



North Tyneside Council

Overview, Scrutiny & Policy Development Committee

Friday, 30 September 2022

Monday, 10 October 2022 0.01 Chamber - Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY **commencing at 6.00 pm.**

(The agenda for this meeting will consider items from the postponed meeting 14 September in addition to the Cabinet - Budget process 2023/24 report considered at its meeting 21 September 2022).

Agenda Item	Page
1. Appointment of Substitute Members	
To be notified of the appointment of any Substitute Members.	
2. Declarations of Interest and Dispensations	
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	5 - 8
To confirm the minutes of the meeting held on 13 June 2022.	
4. 2023- 2027 Financial Planning and Budget Process incorporating the Associated Engagement Strategy	9 - 76
To note a report outlining the process to be adopted for the Authority's	

Members of the public are entitled 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.

Agenda Item	Page
<p>5. Financial Planning and Budget and Engagement Strategy for 2023/24. Our North Tyneside Plan 2021-2025 Performance Report</p> <p>To provide an update on progress with delivering the updated Our North Tyneside Plan 2021-2025.</p>	<p>77 - 88</p>
<p>6. Efficiency Savings Programme: 2021/22 Quarter 4: Progress Report</p> <p>To note the update on the outturn of key 2021/22 projects and business cases within the overall Efficiency Savings Programme.</p>	<p>89 - 108</p>
<p>7. Efficiency Savings Programme: 2022/23 Quarter 1: Progress Report</p> <p>To note the update on the current progress of key 2022/23 projects and business cases within the overall Efficiency Savings Programme.</p>	<p>109 - 132</p>
<p>8. Cabinet Response to Overview and Scrutiny Home Care Study Group Report</p> <p>To note Cabinet's response to the actions/recommendations identified by the Home Care Study Group, which undertook an in-depth review of home care provision in North Tyneside on behalf of the Adult Social Care, Health and Wellbeing Sub-Committee of the Overview, Scrutiny and Policy Committee.</p>	<p>133 - 146</p>
<p>9. Cabinet Response to Economic Prosperity Sub-Committee Report on Green Skills for Retrofit Jobs</p> <p>To note Cabinet's response to the recommendations identified in the Green Skills for Retrofit Jobs report, produced by the Green Skills Sub-Group appointed by the Economic Prosperity Sub-Committee of the Overview, Scrutiny and Policy Development Committee</p>	<p>147 - 164</p>

Circulation overleaf ...

Members of the Overview, Scrutiny & Policy Development Committee

Councillor Mrs Linda Arkley OBE
Councillor Julie Cruddas
Councillor Muriel Green
Councillor Janet Hunter (Chair)
Councillor Jim Montague
Councillor Erin Parker-Leonard
Councillor Willie Samuel
Councillor Matt Wilson

Councillor Debbie Cox
Councillor Davey Drummond
Councillor Margaret Hall (Deputy Chair)
Councillor Joe Kirwin
Councillor Andy Newman
Councillor Matthew Thirlaway
Councillor Judith Wallace

Ms Fiona Burton, Parent Governor Representative
Mr Stephen Fallon, Church Representative
Rev Michael Vine, Church Representative

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Overview, Scrutiny & Policy Development Committee

Monday, 13 June 2022

Present: Councillor Janet Hunter (Chair)
Councillors L Arkley, D Cox, M Hall, J Kirwin, A Newman,
E Parker-Leonard, M Thirlaway, J Wallace and M Wilson.

In attendance:
Councillor Sandra Graham
S Fallon – Church Representative
Rev M Vine – Church Representative

Apologies: Councillors J Cruddas, D Drummond, M Green,
J Montague and W Samuel

OV1/22 Appointment of Substitute Members

Pursuant to the council's constitution the appointment of the following substitute Member was reported: Councillor J O'Shea for Councillor J Montague.

OV2/22 Declarations of Interest and Dispensations

There were no Declarations of Interest.

OV3/22 Minutes

Resolved that the minute of the meeting held on 14 March 2022 be agreed.

OV4/22 North Tyneside Scrutiny Review - update

The Committee received a verbal update in relation the recent review of the Authority's Scrutiny Function by the Centre for Governance & Scrutiny (CfGS).

The review took place during March 2022 and undertaken by two experienced independent representatives of the CfGS. There were 59 interviews undertaken with a range of Members who had Scrutiny and Executive responsibility, in addition to interviews with key officers. The review also made an appraisal of the key scrutiny documents such as agenda, report, minutes and work programmes.

The review looked at the Authority's;

- Culture
- Member Engagement
- Member Skills
- Information Sharing
- The Impact of Scrutiny
- The focus scrutiny has in its work programmes; and
- The structure of Scrutiny in North Tyneside.

The Committee was informed that a preview report had been received that highlighted findings and that the results would be presented to all council Members once the comprehensive Scrutiny Report had been received.

It was also the intention that a Member Development workshop would be established to enable Members to shape and improve how scrutiny is conducted in North Tyneside.

Members expressed that they were keen to receive the findings of the review and that any recommendations for implementation be closely monitored.

Agreed to that North Tyneside Scrutiny Review update be noted.

OV5/22 Parking Strategy

The Committee received a report and new proposed Parking Strategy following its recent review.

It heard that following Members' feedback received through surveys and workshops, the Cabinet Member for Environment requested the review, with the aim to improving the current parking restriction request process and increase communication between Members and officers.

The Committee received an explanation to what improvements were proposed with the associated rationale that included a new monthly members update.

The Committee raised points in relation to:

- The new permit classification for a Leisure Club and the possibility similar permit to be available to for Faith Buildings.
- Concern was raised that some TM3 permits were allowed to park in TM1 which it was believed creates ongoing parking issues.
- Concern in relation to business permits use.
- The potential use of a commercial operator carpark in Whitley Bay Town centre.
- That members receive information in the use of the Monthly Members update at their induction training.

Officers and the Cabinet Member for Environment were in attendance and responded to questions.

Agreed that the Parking Strategy proposals be noted.

OV6/22 Storm Arwen Task & Finish Group report

The Committee received a report that informed the findings and recommendations of the Storm Arwen Task & Finish Group. The group had been established following the Full Council meeting that took place on the 20 January 2022, where a Motion was agreed that a cross party inquiry take place into the handling of the Storm Arwen event by North Tyneside Council.

The Chair informed the Committee at the outset that the report had been slightly amended and the amended report had been circulated for acceptance to all Task & Finish group members before it could be considered at the Overview, Scrutiny & Policy Development Committee.

To guarantee transparency the Committee was informed of the rationale to each amendment. It was emphasised and demonstrated that there was no material change to the original findings and the amendments were made to provide greater clarity.

Members stated that the report provided reassurance to the Authority's ability to respond emergency events such a storms and expressed gratitude to all the officers who worked in the response and the recovery of the series of winter storms.

Agreed that the Storm Arwen Task & Finish Group report be noted and to be forwarded to Full Council for consideration.

OV7/22 Work programme 2022/23

The Committee received draft work programme to the areas of business it would be involved through the year.

Members of the Committee were invited to raise suggestions for further areas and any suggestions were to be considered at the Scrutiny Chairs/Deputy Chairs meeting arranged for the 20 June 2022.

The Committee was informed that arrangements were ongoing to plan for the programming of the Budget Scrutiny in line with the process undertaken in previous years.

Members raised suggestions on the following:

- The increase in Anti-social Behaviour and the Authority's response
- The Care sector workforce

Agreed that the Work programme 2022/23 be noted and the suggested areas for scrutiny raised be forwarded to the Scrutiny Chairs/Deputy Chairs meeting arranged for the 20 June 2022 for consideration.

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**Overview, Scrutiny & Policy Development
Committee 10 October 2022**

Cabinet Report 19 September 2022

**2023-2027 Financial Planning and Budget Process
incorporating the Associated Engagement Strategy**

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North Tyneside Council

Report to Cabinet

Date: 19 September 2022

Title: 2023-2027 Financial Planning and Budget Process incorporating the Associated Engagement Strategy

Portfolio(s): Elected Mayor Deputy Mayor Finance and Resources Housing	Cabinet Member(s): Norma Redfearn Councillor C Johnson Councillor M Rankin Councillor J Harrison
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Report from Service Area: Finance

Responsible Officer: Jon Ritchie, Director of Resources **Tel:** (0191) 643 5701

Wards affected: All

PART 1

1.1 Executive Summary

1.1.1 This is the initial report to Cabinet outlining the process to be adopted for the Authority's Financial Planning and Budget process for 2023/24 as part of the proposed framework for the four years 2023/24 to 2026/27. Further reports will follow as part of the process of setting the Authority's Budget for the financial year 2023/24. The next report to Cabinet will be on 28 November 2022 and will outline Cabinet's initial Budget proposals.

This report sets out information in relation to the proposed 2023-2027 Financial Planning and Budget process, including key decision milestones. This will include:

- A review of the Medium-Term Financial Strategy (MTFS) and Medium-Term Financial Plan (MTFP);
- Development of the detailed General Fund and Housing Revenue Account Budgets for 2023/24;
- An update of the Investment Plan and the Treasury Management Strategy; and
- The Budget Engagement Strategy to be adopted as part of the 2023-2027 Financial Planning and Budget process.

1.1.2 While this report forms an important part of the Authority's Budget-setting process for the 2023/24 Budget, it also provides Cabinet with an overview of the potential financial implications for both the current year and for the period of the Authority's Medium-Term Financial Strategy (MTFS).

- 1.1.3 In addition, this report acknowledges the continuing exceptional circumstances in which the 2023/24 Budget will need to be prepared. The Authority is continuing to operate in a period of significant financial uncertainty brought about by a combination of the ongoing impact of the pandemic, significant high levels of inflation which is impacting energy and fuel costs and the outcome of the pay award for 2022/23 and future years. The Authority is currently assessing the impact of the financial implications of the reforms in relation to Adult Social Care, which will undoubtedly add to the financial pressure which the Authority faces in 2023/24 and future years.
- 1.1.4 All of these factors will have an impact on the organisation's ability to achieve planned Budget savings and income for 2023/24, its capacity to develop and deliver new Budget proposals for 2023/24, and on the wider Budget position, which is the subject of extremely high levels of uncertainty. The report sets out details of a proposed Budget planning process for 2023/24 but recognises that there will be a need for flexibility. In this context, the report also provides a summary of key areas of wider risk and uncertainty for Cabinet to consider.

1.2 Recommendations

It is recommended that Cabinet:

- (a) notes the revised Medium-Term Financial Strategy and the proposed principles for Budget planning for 2023/24, as set out at Appendix A and section 1.5.11;
- (b) approves the proposed outline 2023-2027 Financial Planning and Budget process which incorporates the key decision milestones and dates, as set out at Appendix B;
- (c) recognises that there may be a requirement for flexibility within both the Budget-setting process and the assumptions used, as a result of future Government announcements and other developments relating to current and forecast inflation levels, the pay award and the ongoing financial impact of the pandemic;
- (d) approves the Budget Engagement Strategy as part of the 2023-2027 Financial Planning and Budget process as set out at Appendix C; and
- (e) considers the key Budget risks and uncertainties as set out in the Medium-Term Financial Strategy, including the implications of announcements made at the Spring Budget 2022 and subsequently as part of the COVID-19 response.

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 8 July 2022.

1.4 Information

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 Budget. The constitutional requirements for preparing, considering and approving the Budget drive the timetable for the Financial Planning and Budget process.

- 1.4.2 The development of the Budget will follow the process laid down in the Authority's Constitution. 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 the Budget is considered as part of preparing the Annual Governance Statement to Council each year.
- 1.4.3 The priorities in the Council Plan (the "Our North Tyneside Plan") provide the strategic policy framework within which Budget resources will be allocated for 2023-2027.

Background

- 1.4.4 The Authority is continuing to operate in a period of significant financial uncertainty brought about by a combination of the ongoing impact of the pandemic, significant high levels of inflation which is impacting energy and fuel costs and the outcome of the pay award for 2022/23 and future years. Currently there continues to be significant uncertainty in relation to funding levels for 2023/24 onwards, although the Authority is aware that a rollover settlement is likely.

Cabinet should also note that at the time the Authority's Budget and Medium-Term Financial Plan was set in February 2022 it would have been impossible to anticipate or make provision for either the economic impact of the Russian invasion of the Ukraine, or the wider cost of living crisis that has emerged in recent months. As the Budget process progresses the impact of this and other factors as described above will need to be accounted for, and therefore it remains essential for the Authority to have a robust plan in place to enable the preparation of a balanced and sustainable Budget.

This report therefore sets out the process by which the Authority will build on the 2022/23 Budget to develop the detailed financial plans for future years, which will secure the Authority's financial position and safeguard the provision of essential services into 2023/24 and beyond.

- 1.4.5 The former Chancellor of the Exchequer, Rishi Sunak, delivered the Spring 2022 Budget on 23 March 2022. There were limited announcements which will impact on the Authority's budget position directly, although there were some measures which will require administration by local authorities including an extension of the Household Support Fund from April 2022 (a further £500m nationally) and various business rates changes. Full details of the key economic forecasts and key policy announcements made in the Spring Budget are included within the Medium-Term Financial Strategy which is appended to this report.
- 1.4.6 Alongside the Spring Statement, the former Chancellor published a "Tax Plan" setting out a three-part plan to strengthen the economy over the remainder of the Parliament. It is intended to:
- help families with the cost of living;
 - support growth in the economy, and
 - ensure the proceeds of growth are shared fairly.

The Authority will need to respond to any specific consultations arising from the Tax Plan as they are published and will consider the detailed implications of the Spring Statement for the Authority's 2023/24 Budget as it is developed.

- 1.4.7 As in recent years, the Authority will not receive detailed information about funding allocations for 2023/24 until autumn 2022 at the earliest. Ongoing uncertainty continues

around local government and wider public sector finances including the need for a long-term financial settlement for local government. Spending review announcements in 2021 covered one year only and as a result there remains high uncertainty about the levels of funding for 2023/24 and beyond. For 2022/23 a new one-off “Services Grant” was announced which partially funded the additional 1.25% employers National Insurance contributions which form part of the reforms of Adult Social Care. Continuation of this grant has yet to be confirmed although the Authority’s Medium-Term Financial Plan assumes the funding will reduce by 50% in 2023/24.

1.4.8 Cabinet will be aware that it remains a major concern that the Government continues to place significant reliance and expectations on locally raised income. If this trend persists the financial pressures for 2023/24 and beyond may become unsustainable. 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 allowed local authorities to raise additional income to support the rising costs of providing Adult Social Care by way of levying a precept for Adult Social Care, 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 Governments 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.

1.4.9 Any consideration of the Authority’s Medium-Term Financial Strategy and Medium-Term Financial Plan must be undertaken in the context of the funding outlook and risks for local government and what that means for the Authority. Full details of the funding outlook for local government are included in section 3 of the Medium-Term Financial Strategy.

1.4.10 The current Medium-Term Financial Plan (MTFP) covers the period to the end of 2025/26. Whilst there continues to be a great deal of financial uncertainty, recommended practice suggests that due consideration is given not only to the short-term but to how the Authority will continue to finance its activities in the medium-term. It is therefore recommended at this stage that the MTFP covers the four-year period 2023/24 to 2026/27.

1.5 Policy Context

Council Plan 2021-2025

1.5.1 The Council Plan was refreshed following the mayoral election in May 2021. The updated Council Plan was approved by Full Council on 23 September 2021. The Council Plan reflects the current policy priorities of the Elected Mayor and Cabinet for the next four years and the future vision of North Tyneside in the following five themes:

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

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

A thriving North Tyneside

- We will regenerate the high streets of North Shields and Wallsend, and 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 sustain and grow, 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; and
- We will review how the council 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 social care services, events and facilities so North Tyneside is a great place for family life; and
- We will ensure all children are ready for school and that schools have an inclusive approach so that all of our children and young people have 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, carers and young carers and the essential work they do; and
- We will work to reduce inequality, eliminate discrimination and ensure the social rights of the people of North Tyneside are key to council decision making.

A secure North Tyneside

- Council wardens will work in partnership with Northumbria Police to prevent and tackle all forms of antisocial behaviour;
- We will invest an additional £2m per year on fixing our roads and pavements;

- We will maintain the Council Tax support scheme that cuts bills for thousands of low-income 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 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; and
- We will publish an action plan of the steps we will take and the national investment we will seek to make North Tyneside carbon net-zero by 2030.

Review of the Medium-Term Financial Strategy (MTFS) and Medium-Term Financial Plan

- 1.5.2 In line with the principles agreed with Cabinet for setting the annual Budget, an initial review of the Medium-Term Financial Strategy (MTFS) has been performed. The revised MTFS is included as Appendix A to this report.
- 1.5.3 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 devastating 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 this report 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.

The Authority's financial planning had largely assumed that COVID-19 pressures would abate in line with the withdrawal of Government support. However, as reported to Cabinet in May in the Budget Monitoring report, the Authority continues to feel the financial effects of the pandemic in relation to both the continued levels expenditure supporting post pandemic Service needs and income for some Services have yet to reach pre-pandemic levels. The Authority did carry forward COVID grants which have been used to smooth the financial position in 2022/23, however, 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 relating to the pandemic. 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 are already looking ways this risk can be mitigated and reduced as the Budget-setting process progresses.

- 1.5.4 As described in section 1.4.7 above, funding announcements are not expected until the Autumn 2022. Whilst a multi-year settlement is welcomed and will give local authorities some degree of certainty, until the details are released Budget planning for 2023/24 remains extremely challenging.

The impact of the pandemic is having far-reaching consequences and has required an adjustment in both organisational priorities and ways of working. The pandemic has undoubtedly caused long term changes to a number of the Authority's services, particularly in respect of joint working, public expectations, levels of demand, and the underlying cost base. Services such as children's and adult social care have seen a significant impact from the pandemic, affecting service delivery, demand, and ways of working across almost all areas of the business.

- 1.5.5 Legislation, policies and practices have all seen changes in the previous months; consolidating these and responding to further changes in future will be crucial. In addition, 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 MTFS position therefore incorporates prudent assumptions about these income streams, which will need to be reviewed over the course of the Budget-setting period.
- 1.5.6 Finance officers have worked through a range of assumptions and the potential gap between available resources and anticipated expenditure for the General Fund across the next 4 years could be anywhere between £30m to £50m.
- 1.5.7 The Authority has previously agreed a set of principles as part of the process to develop the Budget. The majority of those principles remain relevant for Budget-setting for 2023/24 and for the MTFP. However, it is important that there is a clear understanding of the work that will need to be undertaken in the lead up to Cabinet presenting its initial Budget proposals in November 2022. It has therefore been necessary to revise the approach to preparing the Budget for 2023/24 and the MTFP.

Where appropriate, the principles set out below provide more detail of the how the work will be undertaken. This will give a clear focus on financial planning priorities over the coming months in order to produce a balanced Budget in 2023/24 and achieve financial balance over the medium-term.

- 1.5.8 The underlying aim is to ensure that the Authority can continue to deliver the Council Plan, and do this within the available resources:
 - 1) The overall financial strategy will be to ensure that the Authority's resources are directed to achieving the Council Plan and associated outcomes. The Authority's strategy will be reviewed on at least an annual basis;
 - 2) Overall, Authority spending should be contained within original Budget estimates. If, following monthly budget monitoring, Service budgets are projected to exceed original estimates, plans should be prepared setting out the actions required to ensure spending at the end of the year does not exceed original estimates;
 - 3) In preparation for setting the 2023/24 Budget all services will be required to take part in Budget Challenge sessions during July and August;
 - 4) In order to inform further revisions of the 2023/24 Medium-Term Financial Strategy, there will be a fundamental review of the assumptions relating to:
 - a. Council Tax and Business Rates planning;
 - b. forecast delivery of planned 2022/23 savings programmes and viability of previously planned savings;

- c. cost and income pressures, including unfunded pressures resulting from the impact of inflation and the residual impact on expenditure and income relating to COVID-19;
 - d. any further Government funding announcements for 2022/23 and future years; and
 - e. Seek to identify proposals to begin to address future years, reflecting need for longer-term planning.
- 5) Options to address any shortfall in savings to close the 2023/24 Budget gap will include:
 - a. The Government providing additional funding;
 - b. Corporate / centrally identified savings opportunities;
 - c. Services identifying further savings; and
 - d. A freeze on all non-essential expenditure and recruitment.
 - 6) The Authority will maintain its General Fund Balance at a minimum level of £7.000m at the end of each year, subject to a risk assessment as part of the annual Budget-setting process;
 - 7) The Authority will aim to balance its revenue Budget over the period of the Medium-Term Financial Plan without reliance on the use of the General Fund Balance. The MTFP will cover the period 2023/24 to 2026/27;
 - 8) The Authority will plan for any changes to specific grants/interim funding/financial settlement/legislation;
 - 9) The Authority will maintain earmarked reserves for specific purposes which are consistent with achieving its key priorities. The use and level of earmarked reserves will be reviewed at least annually;
 - 10) Opportunities for working in collaboration and partnership and for different ways of working will be identified and developed where this will support the delivery of the Authority's outcomes and improve service efficiency and delivery. This will include the use of wellbeing powers/general power of competence, development of trading opportunities and different business models, and the sourcing and securing of external funding;
 - 11) The Authority will consider the use of prudential borrowing to support capital investment to deliver the Council Plan and will ensure that the full costs of borrowing are taken into account when investment decisions are taken;
 - 12) The Authority will aim to promote and stimulate strong and sustainable economic growth leading to wellbeing and prosperity for residents and communities, supported by a planned approach to strategic investment managed through the Authority's Investment Plan. A full review of the investment plan will be undertaken to ensure all planned investment is prudent, affordable and the Authority continues to deliver value for money;
 - 13) The Authority will continue to review its strategic assets to maximise the potential to release value for strategic re-investment and to ensure that asset requirements are aligned to the delivery of services across the Borough;
 - 14) The Authority recognises the impact of increases in Council Tax levels and fees and charges on our residents, many of whom are struggling on relatively low

income and low wealth and will therefore balance the need for increases against the delivery of the Our North Tyneside Plan and demand for services. This will include the consistent application of an agreed fees and charges policy;

- 15) The Authority will continue to consider business risk in all decision-making process and, alongside this, will ensure that resources are aligned to reduce any material financial risk to the Authority; and
- 16) The Authority will continue to review its Treasury Management Strategy and the efficient management of debt on an annual basis, with an ongoing focus on delivering safe stewardship.

Housing Revenue Account (HRA)

- 1.5.9 As the Authority started to emerge from what has been an unprecedented time of uncertainty due to the pandemic, it has now entered into a new period of uncertainty due to inflationary pressures not experienced since the 1980s brought about by a combination of factors primarily but not solely linked to the conflict in Ukraine. This has brought with it new challenges in terms of finding it difficult to source certain materials such as steel which are key to our Construction and Repair objectives. Again, this requires us to be flexible and resourceful to ensure the Authority can deliver the levels of investment necessary to maintain the Authority's existing housing stock, and in continuing to develop plans to build new ones. These issues will be key factors which will need to be built into modelling assumptions for the refresh of the 30-year HRA Business Plan, along with any other trends nationally, as the UK struggles to avoid falling into a period of recession and stagflation.
- 1.5.10 The Authority's Housing and Property Service continues to develop and evolve and ensure it aligns to the Our North Tyneside Plan, delivering value for money to both the General Fund and the HRA and making the best use of available resources across repairs and capital works to improve and deliver the best possible services to the Authority's customers. The service continues to invest additional resources into new build housing, and to match tenant priorities within the housing repairs budget by maintaining the current focus on improving empty homes standards and carrying out property health checks. The main targets for the Service remain to ensure that the key priorities of delivering excellent, flexible and value for money services are achieved.
- 1.5.11 2022/23 saw the third year of rent increases following the end of the 4-year 1% per annum reduction enacted by Government via the Welfare Reform and Work Act 2016. From April 2020 rent policy returned to being based on increases of Consumer Prices Index (CPI) + 1% per annum for at least the next 5 years in order to try to give housing authorities greater planning certainty. This saw a rent increase of 2.7% for 2020/21, an increase of 1.5% for 2021/22, and a rent increase of 4.1% in 2022/23 as CPI started to rise in line with a new period of economic uncertainty, and a return to levels of inflation not seen for decades. This up-turn in inflation has continued apace in 2022/23 and has seen CPI inflation levels surge past 10%, with many economic experts predicting that inflation may rise further by the end of the year, particularly as there is no apparent end in sight to the conflict in Ukraine.

The long-term Government target and assumption in the Business Plan for CPI inflation remains at 2% per annum, which would bring it back to a 3% per annum rent increase. However, 2023/24 is going to be a very difficult year in terms of determining the rent increase to be applied in the current climate. Currently the pension "triple-lock" remains in place which would see pensions increase by CPI whatever that rate was, and

similarly the Authority waits to see if Universal Credit and benefits will also be linked to CPI.

Whilst this could be argued that most tenants could have the additional resources to meet the increase, that ignores the reality of the increased cost of living that most of the Authority's residents are facing, with a particular squeeze on those in work, but who are just above the benefit threshold levels or those in work and already needing welfare support.

- 1.5.12 This remains a key area for refreshing the Business Plan as we move into the next budget round, September CPI will be announced in October that is the starting point for next year's rent increase. The Government had stated that for at least 5 years from 2019/20 rents would remain based on CPI, to give authorities more certainty around longer-term financial planning, but what the Authority does not know as yet is whether the Government will feel it necessary to alter this policy again because of the current economic climate, as they did with the 4-year rent decrease. There will inevitably be an element of wait and see to some extent to see if the Government steps in to prescribe what we do in this area.
- 1.5.13 To maximise the options available to Cabinet a range of Business Plan scenario modelling will be undertaken, to try and determine an optimal path through the current situation, which will look to match aspirations in terms of levels of investment in services and assets with different outcomes in terms of the resources available to fund those aspirations.
- 1.5.14 Cabinet can continue to consider options for future HRA capital investment funded by increased borrowing in accordance with the principles of the Prudential Code. Consideration of such options available as part of the 2022/23 Budget process, determined that the existing approach to debt management and repayment should be maintained in relation to the HRA. As already alluded to above the current economic situation and cost of living crisis may necessitate further scrutiny of some of these options, and the authority's overall approach to debt management as part of the business plan refresh and Budget-setting process for 2023/24.
- 1.5.15 The impact of the changes as outlined above will need to be considered as part of the updating of the 30-year HRA Business Plan, which aims to ensure the long-term viability of the HRA in line with the policy direction of the Elected Mayor and Cabinet and the needs of tenants. Considering the significant current challenges facing the authority and the country, the options available to Cabinet will be reported as part of the HRA Budget proposals which Cabinet will receive in November. For the purposes of the current Financial Planning and Budget process, a four-year revenue plan will be updated and presented in line with the principles adopted for the General Fund.

Investment, Prudential Borrowing and Treasury Management

- 1.5.16 The Capital Investment Strategy is the policy framework document that sets out the principles to guide the effective allocation of capital investment across all the Authority's Services and informs decisions on capital spending priorities within the Authority's Investment Plan. Investment priorities are considered in the context of the strategic objectives of the Our North Tyneside Plan and other key strategies and plans of the Authority. The Ambition for North Tyneside report, adopted by Cabinet on 26 November 2018 and updated annually, articulates the Elected Mayor and Cabinet's ambition for North Tyneside and explains in more detail their future ambitions for each part of the Borough. Delivery of these plans sets the challenge of meeting competing priorities

against limited financial resources. It is intended that a borrowing ceiling will be applied for the Authority in terms of both borrowing requirements and revenue costs.

- 1.5.17 The Authority's capital investment plans are set out in the Investment Plan, with the latest approved programme covering the period 2022-2027. The effective use of capital resources, including asset management, is fundamental to the Authority achieving its medium and long-term strategic objectives. Capital investment has a significant impact upon the local economy and the way in which the Authority can deliver its services, helping to ensure that the Authority can continue to provide the best possible services and outcomes within North Tyneside.
- 1.5.18 Any capital investment decision will have implications for the Budget. The revenue costs over the lifetime of each proposed capital project are considered when the project is being developed to ensure that the impact can be incorporated within the Authority's financial plans and to demonstrate that the capital investment is both affordable and sustainable. Revenue implications may include the costs associated with supporting additional borrowing as well as any changes to the running costs associated with the asset or wider benefits to the Authority, such as the delivery of ongoing revenue savings or additional income through the generation of Business Rates, Council Tax or energy revenues.
- 1.5.19 The 2023-2027 Financial Planning and Budget process will include a review of the current Investment Plan and the Capital Investment Strategy, including current commitments, available resources and emerging priorities, with a view to the development of a five-year Investment Plan for the period 2023/24 to 2027/28.
- 1.5.20 The Authority is observing a number of challenges directly impacting upon the delivery of planned capital projects as a result of unprecedented economic volatility which are causing significant pressure upon the availability of some materials, particularly steel, and the associated construction cost given higher than expected levels of inflation. This may result in the re-profiling of schemes as part of developing the Investment Plan in order to maximise the impact of the Authority's investment and continue to ensure value for money.
- 1.5.21 The Authority continues to actively explore external funding possibilities and other capital resources such as Community Infrastructure Levy (CIL) income, section 106 contributions and section 278 contributions when developing capital projects in order to minimise the borrowing requirement as far as possible. Within the MTFP, assumptions have been made around the level of external funding in the future, but detailed work programmes are not committed to until the allocations have been confirmed and funding strategies have been determined. Projects and investment plans may therefore be re-prioritised depending on the availability of external funding and alignment with the policy direction of the Elected Mayor and Cabinet.
- 1.5.22 The generation of capital receipts can help to provide resources to support additional capital investment or to reduce the borrowing requirement (and therefore the associated revenue costs). The availability of capital receipts has also reduced in recent years. Currently, no new capital receipts have been included within the MTFP projections. If additional capital receipts are generated during the year, this provides the Authority with the flexibility to consider the introduction of additional projects to the Investment Plan or the ability to reduce its borrowing requirements.
- 1.5.23 The Treasury Management Strategy will be reviewed in light of the refreshed Investment Plan and the overall MTFP for both the General Fund and the HRA.

Update on developing the 2023-2027 General Fund Financial Plan and Budget

- 1.5.24 Whilst decisions around Budget-setting are approved on an annual basis, the Authority must demonstrate robust medium-term financial and resource planning. Best practice suggests between three and five years as a reasonable financial planning period.
- 1.5.25 Despite the level of uncertainty with regard to local government funding beyond 2023/24 and the current economic uncertainty a four-year Financial Plan is in development. This reflects, as far as possible, known pressures and changes but is based on a range of assumptions in local government funding.
- 1.5.26 Local authorities are legally obliged to set a balanced Budget each year, and to ensure that they have sufficient reserves to cover any unexpected events. To legally balance the Budget, the Authority must make spending plans that match the estimated funding available over that time. The gap between available funds and planned net expenditure is referred to as the funding gap, or efficiency requirement. In essence, the funding gap is the best estimate of additional resources, be those reductions in expenditure or increases in income, needed to cover rising cost pressures and demand for services alongside a reduced amount of funding from the Government and, to a lesser extent, other external sources.

Financial Sustainability

- 1.5.27 As part of the update of the MTFs and the MTFP, full consideration has been given to the Authority's Reserves and Balances Policy and level of reserves to ensure adequate protection against unforeseen events. 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.
- 1.5.28 The Authority, acting on the advice of the Chief Finance Officer, must make its own judgments on the level of reserves and balances taking into account all the relevant local circumstances. These include 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 1.4.1 above. Under Section 27 of the Local Government Act 2003, the Chief Finance Officer must report to Full Council on the adequacy of reserves and reserve transactions must be taken account of within the required Budget monitoring arrangements (section 28).
- 1.5.29 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 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.

1.5.30 Reserves are reviewed during the financial year and table 1 below shows the estimated use, following reviews of all General Fund reserves over the period to March 2027:

Table 1: General Fund Reserves Summary 2021/22 to 2026/27

Reserves Summary	Closing Balance 31/03/22 £m	Net Contribution(to) / From Reserves					Total
		2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	
General Fund Balances	(7.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(7.000)
General Fund Reserves	(55.993)	10.914	1.894	1.186	0.926	6.697	(34.376)
General Fund Grants	(18.484)	12.874	4.368	0.568	0.152	0.232	(0.291)
Dedicated Schools Grant	12.851	0.393	4.674	(8.419)	(2.500)	(1.500)	5.500
Total Reserves	(68.626)	24.181	10.936	(6.665)	(1.422)	5.429	(36.167)

1.5.31 In assessing the adequacy of reserves, consideration is given to the level of un-earmarked reserves available for the management of financial risk to the Authority. The General Fund reserves total of £55.993 includes £35.545m of earmarked reserves, and £20.448m of un-earmarked reserves. The un-earmarked reserves are made up of the following:-

- Strategic Reserve
- Support for Change Fund Programme Reserve
- Redundancy and Remuneration Reserve

There is anticipated use of the Redundancy & Remuneration Reserve and the Support for Change Fund Programme Reserve over the period of the MTFP leaving the Strategic Reserve as the only material reserve which is un-earmarked.

1.5.32 Table 2 below sets out the level of un-earmarked General Fund reserves held at the end of the 2021/22 financial year as a proportion of the 2022/23 Gross Expenditure Budget and General Fund Net Revenue Budget.

Table 2: Reserves comparison for 2021/22 against 2022/23 North Tyneside Gross Expenditure and Net General Fund Budget

	2021/22 Balance £m
Strategic Reserve	14.426
Support Change Fund Programme	4.498
Redundancy and Remuneration Reserve	1.525
Total Un-earmarked Reserves	20.448
Gross Expenditure Budget	365.827
Reserves as a % of Gross Expenditure Budget	5.59%
General Fund Net Revenue Budget	163.512
Un-earmarked Reserves as a % of General Fund Net Revenue Budget	12.51%

1.5.33 There are many factors involved when considering appropriate levels of reserves which need to be assessed by individual local authorities. The Chief Finance Officer considers that, at this time, these reserve levels are adequate, but will continue to review this in light of the degree of uncertainty surrounding the future of local government funding, the continued cost and inflationary pressures, as well the legacy impacts of COVID-19. The Chief Finance Officer will consider the level of Strategic Reserve that should be sustained over the period of the four-year MTFP as part of the refresh of the Plan.

Equality and Diversity Considerations

1.5.34 The Authority has specific responsibilities under the Equality Act 2010 and Public Sector Equality Duty. Part of this is to ensure that the potential effects of decisions on those protected by equality legislation are considered prior to any decision being made. The Authority will continually monitor the effect of its Budget-setting process and decision-making by using equality impact assessments.

1.5.35 Full impact assessments will be included in all proposals for inclusion with the initial Budget proposals in November 2022 in order to be available to Cabinet when it further considers the MTFP and Budget proposals on 28 November 2022. An equality impact assessment is also carried out on the proposed Budget Engagement Strategy.

2023/24 Financial Planning and Budget process - Timetable of Key Decision Milestones

1.5.36 Key aspects of the 2023/24 Financial Planning and Budget process timetable are set out at Appendix B to this report, highlighting key decision milestones in the process.

1.5.37 The Elected Mayor and Cabinet are responsible for formulating the Authority's Budget. The Cabinet Member for Finance and Resources, in close consultation with the Elected Mayor, has been nominated as the lead Cabinet Member for the overarching 2023-2027 Financial Planning and Budget process. The Director of Resources will be the project sponsor.

The Budget Engagement Strategy

- 1.5.38 North Tyneside Council 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.
- 1.5.39 The aim of the Budget Engagement Strategy is to reach different sectors of the population through an approach that encompasses engagement with residents as a whole and customers/users of services as well as particular groups of people, including those with protected characteristics. The approach also ensures reach with particular interest groups such council housing tenants. The Budget Engagement Strategy also ensures targeted activity with specific external and internal stakeholder groups. Full details of the Budget Engagement Strategy are set out at Appendix C to this report.

1.6 Decision options:

- 1.6.1 The Authority's Constitution and Budget and Policy Framework Procedure Rules set out the stages to be completed in relation to agreeing the Budget of the Authority. There are no other options available in relation to this. The Budget Engagement Strategy forms part of the 2023-2027 Financial Planning and Budget process.
- 1.6.2 Cabinet is referred to the legal requirements as stated in paragraph 2.2 of this report.

1.7 Reasons for recommended option:

- 1.7.1 The reasons for the recommendations are mainly legal in nature, as stated in paragraphs 2.1 and 2.2 of this report.

1.8. Appendices:

Appendix A: 2023-2027 Medium-Term Financial Strategy

Appendix B: Financial Planning and Budget process: Timetable of Key Milestones

Appendix C: 2023/24 Budget Engagement Strategy

1.9. Contact officers:

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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:

- (a) Authority's Constitution and Budget and Policy Framework Procedure Rules
<https://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/October%202020.pdf>
- (b) 2021-2025 Our North Tyneside Plan
<https://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/ONT%20Plan%202021-25.pdf>
- (c) Treasury Management Strategy
<https://democracy.northtyneside.gov.uk/documents/s7277/Financial%20Management%20Report%20to%2030%20September%202021-Appendix-3.pdf>
- (d) COVID-19 – A Framework for Recovery in North Tyneside
<https://democracy.northtyneside.gov.uk/documents/s4039/Covid-19%20-%20A%20Framework%20for%20Recovery%20in%20North%20Tyneside.pdf>
- (e) 2021/22 Provisional Finance Outturn Report
<https://democracy.northtyneside.gov.uk/documents/s9265/2021-22%20Provisional%20Finance%20Outturn%20Main%20Report.pdf>
- (f) 2021/22 Draft Statement of Accounts
<https://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/Draft%20Statement%20of%20Accounts%202021-22%20.pdf>
- (g) North Tyneside Highway Asset Management Plan Annual Information Report 2020
<https://democracy.northtyneside.gov.uk/documents/s4538/North%20Tyneside%20Highway%20Asset%20Management%20Plan%20Annual%20Information%20Report%202020.pdf>
- (h) An Ambition for North Tyneside Update
<https://democracy.northtyneside.gov.uk/documents/s7901/An%20Ambition%20for%20North%20Tyneside%20-%20Update.pdf>
- (i) Ten Year Plan for Waste
<https://democracy.northtyneside.gov.uk/documents/s1482/2%2010%20Year%20plan%20for%20Waste.pdf>
- (j) Climate Emergency Update
<https://democracy.northtyneside.gov.uk/documents/s7231/Climate%20Emergency%20Update.pdf>
- (k) North Tyneside Homelessness Prevention and Rough Sleeping Strategy 2019-2021
<https://democracy.northtyneside.gov.uk/documents/s1968/North%20Tyneside%20Homelessness%20Prevention%20and%20Rough%20Sleeping%20Strategy%202019%20-2021.pdf>
- (l) A Digital Strategy for North Tyneside
<https://democracy.northtyneside.gov.uk/documents/s2638/A%20Digital%20Strategy%20for%20North%20Tyneside.pdf>
- (m) North Tyneside Trading Company - Strategic Business Plan 2020-2023
<https://democracy.northtyneside.gov.uk/documents/s3893/North%20Tyneside%20Trading%20Company%20-%20Strategic%20Business%20Plan%202020-23.pdf>

- (n) North Tyneside Transport Strategy Annual Report
<https://democracy.northtyneside.gov.uk/documents/s6188/North%20Tyneside%20Transport%20Strategy%20Annual%20Report%202020-21.pdf>
- (o) Workforce Development Plan

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

- 2.1.1 The financial implications arising from the outcomes of this report will be appraised as part of the decisions included in the Authority's 2023-2027 Medium-Term Financial Plan (MTFP), incorporating the 2023/24 Budget-setting process. Decisions on the Budget in relation to the General Fund, Housing Revenue Account, school's funding and the Investment Plan need to be made within the overall context of the resources available to the Authority and within the legal framework for setting budgets. The Authority will need to examine closely the links with 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 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 MTFP for 2023-2027 in accordance with the Authority's Reserves and Balances Policy most recently agreed by Council on 17 February 2022.
- 2.1.3 The only direct financial implications arising from this report will be any residual costs arising from support for engagement activity. These costs will be met from existing budgets.
- 2.1.4 The Budget Engagement Strategy for 2023/24 will, in part, help to inform decisions about what will be included in the four-year MTFP for 2023-2027.

2.2 Legal

- 2.2.1 The Local Government Finance Act 1992 requires the Authority to set a balanced budget in the context of the resources available, including Government grants, Business Rates and Council Tax income.
- 2.2.2 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, 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.
- 2.2.3 The 2023-2027 Financial Planning and Budget process has been prepared to comply with the timescales required within the Budget and Policy Framework Procedure Rules contained within the Authority's Constitution.

2.3 Consultation/community engagement

- 2.3.1 Internal consultation

Consultation has been carried out with the Elected Mayor, Deputy Mayor, and the Cabinet Member for Finance and Resources, the Cabinet Member for Community

Safety and Engagement, the Chief Executive and the Senior Leadership Team. At the appropriate stage in the process, and the Budget proposals will be scrutinised as set down in the Authority's Constitution and Budget and Policy Framework Procedure Rules.

2.3.2 External consultation / engagement

The Budget Engagement Strategy for 2023/24 as outlined in this report sets out the process by which residents and other stakeholders will be involved in the consultation on the 2023/24 Budget as part of the 2023-2027 Financial Planning and Budget process.

2.4 Human rights

All actions and spending contained within the Budget are fully compliant with national and international human rights law. This will be detailed as part of the Financial Plan and Budget at the appropriate stage in the process. For example, Article 10 of the European Convention on Human Rights guarantees freedom of expression, including the freedom to 'hold opinions and to receive and impart information and ideas'. Article 8 of the Convention guarantees the right to respect for private and family life.

2.5 Equalities and diversity

In undertaking the process for the Budget, the Authority's aim will at all times be to secure compliance with its responsibilities under the Equality Act 2010 and in particular the Public Sector Equality Duty under that Act.

To achieve this the Authority will be taking a phased approach:

- As outlined in paragraph 1.5.35, an Equality Impact Assessment will be carried out on the proposals for the Budget Engagement Strategy. The aim will be to remove or minimise any disadvantage for people wishing to take part in the engagement activity. The Authority will make direct contact with groups representing people with protected characteristics under the Equality Act 2010 to encourage participation and provide engagement in a manner that will meet their needs. Appendix C outlines the approach the Authority is taking.
- The outcome of any decisions made following engagement activity will be subject to further Equality Impact Assessment. Any EIAs undertaken prior to Cabinet in November, will be updated following the engagement activity.

2.6 Risk management

Individual projects within the 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 Service or Corporate / Strategic Risk Register(s) and will be subject to ongoing management to reduce the likelihood and impact of each risk.

2.7 Crime and disorder

- 2.7.1 Individual proposals within this report do not themselves have direct implications for crime and disorder. However, ultimately decisions may be made and considered as part of the overall Financial Planning and Budget process, as set down in this report.

These will be detailed as part of reporting the Budget at the appropriate stage in the process.

- 2.7.2 Under the 1998 Crime and Disorder Act, local authorities have a statutory duty to work with partners on the reduction of crime and disorder. This is fulfilled through the Safer North Tyneside partnership within the framework of the North Tyneside Strategic Partnership.

2.8 Environment and sustainability

The proposals within this report do not themselves have direct implications in relation to the environment and sustainability. However, ultimately decisions may be made and considered as part of the overall Financial Planning and Budget process of the Authority, as set down in this report. These will be detailed as part of the Budget at the appropriate stage in the process.

PART 3 - SIGN OFF

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

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2023-2027 Medium-Term Financial Strategy

Date: 19 September 2022 **Version:** Version 1 **Author:** Jon Ritchie



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1. Executive Summary

- 1.1 This is an initial review of the Authority's Medium-Term Financial Strategy (MTFS). The MTFS sets the financial context for the Authority's resource allocation process and budget-setting. It is based on a financial forecast over a rolling four-year timeframe from 2023/24 to 2026/27 which will help ensure resources are aligned to the outcomes in the Our North Tyneside Plan.
- 1.2 The Authority's 2022/23 Budget and MTFS were agreed in February 2022. 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 devastating 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 this report 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).

- 1.3 The Authority is still evaluating how the likely 2023/24 gap will be funded. Without an increased level of Government assistance, there are likely to be significant savings needed to deliver a balanced Budget in 2023/24 and over the medium-term to 2026/27. Initial estimates are that the budget gap for the period of the MTFS is likely to be in the region of between £30m and £50m.
- 1.4 Despite the level of uncertainty, reviewing the MTFS 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.
- 1.5 The Authority's financial planning had largely assumed that COVID-19 pressures would abate in line with the withdrawal of Government support. However, the Authority continues to feel the financial effects of the pandemic in relation to both the continued levels expenditure supporting post pandemic Service needs and income for some Services have yet to reach pre-pandemic levels. The Authority did carry forward COVID grants which have been used to smooth the financial position in 2022/23, however, 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

relating to the pandemic. 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 are already looking ways this risk can be mitigated and reduced as the Budget-setting process progresses.

- 1.6 Over the coming months and whilst the budget activity for 2023/24 is progressing the refresh of the MTFS will determine the likely levels of resources available. There will be a focus on determining the level of spending and priority commitments arising from the significant rise in inflation which is impacting energy and fuel costs as well as increasing the cost of the Authority's supply chain across a number of Services.

The 2022/23 pay award has yet to be agreed, the current Medium-Term Financial Plan has included an assumption of a 2% increase per year to 2025/26 which, based on current information, would be insufficient to cover the anticipated increase which could be more than 6%. There will inevitably be an ongoing pressure relating to COVID-19 in relation to both additional expenditure and lost income, the Authority will aim to mitigate this as far as it possibly can.

A full assessment of the ongoing impact is currently being undertaken and the MTFS will be updated to reflect this once this has been completed. Given that there is likely to be a funding gap the refresh will also identify additional options to deliver budget reductions that can be evaluated alongside spending priorities.

2. Introduction

- 2.1 The Medium-Term Financial Strategy (MTFS) is a key part of the Authority's Budget and Policy Framework which aims to ensure that all financial resources are directed towards delivery of Authority priorities. The MTFS is a four-year plan which sets out the Authority's commitment to provide services that meet the needs of people locally and that represent good value for money within the overall resources available to it.

The MTFS is what links the Authority's vision and priorities with forecasted resources and budgets and shows how the Authority's finances will be structured and managed to ensure that this fits with, and supports, the priorities of the Authority and its partners.

The strategy considers:

- International and national economic influences on the Authority;
- The influence of Central Government policy and strategy;
- Local factors which influence policy within the Authority; and
- Delivering key policies and priorities.

The strategy brings together the key issues affecting the:

- Revenue Budget;
- Investment Plan;
- Treasury Management Strategy; and
- Capital and Investment Strategy.

- 2.2 The MTFS establishes the likely level of revenue resources available to the Authority over the medium-term and also estimates the financial consequences of the demand for Authority services. It improves financial planning and strategic financial management through providing the financial context within which the Authority's budget will be set.

The review of the MTFS also allows for consideration of the Authority's reserves policy and level of reserves to ensure there is adequate protection against unforeseen events.

The Principles of the MTFS

- 2.3 The Authority has previously agreed a set of principles as part of the process to develop the Budget. The majority of those principles remain relevant for budget-setting for 2023/24 and for the Medium-Term Financial Plan (MTFP). However, it is important that there is a clear understanding of the work that will need to be undertaken in the lead up to Cabinet presenting its initial Budget proposals in November 2022. It has therefore been necessary to revise the approach to preparing the Budget for 2023/24 and the MTFP.

Where appropriate, the principles set out below provide more detail of the how the work will be undertaken. This will give a clear focus on financial planning priorities

over the coming months in order to produce a balanced Budget in 2023/24 and achieve financial balance over the medium-term.

- 2.4 The underlying aim is to ensure that the Authority can continue to deliver the Council Plan, focus on delivering the phased approach to recovery, as set out in the Framework for Recovery report described in section 6, and do this within the available resources:
- 1) The overall financial strategy will be to ensure that the Authority's resources are directed to achieving the Council Plan and associated outcomes. The Authority's strategy will be reviewed on at least an annual basis;
 - 2) Overall, Authority spending should be contained within original Budget estimates. If, following monthly budget monitoring, Service budgets are projected to exceed original estimates, plans should be prepared setting out the actions required to ensure spending at the end of the year does not exceed original estimates;
 - 3) In preparation for setting the 2023/24 Budget all services will be required to take part in Budget Challenge sessions;
 - 4) In order to inform further revisions of the 2023/24 MTFs there will be a fundamental review of the assumptions relating to:
 - a. Council Tax and business rates planning;
 - b. forecast delivery of planned 2022/23 savings programmes and viability of previously planned savings;
 - c. cost and income pressures, including unfunded pressures resulting from the impact of inflation and the residual impact on expenditure and income relating to COVID-19;
 - d. any further Government funding announcements for 2022/23 and future years; and
 - e. seek to identify proposals to begin to address future years, reflecting need for longer term planning.
 - 5) Options to address any shortfall in savings to close the 2022/23 Budget gap will include:
 - a. Government providing additional funding;
 - b. Corporate / centrally identified savings opportunities;
 - c. Service departments identifying further savings; and
 - d. A freeze on all non-essential expenditure and recruitment.
 - 6) The Authority will maintain its General Fund Balance at a minimum level of £7.000m at the end of each year, subject to a risk assessment as part of the annual budget-setting process;
 - 7) The Authority will aim to balance its revenue Budget over the period of the Medium-Term Financial Plan without reliance on the use of the General Fund Balance. The MTFP will cover the period 2023/24 to 2026/27;

- 8) The Authority will plan for any changes to specific grants/interim funding/financial settlement/legislation;
- 9) The Authority will maintain earmarked reserves for specific purposes which are consistent with achieving its key priorities. The use and level of earmarked reserves will be reviewed at least annually;
- 10) Opportunities for working in collaboration and partnership and for different ways of working will be identified and developed where this will support the delivery of the Authority's outcomes and improve service efficiency and delivery. This will include the use of wellbeing powers, development of trading opportunities and different business models, and the sourcing and securing of external funding;
- 11) The Authority will consider the use of prudential borrowing to support capital investment to deliver the Council Plan and will ensure that the full costs of borrowing are taken into account when investment decisions are taken;
- 12) The Authority will aim to promote and stimulate strong and sustainable economic growth leading to wellbeing and prosperity for residents and communities, supported by a planned approach to strategic investment managed through the Authority's Investment Plan;
- 13) The Authority will continue to review its strategic assets to maximise the potential to release value for strategic re-investment and to ensure that asset requirements are aligned to the delivery of services across the Borough;
- 14) The Authority recognises the impact of increases in Council Tax levels and fees and charges on our residents, many of whom are struggling on relatively low income and low wealth and will therefore balance the need for increases against the delivery of the Our North Tyneside Plan and demand for services. This will include the consistent application of an agreed fees and charges policy;
- 15) The Authority will continue to consider business risk in all decision-making process and, alongside this, will ensure that resources are aligned to reduce any material financial risk to the Authority; and
- 16) The Authority will continue to review its Treasury Management Strategy and the efficient management of debt on an annual basis, with an ongoing focus on delivering safe stewardship.

3. Financial Context

Financial Strategy

3.1 The Medium-Term Financial Strategy (MTFS) is designed to ensure that the Authority's resources are prioritised to meet the needs of residents; the Authority is able to operate as a going concern; and is able to set a balanced budget each year. The MTFS ensures that:

- The Authority maintains a prudent approach in regard to its finances over the 4 years of the MTFS; and
- The savings programme focuses on the achievement of ongoing savings but recognises the value of one-off savings to support both the implementation of savings and one-off investment.

In compiling the MTFS the Authority has considered a number of factors which influence the resources and expenditure that it has available to it. These have been reviewed and take into consideration international, national, regional and local issues. These have been examined to ensure that the MTFS reflects the most up to date financial position for the Authority.

Factors Influencing the MTFS

3.2 Local authority funding is subject to both national and international influences, which can have a significant impact on the level of services to be provided and our Authority's ability to provide them. This section will briefly outline some of the key economic issues affecting the Authority's forecasts over the next few years.

Spring Budget 2022 and local government funding

3.3 The former Chancellor of the Exchequer, Rishi Sunak, delivered the Spring 2022 Budget on 23 March 2022. There were limited announcements which will impact on the Authority's budget position directly, although there were some measures which will require administration by local authorities including an extension of the Household Support Fund from April 2022 (a further £500m nationally) and various business rates changes.

The Office for Budget Responsibility assessed the Spring Statement position as follows:

The public finances have emerged from the pandemic in better shape than expected. But Russia's invasion of the Ukraine will push inflation to a 40-year high of almost 9%, and living standards are set for a historic fall over the next 12 months. The Chancellor has used his Spring Statement to deliver rebates and tax cuts that reduce that fall by a third to just over 2% and a pair of personal tax cuts undo one-sixth of the total tax rises he has previously announced. This leaves him with £30 billion of headroom against his fiscal targets.

3.4 The key economic forecasts from the Spring Statement were:

- GDP growth forecasts for 2022 have been reduced from 6% to 3.8%.
- CPI inflation is expected to peak in the 4th quarter of this year at around 8.7%, and is currently 6.2%. RPI is consistently higher than CPI.
- Borrowing is forecast to increase to £99bn for 2022/23, reducing to £32bn in 2026/27.

3.5 The key policy announcements made as part of the Spring Statement include:

- Fuel duty will be reduced by 5p a litre from 6pm 23 March 2022 until March 2023. This is estimated to mean a reduction of just over £3 on a standard tank of fuel;
- The National Insurance Primary Threshold and Lower Profits Limit (for employees and the self-employed respectively) will be raised by £3,000, from £9,880 to £12,570 from July 2022. This aligns the NI threshold with the threshold for income tax, meaning people must earn £12,570 per year before paying income tax or NI. This increase is forecast to benefit almost 30 million people, with a typical employee saving over £330 in the year from July. Around 70% of NICs payers will pay less NICs, even after accounting for the introduction of the Health and Social Care Levy;
- VAT will be reduced to 0% on home energy-saving measures such as insulation, solar panels and heat pumps for five years from April 2022;
- The Household Support Fund will be extended with an additional £500m from April 2022, on top of the £500m already provided since October 2021, bringing total funding to £1 billion. The fund will continue to be administered by local authorities in England;
- The former Chancellor confirmed a number of existing business rates measures and including that SMEs in the retail hospitality and leisure sectors will receive a 50% discount in business rates up to £0.110m, alongside targeted business rate exemptions to support the decarbonisation of non-domestic buildings which would be brought forward;
- A reduction in the basic rate of income tax from 20% to 19%, however this will not be implemented until April 2024; and
- Opening the second round of bidding to the £4.8 billion Levelling Up Fund.

3.6 Alongside the Spring Statement, the former Chancellor published a “Tax Plan”, setting out a three-part plan to strengthen the economy over the remainder of the Parliament. It is intended to:

- help families with the cost of living;
- support growth in the economy, and
- ensure the proceeds of growth are shared fairly.

3.7 The Authority will need to respond to any specific consultations arising from the Tax Plan as they are published and will consider the detailed implications of the Spring Statement for the Council’s 2023/24 Budget as they emerge over the coming weeks and months.

Beyond the immediate impact of COVID, the overall level of uncertainty means that the financial environment for local government is set to remain highly challenging. There continues to be a growing gap between funding and service pressures. This is driven by demographic changes, unfunded burdens such as the National Living Wage, and the needs of vulnerable social care users becoming increasingly complex. Children's services, in both social care and education (particularly the High Needs Block), are also under very significant stress. Other Council services (for example transport, planning, environment, and trading standards) have been subject to significant financial restrictions. In turn these have a knock-on effect by increasing the pressure placed on discretionary and preventative services.

Latest Consumer Prices Index Figures

- 3.8 The latest CPI figures were published in July 2022 by the Office for National Statistics. The CPI rose to 10.1% up by 8.1% in the 12 months since July 2021 when it was 2%. The September CPI figure is usually used to set the business rates multiplier for the coming year, and (for the 2022/23 financial year) was the inflation figure applied to authorities Settlement Funding Assessment levels. The current General Fund Medium-Term Financial Plan does not include any uplift to CPI rates to those areas which are impacted by this.

In recent webinars hosted by Pixel and SIGOMA representatives from the Local Government Association have been clear that the Government has indicated that there will be no new funding available for local government outside of that announced as part of the last spending review. Therefore, the quantum of funding available for local government in 2023/24 is not anticipated to increase. Due to the significant funding pressures that local government will face in 2023/24 and future years it is impossible to predict whether the Government will increase elements such as the business rates multiplier by the current CPI levels or whether these will be capped to keep within the current budget envelope.

Budget Uncertainty

- 3.9 A number of significant uncertainties remain which could have an impact on the overall scale of the budget gap to be addressed in 2023/24, linked to ongoing uncertainty around local government (and wider public sector finances) including:
- Further "cost of living" pressures and the wider economic impacts, including the implications of the invasion of Ukraine;
 - Further cost pressures emerging to support the achievement of carbon reduction targets, above the funding provided for in the 2022/23 Budget;
 - the outcome of funding reforms (previously the Fair Funding Review) intended to be consulted on during 2022/23 and implemented for 2023/24. The short-term nature of the settlement announcement (for 2022/23 only, in spite of a multi-year Spending Review) means that risks remain around the provision of this funding in future years and therefore a material impact and potential cliff-edge may emerge in 2023/24 if these assumptions have to be subsequently reversed. The trajectory for local authority funding implied by

both the Spending Review and 2022/23 settlement is for only very limited increases in core ongoing funding in 2023/24 and beyond;

- Government decisions about the council tax referendum limit or further Adult Social Care precept flexibilities in 2023/24. Government continues to make assumptions about Council Tax increases which effectively transfer the burden of funding services to North Tyneside taxpayers;
- the need for a long-term financial settlement for local government;
- delivery of other reforms to local government funding including the details of the approach to Adult Social Care reforms to implement the cap on care costs, and changes to other funding streams including the New Homes Bonus;
- The financial impact of anticipated social care and send national reviews which are assumed will not result in further unfunded burdens; and
- progress of various elements of Government policy including levelling up and the Shared Prosperity Fund.

3.10 As set out at the time of 2022/23 budget setting, the pressures within the current budget planning position are such that the Director of Resources considers that the Authority will have very limited opportunity to vary these assumptions, and in the event that the Government offered the discretion for larger increases in Council Tax, or increases in the Adult Social Care precept for 2023/24, this would be the recommendation of the Section 151 Officer in order to ensure that the Authority's financial position remains robust and sustainable.

4. Local Policy Context

- 4.1 From a local policy context, in addition to the Medium-Term Financial Strategy, the Authority also has the following:
- 4.2 The Our North Tyneside Plan 2021-2025 sets out the overall vision and policy context within which the Financial Plan and Budget are set. The Council Plan was refreshed last year following the Mayoral Elections on 6 May 2021 to reflect the policy priorities of the incoming administration. Following consultation with residents and key stakeholders, Full Council agreed the refreshed Our North Tyneside Plan 2021-2025 on 23 September 2021.

By listening to our residents, businesses and visitors, the refreshed Council Plan provides a clear framework for the Authority to plan its use of resources. It provides the context for all financial decisions and the operational delivery of services both at Borough level but also increasingly as we work alongside other local authorities across the region, statutory partners, the community and voluntary sector and with business through the North East Local Enterprise Partnership.

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

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

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

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

A thriving North Tyneside

- We will regenerate the high streets of North Shields and Wallsend, and 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 sustain and grow, 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; and
- We will review how the council 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 social care services, events and facilities so North Tyneside is a great place for family life; and
- We will ensure all children are ready for school and that schools have an inclusive approach so that all of our children and young people have 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, carers and young carers and the essential work they do; and
- We will work to reduce inequality, eliminate discrimination and ensure the social rights of the people of North Tyneside are key to council decision making.

A secure North Tyneside

- Council wardens will work in partnership with Northumbria Police to prevent and tackle all forms of antisocial behaviour;
- We will invest an additional £2m per year on fixing our roads and pavements;
- We will maintain the Council Tax support scheme that cuts bills for thousands of low-income 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 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; and
- We will publish an action plan of the steps we will take and the national investment we will seek to make North Tyneside carbon net-zero by 2030.

Local Plan

- 4.3 The Local Plan is the second key strategic element that drives the direction of resources in the Borough and was adopted by the Authority on 20 July 2017. The Plan, the first spatial strategy for 15 years, sets a vision for the Borough for the next 15 years. It sets out in detail how the Borough can be a thriving, prosperous and attractive place to live and work. It details how the Borough will require around 9,800 homes (in addition to about 4,700 that already have planning permission) and employment land for at least 12,700 new jobs. The Office of National Statistics projected an increase of 15,800 people between 2014 and 2032. The population of North Tyneside in 2032 is expected to be 218,500.
- 4.4 The Our North Tyneside Plan has, at its core, two fundamental policy aims. First, whilst there has been success across the plan there is still a need to reduce the inequalities that persist in North Tyneside. Within our Borough the Authority continues to have some of the least deprived neighbourhoods in the country but also some of the most deprived in terms of financial independence, skills, qualifications, health and well-being. This will mean working in a very different way to ensure that resources can be more effectively targeted at the people who need them most to ensure that all residents have a successful, healthy and safe future, no matter where they live in the Borough.

The second is to continue to invest in the Borough's future and to create a prosperous economy that will generate income and provide the jobs and training opportunities that will be essential to successfully tackling these inequalities. The key areas of investment being:

- coastal regeneration
- Swans/the North Bank of the Tyne
- town centres
- new and improved schools
- road and other transport improvements in line with the agreed Transport Strategy

- housing (particularly affordable homes) in line with agreed Housing Strategy
- support for businesses
- marketing the Borough to secure more inward investment and generate more visitors as a tourist destination

Ambition for North Tyneside

4.5 At its meeting on the 26 November 2018, Cabinet considered and adopted the Ambition for North Tyneside. The report, which articulates the Elected Mayor and Cabinet's ambition for North Tyneside, explains in more detail the Elected Mayor and Cabinet's future ambitions for each part of the Borough. The Ambition for North Tyneside plan aligns with the Local Plan and aims to match the ambition for the Borough with the plans set out for the Borough. Cabinet receives an annual update on the delivery of these plans and a further update will be received by Cabinet in due course. These reports are included as background papers to the MTFS.

5. Approach to Balancing the Medium-Term Financial Plan

5.1 The 2022/23 Medium Term Financial Plan agreed in February 2022 included planned efficiency savings for 2021/22, 2022/23 and 2023/24 and covered the following:-

- Contractual changes
- Expenditure reduction
- Income growth
- Service provision – commissioning
- Corporate

In addition to the planned savings, options are being developed to continue to drive down costs and balance the General Fund over the next four years of the Medium-Term Financial Plan. The aim is to continue to do this via a range of opportunities under four themes:-

Digital, Data & Customer; Using technology and our data to identify and deliver opportunities to improve customer service and efficiency. Maximising innovation opportunities.

Workforce Planning & Organisational Development; Organisation wide proposals, which underpin the other three themes, to make the best use of our greatest asset, our teams. What skills we will need and where the market and our succession planning will need to be considered.

Commissioning, Procurement & Commercial Opportunities; How we purchase and engage with our supply chain, delivering against a transparent procurement plan to secure financial benefits, transparency of demand will assist with commercial leverage.

Asset Management; Having a full and clear understanding of the costs of our asset base, both in terms of our operational assets and moving towards a comprehensive Asset Management Plan.

6. Key Challenges facing the Authority

- 6.1 The Authority's financial planning had largely assumed that COVID-19 pressures would abate in line with the withdrawal of Government support. However, the Authority continues to feel the financial effects of the pandemic in relation to both the continued levels expenditure supporting post pandemic Service needs and income for some Services have yet to reach pre-pandemic levels. The Authority did carry forward COVID grants which have been used to smooth the financial position in 2022/23, however, 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 relating to the pandemic. This poses a significant risk to the Authority's financial position for 2023/24 and future years.
- 6.2 It has been highlighted previously by the Chief Finance Officer that the Authority has a relatively low level of reserves. The level of uncertainty with regard to the levels of funding for Local Government Finance beyond 2022/23 alongside the uncertain long term implications of how the Borough and indeed the country will continue to live alongside the impacts of COVID-19 is of concern when considering the financial sustainability of the Authority, particularly when taken in the context of funding reductions the Authority has managed since 2010/11.
- 6.3 Another key challenge is around inflation and the impact that will have on key expenditure around utilities, waste disposal as well as the impact it will have on the supply chain and costs of materials for Capital projects, HRA projects and general goods and services within revenue. The CPI rate in July 2021 was 2% by March 2022 this had risen to 7% and as recently reported in July 2022 the rate was 10.1%, an increase of 8.1% in just one calendar year. The impact on the cost of and access to materials is further impacted by the on-going conflict in Ukraine.
- 6.4 The ringfenced Dedicated Schools Grant (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 although increasing numbers of children with special needs entering the education system has offset some of the progress.

Such deficits have come under increasing scrutiny from the Department for Education (DfE) and during 2021, the Authority was required to submit a draft DSG Management Plan to the Education, Skills and Funding Agency (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.

Liaising with the DfE during 2021/22 the Authority has been working to firm up plans 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 the ESFAs 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 commencing in September 2022.

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 DSG Management Plan is in place. The current cumulative deficit position on the High Needs block of the DSG at the end of the 2021/22 financial year is £13.512m. This is an increase of £4.792m since March 2021.

- 6.5 A key risk for the Authority is that the statutory override to ring-fence DSG deficits from councils' wider financial position in their statutory accounts is due to come end after the accounts for the financial year 2022/23. At which point 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.
- 6.6 There are a number of current key risks which will impact on future HRA Business Planning, most of which are linked to the current economic climate and high rates of inflation. Inflation continues to trend upwards, having recently passed 10% and next year's rent increase will be based on the September 2022 Consumer Prices Index (CPI) rate of inflation. It is unclear at this stage if the rate was around 10% if there would be Government intervention to restrict the size of any rent increase.
- 6.7 The cost of the goods and materials needed to maintain the housing stock, and to meet Cabinet's aspirations to build new homes is rising significantly. Should resources raised through rent increases not match the rising costs, then the Authority will face more difficult choices around what can and cannot be delivered, certainly in the short to medium term.

The potential impact of the cost-of-living crisis our most vulnerable residents continues to be monitored closely to assess what the full impact of this will be on the rate of increase in the levels of arrears, which have doubled since 2015.

- 6.8 One other key factor in terms of HRA Business Planning are the number of homes that our managed and the impact of Right to Buy (RTB). Cabinet will know that Government significantly increased the discount rates attached to RTB back in 2012 to incentivize more sales, but this appeared to have steadied at between 100-120 sales per annum over the last three years. However, 2021-22 saw the largest number of sales since the changes were introduced at 167, and if this trend was to continue it would eat into the key resource base and put further pressure on our ability to tackle tenant waiting lists. This would also make it more important to add to the stock, but as set out above in a much more difficult cost environment.
- 6.9 The Bank of England as part of their monetary policy have been increasing interest rates to manage the continued rise in inflation, with interest rates forecast to rise further. However, the rise in interest rates will only partially manage inflation due to the underlying inflation being driven by international energy price increases driven

by the conflict in Ukraine and Russia. The above risks are impacting the capital investment plan from the perspective of increasing costs in relation raw material and labour costs. This is also exacerbated by increasing interest rates which will have a bearing on the cost of borrowing for the Authority going forward.

Social Care Services

- 6.10 The Health, Education, Care and Safeguarding (HECS) services continue to experience significant demand-led pressures as earlier diagnosis combined with cases become more complex increase costs. These pressures are likely to be further impacted by legislative changes through central government such as the Fair Cost of Care exercise which is under way and will potentially lead to fee increases within the homecare and residential care markets. The HECS service also has challenges around recruitment and retention. It has become increasingly challenging to recruit staff into roles within the HECS service and to retain the employment of staff long-term within the profession.

COVID-19 has had a significant financial impact on social care services for both children and adults, in addition to the ongoing demand pressures in both of these areas. It is expected that there will be a lasting impact from COVID-19 on the social care finances at least in the short to medium-term, as the country continues to recover whilst still managing outbreaks of the virus.

- 6.11 There are continuing upward pressures on care providers' fees partially resulting from the National Living Wage but which have become more acute with the operational impact of COVID-19 on care homes and issues around high vacancy levels in a small number of care homes within the Borough.
- 6.12 At the end of 2021/22, all but three local authorities in the region had seen an in-year reduction in the rate of referrals to Children's Services. North Tyneside was one of the three authorities that had seen an increase, which amounted to 6.4%. Across the region, the rate of referrals and complexity around safeguarding and the nature of concerns has increased. Demand has increased across Children's Services from Early Help to Child in Need and Child Protection. Children in Care numbers, however, have remained relatively stable in North Tyneside when compared to the rest of the region. Internal sufficiency of placements has been impacted throughout Covid and the Authority, at times had to source/commission external placements because of this. It is projected that there will be increased demand for children's early help and social care due to the economic and emotional impact of COVID-19 on children and families. Other significant pressures exist around High Needs and the costs associated with the number of children with an Education Health and Care Plan.
- 6.13 The impact of COVID-19 across all services is currently under review. Any longer-term implications will need to be considered in the build up to budget-setting for 2023/24. The pressures that remain post Covid, will need to be supported by Services. The MTFs will be updated to reflect the review and as part of the approach to budget-setting this will form part of the Budget challenge sessions.

7. The Authority's Current Financial Position and Outlook

- 7.1 The Budget for 2021/22 was approved by full Council at its meeting of 18 February 2021. The net General Fund Budget was set at £150.154m including efficiency savings of £4.537m (£1.180m of 2021/22 impact of prior year business cases and £3.357m of prior year savings requiring a permanent solution in 2021/22). The final outturn reported to Cabinet on 27 June 2022 stated a marginal overspend on business-as-usual activities of £0.078m.

As part of a review undertaken of the Authority's Minimum Revenue Provision (MRP), a change to the methodology used to calculate the MRP resulted in a reduced MRP charge being made in 2021/22 by moving from a straight-line method to the annuity approach for unsupported borrowing. This change resulted in a lower charge of MRP being made than the Authority had budgeted for in 2021/22. This has added a further surplus of £5.893m to the General Fund outturn position. The balance of £5.893m is proposed to be transferred to a new MRP earmarked reserve as part of the final accounts process. This will be confirmed once the External Audit of the Authority's accounts has been concluded and reported to the Audit Committee in November 2022.

- 7.2 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 £19.115m. The Authority, as would be expected at this stage of the financial year, is taking a prudent approach to forecasting including in relation to the on-going impact of COVID-19 which currently is forecast to add pressures of £4.082m 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 £3.687m to the overall pressure. The remaining £11.346m relates primarily to staffing and other income related pressures across the services.

- 7.3 As part of the 2022-2026 Medium-Term Financial Plan (MTFP) agreed by Council in February £2.200m was set aside from the Change Reserve to support additional pressures in Home to School Transport (£1.800m), 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).

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.

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.

- 7.4 Included within the position for Central Items is (£7.713m) 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 (£3.296m) is being used to support the non-energy related inflationary pressures being faced by the Authority. Further to this balance, an additional (£2.264m) was set aside in the 2022-26 MTFP to support anticipated pressures in 2022/23. Of this (£1.300m) is being used to support energy related inflationary pressures, (£0.964m) supporting non-energy related inflationary pressures. 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.

The Authority was able to carry forward from 2021/22, (£2.962m) of COVID-19 related central Government grants. Of this (£1.724m) has been committed and is reflected in the £19.115m position. The remaining balance of (£1.238m) is available to support on-going COVID-19 legacy pressures.

With the inclusion of the planned support from the 2022-2026 MTFP, the adjusted General Fund position is a pressure of £10.963m. This reflects the continuing impact of COVID-19 being £0.844m over the support funding allocated. The main areas impacted are within Environment & Leisure 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 Services, where the response to the impact of COVID-19 has seen staffing levels increase to manage a significant increase caseloads and demand for services for Children. This is not unique to North Tyneside and is being seen across the region and nationally.

- 7.5 The Inflation Rate has recently reached 10.1% and this is much higher than when the allocations were made in the 2022-2026 MTFP. This is forecast to add a further £1.423m in respect of both energy and non-energy related inflationary pressures. The majority of the inflation issues 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.

The remaining balance of £8.696m 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 in a number of key areas:

- Children's Services – staffing & placements;
- Children's risks and the likelihood of crystallisation;
- SEND pressures;
- Adults Social Care – demand assumptions;
- Adults Social Care risks and the likelihood of crystallisation;
- Unachieved savings targets;
- Commissioning & Asset Management – Impact of SLA reductions;
- Law & Governance Structure – use of locums; and

- Revenues & Benefits position – review of the level of overpayments and subsequent recovery.

The aim of this work will be to ensure actions are in place to bring It is anticipated that 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.

- 7.6 Medium-term financial planning remains extremely difficult due to the impact of ongoing pressures as outlined above including but not limited to the significant increase in inflation and the ongoing impact of COVID-19, the financial impacts of which are impossible to predict accurately. The unknown impacts alongside the level of risk to finances mean that these forecasts will need to be closely monitored and refreshed more frequently than usual as consequences become clear. Staying the same is not an option the Authority is required to change to deliver its priority outcomes within the limited funding available.

8. Capital and Prudential Borrowing (Investment Strategy)

- 8.1 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.
- 8.2 Investment of this nature plays an important role in ensuring the Authority meets its health and safety responsibilities and its assets can be used to support effective service delivery. Capital investment also plays an important role in improving economic opportunities across all parts of the Borough. Whilst some investment directly contributes to economic development and regeneration, all investment has an indirect impact by providing stimulus to the economy, creating employment opportunities, supporting skills and development and increasing market confidence.
- 8.3 The 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 directly to the delivery of the 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.
- 8.4 All proposals for capital investment follow a structured governance 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 and the Ambition for North Tyneside.
- 8.5 The revenue implications of any capital investment decision are reviewed and assessed as part of the decision to proceed with the scheme. This includes the associated capital financing costs as well as the ongoing revenue running costs. The projected revenue implications are then reflected in the Medium-Term Financial Plan and revenue Budget to ensure that the planned investment is considered to be affordable and sustainable.
- 8.6 The Investment Programme Board (IPB) meets on a monthly basis and, as part of its monthly meetings, receives an update on all ongoing projects included in the approved Investment Plan (currently 2022-2027), the resource implications and any associated delivery risks.

Summary of the Investment Plan 2022-2027

Spend	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s	Total £000s
General Fund	82,567	32,326	20,249	15,687	17,564	168,393
Housing	31,713	28,100	30,651	32,126	34,046	156,636
Total	114,280	60,426	50,900	47,813	51,610	325,029

Summary of Financing 2022-2027

Spend	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s	Total £000s
General Fund						
Council contributions:						
Unsupported borrowing	21,128	13,046	11,776	8,223	10,100	64,273
Capital receipts	317	0	0	0	0	317
Revenue contribution	746	500	0	0	0	1,246
Use of reserves	978	0	0	0	0	978
	23,169	13,546	11,776	8,223	10,100	66,814
Grants and contributions	59,398	18,780	8,473	7,464	7,464	101,579
Total General Fund Resources	82,567	32,326	20,249	15,687	17,564	168,393
Housing – HRA						
Capital receipts	2,104	1,584	1,700	1,851	1,956	9,195
Revenue contribution	10,281	10,185	12,632	13,160	16,092	62,350
Major Repairs Reserve	18,039	15,916	16,189	17,035	15,868	83,047
Grants and contributions	919	0	0	0	0	919
Use of reserves	370	415	130	80	130	1,125
Total HRA Resources	31,713	28,100	30,651	32,126	34,046	156,636
TOTAL RESOURCES	114,280	60,426	50,900	47,813	51,610	325,029

Capital Allocations 2023/24

- 8.7 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, will be included in the draft Investment Plan. As soon as actual allocations are announced these figures will be updated and included in subsequent reports.

Annual Minimum Revenue Provision (MRP)

- 8.8 The Capital Finance Regulations require the full Council to agree an annual policy for the Minimum Revenue Provision (MRP).

The MRP is the amount that is set aside to provide for the prepayment of debt (principal repayment). The regulations require the Authority determines 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.

The proposed 2023/24 policy is set out in full below:

- (a) Supported and Unsupported borrowing: for all assets financed by borrowing, MRP will be charged over the estimated life of the assets using an annuity basis;
- (b) 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. This approach also includes PFI arrangements; and
- (c) 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.

Prudential Indicators

- 8.9 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 this Code. The indicators for 2023-2028 will be prepared using this guidance.
- 8.10 The Capital Investment Strategy and Investment Plan will be updated as part of the budget-setting process. The update will consider the impact of COVID-19 and how the Authority can help to support the Borough’s economic recovery and shape the delivery of the Authority’s services. In addition, the update will also consider the impact of the extreme volatility in the economy as it continues to place pressure upon both the cost and availability of materials and labour to deliver planned capital works.

9. Reserves

- 9.1 Local authorities must consider the level of reserves needed to meet estimated future expenditure when calculating the budget requirement. The Director of Resources is required, as part of the budget-setting process each year, to provide a statement on the adequacy of reserves that is subject to an external audit review to assess value for money and a going concern opinion.
- 9.2 The Authority keeps a level of reserves to protect against the risk of any uncertainties or unforeseen expenditure. This is considered best practice and demonstrates sound financial planning. Much like using savings to offset monthly household bills the use of financial reserves cannot solve a budget problem outright but allows for smoothing of impacts or allows the Authority time to ride any short-term situations before returning to normal. Therefore, reserves are mainly used to:
- Manage the impact of cuts over a longer period of time
 - Invest in schemes that allow services to be delivered cheaper
 - Take “one-off hits” for the Authority as a whole without the need to further reduce budgets
 - Provide capacity to absorb any non-achievement of planned budget reductions in each year
 - To temporarily roll over unused portions of grants that can legally be used at a later date
 - To insure against major unexpected events (such as flooding)
 - To guard against general risk (i.e. saving up for unexpected events)
 - To guard against emergent specific risks, such as business rate appeals, Authority tax support funding cuts and welfare reform. These risks are predicted to continue to increase.

Reserves Policy

- 9.3 The Authority’s policy on reserves is outlined within the MTFS principles as follows:

The Authority will maintain its general balances at a minimum of £7.000m. The Strategic Reserve will be maintained at a level of £10.000m over the period of the MTFP to cover any major unforeseen expenditure. The Authority will aim to balance its revenue budget over the period of the MTFS without reliance on the use of the general reserve.

The Authority will maintain earmarked reserves for specific purposes which are consistent with achieving its key priorities. The use and level of earmarked reserves will be reviewed annually.

The Authority’s Strategic Reserve is available to support budget-setting over the period of the MTFS and usage should be linked to the achievement of financial sustainability over the medium-term.

Review of Reserves

9.4 A review of all reserves is undertaken twice a year and covers:

- The purpose for which the reserve is held,
- An assessment of the appropriate level of the reserve to meet potential future;
- liabilities, in line with the Authority's reserves policy and aligned to the risk management framework;
- Procedures for the reserve's management and control, and
- A process and timescale for future reviews to ensure continuing relevance and adequacy.

9.5 The 2021/22 Revenue Outturn position was reported to Cabinet on 27 July 2022, showing the balance of usable reserves of £95.005m. (including ring fenced reserves and un-ringfenced), Grant Reserves of £5.669m and HRA Reserves of £29.529m. Of the above balances only £20.526m was un-ringfenced. A projection of the reserves and balances position over the MTFP is shown below.

Reserves & Balances	Projected Closing Balances				
	2022/23 £000's	2023/24 £000's	2024/25 £000's	2025/26 £000's	2026/27 £000's
Reserves					
General Fund Ringfenced	29.977	28.796	28.223	27.873	21.676
General Fund Unringfenced	15.102	14.389	13.776	13.200	12.700
General Fund Grants	5.611	1.243	0.675	0.523	0.291
Dedicated Schools Grant	(13.244)	(17.919)	(9.500)	(7.000)	(5.500)
HRA	15.011	14.833	14.528	14.444	14.345
Reserves Sub Total	52.456	41.342	47.702	49.041	43.513
Balances					
General Fund	7.000	7.000	7.000	7.000	7.000
Schools	1.898	0.398	(1.102)	(2.602)	(4.102)
HRA	3.440	3.069	2.837	2.568	2.627
Balances Sub Total	12.338	10.467	8.735	6.966	5.525
Grand Total Reserves & Balances	64.795	51.810	56.438	56.007	49.038

9.6 Whilst an initial review of the reserves position for 2022/23 has taken place it will be necessary to undertake a thorough assessment of the impact on reserves over the MTFP throughout the budget-setting process. An explanation of each reserve and balances as at 31 March 2022 can be found in the Authority's draft Statement of Accounts for 2021/22.

In these unrepresented times the importance of robust financial management across the authority remains paramount. A range of tighter spending controls have been put in place to ensure no-nonessential spend is incurred during 2022/23 and to ensure any COVID-19 related expenditure is appropriately considered and approved in advance of being incurred.

The Chief Finance Officer considers that, at this time, these reserve levels are adequate, but will continue to review this in light of the degree of uncertainty surrounding the future of local government funding and the potential impact of COVID-19. The Chief Finance Officer will consider the level of Strategic Reserve that should be sustained over the period of the four-year MTFP as part of the refresh of the plan.

Financial Assurance

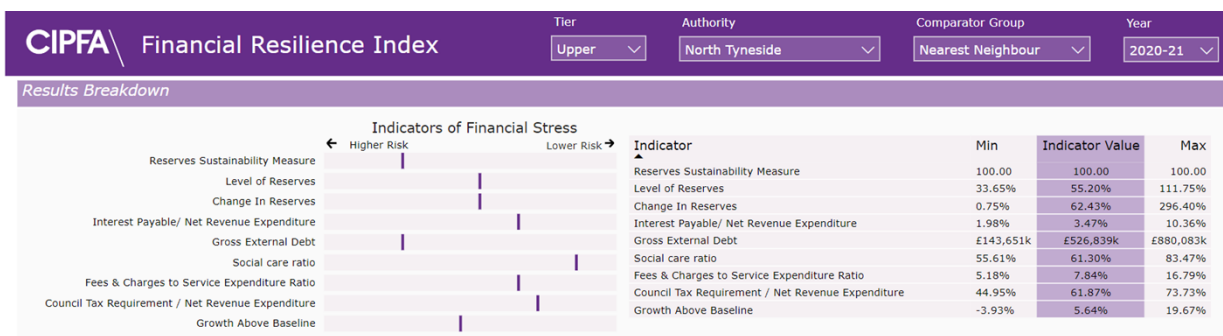
- 9.7 Each year as part of the annual accounts process the Authority must demonstrate that it is a going concern. This means it must show that it is financially sound in this time of austerity and changing local authority structures. The Authority has an Internal Audit function who continually assess and review the financial management and control framework to ensure that it remains fit for purpose. On top of this the Authority is scrutinised by its external auditors, Ernst & Young, who will review and comment on whether the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

Financial resilience

- 9.8 CIPFA Financial Resilience Index

The Chartered Institute for Public Finance Accountants (CIPFA) has recently published a paper: 'Building financial resilience: managing financial stress in local authorities' intended to help Chief Financial Officers and their authorities build financial resilience into all aspects of their planning and operations. It identifies the warning signs of financial stress and explains the pillars on which financial resilience depends.

CIPFA has outlined the warning signs of financial stress exhibited by local authorities. The table below shows how the Authority is performing against these warning signs.



Auditors VFM Assessment: Refer to local authority website
 Children's Social Care Judgement: Requires Improvement



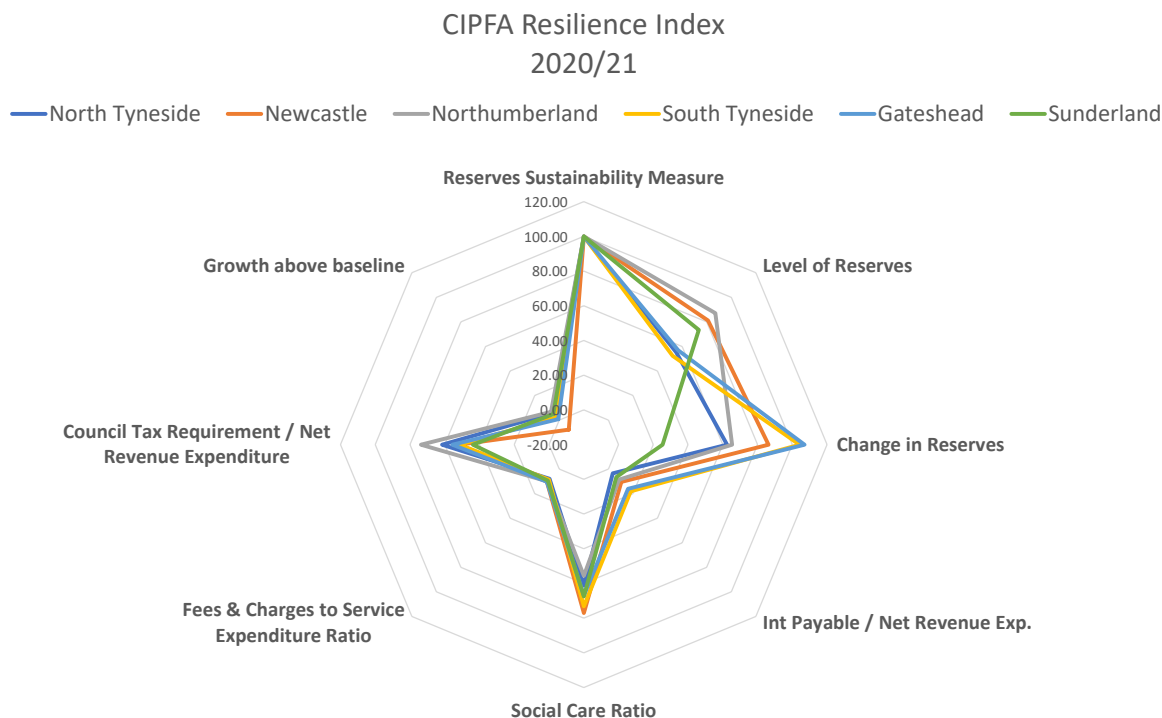
CIPFA has identified four key pillars of financial resilience:

- Getting routine financial management right
- Benchmarking
- Clear plans for delivering savings
- Managing reserves Indicators used in the Index include 'reserves depletion time', 'level of reserves', 'change of reserves', 'council budget flexibility', and 'council tax to net revenue expenditure'.

These measures have indicated that the majority of local authorities are in a stable financial position and are not showing signs of financial failure in spite of managing severe budget cuts. The Index above shows the Authority to be relatively low risk across the majority of the indicators of financial risk. The CIPFA Resilience Index Indicators & Interpretation is included on pages 34 and 35 of this document.

9.9 The CIPFA Resilience index plotted against neighbouring Authorities show North Tyneside Council as being in robust and sustainable financial position as well as demonstrating the Authority being broadly aligned against our neighbours for financial resilience.

Note the 2020/21 Resilience Index from CIPFA is currently the latest set of indicators.



The Authority identifies how it achieves financial resilience via the annual VFM assessment. This forms part of the annual external audit of the Authority’s accounts.

CIPFA Financial Management Code

9.10 CIPFA has developed a Financial Management Code (FM Code), which is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The FM Code sets the standards of financial management for local authorities. It applies a principles-based approach and relates to other statutory and good practice guidance. It builds on other codes and frameworks. The principles translate into financial management standards which are obligatory but not prescriptive regarding how they are achieved.

Local authorities need to ensure that their governance and financial management meets the requirements of the code. The Authority has carried out a self-assessment against the principles of the FM Code and these have been reported to the Senior Leadership Team. The Authority continues to demonstrate good practice in financial management.

10. Risk Assessment

Overall Financial Risk Assessment

- 10.1 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.

Key Financial Risks

- 10.2 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.

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.
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.	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 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.
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.	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.
There is a risk that not all growth pressures have been identified in the 2023/24 proposed Budget.	Detailed proposals have been put forward by each Director of Service and challenged by the Senior Leadership Team, Cabinet Members and the Elected Mayor.
There is a risk that demand - led pressures exceed Budget provision.	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.
There is a risk that specific factors arising during 2022/23 will not been fully taken into account when preparing the 2023/24 Budget.	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

	<p>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 impact on the deliverability of the 2023/24 budget.</p>	<p>As at 31 July 2022, a pressure of £19.511m (unmitigated) was reported against the 2022/23 Budget. 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.</p> <p>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>

11 Conclusion

- 11.1 The review of the Medium-Term Financial Strategy (MTFS) has again been undertaken against a background of significant uncertainty due to the exceptional inflationary pressures and the wider impact of the Russian invasion of Ukraine on the world economy whilst also managing the ongoing implications of the COVID-19 pandemic. At this stage in the Budget-setting process it is impossible to predict with any accuracy the financial impact the current economic situation or of the impact of the pandemic which will continue to be felt in the current financial year and over the medium-term. This will undoubtedly have implications for how the Authority delivers its services in the future and its approach to financial planning. The Authority continues to assess the financial impact and as such a further revision of the MTFS will be presented to Cabinet in November 2022.
- 11.2 The initial review of the MTFS identifies a potential financial gap of between £30m and £50m for the next four years from 2023/24 to 2026/27. The MTFS supports the requirement to continue a rolling programme of internal indicative budget-setting and efficiency plans to bridge the financial gap. This funding gap comes on top of budget savings of £127.756m that have already been taken from budgets by this Authority since 2011/12.
- 11.3 Although the financial context continues to be increasingly challenging and uncertain the Authority has a track record of identifying and delivering significant savings and achieving budget outturn under agreed budget, supported by a framework of effective financial planning. This approach will need to continue to ensure that a sustainable medium-term financial position can be maintained. The approach will need to be built upon the delivery of significant changes in service delivery arising from effective decision making at an appropriate pace.

The following background papers/information have been used in the compilation of this report, where there is no link included those reports are available at the office of the author:

Background papers:

Local Plan
Workforce Development Plan

Background information:

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:

- (a) Authority's Constitution and Budget and Policy Framework Procedure Rules
<https://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/October%202020.pdf>
- (b) 2021-2025 Our North Tyneside Plan
<https://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/ONT%20Plan%202021-25.pdf>
- (c) Treasury Management Strategy
<https://democracy.northtyneside.gov.uk/documents/s7277/Financial%20Management%20Report%20to%2030%20September%202021-Appendix-3.pdf>
- (d) COVID-19 – A Framework for Recovery in North Tyneside
<https://democracy.northtyneside.gov.uk/documents/s4039/Covid-19%20-%20A%20Framework%20for%20Recovery%20in%20North%20Tyneside.pdf>
- (e) 2021/22 Provisional Finance Outturn Report
<https://democracy.northtyneside.gov.uk/documents/s9265/2021-22%20Provisional%20Finance%20Outturn%20Main%20Report.pdf>
- (f) 2021/22 Draft Statement of Accounts
<https://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/Draft%20Statement%20of%20Accounts%202021-22%20.pdf>
- (g) North Tyneside Highway Asset Management Plan Annual Information Report 2020
<https://democracy.northtyneside.gov.uk/documents/s4538/North%20Tyneside%20Highway%20Asset%20Management%20Plan%20Annual%20Information%20Report%202020.pdf>
- (h) An Ambition for North Tyneside Update
<https://democracy.northtyneside.gov.uk/documents/s7901/An%20Ambition%20for%20North%20Tyneside%20-%20Update.pdf>

- (i) Ten Year Plan for Waste
<https://democracy.northtyneside.gov.uk/documents/s1482/2%2010%20Year%20plan%20for%20Waste.pdf>
- (j) Climate Emergency Update
<https://democracy.northtyneside.gov.uk/documents/s7231/Climate%20Emergency%20Update.pdf>
- (k) North Tyneside Homelessness Prevention and Rough Sleeping Strategy 2019-2021
<https://democracy.northtyneside.gov.uk/documents/s1968/North%20Tyneside%20Homelessness%20Prevention%20and%20Rough%20Sleeping%20Strategy%202019%20-2021.pdf>
- (l) A Digital Strategy for North Tyneside
<https://democracy.northtyneside.gov.uk/documents/s2638/A%20Digital%20Strategy%20for%20North%20Tyneside.pdf>
- (m) North Tyneside Trading Company - Strategic Business Plan 2020-2023
<https://democracy.northtyneside.gov.uk/documents/s3893/North%20Tyneside%20Trading%20Company%20-%20Strategic%20Business%20Plan%202020-23.pdf>
- (n) North Tyneside Transport Strategy Annual Report
<https://democracy.northtyneside.gov.uk/documents/s6188/North%20Tyneside%20Transport%20Strategy%20Annual%20Report%202020-21.pdf>

CIPFA Resilience Index Indicators & Interpretation

Indicator	Description	Relationship to risk and interpretation
Reserves Burn Rate	This indicator is the ratio between the current level of reserves and the average change in reserves in each of the past three years. A negative value (which implies reserves have increased) or one greater than 100 is recoded to 100.	The indicator provides a measure of how long (in years) it will take for a council to completely denude its reserves, if they continue to use reserves at the same rate as in the previous three years. A low value suggests that there is a risk that the authority will run out of reserves. A high value says, that on current trends, they are unlikely to deplete their reserves.
Level of Reserves	This is the ratio of the current level of reserves (total useable excluding public health & schools) to the council's net revenue expenditure. We have set the figure at 100% for a small number of district councils to remove the impact of extreme outliers.	A low level of reserves may indicate that a council has low capacity to cope with financial shocks. It will also face a risk should expenditure exceed income.
Change in Reserves	This indicator shows the average percentage change in reserves (total useable excluding public health and schools) over the past three years	A council that is using up its reserves may be at risk if they do not move to a more balanced budget.
Unallocated Reserves	This indicator is calculated as the ratio of unallocated reserves to net revenue expenditure	This indicator provides some further information on the reserves indicator. A low level of unallocated reserves may be a sign that a council will struggle with financial shocks.
Earmarked Reserves	This indicator is calculated as the ratio of earmarked reserves (excluding public health and schools) to net revenue expenditure	This indicator provides some further information on the reserves indicator. A low level of earmarked reserves could mean that a council will struggle with financial shocks or that they have not planned effectively for their use of reserves.
Change in Unallocated Reserves	This indicator is the average percentage change in unallocated reserves over the past three years	This indicator provides some further information on the reserves indicator. A council that is using up its reserves may be at risk if they do not move to a more balanced budget.

Appendix A

Indicator	Description	Relationship to risk and interpretation
Change in Earmarked Reserves	This indicator is the average percentage change in unallocated reserves over the past three years	This indicator provides some further information on the reserves indicator. A council that is using up its reserves may be at risk if they do not move to a balanced budget.
Social Care & Interest payments ratio	This indicator is the ratio of total spending on adults' social care, children's social care and debt interest to net revenue expenditure.	This indicator provides a measure of the degree of flexibility within a council's budget. Spending on these items is less likely to be reduced compared to other categories. A high ratio suggests that the council has little flexibility to make further savings, potentially leading to risk
Children's Social Care Ratio	This indicator is the ratio of spending on children's social care to net revenue expenditure	This indicator provides a breakdown of the total ratio to allow councils to understand their relative position for this component
Adult Social Care Ratio	This indicator is the ratio of spending on adult social care to net revenue expenditure	This indicator provides a breakdown of the total ratio to allow councils to understand their relative position for this component
Grants to Expenditure Ratio	This indicator shows the proportion of net revenue expenditure funded by central government grants.	Grants are a diminishing source of funding. However, a relatively high level of grants may suggest that a council may experience financial difficulties in the future as grants continue to be a declining source of income.
Council Tax Requirement / Net Expenditure	This indicator shows the ratio of council tax as a proportion of net expenditure	As locally raised council tax becomes more important, a lower ratio may be associated with difficulties in raising the income necessary to support spending.
Retained Income from business Rates/ Net Expenditure	This indicator shows the ratio of retained income from business rates as a proportion of net expenditure	As locally raised business rates become more important, a lower ratio may be associated with difficulties in raising the income necessary to support spending.
Children's Social Care Judgement	This indicator shows the latest OFSTED judgement on the quality of children's social care	A rating of inadequate or requires improvement may be associated with future higher spending on children's social care adding to council funding pressures
Auditors VfM Assessment	This indicator shows whether auditors have produce a non-standard conclusion on a council's accounts	A non-standard judgement may indicate some concern over the financial management and decisions within a council.

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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 B

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	Cabinet Meeting to consider any objections to Cabinet's Budget and Council Plan proposals. 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.
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

2023/24 Budget Engagement Strategy

North Tyneside Council 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.

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.

In all of 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 2023/2024 Budget Engagement Strategy and this is available on request.

In line with the proposed 2022-2026 Financial Planning and Budget Process as set out in Appendix B, engagement on Cabinet's initial budget proposals will take place from November 2022 to January 2023. The engagement approach is set out below.

Target Audiences

The aim of the budget engagement strategy is to reach different sectors of the population through an approach that encompasses engagement with residents as a whole and customers/users of services as well as particular groups of people, including those with protected characteristics. The approach also ensures reach with particular interest groups such as carers, older people, children and young people and council housing tenants.

The engagement strategy also ensures targeted activity with the following specific external and internal stakeholder groups:

External stakeholder groups

- North Tyneside Strategic Partnership
- Businesses
- Schools and education sector
- Voluntary and community sector (including faith groups)
- Ethnic Diversity Community Task Force
- North Tyneside Council Residents Panel

Internal stakeholder groups:

- Elected Members
- Staff
- Strategic Partners (Equans and Capita)
- Trade Unions

Approach

Our approach aims for maximum reach by offering a range of different opportunities for people to have their say. In line with the Authority's corporate engagement strategy the approach will be consistent with the following principles

- Inclusive - making sure that everyone can engage in the process
- Clear - being clear on the aims of the engagement activity at the outset and the extent to which residents and others can be involved
- Integrated - ensuring that engagement activities are joined up with the relevant decision-making processes
- Tailored - aiming to better understand our audience and using different methods appropriately to enable and encourage people to be involved
- Feedback - giving feedback through agreed channels when engagement activity is completed
- Timely - aiming to give enough notice to make opportunities available to all and taking into account those times when it is more appropriate to engage depending on the target audience.

Budget engagement activity for the 2023/2024 budget will be in line with any Government advice and comprise of

- providing clear information about the Financial Planning and Budget process in the Autumn edition of the Our North Tyneside magazine. This will include information about this engagement strategy and how residents can have their say throughout the process including how to join the Residents Panel to do so.
- in November 2022, publishing information about Cabinet's initial budget proposals. This will be published online via the Council's website and at front line locations including the Community Conversation Corners in the four Customer First Centres. Feedback will be able to be provided by residents and others via a questionnaire either on-line or at these front-line locations. This will be supported by communications activity via posters in key Council facilities, the media and social media to ensure that people know how they can get involved.
- there will also be opportunities for face-to-face engagement with lead officers and Cabinet members during November/December 2022. Building on our engagement last year these face-to-face sessions will comprise

- two in-depth sessions with the Residents Panel (which any resident can join). These sessions will provide people with the opportunity to gain an understanding of the Council's budget and to be able to appraise in detail the initial budget proposals and then provide feedback and

- engagement sessions for the following internal and external stakeholder groups
 - staff
 - businesses
 - schools
 - children and young people
 - community and voluntary sector
 - Trade Unions,
 - North Tyneside Strategic Partnership
 - older people
 - carers
 - Ethnic Diversity Community Task Force
 - groups representing people with protected characteristics under the Equality Act 2010.

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Meeting: Overview, Scrutiny and Policy Development Committee

Date: 14 September 2022

Title: Our North Tyneside Plan 2021-2025 Performance Report

Author: Pam Colby
Senior Manager – Policy, Performance and
Research

Tel: 0191 643 7252

Service: Corporate Strategy and Customer Services

Wards affected: All

1. Purpose of Report

This report provides Overview, Scrutiny and Policy Development Committee with an update on progress with delivering the updated Our North Tyneside Plan 2021-2025 as set out in the 'Our North Tyneside Performance Report' attached to this report at Appendix 1.

This report when read in conjunction with Appendix 1 provides an overview of performance since the start of the plan and identifies the agreed activities that the Authority will pursue in the future. In addition, it provides comparator information, such as national or regional performance, as there are several issues where North Tyneside is facing similar challenges as other parts of the country.

2. Recommendations

It is recommended that Overview, Scrutiny and Policy Development Committee note the progress that has been made to deliver the updated objectives of the Our North Tyneside Plan 2021-2025.

3. Details

On 23rd September 2021, the refreshed Our North Tyneside Plan 2021-2025 was agreed by Full Council following consultation with residents and other key stakeholders. The Council Plan was updated following the Mayoral Elections on 6th May 2021 to reflect the policy priorities of the incoming administration.

- 1.1.1 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.

As Overview, Scrutiny and Policy Development Committee are aware the Authority manages performance at two levels;

1. Strategic objectives, as defined in the Our North Tyneside Plan, are monitored and managed twice a year through regular reports to Cabinet, Overview, Scrutiny and Policy Development Committee and the North Tyneside Strategic Partnership

This is supplemented by quarterly discussions with Lead Members, which tracks performance and the financial implications.

2. Operational performance is managed on day-to-day basis by service areas, with a regular overview on a monthly basis.

At a strategic level, the highlights of this report against each of the priorities are:

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;***

The Authority has been working closely with a range of partners to unlock local potential and opportunity through the delivery of projects in the three town centres:

- **North Shields:** work is underway on public realm improvements in Northumberland Square and on Howard Street was completed at the end of August 2022.

The former Co-Op building has been demolished and construction of a new integrated transport facility within North Shields Town Centre is well underway. Adjacent to the hub will be a new town square. Works are proposed to complete in summer 2023.

The former Unicorn House building was demolished in 2021 and received planning permission for 29 new family housing units due to commence on site in autumn 2022.

Both 131 Bedford Street and the former Globe Gallery will be brought back into use for cultural purposes in the coming year by the new occupiers, further adding to the vitality of the growing cultural offer. £1.7m of grant funding has been secured from the North of Tyne Combined Authority (NTCA) to develop a Cultural and Creative Zone (CCZ), which will be known as North Shields Cultural Quarter, located in and around Howard Street and Saville Street, creating a 'cultural corridor' and stronger connections between the town centre and the Fish Quay.

Works are due to commence on the new Riverside Embankment Walkway shortly and complete in 2023/24. The walkway will provide a step-free route between the town centre and the Fish Quay.

A scheme for the relocation of the Ferry Landing to Western Quay has been submitted for funding from round 2 of the Levelling Up Fund. These works would include an extension to the protection jetty at the Fish Quay and associated public realm works to tie into the new Riverside Embankment Walkway.

A Saville Street Area Plan is currently being developed to encourage viable, valued local businesses to locate closer to the town centre to sustain a quality retail offer and repurpose residential properties to improve quality.

A bid has been submitted to the Levelling Up Fund for the Fish Quay focussing on:

- Supporting greater visitor numbers and trade enabling the local fishing industry to pivot to new/emerging markets
- Developing North Shields into a gateway to the Borough/Region through high-quality public realm and transport facilities that support visits utilising sustainable transport modes,
- Extending the high-quality offer for domestic and international visitors beyond the existing Coastal experience,
- Levelling-up the economic opportunities and encouraging reciprocal private investment into the deprived Riverside area, matching the more affluent Coastal conurbation, and
- Improving the daytime economy of the town centre by creating a cleaner, more vibrant, attractive place where people will visit more often and stay for longer.

The outcome of the bid is expected to be announced in autumn 2022.

- **Whitley Bay:** All works to the Northern Promenade have now been completed and was open to the public from the end of July.

The Authority secured funding from the Active Travel Fund (Tranche 3) and Sustrans. Further consultation on the proposed permanent coastal cycleway will be carried out this autumn and first phases of the scheme are likely to commence from January 2023.

It is proposed to undertake some master planning activity in Whitley Bay town centre in 2022. The purpose of the plan will be to improve the pedestrian, cycle, and vehicular movements within the town centre environment. Together with improvements to the public realm, this will help create a better visitor experience and provide opportunities for new investment as well as supporting existing local business.

- **Wallsend:** The Authority successfully secured funding for a host of improvements at Segedunum Roman Fort and Museum. The grant will pay for repairs to the roof, the installation of a new lift, and other improvements. An expression of interest has been submitted to the National Heritage Lottery Fund to bring the museum into the 21st century. If successful, the Authority will be invited to progress a detailed submission to secure a multi-million-pound investment in the Museum with its partners, Tyne and Wear Museums.

Funding has been secured from the North-East Local Enterprise Partnership to prepare a Masterplan for Wallsend. Work has commenced in scoping the Masterplan. It is anticipated that a draft Masterplan will be subject to engagement by autumn/winter 2022, prior to a final version being presented to Cabinet for adoption.

A bid has been submitted to the Levelling Up Fund for Wallsend focussing on:

- the modernisation of public realm along the High Street / retail core and adjacent residential terraces to provide a large high quality and healthier space
- Creating high quality sustainable transport connections into and through the Town retail core area
- Increasing footfall and dwell time,
- Improving connection between Segedunum and the town centre, and
- Enhancing the setting of Segedunum.

The outcome of the bid is expected to be announced in autumn 2022.

Work is nearing completion on site with the landowners (New River Retail) and healthcare providers to deliver new healthcare facilities in the heart of Wallsend Town Centre as part of the regeneration of the town centre.

The Authority continues to work with Swan Hunter site owners Shepherd Offshore Ltd to identify opportunities for inward investment in the site to create new employment opportunities.

The Authority completed the second phase of the Centre for Innovation renovation in 2021 and the building is substantially occupied providing high quality office accommodation aimed at businesses in the offshore sector.

Funding has been secured from NTCA to fund project activity in and around Wallsend High Street including capital public realm work and revenue activity including events, shop front grants, business support and resource to be based within the town centre to support businesses to start-up and grow.

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

The number of jobs and small business start-ups were impacted by the COVID-19 pandemic. In 2020 there were 89,000 jobs, which was a 5% decrease compared to the previous year. Prior to the pandemic, the number of jobs in the borough had shown an increase each year since 2011. During 2021/22, there were 971 small business start-ups, a 13% decrease compared to the previous year.

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

Ensuring that young people in North Tyneside have the right high-level skills to progress and succeed in the jobs market is key to the success of the local economy. The latest apprenticeship figures for 2021 showed the number of intermediate (level 1) apprenticeships decreased in 2021 in part due to national changes. However advanced (level 2) and higher (level 3) apprenticeship starts increased during 2021.

- ***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;***

During 2020/21, libraries and leisure centres were impacted significantly by COVID-19 restrictions and were not fully operational during that period impacting on the number of visits. In 2021/22, visits to Customer First Centres and Branch Libraries have not fully recovered. Customer First Centres received 565k visits in 2021/22, which is a 55% reduction compared to pre-pandemic levels. Branch Libraries received 40k visits during 2021/22, a reduction of 59% compared to pre-pandemic. Sport and Leisure have received two thirds of usual number of visits during 2021/22 compared to the same period in 2019/20.

- ***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;***

The number of recorded day visits and overnight stays to North Tyneside reduced to 3.23 million in 2020, compared to 7.13 million in 2019. The COVID-19 pandemic and social restrictions to manage community transmission impacted on visitor activity including restaurant bookings, hotel bookings, visitor car parking, visitor attraction numbers, events attendance, which are used to calculate tourist activity.

During 2021/22 King Edwards Bay, Tynemouth Longsands and Whitley Bay beaches have retained their Blue Flag international quality mark status by Keep Britain Tidy as well as their Seaside Awards recognising the finest beaches across the UK. These three beaches have achieved the Blue Flag standard every year since 1994 and are among a group of only 57 beaches across the country to win both a Blue Flag and Seaside award. Seven of the warden managed parks in North Tyneside have been awarded Green Flag Awards after Preston Cemetery applied for the first time in 2022. Benton Quarry Park, Killingworth Lakeside Park, Northumberland Park, Marden Quarry Park, Wallsend Parks, and the Rising Sun Country Park all retained their Green Flag Awards.

Resident satisfaction with beaches and parks and green spaces are consistent to previous years. However, satisfaction with parks and green spaces is below the Local Government Association benchmark.

- ***We will reduce the number of derelict properties across the borough; and***

The number of long-term vacant dwellings in North Tyneside has continued to show a decrease since 2018/19 to 1,027 dwellings, which is the lowest level in the last seven years.

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

The social value requirements included in the Authority’s procurement and commissioning processes contribute to how the organisation maximises environmental sustainability and additional social benefits. The procurement team have worked with the voluntary sector and schools to ensure that social value commitments are aligned. Reviewing our strategic partnerships has led to the transfer of services and in-house delivery. By 2029 all our contracts will incorporate a ‘greener target’. The Authority is working with its current suppliers to ensure that the most carbon friendly products are purchased. A dashboard is being developed to track how delivery against these requirements contribute to the delivery of the Our North Tyneside Plan priorities. The dashboard will be reported on annually to Cabinet.

A secure North Tyneside

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

Resident’s perception that anti-social behaviour and crime needs to be improved has increased significantly over time. In 2021, almost half of residents (47%) perceive anti-social and crime as an area that needs to be improved, an increase of 22 percentage points since 2016. Residents concern has impacted on the proportion of residents who feel safe outside in their local area after dark. In 2021, 45% of residents feel safe outside

their local area after dark, a decrease of 8 percentage points since 2019 and is significantly lower than the Local Government Association benchmark of 71%. The proportion of residents feeling safe outside in their local area during the day remains high at 89% and is in line with the Local Government Association benchmark.

During 2022 a multi-agency North Tyneside Anti-Social Behaviour Task Force has been established to develop and deliver a shared plan to tackle ASB as a partnership making a difference for residents, communities, visitors and businesses.

- ***We will invest an additional £2m per year on fixing our roads and pavements;***

The proportion of principal and non-principal roads where maintenance should be considered surveyed under the Department for Transport Road Conditions in England (RCE) has shown a decrease year on year. Only 2% of principal roads and 2% of non-principal roads managed by the Authority should be considered for maintenance, which is significantly better than the national benchmark (4% of principal roads and 6% of non-principal roads). On an annual basis, the Authority reviews the current state of the infrastructure on the highway network as part of the Highway Asset Management Plan.

In 2021, the Highway Asset Management Plan assessed the majority of the road asset as good, with 59% assessed as good, however 34% of the network requires some form of maintenance. 8% of the borough's roads are in a condition where structural resurfacing should be considered, which has increased slightly from 5% last year. Residents satisfaction with road and pavement maintenance is consistently lower when compared to other Authority services and is identified as most in need of improvement.

- ***We will maintain the Council Tax support scheme that cuts bills for thousands of low income households across North Tyneside;***

In the 2022-2026 Financial Planning and Budget Process Proposals it was agreed to extend the Council Tax Support Scheme, 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.

As of July 2022, there are 7,248 pensionable age and 9,133 working age claimants, which is a 6% decrease since 2019/20. At the start of the pandemic, the number of claims increased as residents were made redundant or reduced hours, but as more residents are now in work the number of claims has decreased.

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

In North Tyneside, there is a significant variance in life expectancy between areas in the most and least deprived areas. The inequality in life expectancy at birth for women is 9.9 years and 11.4 years for men. For women, this compares to a 10 year gap at a regional level and 7.9 years nationally. For men, this compares to a 12.5 year gap regionally and 9.7 years nationally.

Provisional figures for 2020/21, show that the number and proportion of children (aged under 16 years) living in relative and absolute low-income families before housing costs is continuing to increase.

- 8,990 children representing 24% of all children under the age of 16 in the borough are living in relative low- income families. This has increased by 10 percentage points

since 2014/15. There is a significantly higher proportion of children living in relative low-income families in more deprived areas compared to the borough rate. 43% in Chirton ward, 37% in Howdon ward and 35% in Riverside ward.

- 8,204 children, representing 22% of all children under the age of 16 are living in absolute low-income families, which is an increase of 6 percentage points since 2014/15. There is a significantly higher proportion of children living in absolute low-income families in more deprived areas compared to the borough rate. 39% in Chirton ward, 34% in Howdon ward and 33% in Riverside ward.
- The Authority is seeking to address health and socio-economic inequalities through a number of initiatives, including projects which specifically address food poverty. These include:
 - the Holiday Activities and Food Programme which provides holiday experiences for children and young people on free school meals, by providing food, nutritional education, physical activities and enriching activities during the easter, summer and Christmas holidays. This has resulted in participants having an improved understanding of healthy food and eating more healthily during the school holidays and in parents feeling more connected to their communities.
 - Using the Household Support Fund to:
 - provide free school meal vouchers during the school holidays, inclusive of £15 per child during May half term and £90 per child over the summer holiday period.
 - £8000 given directly to schools to support to families expanding the school uniform project.
 - Using the Poverty Intervention Fund to:
 - Support every school in North Tyneside to take part in a Poverty Proofing the School Day audit carried out by Children North-East which involves engaging with every student to understand what poverty looks like from a young person's perspective and using this insight to develop an action plan.
 - Continue to finance The Bread-and-Butter Thing (TBBT) in North Tyneside. The first food pantry hub was established in March 2022, four have been established in total with plans for a fifth. The hubs enable its clients to access three bags of food each week for £7.50. Making healthy food accessible to residents living in areas where there is limited access to healthy affordable food choices.
- ***We will provide 5,000 affordable homes.***

Building on the success of the Affordable Homes Programme, a new 2-phased programme to meet the 5,000 affordable homes target was approved by Cabinet in February 2022. This includes a 10-year delivery plan for the Authority's Housing Revenue Account that will deliver at least 350 new council homes and utilise new technologies to reduce carbon emissions and support the Authorities response to the climate emergency in North Tyneside. The programme will also include opportunities to increase delivery by pursuing windfall opportunities for the Authority, exploring new delivery models and seeking to unlock to the potential of brownfield sites in the borough.

Delivery of the Affordable Homes Programme is on track to meet the ambitious 5,000 affordable homes target. The target of 266 affordable homes was met in 2021/22 and at the end of August 2022, the overall total number of homes delivered is 1,934. This includes work to deliver 9, new homes at Falmouth Road, North Shields using the HUSK modern method converted disused garages into new Authority owned bungalows. A

number of long-term empty and derelict properties across the borough have also been brought back into use.

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;***

96% of primary schools in North Tyneside are rated as good or outstanding by OFSTED, significantly higher than the national performance. 88% of secondary schools are rated as good or outstanding, which is in line with the national performance.

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

The number of children subject to a child protection plan remains high at 257 during 2021/22. The number of children subject to a child protection plan increased during 2020/21 and demand has remained high in 2021/22. The number of contacts to Children's Safeguarding Services increased sharply in 2021/22 to 11,393 from 9,338 in 2020/21, bucking the previous trend of decreasing contacts year on year. 12.1% of children in care have experienced 3 or more placements, which is a significant increase compared to 8.3% in 2020/21, reversing the previous trend of performance improving since 2019.

- ***We will ensure all children are ready for school and that schools have an inclusive approach so that all of our children and young people have the best start in life.***

During 2021/22, 98.6% of children received a 2-2 ½ year development review and just over 84% meet the expected level in all 5 areas of the Ages and Stages Questionnaire (ASQ-3), which assesses how children are doing in relation to communication, physical ability, social skills and problem-solving skills. The ASQ-3 identifies where a child may need further support and a referral to health professionals.

Just over a third of (38%) of pupils with an education, health and care plan (EHCP) are educated in Special Schools, which is showing a decrease over time and is lower than the proportion regionally (44%) and is only slightly higher than the proportion nationally at 35%. However, the number of EHCPs the authority maintains overall has continued to increase to over 2,000 plans and is high compared to national averages, which has led to the Authority submitting a High Needs Recovery Plan to the Department for Education (DfE) detailing how the Authority will reduce the funding deficit.

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;***

During 2021/22, 86% people who received a short-term service during the year subsequently received either no ongoing support or support of a lower level, which is a slight improvement since 2020/21, is in line with regional performance and better than the national performance.

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

The Authority:

- Continued to increase fees to external social care providers that take account of the increase in the National Living Wage, this includes services such as care home, day care, supported living, outreach etc
 - Recognised the additional pressures on home care and extra care services and included an added element in the fee increase calculation to allow providers to pay the Real Living Wage. This aims 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
 - Recognised the work undertaken by the Home Care Study Group (a sub-group of the Adult Social Care and Health Scrutiny Sub-Committee) and endorsed the recommendations to support improvements in home care provision in North Tyneside
- ***People will be cared for, protected and supported if they become vulnerable, including if they become homeless;***

The number of residents presenting as homeless and being accepted as priority homeless is increasing. During 2021/22, 622 households presented as homeless, which is an increase of 42% compared to 2020/21. Out of those 622 households, only 32 (5%) were accepted as priority homeless during 2021/22, which is consistent to the previous year.

In North Tyneside, the rate of emergency admissions due to falls in people aged 65 and over is significantly higher than the rate across the region and nationally. 3,057 residents per 100,000 in North Tyneside compared to 2,311 across the North-East and 2,023 across England.

- ***We will support local community groups, carers and young carers and the essential work they do; and***

The Authority continues to work with VODA as the North Tyneside Infrastructure Organisation for Voluntary, Community and Social Enterprise (VCSE) sector organisations in North Tyneside. Recent cross-sector initiatives include:

- Opened the Spirit of North Tyneside hub at Wallsend Customer First Centre as an incubation hub for the VCSE sector in North Tyneside.
- The development of Living Well North Tyneside <https://www.livingwellnorthtyneside.co.uk/> - an online directory of local services, support and event, which ensures all groups can have a digital presence and residents can find out what is happening across the borough.
- Delivered a £400,000 grant fund for VCSE sector organisations working in North Tyneside, created in partnership with North Tyneside Clinical Commissioning Group (CCG). 15 organisations have been successful in securing funding on projects that will take place over the next 18 months. All projects have also helped in the development of an outcomes framework that will help to monitor this success of the various initiatives and feed this learning into the Equally Well strategy.
- Worked on the development of the “Volunteero” app to help match volunteers to the needs of local communities
- Piloted a leadership programme for VCSE sector CEOs

- Supported volunteers to take on roles welcoming Ukrainian families to the borough
- Celebrated the role of volunteers during the pandemic as part of the opening on the memorial compasses.
- Undertaken an engagement exercise with VCSE organisations across North Tyneside and their beneficiaries to help identify further actions that can be taken to realise the vision set out in the Equally Well Strategy
- Created a free online adult safeguarding training course specific to the VCSE sector

Work continues to link capacity and needs within the business and VCSE sectors via the Sector Connector project and to increase digital skills within the VCSE sector and with beneficiaries. Initiatives about to begin include:

- Looking at further ways the VCSE can support residents with the cost of living crisis
 - VCSE Tour/Safari
 - Democracy workshop
 - Keep Warm hubs
 - Developing a new Grow and Eat post to support VCSE organisations with work around food production and the use of green spaces
- ***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.***

This priority aligns with the overarching aim of the Authority's Equality and Diversity Policy, which is to ensure 'North Tyneside becomes a place where people feel safe and no one experiences discrimination or disadvantage because of their characteristics, background or personal circumstances'. This aim is underpinned by commitments including to:

- proactively embed equality and diversity considerations in everything we do and challenge others to do the same
- not tolerate discrimination, harassment and victimisation on any grounds, and take action against it.
- create an environment where people are confident to be themselves
- take account of, and respond to, the needs of residents and customers
- undertake Equality Impact Assessments (EIA's) to inform decision making
- strive to make our workforce more representative of the borough's population.

These commitments are being delivered through the Authority's Embedding Equality Programme. Since it launched in September 2021, the programme has introduced initiatives including: development of a new Equality Impact Assessment template and training; a stocktake of equality practice in all service areas; an update of the Authority's accessibility statement for inclusion in letters and publications; continued to update workforce policies and procedures, additional training and support on reasonable adjustments; implementation of a programme of improvements following the accessibility audits undertaken on 32 Authority buildings and planned further audits; a new Menopause Policy and training; preparation for the creation of two new changing places toilet facilities in Whitley Bay and North Shields; and engagement with hundreds of visitors to our stall at UK Pride in Newcastle.

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

The recycling rate in North Tyneside remains consistent at 38% of household waste sent for reuse, recycling and composting during 2021/22. The proportion of waste sent to landfill during 2021/22 was just above 4%. Waste management during the COVID-19 pandemic was challenging as the level of waste collected by the Authority during the period increased significantly as residents spent a lot more time at home and there was significantly less waste being generated by businesses and restaurants.

- ***Council environmental hit squads will crack down on littering;***

The Environmental Hit Squad were established in 2019 to target specific areas where litter and fly tipping were reported and due to demand the team has increased capacity. The team are used 4-5 times per day and average around 900 kg per day in uplift of fly tipping across the borough.

The number of fixed penalty notices issued for littering and fly tipping remains consistent compared to the previous year. There have been 68 fixed penalty notices issued for littering and fly tipping offences between April 2021 and January 2022, compared to 69 the previous year. More than half of all fixed penalty notices issued for environmental issues are in relation to litter and fly tipping offences.

- ***We will secure funding to help 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. To date measures have been installed in 260 homes so far.

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

72.1% of adults in North Tyneside walk or cycle at least once a week, which is showing an upward trend and is slightly higher than the proportion regionally and nationally. 13.1% of adults in North Tyneside cycle at least once a week, compared to 11.6% of adults in England and 9.8% adults in Tyne and Wear.

- ***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.***

In July 2019, Full Council declared a Climate Emergency to reduce the carbon footprint of the Authority and the Borough by 50% by 2023 and become carbon neutral by 2050. Subsequently, in acknowledgement of the gravity and urgency of the Climate Emergency, the refreshed Our North Tyneside Council Plan 2021-25, approved by full Council in September 2021, included the following ambition;

“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.”

The carbon footprint of Authority operations has decreased by 53% against the baseline year in 2010/11, well in advance of the 2023 target of 50%.

The carbon footprint of the Borough has decreased by 47% between 2005 and 2020 and by 51% when accounting for population growth.

The most recent data shows that the respective carbon footprints are:

- Authority – 14,111 tonnes of CO₂
- Borough – 767,177 tonnes of CO₂

In August 2022, Cabinet approved the Carbon Net-Zero 2030 Action Plan. This was shaped by a range of consultation activities and aligned to key Government strategies, policies and plans in order to realise the emerging opportunities for decarbonisation and economic growth. A range of carbon reduction and offsetting projects are being delivered, including the 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.

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.

(1) [Our North Tyneside Plan 2021-2025](#)

(2) [Council Plan Refresh - Report to Council 23 September 2021](#)

Meeting: Overview, Scrutiny & Policy Development Committee

Date: 14 September 2022

Title: Efficiency Savings Programme:
2021/22 Quarter 4: Progress Report

Author: Jon Ritchie

Tel: 0191 643 5701

Service: Resources

Wards affected: All

1. Purpose of Report

The purpose of this report is to update Overview, Scrutiny & Policy Development Committee on the outturn of key 2021/22 projects and business cases within the overall Efficiency Savings Programme.

2. Recommendations

The Committee is recommended to note the position of the projects, in terms of both project and savings delivery.

3. Summary

The overall savings requirement for the 2021/22 business cases agreed by Council in February 2021 is £4.537m. This is made up of £1.792m for the impact of prior years on 2021/22 and £3.066m of business cases within Health, Education, Care and Safeguarding (HECS) and Commissioning & Asset Management, that were previously achieved by management actions that require permanent delivery in 2021/22. There were no new business cases in 2021/22.

The delivery of some of the savings proposals in 2021/22 have been significantly impacted by the Covid-19 pandemic especially within Commissioning & Asset Management. All savings are forecasted to be fully achieved, however, when the impact of Covid-19 is taken into account.

The Authority has implemented significant change to support delivery of its Efficiency Savings Programme and its six key priority outcomes:

- Ready for School
- Ready for Work and Life
- Cared for, Safeguarded and Healthy
- Great Place to Live, Work Visit
- Fit for Purpose Organisation
- Maximising Resources

As part of the 2021-2024 financial planning process, Cabinet and Council agreed an Efficiency Plan that set out a series of projects which would deliver required savings whilst delivering priority outcomes. These projects form the basis of this report.

The financial position as at 31 March 2022 is set out in the table below.

Service	2021/22 Target	Delivery	In Year Management Actions	Yet to be Achieved
	£m	£m	£m	£m
HECS	3.843	2.968	0.875	0.000
Commissioning & Asset Management	0.264	0.093	0.164	0.007
Environment Housing & Leisure	0.430	0.430	0.000	0.000
TOTAL	4.537	3.491	1.039	0.007

- £3.491m has been delivered against the overall target via project activities outlined in associated business cases;
- A further £1.039m was achieved as the direct result of management actions during the course of the financial year;
- £0.007m of the overall target was not achieved but was met in the overall outturn of the Authority.

4. Background Information

The following documents have been used in the compilation of this report:

- Efficiency Savings Programme 2021/22 Update Report: Quarter 4 (attached)

Efficiency Savings Programme

2021/22
Quarter 4 Report



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Executive Summary

This is the 2021/22 Quarter 4 Progress Report summarising the delivery status of the Efficiency Savings Programme for the full year to 31 March 2022.

The overall savings requirement for 2021/22, agreed by Council in February 2021 is £4.537m. This is made up of £1.792m for the impact of prior year business cases on 2021/22 and £3.066m of business cases within Health, Education, Care and Safeguarding (HECS) and Commissioning & Asset Management, that were previously achieved by management actions that require permanent delivery in 2021/22. There were no new business cases in 2021/22.

The delivery of some of the savings proposals in 2021/22 have been significantly impacted by the Covid-19 pandemic especially within Health, Education, Care and Safeguarding and Commissioning & Asset Management. All savings are forecasted to be fully achieved, however, when the impact of Covid-19 is taken into account.

This report shows the outcome of both the project work and the realisation of associated savings, broken down by the six key outcomes: Ready for School; Ready for Work and Life; Cared for, Safeguarded & Healthy; Great Place to Live, Work and Visit; Fit for Purpose Organisation; and Managing Resources.

The Q4 financial position at the end of March 2022 is set out in the table below. All projected shortfalls in savings achieved, are forecasted to be met through support from Covid-19 grants, given the impact of the Covid-19 pandemic on the ability to achieve the savings outright.

Service	2021/22 Target	Delivery	In Year Management Actions	Yet to be Achieved
	£m	£m	£m	£m
HECS	3.843	2.968	0.875	0.000
Commissioning & Asset Management	0.264	0.093	0.164	0.007
Environment Housing & Leisure	0.430	0.430	0.000	0.000
TOTAL	4.537	3.491	1.039	0.007

- £3.491m has been delivered against the overall target via project activities outlined in associated business cases;
- A further £1.039m was achieved as the direct result of management actions during the course of the financial year;
- £0.007m of the overall target was not achieved.

As part of the Authority’s programme management arrangements, all business cases and projects within the Efficiency Savings Programme are monitored on a regular basis. Each project is given a RAG rating for project delivery and savings delivery. The definitions and numbers of projects falling into those categories are shown in the table below.

Work Delivery			Savings Delivery			£m
Blue	All milestones complete	3	Blue	Full saving realised and coded in the General Ledger	0	0.000
Green	All milestones are forecasted to be met within timescales; no concerns about delivery of future milestones	7	Green	Full saving forecasted to be realised but not yet coded in the General Ledger.	9	2.306
Amber	Some milestones delayed and/or minor concern about delivering some future milestones	2	Amber	Projected shortfall in savings up to a value of £0.050m.	2	0.035
Red	Milestones significantly delayed and/or major concern about delivering future milestones	6	Red	Projected shortfall in savings in excess of £0.050m	7	2.179
Total Savings Target						4.537

Ready for School

Continue to Redesign 0-19 Services (2021/22 target: £0.025m)

Starting with ante-natal services this proposal aims to continue our work to target our services at need and to manage demand for more specialist services. Critical to delivery will be the Healthy Child Programme and the work to increase the richness and consistency of the Early Help offer. This approach links to Government Policy and best practice through concentrating on prevention and developing more schools to deliver Early Years, which, in turn, saves money and avoids cost.

Savings from Full Year Effect of 2019/20 Saving	£0.025m
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A. Selling Capacity at Riverdale (£0.025m)

Savings Delivery Status

RAG	Blue
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The full savings target of £0.025m has been met but only through Covid-19 grant income, and not via the original intention of generating income from selling capacity. However, there is evidence that the use of this internal provision, as opposed to the use of externally commissioned care, is significantly more cost-effective and is, therefore, avoiding significantly increased costs.

Work Delivery Status

RAG	Amber
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The demand for and sufficiency of placements for children in care will continue to be closely monitored and managed. There has not been any internal capacity in 2021/22 as a result of caring for children in North Tyneside homes, including Riverdale. This is more cost-effective than commissioning external placements, where this is appropriate, but the position will continue to be closely monitored and, where there is internal capacity, this may be sold via regional commissioning arrangements.

Ready for Work and Life

Delivering Whole System Support to Children with Additional Needs (2021/22 target: £0.300m)

Changes in legislation and national policy regarding children with Special Educational Needs and Disabilities (SEND) have placed significant additional demands on local authorities. These changes also place an additional emphasis on the role of “local areas” to meet the needs of children with additional needs, including the full range of partners involved.

Rising demand has created significant pressures for all local authorities and their partners and reinforced the need for a whole-system response. The Authority will build resilience in the universal offer to prepare young people with additional needs for adult life by developing an integrated approach across education, health and care services.

Savings carried forward from 2020/21	£0.200m
Savings from Full Year Effect of 2021/22 Business Case	£0.100m

Children’s Health Funding (£0.300m)

As part of a wider strategy, this budget proposal is particularly concerned with ensuring needs are appropriately funded by the relevant agency, in line with statutory responsibilities and policy. The Service will ensure that there is a clear policy for funding decisions and a consistently applied process for ensuring funding is appropriate and that the source of funding is in line with the agreed policy. This will ensure that the Authority maximises the levels of Continuing Care funding received from the Clinical Commissioning Group (CCG) / Integrated Care Board (ICB) where health needs have been clearly identified and are being met by packages of care commissioned by the Authority.

Savings Delivery Status

RAG	Blue
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The proposal’s original target was for the saving to be reflected in the general ledger by the end of Quarter 1, however this was not achieved but the full saving was met by year end.

Work Delivery Status

RAG	Green
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The Service has worked on ensuring there is a clear policy for funding decisions in place and a consistently applied process for ensuring funding is appropriate and the source of funding is in line with the agreed policy. This work will ensure the Authority can maximise the levels of Continuing Care funding it receives from the CCG / ICB or the wider NHS where health needs have been clearly identified and are being met by packages of care commissioned by the Authority.

Cared for, Safeguarded & Healthy

Responding to Rising Complex Needs (2021/22 target: £0.850m)

Whilst there will be a continuing clear focus on preventing health and social needs from occurring and escalating, the need for formal care and support will continue. Complexity of need is increasing and the cost of providing services is rising exponentially. From a public health perspective, the Service will continue to focus on the principal preventable causes of ill health – tobacco, obesity, alcohol misuse and poor mental health (including social isolation). The Service will seek to reduce costs by ensuring that the Authority secures the appropriate contributions from our partners in accordance with the legislative framework, balancing the need to mitigate against the rising costs of care whilst still ensuring that people are ‘cared for and safeguarded’. The Service will carry out a review of all current funding to voluntary organisations not currently on a commissioned framework. This will provide an opportunity to review the total spend holistically and ensure any work complements and is not duplicated by the work to create new community hubs. Over the past five years the number of people supported in extra care and independent supported living schemes has continued to rise in the Borough and the Authority knows that using this approach can delay and prevent the use of more costly residential care and that our residents prefer to be supported in their own homes. This journey will continue with increased provision of specialist housing in the Borough, which is affordable now and in the longer term.

Savings from Full Year Effect of 2018/19 Saving

£0.350m

A. Responding to Rising Complex Needs (£0.250m)

Savings Delivery Status

RAG	Green
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The entire savings target has been achieved. New processes and governance were implemented during 2018/19 that helped secure additional continuing health care (CHC) and S117 funding in both 2018/19 and 2019/20. The Service continued to work to ensure that additional funding was still possible due to the impact of Covid-19 in 2020/21 and 2021/22.

Therefore, whilst there are still risks, the Service has a robust and clear plan in place that is enabling this saving to still be achieved.

Work Delivery Status

RAG	Complete
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Significant work has been undertaken. The Service identified 6 experienced staff to work as Champions. These staff, along with the case worker, have a pre-meet with the Assistant Director to discuss each individual's needs and to agree the narrative around the Authority's position at the Multi-Disciplinary Team (MDT) in relation to where a person's needs are more than incidental and ancillary to social care. Two other managers are supporting with this work. The Champion then represents the Authority at the MDT. This ensures that the Authority's position is clearly articulated and hopefully helps to build a trusted relationship with the nurse assessors. There is evidence that this has been a successful strategy. The Service had to pull this together at short notice and the hard work of the teams is noticeable and to be commended. The teams themselves

are articulating the benefit of this way of work, although it is time consuming. In addition, amendments have been made to the documentation to succinctly evidence areas of need that sit outside the Care Act domains and therefore are ineligible for social care. This not only helps evidence the Authority's position for the CCG, it helps ensure that the Authority remains Care Act compliant and does not exceed the remit of the Care Act. Work is now being extended to clients who's care needs are funded jointly by the Authority and the CCG.

B. Disability and Mental Health (£0.100m)

Savings Delivery Status

RAG	Green
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The entire £0.100m savings target has been achieved.

Work Delivery Status

RAG	Complete
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Both the Charlton Court and Bonchester sites were opened for clients in July 2019. This completes the work the Service set out to achieve this proposal.

Savings from Full Year Effect of 2019/20 Saving	£0.500m
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C. Learning Disability (£0.500m)

Savings Delivery Status

RAG	Red
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This is the continuation of a budget proposal agreed and implemented during 2018/19. This target relates to the development of in-house or Local Authority Trading Company delivery model for complex non-residential packages, plus on-going work re: partnerships and governance, which was anticipated to deliver further savings by March 2022. At the end of the period, £0.146m of the target has been achieved, with the remaining £0.354m still to be met.

Work Delivery Status

RAG	Red
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Whilst an in-house trading company model has not been established, the Service has delivered this saving in previous years by achieving additional CCG income. A review of all current funding to voluntary organisations, not currently on a commissioned framework has taken place to provide an opportunity to review expenditure holistically and ensure the work complements and is not duplicated by the work on the community hubs.

A Focus on the Social Care Customer Experience (2021/22 target: £0.550m)

Health and Social Care is a complex set of systems often governed by distinct pieces of legislature and delivered by multiple services, even within a single organisation such as the Authority. In 2017 the Service reviewed the adult social care customer journey and ensured

that our customers had a named worker, based in a local team, who would remain with that person throughout their social care journey. This has proved successful and is enabling better quality customer relationships to develop, as well reducing costly, duplicate processes from occurring. The Service aims to go further and whilst there are limited direct cost savings at this stage, it is clear that getting the right person to do the right thing correctly first time means that the Service is able to direct resources more effectively and mitigate against the increasing demand for good quality advice and information. This proposal will:

- Continue with the highly successful case management modernisation programme, to ensure that social care payments and processing are accurate, clear and efficient; and,
- Make best use of the new 'My Care' portal in the initial screening and contact service gateway to support NHS and other wellbeing professional to self-serve or make online referrals; this will create more time for resident calls. The new community hubs will provide close, comfortable locations for customers to meet with social work teams and reduce the number of costly home-based visits workers currently undertake.

Savings carried forward from 2020/21	£0.450m
Savings from full year effect of 2019/20/21 savings	£0.100m

A. Social Care Customer Experience – Assistive Technology (£0.500m)

Savings Delivery Status

RAG	Red
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At the end of the period, £0.120m of the £0.500m savings target has been achieved with the remaining £0.380m outstanding. Whilst the strategy over recent years has been successful in reducing admissions to residential and nursing care, and supporting more people to live at home, the costs associated with home care have increased significantly. During 2017/18, officers worked to reduce the number of home care packages that involved two carers visiting a home, through an increased use of equipment, adaptation and technology. The Service plans to take this work further by investing in cutting-edge, modern technology which can help people do more for themselves, maintaining their independence and wellbeing. The associated financial benefit will be a reduction in the number of home care hours commissioned.

Work Delivery Status

RAG	Amber
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Digital Champions have been identified and a project plan has been established and implemented to cover both the operational and strategic working groups, and further work is underway to explore alternative options for achieving this saving permanently.

A Support Through Technology Strategy has been launched. This focuses on technology being at the heart of the assessment process. The use of devices to meet identified needs is being tested. Officers are looking at ways to work with volunteers through VODA to support with shopping activity, both actual and internet shopping. Officers are also working on a pilot to introduce virtual support to individuals through existing domiciliary care providers. The next step is to incorporate this into Liquid Logic in order to capture the use of technology and track all savings.

Covid-19 has given rise to new ways of working and a greater reliance on remote technology. This has given a new range of options to further invest in assistive technology to help achieve this saving in the long term.

B. Social Care Customer Experience – Provider Payments (£0.050m)

Savings Delivery Status

RAG	Green
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The whole of this savings target has been met on a permanent basis.

Work Delivery Status

RAG	Green
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In 2018, HECS implemented a new case management system for children’s and adult social care. Alongside this a new payment system called ContrOcc was implemented. The Service continues the development of this system to ensure that all payments, invoices and charges are made via this system. Linked to this is an opportunity to streamline and reduce the amount of staff time currently involved in these processes.

Whilst some of the implementation plan had been completed, several aspects have been delayed due to Covid-19, in particular, the installation of the provider portal which will enable payments on actuals not commissioned services. The plan was to reduce the staffing establishment to meet this saving target.

The risk was if the staff complement was reduced prior to that there will not be enough staff to implement the changes required. This work was put on hold while payments and uplifts to providers were processed as part of the early Covid-19 response but is now on track to allow the saving to be achieved.

Leading Sector-Led Improvement (2021/22 target: £0.300m)

North Tyneside has developed a national reputation for the quality of its children’s services, including receiving Partners in Practice status from the Department for Education and the opportunity to deliver sector-led improvement (SLI) to other authorities in the country. This work will develop a long-term offer for SLI as well as exploring opportunities for North Tyneside to provide ad hoc and bespoke support to authorities that seek it. This will bring additional income.

Savings from Full Year Effect of 2019/20/21 Saving	£0.200m
Savings carried forward from 2020/21	£0.100m

Savings Delivery Status

RAG	Green
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The total income target has been achieved via income from the Department for Education for delivery of the Partners in Practice programme.

Work Delivery Status

RAG	Green
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North Tyneside Council continues to work with a number of local authorities through the Partners in Practice programme to share advice, guidance and expertise, and provide practical improvement support. This has continued to be delivered through remote methods during the Covid-19 pandemic.

Delivering our Accommodation Strategy for Social Care (2021/22 target: £0.780m)

Early work on the Cabinet's Affordable Homes Programme has demonstrated the Authority's ability to deliver specialist housing which supports independent living and reduces costs. This proposal aims to continue to shape the Authority's housing growth plans to include specialist housing products and services for children and adults with additional needs, Looked After Children and older people. The Authority has had significant success with recent developments at Mitford Gardens and Elm House, which have also proved better value for money than external options, and the joint team with commissioning, housing and social care expertise that was created for this work will continue to explore opportunities to develop a range of other internal accommodation services in line with the strategy in order to save costs on existing pilot work to deliver at scale. Specifically, the accommodation strategy for children in care and care leavers is focused on keeping children and young people connected to their communities, maintaining relationships with families and support networks, and promoting independent living with specialist housing in the Borough, which is affordable now and in the longer term.

Savings from Full Year Effect of 2018/19/20 Saving	£0.520m
Savings carried forward from 2020/21	£0.260m

Keeping our Children in Care within the borough (£0.780m)

Savings Delivery Status

RAG	Red
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Processes to review 'high cost' placements are helping keep costs as low as possible whilst ensuring the safety of children in care, the impact of our Keeping Families Connected service evidences significant cost avoidance, and the Fostering Strategy is contributing to reduced spend on external foster placements as we increase the use of internal placements. Despite this progress, in the context of wider financial pressures relating to children in care placements, £0.520m of the full savings target has been met in-year but £0.260m remains outstanding.

Work Delivery Status

RAG	Red
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The rate of children in care in North Tyneside remains the lowest in the region, with North Tyneside the only local authority in the region to reduce its rate during the height

of the Covid-19 pandemic, where regionally and nationally there have significant increases in the number of children entering care. Despite encouraging numbers during this period, by the year end the Authority was seeing it's children in care numbers start to rise again. Alongside this, processes to monitor and develop plans for those children in 'high cost' placements continue to demonstrate impact in reducing spend on placements whilst keeping children safe and close to home.

The new Fostering Strategy, agreed in 2019, is continuing to have a positive impact, despite the challenging circumstances of Covid-19, with continued recruitment of new carers and reduced use of external foster placements, with reduced spend as a result.

Great Place to Live, Work and Visit

Profit from Property Development (2021/22 target: £0.020m)

This business case involves two separate items: firstly, the increase in the charges made by the Authority to the Trading Companies in respect of Technical and Project Management Services by 2.5% above annual inflation, and secondly, interest income from loans made by the Authority to Aurora Properties (Sales) Limited in line with the latest approved Investment Plan to enable the construction of properties for outright market sale.

Savings from New 2021/22 Projects

£0.020m

Savings Delivery Status

RAG	Green
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The full £0.020m savings target has been achieved.

Work Delivery Status

RAG	Green
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Work has been on plan and will continue in future years year to maintain/increase profits.

10 Year Plan for Waste (2021/22 target: £0.400m)

For ecological and financial reasons, it is imperative that local authorities have long term plans for waste. This proposal aims to establish a 10-year plan to increase recycling and contain the growth of waste costs as well as developing a post 2022 solution for disposal of residual waste.

The Authority has a statutory duty to make arrangements to collect household waste that is capable of being recycled. This responsibility is met primarily by providing householders in the Borough with a grey bin and collecting it at the kerbside. As part of waste operations the material is delivered to a contracted processor who is responsible for separating it and finding markets to secure value from it. The contract arrangements were re-tendered resulting in a new contract commencing with a new contractor in October 2019. This new contract will provide the Authority with efficiencies in operational costs.

Savings from New 2021/22 Projects

£0.400m

Savings Delivery Status

RAG	Green
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Operational costs have been reduced and the savings have been be achieved in-line with the business case.

Work Delivery Status

RAG	Green
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The new contract commenced in October 2019. This saving has been achieved through operational changes that the Service was able to implement as a result of the introduction of the new contract, saving on fuel and vehicle costs. The Service is continuing to monitor the impact of Covid-19 on Waste. Volumes of waste collected increased during 2020/21 due to the Covid-19 restrictions that were in place and that higher level has remained during 2021/22 but this has not had an impact on the delivery of this saving.

A Fit for Purpose Organisation

How We Are Organised (2021/22 target: £1.038m)

As services change the organisation must change with them. This proposal aims to ensure the organisation is reshaped to reflect changes in services and reductions in resources. In addition to changes in service delivery it also aims to ensure the organisation's infrastructure is changed and shrinks in line with the rest of the organisation with resultant changes in overheads and recharges. This will include taking opportunities to streamline the Authority's decision-making infrastructure and processes where appropriate; in addition making sure that infrastructure is tested against best practice, the priorities of the Mayor and Cabinet and the market.

Savings from Full Year Effect of 2019/20 Saving	£0.200m
Savings carried forward from 2020/21	£0.100m

A. Youth Offending and Early Help (£0.300m)

Savings Delivery Status

RAG	Red
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The original milestone was for the permanent saving to be achieved by March of the respective financial years. The saving for 2019/20 was achieved in that year through the holding of vacancies and the generation of external income from delivering services on behalf of other authorities, and the saving for 2020/21 was achieved through Covid grants, but a permanent solution is being explored for 2021/22. Whilst the target is currently forecast to not be achieved, there are a range of temporary and permanent measures being explored that can contribute to this.

Work Delivery Status

RAG	Red
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Officers continue to explore the development of a new Adolescent Service, which will rationalise some existing support provided across early help and youth justice services, and we expect to lead to service efficiencies. In the meantime, vacancies continue to be held across services, as well as continuing to deliver youth justice services on behalf of another local authority, which is generating income for the service.

Savings from Full Year Effect of 2019/20 Saving	£0.200m
Savings carried forward from 2019/20	£0.468m

B. Additional External Income (£0.500m)

Savings Delivery Status

RAG	Red
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The £0.300m target relating to external funding was achieved in 2020/21 through income received in relation to the Partners in Practice programme; the target has increased to £0.500m in 2021/22 and it is unlikely to be achieved in 2021/22.

Work Delivery Status

RAG	Red
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A significant amount of work continues with other local authorities, linked to the Partners in Practice programme and the income that is received for this work. North Tyneside Council has also been asked to lead work nationally to evaluate and share learning regarding the response to Covid-19 in children's services.

C. Budget Reductions (£0.168m)

Savings Delivery Status

RAG	Red
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The £0.168m target relating to legal and professional fees was met in 2019/20 through management actions and in 2020/21 only through Covid-19 grant income due to an increase in requirement for use barristers to support court proceedings relating to children; only £0.017m is currently expected to be achieved in 2021/22.

Work Delivery Status

RAG	Red
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Work is on-going to identify a permanent solution for this savings target. Prior to the Covid-19 pandemic small savings were being realised in both areas; legal and professional fees. However, this has not been maintained during the pandemic.

Savings from New 2021/22 Projects

£0.070m

D. Adult Social Care Review of Management (£0.070m)

Savings Delivery Status

RAG	Red
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The planned saving of £0.070m saving has not been achieved.

Work Delivery Status

RAG	Red
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The proposal was to reduce 1 FTE post in the Service. Staffing pressures seen as a result of the pandemic have made this saving unachievable.

Sourcing (2021/22 target: £0.010m)

The Authority is aiming to reduce its maintenance costs in respect of the Street Lighting PFI contract with SSE over each of the next three years

Savings from New 2021/22 Projects

£0.010m

Reduction in Maintenance costs to SSE (£0.010m)

Savings Delivery Status

RAG	Green
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The planned saving of £0.010m saving has been achieved.

Work Delivery Status

RAG	Green
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Project target achieved.

Maximising Resources

Fees and Charges (2021/22 target: £0.264m)

The Authority has an agreed Fees and Charges Policy that reflects policy priorities, need and the wider market in which we operate. This proposal will continue our work to regularly review our Fees and Charges.

Savings from Full Year Effect of 2018/19 Saving	£0.164m
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Facilities and Fair Access (£0.164m)

Savings Delivery Status

RAG	Amber
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The full amount of this saving has not been achieved as a result of a Cabinet decision to delay passing the increased costs to schools due to the impact of Covid-19.

Work Delivery Status

RAG	Green
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The fee increase was been postponed due to the impact of Covid-19 but the saving was still achieved.

Savings from New 2020/21 Projects	£0.100m
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Facilities and Fair Access (£0.100m)

Savings Delivery Status

RAG	Green
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The full amount of the saving has been achieved through increased income based on SLA charges to schools for Catering and Cleaning services.

Work Delivery Status

RAG	Complete
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The fee increase has been applied to school SLA charges in 2021/22.

Meeting: Overview, Scrutiny & Policy Development Committee

Date: 14 September 2022

Title: Efficiency Savings Programme:
2022/23 Quarter 1: Progress Report

Author: Jon Ritchie

Tel: 0191 643 5701

Service: Resources

Wards affected: All

1. Purpose of Report

The purpose of this report is to update Overview, Scrutiny & Policy Development Committee on the current progress of key 2022/23 projects and business cases within the overall Efficiency Savings Programme.

2. Recommendations

The Committee is recommended to note the position of the projects, in terms of both project and savings delivery.

3. Summary

New savings were proposed for 2022/23 of £3.113m combined with £1.607m of savings targets that were agreed in prior years budget setting processes for delivery in 2022/23. Savings targets of £2.373m within Health, Education, Care and Safeguarding (HECS) and £0.164m within Commissioning & Asset Management (C&AM) were met in 2021/22 through Covid grants, alternative management actions or through one-year funding sources. These targets still require permanent achievement increasing the total savings brought forward from prior year business cases to £4.144m. The overall target to achieve in 2022/23 is therefore £7.257m.

The project work and the realisation of associated savings for both the new 2022/23 savings, has been broken down over the four workstreams: Digital, Data and Customer; Workforce Planning and Organisational Development; Commissioning, Procurement and Commercial; and Asset Management, and the prior year business cases broken down by the six key outcomes: Ready for School; Ready for Work and Life; Cared for, Safeguarded & Healthy; Great Place to Live, Work and Visit; Fit for Purpose Organisation; and Managing Resources.

The financial position as at 30 June 2022 is set out in the tables below.

Service	2021/22 Targets £m	Projected Delivery £m	In Year Actions £m	Yet to be achieved £m
HECS – Adults	0.350	0.350	0.000	0.000
HECS – Children’s	2.923	0.000	0.000	2.923
E&L	0.520	0.520	0.000	0.000
C&AM	0.346	0.260	0.000	0.086
Central	0.005	0.005	0.000	0.000
TOTAL	4.144	1.135	0.000	3.009

Service	2022/23 Targets £m	Projected Delivery £m	In Year Actions £m	Yet to be achieved £m
HECS – Adults	0.600	0.000	0.000	0.600
HECS – Children’s	0.300	0.000	0.000	0.300
C&AM	0.400	0.000	0.000	0.400
Central	0.250	0.250	0.000	0.000
Resources	1.563	1.563	0.000	0.000
TOTAL	3.113	1.813	0.000	1.300

- £2.948m has been delivered against the overall target via project activities outlined in associated business cases;
- £4.309m of the overall target is yet to be achieved and is contributing to the wider Authority pressure reported to Cabinet in the Financial Management Report.

4. Background Information

The following documents have been used in the compilation of this report:

- Efficiency Savings Programme 2022/23 Update Report: Quarter 1 (attached)

Efficiency Savings Programme

2022/23
Quarter 1 Report



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Executive Summary

This is the 2022/23 Quarter 1 Progress Report summarising the delivery status of the Efficiency Savings Programme for the full year to 31 March 2023.

New savings were proposed for 2022/23 of £3.113m combined with £1.607m of savings targets that were agreed in prior years budget setting processes for delivery in 2022/23. Savings targets of £2.373m within Health, Education, Care and Safeguarding (HECS) and £0.164m within Commissioning & Asset Management (C&AM) were met in 2021/22 through Covid grants, alternative management actions or through one-year funding sources. These targets still require permanent achievement increasing the total savings brought forward from prior year business cases to £4.144m. The overall target to achieve in 2022/23 is therefore £7.257m.

This report shows the outcome of both the project work and the realisation of associated savings for both the new 2022/23 savings, broken down over the four workstreams: Digital, Data and Customer; Workforce Planning and Organisational Development; Commissioning, Procurement and Commercial; and Asset Management, and the prior year business cases broken down by the six key outcomes: Ready for School; Ready for Work and Life; Cared for, Safeguarded & Healthy; Great Place to Live, Work and Visit; Fit for Purpose Organisation; and Managing Resources.

The Q1 financial position at the end of May 2022, and reported to Cabinet on 1 August 2022 is set out in the tables below:

Service	2021/22 Targets £m	Projected Delivery £m	In Year Actions £m	Yet to be achieved £m
HECS – Adults	0.350	0.350	0.000	0.000
HECS – Children’s	2.923	0.000	0.000	2.923
E&L	0.520	0.520	0.000	0.000
C&AM	0.346	0.260	0.000	0.086
Central	0.005	0.005	0.000	0.000
TOTAL	4.144	1.135	0.000	3.009

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C&AM	0.400	0.000	0.000	0.400
Central	0.250	0.250	0.000	0.000
Resources	1.563	1.563	0.000	0.000
TOTAL	3.113	1.813	0.000	1.300

- £2.948m has been delivered against the overall target via project activities outlined in associated business cases;
- £4.309m of the overall target is yet to be achieved and is contributing to the wider Authority pressure reported to Cabinet in the Financial Management Report.

As part of the Authority’s programme management arrangements, all business cases and projects within the Efficiency Savings Programme are monitored on a regular basis. Each project is given a RAG rating for project delivery and savings delivery. The definitions and numbers of projects falling into those categories are shown in the table below.

Work Delivery			Savings Delivery			£m
Blue	All milestones complete	0	Blue	Full saving realised and coded in the General Ledger	0	0.000
Green	All milestones are forecasted to be met within timescales; no concerns about delivery of future milestones	14	Green	Full saving forecasted to be realised but not yet coded in the General Ledger.	14	2.788
Amber	Some milestones delayed and/or minor concern about delivering some future milestones	2	Amber	Projected shortfall in savings up to a value of £0.050m.	2	0.346
Red	Milestones significantly delayed and/or major concern about delivering future milestones	13	Red	Projected shortfall in savings in excess of £0.050m	13	4.123
Total Savings Target						7.257

Prior Year Business Cases

Ready for School

Continue to Redesign 0-19 Services (2022/23 target: £0.025m)

Starting with ante-natal services this proposal aims to continue our work to target our services at need and to manage demand for more specialist services. Critical to delivery will be the Healthy Child Programme and the work to increase the richness and consistency of the Early Help offer. This approach links to Government Policy and best practice through concentrating on prevention and developing more schools to deliver Early Years, which, in turn, saves money and avoids cost.

Savings from Full Year Effect of 2019/20 Saving	£0.025m
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A. Selling Capacity at Riverdale (£0.025m)

Savings Delivery Status

RAG	Red
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The full savings target of £0.025m was previously met only through Covid-19 grant income, and not via the original intention of generating income from selling capacity. However, there is evidence that the use of this internal provision, as opposed to the use of externally commissioned care, is significantly more cost-effective and is, therefore, avoiding significantly increased costs. The saving is not currently forecast to be achieved.

Work Delivery Status

RAG	Red
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The demand for and sufficiency of placements for children in care will continue to be closely monitored and managed. There has not been any internal capacity in 2021/22 as a result of caring for children in North Tyneside homes, including Riverdale. This is more cost-effective than commissioning external placements, where this is appropriate, but the position will continue to be closely monitored and, where there is internal capacity, this may be sold via regional commissioning arrangements. Finance officers will continue to work with Cabinet, the Senior Leadership Team and other Senior officers across the Service to review the saving and look for opportunities to achieve it.

Ready for Work and Life

Delivering Whole System Support to Children with Additional Needs (2022/23 target: £0.400m)

Changes in legislation and national policy regarding children with Special Educational Needs and Disabilities (SEND) have placed significant additional demands on local authorities. These changes also place an additional emphasis on the role of “local areas” to meet the needs of children with additional needs, including the full range of partners involved.

Rising demand has created significant pressures for all local authorities and their partners and reinforced the need for a whole-system response. The Authority will build resilience in the universal offer to prepare young people with additional needs for adult life by developing an integrated approach across education, health and care services.

Savings carried forward from 2021/22	£0.300m
Savings from Full Year Effect of 2022/23 Business Case	£0.100m

Children’s Health Funding (£0.400m)

As part of a wider strategy, this budget proposal is particularly concerned with ensuring needs are appropriately funded by the relevant agency, in line with statutory responsibilities and policy. The Service will ensure that there is a clear policy for funding decisions and a consistently applied process for ensuring funding is appropriate and that the source of funding is in line with the agreed policy. This will ensure that the Authority maximises the levels of Continuing Care funding received from the Clinical Commissioning Group (CCG) / Integrated Care Board (ICB) where health needs have been clearly identified and are being met by packages of care commissioned by the Authority.

Savings Delivery Status

RAG	Red
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The saving is not currently forecast to be achieved.

Work Delivery Status

RAG	Red
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Finance officers will continue to work with Cabinet, the Senior Leadership Team and other Senior officers across the Service to review the saving and look for opportunities to achieve it.

Cared for, Safeguarded & Healthy

Responding to Rising Complex Needs (2022/23 target: £0.250m)

Whilst there will be a continuing clear focus on preventing health and social needs from occurring and escalating, the need for formal care and support will continue. Complexity of need is increasing and the cost of providing services is rising exponentially. From a public health perspective, the Service will continue to focus on the principal preventable causes of ill health – tobacco, obesity, alcohol misuse and poor mental health (including social isolation). The Service will seek to reduce costs by ensuring that the Authority secures the appropriate contributions from our partners in accordance with the legislative framework, balancing the need to mitigate against the rising costs of care whilst still ensuring that people are ‘cared for and safeguarded’. The Service will carry out a review of all current funding to voluntary organisations not currently on a commissioned framework. This will provide an opportunity to review the total spend holistically and ensure any work complements and is not duplicated by the work to create new community hubs. Over the past five years the number of people supported in extra care and independent supported living schemes has continued to rise in the Borough and the Authority knows that using this approach can delay and prevent the use of more costly residential care and that our residents prefer to be supported in their own homes. This journey will continue with increased provision of specialist housing in the Borough, which is affordable now and in the longer term.

Savings from Full Year Effect of 2018/19 Saving

£0.250m

A. Responding to Rising Complex Needs (£0.250m)

Savings Delivery Status

RAG	Green
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The entire savings target will be achieved. New processes and governance were implemented during 2018/19 that helped secure additional continuing health care (CHC) and S117 funding in both 2018/19 and 2019/20. The Service is continuing to work to ensure that additional funding is still possible due to the impact of Covid-19.

Therefore, whilst there are still risks, the Service has a robust and clear plan in place that has been working and as the country transitions out of the pandemic the Service is confident to report the achieved status at the end of quarter 2.

Work Delivery Status

RAG	Green
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Significant work has been undertaken. The Service identified 6 experienced staff to work as Champions. These staff, along with the case worker, have a pre-meet with the Assistant Director to discuss each individual's needs and to agree the narrative around the Authority's position at the Multi-Disciplinary Team (MDT) in relation to where a person's needs are more than incidental and ancillary to social care. Two other managers are supporting with this work. The Champion then represents the Authority at the MDT. This ensures that the Authority's position is clearly articulated and hopefully helps to build a trusted relationship with the nurse assessors. There is evidence that this has been a successful strategy. The Service had to pull this together at short notice and the hard work of the teams is noticeable and to be commended. The teams themselves

are articulating the benefit of this way of work, although it is time consuming. In addition, amendments have been made to the documentation to succinctly evidence areas of need that sit outside the Care Act domains and therefore are ineligible for social care. This not only helps evidence the Authority's position for the CCG, it helps ensure that the Authority remains Care Act compliant and does not exceed the remit of the Care Act. Work is now being extended to clients who's care needs are funded jointly by the Authority and the CCG.

A Focus on the Social Care Customer Experience (2022/23 target: £0.100m)

Health and Social Care is a complex set of systems often governed by distinct pieces of legislature and delivered by multiple services, even within a single organisation such as the Authority. In 2017 the Service reviewed the adult social care customer journey and ensured that our customers had a named worker, based in a local team, who would remain with that person throughout their social care journey. This has proved successful and is enabling better quality customer relationships to develop, as well reducing costly, duplicate processes from occurring. The Service aims to go further and whilst there are limited direct cost savings at this stage, it is clear that getting the right person to do the right thing correctly first time means that the Service is able to direct resources more effectively and mitigate against the increasing demand for good quality advice and information. This proposal will:

- *Continue with the highly successful case management modernisation programme, to ensure that social care payments and processing are accurate, clear and efficient; and,*
- *Make best use of the new 'My Care' portal in the initial screening and contact service gateway to support NHS and other wellbeing professional to self-serve or make online referrals; this will create more time for resident calls. The new community hubs will provide close, comfortable locations for customers to meet with social work teams and reduce the number of costly home-based visits workers currently undertake.*

Savings from Full Year Effect of 2022/23 Business Case

£0.100m

A. Social Care Customer Experience – Assistive Technology (£0.100m)

Savings Delivery Status

RAG	Green
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During 2017/18, officers worked to reduce the number of home care packages that involved two carers visiting a home, through an increased use of equipment, adaptation and technology. The Service plans to take this work further by investing in cutting-edge, modern technology which can help people do more for themselves, maintaining their independence and wellbeing. The associated financial benefit will be a reduction in the number of home care hours commissioned. The saving is currently forecast to be achieved.

Work Delivery Status

RAG	Green
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Digital Champions have been identified and a project plan has been established and implemented to cover both the operational and strategic working groups, and further work is underway to explore alternative options for achieving this saving permanently.

A Support Through Technology Strategy has been launched. This focuses on technology being at the heart of the assessment process. The use of devices to meet

identified needs is being tested. Officers are looking at ways to work with volunteers through VODA to support with shopping activity, both actual and internet shopping. Officers are also working on a pilot to introduce virtual support to individuals through existing domiciliary care providers. The next step is to incorporate this into Liquid Logic in order to capture the use of technology and track all savings.

Covid-19 has given rise to new ways of working and a greater reliance on remote technology. This has given a new range of options to further invest in assistive technology to help achieve this saving in the long term.

Leading Sector-Led Improvement (2022/23 target: £0.400m)

North Tyneside has developed a national reputation for the quality of its children’s services, including receiving Partners in Practice status from the Department for Education and the opportunity to deliver sector-led improvement (SLI) to other authorities in the country. This work will develop a long-term offer for SLI as well as exploring opportunities for North Tyneside to provide ad hoc and bespoke support to authorities that seek it. This will bring additional income.

Savings from Full Year Effect of 2019/20/21 Saving	£0.300m
Savings from Full Year Effect of 2022/23 Business Case	£0.100m

Savings Delivery Status

RAG	Red
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The saving is not currently expected to be achieved but there are currently other measures being explored.

Work Delivery Status

RAG	Red
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Finance officers will continue to work with Cabinet, the Senior Leadership Team and other Senior officers across the Service to review the saving and look for opportunities to achieve it.

Delivering our Accommodation Strategy for Social Care (2022/23 target: £0.930m)

Early work on the Cabinet’s Affordable Homes Programme has demonstrated the Authority’s ability to deliver specialist housing which supports independent living and reduces costs. This proposal aims to continue to shape the Authority’s housing growth plans to include specialist housing products and services for children and adults with additional needs, Looked After Children and older people. The Authority has had significant success with recent developments at Mitford Gardens and Elm House, which have also proved better value for money than external options, and the joint team with commissioning, housing and social care expertise that was created for this work will continue to explore opportunities to develop a range of other internal accommodation services in line with the strategy in order to save costs on existing pilot work to deliver at scale. Specifically, the accommodation strategy for children in care and care leavers is focused on keeping children and young people connected to their communities, maintaining relationships with families and support networks,

and promoting independent living with specialist housing in the Borough, which is affordable now and in the longer term.

Savings from Full Year Effect of 2018/19/20/21 Saving	£0.780m
Savings carried forward from 2021/22	£0.150m

Keeping our Children in Care within the borough (£0.930m)

Savings Delivery Status

RAG	Red
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Processes to review 'high cost' placements are helping keep costs as low as possible whilst ensuring the safety of children in care, the impact of our Keeping Families Connected service evidences significant cost avoidance, and the Fostering Strategy is contributing to reduced spend on external foster placements as we increase the use of internal placements. The saving is currently not expected to be achieved.

Work Delivery Status

RAG	Red
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The rate of children in care in North Tyneside remains the lowest in the region, with North Tyneside the only local authority in the region to reduce its rate during the height of the Covid-19 pandemic, where regionally and nationally there have significant increases in the number of children entering care. Despite encouraging numbers during this period, by the end of March 2022 the Authority was seeing it's children in care numbers start to rise again. Alongside this, processes to monitor and develop plans for those children in 'high cost' placements continue to demonstrate impact in reducing spend on placements whilst keeping children safe and close to home.

The new Fostering Strategy, agreed in 2019, is continuing to have a positive impact, despite the challenging circumstances of Covid-19, with continued recruitment of new carers and reduced use of external foster placements, with reduced spend as a result. Finance officers will continue to work with Cabinet, the Senior Leadership Team and other Senior officers across the Service to review the saving and look for opportunities to achieve it.

Great Place to Live, Work and Visit

Profit from Property Development (2022/23 target: £0.005m)

This business case involves the increase in the charges made by the Authority to the Trading Companies in respect of Technical and Project Management Services by 2.5% above annual inflation.

Savings carried forward from 2021/22

£0.005m

Savings Delivery Status

RAG	Green
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The full £0.005m savings target has been achieved.

Work Delivery Status

RAG	Green
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Work has been on plan and will continue in future years year to maintain/increase profits.

10 Year Plan for Waste (2022/23 target: £0.500m)

For ecological and financial reasons, it is imperative that local authorities have long term plans for waste. This proposal aims to establish a 10-year plan to increase recycling and contain the growth of waste costs as well as developing a post 2022 solution for disposal of residual waste.

The Authority has a statutory duty to make arrangements to collect household waste that is capable of being recycled. This responsibility is met primarily by providing householders in the Borough with a grey bin and collecting it at the kerbside. As part of waste operations the material is delivered to a contracted processor who is responsible for separating it and finding markets to secure value from it. The contract arrangements were re-tendered resulting in a new contract commencing with a new contractor in October 2019. This new contract will provide the Authority with efficiencies in operational costs.

Savings carried forward from 2021/22

£0.500m

Savings Delivery Status

RAG	Green
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Operational costs have been reduced and the savings have been achieved in-line with the business case.

Work Delivery Status

RAG	Green
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The new contract commenced in October 2019. This saving has been achieved through operational changes that the Service was able to implement as a result of the introduction of the new contract, saving on fuel and vehicle costs. The Service is continuing to monitor the impact of Covid-19 on Waste. Volumes of waste collected increased during 2020/21 due to the Covid-19 restrictions that were in place and that higher level has remained during 2021/22 but this has not had an impact on the delivery of this saving.

A Fit for Purpose Organisation

How We Are Organised (2022/23 target: £1.168m)

As services change the organisation must change with them. This proposal aims to ensure the organisation is reshaped to reflect changes in services and reductions in resources. In addition to changes in service delivery it also aims to ensure the organisation's infrastructure is changed and shrinks in line with the rest of the organisation with resultant changes in overheads and recharges. This will include taking opportunities to streamline the Authority's decision-making infrastructure and processes where appropriate; in addition making sure that infrastructure is tested against best practice, the priorities of the Mayor and Cabinet and the market.

Savings from Full Year Effect of 2019/20 Saving	£0.200m
Savings carried forward from 2020/21	£0.100m

A. Youth Offending and Early Help (£0.300m)

Savings Delivery Status

RAG	Red
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The original milestone was for the permanent saving to be achieved by March of the respective financial years. The saving for 2019/20 was achieved in that year through the holding of vacancies and the generation of external income from delivering services on behalf of other authorities, and the saving for 2020/21 was achieved through Covid grants, but a permanent solution is being explored for 2022/23. Whilst the target is currently forecast to not be achieved, there are a range of temporary and permanent measures being explored that can contribute to this.

Work Delivery Status

RAG	Red
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Officers continue to explore the development of a new Adolescent Service, which will rationalise some existing support provided across early help and youth justice services, and we expect to lead to service efficiencies. In the meantime, vacancies continue to be held across services, as well as continuing to deliver youth justice services on behalf of another local authority, which is generating income for the service. Finance officers will continue to work with Cabinet, the Senior Leadership Team and other Senior officers across the Service to review the saving and look for opportunities to achieve it.

Savings carried forward	£0.668m
Savings 2022/23	£0.200m

B. Additional External Income (£0.700m)

Savings Delivery Status

RAG	Red
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The £0.300m target relating to external funding was achieved in 2020/21 through income received in relation to the Partners in Practice programme; the target has increased to £0.700m in 2022/23 and it is unlikely to be achieved.

Work Delivery Status

RAG	Red
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A significant amount of work continues with other local authorities, linked to the Partners in Practice programme and the income that is received for this work. North Tyneside Council has also been asked to lead work nationally to evaluate and share learning regarding the response to Covid-19 in children's services. Finance officers will continue to work with Cabinet, the Senior Leadership Team and other Senior officers across the Service to review the saving and look for opportunities to achieve it.

C. Budget Reductions (£0.168m)

Savings Delivery Status

RAG	Red
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The £0.168m target relating to legal and professional fees was met in 2019/20 through management actions and in 2020/21 only through Covid-19 grant income due to an increase in requirement for use barristers to support court proceedings relating to children. The saving is not expected to be achieved in 2022/23.

Work Delivery Status

RAG	Red
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Work is on-going to identify a permanent solution for this savings target. Prior to the Covid-19 pandemic small savings were being realised in both areas; legal and professional fees. However, this has not been maintained during the pandemic. Finance officers will continue to work with Cabinet, the Senior Leadership Team and other Senior officers across the Service to review the saving and look for opportunities to achieve it.

Sourcing (2022/23 target: £0.020m)

The Authority is aiming to reduce its maintenance costs in respect of the Street Lighting PFI contract with SSE over each of the next three years

Savings from 2021/22	£0.020m
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Reduction in Maintenance costs to SSE (£0.020m)

Savings Delivery Status

RAG	Green
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The planned saving of £0.010m saving has been achieved.

Work Delivery Status

RAG	Green
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Project target achieved.

Maximising Resources

Fees and Charges (2022/23 target: £0.346m)

The Authority has an agreed Fees and Charges Policy that reflects policy priorities, need and the wider market in which we operate. This proposal will continue our work to regularly review our Fees and Charges.

Savings from Full Year Effect of 2018/19 Saving

£0.246m

Facilities and Fair Access (£0.246m)

Savings Delivery Status

RAG	Amber
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The full amount of this saving has not been achieved as a result of a Cabinet decision to delay passing the increased costs to schools due to the impact of Covid-19, there is currently £0.086m that is not expected to be achieved.

Work Delivery Status

RAG	Amber
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Finance officers will continue to work with Cabinet, the Senior Leadership Team and other Senior officers across the Service to review the saving and look for opportunities to achieve it.

Savings from New 2020/21 Projects

£0.100m

Facilities and Fair Access (£0.100m)

Savings Delivery Status

RAG	Green
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The full amount of the saving has been achieved through increased income based on SLA charges to schools for Catering and Cleaning services.

Work Delivery Status

RAG	Green
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The fee increase has been applied to school SLA charges in 2021/22.

2022/23 Business Cases

Digital, Data and Analytics

Using Technology to improve customer service and reduce cost (2022/23 target: £0.588m)

This proposal describes four specific areas where a change in the way the Authority uses or manages digital services could deliver financial improvements through the efficient use of technology.

Savings from New 2022/23 Projects

£0.200m

A. Core ICT Service Cost Reduction (£0.200m)

Savings Delivery Status

RAG	Green
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The full saving is expected to be achieved.

Work Delivery Status

RAG	Green
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Work is ongoing to remodel the service to ensure the saving is achieved by the end of 2022/23.

Savings from New 2022/23 Projects

£0.150m

B. Network Connectivity (£0.150m)

Savings Delivery Status

RAG	Green
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The full saving is expected to be achieved.

Work Delivery Status

RAG	Green
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Work is ongoing to review the contracts in relation to network connectivity to generate the saving required by the end of 2022/23.

Savings from New 2022/23 Projects

£0.038m

C. Schools SLA (£0.038m)

Savings Delivery Status

RAG	Green
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The full saving is expected to be achieved.

Work Delivery Status

RAG	Green
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Work is continuing with schools to boost the numbers taking up the Authority's offer and generate the additional income required to ensure the saving is achieved.

Savings from New 2022/23 Projects

£0.200m

D. Utilising Video Technology (£0.200m)

Savings Delivery Status

RAG	Green
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The full saving is expected to be achieved.

Work Delivery Status

RAG	Green
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Work is ongoing to generate the saving expected from utilising video technology more efficiently across the organisation to achieve the required efficiency.

Commissioning, Procurement and Commercial

Fees and Charges (2022/23 target: £0.100m)

The Authority has an agreed Fees and Charges Policy that reflects policy priorities, need and the wider market in which we operate. This proposal will continue our work to regularly review our Fees and Charges.

Savings from New 2022/23 Projects

£0.100m

Facilities and Fair Access (£0.100m)

Savings Delivery Status

RAG Red

The saving is not currently expected to be achieved but there are currently other measures being explored.

Work Delivery Status

RAG Red

Finance officers will continue to work with Cabinet, the Senior Leadership Team and other Senior officers across the Service to review the saving and look for opportunities to achieve it.

Commercial arrangements (2022/23 target: £0.975m)

This proposal will reduce additional costs associated with contracts and review the Authority's supply chain.

Savings from New 2022/23 Projects

£0.500m

A. Commercial arrangements with Adults and Children's Services (£0.500m)

Savings Delivery Status

RAG Red

The saving is not currently expected to be achieved but there are currently other measures being explored.

Work Delivery Status

RAG Red

Finance officers will continue to work with Cabinet, the Senior Leadership Team and other Senior officers across the Service to review the saving and look for opportunities to achieve it.

Savings from New 2022/23 Projects

£0.375m

B. Commercial contract reviews (£0.375m)

Savings Delivery Status

RAG Green

The full saving is expected to be achieved.

Work Delivery Status

RAG	Green
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The Authority's contracts with Equans and Capita along with other non-strategic contracts have been reviewed and there is confidence that the work being performed post-review will generate the required saving.

Savings from New 2022/23 Projects

£0.100m

C. Supply Chain (£0.100m)

Savings Delivery Status

RAG	Amber
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The full amount of the saving is expected to be achieved following a review of contracts.

Work Delivery Status

RAG	Amber
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Work is underway to review each contract and ensure it is fit for purpose. The current expectation is for part of the £0.100m to be achievable in 2022/23 although work is on-going to try and ensure the full target is met.

Direct Delivery of Services (2022/23 target: £0.100m)

This proposal will ensure efficiencies and service improvements are made by delivering the Home to School transport service internally, promoting independence and quality of provision and ensuring that those who require the service have this as needed.

Savings from New 2022/23 Projects

£0.100m

Home to School Transport (£0.100m)

Savings Delivery Status

RAG	Red
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The saving is not currently expected to be achieved but there are currently other measures being explored.

Work Delivery Status

RAG	Red
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Finance officers will continue to work with Cabinet, the Senior Leadership Team and other Senior officers across the Service to review the saving and look for opportunities to achieve it.

Meeting needs differently (2022/23 target: £0.400m)

This proposal will deliver savings by seeking to reduce demand on the current provision of residential care. Also by reducing the high-cost care packages for adults with learning disabilities through the use of digital technology to support independent living.

A. In House Delivery (£0.300m)**Savings Delivery Status**

RAG	Red
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The saving is not currently expected to be achieved but there are currently other measures being explored.

Work Delivery Status

RAG	Red
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Finance officers will continue to work with Cabinet, the Senior Leadership Team and other Senior officers across the Service to review the saving and look for opportunities to achieve it.

B. Care Packages (£0.100m)**Savings Delivery Status**

RAG	Red
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The saving is not currently expected to be achieved but there are currently other measures being explored.

Work Delivery Status

RAG	Red
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Finance officers will continue to work with Cabinet, the Senior Leadership Team and other Senior officers across the Service to review the saving and look for opportunities to achieve it.

Workforce Planning and Organisational Development

Customer Improvement Framework (2022/23 target: £0.500m)

This proposal aligns three of the Authority's existing strategies and change programmes, which aim to deliver against the ambition set out in the Our North Tyneside Plan 2021-2025 and will result in efficiencies through increased digital adoption, workforce realignment and reduction in the overall workforce establishment.

Savings from New 2022/23 Projects
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£0.500m

Customer Improvement Framework (£0.500m)

Savings Delivery Status

RAG	Green
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The full saving is expected to be achieved.

Work Delivery Status

RAG	Green
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A programme of work is being carried out to improve our customer framework, creating a more efficient service and generate cashable efficiencies as a result.

Workforce Development (2022/23 target: £0.100m)

This proposal is around workforce development and links closely with the Customer Service Framework to deliver fit for purpose pay and terms and conditions for employees, fit for purpose teams which maximise efficiency and reduce duplication of effort and future opportunities for employment within the authority with potential for pool arrangements which minimise costs.

Savings from New 2022/23 Projects
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£0.100m

Alternative to Agency (£0.100m)

Savings Delivery Status

RAG	Green
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The full saving is expected to be achieved.

Work Delivery Status

RAG	Green
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Work in this area is being led by Human Resources & Organisational Development, reviewing our pay policies and terms and conditions and it is currently forecast to be on track to deliver the required savings by year end.

Asset Management

Cost of Borrowing (2022/23 target: £0.250m)

The Authority's projected cash flow requirements, debt maturity structure and interest rate projections will be reviewed to optimise the revenue implications of borrowing.

Savings from New 2022/23 Projects	£0.250m
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Reduction to cost of borrowing (£0.250m)

Savings Delivery Status

RAG	Green
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The full saving is expected to be achieved.

Work Delivery Status

RAG	Green
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The Authority's treasury management strategy is anticipated to allow this saving to be achieved by year end.

Energy Management (2022/23 target: £0.100m)

The Authority will undertake a targeted proactive approach to reducing the usage of energy with a greater synergy to the Carbon Reduction programme also being explored.

Savings from New 2022/23 Projects	£0.100m
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Energy Management (£0.100m)

Savings Delivery Status

RAG	Red
-----	-----

The saving is not currently expected to be achieved but there are currently other measures being explored.

Work Delivery Status

RAG	Red
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Finance officers will continue to work with Cabinet, the Senior Leadership Team and other Senior officers across the Service to review the saving and look for opportunities to achieve it, in the face of rising inflationary pressures in the energy market.

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North Tyneside Council Report to Cabinet Date: 27 June 2022

Title: Cabinet Response to Overview and Scrutiny Home Care Study Group Report

Portfolio(s): Adult Social Care	Cabinet Member(s): Cllr A McMullen
Report from Service Area:	Health Education Care and Safeguarding
Responsible Officer:	Jacqui Old, Director of Children’s and Adult Services Tel: (0191) 643 7317
Wards affected:	All

PART 1

1.1 Executive Summary:

This report sets out a proposed Cabinet response to the actions / recommendations identified by the Home Care Study Group, which undertook an in-depth review of home care provision in North Tyneside on behalf of the Adult Social Care, Health and Wellbeing Sub-Committee of the Overview, Scrutiny and Policy Committee.

The details of the proposed responses are set out in the Appendix to this report.

1.2 Recommendation(s):

It is recommended that Cabinet agrees the proposed response to the recommendations of the Home Care Study Group of the Adult Social Care, Health and Wellbeing Sub-Committee as set out in the Appendix to this 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 29 April 2022.

1.4 Council Plan and Policy Framework

This report relates to the following priorities in the 2021-2025 Our North Tyneside Plan:

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

1.5 Information:

- 1.5.1 The Adult Social Care, Health and Wellbeing Sub-Committee originally established the Home Care Study Group (the Study Group) in early 2020 to review home care provision in the Borough. The Study Group began the review, but the review was suspended at the beginning of the Covid 19 pandemic in March 2020. In July 2021, the Adult Social Care, Health and Wellbeing Sub-Committee agreed to re-establish the Study Group with a revised remit and membership, and the Study Group began meeting in early October 2021.
- 1.5.2 The remit of the Study Group was to review the current provision of home care in North Tyneside and monitor the introduction and progress of the Home Care Pilot, with a view to:
- Understanding whether the provision of Home Care in the borough is currently meeting the needs of residents;
 - Identifying those things that are working well and any areas of concern;
 - Monitoring the implementation of the Health and Care Pilot.
- 1.5.3 The Study Group received information from officers from the Commissioning Team and other teams within the Authority, as well as a range of interested parties including home care providers, front line staff, carers, North Tyneside Carers' Centre, North Tyneside Healthwatch, UNISON and the Cabinet Member for Adult Social Care.
- 1.5.4 A copy of the recommendations and the proposed response to each is set out in the Appendix to this report.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet agrees the response to the recommendations as set out in paragraph 1.2 above.

Option 2

Cabinet does not agree the response to the recommendations as set out in paragraph 1.2 above.

Option 1 is the recommended option as

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

Cabinet has a duty to provide a response to the report and the recommendations presented to it by the Home Care Study Group of the Adult Social Care, Health and Wellbeing Sub-Committee. The proposed response is a proportionate and considered response to the recommendations made by the Study Group in its report.

1.8 Appendices:

Appendix – Cabinet response to the recommendations of the home care study group.

1.9 Contact officers:

Scott Woodhouse, Strategic Commissioning Manager Adults, tel 0191 6437082
Claire Emmerson, Senior Manager Financial Strategy and Planning, tel 0191 643 8109

1.10 Background information:

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

(1) [Home Care Study Group report – March 2022](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

This relates to the budget to deliver the provision of commissioned home care services across North Tyneside and the resources (staff) needed by the social care sector to deliver high quality services to meet the needs of people with eligible needs.

As part of the fee increase process from April 2022, Officers have considered options to ensure there is a sufficient increase to the market to meet additional and new cost pressures that providers are facing, including wage and other general running costs. These have historically been linked to the National Living Wage and Consumer Price Index.

Alongside this, there are capacity issues particularly within the home care sector with recruitment and retention. A number of initiatives are being considered and put in place to support providers and the market as a whole. In turn this will assist the wider health and social care system with capacity to support hospital discharge, reduced short term and longer-term care home placements. This includes a strategic priority to support providers to pay their staff a higher wage.

An increase to reflect this priority was put in place and agreed, under the scheme of delegations, by the Director of Childrens and Adult Services and the Director of Resources with the Lead Member for Adult Social Care and the Lead Member for Resources.

Notwithstanding this, it is not planned to implement this across the wider social care or Authority wide supply chain as this will have significant impacts for the Authority.

The action plan refers to fee increases in April 2022 to enable providers to pay their care and support staff at least the Real Living Wage, the cost of this will be met from within the Adult Social Care budget and forms part of the strategy to support recruitment and retention of staff to support vulnerable people.

In addition to this the Authority is required to undertake a “Fair Cost of Care” exercise with the local market and providers of home care services. This is to be undertaken over

the coming months and information from providers working in North Tyneside fed back to the Department of Health and Social Care by 14 October 2022. This will give us information on provider costs in line with the details of the agreed tool and will allow us to complete a market sustainability plan to ensure we have sufficiency of provision and that providers are viable and able to deliver high quality services in North Tyneside.

The increase to a Real Living Wage (RLW) for home care staff had not previously been anticipated when the 2022/23 Budget was agreed by Full Council in February 2022. A move to the RLW from April 2022 will cause a pressure within the Home Care budget. This will be monitored closely during the year and the impact of this reported to Cabinet as part of the bi-monthly budget monitoring reports. The outcome of the Fair Cost of Care exercise will form the basis of the Authority's 2023-2027 medium-term financial planning.

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 and Scrutiny Report prepared by the Home Care Study Group of the Adult Social Care, Health and Wellbeing Sub-Committee. In providing its response Cabinet is required to indicate what (if any) action it proposes to take.

In undertaking all procurements, the Authority must comply with the Public Contracts Regulations 2015 and the Authority's Contract Standing Orders. Therefore, the Authority must observe these legislative requirements when considering issues related to the living wage in the procurement process.

The Authority endeavours to take account of price increases in its contracts for different social care commissioned services, including home care, extra care, care homes, supported living, day services etc. The contracts do not specify a rate of payment that providers must pay their staff in the delivery of services and the increase to support providers to pay staff at least the Real Living Wage is not an accreditation requirement linked to contract award or service delivery.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

The Study Group met with officers from the Commissioning Team and other teams within the Authority, as well as some front-line staff from the Reablement Team and the Cabinet Member for Adult Social Care. Where actions that are set out in the Appendix are being implemented, consideration of further consultation will be made.

2.3.2 External Consultation/Engagement

The Study Group met with a range of interested parties from outside of the Authority, including home care providers, individual carers, North Tyneside Carers' Centre, North Tyneside Healthwatch, and UNISON. Where actions that are set out in the Appendix are being implemented, consideration of further consultation will be made.

2.4 Human rights

Cabinet's response to the Study Group has had regard to Article 8 of the Human Rights Act 1998 and a person's right to respect for their family and private life.

2.5 Equalities and diversity

Those in receipt of adult social care services may have protected characteristics under the Equality Act 2010 and those characteristics will be dealt with under the assessment and support planning arrangements.

2.6 Risk management

The capacity of home care services to meet the needs of vulnerable adults is identified and monitored in the Authority's risk register.

2.7 Crime and disorder

There are no crime and disorder issues arising directly from this report.

2.8 Environment and sustainability

There are no environment and sustainability issues arising directly 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

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**Cabinet Response to Overview and Scrutiny Recommendations
Completed Action Plan**

Home Care Study Report

In accordance with Section 9FE of the Local Government Act 2000, Cabinet is required to provide a response to the recommendations of the Overview and Scrutiny Committee within 2 months. In providing this response Cabinet are asked to state whether or not it accepts each recommendation and the reasons for this decision. Cabinet must also indicate what action, if any, it proposes to take.

Overview and Scrutiny Recommendation	Officer Commentary	Cabinet Decision (Accept or Reject)	Action to be taken (if any) and timescale for completion
Recommendation 1 – Review the commissioning process to identify any areas where the allocation of care packages can be streamlined to be more efficient for providers and to allow packages to be put in place more quickly.	We are keen to ensure that the micro commissioning of individual packages of care is streamlined and offers providers an efficient run and delivery of homecare across the borough. We are working with providers and the market on this to identify gaps they may have and consider how these may be quickly filled by appropriate packages	Accept	Continued working with the market and consideration of ideas and other options that providers may have or that may be working well in other areas.
Recommendation 2 – Assess whether the budget for home care can be increased to allow the Authority to pay a higher rate to providers, and to link this to a requirement for providers to pay staff the Real Living Wage.	We have seen a number of workforce related issues over the last 12 months that have impacted on recruitment and retention of care and support workers. Whilst there are a number of factors to this, pay is clearly one when the wider employment market (retail, distribution, hospitality) is already paying higher rates to staff than the national minimum wage.	Accept, subject to understanding that this is not a Real Living Wage accreditation process	Monitor and review the impact of the fee increase and the capacity of the home care market and providers to accept new packages of care from the brokerage list, and also as part of hospital discharge arrangements.

Overview and Scrutiny Recommendation	Officer Commentary	Cabinet Decision (Accept or Reject)	Action to be taken (if any) and timescale for completion
	<p>In line with the Scheme of Delegations, from 1 April 2022, the service has agreed to increase rates by a higher percentage to support providers to be able to pay their staff the Real Living Wage of £9.90 per hour. Note this is not an accreditation process linked to contract award or service delivery.</p> <p>This is put in place as a direct result of and alongside other measures to deal with recruitment and retention across home care services. It is a priority for the service and the Authority to create capacity within home care to support people to remain independent and also to support hospital discharge.</p> <p>This is not being implemented across the wider Adult Social Care or Authority supply chain.</p>		
<p>Recommendation 3 – Integrate the following into the next commission/tender process which is due to take place in 2023:</p> <ul style="list-style-type: none"> • Stronger requirements around ‘quality of care’ 	<p>The current home care contract / framework runs to 30 June 2023.</p> <p>As part of pre-procurement work the Commissioning Team will be reviewing the current service specification and contract requirement and receiving feedback from clients, carers,</p>	Accept	

Overview and Scrutiny Recommendation	Officer Commentary	Cabinet Decision (Accept or Reject)	Action to be taken (if any) and timescale for completion
<ul style="list-style-type: none"> the payment of an enhanced rate for providers who pay staff the Real Living Wage (subject to the outcome of recommendation 2). Support for the provision of specialist care services through an increased rate for these services, including a requirement for an increased rate for staff pay Support innovations in the use of enabling technologies to supplement and enhance in-person care services. 	<p>providers, partner agencies to inform the new contract / framework to be let from 1 July 2023.</p> <p>These areas will be considered as part of the process. The current enhanced / specialist element of the service relates to continuing health care packages which are funded by the Clinical Commissioning Group.</p> <p>We are keen to ensure that different forms of assistive technology are in place and form part of the solution to support people in their own homes.</p>		
<p>Recommendation 4 – Review innovations in other Local Authority areas to develop a longer-term plan for the commissioning of home care over the next 4-year procurement cycle. This should include re-visiting business models for alternative options for the delivery of home care services, including in-house provision, to consider whether any would now be viable.</p>	<p>See response to recommendation 3 in relation to innovation and review of options as part of the review work in advance of any procurement exercise.</p> <p>Work was undertaken in 2018 to look at the cost of internal delivery and if it was viable to set up an internal home care service. At this time the cost was not competitive and was not progressed.</p>	Accept	<p>Commissioning plan for home care to include innovation and a review of different models of service delivery.</p> <p>Review previous work on internal service delivery.</p>
<p>Recommendation 5 – Review training for social work teams to</p>	<p>There are different approaches in place for people funded by the</p>	Accept	

Overview and Scrutiny Recommendation	Officer Commentary	Cabinet Decision (Accept or Reject)	Action to be taken (if any) and timescale for completion
<p>ensure there is consistency across the commissioning process and ongoing support and advice provided to clients and their families / informal carers.</p>	<p>Local Authority and for self-funded people supported by the Local Authority.</p> <p>We will ensure the advice and information is clear and accurate and that social work staff are sighted on this and can share the appropriate advice and information with clients and carers as appropriate.</p> <p>We will ensure staff are sighted on all options available to people funded through the Local Authority and also self-funding clients that request support from the Local Authority.</p>		
<p>Recommendation 6 – Review the impact of the current marketing campaign in support of recruitment to the Care Sector and to continue to review the support the Council is able to provide in this area.</p>	<p>The national social care recruitment campaign delivered by DHSC ran earlier this year and provided a range of materials and advertising to support recruitment and retention in social care.</p> <p>In addition to this, the Local Authority complimented the national campaign with local media and advertising. This was funded through the Workforce Recruitment and Retention Fund that was in place up to 31 March 2022.</p>	Accept	Impact to be reviewed and options considered for further local campaign as part of Social Care Workforce Strategy.

Overview and Scrutiny Recommendation	Officer Commentary	Cabinet Decision (Accept or Reject)	Action to be taken (if any) and timescale for completion
<p>Recommendation 7 – Work with further education colleges, care providers and the North of Tyne Combined Authority to develop the Care Academy model to provide a route for trained and job-ready applicants to enter the care sector.</p>	<p>We have started work on the development of a local North Tyneside Social Care Academy to support recruitment and retention into social care work.</p> <p>Plan progressing to expand the Academy and interface with local providers of social care to identify new recruits.</p>	Accept	<p>Social Care Academy work is progressing, ensure this is linked to Social Care Workforce Strategy (see recommendation 8).</p>
<p>Recommendation 8 – Develop a longer- term work force strategy in support of the care sector.</p>	<p>A workforce strategy to support recruitment and retention in the social care sector is being developed in conjunction with social care providers</p>	Accept	<p>Social Care Workforce Strategy to be developed.</p>
<p>Recommendation 9 – Review the ‘My Care’ website to enhance the information available to families, particularly self-funders, to help them to navigate the system, including signposting information on private care providers.</p>	<p>We have started review of content to work on improving and enhancing information and advice content within My Care web pages.</p> <p>We plan to further develop content in line with changes to legislation and eligibility criteria, particularly in relation to white paper publication.</p>	Accept	<p>Improvement plan to support ongoing development and updates to my care web pages and content.</p>
<p>Recommendation 10 – Promote the ‘My Care’ website across the community and in clinical settings to raise the profile and increase awareness of the website.</p>	<p>We have recently launched a BSL introduction to my care video and have strengthened our links with interpreting under accessibility.</p> <p>Plans progressing to develop further videos to support internal</p>	Accept	<p>Improvement plan to support ongoing development and updates to my care web pages and content.</p> <p>We will continue to attend Living Well North Tyneside Strategic Group Meeting and identify further</p>

Overview and Scrutiny Recommendation	Officer Commentary	Cabinet Decision (Accept or Reject)	Action to be taken (if any) and timescale for completion
	<p>and external staff and partners to promote Mycare.</p> <p>Linking in with Living Well launch programme and communications to promote Mycare.</p> <p>We have established membership at Living Well NT Strategic Group meeting to strengthen and develop links and content.</p>		opportunities to promote and develop My Care.
<p>Recommendation 11 – Improve the support and information that is made available to families about finances, costs and benefit entitlements at an early stage of the process.</p>	<p>We have undertaken a review of the adult social care factsheets and will provide this to clients and carers where it is appropriate to do so, this includes costs of services.</p> <p>Where a financial assessment is completed, they can be signposted to Department for Work and Pensions to apply (if there are potential benefits they may be entitled to)</p>	Accept	The Authority will further review factsheet content and accessibility to them, having picked up on the findings of the Home Care Study Group.
<p>Recommendation 12 – Promote the on-line training material provided by the North Tyneside Carers' Centre to all relevant council staff and social workers.</p>	<p>Improving the work with carers and reviews the Ways to Wellbeing model to include carers – ie Ways to Carers' Wellbeing.</p> <p>Factsheets to include a link to NT Carers Centre website.</p>	Accept	
<p>Recommendation 13 – Work with care providers to promote</p>	<p>North Tyneside Carers Centre to be invited to attend (various)</p>	Accept	Attendance at Provider Forums

Overview and Scrutiny Recommendation	Officer Commentary	Cabinet Decision (Accept or Reject)	Action to be taken (if any) and timescale for completion
information around the role of carers and provide access to the training developed by North Tyneside Carers' Centre.	Provider Forums to promote the work they do to support family carers and share information on access to training that they have developed		
Recommendation 14 – Review the availability of respite care for those who were eligible but unable to access respite care during the pandemic, but who may now need it.	Review arrangements for commissioning respite care in a care home setting to ensure sufficiency of supply. Continue to monitor the needs of carers and clients where respite has not been accessed due to the impact of COVID on the care home market.	Accept	

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North Tyneside Council Report to Cabinet Date: 1 August 2022

Title: Cabinet Response to Economic Prosperity Sub-Committee Report on Green Skills for Retrofit Jobs

Portfolio(s): Deputy Mayor Cabinet Member responsible for Inclusion, Employment and Skills Cabinet Member responsible for Environment	Cabinet Member(s): Councillor Carl Johnson Councillor Hannah Johnson Councillor Sandra Graham
Report from Service Area: Regeneration, Economic Development	
Responsible Officer: John Sparkes, Director of Regeneration and Economic Development Tel: (0191)643 6091	
Wards affected: All	

PART 1

1.1 Executive Summary:

This report sets out a proposed Cabinet response to the recommendations identified in the Green Skills for Retrofit Jobs report, produced by the Green Skills Sub-Group which was appointed by the Economic Prosperity Sub-Committee of the Overview, Scrutiny and Policy Development Committee and presented to Cabinet on 23 May 2022.

The details of the proposed responses are set out in the Appendix to this report.

1.2 Recommendation(s):

It is recommended that Cabinet agrees the proposed response to the recommendations of the Economic Prosperity Sub-Committee's Green Skills Sub-Group report on Green Skills for Retrofit Jobs, as set out in the Appendix to this 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 29 April 2022.

1.4 Council Plan and Policy Framework

The report relates to the following priorities contained in the 2021/2025 Our North Tyneside Plan:

A thriving North Tyneside

- 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 support apprenticeships to make sure people have the right skills for the job

A green North Tyneside

- We will secure funding to help low-income households to install low-carbon heating
- 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 In determining its work programme for 2021/22 the Economic Prosperity Sub-Committee agreed to appoint a Sub-Group to examine the Authority's approach to adapting to a green industrial revolution and ensuring people have the right skills for the future green jobs.
- 1.5.2 The Sub-Committee subsequently appointed the Green Skills Sub-Group, drawn from members of the Economic Prosperity Sub-Committee, Environment Sub-Committee and Children, Education and Skills Sub-Committee, to:
- a) consider the steps required to ensure residential, public, commercial and industrial buildings in the Borough have the lowest possible carbon emissions to support the Authority's 2030 Carbon Net-Zero ambition;
 - b) analyse the skills, qualifications, and accreditations that will need to be gained by the local workforce so that:
 - i. they are equipped to deliver energy efficient buildings;
 - ii. the need for imported skills is avoided; and
 - iii. the Borough benefits from the low carbon economic growth;
 - c) identify sources of funding that could be accessed for skills and training from a variety of sources to support the local economy; and
 - d) make recommendations to the Elected Mayor and Cabinet on how the Authority and its partners might stimulate the local training market so that the required skills, qualifications and accreditations can be taught to our residents by North Tyneside based providers.
- 1.5.3 The Green Skills Sub-Group held a series of evidence gathering meetings with officers and key stakeholders during January and February 2022 and also had regard to a wealth of policy documents and research papers which have been published in relation to decarbonising the built environment and the skills and jobs that will be required to deliver it.
- 1.5.4 Cabinet received the report of the Economic Prosperity Sub-Committee's Green Skills Sub-Group on Green Skills for Retrofit Jobs on 23 May 2022 which set out a series of recommendations for Cabinet to consider.

1.5.5 The 10 recommendations in the report are extensive and complex. At its meeting on 27 June 2022, Cabinet agreed to receive a further report and to provide a response to the recommendations on 1 August 2022 thus allowing additional time for the recommendations to be fully considered by Cabinet and appropriate officers.

1.5.6 A copy of the recommendations and the proposed response to each is set out in the Appendix to this report.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet agrees the response to the recommendations as set out in paragraph 1.2 of this report.

Option 2

Cabinet does not agree the response to the recommendations set out in paragraph 1.2 of this report and provides an alternative response to the report at the meeting.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

The proposed response is a proportionate and considered response to the recommendations made in the Economic Prosperity Sub-Committee's Green Skills Sub-Group report.

1.8 Appendices:

Appendix 1 – Cabinet response to the recommendations of the Economic Prosperity Sub-Committee's Green Skills Sub-Group report.

1.9 Contact officers:

Paul Nelson, Head of Environmental Sustainability, Tel: 643 6467
Paul Dowling, Head of Regeneration & Transport Service Manager, Tel: 643 6428
Sean Collier, Senior Manager, Business & Enterprise, Tel: 643 6091
Mark Barrett, Senior Manager, Employment & Skills, Tel: 643 6061
David Dunford, Senior Business Partner, Strategic Finance, Tel: 643 7027

1.10 Background information:

The following background papers/information have been used in the compilation of this report:

- 1) [Green Skills for Retrofit Jobs Report](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

The financing of recommendations within the Economic Prosperity Sub-Committee's Green Skills Sub-Group report can be met within existing budgets and through the work ongoing with North of Tyne Combined Authority as set out in the proposed response to the recommendations. Any investment required in addition to existing budgets will be reported to Cabinet / Council.

2.2 Legal

Cabinet is required to respond to the recommendations made by the Economic Prosperity Sub-Committee on behalf of the Overview, Scrutiny and Policy Development Committee in accordance with the provisions of the Local Government Act 2000.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

The Green Skills Sub-Group met with those officers listed in the Green Skills for Retrofit Jobs report.

Officers have consulted with the Deputy Mayor, Cabinet Member for Inclusion, Employment and Skills, and Cabinet Member for Environment in developing the proposed response to the recommendations.

2.3.2 External Consultation/Engagement

The Green Skills Sub-Group met with a range of key stakeholders from outside of the Council, listed in the Green Skills for Retrofit Jobs report.

2.4 Human rights

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

2.5 Equalities and diversity

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

2.6 Risk management

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

2.7 Crime and disorder

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

2.8 Environment and sustainability

The report is directly related to full Council's decision to declare a Climate Emergency and to publish an action plan of the steps it will take and the national investment it will

seek to make North Tyneside Carbon Net-Zero by 2030. The recommendations will support delivery of a range of energy and carbon reduction projects.

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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**Cabinet Response to Overview and Scrutiny Recommendations
Completed Action Plan**

Green Skills for Retrofit Jobs

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

Overview and Scrutiny Recommendation	Officer Commentary	Cabinet Decision (Accept or reject)	Action to be taken (if any) and timescale for completion
<p>Recommendation 1 - Developing a Retrofit Strategy to stimulate the local retrofit market, including a phased approach to: a) retrofitting of the Authority’s 14,000 council houses; b) acceleration of energy efficiency retrofit in the 90,000 private homes; and c) development of industrial/commercial retrofit clusters.</p>	<p>Energy efficiency and power and heat generation are two key themes within the Authority’s Carbon Net-Zero 2030 Action Plan and projects to stimulate the local retrofitting of Authority owned homes, privately owned homes and the business sector are included in the plan.</p> <p>The Carbon Net-Zero 2030 Action Plan builds on the Authority’s track record of retrofitting properties.</p> <p>The average Energy Performance Certificate (EPC) for Council houses in the Borough is a C rating, a higher average than that of all houses in the Borough. Additionally, the Housing stock Standard Assessment Procedures (SAP) rating has improved from 71.4 to 72.8, saving an estimated 1,765 tonnes for CO2 per annum.</p>	<p>Accept</p>	<p>Deliver the actions within the Carbon Net-Zero 2030 Action Plan and continue to work with North of Tyne Combined Authority on the detailed retrofit project.</p> <p>The Carbon Net-Zero 2030 Action Plan is presented to Cabinet for approval 1 August 2022.</p> <p>The work with North of Tyne Combined Authority will conclude in summer of 2023 and next steps will be considered at that time.</p>

	<p>The Authority's sheltered housing stock has benefited from £80m of capital investment via a Private Finance Initiative contract, which has provided 10 new build and 16 refurbished schemes. All new build schemes have an EPB rating of B and the majority of the refurbished schemes are rated as C.</p> <p>The Authority's partnership with E.On installed solar PV generation systems on over 1,400 Council houses. This produces approximately 3,000 megawatt hours of renewable electricity each year and is provided to tenants free of charge.</p> <p>The Housing Revenue Account Business Plan, subject to annual Cabinet approval, will deliver almost 17,000 energy efficiency and generation measures, such as solar PV, low energy lighting and cavity and loft insulation, into Council homes by the end of the decade.</p> <p>Since March 2021, the Authority has secured £8m in grant funding to install energy efficiency and generation measures in almost 900 homes in the Borough.</p> <p>Through the innovative North Tyneside Warm Zone partnership, the Authority helped to fund and install energy efficiency measures in over 20,000 homes across the Borough.</p>		
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	<p>In addition to the significant work the Authority has delivered to homes in the Borough, it has also retrofitted operational and public buildings. The Killingworth Depot is an exemplar in retrofitting and renovating a 1960's Grade 2* listed building. Four leisure centres have recently been retrofitted with energy efficiency measures and low carbon heating systems.</p> <p>Despite the considerable work that has been undertaken to date, there is a significant funding shortfall to deliver retrofit projects at the scale that is required.</p> <p>As Co-Chair of the North of Tyne Combined Authority (NTCA) Housing and Land Board, Mayor Redfearn has shown leadership in developing a focus on retrofitting and in April 2020 the board agreed their future programme of work would include bringing "forward proposals for a domestic retrofit programme at scale working with central government and local stakeholders to ensure existing and future policy and funding mechanisms are able to deliver a large scale retrofit programme that maximises local skills and supply chain opportunities, as well as fuel poverty and carbon reductions."</p> <p>In 2021, NTCA commissioned the Energy Savings Trust (EST), in partnership with Accelar and Frontier Economics, to develop a robust evidence base to inform the</p>		
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	<p>business case for a large-scale housing retrofit programme.</p> <p>Officers are currently working with colleagues at NTCA to identify specific investment opportunities through:</p> <ul style="list-style-type: none">• the commissioning of detailed technical and feasibility studies linked to a range of specific cross tenure retrofit opportunities• Financial and economic modelling to support the development of schemes• Developing the business model, including resourcing requirements, for a 'one stop shop' energy advice centre to:<ul style="list-style-type: none">○ Generate resident demand for retrofit○ Providing trusted advice to residents and signpost to reputable installers○ Develop effective partnerships to bring together existing and new retrofit programmes○ Leverage external funding into the partnership○ Support delivery of schemes funded by a range of public and other funding streams.○ Provide intelligence on market demand to help shape supply chain development and skills programmes		
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	<ul style="list-style-type: none"> ○ Identify exemplar properties that can be used for 'seeing is believing' case studies ● Provide a detailed funding options analysis for the investable schemes identified, including identification of existing funding gaps, and forthcoming funding streams which the projects could leverage ● Identifying areas where a case may be made for future fiscal devolution <p>Additionally, officers are working with colleagues at North of Tyne Combined Authority on a Business Decarbonisation Support Programme.</p>		
<p>Recommendation 2 - Integrating the above as a key area of focus within its existing Climate Emergency Action Plan.</p>	<p>The Authority's new Carbon Net-Zero 2030 Action Plan includes the above recommendation.</p>	Accept	No action required.
<p>Recommendation 3 - Establishing a Climate Emergency Partnership Board. Within this establish two retrofitting working groups, one focused on industrial/commercial property, the other on residential property. Membership of the groups</p>	<p>The Authority has a Carbon Net-Zero 2030 board, co-chaired by the Cabinet Member for Environment and the Director of Environment and made up of senior managers and officers of the Authority.</p> <p>This board will provide the governance for the delivery of the Carbon Net-Zero 2030 Action Plan and will direct the most appropriate routes for project delivery. Lead</p>	Accept	No action required.

<p>should be extended to significant property owners in the borough who share our ambition to lower the carbon footprint of their buildings and are committed to sharing best practice.</p>	<p>officers will work with appropriate stakeholders as required to deliver projects.</p> <p>The Authority is also a member of a Borough wide Climate Emergency Board, made up of public sector organisations and businesses. The board is only recently established and is currently agreeing a work programme for the financial year. It is not considered appropriate at this point in time to use this group to facilitate a retrofitting working group, however this can be considered in the future once the Board is more established.</p> <p>Additionally, as noted in the response to Recommendation 1, the Mayor, through her position of Co-Chair of the North of Tyne Combined Authority (NTCA) Housing and Land Board, has shown leadership in developing a focus on retrofitting.</p>		
<p>Recommendation 4 - Developing a communications strategy to stimulate demand by creating and maintaining a sense of urgency regarding the twin benefits of energy efficiency and carbon reduction. Promote the opportunities and benefits of retrofitting homes and buildings, including cost savings in the light of energy price rises.</p>	<p>In addition to the work with colleagues at North of Tyne Combined Authority as outlined in response to Recommendation 1, the Authority's "Action on Climate Change" campaign and "Climate Hub" webpage will deliver this recommendation.</p>	Accept	<p>Build this recommendation into the Authority's "Action on Climate Change" campaign and "Climate Hub" webpage.</p> <p>October 2022 and ongoing.</p>

<p>Recommendation 5 - Developing a set of scenarios (fast, medium, slow) for the retrofitting of various building types under various ownership. Consider undertaking this work in concert with colleagues at NTCA.</p>	<p>There is already a considerable amount of work ongoing within the Authority and with its partners to deliver on this recommendation. As such, this recommendation will be achieved through the work detailed in response to Recommendation 1.</p>	<p>Accept</p>	<p>The work with North of Tyne Combined Authority will conclude in summer of 2023 and next steps will be considered at that time.</p>
<p>Recommendation 6 - Developing a Knowledge Bank for the sharing of locally relevant retrofitting information, evaluation and case studies.</p>	<p>The Authority's "Climate Hub" webpage directly links to the Government endorsed "Simple Energy Advice" website, which offers impartial and independent advice on range of retrofitting issues, including available grants and technology advice.</p> <p>There are already industry and sector best practice knowledge hubs with useful retrofitting information and case studies, for example, UK100.</p> <p>Further to the above comments, this recommendation will be achieved through the work detailed in response to Recommendation 1.</p>	<p>Agreed.</p>	<p>The Authority's new Carbon Net-Zero 2030 Action Plan includes this recommendation.</p> <p>The Carbon Net-Zero 2030 Action Plan is presented to Cabinet for approval 1 August 2022.</p> <p>The work with North of Tyne Combined Authority will conclude in summer of 2023 and next steps will be considered at that time.</p>
<p>Recommendation 7 - Ensuring that the relevant officers take up the challenge of enabling 'Green Finance', both grants and loans, to flow into the borough, through a variety of routes.</p>	<p>Accessing grant funding or loans can be a significant barrier to the delivery of de-carbonation projects.</p> <p>However, through the joint working of Member and Officers, the Authority has a strong track record of securing grant funding</p>	<p>Agreed</p>	<p>The work with North of Tyne Combined Authority will conclude in summer of 2023 and next steps will be considered at that time.</p>

	<p>to decarbonise public buildings and cross tenure homes in the Borough deliver on its policy priorities</p> <p>For example, £3.3m grant funding was secured from the Public Sector Decarbonisation Grant to install energy efficiency measures and low carbon heating in four Authority leisure centres.</p> <p>Since March 2021, the Authority has secured £8m in grant funding to install energy efficiency and generation measures in almost 900 homes in the Borough.</p> <p>The Housing Revenue Account Business Plan, subject to annual Cabinet approval, will deliver £32m of energy efficiency and generation measures, such as solar PV, low energy lighting and cavity and loft insulation, into Council homes by the end of the decade.</p> <p>The Authority's sheltered housing stock has benefited from £80m of capital investment via a Private Finance Initiative contract, which has provided 10 new build and 16 refurbished schemes.</p> <p>As Cabinet Members at North of Tyne Combined Authority, Mayor Redfearn and Deputy Mayor Johnson have brought forward the Green New Deal Fund which aims to support a wide range of low carbon projects across the North of Tyne Combined</p>		
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	<p>Authority area, including community energy schemes, Electric Vehicle charging solutions, building retrofits, small scale renewables, natural capital, and low carbon heating systems. The fund is valued at £18m.</p> <p>Despite the examples of funding provided above, there is a significant funding shortfall to deliver retrofit projects at the scale that is required, and funding streams are oversubscribed and limited in eligibility criteria.</p> <p>This recommendation will be achieved through the work detailed in response to Recommendation 1.</p>		
<p>Recommendation 8 - Increasing the number of PAS2035 qualified professionals in North Tyneside by commissioning a Retrofit Academy in North Tyneside for the delivery of PAS2035 qualifications. Recognise that this is likely to require the offer of some kind of financial incentive to professionals looking to upskill, to mitigate the risk to those professionals of shifting focus towards a newly emerging sector.</p>	<p>North Tyneside Council does not have access to devolved skills funding to enable the direct commissioning of a Retrofit Academy. The commissioning of skills provision is carried out by the Education and Skills Funding Agency (ESFA) and via devolved funding to the North of Tyne Combined Authority (NTCA).</p> <p>Officers will therefore continue to work with colleagues from the NTCA to understand and utilise data from recent research such as 'Skilling Up for Retrofitting' on roles required and skills needs to influence the commissioning of current and future funding held by NTCA. This could include devolved Adult Education Budget (AEB), Skills for Growth and Skills Bootcamps funding to</p>	Reject	Share local intelligence to inform NTCA skills investment plans between 2022-25 initially.

	ensure that North Tyneside residents and businesses benefit from the provision of green skills funding.		
<p>Recommendation 9 - Commissioning pilots, trials and demonstrator projects that can be used to establish feasibility and grow the number of property owners willing to invest in their properties, be they domestic or commercial.</p>	<p>The Authority has completed a number of retrofit projects to both operational buildings and Council homes that demonstrate the feasibility of technology and projects.</p> <p>The Authority has installed a range of energy efficiency measures and low carbon heating into four leisure centres. Additionally, the Killingworth Depot is an exemplar in retrofitting and renovating a 1960's Grade 2* listed building. The Authority has invested in energy efficient technology across its portfolio, including LED lighting in buildings and street lighting, insulation and voltage optimisation in buildings, and electrification of vehicles.</p> <p>The Authority has also demonstrated the feasibility of improving the energy efficiency of non-traditionally constructed housing, through investment in external wall insulation.</p> <p>The Authority is in the final stages of completing 9 affordable homes utilising a Modern Method of Construction (MMC) called HUSK. These homes will utilise electricity as a form of heat and build on the Authority's fabric first approach with a combination of Air Source Heat Pumps and Solar PV arrays.</p>	Accept	The work with North of Tyne Combined Authority will conclude in summer of 2023 and next steps will be considered at that time.

	Further to the examples provided, this recommendation will be achieved through the work detailed in response to Recommendation 1.		
Recommendation 10 - Working closely with North of Tyne Combined Authority on its retrofitting-related workstreams, to ensure that North Tyneside is an early adopter of any programmes to upskill in green construction skills and to accelerate the pace of retrofitting of local property.	Officers will continue to work with colleagues from the NTCA to understand and utilise data from recent research such as 'Skilling Up for Retrofitting' on roles required and skills needs to influence the commissioning of current and future funding held by NTCA. This could include devolved AEB, Skills for Growth and Skills Bootcamps funding to ensure that North Tyneside is well placed with the skills required to support the delivery of retrofitting schemes. It is important to note that our participation in the NTCA ensures we help shape and direct their work around this topic so as to ensure the circumstances and needs of the borough are reflected in their activities.	Accept	Deliver the action through sharing of local intelligence to inform NTCA skills investment plans between 2022-25 initially.

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