uk/uksi/2006/1738/contents/made>
- (5) The Local Authority Social Services and National Health Service Complaints (England) Regulations 2009 and Guidance (Adults)_
http://webarchive.nationalarchives.gov.uk/+www.dh.gov.uk/en/SocialCare/DH_12036_1
- (6) North Tyneside Council Corporate Complaints Procedure_
<http://my.northtyneside.gov.uk/category/479/complaints-procedure>
- (7) The NHS Bodies and Local Authorities Regulations 2012_
<http://www.legislation.gov.uk/uksi/2012/3094/introduction/made>

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

There are no financial or other resource implications arising directly from this report. The delivery of the service is provided for from existing budget provision. Compensation payments are funded from existing budgets in the relevant service areas.

2.2 Legal

As a 'responsible body' under the Local Authority Social Services and National Health Service Complaints (England) Regulations 2009 the Authority must make arrangements for handling and considering complaints concerning the provision of social services in accordance with the 2009 Regulations.

The Regulations specify what should be included in the complaints handling arrangements and also require the Authority to prepare an annual report for each year which must specify the number of complaints which the Authority has received.

specify the number of complaints which the Authority decided were well-founded and specify the number of complaints which the Authority has been informed have been referred to the LGSCO and HO.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

The findings from the Authority's 2021/22 Annual Complaint Report, have been shared with the Authority's Chief Executive, Elected Mayor, Deputy Mayor and Cabinet Members for Adult Social Care and Children, Young People and Learning.

Meetings with senior service management teams across the top five complaint areas, have provided feedback on lessons learned, improvements made and priorities for 2022/23.

2.3.2 Community engagement

Satisfaction surveys are sent to all complainants following the closure of their complaint. Feedback from these surveys is valuable in helping the Authority to improve and enhance the complaint management process. A summary of survey responses can be found in section 9, Appendix 1, of this report.

The Authority has identified this as an area which requires development work in 2022/23, to increase the number of customers who take part in the surveys.

2.4 Human rights

The service promotes equal access to complaint services and opportunities to contribute to service improvement.

2.5 Equalities and diversity

The Authority promotes equal access to complaint services and opportunities to contribute to service improvement. Material is available in different formats and Officers actively help those with individual needs as required.

Equality monitoring is undertaken so that the service can ensure it meets the needs of people with protected characteristics across all of the borough's communities.

2.6 Risk management

There are no risk implications directly arising from this report.

2.7 Crime and disorder

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

2.8 Environment and sustainability

There are no environment and sustainability implications arising from this report

PART 3 - SIGN OFF

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



Annual Complaints Report

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2021-2022

November 2022



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1. Purpose and Introduction

North Tyneside Council publishes an annual complaints report, which gives an overview of the closed corporate complaints for the year between 1 April 2021 and 31 March 2022.

The aim of the report is to:

- learn from mistakes so that we can improve customer experience and outcomes
- encourage people who have cause to complain, to make comments and suggestions to help us make these improvements
- be transparent about the complaints we've received, how we've responded to them and what we've done as a result,
- learn from the Authority's complaint procedure, continually evaluating and improving this, and
- publicise and explain our complaints procedure

It is useful to review this report, alongside the recent report agreed by the Authority's Cabinet on 17 October 2022 – ¹We Listen, We Care, Customer Service Programme which detailed other feedback on customer experiences of council services and the improvements the Authority is making in response to this feedback.

1.1 Complaints defined

A complaint can be wide-ranging but can be defined as an expression of dissatisfaction with the service provided, or lack of action by the Authority or its employees. This can include failure to achieve specific standards of service, such as those set out in the Authority's customer promise.

The Authority's complaint procedure has three routes:

- Statutory children's social care. Childrens social care complaints are governed by the Childrens Act 1989.
- Statutory adult social care. Adult social care complaints are governed by the Local Authority Social Services NHS Complaint Regulations (England) 2009
- All other complaints received by the Authority, investigated using the three-stage investigation process, as set out in the Authority's complaints procedure.

An overview of the Authority's complaint procedure is in Appendix 1.

¹ <https://democracy.northtyneside.gov.uk/documents/s10006/We%20Listen%20We%20Care%20-%20Customer%20Service%20Programme%20End%20of%20Phase%20Two%20Review.pdf>

Where it is right to do so, the Authority supports customers to raise issues of dissatisfaction or poor experience with the team delivering that service or the Customer First Office, directly. This immediate feedback can provide quick and effective resolution for the customer and helps the service team listen and learn from customer experiences directly, preventing future errors or problems from occurring. Whilst considered carefully, these customer concerns and issues are not processed as part of the Authority's complaint procedure or its three-stage process.

1.2 Ombudsman

The Authority's complaint procedure is supported by both the Local Government and Social Care Ombudsman (LGSCO) and the Housing Ombudsman (HO).

The LGSCO can review and / or investigate complaints from members of the public who consider they have experienced injustice because of maladministration by the Authority, typically once the complaint has exhausted the Authority's complaint procedure.

The Housing Ombudsman considers complaints about housing associations and some relevant complaints from Local Authority tenants.

Occasionally a complaint may be considered by both Ombudsman schemes.

The LGSCO went on to investigate 48 of the Authority's corporate complaints in 2021/22, of these, thirteen detailed investigations were carried out. Of the thirteen detailed investigations, the LGSCO:

- agreed with nine of the Authority's initial responses
- made two recommendations on two of the investigations which the Authority quickly and fully complied with, and
- agreed the Authority have provided three satisfactory remedies in response to two complaints before the complaint reached the Ombudsman

The HO reviewed five cases between 1/04/2020 - 31/03/2021 from North Tyneside Council. Of these reviews, the HO:

- agreed with three of the Authority's initial responses, and
- made two recommendations which the Authority quickly and fully complied with.

Data for 2021/22 will be published by the HO in December 2022.

2. Why Complaints Matter

Both the Our North Tyneside Plan 2021 – 2025, agreed by Council on 23 September 2021 and the customer service programme, agreed by Cabinet on 28 May 2019, make clear the Authority's commitment to using customer feedback to design, deliver and improve its services.

The customer promise, 'we listen we care', is the articulation of that commitment and sets out what every customer can expect from North Tyneside Council.



The Authority has many ways that it receives feedback about the services it provides. Some are designed to elicit views on specific issues during engagement or consultation; others enable the Authority's customers to ask questions about services and others, to support any customer to comment, challenge or complain about their experience.

Whatever the channel, nature or purpose of this feedback, its benefit is not only to the customer but also to the Authority and delivering its overall ambition for the Borough.

We listen and we care; every feedback or enquiry episode, is an opportunity to demonstrate that the Authority listens to its residents and cares about their views and concerns. The way in which feedback is received and responded to, is an important element of a customer's experience and should meet the standards set out in the customer promise, every time.

Getting it right first time; failure caused by a failing to get something right first time, not only impacts customer experience but can damage the reputation of the Authority, generate high costs for the organisation, decrease efficiency and can have a tremendous impact on workforce motivation.

Information, intelligence, and wisdom; all customer feedback is an insight into what is working well and what is not, and helps the Authority never stray too far from the needs of the communities it serves, especially as those needs evolve. The organisation wide assimilation and analysis of this feedback can then provide one of the most reliable sources of intelligence, to inform future prioritisation, planning, and service delivery.

3. Customer First Office

A correspondence team was established in January 2021 by the Authority's Recovery Coordinating Group (RCG), for the North Tyneside Covid-19 Recovery Programme; its purpose was to support customers with Covid-19 related enquiries. The team was shaped on the Authority's values, 'we listen' and 'we care'. The Authority quickly realised that the ways of working, and tools used in the correspondence team, could have real benefits for how it delivered its existing functions for corporate complaints and other customer concerns and issues raised through Elected Members. As a result, the Customer First Office (CFO) was established in July 2022.

The CFO continue to administer the Authority's corporate complaints in line with its procedure but are now delivering the work in line with the lessons learned from the correspondence team; standards in the Authority's customer promise, learning from the customer service programme and ongoing learning from corporate complaints received by the Authority as set out below

- **Single point of contact to improve customer satisfaction and reduce failure demand;** from initial receipt through to final response, corporate complaints are 'owned' by the CFO, as well as the service responsible for investigating the complaint. The aim of the CFO is to look at the complaint through the eyes of our customers and quality assure every step of the corporate complaint procedure.
- **Knowing when a conversation is better to improve customer experience and complaint outcomes;** all complaints are quickly assessed by the CFO to determine which need further clarity or if it is clear that the Authority has made an error or mistake. All customers are contacted to acknowledge the complaint; apologise where needed; fully understand the customer's experience; identify any quick resolution actions and agree clear outcomes.
- **Knowledge and relationships to reduce work for service delivery teams;** the CFO are investing time in developing relationships with other teams across the Authority - understanding how they work, their priorities and their demands. This equips the CFO with up-to-date knowledge, enabling them to help in resolution planning for complaints and carrying out quality assurance of complaint outcomes and responses.
- **Customer first and consistency of response to improve customer satisfaction;** using the customer promise and other standards developed, a more personalised writing style has been introduced, with corporate complaint responses relaying a better understanding and appreciation of the customer's experience, regardless of the outcome to the complaint.
- **Information to inform future decision making and Authority planning;** the combination of corporate complaints, Elected Member enquires and other customer feedback, is beginning to improve the totality of the Authority's understanding of its customers' experiences.

4. Summary of Activity and Findings 2021/22

Serving over 208,000 residents, North Tyneside Council delivers millions of individual services and transactions each year, including those to businesses and visitors. Detailed information on the corporate and statutory complaints received about these services in 2021/22, can be found in section 8 of this report. A summary is provided here.

- The Authority received 647 corporate complaints in 2021/22. Whilst this number is low, as a proportion of the services provided, the Authority is committed to learning from corporate complaints raised and is grateful to those who take the time to share their experiences.
- The 647 corporate complaints received, are a significant decrease from 2019/20 (1,069) but an increase from 2020/21 (519), when many of the Authority's services were impacted by national restrictions from the Covid-19 pandemic.
- 7.4% of the corporate complaints received this year, were subsequently reviewed by the Local Government and Social Care Ombudsman (LGSCO) or the Housing Ombudsman (HO).
- 81% of council complaints (90% for children's social care) were resolved at stage one of the three stage complaint process.
- The number of corporate complaints resolved outside of the Authority's three stage complaint process, has increased this year. This *may be* linked in part to the customer service programme, which is focused on making it easier for customers to share their experiences with the Authority and receive direct help from a dedicated team to find a resolution.

- Just over half of corporate complaints received this year were upheld by the Authority - acknowledging lower than expected performance in service delivery standards or what our customers should expect from the customer promise. This figure has decreased since a rise during the 2 years of the pandemic but is now lower than in previous years.
- The factors driving complaints are broadly in line with those of the previous three years; the top three reasons are:
 - time taken to receive a service
 - communication, often linked to the first point when waiting for a service to be delivered, and
 - disagreement with a decision made by the Authority, such as priority rating for housing or the outcome of an assessment by a service team.
- Just over 40% of corporate complaints relate to housing, property, and repairs; this includes customer dissatisfaction with decisions on the priority in which council houses are offered to residents.
- There are increasing numbers of customers opting to register corporate complaints online.
- There has been a notable decrease in the number of children and adult social care complaints since 2018/19. However, the pace of reduction in adult social care complaints, has halted this year, with only one fewer complaint received, when compared to 2020/21. This trend will be explored in next year's learning and improvement activity.

5. Reflection and Priorities for 2022/23

The information provided for this report has undoubtedly been influenced by the Covid-19 pandemic and the temporary reduction in the number of people using services, due to national restrictions. Trends and patterns of complaints over a number of years have become more difficult to interpret and predict as a result. Other changes made by the Authority in terms of embedding its values of 'we listen' and 'we care', may also be changing how the Authority better responds to initial contact from customers and seeks early resolution of any customer complaints.

Here are some of the factors which may have influenced the patterns and trends of complaint activity over the past four years:

- in line with national guidance or legislation, some services closed for periods, or the service offer notably changed during the Covid-19 pandemic
- customer behaviour changed in response to 'staying safe' during the pandemic and in some cases found different ways to receive a service, such as online payments
- some temporary service changes, driven by national restrictions, have proven very popular with the Authority's customers and have been retained in full or part effect and have transformed the service offer
- some services reviewed and made improvements to how they respond to customer feedback and complaints, and

- a new approach to managing corporate complaints, has recently been established with the Customer First Office.

Work will be undertaken in 2022/23 with Authority services whose corporate complaint patterns have shifted significantly over the past 4 years, to understand the reasons for this.

The Authority remains committed to the prerequisites of a good complaint system. Action will be taken next year to strengthen customer complaint statements, including the outcomes they wish to see and the learning outcomes and actions for services.

A new IT system will assist with easier collation of corporate complaint data and frequency of reporting.

The CFO is still in its infancy and will continue to embed in the year ahead, developing positive and proactive relationships with Authority customers and service teams.

Particular focus will be given to the relationship between the CFO and the Authority's dedicated housing, repairs and property customer experience function. This will explore and test out the relationship between the CFO and dedicated housing, repairs and property complaint's team, to ensure both are working as effectively as possible together, for all customers.

6. Key Actions for 2022/23

Priorities for the year ahead reflect the learning from this report and focus primarily on strengthening the processes, practices and recording systems, which support the Authority in making the most from corporate complaint feedback.

Action
1. Develop and implement a new IT system for Authority wide recording of corporate complaint activity, including those outside of the three-stage process
2. Complete a review and if needed, refresh of the Authority's corporate complaint policy and associated procedures, including: a. a review of responses timescales and their monitoring, and b. the scope of different types of corporate complaints and when each should be used
3. Ensure all concerns and issues, resolved without the need for a three-stage complaint process, are accurately captured for analysis and learning.
4. Implement a quality assurance framework, in the customer first office, to further strengthen consistency and fairness for customers
5. Further review the interface between the CFO and the housing, property and repairs customer experience function and provide more detailed analysis of housing, property and repairs complaint activity, into the 2022/23 annual corporate complaint report
6. Explore new approaches to increase the number of customers sharing their experiences about the corporate complaint's procedure
7. Implement a revised reporting schedule of corporate complaints activity and outcomes, for Authority Directors and Elected Members
8. Strengthen the consistency of capturing, monitoring, and reporting corporate complaint outcomes and learning.
9. Social care services to review changes in their complaint activity numbers

7. Statutory Local Authority Social Services Complaints (England) Regulations 2006

The Authority's Statutory complaint procedure is governed by the statutory Local Authority Social Services Complaints (England) Regulations 2006, The Local Authority Social Services Complaints (England) Regulations 2006 and Guidance (Children) and The Local Authority Social Services and National Health Service Complaints (England) Regulations 2009 and Guidance (Adults)

7.1 Social Care

- Care providers commissioned on behalf of the Authority, are always assessed on their approach and practices for customer complaints – this informs the scoring for awarding Authority contracts for care delivery.
- The Authority carries out robust quality monitoring and assurance visits to all commissioned services; this includes a review of how customer complaints have been responded to and any themes or issues for further investigation.
- All services delivered and commissioned by the Authority's children social care teams are regulated by the independent regulator Ofsted, who also review complaint and customer feedback. Adult social care commissioned services are regulated by the Care Quality Commission. The Health and Care Act, which received Royal Assent in April 2022, created a new duty for the CQC to independently review and assess the performance of councils' adult social care duties, likely to start from April 2023.
- Safeguarding alerts, both individual and organisational are consistently reviewed and themes monitored for any required action.
- Joint meetings with CQC / Ofsted and NHS and other partners regularly take place, with a focus on service quality and any areas of concern from customers.
- The Authority has a specialist Advocacy service, who work to ensure the rights of children and young people are upheld. This both avoids issues escalating to formal complaint but also supports individuals through the complaint process when required

7.2 Children's Social Care

The number of children's social services statutory complaints for the Authority have notably decreased this year, and the proportion upheld by the Authority have significantly decreased.

7.3 Adult Social Care

Highlighted in its ²Annual Review of Adult Social Care Complaints (October 2022), which covers both council and independent care complaints, the LGSCO is concerned by the reducing numbers of adult social care complaints it is receiving and feels this may be reflective of the reducing numbers of adult social care complaints being received by all Local Authorities.

In line with LGSCO findings, there has been a notable decrease in the number of adult social care statutory complaints in North Tyneside, using the one stage process, since 2018/19 but conversely, only a nominal decrease of 1, since 2020/21. The proportion of adult social care statutory complaints upheld in full by the Authority, has notably decreased over the past three years in North Tyneside, although numbers for this category are small.

7.4 Reflection and Learning

In the past four years, both the Authority's children's social care and adult social care teams have invested significantly in reviewing their processes and approach to all complaints, and this may account for the changing trends in both the number of complaints received and in those upheld by the Authority.

Working with the Customer First Office both social care service teams will review and reflect on their approach to customer complaints and undertake a self-assessment, based on the LGSCO 'health of the organisation's approach to complaints checklist'.

During the year ahead the Authority's adult social care team will also:

- develop an information dashboard for all adult care providers which will include complaints information and themes
- develop a new service user engagement and experience process
- work with the Customer First Office to provide more information to adult care providers in relation to complaints handling and best practice
- improve the consistency of information provided to customers on the right to make to a complaint.

² <https://www.lgo.org.uk/assets/attach/6312/ASC-Review-2021-22-FINAL.pdf>

8. North Tyneside 2021/22 Corporate Complaint Activity

8.1 Complaints Received and Channel Used

Table 1 Total Number of Complaints Received

	2018-19	2019-20	2020-21	2021-22
Social Service Complaints	97	102	68	48
All Other Services Corporate Complaints	973	967	451	599
Total	1070	1069	519	647
Complaints to Ombudsman	56	50	29	48
Issues and concerns, resolved not using the corporate complaint process	1105	1107	914	1178

Complaints Received

- There has been a higher number of corporate complaints received than the previous year but substantially lower than pre Covid-19 pandemic levels.

Table 2 How Complaints are Received

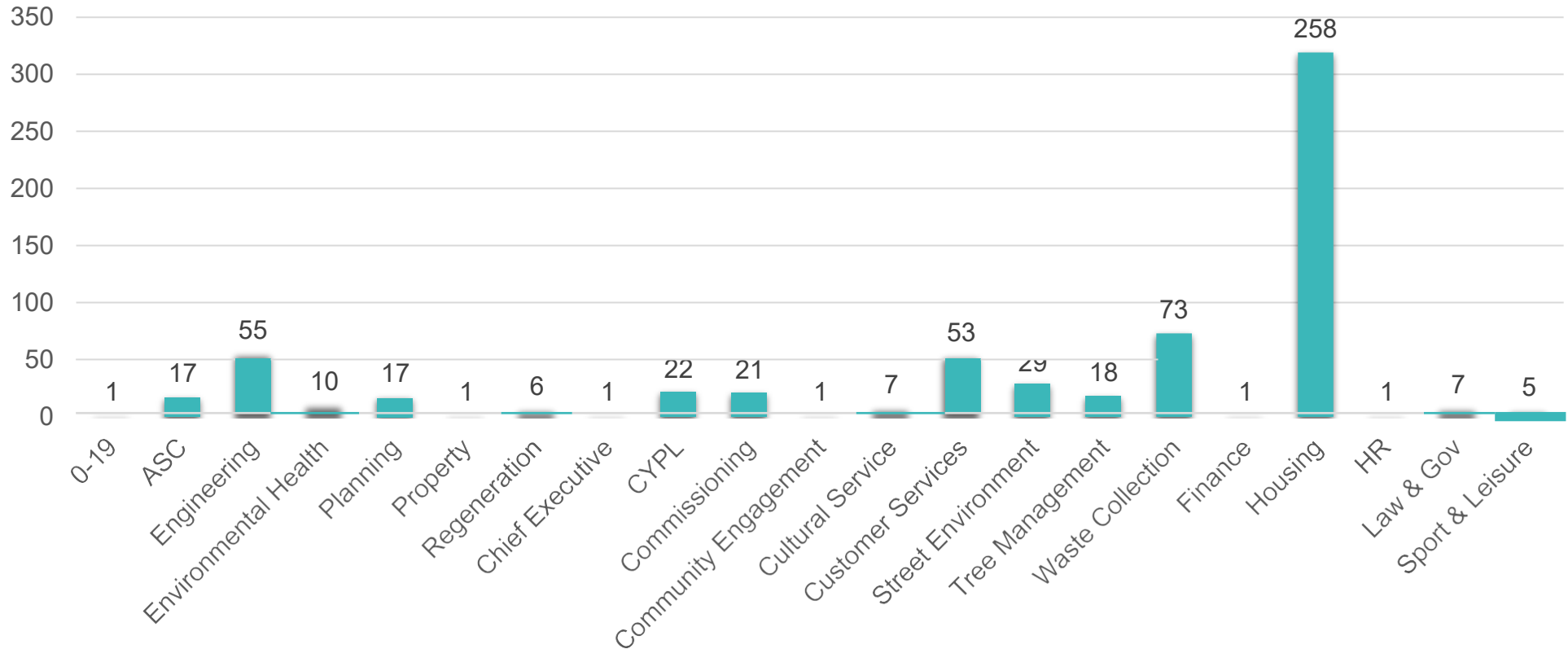
	2018-19	2019-20	2020-21	2021-22
Email	287	143	126	131
In person	13	3	2	7
Online	396	460	307	349
Telephone	293	417	63	134
Written	81	46	21	26

How Complaints are Received

- Regardless of communication channel, all complaints are acknowledged by email or letter, on the same working day.
- Online is the most frequent method for registering a corporate complaint and this number is growing year on year.

8.2 Corporate Complaints by Authority Service Area

Chart 1



- Just over 40% of corporate complaints relate to housing, property and repairs; this includes customer dissatisfaction with decisions on the order and priority in which council houses are offered. Issues impacting this service area in 2021/22 include:
 - global and national supply chain shortages and disruption, and
 - the volume and severity of local storm damage to council housing and properties.

8.3 Corporate Complaint Outcomes

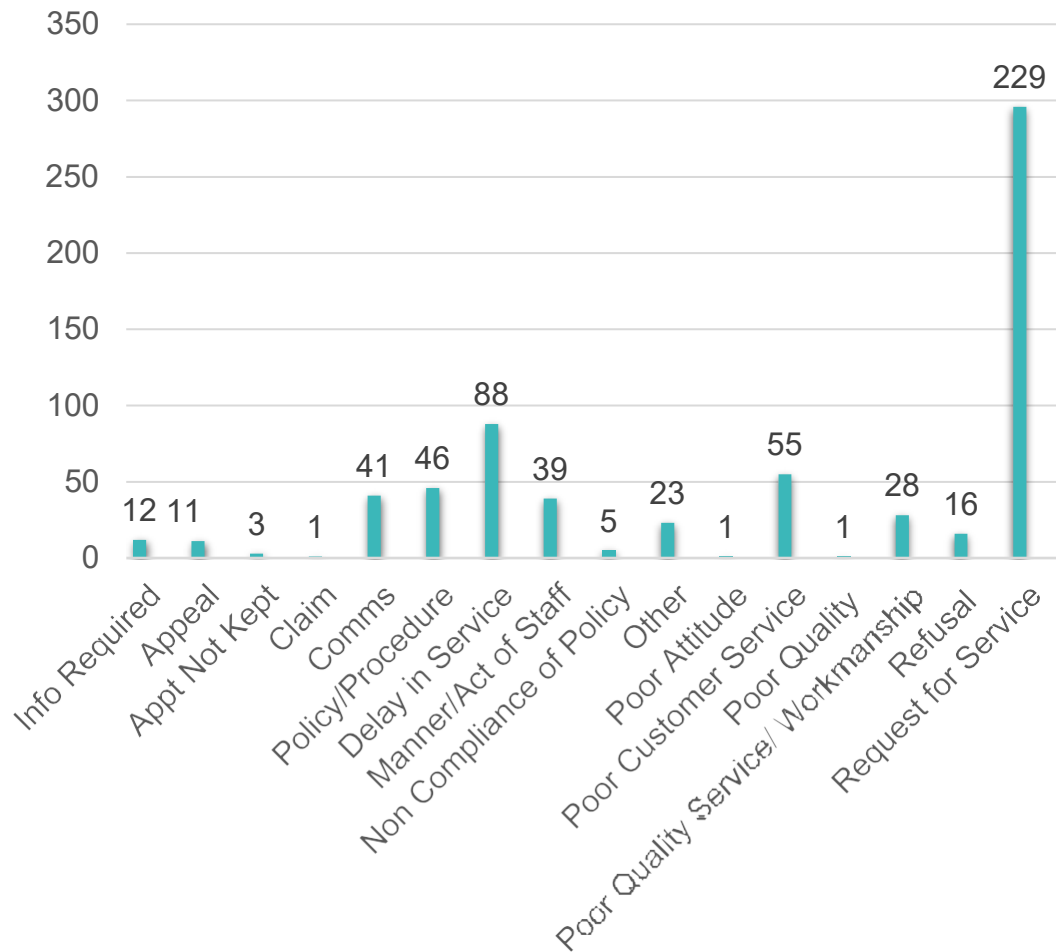
Table 3 Outcomes	2018-19	2019-20	2020-21	2021-22
Not Upheld	49%	54%	52%	46%
Upheld in Full	30%	24%	25%	33%
Upheld in Part	21%	22%	23%	21%

Table 4 Corporate complaints resolved at Stage:	2018-19 %	2019-20 %	2020-21 %	2021-22 %
One	85	88	83	81
Two	14	12	17	19
Three	0	0	0	0

- 46% of corporate complaints were not upheld following investigation, but more complaints were upheld in full when compared to previous years.
- 81% of corporate complaints were resolved at stage one of the corporate complaint process. This is less than previous years and may reflect the proactive work to resolve customer issues at an informal stage before they progress to stage one of the corporate complaint process. A new quality monitoring framework for corporate complaints, launched for 2022/23, will explore this trend further.
- As in the previous three years, there were 0 stage three complaints, this is felt to be reflective of the work to find solutions at every stage of the complaints process but again the new quality monitoring framework, will focus on this in 2022/23.

8.4 Corporate Complaint Reasons

Chart 2



- Corporate complaint reasons and their volumes are broadly in line with the previous years.
- The main reason 'recorded' for complaints is 'request for service' which primarily relates to:
 - time taken to receive a service
 - communication, often linked to the bullet point above, when waiting for a service to be delivered, and
 - disagreement with a decision made by the Authority, such as priority rating for housing allocation or the outcome of an assessment by a service team.

A new corporate complaint IT system will be developed and implemented in 2022/23, to improve the quality and type of information the Authority has to analyse and learn from corporate complaints.

8.5 LGSCO and Housing Ombudsman

Table 5: Complaints to the LGSCO	2018-19	2019-20	2020-21	2021-22
Environmental & Cultural Services	9	4	2	5
Highways, Transport & Planning	3	10	6	8
Revenue & Benefits	11	5	2	5
Housing, Property and Repairs	15	3	6	10
Education & Children's Social Care	10	17	10	7
Adult Social Care	4	6	3	9
Other	9	5	0	4
Total	61	50	29	48

Table 6 Complaints referred to the LGSCO in Tyne & Wear	2018-19	2019-20	2020-21	2021-22
Gateshead	51	51	36	54
Newcastle Upon Tyne	67	65	39	65
North Tyneside	56	50	29	48
South Tyneside	49	40	40	48
Sunderland	67	74	34	40

Table 7 Complaints to the Housing Ombudsman	2020-21	2021-22
Housing property condition	5	Published December 2022

- The LGSCO opened new enquires into 48 corporate complaints from North Tyneside Council, of these:
 - 13 detailed investigations were undertaken by the LGSCO,
 - 9 of these investigations upheld the Authority's response, and
 - the LGSCO provided recommendations for 2 complaints, and the Authority fully complied with all recommendations made.
 - 12 were referred back to the Authority for resolution
 - 17 were closed after initial enquiries
 - 6 were invalid or incomplete
- The number of ASC complaints reviewed by the LGO has increased, although numbers are small.
- The LGSCO can take several months to conclude so some data will relate to complaints received in 2020-21.
- The HO opened new enquiries into 5 corporate complaints. This is the first data available from the HO regarding provision of housing services by the Authority. Data for 2021-22 will be published in December 2022.

8.6 Children's Social Care Complaints

Table 8 Children & Families Services Categories	2018-19	2019-20	2020-21	2021-22
Adoption/Fostering/LAC*	5	4	2	2
Safeguarding	19	33	17	13
Front Door	2	7	3	2
Commissioning and Investment	0	0	0	1
Children with Disability Team	3	4	0	0
Other	13	1	8	1
Total	64	42	30	19

*Includes partnership across 5 Local Authority's hosted by North Tyneside

Table 9 Children's Social Services complaints resolved at stage:	2018-19 %	2019-20 %	2020-21 %	2021-22 %
One	93	88	83	91
Two	7	10	10	9
Three	0	2	7	0

Table 10 Children's Social Services complaints outcomes	2018-19 %	2019-20 %	2020-21 %	2021-22 %
Not Upheld	40	46	30	90
Upheld in Full	31	20	10	0
Upheld in Part	29	34	60	10

- The Social Services complaint process is governed by the statutory Local Authority Social Services Complaints (England) Regulations 2006, and The Local Authority Social Services Complaints (England) Regulations 2006 and Guidance (Children) The Local Authority Social Services and National Health Service Complaints (England) Regulations 2009 and Guidance (Adults)
- The Authority engages Independent Investigators and Independent Persons for children's social care corporate complaints at Stage two, as set out in the Regulations.
- The majority of children's social care complaints were resolved at Stage 1.
- The number of statutory complaints for children's social care, have decreased, and the proportion upheld by the Authority have significantly decreased. Work will be undertaken in 2022/23 to explore the reasons for these changes and is detailed further in section 7 of this report.

8.7 Adult Social Care

Table 11 Adult Services Categories	2018-19	2019-20	2020-21	2021-22
Safeguarding	5	4	2	0
Commissioning	4	6	5	1
Personalisation/ Social Work	34	33	23	23
Integrated Services	5	7	6	5
Other	7	3	2	0
Total	64	42	30	29

Table 12 Adult Social Care Complaint Outcomes	2018-19	2019-20	2020-21	2021-22
Not Upheld	48	55	42	47.5
Upheld in Full	9	7	11	5
Upheld in Part	43	38	47	47.5

- The majority of 2021/22 adult social care complaints related to an individual's specific care package and their allocated social worker.
- In line with LGSCO findings, there has been a notable decrease in the number of adult social care complaints, since 2018/19 but only a nominal decrease of 1, since 2020/21.
- The proportion of adult social care complaints upheld in full, has also notably decreased over the past three years, although numbers for this category are small.
- Work will be undertaken in 2022/23 to explore the reasons for these changes and is detailed further in section 7 of this report.

9. Corporate Complaint Customer Feedback Survey

The Authority asks ALL customers using the corporate complaint process, to complete a survey of their experience.

Responses to the survey are incredibly low and whilst this is not untypical for corporate complaint services nationally, we want to do more. Work has already started to review the survey approach; learn from other areas and increase the response rate in future years.

- 50% of customers found their complaint response easy to read
- 35.7% of customers sought help from a council employee
- 39.3% of customers used the Authority's website to find out how to make a formal complaint
- Although all customers are informed of complaint timescales, 35.7% were dissatisfied with this timescale
- 67.9% of customers said they received a receipt of their complaint, 47.4% said that was helpful
- 57.1% of customers said their response letter was clear about what to do if they remained dissatisfied with their response

10. Service Learning 2021/22

All completed corporate complaints, should capture any lessons learned. Several changes, generated by complaints, were made to procedures and services during the year. Below are details of some of the themes identified from service areas and action already taken.

Department	Lessons Learned	Improvements Made
Children's Social Care	Improvements to communication between parents and the allocated social worker throughout the assessment process	<ul style="list-style-type: none"> Guidance has been developed to support workers in completion of assessments to include children's and family views.
Adult Social Care	Some delays in completing the financial assessment process	<ul style="list-style-type: none"> A review of how the financial assessment process is communicated to customers has been completed. Changes to the financial assessment process have been made, to ensure it is undertaken at the right stage in the care planning journey, to avoid unnecessary delays to customers.
Environment	The high number of tree issue reports during 2021/22, has highlighted a need for improvements within the reporting and work allocation process	<ul style="list-style-type: none"> It is recognised that there were a diverse number of ways that incidents were being received throughout all storm events and that there is a need to consider how the management of incoming incident communications could be improved. The arborist team will undertake to establish a streamlined mechanism to receive and collate information for customers.
Community Protection	Responding to, and investigating reports of noise nuisance and anti-social behaviour (ASB)	<ul style="list-style-type: none"> Following recommendations from the LGSCO, those administering corporate complaints have now received training on better advising customers on the community protection trigger process. The community protection team implemented a new ASB process, addressing issues raised in the complaint, reviewed by the LGSCO.
Housing	There have been instances where the coordination of repairs is poorly communicated	<ul style="list-style-type: none"> A service development group with housing tenants, has been established and has revised the guidance on repair responsibility for both the tenant and the Authority. New performance indicators have been implemented to clearly communicate and monitor the responses times for housing repairs.

Appendix 1 – The Corporate Complaints Procedure, Including Statutory Services Complaints

Complaints can be made in various ways, Email, Telephone, Online or in person. Complaint details are recorded and agreed as a Statement of Complaint

Statutory Children’s Complaint

Stage 1

Statement of complaint agreed.
10 working days for a response to the customer (extended to 20 depending on the issue's complexity)

Stage 2

Complainant remains dissatisfied with the response at stage one.
Request an independent review of the issue. Investigators independent of the council will undertake a stage two investigation. 25 working days but can be extended to 65 working days depending on the complexity. Report is produced at the conclusion of stage two Signed off by the Assistant Director of Children's Services

Stage 3

Complainant remains dissatisfied following the result of stage 2 investigation. Request a review of the decision. – should be raised within 20 working days.
Independent review panel is convened Panel findings are to be reported back to the customer within 5 working days, with a response provided within 15 working days.

Corporate Complaint

Complaint details are recorded and agreed as a Statement of Complaint including the precise outcome/s from the complainant

Stage 1

Service area has 15 working days to respond and attempt to resolve the complaint

12th working day – Customer Promise check

Complainant has the right to ask for stage 2 within 10 working days.

Stage 2

Senior Manager reviews the complaint, makes changes to service delivery if necessary and attempts to resolve complaint within 15 working days

12th working day – Customer Promise check

Complainant has the right to ask for stage 2 within 10 working days.

Stage 3

Escalation to stage 3 is at the discretion of the Customer First Manager.
Referral of complaint for consideration and decision by appeals and complaints committee

Statutory Adult Social Care

Stage 1

A Statement of complaint is agreed. Expectation to respond within 15 working days.

Customers who remain dissatisfied following completion of our local processes can ask the Local Government and Social Care Ombudsman or Housing Ombudsman (the Ombudsman) to review their complaint

We're listening

Your feedback matters to us and makes a difference.

If you want to know more about our performance, have something to say about this report, or want to suggest an alternative way of receiving this kind of information in the future, please do contact the Customer First Office:

Tel: (0191) 643 2280

Email: Customerfirstoffice@northtyneside.gov.uk



www.northtyneside.gov.uk

®00

@NTCouncilTeam



20 July 2022

By email

Mr Hanson
Chief Executive
North Tyneside Metropolitan Borough Council

Dear Mr Hanson

Annual Review letter 2022

I write to you with your annual summary of complaint statistics from the Local Government and Social Care Ombudsman for the year ending 31 March 2022. The information offers valuable insight about your organisation's approach to complaints. As such, I have sought to share this letter with the Leader of your Council and Chair of the appropriate Scrutiny Committee, to encourage effective ownership and oversight of complaint outcomes, which offer such valuable opportunities to learn and improve.

Complaint statistics

Our statistics focus on three key areas that help to assess your organisation's commitment to putting things right when they go wrong:

Complaints upheld - We uphold complaints when we find fault in an organisation's actions, including where the organisation accepted fault before we investigated. We include the total number of investigations completed to provide important context for the statistic.

Compliance with recommendations - We recommend ways for organisations to put things right when faults have caused injustice and monitor their compliance with our recommendations. Failure to comply is rare and a compliance rate below 100% is a cause for concern.

Satisfactory remedy provided by the authority - In these cases, the organisation upheld the complaint and we agreed with how it offered to put things right. We encourage the early resolution of complaints and credit organisations that accept fault and find appropriate ways to put things right.

Finally, we compare the three key annual statistics for your organisation with similar authorities to provide an average marker of performance. We do this for County Councils, District Councils, Metropolitan Boroughs, Unitary Councils, and London Boroughs.

Your annual data, and a copy of this letter, will be uploaded to our interactive map, [Your council's performance](#), on 27 July 2022. This useful tool places all our data and information about councils in one place. You can find the detail of the decisions we have made about your

Council, read the public reports we have issued, and view the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

Your organisation's performance

I know you will agree that one of the key features of any complaints system is the willingness to learn from complaints and make changes to improve matters. In two cases this year my investigators highlighted concerns it had with your Council's understanding of how to respond to complaints. In response, your officers have proactively asked us to provide your Council with assistance and further training to help address those concerns. This is a great example of your Council responding positively to our concerns and shows a willingness to learn from complaints that is commendable.

Supporting complaint and service improvement

I know your organisation, like ours, will have been through a period of adaptation as the restrictions imposed by the pandemic lifted. While some pre-pandemic practices returned, many new ways of working are here to stay. It is my continued view that complaint functions have been under-resourced in recent years, a trend only exacerbated by the challenges of the pandemic. Through the lens of this recent upheaval and adjustment, I urge you to consider how your organisation prioritises complaints, particularly in terms of capacity and visibility. Properly resourced complaint functions that are well-connected and valued by service areas, management teams and elected members are capable of providing valuable insight about an organisation's performance, detecting early warning signs of problems and offering opportunities to improve service delivery.

I want to support your organisation to harness the value of complaints and we continue to develop our programme of support. Significantly, we are working in partnership with the Housing Ombudsman Service to develop a joint complaint handling code. We are aiming to consolidate our approaches and therefore simplify guidance to enable organisations to provide an effective, quality response to each and every complaint. We will keep you informed as this work develops, and expect that, once launched, we will assess your compliance with the code during our investigations and report your performance via this letter.

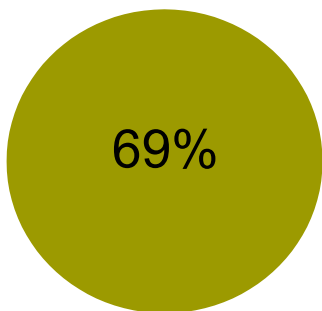
An already established tool we have for supporting improvements in local complaint handling is our successful training programme. We adapted our courses during the Covid-19 pandemic to an online format and successfully delivered 122 online workshops during the year, reaching more than 1,600 people. To find out more visit www.lgo.org.uk/training.

Yours sincerely,



Michael King
Local Government and Social Care Ombudsman
Chair, Commission for Local Administration in England

Complaints upheld



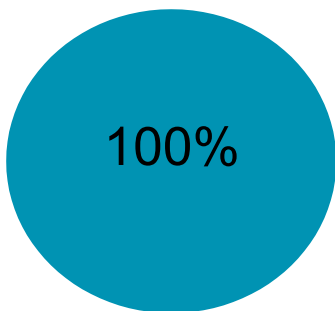
69% of complaints we investigated were upheld.

This compares to an average of **68%** in similar organisations.

9
upheld decisions

Statistics are based on a total of **13** investigations for the period between 1 April 2021 to 31 March 2022

Compliance with Ombudsman recommendations



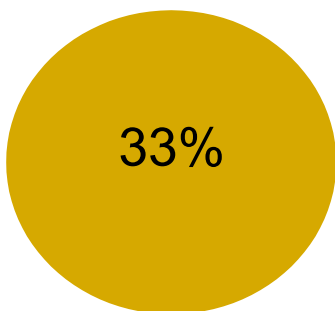
In **100%** of cases we were satisfied the organisation had successfully implemented our recommendations.

This compares to an average of **100%** in similar organisations.

Statistics are based on a total of **2** compliance outcomes for the period between 1 April 2021 to 31 March 2022

- Failure to comply with our recommendations is rare. An organisation with a compliance rate below 100% should scrutinise those complaints where it failed to comply and identify any learning.

Satisfactory remedy provided by the organisation



In **33%** of upheld cases we found the organisation had provided a satisfactory remedy before the complaint reached the Ombudsman.

This compares to an average of **11%** in similar organisations.

3
satisfactory remedy decisions

Statistics are based on a total of **9** upheld decisions for the period between 1 April 2021 to 31 March 2022

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North Tyneside Council Report to Cabinet 28 November 2022

Title: Future of the Coroner Service for North Tyneside

Portfolio(s): Elected Mayor	Cabinet Member(s): Mrs Norma Redfearn CBE
Report from Service Area:	Law and Governance
Responsible Officer:	Jacqueline Laughton, Assistant Chief Executive and Monitoring Officer
Ward affected:	All
Responsible Officer:	Tel: 0191 643 5724

PART 1

1.1 Executive Summary

1.1.1 This report seeks Cabinet's agreement to proposed merger of the coronial areas of North Tyneside and Newcastle upon Tyne and the Business Case for such a merger which is appended to this report.

1.2 Recommendation

1.2.1 It is recommended that Cabinet agrees:

1. To the merger of the Newcastle upon Tyne and North Tyneside Coronial areas and to endorse the Business Case for the merger appended to this report for submission to the Chief Coroner and Ministry of Justice,
2. That the name for the new service will be the 'Newcastle upon Tyne and North Tyneside Coroners Service',
3. To authorise the Chief Executive in consultation with the Elected Mayor to take all necessary steps to progress the Business Case including (but not limited to) making amendments or adjustments to be Business Case and to authorise the Chief Executive to submit the Business Case to the Chief Coroner and the Ministry of Justice on behalf of the Authority; and
4. To authorise the Chief Executive in consultation with the Elected Mayor to take any further steps necessary to facilitate the merger of the Newcastle upon Tyne and North Tyneside Coronial areas on behalf of the Authority.

1.3 Forward plan

1.3.1 Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 23 May 2022.

1.4 Council plan and policy framework

1.4.1 This report does not directly align to the priorities in the Council Plan. The Authority has a statutory duty to appoint a Senior Coroner and to provide sufficient resources for the Coroner to be able to undertake that role.

1.5 Information

1.5.1 Background

- 1.5.2 In September 2019 following the retirement of the Senior Coroner for South East Northumberland and North Tyneside, Mrs Karen Dilks was appointed as the Acting Senior Coroner for North Tyneside with effect from 1 October 2019. That appointment was made in the knowledge that the Ministry of Justice had indicated that the merger of the North Tyneside Coronial area with the Newcastle upon Tyne Coronial area was appropriate and in line with that department and the Chief Coroner's intention to reduce the overall number of Coronial areas through mergers.
- 1.5.3 The appointment of Mrs Dilks as Senior Coroner was therefore seen as an interim arrangement until such time as the North Tyneside and Newcastle upon Tyne Coronial areas were merged. It was envisaged at that time that Mrs Dilks would be appointed as Senior Coroner for the newly merged coronial area of Newcastle upon Tyne and North Tyneside.
- 1.5.4 Against that backdrop, Cabinet agreed in principle to the merger of the Newcastle upon Tyne and North Tyneside Coronial areas, subject to the development of an agreed Business Case. The Business Case has now been jointly developed by officers of the Authority and Newcastle City Council and is appended to the report for Cabinet's endorsement and submission to the Ministry of Justice.
- 1.5.5 Mrs Dilks has given notice of her intention to retire as Senior Coroner in early 2023. Given the proposed merger of the two Coronial areas, the Authority undertook a joint recruitment exercise with Newcastle City Council to appoint a Senior Coroner for both jurisdictions.
- 1.5.6 After due deliberation, the interview panel, which consisted of Senior Officers from both Authorities, decided to offer the post of Senior Coroner for North Tyneside and Newcastle upon Tyne to Ms Georgina Nolan as the highest-scoring candidate. Ms Nolan is currently an Assistant Coroner for both the North Tyneside and Newcastle upon Tyne jurisdictions, as well as the North and South Northumberland jurisdictions.
- 1.5.7 The appointment of Ms Nolan as the Senior Coroner for both Coronial areas was subject to approval by the Chief Coroner and the Lord Chancellor. Both have approved the appointment of Ms Nolan for each Coronial area.
- 1.5.8 Newcastle City Council at its full Council meeting on 2 November 2022 appointed Ms Nolan as its Senior Coroner. Full Council was invited to make a similar appointment for North Tyneside at its meeting on 24 November 2022.
- 1.5.9 If the Ministry of Justice agrees to the merger of the North Tyneside and Newcastle upon Tyne Coronial areas, then subject to the making of the appropriate Order by the Lord Chancellor, Ms Georgina Nolan will become the Senior Coroner for the newly merged Coronial area of Newcastle upon Tyne and North Tyneside.

1.5.3 The interim arrangements have worked extremely well including during the Covid-19 pandemic. The re-location of the North Tyneside Coroner's service to Newcastle Civic Centre, the funding of staff and the cost-sharing model agreed between the Authority and Newcastle City Council has resulted in an extremely efficient Coroner's service. These arrangements have been included in the Business Case, the terms of which are now before Cabinet for endorsement.

1.5.4 The interim arrangements have now been in place for three years. The Business Case, which Cabinet is being invited to endorse, reflects the current arrangements and if the merger of the Coronial areas is agreed by the Ministry of Justice it will in real terms make very little, if any, noticeable difference to the way in which the Coroner's service has operated in both North Tyneside and Newcastle upon Tyne for that period of time.

1.6 Decision options

1.6.1 The following decision options are available for consideration by Cabinet:

- i) To agree the recommendations set out in paragraph 1.2.1 above.
- ii) Not to agree the recommendation set out in paragraph 1.2.1 above.

1.7 Reasons for recommended option

1.7.1 Since Cabinet agreed in principle in September 2019 to the merger of the Coronial areas of North Tyneside and Newcastle upon Tyne the interim arrangements that have been in place for three years. In that time the service provided by the Interim Senior Coroner and her staff has been extremely efficient and is evidence that the proposed merger, which will in effect maintain the status quo, is reflected in the Business Case.

1.8 Appendices

1.8.1 Business Case – Note that insofar as *Tables A and B of Annex A are concerned information relating to an individual's salaries are excluded from publication under paragraph 3 of Schedule 12A of the Local Government Act 1972 and insofar as *Annex B is concerned the individual e mail addresses of the consultees are excluded under Paragraph 1 of Schedule 12A of the Local Government Act 1972.

1.9 Contact officers

Jacqueline Laughton, Assistant Chief Executive and Monitoring Officer tel: 0191 643 5724

John Barton, Principal Lawyer tel: 0191 6435354

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

1.10 Background information

1.10.1 Cabinet Report dated 9 September 2019 (exempt report)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

- 2.1.1 There is a statutory requirement for the Authority to appoint a Senior Coroner and to provide sufficient resources for the Coroner to perform her duties.

There has been an agreed cost-sharing package agreed between the Authority and Newcastle City Council that has been in operation since October 2019 and this will remain in place should the Ministry of Justice agree to the merger of the Coronial areas.

The current proposal would see North Tyneside's share of the costs total £0.732m. This would be above the current levels of funding in the 2022/23 base budget, creating an additional pressure. Consideration of the additional estimated funding required of £0.438m would need to be included in the 2023-2027 medium term financial planning process. Despite the requirement of additional funding, the merger is expected to be the most efficient method of running a coroner service across both coronial areas.

Finance Officers from the Authority are continuing to work with colleagues at Newcastle City Council to finalise the financial implications for the Authority of the merger. It is anticipated that the figures included above will be the worst-case scenario for the Authority.

2.2 Legal

- 2.2.1 The Business Case template which Cabinet is being asked to approve specifically asks if the Authority and Newcastle City Council support the merger. It is this support that Cabinet is being asked to provide to the Ministry of Justice and the Chief Coroner's Office through approval of the attached Business Case and thus the merger of the North Tyneside and Newcastle upon Tyne coronial areas.

2.3 Consultation/community engagement

- 2.3.1 The Authority in conjunction with Newcastle City Council have developed a Business Case for the merger of the Coronial areas of North Tyneside and Newcastle upon Tyne for submission to the Ministry of Justice. The Ministry of Justice then carries out a public consultation exercise in advance of any decision to merge the relevant areas.

2.4 Human rights

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

2.5 Equalities and diversity

- 2.5.1 There are no equality and diversity implications directly arising from this report.

The current interim arrangements that have been in place since 2019 and no equality or diversity issues have been identified or raised during that period. The proposed merger of the Coronial areas will maintain the existing arrangements.

2.6 Risk management

- 2.6.1 There are no risk management implications arising from this report.

2.7 Crime and disorder

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

2.8 Environment and sustainability

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

PART 3 - SIGN OFF

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

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**ALTERATION OF CORONER AREAS UNDER SCHEDULE 2 OF THE CORONERS
AND JUSTICE ACT 2009
MINISTRY OF JUSTICE BUSINESS CASE TEMPLATE FOR MERGERS**

NAMES OF CORONER AREAS THAT ARE PROPOSING TO MERGE

- Newcastle upon Tyne; and
- North Tyneside.

PROPOSED NAME OF NEW AREA

- Newcastle and North Tyneside.

INFORMATION ON AREAS THAT PROPOSE TO MERGE

- Please provide key details in the table as follows:

Coroner area	Newcastle	North Tyneside	Newcastle and North Tyneside
Geographical area covered	Newcastle upon Tyne. <i>See Appendix A</i>	North Tyneside. <i>See Appendix A</i>	Newcastle and North Tyneside <i>See Appendix A</i>
Local authority/ authorities that fund(s) coroner area and %	Newcastle City Council 100%	North Tyneside Council 100%	Newcastle City Council and North Tyneside Council (“the Councils”) will jointly fund 100% of the cost of the new jurisdiction.
Relevant authority (formerly lead authority)	Newcastle City Council	North Tyneside Council	Newcastle City Council
Police Force(s)	Northumbria Police	Northumbria Police	Northumbria Police
Transport links	A1(M); A19; A69 Port of Tyne Newcastle Airport East Coast Mainline train route from London to Scotland.	A19; Port of Tyne	A1(M); A19; A69 Port of Tyne Newcastle Airport East Coast Mainline train route from London to Scotland
Major hospitals	Royal Victoria Infirmary and Freeman Hospital	North Tyneside General Hospital -	Royal Victoria Infirmary and Freeman Hospital

Coroner area	Newcastle	North Tyneside	Newcastle and North Tyneside
	(both Newcastle upon Tyne Hospitals NHS Foundation Trust). St Nicholas Hospital - Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust	Northumbria Healthcare NHS Foundation Trust.	(both Newcastle upon Tyne Hospitals NHS Foundation Trust). North Tyneside General Hospital - Northumbria Healthcare NHS Foundation Trust. St Nicholas Hospital - Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust
Prisons in area	None	None	None
Other state detention facilities	Care homes for EMI and nursing care where Deprivation of Liberty Safeguarding authorisations (DoLS) are regularly granted.	Care homes for EMI and nursing care where Deprivation of Liberty Safeguarding authorisations (DoLS) are regularly granted.	Care homes for EMI and nursing care where Deprivation of Liberty Safeguarding authorisations (DoLS) are regularly granted.
Courtrooms/ inquest venues	Civic Centre, Newcastle.	Civic Centre, Newcastle.	Civic Centre, Newcastle.
Office/staff accommodation – location and capacity	Civic Centre, Newcastle. <i>See Table B of Annex A</i>	Civic Centre, Newcastle. <i>See Table B in Annex A</i>	Civic Centre, Newcastle. <i>See Table B in Annex A</i>
Employer of coroner's officers	Northumbria Police	Northumbria Police	Northumbria Police
Name of senior coroner	Currently Karen Dilks but she retires at the end of January 2023 and Georgina Nolan is to be the new senior coroner	Currently Karen Dilks (Acting) but she retires at the end of January 2023 and Georgina Nolan is to be the new senior coroner	Currently the SC would be Karen Dilks but she retires at the end of January 2023 and Georgina Nolan is to be the new senior coroner
Number of area coroners	Nil	Nil	Nil
Number of assistant coroners	8	8 (NB: same individuals as in Newcastle)	8

Coroner area	Newcastle	North Tyneside	Newcastle and North Tyneside
Number of coroner's officers	8 (1 part time)	8 (1 part time) (NB: same individuals as in Newcastle)	8 (1 part time)
Number of administrative support staff	1 Admin Officer employed by Northumbria Police 4 Admin Officers employed by Newcastle City Council	1 Admin Officer employed by Northumbria Police 4 Admin Officers employed by Newcastle City Council (NB: same individuals as in Newcastle)	1 Admin Officer employed by Northumbria Police 4 Admin Officers employed by Newcastle City Council
Number of deaths reported in the previous calendar year	2021 2,112	2021 963	2021 3,075
Inquests held in the previous calendar year	2021 443	2021 153	2021 596
Post mortem rate as % of reported deaths in the previous calendar year	2021 39.53	2021 35.82	2021 38.37

- It would be helpful if you would also attach maps of the area showing the current position and the position in the event of a merger. Both maps should show details of for instance inquest venues, hospitals, prisons and transport links.

SENIOR CORONER APPOINTMENT

- *Why are you seeking a merger now (i.e. which area's senior coroner is stepping down, when and why)?*

The potential merger of the coroner areas of Newcastle and North Tyneside has been considered for a number of years on the basis of the population sizes of both jurisdictions, the geographical size of the jurisdictions and the connections between the two areas (both being highly urbanised areas).

Therefore, when the then Senior Coroner for North Tyneside (Eric Armstrong) retired on 30 September 2019, the current Senior Coroner for Newcastle (Mrs Karen Dilks), was appointed Acting Senior Coroner for North Tyneside in anticipation of a future merger.

The proposed merger is considered to be in accordance with the Chief Coroner's Guidance as set out in

- Chief Coroner's Draft Guidance 'A Model Coroner Area';
- Chief Coroner's Guidance No. 14 'Mergers of Coroner Areas'; and
- Chief Coroner's Guidance No. 6 'The Appointment of Coroners'

The merger is consistent with the plans of the Ministry of Justice to reduce the number of Coroner Areas in England and Wales to approximately 75 (specifically, upon the retirement of a Senior Coroner).

How do you propose to appoint the senior coroner for the new merged area – (i.e. does the relevant authority propose to appoint one of the senior coroners from the affected areas or to hold an open competition)?

Mrs Dilks is currently the Senior Coroner for Newcastle and the Acting Senior Coroner for North Tyneside and, since her appointment to the latter role, has effected changes to the operating processes in the North Tyneside jurisdiction to ensure that those processes are aligned with those of the Newcastle jurisdiction. Mrs Dilks is due to retire as senior coroner at the end of January 2023. The Councils undertook a joint recruitment exercise to appoint a new senior coroner and Georgina Nolan has been appointed as Senior Coroner for both jurisdictions with effect from the end of January 2023

- *Are all affected senior coroners aware of and content with this approach?*

Mrs Dilks is supportive of the approach and has been instrumental in ensuring that the operating procedures of the two jurisdictions are closely aligned. This will ensure that the transition to a merged jurisdiction is as seamless as possible. Ms Nolan is currently an assistant coroner in both jurisdictions and is fully aware of the intention to merge the jurisdictions.

IMPACT OF PROPOSED MERGER ON SERVICE DELIVERY

- *What will be the impact of the proposed merger on service delivery?*

The two existing jurisdictions have had the same Senior Coroner since October 2019 and she has undertaken significant work to ensure that the operating processes of the two jurisdictions are closely aligned. It is therefore anticipated that there will be no operational disbenefits or disruption from the proposed formal merger. This is supported by the fact that the current arrangements have worked extremely well for over 3 years, with no concerns or complaints being received from any stakeholder or member of the public in that period. Indeed, it is anticipated that there will be some operational efficiencies from a formal merger in terms of a reduction in the administrative work associated with operating two jurisdictions as opposed to one.

- *Will additional coronial or administrative support be provided in the new area? (e.g. will additional coroners need to be recruited or will workloads be increased/redistributed etc? How will additional caseloads be managed?)*

Based on the combined numbers of reported deaths from the two existing areas, it is presently anticipated that the service will be provided by the Senior

Coroner with support from the eight Assistant Coroners who are already appointed across the two jurisdictions. Future support for the Senior Coroner will be kept under regular review (including consideration of whether there is a business case for additional Assistant Coroners and/or an Area Coroner).

Based on the current numbers of reported deaths from the two existing areas (3,075), it is presently anticipated that the service will be adequately staffed without the need for additional recruitment. The Senior Coroner will receive support from eight Assistant Coroners and the Councils will continue to review this capacity to ensure that the Senior Coroner remains supported (or whether, in the future, there is a business case for additional Assistant Coroners and/or an Area Coroner).

- *What will be the impact of the merger on associated services – such as post-mortem examinations, and mortuary provision?*

As set out above, the operating processes relating to the existing jurisdictions have been harmonised since October 2019. This also applies to the supporting services.

The immediate benefits of such harmonisation were that it improved the quality and consistency of the coronial service provided to North Tyneside so that it matched that already provided to Newcastle residents, for example:

- the average time taken for a post mortem examination in North Tyneside reduced from 3 weeks to the Newcastle average of 2.2 days;
- communications and case management in North Tyneside improved as a result of moving from the existing paper-based systems to the electronic case management system used in Newcastle; and
- the listing of inquests was more timely and the inquest experience of bereaved families was improved by the use of the dedicated court room at Newcastle Civic Centre with Coroner's Court Support Services in attendance.

In 2021, Newcastle City Council, North Tyneside Council and Durham County Council undertook a joint procurement exercise to secure post-mortem pathology services (including body storage). Newcastle upon Tyne Hospitals NHS Foundation Trust was appointed as the regional provider. This means that all post-mortem examinations (and associated body storage) and limited PMCT scanning have at all times been conducted at the Royal Victoria Infirmary in Newcastle and this will remain unchanged.

- *How will the relevant local authority administer the new coroner area?*

It has been agreed with North Tyneside Council that Newcastle City Council will be the lead authority in supporting the merged jurisdiction. The Senior Coroner, coroner's officers and administrative support staff are already accommodated at Newcastle City Council's Civic Centre and a court room for inquests is located there. Newcastle City Council employs the administrative support staff (other than the Northumbria Police employee) and will be responsible for the procurement of all goods and services to support the coronial jurisdiction, as well as the remuneration of the Senior Coroner and Assistant Coroners.

- *How will administrative governance be achieved between the relevant local authority and other funding local authorities?*

The two local authorities will enter into an agreement relating to the funding and monitoring of the merged jurisdiction.

- *How will the affected local authorities manage budgets?*

Newcastle City Council, as lead authority, will be primarily responsible for managing all costs arising from the merged jurisdiction but will be reimbursed by North Tyneside Council (under the agreement mentioned above) a proportion of those costs.

IMPACT OF MERGER ON THOSE WORKING IN / WITH THE SERVICE

- *What will be the impact of the merger on:*
 - *Coroners (eg. will the workloads of the Senior Coroner, Area Coroner (if applicable) and assistant coroners be affected? Will all existing assistant coroners transfer to the new area? Are the current assistant coroners all currently working and being trained? Do they or will they all have the Chief Coroner's recommended 15 days a year of work?)*

As set out above, Ms Dilks has been acting as the Senior Coroner for North Tyneside as well as being the Senior Coroner for Newcastle since September 2019. The eight Assistant Coroners for the merged jurisdiction are already appointed to act in both the Newcastle and North Tyneside jurisdictions. Assistant Coroners must sit for a minimum of 20 days. They currently do and will continue to do so in the merged jurisdiction. Therefore, there will be no impact on the Senior Coroner and Assistant Coroners from the merger.

- *Coroners' officers*

The Coroner's Officers are employed by Northumbria Police and are all located at Newcastle Civic Centre already so there will be no impact on those officers from the merger. The number of Coroner's Officers was increased in anticipation of the merger which assisted in terms of caseloads and as noted above, the extension of the electronic case management system used in Newcastle to North Tyneside has also assisted in this regard. Therefore, there will be no impact on the coroner's officers from the merger.

- *Other staff in the coroner's offices*

All administrative support staff for the two existing jurisdictions are already employed by Newcastle City Council (save for one person employed by Northumbria Police) and based at Newcastle Civic Centre so there will be no impact on these staff from the merger.

- *Pathologists*

Since September 2019, all body storage has taken place at the Newcastle hospitals which has meant the pathologists do not need to

travel to mortuary facilities in North Tyneside. As set out above, both jurisdictions have appointed Newcastle upon Tyne Hospital NHS Foundation Trust for the provision of post mortem pathology services (including body storage) and limited PMCT scanning so there will be no impact from the merger.

○ *Others?*

Newcastle and North Tyneside Councils have recently carried out a procurement exercise to appoint funeral directors to undertake body removal and transportation in the existing jurisdictions and these arrangements will continue in the merged jurisdiction so no impact is anticipated.

RESOURCE IMPLICATIONS OF MERGER

- What will be the impact of the merger on resources in terms of: -
 - *Costs of delivering the service – existing costs and predicted costs for amalgamated area (see tables in **Annex A** which may assist with this).*

As set out above, the two jurisdictions have effectively operated as a single jurisdiction since September 2019. As a consequence, various service improvements have been implemented to the North Tyneside jurisdiction (see above) so that it is consistent with the level of service in the Newcastle jurisdiction. The fact that both jurisdictions are operated from a single site with the same group of staff using the same operating procedures and case management system is considered to be more cost-effective than two separate jurisdictions having to employ their own staff and maintain separate accommodation and supporting facilities. An outline agreement has been reached between the councils on how costs will be shared, reflecting the respective case loads and taking into account the professional advice of the current Senior Coroner.

○ *Accommodation for staff*

As set out above, the Senior Coroner and all supporting staff for both of the existing jurisdictions are already accommodated at Newcastle Civic Centre. The cost of the accommodation and any future accommodation needs will be taken into account in the funding arrangements between the two local authorities.

○ *Inquest accommodation*

As above.

○ *IT*

The Civica case management system is already used for both jurisdictions. Whilst it is one system, it is configured to separate the two jurisdictions to meet legal and statistical requirements for individual jurisdictions. A facility to combine the jurisdictions upon merger is in place with IT support provided by Newcastle City Council. Again, the

costs will be taken into account in the funding arrangements between the two local authorities.

- *Post-mortem examination costs (including transport and storage) for each area*

As set out above, these services are already aligned across the existing jurisdictions and the costs will be taken into account in the funding arrangements between the two local authorities

- *Any other costs / savings?*

For the reasons set out above, no additional costs or savings [NB: SC salaries ??] are envisaged from the merger as the 2 jurisdictions have effectively operated as a single jurisdiction for over 3 years. North Tyneside Council is currently experiencing an overspend against the base budget for the coronial service, which will be addressed through the Council's medium term financial plan once the proposed merger is confirmed.

LEGAL IMPLICATIONS

- *Are you aware of any legal issues that need to be resolved before a merger can go ahead (in addition to the Lord Chancellor making an order under Schedule 2 of the 2009 Act)? If so, please give details.*

As reflected above, the two jurisdictions are already closely aligned in all material respects. No legal issues need to be resolved before a merger can go ahead.

VIEWS OF THOSE AFFECTED BY MERGER

- *Do all affected local authorities support the merger? Please provide details.*

Both Newcastle City Council and North Tyneside Council are fully supportive of the merger and, as set out above, the jurisdictions are in practice already being operated as a single jurisdiction to a large extent.

- *Have the local authority councillors / cabinets approved the merger? Please provide details.*

Both Councils' Cabinets have been in support of the merger for some time. North Tyneside Council's Cabinet confirmed their approval the merger at its meeting on __ November 2022 and Newcastle City Council's approval was confirmed by a decision on the relevant Cabinet portfolio member on __ November 2022.

- *What is the view of affected coroners and their staff?*

Karen Dilks, the current Senior Coroner for Newcastle and Acting Senior Coroner for North Tyneside, is supportive of the formal merger as are Georgina Nolan (her successor as Senior Coroner for both jurisdictions), the other Assistant Coroners and supporting staff.

- *How will bereaved people be affected by the merger – eg travelling to inquests, being able to contact coroners' offices?*

The centres of Newcastle City and North Tyneside are 8 miles apart with substantial transport facilities (road, rail, metro, public transport) between the two jurisdictions. As set out above, the North Tyneside jurisdiction has been operating from Newcastle Civic Centre for more than 3 years without any issues raised from any bereaved families in terms of travel and/or contact with the Coroner's Office.

- *Have you sought the views of other affected stakeholders - such as police authority and constabulary, hospitals, prisons, GPs, faith groups and funeral directors? Please provide details.*

Prior to the start of operating the North Tyneside jurisdiction from Newcastle Civic Centre, the Senior Coroner undertook consultation with Northumbria Police, Newcastle and North Tyneside Hospitals, GP practices, faith groups and funeral directors. No concerns or issues have been raised since that consultation.

- *What are the views of other stakeholders?*

Please see above.

- *What impact will the merger have in terms of disability, gender and racial equality?*

In line with the comments above, these arrangements have been in place for more than 3 years without issue and so it is considered that there will be no material impacts.

RISKS AND MITIGATING ACTIONS

- Please provide details of any risks identified and mitigating action (to be) taken.

The fact that the two jurisdictions have effectively been operated as a single jurisdiction for more than 3 years means that there has been a substantial period to identify and address any practical issues and so no substantive risks arising from the formal merger are anticipated.

ALTERNATIVE OPTION(S)

There are currently 4 coronial jurisdictions in the North of Tyne area:

- Newcastle
- North Tyneside
- North Northumberland
- South Northumberland

Consideration was previously given to the possibility of creating one single jurisdiction to cover the area of the 4 current jurisdictions, but this was discounted on the basis of the geographical size of such a jurisdiction, and it was decided that it would be more appropriate for Newcastle and North Tyneside to merge and the two Northumberland areas to merge (as they will align with the local authority area of Northumberland County Council).

In theory, it would be possible for the Newcastle and North Tyneside jurisdictions to remain as separate jurisdictions, each with its own Senior Coroner. However, if that option were followed, there would appear to be no benefit in undoing the work to date in harmonising the operational arrangements for both jurisdictions which are outlined above, ie with both coronial services operating from one site, with the same staff and support systems. Undoing this would simply entail additional expense and bureaucracy. Given the practical benefits of retaining the operational arrangements of what is effectively a combined jurisdiction, it is submitted that it would be entirely appropriate to formalise this through the merger of the 2 jurisdictions.

CONTACT WITH THE CHIEF CORONER'S OFFICE / MINISTRY OF JUSTICE / CONSULTEES

- Have you had previous discussions with the Chief Coroner on the proposed merger? (This is a requirement before MoJ can formally consult on the merger.) Please provide details of the discussion.

The Councils liaised with the Chief Coroner throughout the recent joint recruitment exercise to appoint a new senior coroner for both jurisdictions. The Chief Coroner is supportive of the proposed merger.

- Have you had previous contact with MoJ on the proposed merger? Please provide details.

The Councils have liaised with the MoJ on the preparation of this business case for a number of months.

- Are you happy for this business case in its entirety to be sent to all consultees? If not please provide details.

The Councils are content for this business case to be disclosed save for the financial information contained herein and will therefore provide at Appendix A.

- Please list consultees for the consultation on the proposed merger – the organisation's name and the most appropriate email address - at **Annex B**. MoJ will remove email addresses from **Annex B** before sending the business case to consultees.
- Further information on the merger process is available in the form of Chief Coroner guidance at: <http://www.judiciary.gov.uk/wp-content/uploads/2014/05/guidance-14-mergers-of-coroner-areas.pdf>.

The Chief Coroner for England and Wales and the Ministry of Justice (MoJ) must be consulted and approve any changes to Coroners' areas.

The Chief Coroner and MoJ are seeking fewer Coroner areas with more whole time Coroners covering larger geographical areas. This policy was embedded in the Coroners and Justice Act 2009.

The Chief Coroner's Guidance No 14 – Merger of Coroner's Areas states: -

'12. There are presently 95 coroner areas in England and Wales (with 87 senior coroners). It is the view of the Chief Coroner, following upon the recommendations of

the Luce Review in 2003, that the number of coroner areas should be reduced in order to create sensibly sized coroner areas, taking into account the numbers of reported deaths, geographical size and types of coroner work in the area. In many cases 3,000-5,000 reported deaths would be an appropriate number, although smaller or larger areas may in places be appropriate. There are many part-time coroner jurisdictions which are too small for effective management and cost-efficiency.

13. In the short term mergers of coroner areas are only likely to take place with the agreement of all local authorities concerned. The Lord Chancellor must in any event consult with local authorities (amongst others) before ordering a merger. There is, however, no reason in principle why the Lord Chancellor should not in due course combine areas after consultation but without agreement where there is a clear case for merger.

Resource implications of the merger

Table A: Details of current Senior Coroners and Area Coroner/s (if applicable) in each existing coroner area

* This information is exempt under Paragraph 3 of Schedule 12A of the Local Government Act 1972

Position (eg Senior Coroner, Area Coroner)	First name	Surname	Current salary (including National Insurance and pension contributions)	Long Inquest Payments (if applicable) or other additional payments	Proposed salary in amalgamated area (if applicable) (including National Insurance and pension contributions)
Senior Coroner (North Tyneside)	Karen	Dilks	* See above	N/A	*See above
Senior Coroner (Newcastle City Council)	Karen	Dilks	* See above	N/A	

Table B: Office costs

Category	Newcastle City Council	North Tyneside Council	Newcastle and North Tyneside
Fees for Assistant Coroner(s)	£48,767	£24,704	£73,471
Salary costs of Coroner's officer(s) <i>(including National Insurance and pension contributions)</i>	* See above	* See above	* See above
Salary costs of administrative staff <i>(including National Insurance and pension contributions)</i>	£76,047	£35,183	£111,230
Staff accommodation	£96,099	£49,943	£142,902
Inquest accommodation	£0	£0	£0
IT costs	£7,736	£407,114	£190,287
Post mortem/ Pathologist costs etc	£749,385	£407,114	£190,287
Other costs?	£45,969 (premises, equipment, parking passes, supplies and services)	£144,329	£190,298

North Tyneside Council Report to Cabinet Date: 28 November 2022

Title: Land at Newsteads Drive, Monkseaton

Portfolio(s):	Deputy Mayor Finance and Resources	Cabinet Member(s):	Councillor Carl Johnson Councillor Martin Rankin
Report from Service Area:	Commissioning and Asset Management		
Responsible Officer:	Mark Longstaff Director of Commissioning and Asset Management	(Tel:(0191) 6438089)	
Wards affected:	Monkseaton North		

PART 1

1.1 Executive Summary:

This report asks Cabinet to consider representations that have been made to the Authority in relation to statutory advertisements confirming the Authority's intention to dispose of an area of land within its ownership at Newsteads Drive in Monkseaton, ("the Land"), and which is classed as public open space. The Land is shown by a dark outline on the Appendix Plan.

Under section 123 of the Local Government Act 1972, there is a legal requirement for the Authority to advertise its intention to dispose of public open space within its boundaries for two consecutive weeks in a local newspaper circulating within the area, and to consider any objections or representations made.

The Authority has undertaken this procedure twice in respect of the Land for the reasons outlined in Section 1.5, and Cabinet is asked to consider the main points of objection and of support put forward in the 84 representations received.

1.2 Recommendation(s):

It is recommended that Cabinet determine whether or not to set aside the objections received in relation to the disposal of the Land and, if appropriate, reaffirm authorisation to the disposal of the Land.

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 14 October 2022.

1.4 Council Plan and Policy Framework

This report relates to the following priority in the 2021-2025 Our North Tyneside Plan:

A Secure North Tyneside

We will tackle health and socio-economic inequalities across the borough.

1.5 Information:

1.5.1 Background

The Land which is shown by dark outline on the Appendix Plan was declared surplus to the Authority's requirements on 14 December 2021, in accordance with the Officer Delegation Scheme. Approval was also given for it to be made available for disposal by private treaty.

The proposed disposal of the land is to facilitate the construction of a new medical centre to replace Beaumont Park Medical Centre. The existing building dates back to 1984 and no longer complies with current NHS design standards. The design of the building is prohibiting service delivery to patients as the building is 70% smaller than it should be based on the NHS size requirements for health care premises linked to the number of patients a practice has registered with it.

Over the last ten years the Beaumont Park Medical Practice, ("the Practice"), has modernised and reconfigured the existing building as much as possible, but it is no longer feasible for it to carry out any further work that will help to meet patient needs.

Therefore, the only option currently available for the Practice is to relocate into a new purpose-built medical centre and the Land at Newsteads Drive has been identified as being capable of accommodating a building that can meet the latest NHS standards with improved accessibility for all patients.

As the Land is classed as public open space it is subject to the relevant provisions of the Local Government Act 1972. The Authority must therefore advertise its intention to dispose of the Land in accordance with Section 123 of the Act and formally consider any representations made.

This must be done by placing notices advertising the proposed disposal for two consecutive weeks in a local newspaper and the Authority's intentions were originally advertised in the Journal newspaper on 22 December 2021, and 29 December 2021, respectively. The closing date for the receipt of representations was set as 21 January 2022.

Prior to the closing date, 46 representations were made to the Authority of which 42 were objections to the proposed disposal and 4 were in support of it. These were reported to Cabinet on 23 May 2022, when the decision was taken to uphold the objections and not progress the sale of the Land.

1.5.2 Current Position

On 30 May 2022, the Practice found it necessary to apply to NHS North East and North Cumbria Integrated Care Board, ("the NHS Care Board"), for a temporary closure of their patient list.

This was because the existing surgery building had become full to capacity and the lack of additional space was also causing the added difficulty of being unable to recruit staff to effectively manage anything greater than the numbers on their current patient list.

The size of the patient list for the Practice as at the 1 April 2022, was 6,848 with the two full time GP's each serving 3,424 patients. This compares with 1,387 patients per full time GP which is the average for the surrounding practices.

The Practice has tried to recruit to new and existing clinical posts but consider that the restrictions with respect to the premises and the need for hot desking and vacating rooms at the end of a session is off putting to applicants.

Based on the information provided by the Practice and the need to ensure that service provision remains safe for existing patients on the list, the NHS Care Board agreed to the closure of the Practice patient list with the following exceptions:

- Continuation to register new-born babies and dependent children of existing patients.
- Continuation to register patients from the practice's aligned care home.

1.5.3 Implications of the List Closure

The closure of the patient list reduces the choice of GP practices for patients that reside in the area. It also means that those patients who live close to the Practice will have to travel further to access GP services.

There is a knock-on effect to the surrounding practices that take on these patients and the effect that has on access to their services. There is a significant risk to the ongoing viability of the Practice and if the NHS contract were to be handed back due to the challenges the Practice faces, it is likely to end in a list dispersal.

Were the Practice to close, the impact of more than 6,000 patients needing to find an alternative GP practice to register with would have a significant negative impact on surrounding practices. Additionally, this would leave no GP provision in north Whitley Bay, which would have implications not just for the local residents, but for the future residents from the planned residential developments in the area.

For these reasons the Practice and the NHS Care Board asked the Authority to reconsider its position regarding the sale of the land at Newsteads Drive.

As the list closure had occurred since the decision of Cabinet on 23 May 2022, the matter was considered by the Strategic Property Group on 17th August 2022, when clearance was given for officers to undertake the Section 123 Public Open Space procedure again.

The Authority's intentions were advertised again by placing statutory notices in the Journal newspaper on 7 September 2022, and 14 September 2022, respectively and the closing date for the receipt of representations was set as 7 October 2022.

38 representations were received by the closing date of which 31 were objections to the proposed disposal of the land and 7 were in support of it. Of the 31 objections received it should be noted that 14 were from members of the public who objected to the original notices that were placed in the Journal in December 2021, whilst of the 7 members of the public supporting the proposed disposal, 1 also supported it in December 2021.

In addition to this the Authority received letters of support from the NHS Care Board, Newcastle and North Tyneside Local Medical Committee, and Whitley Bay Primary Care Network. The Authority also received the results of a patient survey from the Practice.

It is considered appropriate for Cabinet to take into account all the 84 representations received in response to both the notices placed in the local press during December 2021 and the more recent notices placed in the press during September 2022, when considering their decision on this matter.

It should be noted that 13 objections and 3 representations of support were received after the closing dates and whilst these have not formally been considered, the main points of objection and support are similar to those detailed in Sections 1.5.4 and 1.5.5 below.

1.5.4 Representations Objecting to the Proposed Disposal of the Land.

The main points of objection are summarised in bold type below and numbered 1 to 17, together with responses provided by the agent acting on behalf of the Practice, the Authority's officers and the NHS Care Board, where appropriate. Numbers 1 to 14 were the main points of objection in response to both sets of notices placed in the press in December 2021 and September 2022, with an additional 3 points of objection numbered 15 to 17 being in response to the latest press notices.

- 1. The land is regularly used by residents for recreational purposes (children playing out, dog walking and fitness groups etc) the loss of this space will negatively affect the community.
Loss of green space – negative impact on the visual amenity of the estate and potential biodiversity implications.**

Officer Response

The total amount of public open space in this location is approximately 0.92 of a hectare. The land required for the medical centre is 0.13 of a hectare. This represents 14% loss of the total amount of public open space with 86% remaining available for recreational use.

- 2. Traffic concerns – the road is already busy/congested due to the supermarket. It is also a popular bus route. It would not be safe to have a new junction in this location.**

Officer Response

A Transport Statement (TS) will need to be submitted as part of any potential planning application. This will assess traffic generated by the proposal and its impact on the adjacent network to determine if the site is suitable and can be accommodated at this location without a severe impact on highway safety or congestion.

The TS will also look at public transport provision and accessibility for pedestrians, wheelers and cyclists and identify any improvements deemed necessary. The proposed site access is at the northern part of the site and as such, the approximate distances to nearby junctions are – Sainsbury's service road (37m), Sainsbury's main access (120m) and Newsteads Drive spur (72m), which all comply with recommended distances.

- 3. Parking concerns – will there be enough spaces at the centre? Residents concerned that patients/visitors will park in the residential areas if can't get space at the centre.**

Agent Response

The number of parking spaces will be determined and assessed by the Local Planning Authority in order to provide sufficient car parking spaces for ambulatory and disabled users of any new medical centre in this location.

A number of patients at the existing surgery walk to the Practice and it is anticipated that this will continue.

Officer Response

Current parking requirements for this type of use are 5 spaces per consulting room plus 1 disabled space per 20 spaces.

A drop off and pick up area will be required close to the main entrance for ambulances and other vehicles and there will also be a requirement for Electric Vehicle (EV) charging points to be installed. There is an expectation from the Local Highway Authority that these parking standards will be met.

- 4. Noise concerns - Residents already have the nightly noise from Sainsbury deliveries and building work. They do not want further noise/disturbance during the day. Noise from the construction of the centre. Noise from emergency vehicles too.**

Agent Response

There will be some noise associated with the construction of the new building, but hours of work are expected to be limited by planning condition. The chosen building contractor will be expected to be comply with the Considerate Constructors Scheme under which it must respect the community, care for the environment and value its workforce.

The site will not be used by emergency vehicles unless there is a patient emergency. The new centre is not an Accident and Emergency or similar facility.

- 5. Already another medical centre nearby**

Agent Response

The new centre is a replacement/relocation of the Beaumont Park Medical Centre which is the nearby medical centre. The new centre will enhance and improve the primary care medical facilities in the area for patients.

- 6. Restrictive covenants – some residents are under the impression there are restrictive covenants on the land and that it must be used for recreational purposes. They had correspondence confirming when they first purchased their properties in the 90s.**

Officer Response

A check of the Authority's title to the Land has not revealed any onerous restrictive covenant.

- 7. Centre user concerns – will this be an all hours walk in centre? Potential for “belligerent and/or drunk individuals demanding treatment.**

Agent Response

The new centre will not be an all hours walk in centre.

8. Light concerns – how will the building impact those directly adjacent?

Agent Response

The building will be designed to very strict light pollution standards and no impact is expected to adjacent properties.

9. Views – will impact the view from adjacent properties.

Agent Response

Views from adjacent properties of the new centre are a primary concern to the design team which will be fully considered and assessed by the Local Planning Authority and effects minimised.

10. It will set a precedent for the loss of other green spaces across the borough.

Officer Response

The proposed disposal of this area of public open space will not set a precedent for the loss of other green spaces in the borough. Any proposal to dispose of an area of open space within the Borough will be considered on its individual merits and the Authority must follow the same procedure and advertise the potential disposal and consider any representations made.

11. Security issues - residents will no longer feel safe at home with a public building located in close proximity to their homes. Feel that their health and security will be significantly compromised.

Agent Response

The Practice is not aware of any similar concerns from residents adjacent to the existing Beaumont Park Medical Centre. Medical centres are a community facility generally situated in residential areas within the populations that they serve.

All activities associated with the proposed medical centre will take place inside the building. There will be some associated car movements, but these are not expected to be substantial.

12. Concerns on biodiversity issues on the subject site.

Officer Response

The Authority's Local Plan identifies the site as open space, and it is within a wildlife corridor. In considering any future planning application, the development proposals would be assessed against a range of national and local planning policies including those relating to the loss of green space and biodiversity.

13. Concern as to lack of consideration of other sites for the Medical Centre

Agent Response

Work to try and identify a site for the relocation of Beaumont Park Medical Centre has been ongoing since 2019.

Other areas of land that have been considered have had to be discounted for various reasons such as being too small to accommodate the size of building required, being too remote from the catchment area of the Practice or having access issues.

14. Concern that the area was previously Open Cast Mining

Agent Response

Ground investigation works will need to be carried out before any development takes place to check the suitability and stability of the land for the proposed development

15. Additional traffic will lead to additional air pollution

Officer Response

The change towards electric vehicles is likely to off-set any pollution from additional traffic.

16. There are already other facilities close by Monkseaton Health Centre, Shiremoor Resource Centre, Park Parade Surgery and many other medical practitioners

Care Board Response

The closest GP practices to the current Beaumont Park Medical Centre are Marine Avenue Surgery and Monkseaton Medical Centre. These two GP practices are both one mile away (walking distance) which equates to a 20-minute walk (based on mapping software). The Practice is the most northerly practice in Whitley Bay meaning that any residents living in the estate to the North of the current Beaumont Park Medical Centre, or Whitley Lodge, would have a greater distance and travel time than the one mile and 20 minutes listed above to access healthcare. For many this distance will not cause a challenge but there is a clear risk that the additional distance makes accessing services harder for less mobile or frailer resident.

Increasing the number of patients from the area that need to register with other GP practices will also add additional pressure and demand on those services to manage and cope with. The planned building works that form part of the North Tyneside Local Plan, such as Murton Gap, will increase the number of local resident and therefore demand on all of the GP surgeries in this area. As a result, there is already an increase in patients expected to use the other facilities that are listed.

17. Concerns regarding the ownership and leasing arrangements of the existing Beaumont Park Surgery

Officer Response

The ownership and leasing arrangements for the current Practice building are not relevant to this report.

1.5.4 Representations supporting the proposed disposal of the land

The main points of support from the representations are summarised below: -

- 1. The current local practice building in the area is too small to accommodate the of patients.**
- 2. There have been two occasions in the last 5 years when Beaumont Park Medical Practice has had to apply to NHS England for a temporary closure of their patient list due to the lack of space and facilities to accommodate the increasing number of residents registering with the Practice**
- 3. No designated parking at existing local practice.**

4. The proposed new practice building will be in close proximity to current local practice and so will not cause inconvenience for patients to travel to.
5. Beaumont Park requires 21st century facilities to give 21st century service. The proposed site protects most of the parkland behind and indeed shelters it from Newsteads Drive. This proposal appears to protect everyone's interest and supports NHS presence in Whitley Bay and Monkseaton for many years to come.
6. The open space at Newsteads Drive is mainly used by dog owners exercising their pets. There will still be ample space for this purpose if the surgery is relocated and in addition there are many other dog-friendly green spaces in the locality.
7. The proposed building would not look out of place in an area of mixed development and would be well located to serve the residents of Beaumont Park and Whitley Lodge Estates and also those of the Newsteads Drive area and West Park Estate.
8. The current practice building is not fit for purpose and does not meet modern day and future needs. The proposed building is well thought out. It is local and its proposed location should be accepted as fair and reasonable. It does not take acres of "green space" and would take up a very small area in relation to the surrounding houses.
9. A new medical centre is needed. Dispersing patients around the area would be the worst situation as it would create overcrowding elsewhere.
10. The proposed development would allow the expansion of the services offered to include mental health support, social prescribing and health promotion (dietician, physiotherapists, pharmacist etc.)
11. The benefits of a new GP practice outweigh the small loss of the green space.
12. The footprint of the proposed building isn't as large as expected and a new practice building would be very beneficial to the local area.

Other representations received in support of the proposal were as follows: -

The NHS Care Board: -

"We want to ensure there are good primary care services available to all local residents and to do that the Practice needs to relocate. The NHS Care Board is supportive of the Practice relocating to the proposed location which works well in terms of geographical location (proximity to current practice), access, and public transport links.

Unfortunately, the Practice has needed to apply to close their list which restricts access to general practice services in the area. Without a viable alternative to Newsteads drive, and therefore a long-term plan for the Practice, it would raise questions about its long-term viability should the proposed move not be successful."

Newcastle and North Tyneside Local Medical Committee

“The Practice is currently housed in premises which are no longer fit for purpose, and I understand the scope for improving the existing premises has been exhausted.

With the development of new roles in primary care, the surgery needs to accommodate increasing number of staff and they cannot do that in the current building. This limits the services they can deliver. Many of the existing rooms no longer meet current standards and this leaves the Practice no option but to seek new premises.

We understand that a suitable site has been identified, but it is within green space and would reduce the area of that space. This may have an impact on local residents, but we think the impact would be greater were they to lose their local surgery.”

Whitley Bay Primary Care Network

“The Practice is currently operating from premises that are unfit for purpose and as a result, have been forced to close their patient list.

To deliver effective and modern healthcare to our neighbourhood population it is imperative that the Practice operate from premises that are fit for purpose.

There is a serious concern, that there will be significant pressure put upon neighbouring practices should the Practice be unable to peruse larger and improved premises and continue in their present building with a closed list.”

1.5.5 Patient Survey

The Practice has submitted a patient survey to the Authority which was completed by 551 (8%) of their patients. The survey was completed by email or on paper and was accessed via the Practice website, a QR code and on paper. It was open for 6 weeks and provided the following results:

86% of the patients that completed the survey supported being able to access more services within a new building.

91% supported the proposal to relocate to larger fit for purpose premises a short distance away from the current Practice premises.

62% felt that the existing Practice building was of an unsatisfactory standard to meet the needs of patients.

86% agreed that the relocation of the surgery would not cause them any concerns.

1.5.7. Ward Member Consultation

At its meeting held on 8 June 2021, the Authority’s Strategic Property Group asked officers to consult with the Monkseaton North Ward Members on the proposed disposal of the Land.

The Ward Members subsequently confirmed that they remain concerned about potential issues resulting from the proposed disposal and the following comments were provided by Councillor Joe Kirwin on behalf of all of the Ward Members: -

The ward has very little green space.

The residents who live on the adjacent streets to Newstead's Drive are statistically much older, have higher rate of physical disability and there is one care home and one assisted living facility. Building on this site would significantly reduce to amount of green space they currently have access to.

The Practice could grow by adding an extra storey to the existing building, taking over an adjacent commercial property or reclaiming a bit of their existing car park.

There is other land attached to the West Park development that would be possibly more appropriate and less controversial.

Agent Response

The Practice has considered options to expand or reconfigure the existing premises on several occasions, but this has proven to be unviable. The current building has been re-configured as much as possible. The current footprint of the land that the building sits on is insufficient to expand the building enough to meet the needs of a rapidly growing practice

The structure of the existing premises would not take an additional storey being added to the same structure without substantially demolishing of the majority of the existing building.

Parking at the current site is a shared public space with no dedicated accessible spaces. The surgery has no allocated space for staff or patients.

Officer Response

If the proposed disposal of the Land proceeds, there will still be 0.79 of a hectare of land that will remain as public open space in this location which represents 86% of the total area of land currently available. This is considered to be a sufficient area of land to meet the recreational needs of the residents who live on the adjacent streets without impacting on their health and wellbeing.

The older residents and those with disabilities will also have improved access to modern medical facilities in close proximity to their homes.

1.5.6 Ward Member Update

In response to the latest notices placed in the Journal during September 2022, Councillor Joe Kirwin has reiterated his earlier concerns regarding the proposed disposal of the Land in addition to raising a concern regarding the impact of increased traffic on Newsteads Drive. Therefore, should Cabinet agree to set aside the objections, he has asked for the following matters to be considered: -

1. That Authority takes steps to protect the rest of the public open space at Newsteads Drive.
2. That Authority looks to ensure that the development is carbon neutral and for the developer to provide details of how they would offset their carbon footprint.
3. That the Authority considers the need for pedestrian crossings at Newsteads Drive.

1.5.9 Conclusion

Cabinet is asked to consider all of the representations given in Sections 1.5.4 to 1.5.8 in respect of the proposed disposal of the Land at Newsteads Drive.

1.6 **Decision options:**

Following consideration of the representations Cabinet may decide:

Option 1

To set aside the objections received in relation to the proposed disposal of the Land at Newsteads Drive and allow the disposal of the Land to proceed; or

Option 2

To uphold the objections received in relation to the proposed disposal of the Land at Newsteads Drive in which case the disposal cannot proceed.

1.7 **Reasons for recommended option:**

There is no recommended option.

1.8 **Appendices:**

Appendix 1: Land at Newsteads Drive, Monkseaton Site Plan

Appendix 2: Change Equality Impact Assessment

1.9 **Contact officers:**

Niall Cathie - Strategic Property Manager – Tel. 0191 643 6517

David Mason – Senior Manager Capital strategy and Planning

1.10 **Background information:**

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

- (1) Advertisements in the Journal Newspaper (21 & 29 December 2021)
- (2) Advertisements in the Journal Newspaper (7 & 14 September 2022)
- (3) Representations Received
- (4) The Authority's land ownership records

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

There are no finance and other resource implications in relation to the content of this report.

2.2 Legal

Under section 123 of the Local Government Act 1972, there is a legal requirement for the Authority to advertise its intentions to dispose of public open space within its boundaries for two consecutive weeks in a local newspaper circulating within the area, and to consider any objections or representations made.

This advertising requirement is the means by which local public opinion regarding such proposals can be obtained. Cabinet is required to consider the representations made and to decide whether or not to proceed with the disposal of the land.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

The Strategic Property Group confirmed its support for the disposal of the Land at a meeting of the Group held on 17 November 2021.

On the 17 August 2022, the Group gave clearance to officers to undertake the Section 123 Public Open Space procedure again following the decision of Cabinet on 23 May 2022.

2.3.2 External Consultation/Engagement

Ward Members were consulted on the proposed disposal of the Land at the request of the Strategic Property Group when it met on 8 June 2021.

External consultation has taken place in accordance with section 123 of the Local Government Act 1972, by the placement of notices in the local press.

The Practice held two open public meetings on 3 October 2022 and 5 October 2022, at Monkseaton High School and the Immaculate Heart of Mary Roman Catholic Church, respectively, when plans of the proposed new medical centre were on display.

2.4 Human rights

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

2.5 Equalities and diversity

An Equality Impact Assessment (EqIA) is included as an appendix to this report. It was undertaken to assess the impact of a new medical centre if it is built to replace the existing Beaumont Park Medical Centre.

The EqIA concluded that the proposed provision of a new medical centre for the Beaumont Park Medical Practice would significantly improve accessibility to medical services and the range of services that can be offered to practice patients. It will also

support the recruitment and retention of staff, thereby reducing waiting times for patients and staff workload. Any potential negative implications associated with the construction of a new surgery, if it is built, would be mitigated by actions undertaken during the planning process.

2.6 Risk management

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

2.7 Crime and disorder

Crime and disorder issues will be considered as part of the planning process for any proposed development of the land at Newsteads Drive.

2.8 Environment and sustainability

Environment and sustainability issues will be considered as part of the planning process for any proposed development of the land at Newsteads Drive to ensure these are aligned with the Authority's targets under the Carbon Net-Zero 2030 Action Plan.

PART 3 - SIGN OFF

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

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Change Equality Impact Assessments (EqIAs)

1. Proposal details	
Name of the policy/project/process being assessed (subsequently referred to as project)	Proposed Relocation of Beaumont Park Medical Centre to New Surgery Building on Authority owned land at Newsteads Drive, Monkseaton
Purpose of project	To provide a modern state of the art surgery building that will be fully up to current NHS standards and that will allow the practice to diversify and improve the services it can offer patients including those with legally and non-legally protected characteristics.
Who is the project intended to benefit?	Patients registered and who will register with the practice including those with legally and non-legally protected characteristics, their family and carers. Doctors and other staff working within the building. Visitors to the building.
What outcomes should be achieved?	<p>The practice needs to move to new premises because it is overprescribed and no longer serves the local population effectively. This is having an impact on local people with health conditions, disabilities, pregnant women, babies and young children and those with other legally and non-legally protected characteristics who should be receiving the very best medical treatment.</p> <p>The current building has no dedicated general or disabled parking, and the building also has many other accessible deficiencies and non-compliance issues and is deemed unsuitable for continuing health care.</p> <p>The opportunity of moving to a new build facility, which fully meets current NHS and accessibility standards, will resolve these equality issues.</p> <p>At the present time the practice has found it necessary to formally close its patient list because of conditions within the building which are also causing difficulty for the practice recruiting staff. Each of the two GPs at the practice is having to serve approximately 3000 patients each whereas the average in other practices in the area is approximately 1300.</p> <p>There is also a risk of the practice closing which would see the dispersal of approximately 6000 patients.</p> <p>A new build solution will negate this risk and it is hoped that it will help improve staff recruitment and reduce the numbers of patients each GP sees to the benefit of all registered patients and new patients including those with legally and non-legally protected characteristics.</p>
Version of EqIA	V1.0
Date this version created	28/10/2022
Confidential	no
Directorate	Commissioning and Asset Management

Service	Strategic Investment & Asset Management	
	Name	Service or organisation
Principal author	Niall Cathie	Strategic Investment and Asset Management
Additional authors	Behnam Khazaeli	Public Health

2. Groups Impacted		
Does the project impact upon?		If yes, what is the estimated number impacted? And the Level of impact this will have on the group (high, medium, low)
Service Users	yes	Approximately 6000 registered patients – medium Impact
Carers or Family of Service Users	yes	Linked to the above – medium Impact
Residents	yes	Those residents living within the vicinity of the proposed site – low Impact
Visitors	yes	N/A
Staff	yes	There are 2 GP's and 9.5 full time equivalent support staff within the surgery – medium level impact
Partner Organisations	yes	The closure of the patient list will have a medium impact on the other 2surgeries within the area

3. Evidence Gathering and Engagement		
	Internal evidence	External Evidence
What evidence has been used for this assessment?	Ward profile information on Health and Wellbeing for Monkseaton North Ward	Information received from Beaumont Park Medical Practice, the NHS North East and North Cumbria Integrated Care Board, Newcastle and North Tyneside Local Medical Committee and Whitley Bay Primary Care Network outlining the issues with the building and also providing staff and patient statistics.
Have you carried out any engagement in relation to this proposal?	yes	
If yes of what kind and with whom? If no, why not?	<p>The Council's has placed notices in the press regarding the proposed disposal of the land at Newsteads Drive. Should the proposed disposal of the land be agreed, the proposed development of a new surgery has resulted in representations being received and which will be reported to Cabinet on 28th November 2022.</p> <p>In addition to this the medical practice and their agent have held two public meetings to explain their proposals and have also carried out a patient survey which was completed by 551 patients with 91% of those surveyed agreeing to the proposal to relocate to larger fit for purpose premises.</p>	
Is there any information you don't have?	no	

If yes, why is this information not available?	
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4. Impact on Different Characteristics			
Legally Protected Characteristics	Potential Positive Impact Identified	Potential Negative Impact Identified	Description of the potential impact/s and evidence used
Age	yes	no	<p>The local population will benefit from improved access to medical services within the area if a new surgery is built together with the range of services that are available including mental health support, dietician, physiotherapist etc. this will benefit all ages of the population.</p> <p>There will a particular benefit to older people who generally visit medical centres more often. They may also have more mobility issues and the new building will be fully accessible with dedicated parking.</p>
Disability	yes	yes	<p>If a new surgery is built it will be fully accessible for those with disabilities including dedicated disabled parking bays.</p> <p>There may be disturbance due to building work during the construction of the new surgery if it is built that may have a greater impact on people with disabilities.</p>
Gender reassignment	yes	no	<p>Those patients with gender reassignment characteristics will benefit from improved access to medical services within the area if a new surgery is built together with the range of services that are available including mental health support, dietician, physiotherapist etc.</p> <p>There is evidence that people undergoing gender reassignment may face barriers in terms of access to health care. However, if the new surgery is built it will offer access to all.</p>
Marriage & civil partnership	no	no	
Pregnancy & Maternity	yes	no	<p>Those patients who are pregnant or require maternity care will benefit from improved access to medical services within the area if a new surgery is built together with the range of services that are available including, maternity serves, mental health support, dietician, physiotherapist etc.</p>

			The improved parking and space for buggies will assist pregnant women accessing the new surgery if it is built.
Race	no	no	
Religion or belief	no	no	
Sex	no	no	
Sexual Orientation	no	no	
Intersectionality	no	no	
Non-legally protected characteristic			
Carers	yes	no	Carers of patients will benefit from improved access to medical services within the area if a new surgery is built together with the range of services that are available including mental health support, dietician, physiotherapist etc. If the new surgery is built improved parking will assist carers to access it with a cared for person

5. Achievement of the Authority's public sector equality duty		
Will the proposal contribute to any of the following?		If yes, how?
Eliminate unlawful discrimination, victimisation and harassment	yes	If the Authority progresses the sale of the land at Newsteads Drive and a new surgery building is constructed it will be fully accessible for those people with disabilities.
Advance equality of opportunity between people who share a protected characteristic and those who do not	yes	People with protected characteristic will have better access to a wider range of medical services that they may otherwise have to travel elsewhere to receive and encounter additional financial and access barriers. This will particularly benefit disabled service users, carers, older people and pregnant women.
Foster good relations between people who share a protected characteristic and those who do not	no	

6. Negative Impacts		
Potential negative impact	Can it be reduced or removed?	If yes how? If no, why not and what alternative options were considered and not pursued?

There may be disturbance due to building work during the construction of the new surgery if it is built that may have a greater impact on people with disabilities	yes- reduced	This can be mitigated through the planning process through, for example, limiting working hours, ensuring that footpaths remain accessible, etc. The construction company can also keep local residents informed if there are any activities during the building process that may cause disturbance.
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7. Action Plan						
Actions to gather evidence or information to improve NTC's understanding of the potential impacts on people with protected characteristics and how best to respond to them	Responsible Officer Name		Responsible Officer Service Area	Target Completion Date	Action completed	
Evidence has been provided by the NHS Northeast and North Cumbria Integrated Care Board, Newcastle and North Tyneside Local Medical Committee and Whitley Bay Primary Care Network outlining the issues with the building and also providing staff and patient statistics. Ward Profile information for the Monkseaton North Ward has been considered	Niall Cathie		Strategic Investment and Asset Management	24/10/2022	yes	
Representations received and collated by the Authority in response to press notices confirming the Authority's intention to dispose of open space at Newsteads Drive	Niall Cathie		Strategic Investment and Asset Management	27/10/2022	yes	
				Calendar	Choose an item.	
Actions already in place to remove or reduce potential negative impacts	Responsible Officer Name		Responsible Officer Service Area	Impact		
N/A				Choose an item.		
Actions that will be taken to remove or reduce potential negative impacts	Responsible Officer Name	Responsible Officer Service Area	Impact	Target Completion Date	Action completed	
Officers will consider the impact of disturbance being caused if the new surgery is built and take steps through the planning process to reduce any impact on those people with who may be affected by it	Niall Cathie	Strategic Investment and Asset Management	reduce	31/03/2023	no	

such as older people or people with disabilities				
Actions that will be taken to make the most of any potential positive impact	Responsible Officer Name	Responsible Officer Service Area	Target Completion Date	Action completed
Construction of the new medical centre if it is built will have potential positive impacts of improved accessibility to the building and the medical service that can be offered to the local population Through the planning process officers will ensure that there is adequate disabled parking, and the building will be adapted to meet a range of needs for the service users.	Niall Cathie	Strategic Investment and Asset Management	31/03/2024	no
Actions that will be taken to monitor the equality impact of this proposal once it is implemented	Responsible Officer Name	Responsible Officer Service Area	Target Completion Date	Action completed
Beaumont Park Medical Practice will be responsible for monitoring the equality impact of the new surgery building and additional medical services that can be offered by the practice if the building can be built	Niall Cathie working with the Practice Manager	Strategic Investment and Asset Management	31/12/2024	no
Date review of EqIA to be completed	Responsible Officer Name	Responsible Officer Service Area		
01/12/2022	Niall Cathie	Strategic Investment and Asset Management		

8. Outcome of EqIA	
Outcome	Please explain and evidence why you have reached this conclusion:
The proposal is robust, no major change is required	The proposed provision of a new medical centre for the Beaumont Park Medical Practice will significantly improve accessibility to medical services and the range of services that can be offered to patients of the practice. It will improve accessibility for those patients with mobility issues.

	<p>It will help with the recruitment and retention of staff reducing waiting times for patients and staff workload</p> <p>All of the above will benefit people with legally and non-legally protected characteristics.</p> <p>Any negatives linked to the construction of the new surgery if it is built will be mitigated through the planning process</p> <p>.</p>
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9. Corporate Equality Group Member approval	
Do you agree or disagree with this assessment?	Agree
If disagree, please explain why?	
Name of Corporate Equality Group Member	Behnam Khazaeli - Senior Commissioning and Public Health Manager
Date	02/11/2022

10. Director approval	
Do you agree or disagree with this assessment?	Agree
If disagree, please explain why?	
Name of Director	Mark Longstaff
Date	02/11/2022

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

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North Tyneside Council Report to Cabinet Date: 28 November 2022

Title: Fostering Strategy 2022-25 – Review and Refresh of Strategy

Portfolio(s): Children Young People and Learning	Cabinet Member(s): Councillor Steven Phillips
Report from Service Area: Health, Education, Care and Safeguarding	
Responsible Officer:	Julie Firth, Director of Children’s Services (0191) 643 5943
Wards affected:	All Wards

PART 1

1.1 Executive Summary:

The purpose of this report is to seek Cabinet approval for the proposed changes within the refresh of the Fostering Strategy, attached at Appendix 1, for the three-year period 2022 to 2025. The strategy seeks to give effect to the Authority’s duties under Section 22G of the Children Act 1989 which requires the Authority take steps to secure, so far as reasonably practicable, sufficient accommodation within the Authority’s area which meets the needs of children that the Local Authority care for and whose circumstances are such that it would be consistent with their welfare for them to be provided with accommodation that is in the Local Authority’s area (the so-called ‘sufficiency duty’).

The Fostering Strategy has the following key aims and objectives:

1. To increase the total number of local Foster Carers available for the children and young people of North Tyneside who require care
2. To increase the number of Foster Carers with the skills to care for teenagers;
3. To increase the number of Foster Carers with the skills to care for sibling groups;
4. To improve the resilience of our Foster Carers through our support to them, reducing the number of foster care arrangements which break down;
5. To cease the use of Independent Fostering Agency placements in emergency situations;
6. To reduce the number of external Children’s Home placements for children and young people in favour of placements with skilled Foster Carers.

1.2 Recommendation(s):

It is recommended that Cabinet:

1. Approve the Fostering Strategy 2022-25 which is attached to this report at Appendix 1; and
2. Authorise the Director of Children's Services in consultation with the Cabinet Member for Children, Young People and Learning, the Director of Resources and the Assistant Chief Executive to review the Fostering Strategy and to make any amendments to the Strategy as appropriate.

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 21st October 2022.

1.4 Council Plan and Policy Framework

This report relates to the following priority in the 2021/25 Our North Tyneside Plan:

A caring North Tyneside:

- Our People will be cared for, protected and supported if they become vulnerable including if they become homeless

1.5 Information:

1.5.1 Background

The Authority has pledged to the children and young people of the Borough that it will only care for them when it has first worked tirelessly to keep them safe within their family home. The Authority successfully delivers on this pledge and hundreds of children who remain within their family home and connected to their community because of the help and support that the Authority and its partners provide to make it safe for them to do so.

When it is absolutely necessary for a child or young person to move from their family home to keep them safe, the Authority will try to place a child or young person in the care of someone known to them and part of their family and friends network. Such placements minimise the impact on children and young people having to leave their own home. At the current time there are approximately 100 of our children helped in this way by the Authority.

Where the network of family and friends around a child or young person is not able to care for them, the Authority requires Foster Carers – residents who open their door and their lives to a child or young person in need of love and care. At any one time, approximately 100 of our children and young people are cared for in Foster Care. Accordingly, Foster Carers make an extraordinary and important contribution to the life of our community.

Nationally, there are too few Foster Carers for the number of children and young people requiring care. This is also the situation locally. The Authority has faced significant challenge in recruiting and retaining sufficient numbers of Foster Carers to meet the

needs of the Borough, in particular Foster Carers skilled at caring for teenagers, and Foster Carers who are skilled at caring for sibling groups. Set against this challenging need, the Authority is recruiting in an increasingly competitive marketplace for new carers, with other local authorities and Independent Fostering Agencies actively recruiting residents within our Borough.

The Authority understands that wherever possible children in care should live in a family environment for their health and wellbeing. The Authority's in-house fostering arrangements are the most cost-effective way of caring for our children, costing on average £199.54 per week. Alternative arrangements prove more costly, listed below:

- independent agency foster care arrangement – average cost of £777 per week
- in-house children's home – average cost of £2,894 per week
- children's home with a private provider – average cost of £4,481 per week (with the range of costs between £3,500 and £10,000 per week)

These costs are increasing, not only due to market forces but also as a result of current inflationary pressures and the increased costs of living.

It is the ambition of the Authority to provide a competitive foster care service to children and young people who need it, by recruiting the right number of Foster Carers with the right skills.

To achieve this ambition, the Authority have refreshed the Fostering Strategy to offer a competitive fostering allowances payment structure to improve recruitment and retention of Foster Carers, and which meets the Government recommended levels, and includes proposals to:

- Annually review and increase age related allowances in line with the National Minimum Allowance as set by the Government
- Phase out the use of teen supplement
- Introduce a £75 second child fee
- Cease the out of hours Foster Carer Advice and Support telephone service
- Introduce Foster Carer clinics with HIVE counsellors
- Expand outreach support offer

1.5.2 Annually review and increase age related allowances in line with the National Minimum Allowance as set by the Government

Foster carers are paid age-related child allowances to cover the cost of the foster child's living expenses. The National Minimum Allowance (NMA) is set annually in April by the Government as a basic rate that local authorities should pay. Although it is not statutory to comply, it is considered best practice to adopt the NMA annually. The Authority currently pays below the NMA and has received letters from Will Quince MP, Parliamentary Under Secretary of State for Children and Families, requesting reasons why the Authority is not meeting Government recommended minimum levels.

Table 1 below shows that the Authority pays below recommended NMA levels (apart from the 11-15 cohort) and across the region, the Authority provides the lowest age-related allowances. There is no recommendation to reduce the North Tyneside allowance for the 11-15 cohort, in line with the NMA, however it will be frozen at the current level until the NMA rate for 11-15 year olds reaches the same level.

Table 1:

Current recommended NMA by age bracket	0 – 2 £137	3 – 4 £141	5 – 10 £156	11 – 15 £177	16+ £207
North Tyneside	£134.49		£147.84	£184.05	£194
Durham	£144		£156	£178	£208
Gateshead	£141		£156	£192	£234
Newcastle	£140		£159	£204	£242
Redcar and Cleveland	£145		£165 (5-11)	£205 (12-16)	£250
Stockton	£150		£170	£210	£255

The level of future NMA increases cannot be predicted. For illustration purposes, table 2 below shows level of allowances if the Government introduced a 2%, 5% and 10% increase.

Table 2:

Current recommended NMA by age bracket	0 – 2 £137	3 – 4 £141	5 – 10 £156	11 – 15 £177	16+ £207
2% increase	£143		£159	£180	£211
5% increase	£148		£163	£185	£217
10% increase	£155		£171	£194	£227

Adopting the NMA will impact on Special Guardianship allowances, Child Arrangement Order allowances, and Adoption Order allowances due to the means testing and financial calculation of these allowances, with fostering allowance as the base measure.

Table 3 below outlines the impact of aligning all current foster care allowances with National Minimum levels. Figures shown are subject to change as part of individual circumstances of annual financial reviews.

Table 3:

Service Type	Number	Weekly Sum of Difference	Annual Difference	Jan to March (13 weeks)
Connected Persons	121	£559.66	£29,102.32	£7,275.58
In-House Fostering	121	£461.48	£23,996.96	£5,999.24
Adoption	35	£115.48	£6,004.96	£1,501.24
CAO	34	£161.12	£8,378.24	£2,094.56
SGO	280	£1,511.89	£78,618.28	£19,654.57
Grand Total	591	£2,809.63	£146,100.76	£36,525.19

Based upon the current NMA, to align foster care allowances would result in an additional cost to the Authority of **£146,100.76** per year. Part-year implementation (from January to March 2023) would result in an additional cost to the Authority of **£36,525.19** for this financial year.

Aligning allowances would improve the offer to prospective Foster Carers and mitigate any legal challenge from current Foster Carers, therefore reducing the financial and reputational risk to the Authority.

Fees for Foster Carers

1.5.3 Phase out the teen supplement

Foster Carers on the accredited band are paid £60 per week for each teenager they care for. Currently, the Authority pays this supplement to 18 accredited Foster Carers for 43 children (equating to **£2,580** per week and **£134,160** per year). Most teenagers are living with mainstream Foster Carers who receive the advanced or specialist fee, when it is commensurate with their skills and experience. As many teenagers have complex and sometimes challenging behaviour, they often need skilled and experienced Foster Carers. Removing the teen supplement streamlines the allowances and fees.

The refreshed strategy proposes that the Authority phase out the existing teen supplement over the next five years. Existing teen supplements will be phased out as the children reach the age of 18. The supplement will remain in place for those carers currently receiving it but would not be available for any children turning 13 in the future, or to new children entering foster care. Instead, the allowances for the various age brackets will be linked to the recommended NMA levels to ensure that the Authority meets its obligations.

The Authority will continue to monitor trends and any impact on the number of Foster Carers willing to look after teenagers.

1.5.4 Introduce £75 second child fee

The Authority currently pay carers £75 for third and fourth children, but do not do so for second children. While this may encourage Foster Carers to care for more than two

children, this could also discourage those carers with one child from caring for a further child.

The refreshed strategy proposes that the Authority introduce a £75 second child fee, which would result in an additional cost to the Authority of **£206,700** per year. Part-year implementation (from January to March 2023) would result in an additional cost to the Authority of **£45,825** for this financial year (see table below).

Carer	Number of 2nd children	Weekly cost @ £75 pw	Annual cost	Jan to March (13 weeks)
Mainstream	30	£2,250	£117,000	£29,250
Connected	23	£1,725	£89,700	£22,425
Grand Total	53	£3,975	£206,700	£45,825

Introducing the £75 second child fee may encourage Foster Carers to care for more than one child.

1.5.5 Cease the out of hours Foster Carer Advice and Support telephone service

The out of hours Foster Carer Advice and Support service is available to Foster Carers to provide advice and meaningful support to those who, at times can find the role challenging and overwhelming, as well rewarding. The service is available 24 hours a day, 7 days a week to support Foster Carers who wish to speak immediately and directly to a specialist Fostering Social Worker.

A recent review of the out of hours service has identified that on average only one Foster Carer per week uses the service. This service is currently paid for from the staffing budget and totals £27,000 per year.

The refreshed strategy proposes that the service be removed and replaced by other more effective supports, including Mockingbird constellations. Mockingbird is a model of fostering which replicates the extended family in supporting children and Foster Carers. The research from the Fostering Network indicates that this is a successful model in promoting stability of foster care arrangements and recruitment and retention of Foster Carers. Foster Carers will continue to be provided with effective and meaningful advice and support through the day time foster care service, Mockingbird constellations and have access to Emergency Duty Team (EDT) out of hours service should they require additional advice or support.

1.5.6 Introduce Foster Carer clinics with HIVE counsellors

To enhance support to Foster Carers, it is proposed that the Authority will introduce a fortnightly or monthly clinic with 30-minute slots for Foster Carers to discuss with Health, Information and Advice, Virtual School and Emotional Wellbeing Team (HIVE) Counsellors and social workers the children they are caring for, the impact it is having on them and their family, and any strategies to support their care.

This will not result in a financial impact to implement but would enhance the existing HIVE extended offer.

1.5.7 Expand outreach support offer

Babysitting support is provided to foster carers for attendance at training and meetings, and outreach support is usually provided for children with additional care needs to prevent foster care arrangement breaking down, where alternative short break arrangements cannot be provided. The Authority currently pay £5 per hour for babysitting

and outreach, these will be paid separately in future (enabling better financial management). The current fee of £5 per hour does not attract specialist carers.

It is recommended that babysitting payments remain at £5 per hour, and outreach support be paid at £13 per hour from 7am to 11pm and, £30 per sleep-in if this was outside of the carers home. This will encourage Foster Carers with the skills to provide outreach support to children with additional care needs to come forward.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet accepts the recommendations set out in paragraph 1.2.

Option 2

Cabinet does not accept the recommendations set out in paragraph 1.2.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Option 1 is recommended to meet the Foster Care needs of the Borough.

The Authority needs to increase the number of mainstream Foster Carers to meet the needs of children and young people in the care population, particularly teenagers and sibling groups. Keeping these children in North Tyneside maintains their family network, community links and stability in education. Children have better future outcomes by living within a family environment.

Many Foster Carers in North Tyneside are from older generations who have the time and resources to look after children in their homes. However, this does mean that the Authority regularly have carers who choose to retire from the profession. In 2021/22 the Authority received 13 resignations. This year to date there has been 8 resignations. It is imperative that new Foster Carers are recruited to ensure that numbers are maintained and, to deliver on the aims of the strategy, increased.

Adopting the strategy, with the aim of recruiting 30 mainstream Foster Carers, will allow the Authority to:

- reduce the use of IFA care arrangements by 1 child per year (saving on average £30,000 per year)
- reduce external children's home care arrangements by 1 child per year (saving on average £222,600 per year)

1.8 Appendices:

Appendix 1: Fostering Strategy 2022-25

Appendix 2: Equality Impact Assessment

1.9 Contact officers:

Julie Firth, Director Children's Services, Children, Young People and Learning
(0191) 643 5943

Jackie Ingram, Senior Manager, Children In Care, Health, Education, Care and Safeguarding, tel. 07973763630

Juliet Morris, Improvement Manager, Health, Education, Care and Safeguarding, tel. (0191) 643 4965

Jane Cross, Senior Business Partner, Strategic Finance, tel. (0191) 643 3166

1.10 Background information:

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

- (1) Fostering Strategy 2019-21 [Fostering Strategy 2019-21 Appendix 1.pdf \(northtyneside.gov.uk\)](#)
- (2) Report to Cabinet 14 October 2019 [North Tyneside Council](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

Should the recommendations in paragraph 1.2 be approved by Cabinet this would result in an additional annual cost to the Authority in the region of £0.326m (including the savings achieved from ceasing the out of hours Foster Carer Advise and Support telephone service. However, this would be offset by reduced IFA costs and reduced external children's home care costs which would result in cost avoidance in the region of £0.253m based on current activity levels. The net financial impact of implementing the Fostering Strategy would therefore be an additional annual cost to the Authority of £0.073m. As the changes will be implemented on 1 January 2023 and will not be backdated it is anticipated that this will result in an additional part-year implementation cost to the Authority of £0.085m. It is not anticipated that any offsetting cost avoidance can be achieved in the current financial year.

For information implementing the proposed options will allow the Authority to reduce the use of IFA care arrangements by 1 child per year and reduce external children's home care arrangements by 1 child per year, saving on average £0.253m per year.

2.2 Legal

The Authority have a general statutory duty under section 22G of the Children Act 1989 to take steps to secure, so far as reasonably practicable, sufficient accommodation within the Authority's area which meets the needs of children that the local authority are looking after and whose circumstances are such that it would be consistent with their welfare for them to be provided with accommodation that is in the Local Authority's area (the so-called 'sufficiency duty').

2.3 Consultation/community engagement

2.3.1 Internal Consultation

Consultation has been undertaken with service managers within Children's Services.

2.3.2 External Consultation/Engagement

2.3.2.1 The Authority has consulted with Foster Carers regarding the proposed change in policy and linked in with other Authorities within the North East and adjoining regions about their approach to the payment of age-related allowances. The outcome of this engagement has informed this report.

2.3.3.2 The Authority held two consultation events on the afternoon of 27th September 2022 and the evening of 28th September 2022. Feedback from attendees showed that they were in favour of the proposed changes. An online satisfaction survey was also circulated to Foster Carers, running from 26th August to 11th September. A total of 23 responses were received.

2.4 Human rights

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

2.5 Equalities and diversity

An Equality Impact Assessment (EIA) has been undertaken in relation to the Fostering Strategy detailed in this report. This is attached at Appendix 2.

The EIA has identified the following potential negative impacts:

- Age - Under UK law, a person can foster at the age of 18, but the consensus amongst most foster service providers and social workers, including the Authority, is that Foster Carers should be aged 21 or more
- Disability - There may be circumstances where the level of disability makes matching a child with that carer more difficult. The fostering assessment and placement match takes into account all of the protected characteristics of both the Foster Carer and the child or young person, with the specific aim of ensuring equality of opportunity

2.6 Risk management

The implementation of the proposed Fostering Strategy will address the risk of insufficient Foster Care placements to meet the needs of the Borough. The lack of placements for child and young people requiring care to safeguard them from harm is a significant corporate risk in terms of the Authority's statutory responsibilities towards children and in relation to placement budget pressures resulting from the purchase of higher cost placements from third party commercial providers.

2.7 Crime and disorder

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

2.8 Environment and sustainability

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

PART 3 - SIGN OFF

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



North Tyneside Council

Fostering Strategy 2022-25



October 2022

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Introduction

North Tyneside Council has made a commitment to the children and young people of the Borough that it will only care for them when it has first worked tirelessly to keep them safe within their family home. We successfully deliver on this pledge day-in, day-out. Hundreds of children remain within their family home and connected to their community because of the help and support that the Council and its partners provide to make it safe for them to do so.

Sadly, sometimes it is necessary to move children and young people from their family home to live elsewhere in order to keep them safe. This is not a decision we take lightly. Children and young people have told us that carers known to them help to soften the impact of having to leave their own home. This is why we do all we can to place them in the care of someone known to them and part of their network. This also importantly, keeps them connected to their community. We also work incredibly hard to support carers to make their commitment to care for a child or young person a reality. At the current time there are over a 100 children helped in this way by the Council.

Unfortunately, sometimes it is not possible for family and friends around a child or young person to care for them. This is why Foster Carers play such an important part of what the Council does to safeguard children and young people. At any one time, approximately 100 children and young people are cared for by Foster Carers, people who open their homes to a child or young person in need of love and care. To us, they are true superheroes.

This ambitious strategy is all about supporting our Foster Carers and strengthening our pledge to ***recruit the right number of Foster Carers with the right skills for the children and young people who need our care***. Together we can, and will, make a difference.

Steven Phillips, Lead member for Children's Services

Julie Firth, Director of Children's Services

Aims and Objectives

The key aims and objectives of this Strategy are as follows:

1. To increase the total number of local Foster Carers available for the children and young people of North Tyneside
2. To increase the number of Foster Carers with the skills to care for teenagers
3. To increase the number of Foster Carers with the skills to care for sibling groups
4. To improve the resilience of our Foster Carers through our support to them, reducing the number of fostering arrangements which break down
5. To cease the use of Independent Fostering Agency arrangements in emergency situations
6. Reduce the number of external Children's Home placements for children and young people in favour of placements with skilled Foster Carers

National Context

- Most children in care are cared for in foster placements. 57,380 (71%) children in care on 31 March 2021 were in fostering households, an increase in numbers from 57,000 in 2020; 55,760 in 2019; and 55,200 in 2018
- There has been a shift in the profile of children coming into care, with a slight decline in the number of children under the age of 1 and over the age of 16;
- The largest age group of children who are now fostered are teenagers aged 10–15 years (39%);
- The ‘Staying Put’ initiative has also changed the profile of foster care, with a 19% of young people in foster care turning 18 and still living with their former foster carer;
- The children and young people entering care do so with ever more complex difficulties including serious physical and mental health problems and developmental problems;
- Local Authorities have faced increasing problems recruiting and retaining sufficient numbers of Foster Carers, particularly for those who require specialist placements. As a result there has been a significant use of and growth in Independent Fostering Agencies;
- Independent Fostering Agencies are 5 times more successful at recruiting than Local Authorities;
- There is estimated to be a national shortage of 9,300 Fostering Households, within this North East, which equates to a shortage of 580 household – demand is outstripping supply. This is a shortage increase nationally of 3,400 Fostering households since 2018;
- The lack of Foster Carers means that matching – the decision which Foster Carers are best able to meet the needs of a child or young person – is overwhelmingly supply led and not needs led;

North Tyneside Context

- Over the past 5 years, the number of children in the care of North Tyneside Council has remained relatively stable. The number is however higher (80 per 10,000) than the national average (64 per 10,000), though lower than all but one of the North East Local Authorities;
- The children and young people that have entered our care have more complex difficulties including serious physical and mental health problems and developmental problems;
- Over the last 5 years the number of Foster Carers we have approved as our local carers have reduced;
- The age profile of our carers is increasing, with a number planning to retire in the near future;
- We have a particular need for Foster Carers skilled at caring for teenagers;
- We have a need for more Foster Carers who are skilled at caring for sibling groups;
- We recruit in an increasingly competitive market place for new Foster Carers, with other Local Authorities and Independent Fostering Agencies actively recruiting, some offering higher fees and allowances;
- The average cost of an Independent Fostering Agency placement is three times higher than that of a North Tyneside Foster Carer;
- Some children and young people placed in a Children's Home could be placed with skilled Foster Carers were such carers available;
- Our lack of Foster Carers means that matching – the decision which Foster Carers are best able to meet the needs of a child or young person – is not always as needs led as it could be

Our Ambitions

Within 3 years we will:

- No longer use any Independent Fostering Agency placements in emergency situations
- Recruit an additional 30 Fostering Households, of which 10 will offer specialist placements for teenagers or sibling groups
- Place 90% of our children in care with our own local Foster Carers, keeping them connected to their community
- Place 80% of sibling groups together

Our Plan

Consult more widely and more often

We acknowledge that we have not consulted with our Fostering Community as often as we should have done in the past. The development of this Strategy is evidence of our commitment to change. We have worked in partnership with the Fostering Community to develop our plan, listening closely to what our Foster Carers have told us. We will in future ensure that we meaningfully and genuinely co-produce the best possible way forward.

We will:

- Increase our use of surveys to Foster Carers to ensure the collective voice of our Fostering Community is heard and their views and experiences understood;
- Increase the range of Foster Care Support Groups so that our Fostering Community has a representative voice on issues affecting particular aspects of the role;
- Ensure that Leaders and Managers of the Fostering Service meet regularly and in different forums with as many of our Fostering Community as possible so that we make full use of our Foster Carers' experiences and ideas to develop the best possible service for children and young people;
- Undertake regular reviews of the progress of this Strategy so that it delivers in the way we all intended it to;
- Consult on the development of the next Strategy in two years' time so our Fostering Community remains central to our Service Planning.

Pay more and pay differently

We will retain our payment structure, having simplified some elements and enhancing others. We will make it more transparent.

We will:

- Retain the Payment for Skills structure with three payment bands linked to competency, skills and training: 'Accredited', 'Advanced' and 'Specialist';
- Align the allowances we pay to carers to the recommended National Minimum levels and ensure these are raised in line with annual increases in order that we do not fall behind;
- Continue to pay our carers the fee we have in place for caring for 3 or more children and increase this to include carers caring for 2 or more children;
- Remove inconsistencies in additional fees paid to Accredited carers who receive the Teen fee by simplifying the allowances to align with national minimum levels
- Continue to pay the full amount Carers are required to pay in Council Tax for having spare rooms available in their home (the 'bedroom tax');
- Commit to review the payments on an annual basis to ensure we pay our Carers an amount which is fair and competitive in an ever-changing marketplace.

Offer more and better support

Our Fostering Community does an extraordinary job welcoming into their homes, their families and their lives some of the most vulnerable children and young people in the Borough. They do so with warmth, skill and good humour and regularly show remarkable resilience and tenacity that goes way beyond the extra-mile. We have carers that advocate, care for and love the children and young people placed with them as if they were their own and in so doing provide the best possible homes for children in care to grow up in. We know however, that occasionally, the Fostering role can be overwhelming, frustrating, sometimes too much or even scary. We know it is at this point that we need to provide high quality, effective and meaningful support.

We will:

- Replace the Foster Carer Advice and Support telephone service with more effective support;
- Launch Mockingbird; a model of foster care which replicates an extended family, offering support from experienced foster carers 24/7 in order to increase stability of care arrangements for children, and support to carers;
- Continue to offer our Fostering Community the opportunity for less experienced Carers to 'buddy' more experienced carers for peer advice, support and mentoring;
- Continue our Foster Care Support Groups within the Borough, recognising the diversity of our Fostering Community;
- Provide specialist support to our Fostering Community from the Health, Information and Advice, Virtual School and Emotional Wellbeing Team (HIVE Team) including:
 - Attachment Training;
 - Theraplay;
 - Counselling;
 - Behaviour Management Strategies;
 - Therapeutic parenting
- Enhance our training offer to our Fostering Community with a particular focus on equipping Carers to meet the needs of children and young people with complex additional social, emotional and mental health needs;
- Launch our HIVE counselling clinic for foster carers to support with vicarious trauma
- Provide an EASE Card enabling our Fostering Community themselves to access local facilities such as libraries and leisure centres at a reduced rate;
- Negotiate with providers of leisure activities within the Borough possible reductions in costs for our Fostering Community;
- A commitment to explore best practice models and approaches.

Make the Fostering role more visible and more accessible

We are aware that other providers of Foster Care within the North East have raised their public profile through media campaigns in recent years in order to support their

recruitment in an increasingly competitive marketplace for prospective Foster Carers. North Tyneside has not been as proactive in raising its profile as it could have been and this has, in part, been reflected in the numbers of Foster Carers applying to join our Fostering Community. We are therefore committed to trying new things and doing things differently than we have done before.

We will:

- Have a dedicated annual budget allocated to the Fostering Service to support marketing activities. The Fostering Service will use this budget to purchase short films developed in collaboration with other Local Authorities to share on social media, job fayres and television
- Continue with:
 - Advertising on local radio;
 - Advertising on Social media;
 - Advertising through the placement of Banners in public areas within the Borough
 - Advertising through the distribution and display of Posters and Post Cards in public areas within the Borough
- Continue to use North Tyneside Council communications to residents;
- Work with partner agencies such as Police, Health and Education to raise awareness of the Fostering role and recruitment through the development of a 'toolkit' of messages and images that can be used;
- Increase the number of 'Information Evening' Events held by the Fostering Service;
- Refresh our 'Information Packs' to ensure they are attractive, informative and represent the high ambitions we have for children and young people in care;
- Target the employees of the Council's key 'neighbours' on the Cobalt Business Park and large employers within the Borough with awareness raising literature;
- Attend an increased number of key community, Borough and regional events such as the Mouth of Tyne Festival with awareness raising 'stalls';

- Produce video stories related to the role and experience of our Foster Carers and care-experienced young people to raise awareness. These videos will be shared on the North Tyneside Council website, social media channels and used at information evenings;
- Improve the Fostering Service web-content on the North Tyneside Council Website, regularly updating with marketing campaign key messages;
- Launch an Online Expression of Interest Form on the North Tyneside Council website, improving the accessibility of the Fostering Service;
- Increase the responsiveness of the Fostering Service to Expressions of Interest;
- Better understand the experience of the journey of assessment to approval by Foster Carers through the use of interview and survey;
- Evaluate what works and what does not as we go along.

Offer more training to more skilled Carers

We have worked closely with our Fostering Community. They have strongly influenced what our training offer will be. The result is that our offer will be more frequent, more accessible and cover a broader range of skills. We will also specifically focus on those within our Fostering Community who are interested in developing and strengthening their skills to care for more complex young people and teenagers.

We will:

- Continue to maintain a dedicated Training post within the Fostering Service;
- Provide a greater range of times and venues for the delivery of training to our Fostering Community, improving accessibility;
- We will work harder to meet the individual circumstances of Foster Carers to enable them to access training, including the provision of alternative care for a child or young person;
- Broaden the providers of our training, with increased participation from HIVE, CAMHs, Youth Justice, Education Psychology and others

- Offer a minimum of 8 development sessions per year that can be accessed by our Foster Carers

How we will know if our Plan is working

This Strategy is deliberately ambitious. We know there is a lot more to do. We want to:

- Consult more widely and more often
- Pay more and pay differently
- Offer better support
- Make the Fostering role more visible and more accessible
- Offer more training to more skilled Carers

Each of these elements of our plan has a range of outputs that can be counted – how many Fostering Support Groups we have, how many likes on our Fostering Service Facebook page – data like this will form a part of our understanding about whether our plan is working and on the right track. However, we will not lose sight of the focus of all our activity, the Aims of the Strategy. The following four questions will be key:

- How many Independent Fostering Agency care arrangements have we used
- How many additional Fostering Households have we recruited
- What percentage of our children in care are placed with our own local Foster Carers
- What percentage of sibling groups have we been able to place together

Of course, our Strategy will not be a success if our Fostering Community – our heroes – does not feel that the difference we are trying to achieve has improved their own experience of the Fostering role. We will be asking them on a regular basis how they think we are doing.

Finally, the success of this Strategy should mean that children and young people have the right care at the right time in the right place with the right carers. This Strategy is all about them. We will be asking our children and young people in care how they think we are doing.

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Equality Impact Assessment (EIA)

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

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

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

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

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

Proposal details

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1. Name of the policy or process being assessed	Fostering Strategy 2022-25	
2. Version of this EIA (e.g. a new EIA = 1)	1	
3. Date EIA created	14/10/22	
	Name	Service or organisation
4. Principal author of this EIA	Jackie Ingram	Children in Care, Health, Education, Care and Safeguarding North Tyneside Council
5. Others involved in writing this EIA <i>EIAs should not be completed by a sole author. Think about key stakeholders and others who can support the process and bring</i>	Juliet Morris	Strategy and Transformation Health, Education, Care and Safeguarding North Tyneside Council

different ideas and perspectives to the discussion.

6. What is the purpose of your proposal, who should it benefit and what outcomes should be achieved?

A refreshed three year strategy of the North Tyneside Fostering Service relating to its recruitment and retention of Foster Carers to meet the needs of the Borough for children and young people requiring care.

The purpose of the Strategy is to:

- 1. To increase the total number of local Foster Carers available for the children and young people of North Tyneside who need care.*
- 2. To increase the number of Foster Carers with the skills to care for teenagers*
- 3. To increase the number of Foster Carers with the skills to care for sibling groups*
- 4. To improve the resilience of our Foster Carers through our support to them, reducing the number of placements which break down*
- 5. To cease the use of Independent Fostering Agency placements in emergency situations*
- 6. Reduce the number of external Children's Home placements for children and young people in favour of placements with skilled Foster Carers*

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

Write your answers in the table

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Aim	Answer: Yes, No, or N/A	If yes, how?
Eliminate unlawful discrimination, victimisation and harassment	N/A	
Advance equality of opportunity between people who share a protected characteristic and those who do not	Yes	<p><i>One element of the Strategy seeks to improve the transparency and consistency of fostering allowances for all members of our Fostering Community. Another element looks to improve the training and support afforded to Carers, including the way in which they meet the particular needs of children and young people in their care. The Strategy also seeks to ensure the recruitment of a diverse range of carers to best match the needs of the children and young people cared for.</i></p> <p><i>The fostering assessment and placement match takes into account all of the protected characteristics of both the Foster Carer and the child or young person, with the specific aim of ensuring equality of opportunity.</i></p>

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

8. What evidence has been used for this assessment?

Measuring service practices against the Public Sector Equality Duty, the North Tyneside Council Equality and Diversity Policy, and market research with regional Local Authorities regarding the costs and payments of age-related allowances.

We aim to increase the number of mainstream carers, and the diversity of our Carer Community. The information below shows the number of mainstream and connected carer households we have. We have also compared the profile of North Tyneside and our Children in Care.

Mainstream Carer Households:

- Female solo = 29
- Couple = 54

Connected Carer:

- Female solo = 29
- Male solo = 5
- Couple = 49

Ethnic background

- White British = 98%
- Mixed other = 0.8%
- Asian Pakistan = 0.4%
- White other = 0.4%
- Not obtainable / unknown = 0.4%

North Tyneside Population

Gender

- Female = 52% / Male = 48%

Ethnic background

- White British = 95.1%
- White other = 1.5%
- Asian or British Asian = 1.5%
- Mixed = 0.9%
- Chinese or other = 0.6%

- Black or Black British = 0.4%

Profile of Children in Care in North Tyneside

Gender

- Female = 41% / Male = 59%

Ethnic background

- White British = 88.3%
- Other = 5.1%
- White Asian = 3.7%
- White background = 2.5%
- Asian or other = 1.9%
- Black or Black British / African = 1.7%

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

	✓
Yes - please complete 9b	✓
No	

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9.b Engagement activity undertaken	With	When
<i>Two consultation events</i>	Foster carers	September 2022
<i>Online survey</i>	Foster carers	September 2022

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

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

Analysis by protected characteristic

	A	B	C
11. Protected characteristic	Does this proposal and how it will be implemented have the <u>potential</u> to impact on people with this characteristic? (Answer – Yes or No)	If ‘Yes’ would the <u>potential</u> impact be positive or negative? (Answer – positive or negative)	Please describe the <u>potential</u> impact and the evidence (including that given in Q8 and 9) you have used
All Characteristics			
Sex – male or female	Yes	Positive	<i>We continue to actively recruit Foster Carers from all backgrounds and with all protected characteristics.</i>
Pregnancy and maternity – largely relates to employment, but also to some aspects of service delivery e.g. for breastfeeding women	Yes	Positive	<i>We continue to actively recruit Foster Carers from all backgrounds and with all protected characteristics.</i>

<p>Age – people of different ages, including young and old</p>	<p>Yes</p>	<p>Negative</p> <p>Positive</p>	<p><i>A person must be aged 21 or over to enable them to foster.</i></p> <p><i>We continue to actively recruit Foster Carers from all backgrounds and with all protected characteristics.</i></p>
<p>Disability – including those with visual, audio (BSL speakers and hard of hearing), mobility, physical, mental health issues, learning, multiple and unseen disabilities</p>	<p>Yes</p>	<p>Negative</p> <p>Positive</p>	<p><i>A person’s suitability to foster is identified through a full assessment, which is done in partnership with the individual and is completely person centred. The assessment considers the skills, knowledge and experience of the carer in relation to their ability to meet children’s needs.</i></p> <p><i>Although disability as a characteristic in its own right does not preclude an adult from fostering, there may be circumstances in which the level of disability makes matching a child with that carer more difficult.</i></p> <p><i>However, the assessment identifies on a case-by-case basis whether individuals can be provided with development training and support to enable them to foster. This is done in every case, ensuring that all decisions are made on merit.</i></p> <p><i>Our Payment for Skills structure has three payment bands (‘Accredited’, ‘Advanced’ and ‘Specialist’) for Foster Carers, linked to competency, skills and training. This ensures that, when required, children and young people are placed with specialist carers who can meet their needs.</i></p> <p><i>We also provide:</i></p> <ul style="list-style-type: none"> <i>• Opportunities for less experienced Foster Carers to ‘buddy’ more experienced carers for peer advice, support and mentoring</i> <i>• Foster Carer Support Groups</i>

			<ul style="list-style-type: none"> • Specialist support to Foster Carers from the Health, Information and Advice, Virtual School and Emotional Wellbeing Team (HIVE Team) <p><i>The fostering assessment and placement match takes into account all protected characteristics of both the Foster Carer and the child or young person, with the specific aim of ensuring equality of opportunity.</i></p> <p><i>We continue to actively recruit Foster Carers from all backgrounds and with all protected characteristics.</i></p>
Gender reassignment - includes trans, non-binary and those people who do not identify with or reject gender labels	Yes	Positive	<p><i>The fostering assessment and placement match takes into account all protected characteristics of both the Foster Carer and the child or young person, with the specific aim of ensuring equality of opportunity.</i></p> <p><i>We continue to actively recruit Foster Carers from all backgrounds and with all protected characteristics.</i></p>
Race – includes a person’s nationality, colour, language, culture and geographic origin	Yes	Positive	<p><i>The fostering assessment and placement match takes into account all protected characteristics of both the Foster Carer and the child or young person, with the specific aim of ensuring equality of opportunity. It is possible that carers from a particular race may be actively recruited to meet the needs of specific children.</i></p> <p><i>We continue to actively recruit Foster Carers from all backgrounds and with all protected characteristics.</i></p> <p><i>We also provide:</i></p> <ul style="list-style-type: none"> • <i>Opportunities for less experienced Foster Carers to ‘buddy’ more experienced carers for peer advice, support and mentoring</i> • <i>Foster Carer Support Groups</i>

			<ul style="list-style-type: none"> • Specialist support to Foster Carers from the Health, Information and Advice, Virtual School and Emotional Wellbeing Team (HIVE Team)
Religion or belief – includes those with no religion or belief	Yes	Positive	<p><i>The fostering assessment and placement match take into account all protected characteristics of both the Foster Carer and the child or young person, with the specific aim of ensuring equality of opportunity. It is possible that carers from a particular religion or none may be actively recruited to meet the needs of specific children.</i></p> <p><i>We continue to actively recruit Foster Carers from all backgrounds and with all protected characteristics.</i></p> <p><i>We also provide:</i></p> <ul style="list-style-type: none"> • Opportunities for less experienced Foster Carers to ‘buddy’ more experienced carers for peer advice, support and mentoring • Foster Carer Support Groups • Specialist support to Foster Carers from the Health, Information and Advice, Virtual School and Emotional Wellbeing Team (HIVE Team)
Sexual orientation – includes gay, lesbian, bisexual and straight people	Yes	Positive	<p><i>The fostering assessment and placement match take into account all protected characteristics with the specific aim of ensuring equality of opportunity.</i></p> <p><i>We continue to actively recruit Foster Carers from all backgrounds and with all protected characteristics.</i></p> <p><i>We also provide:</i></p> <ul style="list-style-type: none"> • Opportunities for less experienced Foster Carers to ‘buddy’ more experienced carers for peer advice, support and mentoring • Foster Carer Support Groups

			<ul style="list-style-type: none"> Specialist support to Foster Carers from the Health, Information and Advice, Virtual School and Emotional Wellbeing Team (HIVE Team)
--	--	--	--

Marriage and civil partnership status - not single, co-habiting, widowed or divorced– only relates to eliminating unlawful discrimination in employment	No		
Intersectionality - will have an impact due to a combination of two or more of these characteristics	No		

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

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

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

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

12.b Potential negative impact	What alternative options, if any, were considered?	Explanation of why the impact cannot be removed or reduced or the alternative option pursued.
Age	None	Under UK law, a person can foster at the age of 18, but the consensus amongst most foster service providers and social workers is 21

Disability	None	There may be circumstances in which the level of disability makes matching a child with that carer more difficult
------------	------	---

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

13. Action Plan	Impact: (Answer remove or reduce)	Responsible officer (Name and service)	Target completion date
Section A: Actions to gather evidence or information to improve NTC's understanding of the potential impacts on people with protected characteristics and how best to respond to them (please explain below)			
<i>Regular consultation / engagement with the Fostering Community (as set out in the Fostering Strategy) will highlight any potential impacts</i>		Senior Manager for the Fostering Service	Ongoing
Section B: Actions already in place to remove or reduce potential negative impacts (please explain below)			
<p><i>A person's suitability to foster is identified through a full assessment, which is done in partnership with the individual and is completely person centred. The assessment considers the skills, knowledge and experience of the carer in relation to their ability to meet children's needs.</i></p> <p><i>The fostering assessment and placement match takes into account all of the protected characteristics of both the Foster Carer and the child or young person, with the specific aim of ensuring equality of opportunity.</i></p>	Reduce	Senior Manager for the Fostering Service	
<p><i>The assessment identifies on a case-by-case basis whether individuals can be provided with development training and support to enable them to foster. This is done in every case. Full and ongoing training, tailored to meet the needs of the child, is provided</i></p>	Reduce	Senior Manager for the Fostering Service	
Section C: Actions that will be taken to remove or reduce potential negative impacts (please explain below)			
No additional actions have been identified			

Section D: Actions that will be taken to make the most of any potential positive impact (please explain below)			
Where required, we will actively recruit carers from a particular race or religion to meet the needs of specific children.		Senior Manager for the Fostering Service	Ongoing
Section E: Actions that will be taken to monitor the equality impact of this proposal once it is implemented (please explain below)			
Regular consultation with the Fostering Community and measuring the following key metrics: 1. How many Independent Fostering Agency placements have we used 2. How many additional Fostering Households have we recruited 3. What percentage of our children in care are placed with our own local Foster Carers 4. What percentage of sibling groups have we been able to place together 5. Has there been any change in the profile of the Fostering Community 6. Does the profile of the foster care community match the Borough demographic profile 7. Does the profile of the foster care community meet the needs of the profile of the LAC community		Fostering Service	Ongoing
Section F: Review of EIA to be completed		Senior Manager for the Fostering Service	October 2023

14. Outcome of EIA

Based on the conclusions from this assessment:

Outcome of EIA	Tick relevant box	Please explain and evidence why you have reached this conclusion:
The proposal is robust, no major change is required.	✓	<i>The fostering assessment and placement match takes into account all of the protected characteristics of both the Foster Carer and the child or young person, with the specific aim of ensuring equality of opportunity</i>
Continue but with amendments		
Not to be pursued		

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

Quality assurance and approval

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

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15. Do you agree or disagree with this assessment?	Agree	✓	Disagree	
16. If disagree, please explain:				
17. Name of Corporate Equality Group Member:	Anne Foreman			
18. Date:	2 November 2022			

Conclusion:

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

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

19. Do you agree or disagree with this assessment?	Agree	<input checked="" type="checkbox"/>	Disagree	<input type="checkbox"/>
20. If disagree, please explain:				
21. Head of Service:	Julie Firth			
22. Date:	02/11/22			

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

North Tyneside Council Report to Cabinet Date: 28 November 2022

Title: A Cultural Strategy for North Tyneside

Portfolio(s): Culture, Tourism and Events	Cabinet Member(s): Cllr Carl Johnson
Report from Service Area:	Regeneration, Economic Development and Culture
Responsible Officer:	John Sparkes, Director of Regeneration and Economic Development (Tel: (0191) 6431441)
Wards affected:	All

PART 1

1.1 Executive Summary:

The value of culture and its vital role in supporting health and wellbeing was brought into sharp relief during the COVID 19 pandemic, when the initial absence of cultural provision was keenly felt and the cultural sector had to find new ways to connect with audiences. The value of shared human experience and the sense of connectedness that cultural activity brings, whether as participant or audience, was key to helping many people navigate and emerge from the darkest days of the pandemic.

Following agreement with the Cabinet Member for Culture, Sport and Leisure in September 2021, the process of initiating consultation on a Cultural Strategy for North Tyneside began in April 2022. The agreed approach was that, while the Authority should take the initiative in providing a framework for the cultural offer, the active engagement of the wider public sector, private and voluntary sectors would also be vital. The strategy would be one for the Borough, not just the Authority.

Consultants Iain Watson OBE (former Tyne and Wear Archives and Museums (TWAM) Director) and Catherine Hearne (formerly Chief Executive Officer Helix Arts and BBC Executive) were commissioned to work with Steve Bishop (Head of Culture) to undertake a process of consultation which would result in a boroughwide strategy and cultural compact, consistent with the Arts Council England (ACE) guidance in their ten year plan *Let's Create* (2020-2030), which emphasises partnership working and the development of broad based cultural compacts in developing the cultural offer for the benefit of residents and the economy.

The consultation identified challenges which any strategy for the Borough will need to address if it is to sustain the engagement of key stakeholders. These challenges are summarised in section 1.5.5

The consultation has demonstrated an enthusiasm and readiness to engage along with a willingness to be part of an ongoing process of developing the cultural agenda for the borough.

Harnessing and sustaining this energy will be essential, as we move towards a finalised strategy and an ongoing dialogue through a long term compact with the cultural sector.

1.2 Recommendation(s):

It is recommended that Cabinet:

- (1) Note the progress to date and support the outcomes of the consultation as forming the basis of the strategic objectives for a boroughwide Cultural Strategy;
- (2) Note the outcome of the Cultural Strategy Survey Key Finding Report at Appendix 1 of this report;
- (3) Authorise the Director of Regeneration and Economic Development to draft a Cultural Strategy in consultation with [appropriate Cabinet Member(s)] and the Director of Resources and the Assistant Chief Executive and to take all necessary steps to develop the Final Strategy;
- (4) Agree to receive a further report presenting the final draft Cultural Strategy;
- (5) Work with partners to form a North Tyneside Cultural Compact to drive forward the delivery and monitoring of the agreed strategy.

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 9th September 2022.

1.4 Council Plan and Policy Framework

This report relates to the following priority in the 2020/24 Our North Tyneside Plan:

A thriving North Tyneside
A caring North Tyneside

1.5 Information:

1.5.1 Background

Following agreement with the Cabinet Member for Culture, Sport and Leisure in September 2021, the process of initiating consultation on a Cultural Strategy for North Tyneside began in April 2022. The agreed approach was that, while the Authority should take the initiative in providing a framework for the cultural offer, the active engagement of the wider public sector, private and voluntary sectors would also be vital. The strategy should be one for the Borough, not just the Authority.

Consultants Iain Watson OBE (former TWAM Director) and Catherine Hearne (formerly CEO Helix Arts and BBC Executive) were commissioned to work with Steve Bishop (Head of Culture) to undertake a process of consultation which would result in a boroughwide strategy and cultural compact, consistent with the Arts Council England (ACE) guidance in their ten year plan *Let's Create* (2020-2030), which emphasises

partnership working and the development of broad based cultural compacts in developing the cultural offer for the benefit of residents and the economy.

ACE Chief Executive, Darren Henley states in his summary,

“...if we’re going to support the cultural sector to be fit for the future, we have to make sure that everyone, everywhere, benefits from it and can be part of it. If we fail at this, we won’t succeed at anything else.”

This approach is also consistent with that recommended by the Local Government Association, *Cultural Strategy in a Box* (2020), which notes,

“A cultural compact is a strategic cross sector partnership that is driven by a shared ambition for culture and place. This ambition links arts and culture with broader strategic plans for local social and economic development. These partnerships seek to bring together local authorities, businesses, education providers, cultural and community leaders, to co-design and consult upon a vision for the role of culture within a place and deliver against shared priorities.”

The development of a unified Cultural Strategy will provide the opportunity to give an even greater strategic profile to the cultural offer in the Borough, promoting new ways of more effectively engaging communities, supporting the wider objectives of Our North Tyneside Plan and contributing towards town centre recovery. Recent work by ACE, *A High Street Renaissance* (2021), illustrates how investment in arts and culture can bring people and pride back to high streets.

1.5.2 Consultation Phase One

A programme was mapped out to target all four quarters of North Tyneside and initially invite those working in, or closely with, the cultural sector to share their views on the way forward for culture in North Tyneside. The four sessions took place in April/May 2022 in North Shields, Longbenton, Wallsend and Whitley Bay and were limited to 20 participants per session. In total 57 people participated in this phase of consultation.

These initial sessions identified a number of areas of agreement as well as concerns to those currently working in the sector in the Borough.

A cultural confidence emerged in the groups alongside multiple frustrations. Confidence was evident about what is on offer in North Tyneside, alongside some frustration about lack of marketing and promotion. There was confidence that there are high level skills and talents in the Borough but also some frustration that they are hidden away. Confidence was expressed in what culture in North Tyneside offers but frustration that there is a lack of focus. There was concern that the networks which do exist, to build on strengths and opportunities, are weak and insufficiently resourced.

However, the feedback overall demonstrated a willingness to collaborate and a determination that this strategy should not be a dust-gathering document on an office shelf. Instead, it needed to be dynamic, accessible and live.

A desire for more to be developed or provided, in the way of centres or a centre for culture and heritage, was expressed. It was thought that this could be one centre for the Borough, or it could be focused on the historic towns, townships and villages in the Borough. In many cases there is a lot of pride in place, but often this is very locally focused. There was generally an acknowledgment that the local authority area of North

Tyneside is porous and does not offer a central focal point with which communities identify. Connectivity remains an issue in the Borough; for example, travel to North Shields from Backworth is a challenge.

There were positive reflections about some programmes, notably festivals and music. A big concern was expressed by many independent artists about support for people such as themselves. There was also a powerful sense that culture and heritage are not promoted effectively or promoted in too corporate a manner. There was a sense that the Authority should take responsibility for supporting and developing culture in the Borough and prioritise it to provide the required infrastructure and resources.

Many people working in the sector expressed genuine support for the instrumental outcomes of culture and wellbeing: the difference that participation and engagement can make for disadvantaged members of society. Equally there is an artist community concerned with the survival of their own groups and businesses. The two must not be seen as mutually exclusive. There are also real concerns about affordability and inclusion/exclusion. These concerns will increase as the present cost of living crisis worsens.

Discussion took place about how the cultural offer could invigorate North Tyneside's ambitions around thriving, caring, being family friendly, being secure and going greener and what the cultural sector could do to meet these ambitions. This extended to discussion around the development of the Cultural and Creative Zone in North Shields as well as Masterplan work across the Borough and the importance of culture in these initiatives. Nationally the culture and creative industries sectors employ an estimated over 2m people and make an important economic contribution.

A significant ambition emerged to improve access to those least likely to participate in a rich cultural life with a desire to diversify the cultural offer, through using a range of non-traditional locations, to ensure this happened. While Arts Council England's Let's Create strategy was not referenced directly it was clear that its aims had been absorbed among artists and creatives. A pride in current and past cultural icons from Stan Laurel to Sam Fender and in North Tyneside's coast, country and riverside was evident. It was highlighted that culture and the creative industries can help regeneration while improving health and well-being. A lack of diversity amongst cultural figureheads from the Borough was also highlighted with a desire to showcase the lives of others whose story has been hidden.

Inequality is perceived as a significant issue in the Borough. If a cultural strategy is going to be meaningful it needs to include wider geographical engagement and a forum to bring together people from some of the outlying areas of North Tyneside, as well as addressing the needs of those with protected characteristics. The importance of local provision was also highlighted through the library network. There is an opportunity to look at Authority and community buildings and assess how these could be used more effectively to showcase culture with creatives and residents.

1.5.3 Consultation Phase Two

Following the initial consultation, a number of gaps were identified in relation to ethnicity, age, disability and sexual identity, which have been addressed through a series of bespoke sessions with representatives from these groups. A bespoke session for library managers was arranged as well as a presentation to the Senior Management team in the Authority, through the Leadership Forum, and the wider Regeneration, Economic Development and Culture management team.

Elected Members have been engaged through the Culture and Leisure Sub Committee and briefings with the Elected Mayor and Deputy Mayor, as the relevant Cabinet Member. Work with the Authority's Policy and Performance team resulted in a questionnaire to gather public feedback. This was informed by successful questionnaires used in other consultations across the country and was available from September through to mid-October. It was widely disseminated through the Authority's networks and social media channels.

Wider networks, including the Local Cultural Education Partnership and Culture Health and Wellbeing Network, have commented on emerging themes. Individual conversations were also held with influential cultural leaders, who live in the borough but are not necessarily active in its cultural networks, in order to generate both interest and engagement in cultural activity in North Tyneside.

1.5.4 Consultation Phase Three

Wider public consultation was key to the final phase of engagement around the strategy and a survey was widely disseminated to facilitate this.

In total 359 responses were received to the public survey, an analysis of which is provided at Appendix One.

Overall, the response identified a significant degree of engagement in cultural activity; a strong sense of the importance of culture in people's lives; a significant sense that children and young people should have greater access to cultural activity; and a powerful sense that cultural activity makes North Tyneside a better place to live.

While many cultural activities were identified as taking place at home or online there was also significant engagement with arts venues, museums, galleries and public spaces, suggesting a diverse range of interactions with cultural activity amongst respondents.

Satisfaction with the range and quality of cultural activities on offer in North Tyneside remained strong but responses suggest that there is room for improvement and that provision for children and young people in particular needs to be considered more closely.

1.5.5 Emerging Challenges

Consultation identified a number of challenges which any strategy for the borough will need to address if it is to sustain the engagement of key stakeholders.

In summary these are:-

Challenge One - Developing networks to bring together the creative, cultural and heritage communities and support the cultural and creative economy. A mixed approach to definitions of culture must be recognised. For some, cultural engagement may be a gig in their local pub, for others it may be travelling to see opera or panto. Some supporting infrastructure will be required to do this.

Challenge Two - Recognising super-localism – in North Tyneside there is a particular attachment to neighbourhoods, villages and towns, rather than the local authority area as a whole. The strategy must address the diversity of local need across the Borough and the specific sense of place with which local communities identify.

Challenge Three - Supporting independent creatives and cultural organisations to access funding. Whilst overall arts engagement in North Tyneside is not in the lowest bands across the country it remains a mixed picture. Many creatives lack the skills or knowledge to access funding and develop their businesses. North of Tyne Combined Authority (NTCA), Shared Prosperity Fund and Levelling Up Fund support could all play a vital role here and better signposting is required as well as identifying routes to funding.

Challenge Four - Embedding Culture, Creative and Tourism initiatives in emerging Masterplans being developed across North Tyneside will be vital to recognising culture as part of a thriving visitor economy in the borough, focussing on innovation while contributing to a sense of place and health and wellbeing.

Challenge Five - Developing clear entry points and progression routes for those seeking a career in the cultural and creative sector with a particular emphasis upon the development of Cultural and Creative Zone activity as a catalyst for wider engagement in the sector, aimed at creating a more diverse sector generating employment and economic growth.

Challenge Six - Recognising the positive impact of cultural engagement upon health and wellbeing and supporting collaboration with health partners, through the National Centre for Creative Health structures, to actively promote cultural provision across the life course.

Challenge Seven - Addressing inequity and challenges in accessing culture, for audiences, makers, and volunteers particularly, as a result of economic hardship.

These themes identify issues that are of concern to those working in and with the sector but also reflect some of the concerns echoed by the wider public. The challenge, in relation to the holistic picture of how culture is viewed in North Tyneside, is to identify where gaps in provision lie and what the sector collectively may do to address them.

The journey to date has certainly demonstrated an enthusiasm and readiness to engage and a willingness to be part of an ongoing process of developing the cultural agenda for the Borough.

Harnessing and sustaining this energy will be key to the next phase of the process, as we move towards a finalised strategy and an ongoing dialogue through a long term compact not only with the cultural sector but engaging business, education and health and wellbeing.

An impact statement, which considers each of the challenges; partners and resources required to meet them; indicative outputs; and impact, is included at Appendix Two.

An illustrative visual representation of the networks necessary to make a cultural compact work, which is by no means exhaustive, is included at Appendix Three.

1.5.6 National and Regional Picture

The scope of work did not allow for a specific analysis of the impact of COVID on the culture sector and audiences. However, the Audience Agency and nationally published data suggests that “The pandemic had a greater impact on freelance workers, who constituted 62% of the core-creative workforce before the pandemic and only 52% at the end of 2020.” (Walmsley 2022).

Although the shift to digital during lockdown made some access to culture cheaper and easier this did not help those without good broadband access and nationally it has failed to diversify the audience base. The Audience Agency CEO, Anne Torreggiani, has said findings from its Cultural Participation Monitor and Audience Spectrum Analysis support the idea that the gap in engagement between the most and least deprived groups has generally widened due to COVID.

Evidence being gathered across various forms of art and culture suggests that audiences are returning to culture in different ways; in general, outdoor venues have found it easier to get audiences to return than indoor venues.

Creative UK estimate that the cultural and creative industries contributed £115.9bn in Gross Value Added to the UK economy in 2019, which is greater than aerospace, automotive, life sciences and oil and gas sectors combined. In addition, the sector is creating jobs at three times the UK average, employing over 2 million people across the UK, while supporting a further 1.4 million jobs across the supply chain, bringing the total number of jobs supported by the creative industries to 3.5 million.

The recently published *Valuing culture and heritage capital: a framework towards informing decision making* (Department for Digital, Culture, Media and Sport (DCMS) January 2021) sets out DCMS's ambition to develop a formal approach to value culture and heritage assets. The programme's ultimate aim is to create publicly available statistics and guidance that will allow for improved articulation of the value of the culture and heritage sectors, setting out how DCMS will develop an approach to aid decisions on public funding that is consistent with Social Cost Benefit Analysis principles published in HM Treasury's Green Book.

The recently published DCMS Committee report on placemaking and levelling up includes a range of recommendations aimed at supporting the sector. The report recognises the important role culture plays in placemaking, stating, "It is evident that place-based cultural policymaking can help deliver on the missions set out in the Levelling Up White Paper, including improving pride in place but also local leadership, living standards, education, skills, health and wellbeing, so long as these are done in a locally-sensitive way."

The report goes on to stress the need for the government to incorporate support for local arts and culture into its Statement for Levelling-Up Missions.

North East Screen suggest there is an explosion in film and media production in the region thanks to partnership with the BBC and proposed investment in studios in Sunderland. There is a skills gap which North Tyneside could help address. North Tyneside is home to some media executives and consequently there may be significant opportunities for North Tyneside to be part of this generational shift.

Arts Council England's *National Portfolio Organisations 2023 – 26* publication offers an opportunity to commission a study to look in more detail at cultural provision in North Tyneside. This could consider the need for additional provision, as well as potential funding sources, looking at both centralised and dispersed models.

Work undertaken in areas such as Hull, Coventry and Bradford, which have had successful UK City of Culture bids, has illustrated the importance of a partnership approach and the need to have broad ownership across communities to enable a cultural vision to come to life. The strength of local provision within communities where it is developed with those communities has been clearly evidenced.

Within the region, in Durham, where the City of Culture bid was not successful, the process of developing the bid through engaging communities and the cultural sector has been assessed as being so valuable that it will be continued as part of a County-wide approach to ongoing cultural development.

The common factor in all of these examples has been the role of culture in defining place. While the approach in each area has been different, due to the different geography and history of these locations, the essential role of culture in the process of regeneration and, latterly, post pandemic recovery has been a constant.

These are examples from which we can learn in North Tyneside and take inspiration in shaping the Authority's own bespoke vision, with and for the residents and cultural workforce in the Borough.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

To agree the recommendations as outlined at 1.2 and take forward with partners the development of a Cultural Strategy for North Tyneside.

Option 2

To reject the recommendations as outlined at 1.2 and not progress the development of a Cultural Strategy for North Tyneside.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

Option 1

- a) supports the Authority's objective to develop a thriving economy;
- b) is consistent with the objectives of the Authority's Equally Well strategy for health and wellbeing;
- c) supports the strategic objectives of Arts Council England in promoting place based strategies for culture.

1.8 Appendices:

Appendix One: Culture in North Tyneside Public Survey (North Tyneside Council 2022)

Appendix Two: Cultural Impact Statement

Appendix Three: Cultural Compact Networks

Appendix Four: Equality Impact Assessment

1.9 Contact officers:

Steve Bishop, Head of Culture, tel. (0191) 643 7410

1.10 Background information:

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

- (1) Let's Create – Arts Council England (2020) <https://www.artscouncil.org.uk/lets-create>
- (2) Cultural Strategy in a Box - Local Government Association (2020) <https://www.local.gov.uk/cultural-strategy-box#:~:text=Cultural%20strategy%20in%20a%20box%20For%20local%20authorities%2C,can%20contribute%20to%20welcoming%2C%20distinctive%20and%20attractive%20places.>
- (3) A High Street Renaissance – Arts Council England (2021) <https://www.artscouncil.org.uk/search?query=A+High+Street+Renaissance>
- (4) People, culture, place The role of culture in placemaking – LGA and CLOA (2022) https://www.local.gov.uk/sites/default/files/documents/12.3%20-%20culture%20and%20place_v4_1_1.pdf
- (5) Culture in Crisis – Ben Walmsley (2022) <https://www.artsprofessional.co.uk/magazine/351/feature/culture-crisis>
- (6) Valuing culture and heritage capital: a framework towards informing decision making (DCMS January 2021) [Valuing culture and heritage capital: a framework towards informing decision making - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/100000/valuing-culture-and-heritage-capital-a-framework-towards-informing-decision-making-2021.pdf)
- (7) [Reimagining where we live: cultural placemaking and the levelling up agenda - Committees - UK Parliament](https://www.parliament.uk/business/committees/committees-a-z/all-committees/cultural-placemaking/)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

There are no direct financial implications arising from the report, but effective implementation will require appropriate resourcing in order to ensure successful delivery.

2.2 Legal

There are no direct legal implications arising from the report.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

- Elected Mayor and Deputy Mayor Briefings
- Culture and Leisure Sub Committee presentations
- Senior Leadership Team presentation
- Leadership Forum presentation
- Library team presentation
- Regeneration, Economic Development and Culture team presentation
- Corporate Equality Stakeholder Groups

2.3.2 External Consultation/Engagement

Cultural sector/public workshops in North Shields, Longbenton, Wallsend and Whitley Bay
Public survey online and in Customer First Centres
Individual consultations with cultural practitioners, providers and agencies, including Arts Council England, Newcastle University, Northumbria University.
John Spence Community High School students

Details of the engagement process are outlined in full in sections 1.5.2 - 1.5.4 of the report.

2.4 Human rights

There are no direct human rights implications arising from the report.

2.5 Equalities and diversity

Presentations were made to the Authority's Staff Networks for Pride, Ethnic Diversity and Disability, Long Term Conditions and Carers and the Ethnic Diversity Community Taskforce.

An Equality Impact Assessment has been undertaken and is attached at Appendix Four.

This highlights the commitment to Equality Diversity and Inclusion as articulated by Arts Council England (ACE). This will ensure that the strategy aims to reflect the diversity of audiences, leaders, producers and creators of creativity and culture across North Tyneside. In line with ACE principles, we will aim to measure our progress by collecting, analysing and reporting on data relating to equality and diversity of the work, organisations and projects that are engaged in delivering the Strategy. The Strategy will seek to challenge organisations to make sure their leadership, governance, workforce, programmes, and audiences better reflect the communities they serve in terms of disability, sex, race, sexuality, and socioeconomic background.

2.6 Risk management

Risk will be assessed on a project by project basis upon successful implementation of the strategy.

2.7 Crime and disorder

Evidence suggests that engagement in cultural activity is likely to contribute to a reduced likelihood of engaging in risk taking behaviours and contribute to a reduction in crime and disorder if sustained over the long term.

2.8 Environment and sustainability

There are no environment or sustainability issues arising directly from the report.

PART 3 - SIGN OFF

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

Cultural Strategy Survey Key Findings Report

Date: October 2022

Version: 1

Author: Policy, Performance & Research

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Introduction

North Tyneside Council is working with its partners to create a new Cultural Strategy with and for residents, workforces, and visitors in the borough.

North Tyneside culture covers a very wide range of activity from dance classes to railway walks, from fishing heritage to contemporary art. We know culture is important to many people, and helps create a sense of place, and yet many people find there are barriers to them accessing culture.

The Authority has undertaken extensive consultation with artists, libraries, museums, heritage organisations, performers and those who use arts and heritage in their work which has provided some great insights.

In addition, further research has been undertaken with people who live, work and participate in culture in the borough. The aim has been to understand their views around the cultural offer and to understand if anything is missing from the offer.

The focus of this report is on those views – the people who live, work and participate in culture in North Tyneside.

Method

To gather the views from the people who live, work and participate in culture in North Tyneside, it was decided that online survey, hosted by North Tyneside Council would be the best approach to use.

The survey consisted of a 15-question-set questionnaire that focussed on culture-specific questions. The fieldwork for the survey ran from 21 September to 14 October 2022. In total, 359 responses to the survey were received and were analysed using Microsoft Excel.

The next section of the report highlights the findings received from the online survey.

Findings

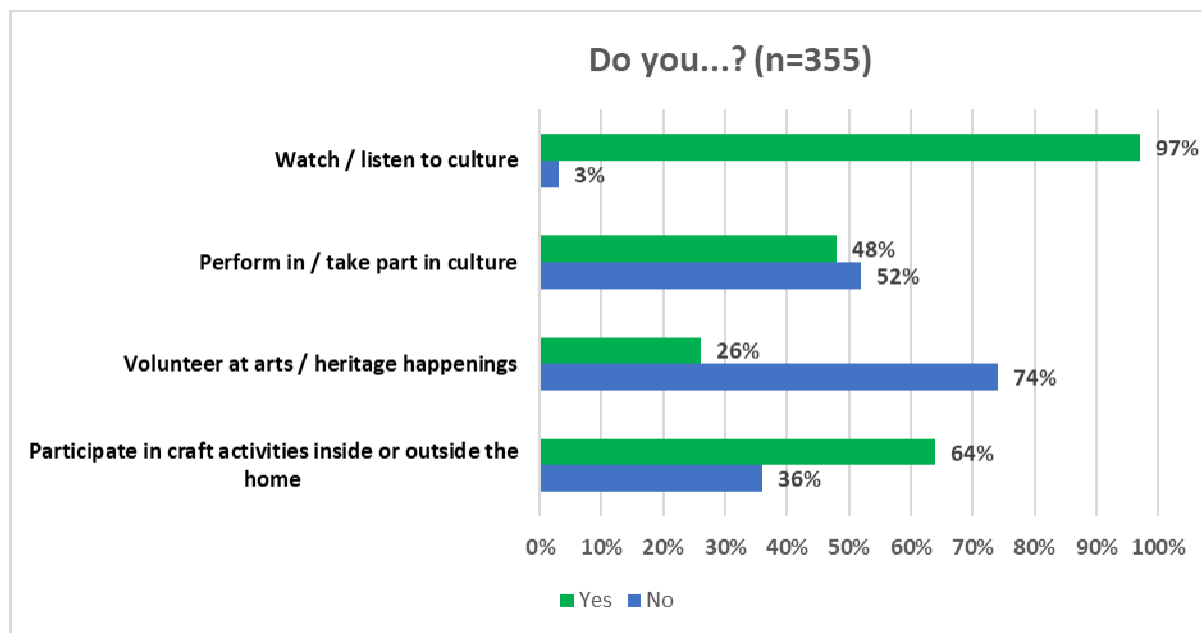
This section of the report focuses on the findings gathered from the online Cultural Strategy survey.

Types of cultural activities respondents take part in (n=355)

Respondents were asked what types of cultural activities they take part in. Almost all (97%) of those responding said they watch / listen to culture with only 3% saying they do not. Just over half (52%) said they perform in / take part in culture whereas just under half (48%) said they don't.

A quarter (26%) of respondents volunteer at arts / heritage happenings with three quarters (74%) stating they do not volunteer. Around two thirds (64%) participate in craft activities inside or outside of the home with around one third (36%) stating they do not participate in craft activities.

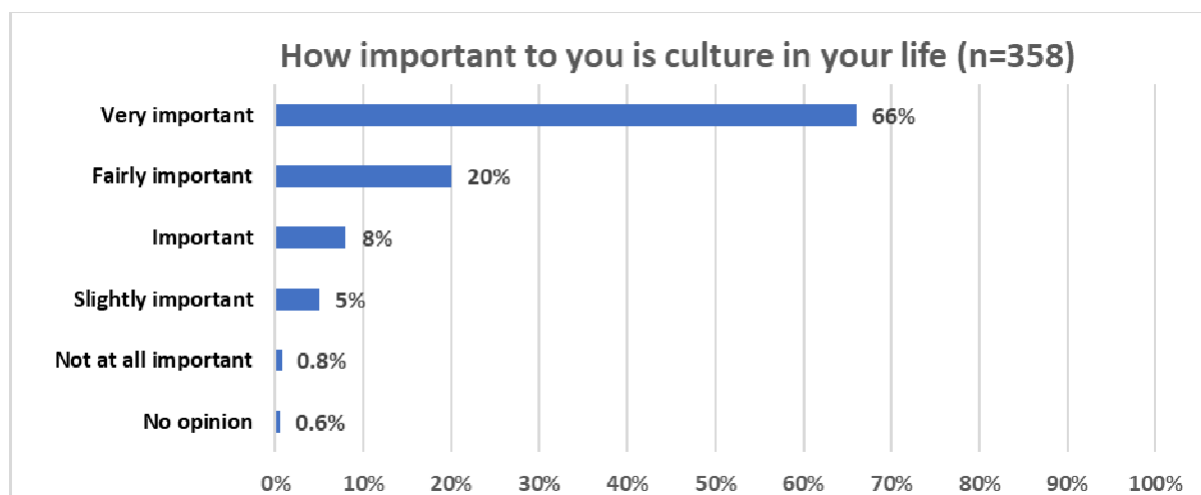
Graph 1: Types of cultural activities



Importance of culture in respondents' lives (n=358)

Three quarters (66%) of respondents said that culture is very important to their lives with a further one in five (20%) saying it is fairly important. An additional 8% and 5% said culture is important and slightly important to them whereas only 1.5% said culture is either not at all important (0.8%) or that they had no opinion (0.6%).

Graph 2: Importance of culture



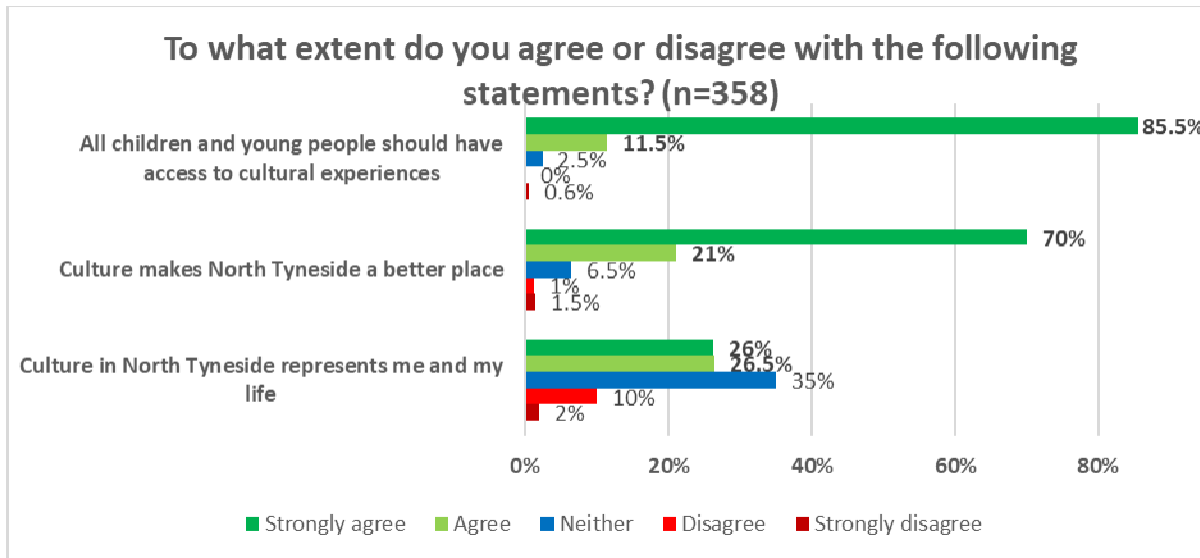
Agreement with the following statements (n=358)

Respondents were asked to what extent they agree or disagree with the statements outlined in the graph below. As can be seen, over four in five (85.5%) strongly agree that all children and young people should have access to cultural experiences with just over one in ten (11.5%) saying they agree.

Almost no respondents (0.6%) said they disagreed with this statement with a further 2.5% saying they neither agree nor disagree.

Seven in ten (70%) strongly agree that culture makes North Tyneside a better place with two in five (20%) also saying they agree. Again, only a nominal number of respondents disagree with this statement (1% and 1.5% respectively) with 6.5% claiming they neither agree nor disagree. Around a quarter of respondents suggested they either strongly agree (26%) or agree (26.5%) that culture in North Tyneside represents them and their life, with 12% disagreeing (10% disagree, 2% strongly disagree). Just over a third of respondents (35%) said they neither agree nor disagree.

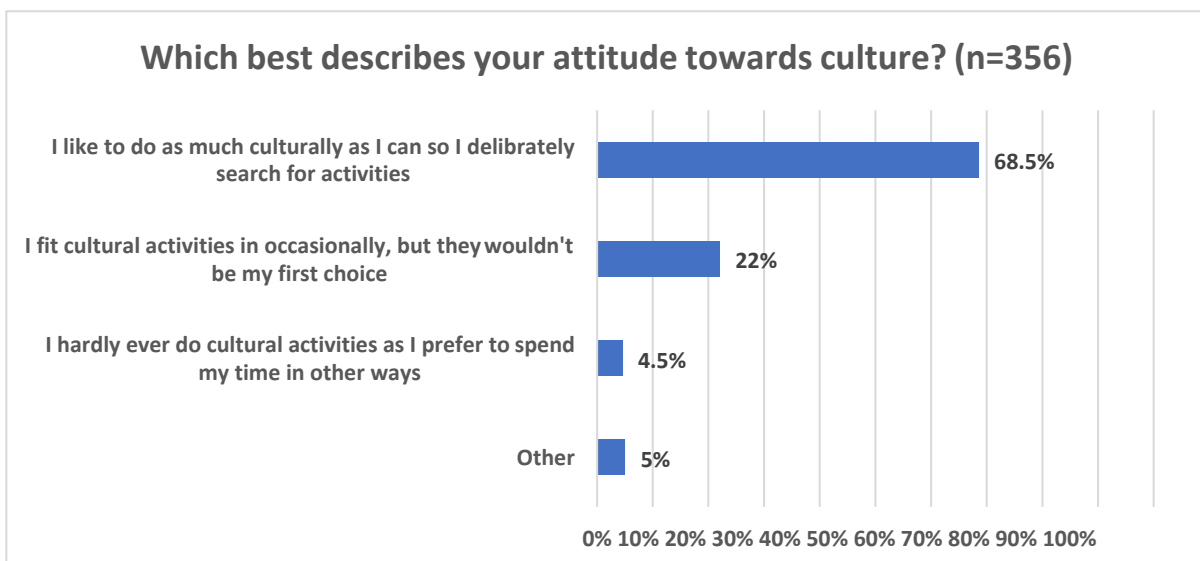
Graph 3: Extent of agreement with statements in graph



What best describes respondents' attitude towards culture (n=356)

Almost seven in ten (68.5%) respondents claim they like to do as much culturally as they can so they deliberately search for activities. Just over a fifth (22%) occasionally fit in cultural activities (but they wouldn't be their first choice) and further 4.5% said they hardly ever do cultural activities as they prefer to spend their time in other ways. An additional 5% suggested they do 'other' things in terms of their attitude towards culture.

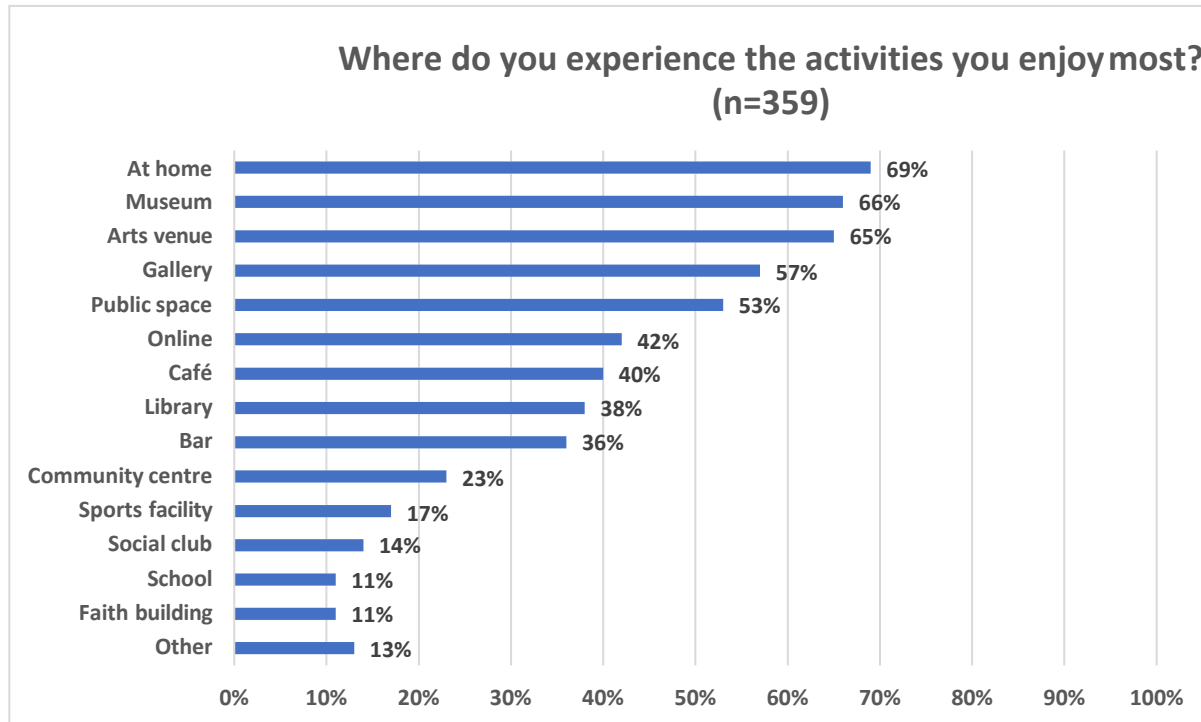
Graph 4: Attitudes towards culture



Where respondents experience the activities they most enjoy (n=359)

Respondents were asked to indicate where they experience the activities they most enjoy. As can be seen from the graph below most say 'at home' (69%), 'museums' (66%) and 'arts venues' (65%) as the main places where they experience the activities they enjoy most. 'Social club' (14%), 'school' (11%) and 'faith building' (11%) are the places where the least number of respondents say they go to experience the activities they most enjoy.

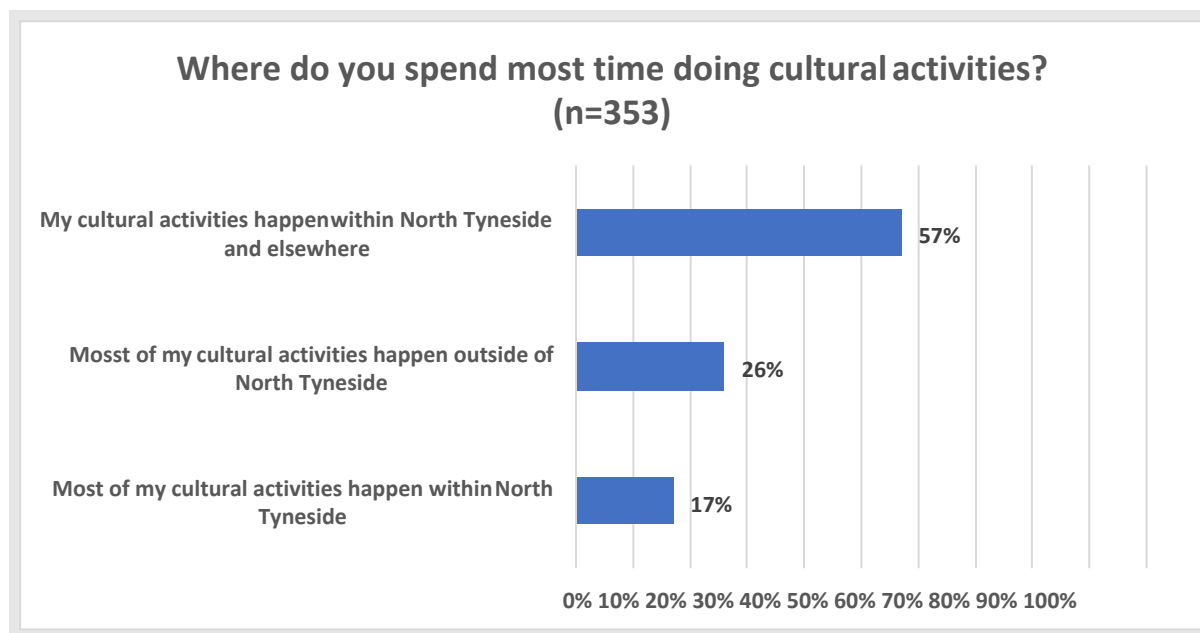
Graph 5: Experience of cultural activities



Places where respondents spend most of their time doing cultural activities (n=353)

Nearly three in five (57%) respondents spend most of their time doing cultural activities within North Tyneside and elsewhere and a quarter (26%) spend their most of their time doing cultural activities outside of North Tyneside. A little under a fifth (17%) said most of their cultural activities happen within North Tyneside.

Graph 6: Time most spent doing cultural activities



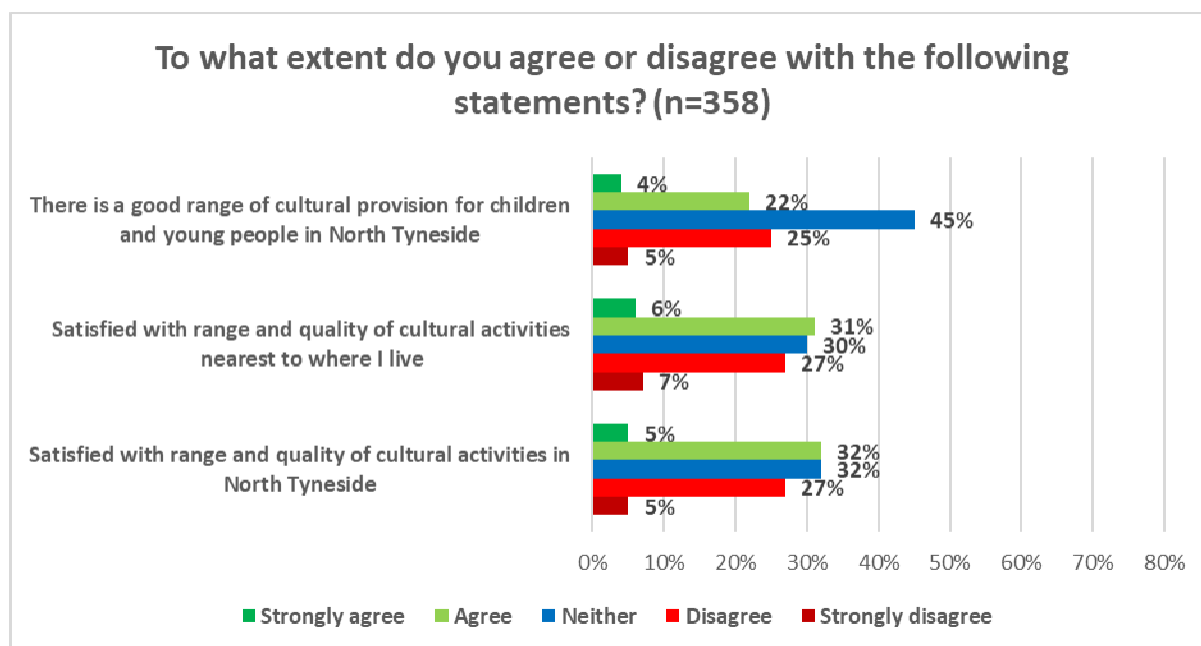
Agreement with the following statements (n=358)

Respondents were asked to what extent they agree or disagree with the statements outlined in the graph below. A quarter (26%) agree there is a good range of cultural provision for children and young people in North Tyneside (4% strongly agree, 22% agree) with three in 10 (30%) disagreeing (25% disagree, 5% strongly disagree). Under half (45%) of respondents neither agree nor disagree that there is a good range of cultural provision for children and young people in North Tyneside.

Under four in 10 (37%) respondents said they were satisfied with the range and quality of cultural activities nearest to where they live (6% strongly agree, 31% agree) and around a third (34%) disagree that they are satisfied (27% disagree, 7% strongly disagree). Three in 10 (30%) neither agree nor disagree that they are satisfied with the range and quality of cultural activities nearest to where they live.

Again, 37% of respondents agree they are satisfied with the range and quality of cultural activities in North Tyneside (5% strongly agree, 32% agree), with around a third (32%) not being satisfied (27% disagree, 5% strongly disagree). A further one in three (32%) respondents claim they neither agree nor disagree that they are satisfied with the range and quality of cultural activities in North Tyneside.

Graph 7: Agreement with statements in graph



The word respondents would like people to use to describe culture in North Tyneside in 10 years' time (n= 320).

Respondents were asked to state one word they would like people to use to describe culture in North Tyneside in 10 years' time. The most popular word that was used was "vibrant", with around one in 10 (9%) using the phrase. Other popular words that were used were:

- Accessible
- Diverse
- Exciting
- Heritage
- Inclusive
- Inspiring / Inspirational
- Thriving.

Other comments about culture in North Tyneside (n=143)

There were 143 responses received to this question.

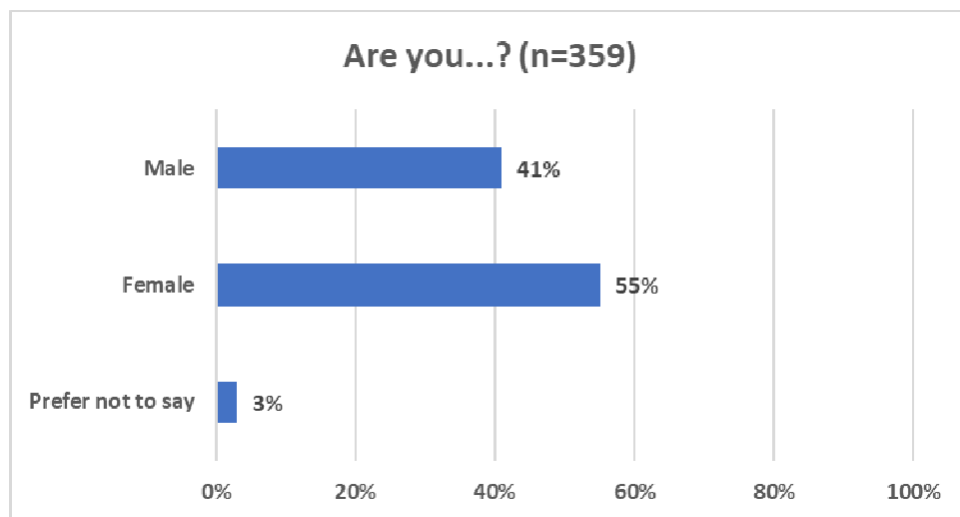
Demographic make-up respondents

This section of the report highlights the demographic make-up of the respondents who took part in the survey. Asking these questions allows the council to see the spread of the data among the demographic characteristics of the respondents and ensures that all groups of people have been included in the survey.

Sex of respondents (n=359)

Of those taking part in the survey, 55% were female and 41% male. Only 3% said they preferred not say whether they were male or female.

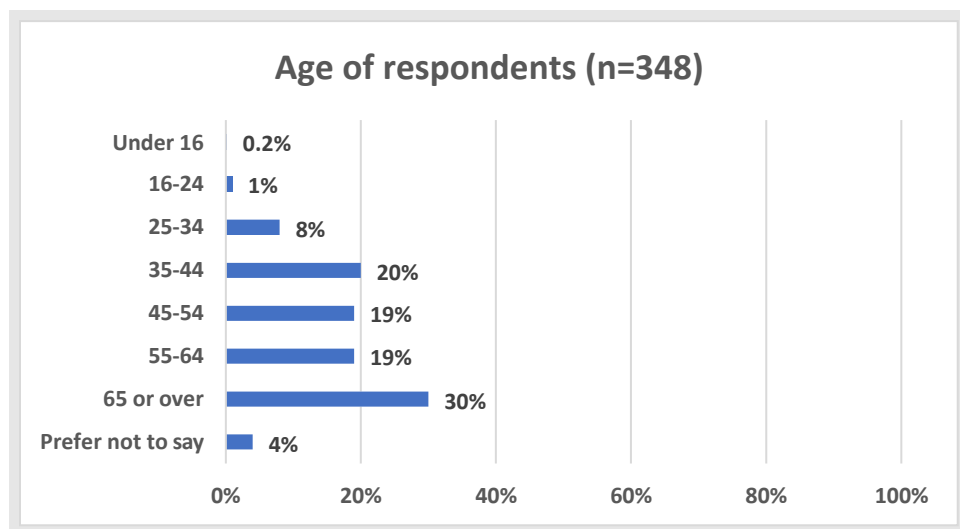
Graph 8: Sex of respondents



Age profile of respondents (n=348)

The majority (30%) of those responding to the survey were aged 65 or over with one in five aged between 35-44 (20%), 45-54 (19%) and 55-64 (19%). Only 8% were aged 25-34 and 1% aged 16-24.

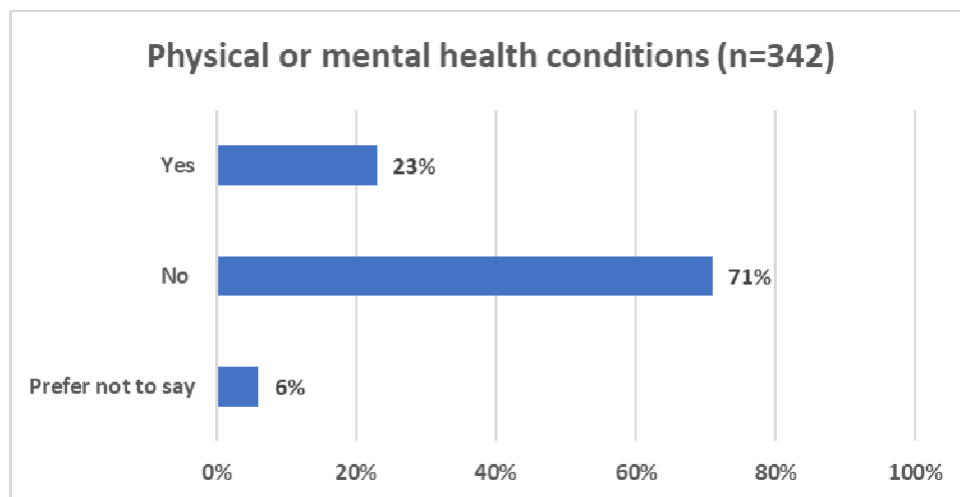
Graph 9: Age of respondents



Physical or mental health conditions expected to last 12 months or more (n=342)

Respondents were asked to state whether they had any physical or mental health conditions lasting or expected to last 12 months or more. As can be seen, seven in ten (71%) said they did not with around a quarter (23%) saying they did. Only 6% preferred to say.

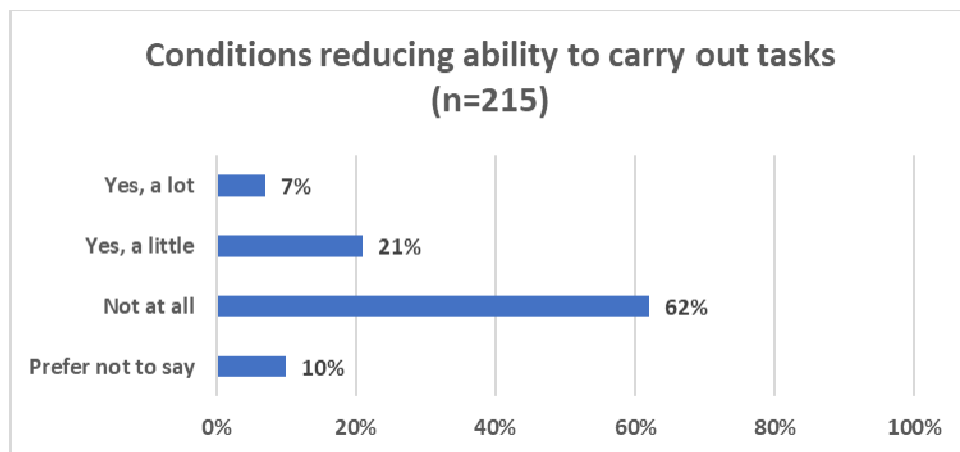
Graph 10: Physical or mental health conditions of respondents



Conditions / illnesses that reduce respondents' ability to carry out day-to-day tasks (n=215)

Those respondents who said they had a physical or mental health condition that is expected to last 12 months or more were also asked if the condition(s) reduces their ability to carry out day-to-day tasks. The vast majority (62%) responding said their condition does not at all affect their ability to carry out day-to-day tasks, whereas a fifth (21%) said their condition does a little. A further 7% indicated their condition reduces their ability a lot and 10% indicated they preferred not to say.

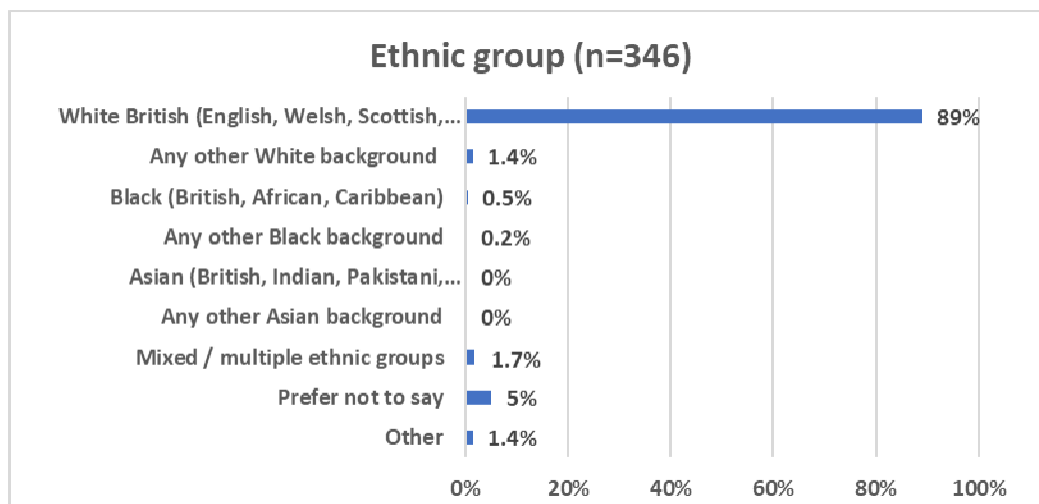
Graph 11: Conditions reducing ability to carry out tasks



Ethnic group of respondents (n=346)

Almost all (89%) respondents to the survey said their ethnic group was 'white British'. The remaining responses were split quite evenly among the other ethnic groups.

Graph 12: Ethnic origin of respondents



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How the North Tyneside Cultural Strategy 2023 – 2030 can deliver Our North Tyneside’s plan for thriving, caring, family friendly and healthier towns and villages across the borough

Challenges	Partners and Resource	Indicative Outputs	Impact
1)Developing networks to bring together the creative, cultural and heritage communities	Build a diverse coalition of the talented and willing to connect cultural activity across North Tyneside – an active cultural compact with a clear action plan	Co-ordinated research and evaluation across North Tyneside, establishing dialogue between stakeholders and communities with an annual conference	Cultural activity is central to policy development as the beating heart of a thriving borough
2)Recognising super-localism	Address the diversity and specific sense of place of North Tyneside’s towns and villages with neighbourhood cultural leads	Four cultural production hubs to expand workspace and develop ‘making spaces’ for production, rehearsal, heritage development and incubator activity.	Culture is a key driver of community development
3)Supporting independent creatives and cultural organisations/businesses to access funding and generate income	Work in partnership with key organisations and individuals to secure high quality income generation training and deliver cultural growth	A hundred individuals a year access training in the hubs to build the confidence, skills and networks needed to secure new investment from funders dedicated to creative, arts, heritage, and media development	Creative industries thrive and are retained in North Tyneside
4)Embedding Culture, Creative and Tourism initiatives in emerging Masterplans	Raise the profile and voice of the cultural sector in the development of Masterplans in all four North Tyneside quadrants.	Cultural compact reps with expertise in creative industries inc. visitor economy join Masterplan developments.	Culture is the driver for visitor economy development and town centre regeneration
5)Developing clear entry points and progression routes for those seeking a career in the cultural and creative sector	Recognise Cultural and Creative Zone activity as a catalyst for wider engagement in the sector, to attract and retain talent, generating employment and economic growth. In partnership with HE, FE, NTCA, LEP	Build capacity in the cultural sector and creative industries, mentoring a new generation of producers, programmers, curators, artists and more.	Cultural and creative activity is a clear career choice for young people
6)Recognising the positive impact of cultural engagement upon health and wellbeing	Collaborate with health partners, through the National Centre for Creative Health structures, to actively promote cultural provision across the life course.	Park and outdoor based cultural events in the four quadrants focusing on specific need such as childhood obesity, mental health, isolation etc. in fun, engaging ways	Culture is embedded in the Equally Well strategy
7)Addressing inequity and challenges in accessing culture	Increase opportunities with cultural audiences, makers, and volunteers using innovative portrayal and new invitations to share culture, heritage and identity	Surprising venues programme of 12 cultural events per year developing North Tyneside as a culturally vibrant, attractive, and prosperous area that enriches the lives and environment with and for all residents	Culture is the catalyst for addressing social change and challenging inequality

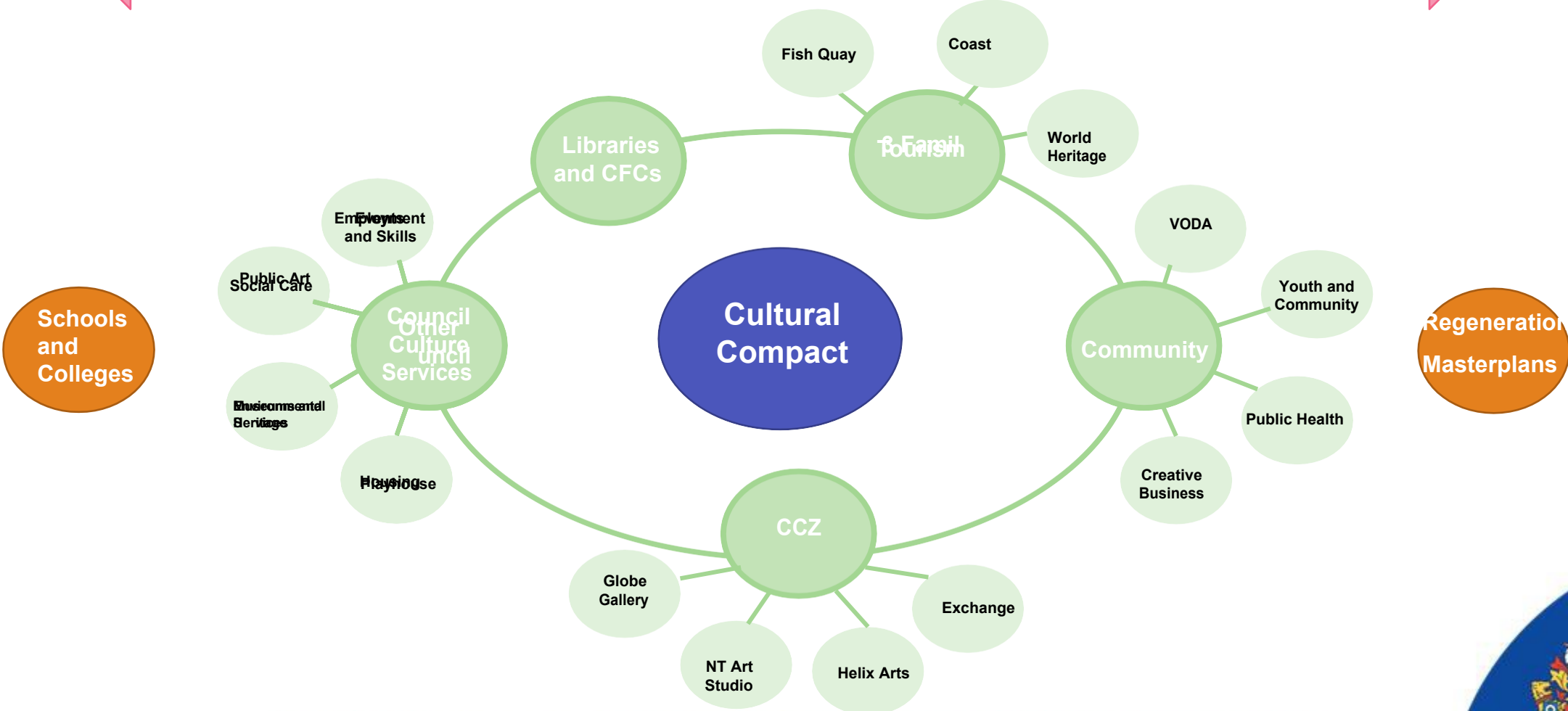
<<<<<A high quality signposting, marketing and communications plan developed across hyper-local, village, town, and borough levels>>>>>

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Cultural Compact Networks

← Cross Cutting a) Climate change b) Online Offer c) Equality and Diversity →

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WE LISTEN | WE CARE | WE ARE AMBITIOUS | WE ARE GOOD VALUE FOR MONEY



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Equality Impact Assessment

1. Proposal details		
Name of the policy/project/process being assessed (subsequently referred to as project)	A Cultural Strategy for North Tyneside	
Purpose of project	To develop a strategy for ongoing investment in, and delivery of, cultural activity across the Borough	
Who is the project intended to benefit?	All residents	
What outcomes should be achieved?	Increased engagement in cultural activity A partnership compact to drive the strategic objectives	
Version of EqIA	1	
Date this version created	20/10/2022	
Confidential	no	
Directorate	Regeneration and Economic Development	
Service	Culture	
	Name	Service or organisation
Principal author	Steve Bishop	Head of Culture
Additional authors	Pete Warne	Operational Manager – Tourism and Events

2. Groups Impacted		
Does the project impact upon?		If yes, what is the estimated number impacted? And the Level of impact this will have on the group (high, medium, low)
Service Users	yes	Audience for any cultural activity. Exact numbers difficult to estimate. (high)
Carers or Family of Service Users	yes	Numbers difficult to estimate but inclusivity of process should open up opportunities for engagement (med)
Residents	yes	All residents are eligible to engage in the range of cultural provision on offer (med)
Visitors	yes	Yes, tourism and the importance of the visitor economy is key to the success of the strategy but exact numbers are difficult to estimate (med)
Staff	yes	Yes, both as residents of the Borough and as service providers who will need a cultural offer to deliver more effective services (med)
Partner Organisations	yes	Partners will be key to the formation of a cultural compact and the delivery and monitoring of a finalised strategy. (high)

3. Evidence Gathering and Engagement		
	Internal evidence	External Evidence
What evidence has been used for this assessment?	Feedback from SLT presentations, Cabinet Member Briefings and Team presentations Culture and Leisure Sub Committee reports	Reports from Arts Council England DCMS and Creative UK

Have you carried out any engagement in relation to this proposal?	yes
If yes of what kind and with whom? If no, why not?	4x consultation meetings across the Borough with cultural sector Corporate Equality Group Diversity Network meetings Meetings with University research and cultural engagement providers Senior Leadership Team presentations Leadership Forum presentations Bespoke team presentations Local Cultural Education Partnership Culture Health and Wellbeing Network Culture and Leisure Sub Committee Reports Publicly distributed survey
Is there any information you don't have?	no
If yes, why is this information not available?	

4. Impact on Different Characteristics			
Legally Protected Characteristics	Potential Positive Impact Identified	Potential Negative Impact Identified	Description of the potential impact/s and evidence used
Age	yes	no	Targeting of young people to encourage audience engagement and pathways into employment is part of existing Cultural and Creative Zone action and will be key to a wider cultural strategy
Disability	yes	no	Awareness of access issues including auditing venues and developing more active consideration of audience positioning in outdoor spaces will be key to a finalised strategy. Active measures to engage those with protected characteristics will be central to strategy development and programme delivery.
Gender reassignment	no	no	Adherence to Arts Council England's Equality, Diversity and Creativity agenda will help shape programme choices and initiatives
Marriage & civil partnership	no	no	
Pregnancy & Maternity	no	no	
Race	yes	no	Active engagement with the regional Culture Against Racism initiative and adherence to Arts Council England's Equality, Diversity and Creativity agenda will help shape programme choices and initiatives
Religion or belief	no	no	Adherence to Arts Council England's Equality, Diversity and Creativity agenda will help shape programme choices and initiatives. Active measures to engage those with protected characteristics will be central to strategy development and programme delivery.

Sex	yes	no	Adherence to Arts Council England's Equality, Diversity and Creativity agenda will help shape programme choices and initiatives. Active measures to engage those with protected characteristics will be central to strategy development and programme delivery.
Sexual Orientation	yes	no	Adherence to Arts Council England's Equality, Diversity and Creativity agenda will help shape programme choices and initiatives. Active measures to engage those with protected characteristics will be central to strategy development and programme delivery.
Intersectionality	no	no	

Non-legally protected characteristic			
Carers	yes	no	Inclusivity of process should open up opportunities for engagement

5. Achievement of the Authority's public sector equality duty		
Will the proposal contribute to any of the following?		If yes, how?
Eliminate unlawful discrimination, victimisation and harassment	N/A	
Advance equality of opportunity between people who share a protected characteristic and those who do not	yes	Cultural engagement plans will actively promote access to learning, mentoring and business support within the sector aiming to advance equality of opportunity between those who share a protected characteristic and those who do not
Foster good relations between people who share a protected characteristic and those who do not	yes	Cultural engagement activities will actively promote collective understanding and challenge prejudice with a view to developing greater understanding between those who share a protected characteristic and those who do not

6. Negative Impacts		
Potential negative impact	Can it be reduced or removed?	If yes how? If no, why not and what alternative options were considered and not pursued?
	Choose an item.	
	Choose an item.	
	Choose an item.	
	Choose an item.	

7. Action Plan				
Actions to gather evidence or information to improve NTC's understanding of the potential impacts on people with protected characteristics and how best to respond to them	Responsible Officer Name	Responsible Officer Service Area	Target Completion Date	Action completed
Establishment of boroughwide cultural compact with a clear Equality, Diversity and Creativity agenda	Steve Bishop	Culture	10/04/2023	Choose an item.
			Calendar	Choose an item.
			Calendar	Choose an item.
Actions already in place to remove or reduce potential negative impacts	Responsible Officer Name	Responsible Officer Service Area	Impact	

AccessAble audit of key facilities	Iain Betham	Asset Management	reduce		
Viewing platform at Mouth of the Tyne Festival (MOTTF)	Pete Warne	Culture	reduce		
Signing on MOTTF Cabaret Stage	Pete Warne	Culture	reduce		
Actions that will be taken to remove or reduce potential negative impacts	Responsible Officer Name	Responsible Officer Service Area	Impact	Target Completion Date	Action completed
Annual review of access arrangements to assess scope for improvements	Steve Bishop	Culture	reduce	29/03/2024	Choose an item.
Annual review of Equality Impact Assessments on all projects and programmes associated with the implementation of the strategy	Steve Bishop	Culture	Choose an item.reduce	Click or tap to enter a date.28/11/23	Choose an item.
			Choose an item.	Click or tap to enter a date.	Choose an item.
Actions that will be taken to make the most of any potential positive impact	Responsible Officer Name	Responsible Officer Service Area		Target Completion Date	Action completed
Active promotion of positive adjustments to improve access and promote diverse programming	Steve Bishop Pete Warne	Culture		29/03/2024	Choose an item.
				Click or tap to enter a date.	Choose an item.
				Click or tap to enter a date.	Choose an item.
Actions that will be taken to monitor the equality impact of this proposal once it is implemented	Responsible Officer Name	Responsible Officer Service Area		Target Completion Date	Action completed
Annual Review	Steve Bishop	Culture		20/10/2023	Choose an item.
				Click or tap to enter a date.	Choose an item.
				Click or tap to enter a date.	Choose an item.
Date review of EqIA to be completed	Responsible Officer Name	Responsible Officer Service Area			
20/10/2023	Steve Bishop	Culture			

8. Outcome of EqIA	
Outcome	Please explain and evidence why you have reached this conclusion:

<p>The proposal is robust, no major change is required</p>	<p>The proposal is linked to and actively implements proposed equality and diversity strategies agreed with the Council and Arts Council England. These are reflected in the approaches of key partner organisation who will be part of an ongoing partnership to drive the strategy.</p>
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9. Corporate Equality Group Member approval	
Do you agree or disagree with this assessment?	Agree
If disagree, please explain why?	
Name of Corporate Equality Group Member	David Cunningham
Date	21/10/2022

10. Director approval	
Do you agree or disagree with this assessment?	Agree
If disagree, please explain why?	
Name of Director	John Sparkes
Date	21/10/2022

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

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North Tyneside Council Report to Cabinet 28 November 2022

Title: Annual Review of Council Policy on Covert Surveillance

Portfolio(s): Elected Mayor	Cabinet Member(s): Elected Mayor Mrs Norma Redfearn
Report from Service Area	Law and Governance
Responsible Officer:	Jacqueline Laughton – Assistant Chief Executive (Tel: 0191 643 5724)
Wards affected:	All

PART 1

1.1 Executive Summary:

This report seeks Cabinet’s approval of the Authority’s draft Covert Surveillance Policy for 2022-23. In accordance with the Statutory Codes of Practice applying to the Regulation of Investigatory Powers Act 2000 (RIPA) the Authority is required to review its use of RIPA and set the general surveillance Policy at least annually.

A copy of the draft Policy is attached at Appendix 1. No amendments have been made to the draft Policy from last year’s Policy as it remains fit for purpose.

1.2 Recommendation(s):

It is recommended that Cabinet approve the Authority’s draft Policy on Covert Surveillance for 2022-23 attached at Appendix 1 to the report.

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 21 October 2022.

1.4 Council plan and policy framework

This report relates to the following priorities in the Our North Tyneside Plan 2021-2025:

A secure North Tyneside:

Council wardens will work in partnership with Northumbria Police to prevent and tackle all forms of anti-social behaviour

1.5 Information:

1.5.1 Introduction

The Authority's current Surveillance Policy was approved by Cabinet in November 2021 and is subject to annual review. That Policy has been reviewed and a draft Surveillance Policy is attached at Appendix 1. The draft Policy was considered by Members of the Regulation and Review Committee who made no recommendations for amendments to be made to the Policy as it remains fit for purpose and has been referred to Cabinet for approval on that basis.

The aims of the Policy are to:

- Set out the Authority's arrangements for complying with RIPA; the relevant Codes of Practice and guidance issued by the Home Office; and guidance from the Investigatory Powers Commissioner's Office (IPCO);
- Give effect to the rights of citizens to respect for their private and family lives (pursuant to the Human Rights Act 1998); and
- Protect the Authority from legal challenge when undertaking surveillance.

1.5.2 The RIPA Shield

The Regulation of Investigatory Powers Act 2000 (RIPA) puts covert surveillance on a statutory basis. RIPA enables certain public authorities, including the Authority, to carry out surveillance operations with statutory protection from legal challenge. It is often referred to as the "RIPA shield".

Three covert investigatory techniques are available to local authorities under RIPA:

- i. the acquisition and disclosure of communications data such as telephone billing information or subscriber details e.g., to tackle rogue traders;
- ii. directed surveillance - covert surveillance of individuals in public places e.g. to tackle criminal activity arising from anti-social behaviour; and
- iii. covert human intelligence sources (CHIS) such as the deployment of undercover officers.

The RIPA provisions may only be used to authorise surveillance activities for the detection and prevention of "serious crime" and any authorisation is subject to a requirement to seek authorisation from an 'Authorising Officer' within the Authority as well as obtaining judicial approval for surveillance from a Justice of the Peace before any surveillance is undertaken. The Authorising Officers within the Authority are:

Paul Hanson – Chief Executive; and
Colin MacDonald – Head of Technical & Regulatory Services

A Legal Officer accompanied by the relevant Authorising Officer will present any authorisation to a Justice of the Peace for judicial approval. All authorisations will be subject to an internal scrutiny process prior to being submitted for such approval.

Local authorities may undertake surveillance for other purposes than detecting serious crime, but such surveillance will not benefit from the "RIPA shield" and will leave a local authority vulnerable to challenge. For this reason, all surveillance activity undertaken by the Authority, whether within the RIPA regime or not, must be appropriately authorised by one of the Authorising Officers and is subject to central monitoring and challenge.

1.5.3 Central Register

The Authority has a Central Register of all RIPA and non-RIPA surveillance activity. The Central Register is maintained and monitored by Law and Governance.

1.5.4 Inspection

Organisations using RIPA are subject to regular inspection by the Investigatory Powers Commissioner's Office (IPCO).

The Authority received a virtual online inspection visit from the IPCO on 7 September 2020. The purpose of the IPCO inspection was to examine the policies, procedures, operations and administration the Authority has in place in relation to the use of directed surveillance and covert human intelligence sources.

The outcome of the inspection was very supportive of the Authority's actions to manage its responsibilities under RIPA. A small number of recommendations were made in relation to the information that is provided to Officers in the Covert Surveillance Employee Handbook to update it and provide further clarity. The Employee Handbook is available to Officers, for reference and guidance in relation to the use of RIPA and covert surveillance. The update of the Handbook to reflect the recommendations is complete and has been uploaded onto the Intranet. A further recommendation was in relation to training. The inspector recommended that the Authority undertakes, as it has in previous years, a training and familiarisation process for Officers who may use covert surveillance as a part of their role. Training completed for 2022 was delivered by external trainer 'Act Now'.

The Inspector made no recommendations in relation to the Authority's Covert Surveillance Policy and commented that it "is a succinct summary of the approach the Council will take towards the use and management of covert powers".

1.5.5 Summary of Use of Surveillance, Acquisition of Communications Data and Covert Human Intelligence Source (CHIS) by the Authority

It should be noted that following the changes to the RIPA regime introduced on 1 November 2012, there have been no authorisations for covert surveillance requested by officers. The reason why no such authorisations have been sought since that date relates to the fact that the "RIPA shield" is only available for covert surveillance related to the prevention and detection of "serious crime". "Serious crime" is defined as crime punishable, whether on summary conviction or on indictment, to a maximum term of imprisonment of at least 6 months. In addition, however, covert surveillance can be requested in relation to detecting offences under sections 146, 147 or 147A of the Licensing Act 2003 (relating to the sale of alcohol to children), section 7 of the Children and Young Persons Act 1933 (sale of tobacco etc. to children) and sections 91 and 92 of the Children and Families Act 2014 (sale or purchase of nicotine products to children).

1.5.6 Corporate Responsibilities

The Codes of Practice advise that a Senior Responsible Officer (SRO) should be identified to ensure the Authority has appropriate policies and processes that accord with RIPA and the related Codes of Practice. The current SRO is the Director of Resources.

Each Director or Head of Service is responsible for ensuring effective and legally compliant systems and procedures are in place for surveillance work within their Service Areas.

All employees connected with surveillance and handling of evidence are responsible for ensuring that they act only in accordance with their level of responsibility and training and in accordance with this Policy and associated documents. To assist in this an 'Employee Handbook: Use of Covert Surveillance, Covert Human Intelligence Sources and Communications Data', has been prepared. The Handbook provides key information for Officers and directs them towards key sources of detailed guidance. It will be kept under review and revised as necessary to ensure it reflects current procedures and best practice.

If Officers wish to undertake surveillance that falls outside of the RIPA regime, they must take legal advice and seek appropriate authorisation. Information regarding surveillance (whether under RIPA or not) must be held centrally by the Senior Responsible Officer to enable the Authority to have an overview of all surveillance activities being undertaken by the Authority.

1.5.7 Compliance and Oversight

The Codes of Practice indicate that elected members of a local authority should review its use of RIPA and set the general surveillance policy at least annually. A local authority should also consider internal reports on the use of RIPA to ensure that it is being used consistently in compliance with the Authority's Policy and that the Policy remains fit for purpose.

To meet this policy requirement:

- Cabinet receives an annual report covering the Authority's use of RIPA powers, and review of the Policy for the following year;
- Reports will be presented to the Regulation and Review Committee on the Authority's use of RIPA powers. The Committee's role is to look at compliance, oversight and use of RIPA. The Committee will also consider whether the Policy remains fit for purpose and recommend changes to the Policy as appropriate for Cabinet's consideration; and
- The Elected Mayor who has responsibility for RIPA related activities receives updates from the Senior Responsible Officer regarding the use of the Authority's powers.

1.6 **Decision options:**

Option 1

Cabinet may:

Approve the Authority's Policy on Covert Surveillance for 2022-23 (attached as Appendix 1); and

Option 2

Not approve the Authority's Policy on Covert Surveillance for 2022-23

Option 3

Request Officers to revise the draft Policy and/or provide additional information regarding any matters contained in the report.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Approving the Authority's Policy on Covert Surveillance 2022-23 will secure adherence to the recommended best practice contained within the Codes of Practice. In particular, the Code of Practice – Covert Surveillance and Property Interference indicates that elected members should review the Authority's use of Part II of the Regulation of Investigatory Powers Act 2000 and set the policy at least once a year.

1.8 Appendices:

Appendix 1: Authority's Draft Policy on Covert Surveillance for 2022-23

1.9 Contact officers:

Emma Phillips, Interim Information Governance Manager/Data Protection Officer (0191 643 2333)

David Dunford, Senior Business Partner – Strategic Finance (0191 643 7027)

1.10 Background information:

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

[Employee Handbook: Use of Covert Surveillance, Covert Human Intelligence Sources and Communications Data](#)

Home Office Codes of Practice <https://www.gov.uk/government/collections/ripa-codes>

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

The provisions of the Policy can be implemented within the Law and Governance Service's existing resources.

2.2 Legal

The Policy has been prepared with reference to the relevant law and Codes of Practice. A number of Statutory Instruments and Codes of Practice published by the Home Office govern the operation of RIPA.

The Authority may only authorise directed surveillance where it is both necessary and proportionate to the investigation or operation being undertaken and to what is being sought to achieve in terms of evidence gathering. Senior Officers are appointed as Authorising Officers and have a key role in carefully scrutinising all applications for the use of RIPA powers under a specific authorisation.

Authorising Officers must ensure that authorisations are granted only in appropriate cases and that the extent of all authorisations are clearly set out.

The Authority cannot authorise intrusive surveillance under RIPA. Intrusive surveillance would involve placing an investigator on residential premises or in a private vehicle or allowing the use of an external surveillance device outside of the premises or vehicle that gives the same quality of information as if it was on the premises or in the vehicle.

The Policy, together with the Employee Handbook covers the procedures to be followed in seeking authorisations, maintaining appropriate oversight of the Policy and the central record of decisions.

2.3 Consultation/community engagement

The Policy is aimed at ensuring adherence to the best practice contained within the Codes of Practice and feedback from the Investigatory Powers Commissioner's Office as well as the law.

There is no duty on the Authority for public engagement of this statutory obligation, it is not in the public interest to consult and may have an adverse effect on the Authority's ability to offer an effective public service or to meet its wider objectives or purpose.

Internal consultation has taken place with officers with responsibility for the management and supervision of surveillance activity as well as the Regulation and Review Committee.

2.4 Human rights

Human rights implications are addressed within the report and the Policy. RIPA provides a framework under which surveillance activity can be authorised and conducted in a way that is compatible with the rights of individuals.

The Authority must also ensure that activity that falls outside of the RIPA regime is subject to careful scrutiny and authorisation to ensure that human rights are respected, and the activity is lawfully undertaken.

2.5 Equalities and diversity

There are no equalities and diversity implications directly arising from the report.

2.6 Risk management

The Authority's Policy and the procedures contained in the Employee Handbook are designed to ensure the Authority complies with the law and Codes of Practice and thereby reduce the risks associated with surveillance activity.

2.7 Crime and disorder

There are no crime and disorder issues arising directly from this report. As the main body of the report outlines, the policy provides a framework for the Authority to carry out surveillance operations into criminal matters with statutory protection from legal challenge.

2.8 Environment and sustainability

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

PART 3 - SIGN OFF

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

(October 2022)



North Tyneside Council

Covert Surveillance Policy

(Regulation of Investigatory Powers Act 2000) (RIPA)

1. INTRODUCTION

This is North Tyneside Council's Covert Surveillance Policy document. It sets out the adopted approach of the Authority to ensure that any surveillance activity undertaken by the Authority is conducted in a way that is compatible with the human rights of individuals, in particular the right to respect for private and family life (in accordance with Article 8 of the European Convention on Human Rights).

The aim of the Policy is to:

- Explain the Authority's arrangements for authorising surveillance activity;
- Direct Officers to the key sources of guidance to ensure compliance with the Policy;
- Give effect to the rights of citizens to respect for their private and family lives (pursuant to the Human Rights Act 1998);
- Protect the Authority from legal challenge when undertaking surveillance; and
- Assist the Authority in complying with the Codes of Practice, Regulations and Orders issued under the Regulation of Investigatory Powers Act 2000 (RIPA) and to meet the requirements of the Inspectors from the Investigatory Powers Commissioner's Office (IPCO).

2. POLICY STATEMENT

The Authority agrees that as a matter of policy:

- The Authority is committed to complying with:
 - (a) the Regulation of Investigatory Powers Act 2000 (RIPA) and the Codes of Practice issued under RIPA by the Home Office; and
 - (b) guidance supplied by the Investigatory Powers Commissioner's Office (IPCO);
- Surveillance that falls outside of the RIPA regime will be subject to the Non-RIPA authorisation procedure and central monitoring to ensure:
 - (a) the Authority has an overview of all surveillance activity it undertakes;
 - (b) such activity is appropriately scrutinised; and
 - (c) the rights of individuals are appropriately safeguarded.
- Relevant Officers shall receive sufficient training and guidance so as to reasonably ensure such compliance;
- Any Officer shall, if in any doubt about whether the legislation applies in a particular case or how to comply with it, seek guidance from an Authorising Officer and/or the Head of Law and Governance.

3. REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)

The Regulation of Investigatory Powers Act 2000 (RIPA) provides a framework under which covert surveillance activity can be authorised and conducted in a way that is compatible with the rights of individuals. Where RIPA is complied with it provides statutory protection from legal challenge to the local authority and for this reason it is often referred to as the "RIPA shield".

Three covert investigatory techniques are available to local authorities under RIPA:

- i. directed surveillance – covert surveillance of individuals in public places e.g. to tackle criminal activity;
- ii. covert human intelligence sources (CHIS) such as the deployment of undercover officers; and
- iii. the acquisition and disclosure of communications data such as telephone billing

information or subscriber details e.g. to tackle rogue traders.

The Authority will use RIPA authorised surveillance where appropriate in order to detect and prevent crime. Authorisation will only be given where the proposed surveillance is both necessary and proportionate.

The Protection of Freedoms Act 2012 requires local authorities to obtain the prior approval of a Justice of the Peace before the use of any one of the three covert investigatory techniques available as detailed above. An approval is also required if an authorisation to use such techniques is being renewed.

In each case, the role of the Justice of the Peace is to ensure that the correct procedures have been followed and the relevant factors have been taken into account. Approval can only be given if the Justice of the Peace is satisfied that:

- a) There were reasonable grounds for the Authority's Authorising Officer approving the application to believe that the Directed Surveillance or deployment of a CHIS was necessary and proportionate and that there remain reasonable grounds for believing so;
- b) The Authorising Officer was of the correct seniority within the organisation i.e. a Head of Service, Service Manager or equivalent in accordance with the relevant Regulations;
- c) The granting of the authorisation was for the prescribed purpose of preventing or detecting crime and satisfies the Serious Offence Test for Directed Surveillance (see below); and
- d) Any other conditions set out in any order under Part 2 of RIPA are satisfied (there are none at present).

In addition to the above, where the authorisation is for the deployment of a CHIS, the Justice of the Peace must be satisfied that:

- a) the local authority can ensure that there are officers in place to carry out roles relating to the handling and management of the CHIS as well as the keeping of records;
- b) Where the CHIS is under 16 or 18 years of age, the necessary requirements in relation parental consent, meetings, risk assessments and the duration of the authorisation have been satisfied. Note that the authorisation of such persons to act as a CHIS must come from the Head of Paid Service.
- c) Where the application is for the renewal of a CHIS authorisation, a review has been carried out by the local authority and the Justice of the Peace has considered the results of the review.

The provisions in relation to judicial approval make it clear that the Authorising Officer is not required to apply in person and there is no need to give notice to either the subject of the authorisation or their legal representatives. This reflects the covert nature of the exercise of the investigatory powers under RIPA. The Authority would be represented in any application to a Justice of the Peace by the Authority's Legal Service and the Authorising Officer.

There is no requirement for a Justice of the Peace to consider either cancellations or internal reviews of authorisations.

At all times the risk of obtaining private information about persons who are not subjects of the surveillance must be considered (collateral intrusion) and steps must be taken to avoid or minimise it.

Examples of investigations where it is envisaged that covert techniques may be utilised to enable local authorities to gather evidence and offer evidence in legal proceedings include:

- Trading Standards e.g. action against loan sharks and rogue traders, car fraud, consumer scams, deceptive advertising, counterfeit goods, unsafe toys and electrical goods; and
- Environmental protection e.g. action to stop large scale waste dumping, the sale of unfit food etc.

Serious Offence Test

Local authorities may only use the RIPA provisions to authorise surveillance activities in order to detect and prevent crime as defined by the Regulations. In particular the crime which is sought to be prevented or detected by the surveillance activity must be punishable, whether on summary conviction or on indictment, by a maximum term of at least 6 months of imprisonment, or would constitute an offence under sections 146, 147 or 147A of the Licensing Act 2003, section 7 of the Children and Young Persons Act 1933 and sections 91 and 92 of the Children and Families Act 2014. The latter are all offences involving sale of tobacco and alcohol to underage children.

4. NECESSARY AND PROPORTIONATE

The Authority may only authorise directed surveillance, CHIS or the acquisition of communications data where it is both necessary and proportionate to what it seeks to achieve. Senior Offices are appointed as Authorising Officers (or Designated Persons for communications data purposes) and have a key role to play in carefully scrutinising all applications. Authorising Officers/Designated Persons must ensure that authorisations are granted only in appropriate cases and that the extent of all authorisations are clearly set out.

5. COLLATERAL INTRUSION

Collateral intrusion is obtaining private information about persons who are not subjects of the surveillance. The risk of collateral intrusion must be considered and measures should be taken to avoid or minimise it.

6. NON-RIPA SURVEILLANCE

Surveillance activity which falls outside of RIPA, for example, monitoring of employees, does not benefit from the RIPA shield. When operating outside of the RIPA regime there is a greater risk of breaching an individual's rights or being successfully challenged.

The Authority via its Senior Responsible Officer retains a central register of Non-RIPA surveillance activity. Officers are required to take great care to appropriately record, authorise, monitor and scrutinise such activity.

The principles of proportionality and necessity and the requirement to avoid or minimise collateral intrusion also apply to Non-RIPA surveillance.

7. CLOSED CIRCUIT TELEVISION (CCTV) SYSTEMS

Overt surveillance via CCTV is covered by the Data Protection Act 2018 and not by RIPA. CCTV is subject to the Surveillance Camera Code of Practice under the Data Protection Act, which is overseen by the Surveillance Camera Commissioner.

Signage must be in place to inform the public when they enter zones covered by CCTV equipment.

A central record of all CCTV in buildings operated by the Authority is held by the Senior Responsible Officer.

If CCTV cameras are used for covert surveillance (whether by the Authority or the Police), a RIPA authorisation is required.

North Tyneside Council's CCTV control room operates cameras throughout the North Tyneside area. The Police may make formal written requests for surveillance of a target for which they have a RIPA authorisation. Confirmation by sight of this authorisation will be sought and a copy will be retained (redacted as appropriate) by the CCTV Control Room Co-Ordinator.

Employees using CCTV covertly must be aware of the possibility of collateral intrusion (invading the privacy of people other than the target) and take steps to avoid or minimise it.

The Protection of Freedoms Act 2012 makes provision for the further regulation of surveillance camera systems. These are defined as Closed Circuit Television (CCTV), Automatic Number Plate Recognition (ANPR) and other surveillance camera technology.

The Surveillance Camera Code of Practice also includes guidance in relation to the development or use of such systems, and the use and processing of information derived from them. The Code of Practice includes provisions about:

- considerations as to whether to use surveillance camera systems;
- types of systems or apparatus
- technical standards for systems or apparatus
- locations for systems or apparatus
- the publication of information about systems or apparatus
- standards applicable to persons using or maintaining systems or apparatus
- standards applicable to persons using or processing information obtained by virtue of systems
- access to, or disclosure of, information so obtained
- procedures for complaints or consultation

The Authority must have regard to the Code if they operate or intend to operate any surveillance camera systems covered by the Code.

Failure to adhere to the Code will not in itself render an organisation liable to legal proceedings, but the Code is admissible in civil or criminal proceedings. The Code could also be enforced by way of judicial review in the High Court.

The CCTV provisions in the Protection of Freedoms Act 2012 add a completely new layer of control over the use of CCTV by local authorities.

8. CORPORATE RESPONSIBILITIES

The Authority's Senior Responsible Officer (currently the Head of Law and Governance) has overall responsibility for RIPA.

The Senior Responsible Officer appoints Authorising Officers and Designated Persons. A list of Authorising Officers/Designated Persons is held with the Central Record. This list may change as required. Only Authorised Officers named in the list may authorise covert surveillance activities under RIPA. Only Designated Persons named in the list may authorise the acquisition of communications data. The Senior Responsible Officer may remove an Officer from the list where they consider it is appropriate to do so.

In particular, the Senior Responsible Officer ensures that:

- Only Officers who have received appropriate training on RIPA are permitted to become Authorising Officers/Designated Persons.
- Refresher training is provided as required and training records are maintained.
- Monitoring arrangements are in place in each Service to ensure that the Authority is meeting its obligations under RIPA, the Codes of Practice, and this Policy.
- Reviews of authorisation documentation take place to ensure that they are completed in accordance with the requirements of RIPA, the Codes of Practice and Authority guidance. Appropriate feedback is given to officers to ensure high standards are encouraged and maintained.
- The Central Record is maintained in accordance with the requirements of the Codes of Practice and Authority guidance.
- An up-to-date copy of this Policy and associated guidance is available to all relevant employees.
- An annual review of this Policy is undertaken and presented to Cabinet for approval, in addition to provision of monitoring information.

The RIPA Co-ordinating Officer (currently the Legal Manager – Governance and Employment) supports the Senior Responsible Officer in relation to the discharge of that role. The RIPA Co-ordinating Officer also monitors all authorisations and provides robust challenge to authorisations to ensure they meet the requirements of the law and this Policy.

Each Head of Service is responsible for ensuring effective and legally compliant systems and procedures are in place for surveillance work within their Service Areas in respect of any surveillance activity whether undertaken within or outside of the RIPA provisions.

The Senior Responsible Officer is also responsible for ensuring that:

- Relevant officers receive appropriate training on RIPA before undertaking investigations that include (or may include) Directed Surveillance, the use of a CHIS or the acquisition or disclosure of communications data.
- Refresher training is provided as required and training records are maintained and supplied to the Senior Responsible Officer.
- Authorisations are approved, reviewed, renewed, and cancelled by the Authorising Officer/Designated Person as necessary, and such actions are reported to the Senior Responsible Officer.
- Records and evidence obtained as a result of surveillance/investigation are kept and destroyed in accordance with Authority Policy.

All employees connected with surveillance and handling evidence are responsible for ensuring that they act only in accordance with their level of responsibility and training and in accordance with this Policy and associated documents.

9. GUIDANCE

The Authority's intranet has a surveillance page containing the key guidance documents, including this Policy, the Employee Handbook, the relevant Codes of Practice, a guide to completing RIPA forms and a link to the Home Office RIPA forms.

The Authority has prepared the 'Employee Handbook: Use of Covert Surveillance & Covert Human Intelligence Sources & Communications Data (Regulation of Investigatory Powers Act 2000 (RIPA))' to provide guidance to Authority Officers regarding the use of RIPA and the procedures that must be followed.

The Employee Handbook may be revised by the Senior Responsible Officer during the year to reflect changes in procedures or best practice.

All Authority Officers who may authorise or undertake surveillance work must read the Handbook and follow the procedures within it.

Authority Officers are encouraged to seek guidance on the procedures from the Authorising Officers/Designated Persons and the Senior Responsible Officer.

If Officers wish to undertake surveillance which falls outside of the RIPA regime they must seek appropriate authorisation. This is covered in the Employee Handbook. Information regarding surveillance (whether under RIPA or not) must be held centrally by the Senior Responsible Officer to enable the Authority to have an overview of all surveillance activities being undertaken.

10. COMPLIANCE AND OVERSIGHT

The Senior Responsible Officer will assess compliance with this policy and associated guidance. The Senior Responsible Officer may seek support from Internal Audit as appropriate.

A random sample of authorisations will be checked monthly by the Senior Responsible Officer and on receipt by the RIPA Co-Ordinating Officer and any incorrect or incomplete authorisations will be reported to the relevant Authorising Officer and Head of Service. In addition to the sample checks the Senior Responsible Officer will provide feedback and guidance to Officers as needed throughout the year.

Elected Members have a key role in setting policy and overseeing the use of RIPA within the Authority. Members do not make investigatory/enforcement casework decisions in relation to specific authorisations.

The Elected Mayor is designated to champion compliance with RIPA within the Authority processes. The Elected Mayor receives regular updates from the Senior Responsible Officer regarding the use of the Authority's powers.

The Senior Responsible Officer consults with members of the Regulation & Review Committee at least annually on the Authority's use of the powers but will also usually report the use of RIPA to the next available committee meeting. The Committee looks at compliance, oversight and use of RIPA. The Committee considers whether the policy remains fit for purpose and will recommend changes where appropriate for Cabinet's consideration.

Cabinet will receive an annual report upon the Authority's use of the powers and will set the policy for the following year.

The Authority has designated a Cabinet Member (currently the Elected Mayor) and a Senior Responsible Officer (currently the Head of Law and Governance) to champion and oversee compliance with this Policy and associated procedures. Each Head of Service is responsible for ensuring compliance with RIPA in their service area.

Cabinet will review the RIPA policy and the Authority's use of RIPA on an annual basis.

11. REVIEW OF THIS POLICY

The Senior Responsible Officer will review this policy and associated controls as follows:

- Annually.
- Following legislative changes.
- Following any recommendations received as a result of inspections and reviews undertaken by the Investigatory Powers Commissioner's Office.
- Following any major breach in compliance.

12. RECORD KEEPING

Authorising Officers must send the originals of all applications, reviews, renewals and cancellations to the Senior Responsible Officer for filing with the Central Record. In light of the confidential nature of the data original documents should be hand delivered and must be stored securely. Documentation must not be altered in any way following its completion. If any clarification is needed regarding the content of a document this must be done via a separate document which must be signed and dated.

All documentation received as a result of an authorisation must be handled and stored securely and in line with data protection principles.

13. DESTRUCTION OF MATERIAL

Any material obtained during covert surveillance that is wholly unrelated to the operation and where there is no reason to believe that it will be relevant to future civil or criminal proceedings will be destroyed immediately.

In North Tyneside Council the retention period for the central record and associated material is six years from the end of each authorisation or the conclusion of connected court proceedings (whichever date is last).

Where the retention period has expired, the authorisation and any other material obtained or created during the course of the covert surveillance under the unique reference number will be destroyed.

The Authorising Officer/Designated Person will be responsible for ensuring that all material held in the department relating to the unique reference number is destroyed.

The Authorising Officer/Designated Person will notify the Senior Responsible Officer that the retention period has expired, giving the unique reference number and authorise destruction of the material held in the Central Record of Authorisations.

All material to be destroyed will be treated as confidential waste.

Officers should also refer to the Authority's Record Retention Guidelines before destroying any document or evidence obtained under RIPA.

Further guidance on record keeping is available in the Codes of Practice.

14. TRAINING

The Senior Responsible Officer will train the senior managers responsible for overseeing and monitoring RIPA activities, all other employees involved in RIPA activities, and ensure that they understand this Policy.

The Senior Responsible Officer will keep a record of the training undertaken by employees.

15. CODES OF PRACTICE & RELATED AUTHORITY DOCUMENTS

The following Codes of Practice have been issued by the Home Office:

1. Code of Practice - Covert Surveillance and Property Interference
2. Code of Practice - Covert Human Intelligence Sources
3. Code of Practice - Acquisition and Disclosure of Communications Data

All employees involved in surveillance activities must have regard to and act in accordance with:

- the Codes of Practice;
- the Employee Handbook: Use of Covert Surveillance & Covert Human Intelligence Sources & Communications Data (Regulation of Investigatory Powers Act 2000) (RIPA); and
- instruction and guidance from Authorising Officers/Designated Persons and the Senior Responsible Officer.

The Employee Handbook includes appendices providing detailed guidance to assist in the completion of RIPA forms.

16. MISCONDUCT

All employees involved in RIPA activities will comply with this Policy. Failure to comply with this Policy may be dealt with as misconduct or gross misconduct under the disciplinary procedures depending upon all of the circumstances of the case.

17. COMPLAINTS

Any complaint made to the Authority will be dealt with in accordance with the corporate complaints procedure.

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North Tyneside Council Report to Cabinet Date: 28 November 2022

Title: Developer contributions governance

Portfolio(s): Deputy Mayor	Cabinet Member(s): Councillor Carl Johnson
Report from Service Area: Planning and Strategic Transport	
Responsible Officer:	John Sparkes, Director of Regeneration and Economic Development Tel: (0191) 643 6091
Wards affected:	All wards

PART 1

1.1. Executive Summary:

- 1.1.1. This report presents the Authority’s revised infrastructure list and updated development contributions governance arrangements. This is proposed for the Authority to continue to make best use of developer contributions that support growth and development and to ensure the borough continues to be an attractive, sustainable place to live and work.
- 1.1.2. Developer contributions are an important mechanism to support investment in infrastructure and are secured through either planning obligations entered into with developers under section 106 of the Town and Country Planning Act 1990 (commonly referred to as “section 106 agreements”), the payment of a levy by a developer under the Community Infrastructure Levy (CIL) or through agreements for the execution of works entered with developers under section 278 of the Highways Act 1980 (commonly referred to as “section 278 highway agreements”) . Their use is subject to legislative controls designed to ensure they are used fairly.
- 1.1.3. In March 2018 Cabinet adopted an update to the Authority’s Planning Obligations Supplementary Planning Documents (SPDs). The Planning Obligations SPD provides guidance for planning applicants on the circumstances in which planning obligations might be sought from developments across a range of different infrastructure needs.
- 1.1.4. In November 2018 full Council approved the Authority’s Community Infrastructure Levy (CIL) Charging Schedule and Cabinet approved the Infrastructure List associated with CIL.
- 1.1.5. A formalised developer contributions governance process was agreed by Cabinet in May 2018. This process outlined how the Authority would ensure decisions taken regarding section 106 planning obligations would be fair and reasonable and aligned with the priorities of the Mayor and Cabinet.

1.1.6. This process and the CIL charge have now been in place for over four years and have remained under continuous review to ensure they are effective and fit for purpose. In order to continue to ensure developer contributions are utilised to best support the sustainable development of the area this report considers some amendments to the Authority's Infrastructure List and developer contributions governance arrangements.

1.2. Recommendations:

It is recommended that Cabinet:

- (1) Approve the updated Infrastructure List 2022 included at Appendix 1 of this report, and
- (2) Approve the amended Developer Contributions governance process as set out at Appendix 2 of this report, and authorise the Director of Regeneration and Economic Development, in consultation with the Director of Resources, the Assistant Chief Executive and, the Deputy Mayor and the Cabinet Member for Finance and Resources to make any minor amendments to the process as necessary.

1.3. Forward Plan:

1.3.1. Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 28 October 2022.

1.4. Council Plan and Policy Framework

1.4.1. This report relates to the following priority in the 2021-2025 Our North Tyneside Plan through managing the process of securing the necessary infrastructure to support the delivery of development and the implementation of the Authority's Local Plan:

A thriving North Tyneside – In supporting the Local Plan's strategy for growth and economic investment

A secure North Tyneside – Particularly in assisting the Local Plan's strategy to tackle health and social inequality and delivery of affordable housing.

A family friendly North Tyneside – In managing the Local Plan's strategy for infrastructure provision including education, training and skills development.

A green North Tyneside – In enabling the Local Plans strategy for environmental protection, waste management, and promotion of sustainable transport.

1.5. Information:

1.5.1. Background

1.5.2. Developer contributions is the term used to refer to the Community Infrastructure Levy (CIL) and planning obligations "(commonly referred to as 'Section 106' or S106 contributions after Section 106 of the Planning Act). These are planning tools used to secure financial or non-financial contributions towards the provision of infrastructure to support and enable development and to mitigate the impact of development.

1.5.3. Within North Tyneside the framework for administering developer contributions is comprised of:

- *North Tyneside Local Plan 2017 (adopted by full Council, July 2017)* – the adopted Local Plan sets out the formal policy framework against which applications for development and their suitability can be considered. Development that conflicts with Local Plan policy may be able to remedy such conflicts if improvements to infrastructure are agreed.
- *Planning Obligations Supplementary Planning Document (adopted by Cabinet, 12 March 2018)* – this SPD provides further guidance to developers regarding the Authority’s expectations for s106 planning obligations. Section 106 Planning Obligations are secured through negotiation as part of individual planning applications. Regulation 122 of the Community Infrastructure Levy Regulations 2010 (as amended) requires a planning obligation to be:
 - Necessary to make the development acceptable in planning terms;
 - Directly related to the development;
 - Fairly and reasonably related in scale and kind to the development.
- *Community Infrastructure Levy Charging Schedule (CIL) (adopted by full Council, 22 November 2018)* – CIL is a fixed non-negotiable charge upon the floor area created by any liable development within North Tyneside. Monies raised through CIL are pooled into a single fund to help pay for identified strategic and local infrastructure. This infrastructure is identified in a CIL Infrastructure List (formerly a Regulation 123 List) which is published alongside CIL.
- *Community Infrastructure Levy Infrastructure List (former Regulation 123 List) (approved by Cabinet 19 November 2018)* – The Infrastructure List is a formal statement setting out the type of infrastructure or specific projects that the Authority intends to deliver through its CIL funds. The infrastructure included on an Infrastructure List is taken from the Authority’s Infrastructure Delivery Plan (2022 update included as a background document to this Report) and published through the Authority’s annual Infrastructure Funding Statement - prepared in accordance with Regulation 121A of the CIL Regulations 2010 (as amended).
- *Developer Contributions Governance Arrangements (adopted by Cabinet 14 May 2018)* – Following adoption of the Local Plan and Planning Obligations SPD, Cabinet agreed formal governance arrangement to agree the contributions to be sought from developers prior to the consideration of planning applications by the Planning Committee. These arrangements ensure planning obligations are aligned to the policy direction of the Mayor and Cabinet whilst still meeting the legislative tests to which they are subject.

1.5.4. Cabinet in March 2018 agreed the following authorisations (delegations previously made to the Head of Environment, Housing and Leisure and Head of Law and Governance are now the responsibility of the Director of Regeneration and Economic Development and Director of Resources respectively.):

- the relevant Chief Officer (now Director) or Head of Service to make representations to the Head of Environment, Housing and Leisure (as it then was) on contributions that they consider necessary to mitigate the impact of proposed developments in line with the policy objectives of the Elected Mayor and Cabinet;
- the Head of Environment, Housing and Leisure (as it then was), the Cabinet Member for Finance and Resources, the Deputy Mayor, other relevant Cabinet Members and the Head of Law and Governance (as it then was) to agree

appropriate contributions for consideration by Planning Committee to mitigate the impact of proposed developments;

- the Head of Commissioning and Investment in consultation with the Head of Finance to commission formal site viability assessments, such cost to be met by developers, where developers challenge the level of contributions sought by the Authority under a s106 agreement;
- the relevant Head of Service in consultation with the Head of Environment, Housing and Leisure, the Head of Finance, the Cabinet Member for Finance and Resources, the Deputy Mayor, other relevant Cabinet Members to deliver proposed infrastructure projects; and
- the Head of Environment, Housing and Leisure in consultation with Head of Finance, Head of Law and Governance, the Deputy Mayor and the Cabinet Member for Finance and Resources to make any minor amendments to the process (as set out in Appendix 1 to the Report of 14 May 2018) as necessary.

1.5.5. Each of the above arrangements have been in place for a number of years. This report details proposals to refresh the Authority's Infrastructure List, as part of the Infrastructure Funding Statement 2022, and amend the process associated with Developer Contributions governance arrangements approved in 2018.

1.5.6. Updating the Authority's Infrastructure List

1.5.7. The current Infrastructure List for North Tyneside is informed by the Infrastructure Delivery Plan 2018 (IDP 2018). This IDP 2018 identified 98 separate infrastructure projects or types and a total cost for their delivery of over £386m. From this evidence of infrastructure requirements, the Community Infrastructure Levy (CIL) was adopted. Alongside adoption of the CIL charge five key infrastructure projects or types were identified to be funded by CIL receipts:

- Secondary education.
- Health facilities.
- Suitable Alternative Natural Greenspaces.
- Community Facilities.
- Off-site walking and cycling connections associated with Murton Gap and Killingworth Moor.

1.5.8. The total estimated cost of delivering these infrastructure items in 2019 was some £33.5m. An index linked assessment of costs suggests this would have increased to over £35m. To date, total planning permissions granted since 2019 have secured in excess of £2.5m in CIL payments with approximately £300k received.

1.5.9. The IDP update has refreshed the Authority's understanding of infrastructure requirements in terms of updated costs and consideration of the most effective approach to utilising developer contributions to assist in the development of the area – in accordance with the purpose of CIL funds set out at Regulation 59 of CIL Regulations 2010 (as amended).

1.5.10. It is considered the findings of the updated IDP justify making amendments to the current Infrastructure List that was agreed by Cabinet in 2018. In making such changes the use of CIL must continue to be for the wider benefit of the Borough in supporting infrastructure needs arising from its growth and development.

1.5.11. *Secondary Education:*

The Local Plan establishes a potential need for secondary education provision at Killingworth Moor. Any additional secondary school spaces created would be as a result of overall pupil growth in the Borough and would benefit from flexibility to draw on funding from development across the Borough. It is therefore considered that secondary education remains a CIL infrastructure item and funds are directed to boosting secondary capacity as required.

1.5.12. *Health Facilities:*

The requirement for provision of new health facilities is ongoing. Discussions with the Clinical Commissioning Group has established an ongoing intention to explore options for provision of new GP practices in the Borough. This could include new services at Killingworth Moor strategic allocation. CIL provides significant flexibility for delivery of new facilities or enhancements when and where required to best meet health needs. It is therefore appropriate for health to remain a CIL item.

1.5.13. *Suitable Alternative Natural Green Space (SANGS):*

Provision for off sites SANGS as an infrastructure item reflected a need at the time of the Local Plan adoption to secure a wide range of measures to mitigate the potentially harmful impact of development upon the internationally protected Northumberland Coast Special Protection Area. In 2019 the Authority adopted the Coastal Mitigation Supplementary Planning Document (SPD). This SPD introduces a new tariff, in addition to CIL, for new residential accommodation. The tariff will be used to fund mitigation of the recreational impacts of development at the coast.

1.5.14. Use of CIL monies to provide SANGS is therefore no longer required. However, the need to make funds available to support coastal mitigation should remain under continual review – informed by the monitoring undertaken by Coastal Wardens.

1.5.15. *Community Facilities:*

1.5.16. Support for new or enhanced community facilities via CIL was proposed as a means of creating a pot of money for investment that can support neighbourhoods and communities. Whilst there are presently no specific projects identified that would draw on the Community Facility fund the potential use of CIL for such purposes is encouraged by government as a means of delivering benefits to the communities where development takes place. This is established through Regulation 59F(3) of the CIL Regulations 2010 (as amended) establish that for Authorities such as North Tyneside an element of CIL funds can be used for anything else – beyond defined infrastructure – that addresses the demands that development places on an area. Use of CIL monies to support Community Facilities is therefore proposed to be retained.

1.5.17. *Walking, Cycling and Wheeling Connections:*

1.5.18. The inclusion of off-site walking, cycling and now wheeling links to ensure connectivity of the strategic allocations of Murton Gap and Killingworth Moor were included in the Local Plan to provide the Council with a flexible source of funding to enhance such routes. Such provision remains a key priority for the Council and use of CIL funds for this purpose is proposed to be retained.

1.5.19. *(New Infrastructure Item) Sustainable Transport Connections:*

1.5.20. Engagement with the Highways and Transport Team has identified that CIL could provide a useful funding source to support investment in sustainable transport connections. This would be a new item of infrastructure open to CIL funding. It is proposed that the opportunity to utilise CIL funds in the way would have strategic benefits for the growth and development of the area. It will assist the Authority in its

programme for transport including priorities aligned with the North East Transport Plan, the North Tyneside Transport Strategy (and supporting documents) and the Action Plan to tackle the Climate Emergency.

1.5.21. (New Infrastructure Item) Strategic Highway Improvements:

Work with key infrastructure providers, applicants and the Highways and Transport Team since adoption of the Local Plan has highlighted the substantial costs arising in delivering some elements of new highway infrastructure required to support the delivery of the Local Plan. Where a strategic highway improvement has a wider role in supporting development of the Borough, CIL funding could be considered to assist their delivery.

1.5.22. Taking into account the above proposed changes a revised Infrastructure List as contained within the Infrastructure Funding Statement 2022, is included at Appendix 1 of this report.

1.5.23. Updating the Authority's Developer Contributions Governance Arrangements

1.5.24. In accordance with the delegated Authority and process agreed by Cabinet in May 2018; the process for defining and agreeing section 106 agreements and subsequent project delivery is managed through a section 106 sub-group of the Authority's Investment Programme Board (IPB). The membership of IPB is the most appropriate group to endorse decisions regarding developer contributions as the board that oversees the delivery of the Authority's capital programme once funding is established in the Authority's budget setting process.

1.5.25. The process of decision making was formalised in the May 2018 Cabinet report. This now requires amendment to ensure decision making regarding the monitoring and identification of CIL funded projects is appropriately reflected.

1.5.26. The revised process for Developer Contributions governance is included at Appendix 2 of this report.

1.6. Decision options:

1.6.1. The following decision options are available for consideration by Cabinet:

Option 1

Approve the recommendations as set out in section 1.2 of this report.

Option 2

Not to approve the recommendations as set out in section 1.2.

Option 1 is the recommended option.

1.7. Reasons for recommended option:

Option 1 is recommended for the following reasons:

The Authority has a duty to administer developer contributions in accordance with the relevant regulations and ensure appropriate funding is secured from development and directed in the most effective way to address the impacts and support the development of the area. The recommendations will extend the ability of the Authority to use CIL funds

effectively and improve the governance regarding developer contributions decision making.

1.8. Appendices:

Appendix 1 Infrastructure List, November 2022

Appendix 2 Developer Contributions Governance Process, November 2022

1.9. Contact officers:

Martin Craddock, Planning Policy Team Leader (07708 354066)

Jackie Palmer, Planning Manager (07711 425574)

David Dunford, Senior Business Partner (0191) 643 7027

1.10. Background information:

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

- (1) North Tyneside Local Plan, 2017_
<https://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/North%20Tyneside%20Local%20Plan%202017-2032.pdf>
- (2) Planning Obligations Supplementary Planning Document_
https://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/planning%20obligation_0.pdf
- (3) Coastal Mitigation Supplementary Planning Document_
<https://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/Coastal%20Mitigation%20SPD%20Final%20Document.pdf>
- (4) The Town and Country Planning Act 1990_
<https://www.legislation.gov.uk/ukpga/1990/8/contents>
- (5) The Town and Country Planning (Local Planning) (England) Regulations 2012 (legislation.gov.uk) (as amended)_
<https://www.legislation.gov.uk/uksi/2012/767/contents/made> and The Town and Country Planning (Local Planning) (England) (Amendment) Regulations 2017_
<https://www.legislation.gov.uk/uksi/2017/1244/made>
- (6) Planning Act 2008 <https://www.legislation.gov.uk/ukpga/2008/29/contents>
- (7) National Planning Policy Framework, 2021_
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1005759/NPPF_July_2021.pdf
- (8) Community Infrastructure Levy Charging Schedule, 2019_
<https://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/NTC%20CIL%20Charging%20Schedule.pdf>
- (9) Community Infrastructure Levy Infrastructure List (regulation 123 List), 2019_
https://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/Appendix%201%20CIL%20Regulation%20123%20List_0.pdf
- (10) Community Infrastructure Levy Regulations 2010 (as amended) [The Community Infrastructure Levy Regulations 2010 \(legislation.gov.uk\)](https://www.legislation.gov.uk/uksi/2010/1244/made)
- (11) North Tyneside Infrastructure Delivery Plan 2022 (TO ADD)
- (12) Cabinet Report of 14 May 2018 – Developer Contributions_
<https://my.northtyneside.gov.uk/sites/default/files/meeting/related-documents/3%20Planning%20Contributions%20Report.pdf>
- (13) Cabinet Report of 19 November 2018 – Community Infrastructure Levy_
<https://my.northtyneside.gov.uk/sites/default/files/meeting/agenda/ex%20cab%20for%2019%2011%202018.pdf>

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1. Finance and other resources

2.1.1. There are no direct financial implications arising from this decision.

2.2. Legal

2.2.1. The legal implications that arise from this report are dealt with in the body of the report.

2.2.2. In accordance with the Authority's Constitution Planning Committee approve or reject planning applications on behalf of the Authority, save for those which are delegated to officers. As part of the planning process, the Planning Committee may approve a planning application subject to the terms set out in a section 106 agreement.

2.2.3. The legal terms of any section 106 agreement or section 278 highway agreement are negotiated and agreed by legal officers and the developers' representatives following the Planning Committee's decision. under delegated authority.

2.3. Consultation/community engagement

2.3.1. Internal Consultation – review of the Authority's Infrastructure Delivery Plan and consideration of the Infrastructure List have been informed by discussion and engagement with officers across the Authority and with Members of the Local Plan Steering Group.

2.3.2. External Consultation/Engagement – discussions with external stakeholders have been taken into consideration in developing the review of the Infrastructure Delivery Plan and Infrastructure List. This has included discussion with developers and service providers on an ongoing basis since approval of the current infrastructure list.

2.4. Human rights

2.4.1. There are no human rights implications directly arising from this report.

2.5. Equalities and diversity

2.5.1. There are no direct implications for Equalities and diversity arising from this decision. The adopted Local Plan was subject to Equalities Impact Assessment which is regularly reviewed and continues to be applicable to implementation of the Local Plan.

2.6. Risk management

2.6.1. Risks associated with the management of planning obligations funding are monitored via the Authority's Risk Management process.

2.7. Crime and disorder

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

2.8. Environment and sustainability

2.8.1. There are positive implications for Environment and sustainability arising from this decision as the role of developer contributions can be to manage and enhance the environment and support sustainable development of the Borough. Sustainable transport and cycling connections in particular support the delivery of the Authority's Carbon Net-Zero 2030 Action Plan. The adopted Local Plan was subject to Sustainability Appraisal and Habitat's Regulation Assessment that considered the sustainability effects of each policy of the Local Plan.

PART 3 - SIGN OFF

- Chief Executive

- Director(s) of Service

- Mayor/Cabinet Member(s)

- Chief Finance Officer

- Monitoring Officer

- Assistant Chief Executive

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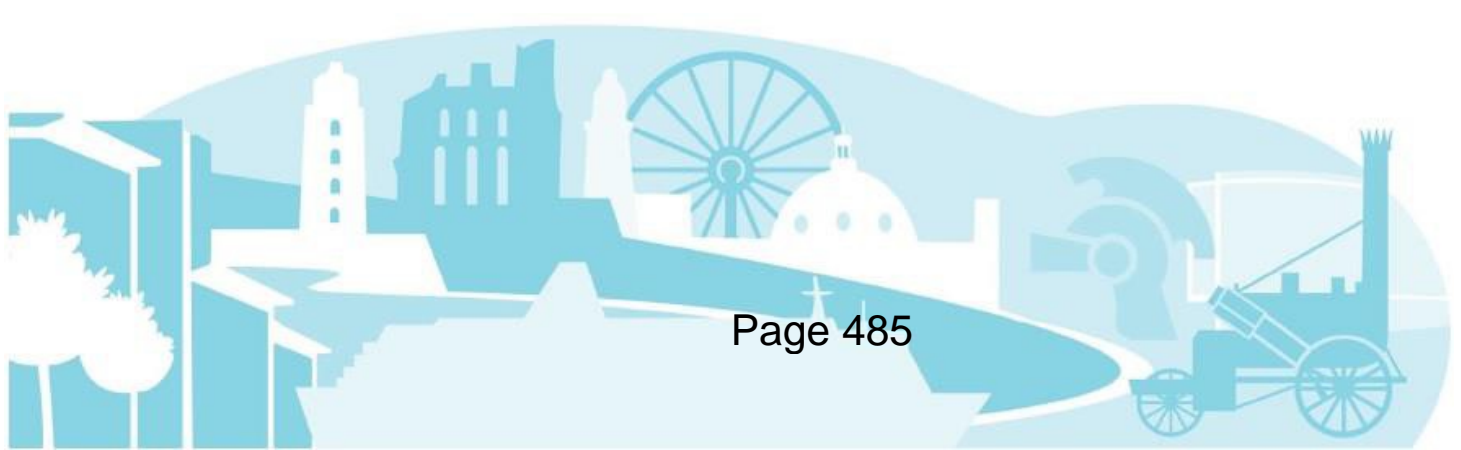
North Tyneside Community Infrastructure Levy

DRAFT : Infrastructure List



Working in partnership with
Capita

November 2022



1. Infrastructure List

- 1.1. The Infrastructure List sets out a list of those projects or types of infrastructure that the Authority intends will be or may be funded, in part or in full through the levy. The infrastructure defined in this list accords with the provision, improvement, replacement, operation or maintenance of infrastructure to support the development of its area. Additionally, the Authority may apply CIL to community orientated projects in accordance with Regulation 59F of the CIL Regulations 2010 (as amended).
- 1.2. This list will be kept up to date to take into account any changes in circumstances and / or infrastructure needs identified in the future. The Council can revise its Infrastructure List (as published within its Infrastructure Funding Statement in accordance with Regulation 121A of the CIL Regulations 2010 as amended) without revising the CIL Charging Schedule.

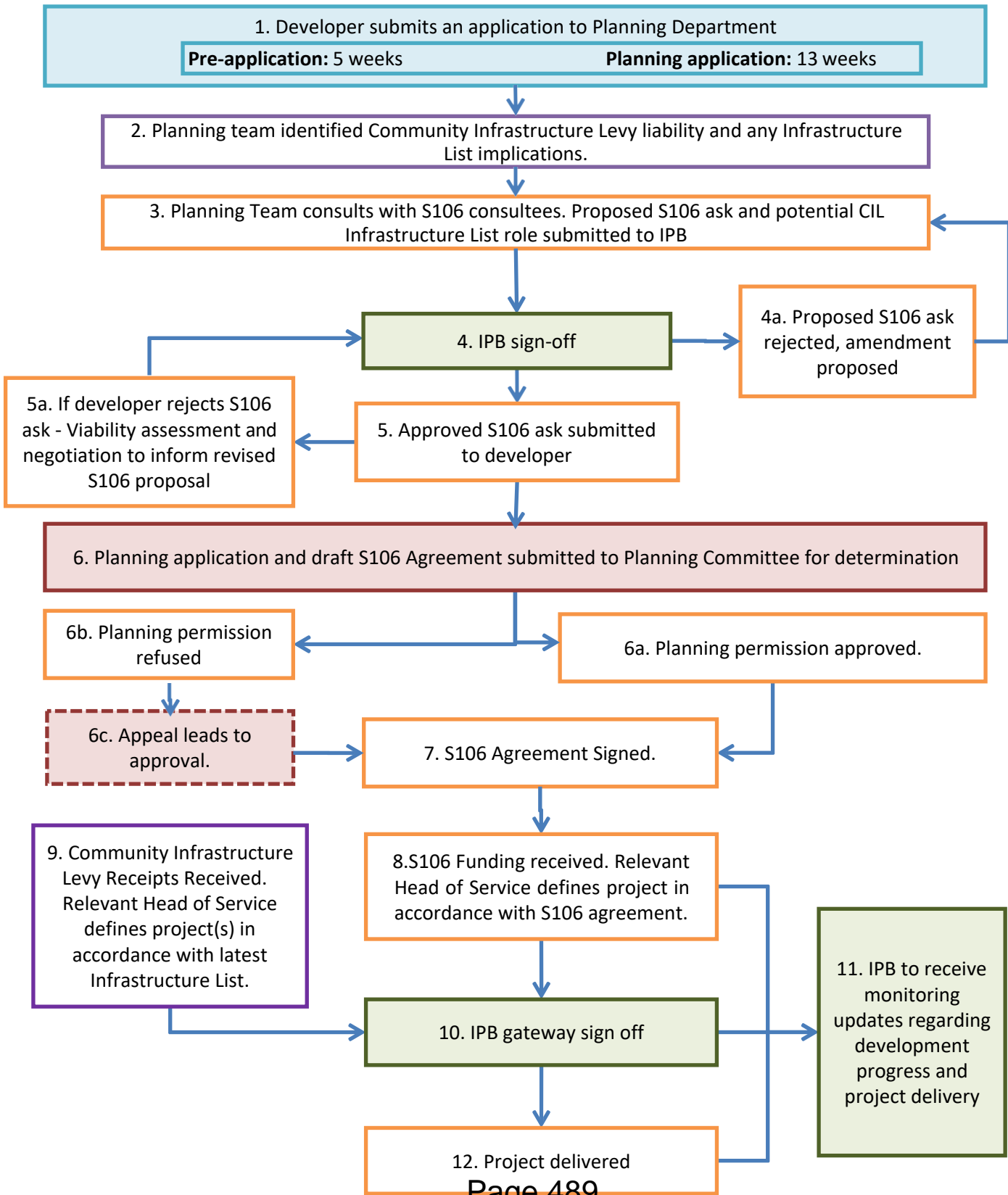
North Tyneside Council Community Infrastructure Levy Infrastructure List

Infrastructure Types
<p>Secondary School Age Education:</p> <p>To support additional secondary education capacity across North Tyneside new secondary school provision and capacity improvements to existing schools. Including costs of design, construction and purchase of land for building and site curtilage including site access, hard and soft landscaping and playing fields.</p>
<p>Health facilities:</p> <p>Support for the potential delivery of new premises for use as a general practice and as appropriate schemes to improve local resilience where patient list sizes demonstrate a requirement for investment.</p>
<p>Community Facilities:</p> <p>Multiple projects to support local resilience in community facilities and services that might support the wellbeing of a growing and aging population.</p>
<p>Walking and Cycling Connections:</p> <p>Critical, important and desirable off site connections associated with growth at Murton Gap and Killingworth Moor strategic allocations connecting to key locations and providing accessibility to existing communities.</p>
<p>Sustainable Transport Connections:</p> <p>Support for potential investment in strategic sustainable transport schemes including facilitating new or enhanced public transport services that would support the development of the area.</p>
<p>Strategic Highway Improvements:</p> <p>Support for potential investment in strategic highway schemes including facilitating or new or improved routes and junctions across the local and strategy highway network in the Borough.</p>



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Developer Contributions Governance Process, November 2022



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