

North Tyneside Council

Report to Cabinet

27 March 2023

Title: 2022/23 Financial Management Report to 31 January 2023

Portfolios: Elected Mayor Finance and Resources	Cabinet Member: Dame Norma Redfearn DBE Councillor Martin Rankin
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Report from: Finance

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

Wards affected: All

PART 1

1.1 Executive Summary:

- 1.1.1 This report is the fifth monitoring report to Cabinet on the 2022/23 financial position. The intention of the report is to explain the current financial position in the context of the policy priorities in the Our North Tyneside Plan. It provides the fifth indication of the potential revenue and capital position of the Authority at 31 March 2023. The report explains where the Authority continues to face financial pressures and the plans to address these.
- 1.1.2 The 2021/22 financial year was highly complex for the Authority due to the operational response to the pandemic and, like all local authorities, North Tyneside Council is continuing to feel the legacy impact of the Covid-19 pandemic. As such, this report sets out the potential financial impact the pandemic will have on the Authority in 2022/23. The Authority continues to see areas of pressure across Adults' and Children's Social Care, but there are also significant impacts on income particularly across Sport and Leisure Services, Home to School Transport and Catering Services.
- 1.1.3 In addition to pressures seen in previous financial years, a number of global issues have emerged in more recent months including the war in Ukraine, leading to more supply chain issues and adding to rising inflation, especially in utility costs. The impact of these factors is leading to a 'cost of living crisis', further increasing demand on the Authority's services, which is adding significant financial strain to the Authority's budgets.
- 1.1.4 The Authority's finances are complex in any year given the range of services that are delivered; the picture this financial year is even more volatile given these national and global economic challenges. At a Service level, before the application

of planned contingencies and central funding, the gross pressure would be £22.872m, a slight improvement of £0.639m from the previous monitoring report.

- 1.1.5 However, when the Authority set the balanced budget for the year at Council in February 2022, this included contingencies of £6.752m and other central funding of £1.006m (both shown within the Central Items figure in Table 1). As a result, the total forecast year-end pressure for the General Fund, shown in Table 1 reduces to £15.114m.
- 1.1.6 Table 1 includes mitigations from the revised approach to the Minimum Revenue Provision (MRP) calculations of £4.927m, which are included in Central Items. Cabinet will be aware that a change was made towards the end of the previous financial year, with the External Auditors having confirmed in the autumn that there are no issues with this revised methodology, so these can now be factored into in-year budget monitoring.
- 1.1.7 When the Budget was set, the potential impact of some of these additional pressures were foreseen by Cabinet. A number of mitigations through the use of grants and reserves, totalling £6.700m, were set aside in the 2022-2026 Medium-Term Financial Plan to support the 2022/23 financial position, with a further £0.428m release of provisions reported in November. The latest forecast has been updated with a reduction of £0.100m relating to the usage of legacy Covid-19 grants, taking the total amount of mitigations shown in Table 2 to £7.028m, which reduces the overall forecast in-year pressure to £8.086m. This is an overall improvement of £0.539m from the last report to Cabinet.
- 1.1.8 Finance officers are continuing to work with Cabinet, the Senior Leadership Team and other senior officers across the Authority to challenge the projected risks facing the Authority whilst continuing to deliver planned efficiencies. However, and consistent with the messages in the reports to Cabinet and Council when setting the 2023/24 budget, it is inevitable that there will be a general fund overspend at the year-end. As such, a call on the Strategic Reserve will be required. However, the recently set 2023/24 budget and Medium-Term Financial Plan (MTFP), includes the planned replenishment of this reserve through to 2026/27.
- 1.1.9 The Mayor and Cabinet will be aware of recent increases in the Bank of England base rate, with an expectation that interest rates will continue to rise in 2023. The Authority drew down £10m of Public Works Loan Board (PWLB) borrowing in August 2022 whilst rates were at the lower end of the interest rate curve and prior to the more recent financial markets volatility seen since September 2022. Whilst there is no immediate need to borrow, future borrowing costs may now be higher than originally forecast. This may lead to additional Capital and Treasury financing pressures in future years. As Cabinet would expect, interest rates continue to be proactively monitored and cash flow management undertaken to secure the maximum return/minimum cost for the Authority in line with the Prudential Code.
- 1.1.10 In terms of the Housing Revenue Account, an underspend of £0.187m is forecast. This position has been impacted by the cost-of-living crisis and in particular issues with repairs and maintenance costs, with increased material and contractor costs. In addition, there has been significant increases in energy costs, however, these pressures have been mitigated by an improved rental income position, vacancy savings and a lower forecast for increased arrears and the impact on in-year Bad Debt Provision.

- 1.1.11 The report includes details of the additional grants received by the Authority since the previous report. The report also advises Cabinet of the position so far on the 2022/23 Schools' budgets and Schools' funding. On top of the reported grants for the financial period considered in this report (i.e., to the end of January), Cabinet should also note a more recent announcement of external funding of £1.850m from the Department of Levelling Up, Housing & Communities towards public realm improvements in North Shields Town Square. This recent award included commendations for the quality of the bids submitted.
- 1.1.12 In terms of the Investment Plan, work has been undertaken to consider the impacts of supply chain issues and inflation pressures. The focus has been to manage within the current financial envelope across the plan which may lead to a delay in delivery of some planned activity. Any such implications will be considered at the Investment Programme Board and brought to the Mayor and Cabinet for consideration as part of the normal financial management process.

1.2 Recommendations:

1.2.1 It is recommended that Cabinet:

- (a) notes the forecast budget monitoring position for the General Fund, Schools' Finance and Housing Revenue Account (HRA) and as at 31 January 2023 (Annex sections 1, 2 and 3);
- (b) approves the receipt of £1.192m new revenue grants (as outlined in section 1.5.4 of this report);
- (c) notes the Authority's Investment Plan spend of £53.366m to 31 January 2023 and the financing of the Plan to the end of the year (Annex Section 4);
- (d) approves variations of £1.521m and reprogramming of (£6.938m) for 2022/23 within the 2022-2027 Investment Plan (Annex Section 4);
- (e) Notes the information on the Collection Fund (Annex section 6); and

1.3 Forward Plan:

1.3.1 Twenty-eight days' notice of this report has been given and it first appeared on the Forward Plan that was published on 17 February 2023.

1.4 Authority Plan and Policy Framework:

1.4.1 The budget is a key strand of the Authority's Budget and Policy Framework.

1.5 Information:

1.5.1 Financial Position

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

effect.

1.5.1.2 The report covers:

- The forecast outturn of the Authority's General Fund and HRA revenue budget including management mitigations where issues have been identified;
- The delivery of 2022/23 approved budget savings plans; and
- An update on the Capital Investment Plan, including details of variations and reprogramming, that is recommended for approval.

1.5.2 General Fund Revenue Account

1.5.2.1 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, which included £7.257m of savings to be achieved in year.

1.5.2.2 The Authority's finances are complex in any year given the range of services that are delivered; the picture this financial year is even more volatile given the national and global economic challenges. At a Service level, before the application of planned contingencies and central funding, the gross pressure would be £22.872m. However, the budget for the year included contingencies of £6.752m and other central funding of £1.006m (both shown within the Central Items figure in Table 1). As a result, the total forecast year-end pressure for the General Fund, shown in Table 1 reduces to £15.114m. Table 1 below sets out the initial variation summary across the General Fund, with a detailed commentary of variances included in Annex 1.

1.5.2.3 Included within the position for Central Items is £6.752m of contingencies. Whilst held in Central Items, its use is identified as: £3.116m to offset the pressures in Children's Social Care; £1.301m is supporting the under achievement of savings targets; and £2.325m to support the inflationary pressures being faced by the Authority. In September's report, a £0.316m saving was included reflecting the part year reversal of the national insurance increase along with a £4.927m of Minimum Revenue Provision (MRP) savings following the conclusion of External Audit work into the methodology change; these items remain in the forecasts. In 2021/22 these savings were set aside in a new MRP reserve, which remains on the balance sheet, but it is likely that the in-year saving will be required to support the bottom-line position in 2022/23, so is currently included in the forecast position. Since the last report to Cabinet, the Authority has received a one-off contribution of £0.405m relating to the Levy Account surplus. This gives a total underspend for Central Items of £13.407m.

1.5.2.4 Table 2 adds further detail to the information in Table 1. The top half of table 2 breaks down the forecast £15.114m pressure into the main factors of covid legacy, utility, other inflation, and other pressures. The covid pressures of £7.757m arise primarily from fees and charges income not yet returning to pre-pandemic levels and additional fixed term staff employed to cover increased demand or to enable front-line service provision to continue.

1.5.2.5 The lower half of Table 2 includes details of funding set aside to support known pressures. As part of the 2022-2026 Medium-Term Financial Plan (MTFP) agreed by full Council in February, £2.200m was set aside from the Change Reserve to support additional pressures in Home to School Transport (£0.400m), Special Educational Needs (£0.400m), additional children's social care provision (£1.200m)

and for the development of the Customer Relationship Management programme (£0.200m). The £0.400m relating to Home to School Transport has now been allocated to Commissioning & Asset Management and is reflected in the services projected position, with the remaining £1.800m supporting the overall corporate pressure, in Table 2.

- 1.5.2.6 In addition £2.000m was also set aside to create a Covid-19 Reserve as part of the 2022-2026 MTFP, this included £0.650m to support additional caseloads within Children's Services, £0.350m to support Home to School Transport and £1.000m to support reduced fees and charges income following the pandemic. The £0.350m relating to Home to School Transport has now been allocated to Commissioning & Asset Management and is reflected in the services projected position, leaving £1.650m to support the overall corporate pressure in Table 2.
- 1.5.2.7 Within the 2022-2026 MTFP, £0.150m was identified as planned use of the Insurance Reserve to support additional Repairs and Maintenance costs. The use of this funding has been included in Table 2.
- 1.5.2.8 Table 2 includes a further £1.300m of contingencies that has not been applied to specific service areas/central items, so can support the overall corporate position.
- 1.5.2.9 Following the on-going review of provisions, the Authority has been able to release provisions of £0.728m (of which £0.300m relates to Special Guardianship Order costs).
- 1.5.2.10 £1.925m of funding previously reported in July has now been allocated to help cover the cost of the Pay Award, which is now approved at £1,925 for every full-time equivalent employee. Despite this additional allocation, the cost of the pay award is higher than the funding set aside and is reflected in the overall forecast for the year, which is reflected in individual service areas in the top part of Table 2.
- 1.5.2.11 The Authority carried forward £2.962m of Covid-19 related central Government grants from 2021/22. Of this £1.562m has been committed and is reflected in the £15.114m position reported in Table 1. The remaining balance of £1.400m is available to support on-going Covid-19 legacy pressures and is reflected in the revised position shown in Table 2.
- 1.5.2.12 Taking all of the above into account, the result is a forecast year-end pressure of £8.086m, which is an improvement of £0.539m since the previous Cabinet report.
- 1.5.2.13 The main service areas facing forecast overspends are those most exposed to the new, emerging pressures, which are impacting on top of the residual covid-impacts. Environment, which includes Sports and Leisure activities, is experiencing income shortfalls from fees and charges, which continue to be at lower than pre-pandemic levels. That Directorate is significantly affected by energy costs, given it includes streetlighting, leisure centres and customer first centres which are all energy intensive activities. In addition, higher inflation rates are significantly impacting on the waste management contract.
- 1.5.2.14 Children's and Adults' Services are forecasting significant pressures, as the impact of Covid-19 has seen the need to increase staffing levels to manage increases in both the complexity and volume of demand for services. This is also resulting in increased payments to external providers. This is not unique to North Tyneside and is being seen across the region and nationally.

- 1.5.2.15 Commissioning & Asset Management is forecasting overspends in catering supplies and the cost of Home to School Transport, with the cost of supplies and fuel rising rapidly in this period of high inflation.
- 1.5.2.16 The Resources directorate is experiencing overspends in Legal Services, associated with the level of locum solicitors dealing with a combination of increased demand and job vacancies, which is being addressed by a restructure that is underway, with increased resources included as part of the 2023/24 budget setting process. There is also an ongoing impact of the recovery of benefit overpayments in the Revenues and Benefits Service on the directorate position, although this has improved by £0.063m since the last report.
- 1.5.2.17 Finance officers are continuing to work with Cabinet, the Senior Leadership Team and other senior officers across the Authority to review Business as Usual activity as well as challenging and reviewing the current projected risks the authority is facing in a number of key areas:
- Children's Services – need and cost assumptions;
 - High needs/SEND pressures;
 - Adults Social Care – need and cost assumptions;
 - Unachieved savings targets;
 - Commissioning & Asset Management – Impact of schools' service level agreement reductions;
 - Law & Governance Structure – use of locums; and
 - Revenues & Benefits position – review of the level of benefits overpayments and subsequent recovery.
- 1.5.2.18 The aim of this work will be to ensure actions are in place to bring the outturn forecast for normal activities in on balance and it is anticipated the position will continue to improve over the remaining months of the financial year as planned remedial actions begin to impact on both expenditure and income. However, at this stage of the year it is certain that some level of overspend will need to be supported from the Strategic Reserve, significantly reducing the level of un-ringfenced reserves the Authority has available. The recently agreed 2023/24 budget and MTFP included the replenishment of this reserve in the period through to 2026/27.

1.5.2.19 Table: 1 2022/23 General Fund Revenue Forecast Outturn as at 31 January 2023

Services	Budget	Forecast Jan	Variance Jan	Variance Nov	Change since Nov
	£m	£m	£m	£m	£m
Adults Services	56.840	60.632	3.792	5.233	(1.441)
Children's Services	22.453	37.088	14.635	13.477	1.158
Public Health	1.882	1.882	0.000	0.000	0.000
Commissioning & Asset Management	6.943	12.867	5.924	5.801	0.123
Environment	38.698	40.196	1.498	1.554	(0.056)
Regeneration & Economic Development	10.767	10.960	0.193	0.282	(0.089)
Corporate Strategy	1.358	1.882	0.524	0.500	0.024
Chief Executive Office	(0.069)	(0.143)	(0.074)	(0.027)	(0.047)
Resources	3.588	5.244	1.656	1.585	0.071
General Fund Housing	2.154	2.527	0.373	0.350	0.023
Central Items	(1.283)	(14.690)	(13.407)	(13.002)	(0.405)
Support Services	20.181	20.181	0.000	0.000	0.000
Total Authority	163.512	178.626	15.114	15.753	(0.639)

1.5.2.20 Table: 2 2022/23 Adjusted General Fund Revenue Forecast Outturn Position as at 31 January 2023

	Covid Legacy £m	Utility Inflation Pressures £m	Other Inflation Pressures £m	Other Pressures £m	Total £m	Nov £m	Change £m
Adults Services	4.300	0.281	2.324	(3.113)	3.792	5.233	(1.441)
Children's Services	2.361	0.324	1.132	10.818	14.635	13.477	1.158
Public Health	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Commissioning and Asset Management	0.710	0.216	3.310	1.688	5.924	5.801	0.123
Environment	0.386	2.623	0.182	(1.693)	1.498	1.554	(0.056)
Regeneration and Economic Development	0.000	0.013	0.000	0.180	0.193	0.282	(0.089)
Corporate Strategy	0.000	0.000	0.011	0.513	0.524	0.500	0.024
Resources and Chief Executive	0.000	0.000	0.000	1.582	1.582	1.558	0.024
General Fund Housing	0.000	0.000	0.039	0.334	0.373	0.350	0.023
Central Items	0.000	(1.480)	0.000	(11.927)	(13.407)	(13.002)	(0.405)
Grand Total	7.757	1.977	6.998	(1.618)	15.114	15.753	(0.639)
Planned use of Change Reserve	0.000	(0.000)	(1.800)	0.000	(1.800)	(1.800)	0.000
Planned use of Covid-19 Reserve	(1.650)	0.000	0.000	0.000	(1.650)	(1.650)	0.000
Planned use of Insurance Reserve	0.000	(0.000)	(0.150)	0.000	(0.150)	(0.150)	0.000
Planned use of Contingencies	0.000	(1.300)	0.000	0.000	(1.300)	(1.300)	0.000
Planned release of Provision	0.000	(0.677)	(0.051)	(0.000)	(0.728)	(0.728)	(0.000)
Planned use of Covid-19 Grants	(1.400)	0.000	0.000	0.000	(1.400)	(1.500)	0.100
Total	(3.050)	(1.977)	(2.001)	0.000	(7.028)	(7.128)	0.100
Revised Pressure	4.707	0.000	4.997	(1.618)	8.086	8.625	(0.539)

1.5.3 Delivery of Budget Savings Proposals

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

1.5.3.2 The governance structure of the Efficiency Savings Programme includes a monthly review of progress by the Senior Leadership Team (SLT). In addition, in-year budget and performance progress meetings are held between officers and Cabinet Members to consider progress and actions being taken to deliver savings. The variations in relation to the savings are outlined in the sections below, with more detail included in the regular reports on this topic to Overview Scrutiny and Policy Development Committee.

1.5.3.3 The new savings of £4.720m are combined with £2.537m of brought forward targets that still required a permanent solution from previous years, meaning the overall target to achieve in 2022/23 is £7.257m. These savings are factored into Tables 1 and 2 above but are shown separately in this section for transparency.

1.5.3.4 **Table 3 – Efficiency Savings Programme 2022/23**

Service	B/F Balances £m	2022/23 Business Cases £m	2022/23 Target £m	Projected Delivery £m	In Year Actions £m	Yet to be achieved £m
Adults	0.000	0.950	0.950	0.950	0.000	0.000
Children's	2.373	0.850	3.223	0.025	0.598	2.600
Environment	0.000	0.520	0.520	0.520	0.000	0.000
C&AM	0.164	0.582	0.746	0.232	0.150	0.364
Resources	0.000	1.563	1.563	1.563	0.000	0.000
Central	0.000	0.255	0.255	0.255	0.000	0.000
TOTAL	2.537	4.720	7.257	3.545	0.748	2.964

1.5.3.5 Adults Services are projecting to achieve the full £0.950m target. Within the Children, Young People and Learning (CYPL) pressure of £14.635m reported earlier, £2.600m relates to the non-achievement of savings targets. In the previous financial year these savings have been significantly impacted by Covid-19 and as such, achievement has been supported by Central Government Covid-19 grants. With these grants not available in 2022/23 and on-going demand-led pressures already impacting the service, current projections are for these CYPL savings to remain unachieved in 2022/23.

1.5.3.6 Within Commissioning & Asset Management, £0.400m of cross-cutting 2022/23 savings are held with £0.100m projected to be achieved and £0.100m of the Procurement saving projected to be achieved to date by in year actions, with work on-going across the Authority to achieve the balance by the year end. The unachieved savings are included in the forecast pressure in Table 1.

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

1.5.4 New Revenue Grants

1.5.4.1 The following revenue grants have been received during December 2022 and January 2023.

1.5.4.2

Table 4 – Revenue Grants Received December and January 2022/23

Service	Grant Provider	Grant	Purpose	2022/23 value £m
Adults	Department for Health & Social Care	ICB Discharge Funding	ICB equivalent of the ASC Discharge Funding to be managed and reported via Better Care Fund arrangements	0.893
Children's	Department for Work and Pensions	Reducing Parental Conflict Local Grant	Reducing Parental Conflict Workforce Development Programme	0.015
Commissioning and Asset Management	European Social Fund (via DWP)	Step to Employment	To support residents aged 29 and over along a journey into employment / self-employment	0.137
Commissioning and Asset Management	European Social Fund (via DWP)	Building Steps for Young People to a Brighter Future	To support residents aged 18-29 and over along a journey into employment / self-employment	0.118
Public Health	Police and Crime Commissioner for Northumbria	Hub and Spoke Funding	To deliver and oversee an effective 1:1 service for high harm, high risk and serial perpetrators of domestic abuse over the funding period	0.014
Public Health	Police and Crime Commissioner for Northumbria	Supporting Victims of ASB Fund	To commission victim services and award grants from the Police and Crime Commissioners funding	0.005
Environment	Trees for Climate	Trees for Cities	Following a successful planting season last year (2021/22) which saw Trees for Cities support a suite of projects across the North East Community Forest (NECF) in its launch year, TfC is delighted to again be supporting the NECF. Through this partnership with NTC, TfC will support 1,200 whips across three sites encompassing both Authority led and community driven projects.	0.003

Service	Grant Provider	Grant	Purpose	2022/23 value £m
Environment	Trees for Climate	North East Community Forest – Seaton Burn Scheme	Following a successful planting season last year (2021/22) which saw Trees for Cities support a suite of projects across the North East Community Forest (NECF) in its launch year, TfC is delighted to again be supporting the NECF. Through this partnership with NTC, TfC will support 1,200 whips across three sites encompassing both Authority led and community driven projects.	0.004
Environment	Trees for Climate	North East Community Forest – Wideopen Scheme	Following a successful planting season last year (2021/22) which saw Trees for Cities support a suite of projects across the North East Community Forest (NECF) in its launch year, TfC is delighted to again be supporting the NECF. Through this partnership with NTC, TfC will support 1,200 whips across three sites encompassing both Authority led and community driven projects.	0.003
Total				1.192

1.5.5 School Funding

- 1.5.5.1 Schools are required to submit their rolling three-year budget plan by 31 May each year and as reported previously the total planned in-year deficit for 2022/23 is £5.533m. Cabinet will be aware that the Authority has been working with schools for a number of years with regard to the long-term strategic issue of surplus secondary places and the associated financial pressures, which continue to be compounded by rising employment costs.
- 1.5.5.2 The first set of monitoring for the 2022/23 year is complete, with schools overall showing a £1.145m improvement against budget plans prior to the impact of pay award on staffing costs. The position with the pay award costs included is a deficit of £7.453m. This represents a decrease in balances of £1.920m.
- 1.5.5.3 Cabinet will recall that the High Needs Block ended 2021/22 with a pressure of £13.511m. The forecast of the Budget position for 2022/23 indicates an anticipated in-year pressure of £4.416m reflecting continued demand for special school places, producing a cumulative deficit balance of £17.927m.
- 1.5.5.4 The Authority submitted a final DSG Management Plan on 3 February 2023 to the Department for Education (DfE). This was to agree a package of reform for the Authority's high needs system that will bring the Dedicated School Grant (DSG) High Needs overspend under control. The Authority was required to demonstrate lasting sustainability, effective for children and young people, which included reaching an in-year balance within five years.

- 1.5.5.5 The Authority engaged with partners across SEND to co-create the DSG Management Plan. On 16 March 2023 the Authority received confirmation that the submission had been successful and an award of £19.5m of additional funding will flow over the next 5 years subject to compliance with specific conditions set out in the Safety Valve Agreement (link included within background papers). This includes the requirement for the High Needs Block to move into an in-year surplus by 2026/27. £7.8m of additional DSG will be received in the current financial year, reducing the cumulative deficit on the High Needs Block, with the remainder paid over the period to 2027/28 if those conditions are met.
- 1.5.6 Housing Revenue Account (HRA)
- 1.5.6.1 The HRA is now forecast to have year-end balances at 31 March 2023 of £3.316m. This reflects an in-year improvement against the budget of £0.248m, with £0.187m relating to a forecast under-spend against the budget which was set at £0.371m, and £0.061m relating to an improvement in brought-forward balances.
- 1.5.6.2 Universal Credit was fully implemented across North Tyneside on 2 May 2018. As of the end of January 2023, 4,086 North Tyneside Homes tenants have moved on to Universal Credit and a team is working proactively with tenants to minimise arrears. This position continues to be closely monitored to identify adverse impacts on the Budget position.
- 1.5.7 Investment Plan
- 1.5.7.1 The approved 2022-2027 Investment Plan totals £332.385m (£92.733m in 2022/23) and is detailed in table 20 of the Annex. The Annex to this report also sets out in Section 4 delivery progress to date, planned delivery for 2022/23, reprogramming and other variations identified through the Investment Programme Governance process.
- 1.5.7.2 An officer led review of the Investment Plan has resulted in proposals for variations of £1.521m and reprogramming of £6.938m in 2022/23, of which more details are set out in Section 4 of the Annex to this report. After total adjustments of £18.963m, the revised Investment Plan stands at £351.348m (£87.316m for 2022/23) and to the end of January 2023 spend of £53.366m had been incurred which represents 61.12% of the revised plan.
- 1.5.7.3 The Investment Plan continues to face significant inflationary pressure and Senior Officers within the Authority have undertaken a review of the expected financial impact on approved schemes with the relevant project managers. The review has confirmed that for the majority of schemes there has been an ability to re-profile planned works to future years given supply issues and rising costs. However, in some cases it is proposed to utilise the Authority's contingency allocation within the Investment Plan in order to maintain delivery plans. The use of the contingency is managed as part of the Investment Programme Board governance arrangements. The corporate risk register includes risks for such inflationary pressures to the investment plan and the position is monitored on an ongoing basis.
- 1.5.8 Performance against Council Plan
- 1.5.8.1 The 2021-2025 Our North Tyneside Plan (Council Plan) sets out the overall vision and policy context within which the Medium-Term Financial Plan and Budget are set. The Council Plan, "Building A Better North Tyneside", has five key themes as set out below;

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

- 1.5.8.2 For each theme there is a set of policy outcomes which the Authority is seeking to deliver; these are detailed in the Council Plan. The Authority has plans in place to deliver all elements of the Plan and performance against delivery is carefully monitored.
- 1.5.8.3 An update report on the progress of delivering the 2021-2025 Our North Tyneside Plan is included on the agenda for this meeting as a separate item.

1.6 Decision Options:

1.6.1 The following decision options are available for consideration by Cabinet:

1.6.2 Option 1

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

1.6.3 Options 2

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

1.7 Reasons for Recommended Option:

- 1.7.1 Option 1 is recommended for the following reasons:
- 1.7.2 Cabinet is recommended to agree the proposals set out in section 1.2 of this report as it is important that Cabinet continues to monitor performance against the Budget, especially given the current level of financial pressures faced by the public sector.

1.8 Appendices:

Annex : Financial Management Report to 31 January 2023
Appendix 1: Investment Plan Summary

1.9 Contact Officers:

Jon Ritchie – Corporate Finance matters – Tel. (0191) 643 5701
Claire Emmerson – Corporate Finance and Schools matters – Tel. (0191) 643 8109
David Dunford – Corporate Finance and General Fund matters – Tel. (0191) 643 7027
Jane Cross – Corporate Finance and General Fund matters
David Mason – Investment Plan matters - Tel. (0191) 643 5747
Darrell Campbell – Housing Revenue Account matters – Tel. (0191) 643 7052

1.10 Background Information:

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

- (a) Revenue budget 2022/23
https://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/NTC%20Revenue%20Budget%202022_23.pdf

- (b) Investment Plan 2022-27
<https://democracy.northtyneside.gov.uk/documents/s7911/Appendix%20D%20i%20-%202022-2027%20Investment%20plan%20-%20FINAL.pdf> (Agenda reports pack 17th February 2022 - Appendix D(i))
- (c) Reserves and Balances Policy
<https://democracy.northtyneside.gov.uk/documents/s7919/Appendix%20G%20-%202022-23%20Reserves%20and%20Balances%20Policy.pdf> (Agenda reports pack 17th February 2022- Appendix G)
- (d) Overview, Scrutiny and Policy Development Performance Report
<https://democracy.northtyneside.gov.uk/documents/s7921/Appendix%20I%20-%202022-23%20Report%20of%20the%20Overview%20Scrutiny%20and%20Policy%20Development%20Committee%20Jan%202022.pdf> (Agenda reports pack 17th February 2022 – Appendix I)
- (e) North Tyneside Safety Valve Agreement
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1142857/North_Tyneside_Safety_Valve_Agreement_2022-2023.pdf

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and Other Resources

- 2.1.1 As this is a financial report, implications are covered in the body of the report. This report will also be presented to the Authority’s Finance Sub-Committee at its meeting on 28 March 2023.

2.2 Legal

- 2.2.1 The Authority has a duty to ensure it can deliver a balanced budget. The Local Government Act 2003 imposes a duty on an authority to monitor its budgets during the year and consider what action to take if a potential deterioration is identified.

2.3 Consultation/Community Engagement

2.3.1 Internal Consultation

Internal consultation has taken place with the Cabinet Member for Finance and Resources, the Elected Mayor, Cabinet Members, the Senior Leadership Team and Senior Finance Officers.

2.3.2 External Consultation / Engagement

The 2022/23 budget was completed after widespread consultation and community engagement in line with the Authority’s approved Budget Engagement Strategy.

2.4 Human Rights

- 2.4.1 The proposals within this report do not have direct implications in respect of the Human Rights Act 1998.

2.5 Equalities and Diversity

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

2.6 Risk Management

2.6.1 Potential future financial pressures against the Authority are covered in this report and registered through the Authority's risk management process.

2.7 Crime and Disorder

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

2.8 Environment and Sustainability

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

PART 3 - SIGN OFF

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