

North Tyneside Council

Report to Cabinet

22 January 2024

Title: 2023/24 Performance & Financial Management Report to 30 November 2023

Portfolios:	Elected Mayor	Cabinet Member:	Dame Norma Redfearn DBE
	Finance and Resources		Councillor Anthony McMullen
	Deputy Mayor		Councillor Carl Johnson

Report from: Corporate Strategy and Finance

Responsible Officer: Jackie Laughton, Assistant Chief Executive **Tel:** 643 5724

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

Wards affected: All

1.1 Executive Summary

1.1.1 This report provides Cabinet with a full overview of both the service delivery performance and budget position across the Authority as at 30 November 2023. For performance, it sets out the key areas of service delivery for Cabinet to note, including where this impacts in budget terms. In terms of the budget, it sets out the forecast outturn position to 31 March 2024 for both revenue and capital.

1.1.2 The report also sets out for Cabinet to note the current position in relation to schools finance, the Authority's Investment Plan, developers' contributions and treasury management. In addition, it provides details of additional

revenue and capital grants received up until 30 November 2023 for Cabinet to approve.

- 1.1.3 From a performance point of view, service delivery overall across the Authority remains strong. The Authority continues to manage high levels of demand in a number of areas including Education, Health and Care Needs Plans, children in care, children in need, home care provision, residential and nursing care placements all of which have financial implications. Key areas of strength are delivery of the Our North Tyneside Plan 2021-2025 priorities such as the affordable homes programme and carbon net zero. The Ambition for North Tyneside Programme is progressing well with regeneration projects across the four areas of the borough. Capital investment continues to deliver planned improvement works helping maintain council homes at the decent homes standard. Council Tax and Business Rates collection also remains on track.
- 1.1.4 Since the last report, the number of children in care has decreased from 385 in September to 372 in November, however this remains higher than the number budgeted for, which is 330 children. The number of children in need has however, significantly increased from 1,617 in September to 1,721 in November, remaining higher than the 1,600 budgeted for. The result of the number children in care combined with the current mix of placements has driven a £0.919m worsening of the Children's Services position, to a total forecasted pressure of £8.765m.
- 1.1.5 From a budget perspective, the overall projection for 2023/24 is that the General Fund will outturn with a pressure of £8.622m, which is an improvement of £1.026m from the previous report, and the Housing Revenue Account will have a forecast underspend of £0.070m.
- 1.1.6 The report sets out the programme of work which is in place to manage and mitigate the 2023/24 budget pressures and form part of the 2024-2028 Medium Term Financial Plan.

1.2 Recommendations

- 1.2.1 It is recommended that Cabinet:
- (a) notes the update provided on the Performance of the Authority including updated data on the key pressures facing the Authority and progress against the Our North Tyneside Plan 2021-2025;
 - (b) notes the forecast budget monitoring position for the General Fund, Housing Revenue Account (HRA), schools finance and Treasury

Management together with the service delivery performance position across the Authority as at 30 November 2023 (sections 1.5.1, 1.5.2, 1.5.3 and 1.5.5 of this report);

- (c) notes the Authority's Investment Plan spend of £41.973m to 30 November 2023 and the proposed financing of the Plan to the end of the year (section 1.5.4 of this report);
- (d) approves variations of £3.789m within the 2023–2028 Investment Plan (section 1.5.4 of this report) and note the current position with Developers' Contributions (section 1.5.6); and
- (e) approves the receipt of £0.296m new revenue grants (as outlined in section 1.5.7 of this report), £0.370m of new capital grants and £0.083m of Section 106 Developer contributions to be applied in 2023/24 (as outlined in section 1.5.8 of this report).

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 25 October 2023.

1.4 Authority Plan and Policy Framework:

- 1.4.1 This report relates to all priorities in the Our North Tyneside Plan.

1.5 Information:

1.5.1 General Fund

- 1.5.1.1 Service delivery overall across the Authority remains strong, particularly in relation to the key policy priorities of the Our North Tyneside Plan 2021–2025. The Authority is on track against its commitment to become carbon net-zero by 2030. Carbon reduction in Authority service operations has achieved 58% against the baseline year of 2010/11. The ambition to deliver 5,000 Affordable Homes is on track against the profiled target with 2,180 homes delivered at the end of quarter two. The Ambition for North Tyneside Programme is progressing with regeneration projects in all four areas of the borough. Council Tax and Business Rates collection remains strong and comparable with national performance.
- 1.5.1.2 The Authority is experiencing challenges in some areas of delivery, which impact on the overall financial forecast for the year. This most significant

elements are summarised below, with changes since the previous report to Cabinet highlighted.

- 1.5.1.3 Within Children's Services, whilst the number of children in care has decreased from 385 in September to 372 in November, it remains significantly higher than budgeted for and the placement mix is too reliant on external care provision. The overall level of children in need has significantly increased to 1,721 (1,617 in September), moving away from the 1,600-figure used to estimate required social work capacity. As previously reported, the increase to the gross budget of £9.700m in 2023/24 assumed a level of 330 children in care, 1,600 children in need, and a staffing requirement of 74 social workers.
- 1.5.1.4 The Authority currently has an additional 42 children in care, compared to budgeted levels with higher than budgeted external placements, leading to a significant financial pressure being forecast. The costs of residential placements are individually high reflecting both significant inflationary and complexity pressures. The Local Government Association (LGA) published survey results on 29 November, which revealed that the number of children's social care placements costing £10,000 or more per week has risen. There were 120 placements in 2018/19, rising to 1,510 in 2022/23 and the highest cost placement was £63,000 per week. For most councils the highest cost fell between £9,600 and £32,500 a week, North Tyneside's highest cost package is currently £11,700 per week.
- 1.5.1.5 The result of the total children in care and the current mix of placements has driven a £0.919m worsening, to a total forecasted pressure of £8.765m. Further detail is provided in Annex 2 at section 1.3.
- 1.5.1.6 Within Commissioning and Asset Management (C&AM) there are higher than expected levels of children with complex needs who have support with transport, linked to the number of pupils with Education, Health and Care Plans (EHCPs) the authority maintains. The number of children requiring home to school transport has risen from 614 in April 2016 to 891 in November 2023. This, along with inflationary pressures on the transport contracts, means that Home to School Transport has a pressure of £3.100m.
- 1.5.1.7 Catering Services also have a combination of inflation on the costs of food purchases, staffing costs relating to sickness, maternity cover, 'deep cleaning' days and reduced income from fewer schools now using this service has led to a forecast pressure of £2.923m. The resultant overall position in C&AM is a pressure of £5.539m, an improvement of £0.002m from

September. Further information on C&AM is included in section 1.5 of the Annex 2.

- 1.5.1.8 Within Adults Services the focus remains to facilitate hospital discharge and reduce the number of clients in short- and long-term residential and nursing care placements by maximising the use of home care. Pressure continues within residential care, although the number of home care hours provided are continuing to increase, whilst the number of clients waiting for homecare services is at its lowest level in three years with 37 clients waiting for homecare services and the number of people in short-term residential placements has decreased. The overall number of clients in residential and nursing care has remained stable, it was 1,137 in September and was 1,133 in November, however the turnover in the number of clients leaving and joining the service continues to be high, with the number of contacts received since April 2023 at 9,282 an increase of 12% from the same time last year.
- 1.5.1.9 As Adult Services continues to focus on winter pressures and the “Home first” approach to hospital discharge, the forecast financial position, has seen no change in the reported pressure since September with an overall expected pressure for the Directorate of £1.679m.
- 1.5.1.10 As at 30 November 2023, the Authority is showing a total forecast net pressure for the current year of £8.622m. This is an improvement of £1.026m since September’s position.
- 1.5.1.11 Offsetting the above pressures are organisation-wide savings resulting from changes in the minimum revenue provision (£1.500m), treasury management savings (£1.500m) and the application of contingencies for general inflationary pressures (£3.183m). These items partly offset the overall forecast pressure by £6.333m. Further detail is included in section 1.11 of the Annex 2.
- 1.5.1.12 A more detailed commentary of the overall financial position is contained in section 1 of Annex 2. However, the key areas of variation behind the forecast net pressure for the current year as at 30 November 2023 of £8.622m are summarised in the following table.

1.5.1.13 Table: 1 2023/24 General Fund Revenue Forecast Outturn as at 30 November 2023 by Directorate

Services	Budget	Forecast Nov	Variance Nov	Variance Sept	Change since Sept
	£m	£m	£m	£m	£m
Adults Services	64.247	65.926	1.679	1.679	0.000
Children's Services	34.227	42.992	8.765	7.846	0.919
Public Health	1.507	1.207	(0.300)	(0.250)	(0.050)
Commissioning & Asset Management	9.005	14.544	5.539	5.541	(0.002)
Environment	42.502	41.798	(0.704)	(0.685)	(0.019)
Regeneration & Economic Development	11.383	11.053	(0.330)	(0.265)	(0.065)
Corporate Strategy	2.316	2.610	0.294	0.296	(0.002)
Chief Executive Office	(0.100)	(0.152)	(0.052)	(0.018)	(0.034)
Resources	4.738	4.202	(0.536)	0.792	(1.328)
General Fund Housing	2.323	2.923	0.600	0.500	0.100
Central Items	(9.870)	(16.203)	(6.333)	(5.788)	(0.545)
Support Services	20.181	20.181	0.000	0.000	0.000
Total Authority	182.459	191.081	8.622	9.648	(1.026)

1.5.1.14 Cabinet should note that a programme of work is in place to both manage and mitigate the 2023/24 budget pressures as well as form the 2024-2028 Medium Term Financial Plan. A full overview of the 15 workstreams within this programme was included in the May report, now consolidated into 13 projects. The Senior Leadership Team (SLT) has worked with Senior Officers across the organisation to consider a range of in-year mitigations that could be explored to support the 2023/24 position. A summary of the options will be presented to lead Members in due course and included in future Performance and Finance reports to Cabinet.

1.5.2 Schools

1.5.2.1 Schools have completed the first budget monitor submission for 2023/24 and there is a slight improvement against the budget plans submitted. Schools are projecting year end balances of £8.211m deficit against a budgeted deficit of £8.323m.

- 1.5.2.2 In November, Schools Forum approved recommendations from the School's Forum Finance Sub-group and £0.419m School's in Financial Difficulty (SiFD) funding will be allocated to schools in deficit. This funding is not reflected in the budget monitoring position.
- 1.5.2.3 The Authority has also been allocated £1.868m by the Department for Education (DfE) from its funding to support schools in financial difficulty. Officers continue to work, and consult with Schools Forum, on the most appropriate application of this funding for schools in the borough. This allocation is also not reflected in the budget monitoring position. After both funding allocations have been applied, the projected year end balances of schools will be £5.924m deficit. Further information on Schools is included in section 2.0 of Annex 2.
- 1.5.2.4 Cabinet will recall there has also been significant pressures within the Dedicated Schools Grant (DSG) in relation to the High Needs block, 2023/24 budget was set to achieve a year end deficit position of £10.474m, which included £1.950m Safety Valve funding. The third and final submission to the DfE, for 2023/24 was submitted on 15 December 2023 where the Authority reported it is on track to reach a positive in-year balance on this budget by the end 2027/2028, although the year end deficit position for 2023/24 is projected to be £10.490, forecasting a small in-year pressure £0.016m.
- 1.5.2.5 From 2024/25 the DSG Management Plan includes a 0.5% transfer from the Schools Block to the High Needs Block. Schools Forum voted against the £0.751m transfer for 2024/25 which has resulted in a Disapplication request being submitted to the ESFA. Any block transfer without Schools Forum agreement requires approval from the Secretary of State, the Authority will be notified in December whether the application has been successful. If the Disapplication request is not approved, then the Authority will need to work with partners and school leaders to remodel the DSG Management Plan to address the shortfall.
- 1.5.2.6 The Authority's DSG management plan forecasts that there would be 2,134 Education Health and Care Plans (EHCP) maintained in January 2024, however currently the number of EHCPs managed by the authority is showing an increase. The number of EHCPs have increased from 2,126 in September to 2,158 EHCPs at the end of November 2023. The number of EHCPs completed by the Authority has decreased significantly by more than 40% compared to the same period last year, however the number of EHCPs ceased has also decreased, leading to a net increase in the number of EHCPs the authority maintains. There is a continued high demand for assessments in North Tyneside.

1.5.3 Housing Revenue Account

- 1.5.3.1 Again, performance is strong in this area. Housing rental income collection has dropped to 93.2% at the end of quarter 2, this is due partly to an increase in levels of arrears, and officers are monitoring and focussing closely on the increasing arrears levels for current tenants. This performance is still encouraging, especially when considered against a background of the impact of the rent increase and increasing numbers of tenants moving onto Universal Credit, which both increase the amount of income that needs to be collected. Empty homes levels are very low at around just over half a percentage point, which represents around 70 homes out of over 14,000 in total. This is a significant help in maximising the amount of rent that can be collected and invested in improving service delivery to tenants.
- 1.5.3.2 The projected outturn position for the Housing Revenue Account (HRA) is an underspend of £0.070m. The main areas of pressure within this budget area relate to housing management costs and more specifically to the costs of utilities attached to sheltered accommodation schemes. The Housing Repairs service continues to deal with inflationary increases on materials and subcontractor prices, however, at the current time the overall Repairs spend is forecast to come in on budget. There is also an anticipated pressure due to the 2023/24 pay award expected to be greater than assumed in the HRA Business Plan.

1.5.4 Investment Plan

- 1.5.4.1 The approved 2023–2028 Investment Plan totals £344.558m (£111.121m in 2023/24) and is detailed in table 21 of Annex 2, within section 4.
- 1.5.4.2 As part of November 2023 Investment Plan monitoring has resulted in proposals for variations and reprogramming (changes to the financing of the Plan) of £8.047m in 2023/24, details of which are set out in Section 4 of Annex 2, paragraphs 4.2 and 4.3. At the end of November 2023, spend of £48.109m had been incurred in year, representing 43.29% of the approved plan for 2023/24. This is higher than the 39% incurred on average at this point in time in prior years.
- 1.5.4.3 At the end of November significant investment had been made in the following areas:
- **Housing Revenue Account (HRA) Capital Programme;** Almost £17m (c.36% of the budget) has been invested in delivering planned improvement works to maintain homes to the decent homes standard including kitchen and bathroom replacements, roof replacements, redecoration

works, fencing replacements, heating replacement works. A total of 13 schemes encompassing nearly 1,900 homes across the borough continue to be delivered.

- **Highways and Infrastructure Improvements;** Almost £12m of improvement works (c.25% of the budget) have been delivered including integrated transport improvements including the North Shields Transport Hub which was opened on the 2 September 2023. Significant piling works for the Embankment Walkway were completed at the end of October 2023, enabling traffic to re-open during the Christmas period. Progress on the resurfacing programme, flood alleviation measures and on major highways improvement schemes such as the Seafront Sustainable Cycle Route, Stephenson Street junction upgrade and the next phase of the Routes to Metro Project.
- **Affordable homes delivery;** Almost £4m of works (c.40% of the budget) associated with the delivery of affordable homes, through the Authority's Trading Company as well as the HRA New Build programme. The Authority's Trading Company currently owns 106 homes and 5 further homes in progressing to purchase. The HRA New Build Programme is currently progressing 5 projects including the conversion of garage sites in Battle Hill with 9 affordable homes, the conversion of six recreation rooms at Forest Hall and Wallsend to six bungalows, the development of a site within Killingworth to 22 new homes, development of a derelict building in North Shields to a 2 bed roomed home and development of a former care home in Whitley Bay into two 3-bedroom homes.
- **Education improvement works;** £6.5m of planned works delivering improvements in condition and capacity within the Borough's schools., During the summer months, 3 schools underwent roofing replacements, Amberley Primary had a boiler replacement, 3 schools had luminaire replacements, whilst Backworth Park Primary had 2 shell classroom refurbishments.
- **Strategic Asset Maintenance;** Almost £1.2m (c.41% of the budget) has been invested delivering planned preventative maintenance activity within the Authority's operational asset portfolio. Planned works include water supply replacement at St Mary's Lighthouse and works are currently out for competitive tender at Stephenson Railway Museum. Proposals to bid for external grant funding for Public Sector Decarbonisation and the Swimming Pool Support Fund II projects are being considered by the Authority.

1.5.5 Treasury Management

- 1.5.5.1 The level of external borrowing (excluding PFI) has remained at £422.443m in the period to 30 November 2023. The level of internal funding remains high at £68.532m at 31 March 2023 (£102m at 31 March 2022). This is in line with the Authority's Treasury Management Strategy as this avoids external interest charges wherever possible.
- 1.5.5.2 As at 30 November 2023, the Authority had total treasury investments of £39.500m. Year to date Income generated through interest earned on investments from combined General Fund and HRA balances for 2023/24 is £1.025m. The Authority invests in line with Chartered Institute of Public Finance Accountancy (CIPFA) guidance, maintaining a low-risk approach to investments.

1.5.6 Developer Contributions

- 1.5.6.1 Section 106 monies relate to contributions received by the Authority through planning gain. £21.108m of contributions have been received to date, with £10.096m spent or committed through the Investment Programme Board process. £6.238m as of 30 November 2023 remains uncommitted, with officers developing plans to utilise this in line with the conditions of the s106 agreement and the Authority's strategic objectives. Further information is provided in section 6 of the Annex 2 and shows an improving position in terms of utilisation.
- 1.5.6.2 Community Infrastructure Levy (CIL) £0.675m funding has been received by the Authority to date. CIL continues to develop within the Authority and further updates will be incorporated within this report when projects are developed, and funds utilised.

1.5.7 New Revenue Grants Received

- 1.5.7.1 Table 2 below sets out the details of new revenue grants received up to end September 2023 for Cabinet's approval.

Table 2 – Grants Received October and November 2023/24

Directorate	Grant Provider	Grant	Purpose	2023/24 value £m
Childrens	Department for Education	Local Authority Delivery Support	LA delivery support funding is to support local authorities meet programme and delivery costs associated with rolling out the expanded early years entitlements.	0.055
Environment	Department for Environment, Food & Rural Affairs (DEFRA)	Coronation Living Heritage Fund (NCF – Lot 2)	The DEFRA Coronation Living Heritage Fund allows Local Authorities to be grant holders, distributing funds to local applicants for tree planting. This is for local groups to establish community orchards.	0.011
Childrens	Department for Education	Wraparound Childcare Grant	To expand the availability of wraparound care in their areas from September 2024.	0.012
Childrens	Department for Education	National Adoption Commissioning Programme	To explore both national and pan-regional adoption agency commissioning arrangements.	0.018
Regeneration and Economic Development	North of Tyne Combined Authority	Wallsend Town and High Street Programme	To support the transformation of key town centres and high streets in the North of Tyne area.	0.200
Total				0.296

1.5.8 New Capital Grants Received

1.5.8.1 Table 3 below sets out the details of new capital grants received up to end November 2023 for Cabinet’s approval.

Table 3 – Capital Grants Received October and November 2023/24

Directorate	Grant Provider	Grant / Project	Purpose	2023/24 value £m
Regeneration & Economic Development	Transport North East	Bus Service Improvement Plan (BSIP)	£0.070m of Capital funding has been awarded from Transport North East to fund the development of projects to support strategic corridor bus improvements.	0.070
Regeneration and Economic Development	North of Tyne Combined Authority	Wallsend Town and High Street Programme	To support the transformation of key town centres and high streets in the North of Tyne area.	0.300
Regeneration and Economic Development	Department for Transport	Highway Maintenance Funding: Network North	Local highways maintenance, particularly for the resurfacing of carriageways, cycleways, and footways to prevent potholes and other road defects.	0.358
Adults Services	Department for Levelling Up, Housing and Communities	Disabled Facilities Grant	Capital grants that are available to contribute to the cost of adaptations within homes to support independent living	2.032
Total				2.760

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 1: Performance and Financial Management Report to 30 November 2023

Annex 2: Financial Management Report to 30 November 2023

Appendix 1: Investment Plan Summary

Appendix 2: S106 Summary & Detail

1.9 Contact Officers:

Jon Ritchie – Corporate Finance matters – Tel. (0191) 643 5701

David Mason – Corporate Finance matters – Tel. (0191) 643 5747

David Dunford – Corporate Finance and General Fund matters – Tel. (0191) 643 7027

Jane Cross – Corporate Finance and General Fund matters – Tel. (0191) 643 3166

Darrell Campbell – Housing Revenue Account matters – Tel. (0191) 643 7052

Jackie Laughton – Policy and Performance matters – Tel. (0191) 643 5724

Pam Colby – Policy and Performance matters – Tel. (0191) 643 7252

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 2023/24

https://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/NTC%20Revenue%20Budget%202023_24.pdf

(b) Investment Plan 2023–2028

<https://democracy.northtyneside.gov.uk/documents/s11473/Annex%201%20Appendix%20D%20i%202023%20-%202028%20Investment%20Plan.pdf>

(Agenda reports pack 16 February 2023 – Appendix D(i))

(c) Reserves and Balances Policy

<https://democracy.northtyneside.gov.uk/documents/s11480/Annex%201%20Appendix%20G%20-%202023-24%20Reserves%20and%20Balances%20Policy.pdf>

(Agenda reports pack 16 February 2023 – Appendix G)

(d) Overview, Scrutiny and Policy Development Performance Report

<https://democracy.northtyneside.gov.uk/documents/s11482/Annex%201%20Appendix%20I%20-%202023-24%20Report%20of%20the%20Overview%20Scrutiny%20and%20Policy%20Development%20Committee%20Jan%20202.pdf>

<https://democracy.northtyneside.gov.uk/documents/s11482/Annex%201%20Appendix%20I%20-%202023-24%20Report%20of%20the%20Overview%20Scrutiny%20and%20Policy%20Development%20Committee%20Jan%20202.pdf>

(Agenda reports pack 16 February 2023 – 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 Financial and other resources implications are covered in the body of the report.

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, the Deputy Mayor, Cabinet Members, the Senior Leadership Team and Senior Finance Officers.

2.3.2 External Consultation / Engagement

The 2023/24 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
- Director of Service
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Assistant Chief Executive