Cabinet – 22 January 2024
Agenda Item xx

2023/24 Performance and Financial Management Report Annex 2 – Financial Summary

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SECTION 1 – SERVICE COMMENTARIES

1.1 Meetings have been held between performance, finance and budget managers to review the forecast position for 2023/24, with the forecast being prepared on a prudent basis to give sight of the overall challenges at this stage in the financial year. In addition, a challenge session was held to review the bi-monthly financial position and service performance with the Elected Mayor and Cabinet with the Assistant Chief Executive, Director of Resources and senior officers. In the future, Service Directors and their senior teams may also attend these challenge sessions as appropriate to discuss specific plans in progress to mitigate any pressures.

1.2 Adults Services

1.2.1 Adults Services is showing a forecast variance of £1.679m against its £64.247m net controllable expenditure budget.

1.2.2 **Table 1: Forecast Variation for Adults Services as at 30 November 2023**

	2023/24 Budget £m	Nov Forecast £m	Nov Variance £m	Sept Variance £m	Change Sep-Nov £m
Central, Strategy and Transformation	0.866	0.726	(0.140)	(0.098)	(0.042)
Social Work and Associated Activity	8.284	7.980	(0.304)	(0.223)	(0.081)
Integrated Services	2.657	1.731	(0.926)	(0.933)	0.007
Business Assurance	0.403	0.430	0.027	0.027	0.000
Sub-total Operations	**12.210**	**10.867**	**(1.343)**	**(1.227)**	**(0.116)**
Wellbeing and Assessment	17.408	19.020	1.612	1.691	(0.079)
Learning Disability	30.304	31.335	1.031	0.848	0.183
Mental Health	4.583	5.440	0.857	0.819	0.038
Other Services	(0.258)	(0.736)	(0.478)	(0.452)	(0.026)
Commissioned Services	**52.037**	**55.059**	**3.022**	**2.906**	**0.116**
Total Adult Services	**64.247**	**65.926**	**1.679**	**1.679**	**0.000**

Main budget pressures across Adults Services

1.2.3 The analysis of sub-service areas is reported to show the split between the operational aspects of the service and the externally commissioned care costs. The operational costs of the service are forecasting an underspend of £1.343m, an increase of £0.116m since the September position.

1.2.4 Despite the actions taken to address grading and the problems with recruitment and retention of staff across Adult Services, there continues to be an underspend against staffing budgets, which is starting to impact on service delivery. There continues to be a high turnover of staff which is reflected in the increased underspend. The Short-Term Review Team continues to support with capacity, support and challenge in the system and is making a positive impact on ensuring the appropriate level of care is being provided.

1.2.5 Adult Services manages a complex budget and is required to deal with a combination of funding arrangements, pressures, and national policy changes. The supplement to the Market Sustainability and Improvement Fund – Workforce Fund allocated to North Tyneside was £1.568m and is reflected in the overall position. Officers remain focused on plans for the winter pressure period.

1.2.6 In November there has been a further increase in the hours of homecare provided within the borough. As at the end of November there were 37 clients on the brokerage waiting list, compared to 109 during the same period last year, this is the lowest it has been since April 2021. Lack of home care provision continues to result in short term residential care placements, however in November 2023 there were only 15 new short-term placements, which was a further decline from previous months, and it is hoped this trend will continue. The Authority continues to work with providers to look at new and innovative solutions to further maximise efficiency and support the “home-first” approach.

1.2.7 Adult Social Care Discharge funding of £1.343m for 2023/24, includes a scheme to increase in-house homecare capacity which will increase control of home care provision with a focus on reablement. The posts are directly employed by the authority and form part of the social care career pathway.

However, this is also impacted by the issues with recruitment and requires further work with People Team to address this.

1.2.8 The hospital stepdown beds, additional Extra Care placements and reablement flats that allow more clients to receive community-based care will again be relied upon across the winter to help maintain hospital flow and prevent delayed discharges. These services allow for admissions at very short notice.

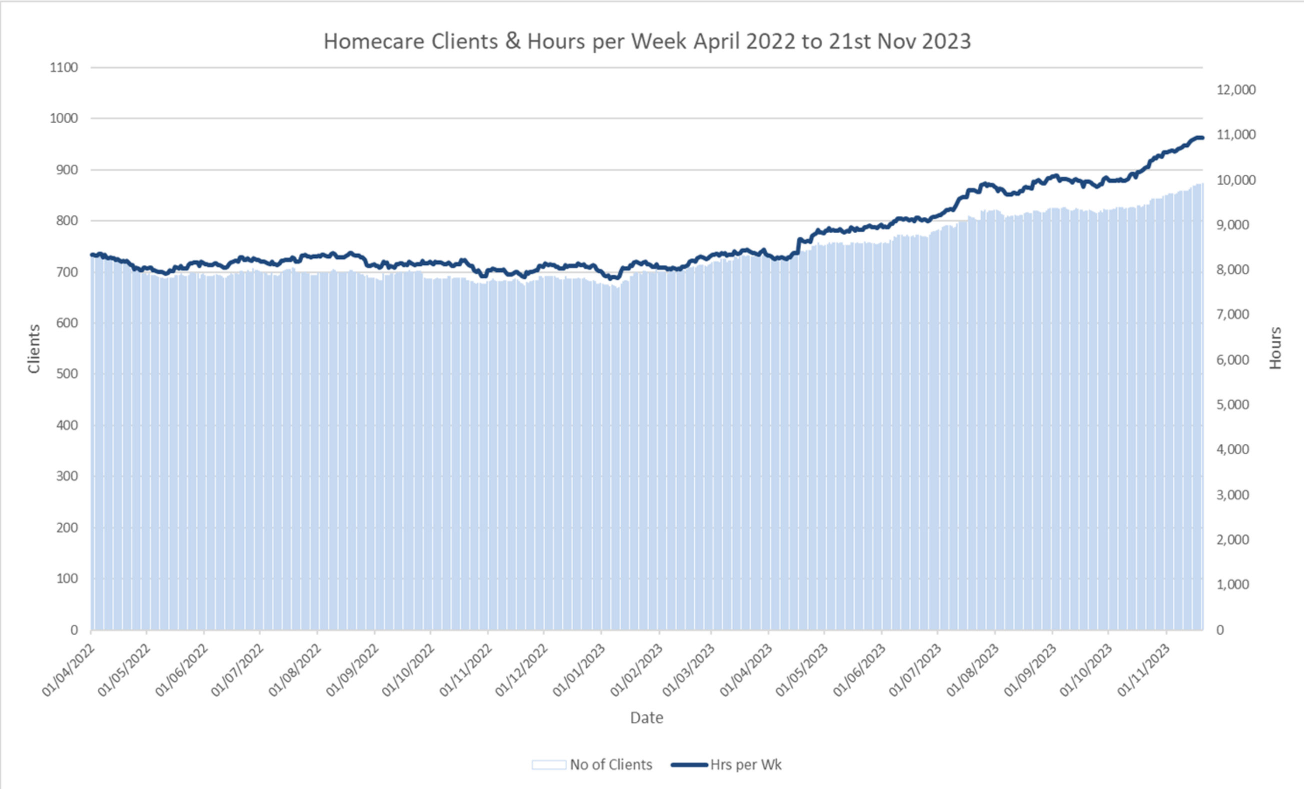
1.2.9 The transition of complex clients from both Children's Services and long-term hospital settings have previously been highlighted as a pressure for Adult Services and they continue to be monitored. There has been one hospital discharge case since the September reported position, resulting in an additional part year cost of £0.102m with a full year cost estimated at £0.407m.

1.2.10 The Authority works closely with the ICB to ensure funding contributions for clients with health needs continue on an equitable basis, but the social care element continues to grow. Funding received from the ICB for S117 mental health after care services has increased overall (ICB contribution for these clients is 50% of total care costs), however, there continues to be pressure around funding from the NHS for clients with shared care and to support mental health infrastructure originally established in relation to clients resettled from long stay NHS hospitals.

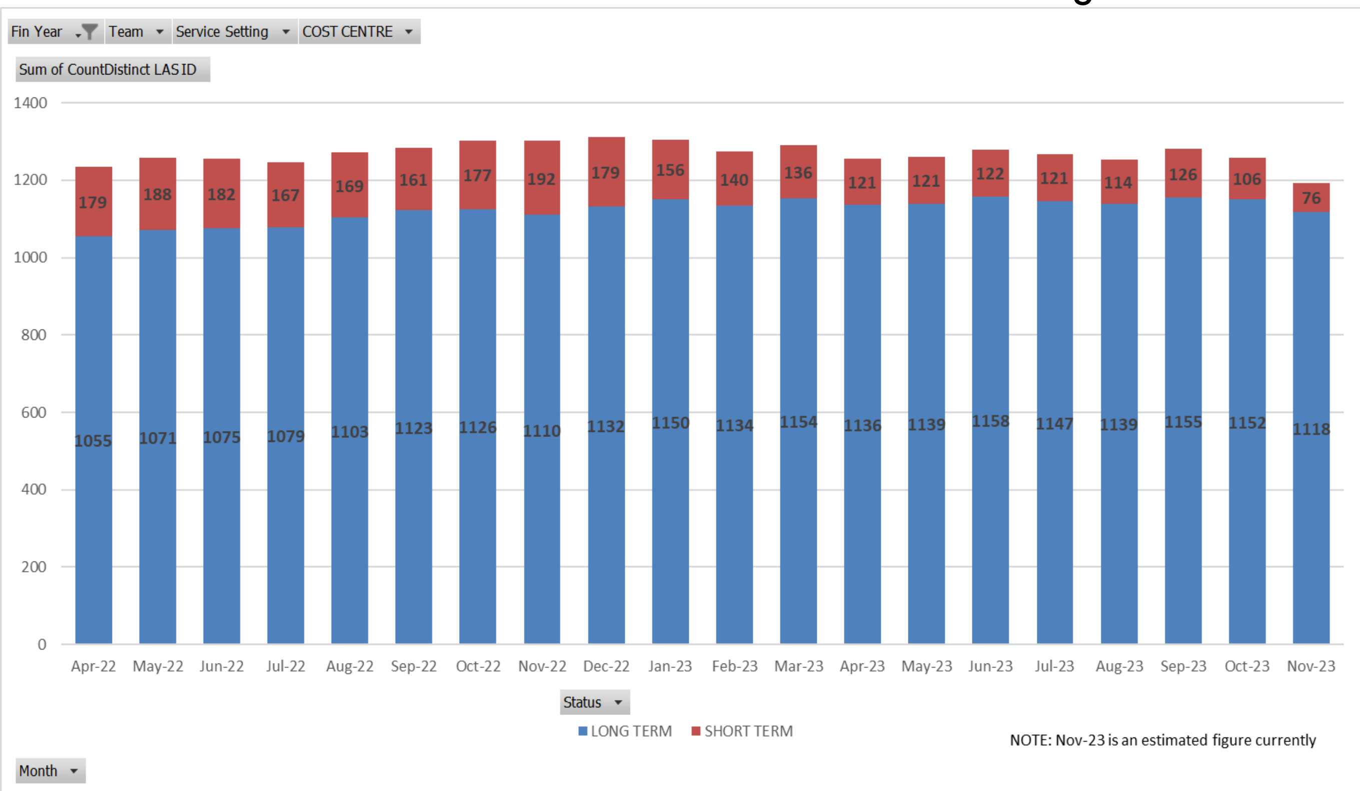
1.2.11 Work is ongoing in the Adult Social Care Finance Team to improve the income and debt collection processes, forecast client contributions have increased since September in line with the increase in home care provision.

1.2.12 Work continues on the Health & Social Care workstream as part of the 2024 – 2028 Medium Term Financial Plan (MTFP). This is a cross cutting exercise involving Public Health colleagues to consider the medium to long-term pressures and efficiencies that health and social care adult services will face.

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



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



1.3 Children, Young People and Learning (CYPL)

1.3.1 Children's Services is showing a forecast variance of £8.765m against its £34.227m net controllable expenditure budget and includes unachieved savings of £1.723m. The net budget has increased by £0.081m from September as staffing budgets were adjusted to reflect a movement of 2 posts from Adult Social Care.

1.3.2 **Table 2: Forecast Variation for Children's Services as at 30 November 2023**

	2023/24 Budget £m	Nov Forecast £m	Nov Variance £m	Sept Variance £m	Change Sept-Nov £m
Corporate Parenting & Placements	26.938	33.584	6.646	5.768	0.878
Quality of Practice	0.754	0.966	0.212	0.170	0.042
Multi-agency Safeguarding Arrangements	0.120	0.096	(0.024)	0.016	(0.041)
Health, Information & Advice, Virtual School & Emotional Wellbeing (HIVE)	0.013	(0.037)	(0.050)	(0.159)	0.109
Early Help & Vulnerable Families	1.805	1.555	(0.250)	(0.200)	(0.050)
Employment & Skills	0.725	0.721	(0.004)	(0.022)	0.018
Children's Disability Service	1.790	4.037	2.247	2.271	(0.024)
Education North Tyneside	1.604	1.829	0.225	0.243	(0.018)
Youth Justice Service	0.621	0.384	(0.237)	(0.241)	0.005
Regional Adoption Agency	(0.143)	(0.143)	0.000	0.000	0.000
Total Children's Services	**34.227**	**42.992**	**8.765**	**7.846**	**0.919**

Main budget pressures across Children's Services

1.3.3 The "Handling Children's Finance" workstream continues to work to address the pressures in Corporate Parenting linked to a higher number of children in care 372 and children in need 1,721.

1.3.4 The £8.765m forecast pressure partly relates to an increasing number of external residential care and external supported accommodation placements as work is ongoing to reach the "core" children in care numbers as well as the placement mix identified in the workstream, see table 4. The forecast also reflects ongoing pressure within the Children's Disability Service and inhouse children's homes.

1.3.5 Table 3 shows the Children's Services position split between operational and commissioning pressures. The increased pressure of £0.710 in Commissioned Services relates mainly to £0.481m in external residential care and £0.175m in external supported accommodation.

1.3.6 **Table 3: Forecast Variation for Children's Services Split between Operational & Commissioned Care Costs**

	2023/24 Budget £m	Nov Forecast £m	Nov Variance £m	Sept Variance £m	Change Sept-Nov £m
Commissioned Services	9.055	15.006	5.951	5.241	0.710
In-house Services	11.516	13.442	1.926	1.774	0.152
Staffing & Operations	13.799	14.687	0.888	0.831	0.057
Regional Adoption Agency	(0.143)	(0.143)	0.000	0.000	0.000
Total Children's Services	**34.227**	**42.992**	**8.765**	**7.846**	**0.919**

1.3.7 The service continues to have a high number of vacant social work posts and work continues with People Team to address the issues with workforce recruitment and retention. This is vital to enable the service to meet the core target of 330 children in care.

1.3.8 The increased pressure in Children's Disability Services relates to an increased forecast on short break care which, as Cabinet will recall, work is on-going to identify additional resources to meet need. This is vital to families and carers as lack of provision could lead to future breakdown in care arrangements.

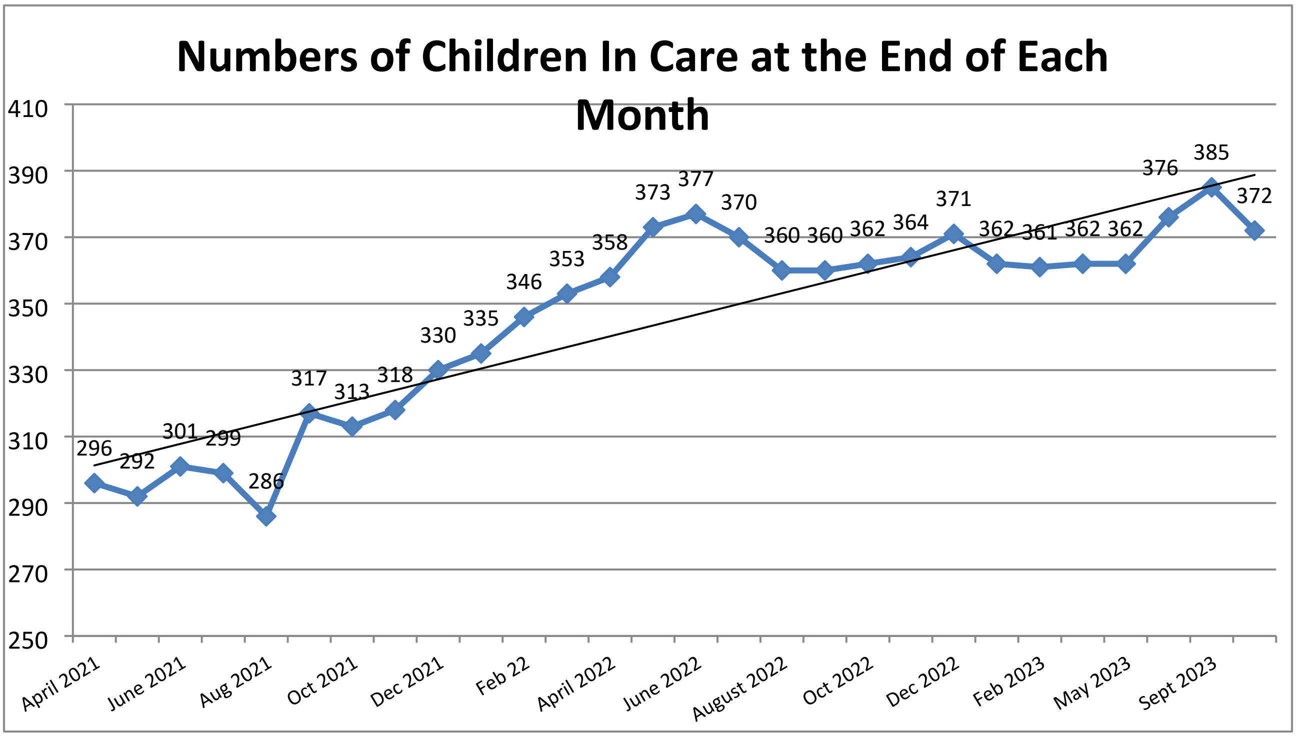
1.3.9 Commissioned services are showing a pressure of £5.951m, an increase of £0.710m since September which reflects the increased reliance on external provision for children in care. In November there were 372 children in care compared to 385 in September but the lack of availability of suitable placements, has resulted in an increase in external residential care placements and there are still pressures in external fostering and external supported accommodation placements above the "core" number reflected in the budget.

1.3.10 **Table 4: "Core" Number of Children in Care and planned placement mix**

Placement Type	"Core" Mix	No. of "Core" Children	No. of Children May 23	No. of Children Jul 23	No. of Children Sept 23	No. of Children Nov 23
External Residential Care	7.0%	23	27	26	32	33
External Fostering	6.7%	22	22	27	25	25
In-House Fostering	61.7%	204	209	222	223	217
External Supported Accommodation	9.7%	32	46	41	38	39
In-House Residential Care	6.4%	21	21	21	21	21
Other	8.5%	28	37	39	46	37
Total	**100%**	**330**	**362**	**376**	**385**	**372**

1.3.11 The forecast is based on the children in care at the end of November 2023. Chart 3 shows the number of children in care was 372, this is higher than the "core" number of 330, but a decrease from September when there were 385 children in care.

1.3.12 **Chart 3: Number of Children in Care at the end of each month**



1.3.13 Current numbers include 26 unaccompanied asylum-seeking children (UASC) under the age of 18 and 14 above 18 years of age now classed as leaving care. The Authority is mandated to take 39 UASC. This is offset by an increase in external funding however the total funding received still leaves a shortfall to cover the cost of the placements and allowances. The additional placements required for UASC increases the pressure on the sufficiency of placements available within the Borough. Work is ongoing with Housing to look for innovative local solutions.

1.3.14 The number of Children in Care can be volatile, with a decrease of 13 children since September however costs for individual children can be very high. There is always a potential risk that the forecast could increase if numbers of complex children start to rise above current levels.

Corporate Parenting and Placements

1.3.15 **Table 5: Analysis of Pressures in Corporate Parenting and Placements**

Type of Service	2023/24 Budget £m	Nov Forecast £m	Nov Variance £m	Sept Variance £m	Change since September £m
Care provision – children in care	16.270	21.295	5.025	4.187	0.838
Care provision – other children	4.434	4.983	0.549	0.482	0.067
Management & Legal Fees	0.035	0.632	0.597	0.646	(0.049)
Social Work	6.150	6.638	0.488	0.466	0.023
Safeguarding Operations	0.049	0.037	(0.013)	(0.013)	0.000
Total	**26.938**	**33.585**	**6.646**	**5.768**	**0.879**

Care Provision – Children in Care

1.3.16 A further breakdown of the care provision costs for the 372 children in care is provided in Table 6. Since September there has been a decrease in numbers of children within in-house fostering (6) and an increase in the numbers in external residential care (1). There is a continued pressure within in-house residential care, however unit costs for external residential care continue to increase significantly more than inhouse services and there are plans to look to increase the capacity of the in-house provision.

1.3.17 External fostering is currently supporting 25 children in care, this is unchanged from September and 3 higher than the number of "core" children in care that would expect to be placed in external fostering arrangements. However external fostering is still a preferred option for children in care, after in-house fostering.

1.3.18 **Table 6: Forecast cost, forecast variance, average placement cost and placement mix**

Placement Type	2023/24 Budget £m	Nov Forecast £m	Nov Variance £m	Average Annual Placement Cost £m	Number of Children			
					Core	July2023	Sept 2023	Nov 2023
External Residential Care	5.492	7.216	1.724	0.401	23	26	32	33
External Fostering	0.993	1.272	0.279	0.058	22	27	25	25
In-House Fostering Service	5.627	5.640	0.013	0.026	204	222	223	217
External Supported Accommodation	1.686	4.048	2.362	0.095	32	41	38	39
In-House Residential Care	2.472	3.119	0.647	0.149	21	21	21	21
Other*	-	-	-	-	28	39	46	37
Total	**16.270**	**21.295**	**5.025**	**-**	**330**	**376**	**385**	**372**

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

1.3.19 The average annual placement cost is based on the full year effect of the packages in place at the end of November, however the forecast is based on actual activity and expected duration of placements. We have seen an increase of 1 child in external residential placements and the overall % of inhouse fostering placements is above the “core” mix we are aiming for, however whist the number of children in care is 42 above the “core” number the pressure will remain.

Care Provision – Other Children (not in care)

1.3.20 This area has a forecast pressure of £0.549m relating to care provision for children not in the care system relates to children under a Special Guardianship Order (SGO), as this is a means tested allowance, there is an increasing pressure due to the impact of the cost-of-living crisis. There is also an increased pressure within adoption services as there has been an increase in the number of children adopted.

<u>Management and Legal Fees</u>

1.3.21 This area has a forecast pressure of £0.597m however some of the pressure within this area is due to residual savings targets, which the service are looking to reprofile. There is also an ongoing pressure due to increased legal fees and whilst there has been an exercise to provide more support internally from Legal Services, there remains a pressure around court fees.

<u>Social Work</u>

1.3.22 The pressure has increased by £0.023m which relates to Section 17 payments to families, transport costs and interpretation all which continues to see a high level of demand as families continue to be impacted by the cost-of-living crisis.

1.4 <u>Public Health</u>

1.4.1 Public Health is forecasting a (£0.300m) underspend, and improvement of (£0.050m) since the September Cabinet report.

1.4.2 **Table 7: Public Health Forecast Variation**

	Budget £m	Forecast Nov £m	Variance Nov £m	Variance Sept £m	Change Sep-Nov £m
Public Health Ring Fenced Grant	(0.032)	(0.032)	0.000	0.000	0.000
*0-19 Children's Public Health Service**	*0.273*	*0.073*	*(0.200)*	*(0.200)*	*0.000*
Community Safety & Resilience	0.364	0.324	(0.040)	(0.040)	0.000
Public Protection	0.902	0.842	(0.060)	(0.010)	0.050
GRAND TOTAL	**1.507**	**1.207**	**(0.300)**	**(0.250)**	**0.050**

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

1.4.3 There is an improvement in Public Protection of £0.050m since the September Cabinet report. This is due to additional funding for Asylum Seekers Safeguarding of £0.050m. Although there are pressures with the taxi licensing service of £0.120m because of the costs to run the service, coupled with reduced income due to the number of drivers and vehicles reducing before and during the pandemic and not currently seeing any signs of recovery. However, this is being mitigated by vacancies and other funding streams and underspends within Public Protection to bring the service to a (£0.060m) underspend.

1.5 Commissioning and Asset Management

1.5.1 Commissioning and Asset Management (C&AM) is showing a pressure of £5.539m as set out in Table 8, an improvement of (£0.002m) since the September Cabinet report.

1.5.2 **Table 8: Commissioning and Asset Management (C&AM) Forecast Variation**

Service Areas	Budget £m	Forecast Nov £m	Variance Nov £m	Variance Sep £m	Change Sep-Nov £m
School Funding & Statutory Staff Costs	5.468	5.542	0.074	0.074	0.000
Commissioning Service	0.486	0.316	(0.170)	(0.126)	(0.044)
Facilities & Fair Access	1.040	7.095	6.055	5.877	0.178
Strategic Property & Investment	1.666	1.392	(0.274)	(0.202)	(0.072)
Property	(0.022)	(0.022)	0.000	0.000	0.000
Commissioning & Asset Management & Support	0.168	0.136	(0.032)	(0.033)	0.001
Procurement	0.199	0.085	(0.114)	(0.049)	(0.065)
GRAND TOTAL	**9.005**	**14.544**	**5.539**	**5.541**	**(0.002)**

1.5.3 The main budget issues relate to Facilities and Fair Access which is showing a forecast pressure of £6.055m (September pressure of £5.877m).

1.5.4 Home to School Transport position is the largest element forecasting a pressure of £3.100m in respect of the sustained increase in children with complex needs attending special schools of £1.495m and inflationary pressures of £1.605m. Demand pressures in High Needs is a national issue and is also impacting the High Needs budget within the Dedicated Schools Grant. As a result of the increase in children with additional needs, the need for home to school transport has increased. The number of children in vehicles has risen from 614 in April 2016 to 891 in November 2023 as shown in the performance data and 66.39% of the reported pressure relates to Special Schools. Work on route rationalisation using the new QRoute system, as well as looking at new options about transport delivery, is ongoing.

1.5.5 The other large pressure in facilities and fair access of £2.923m is in the catering service due to inflation of £1.506m. The other elements of this pressure are:

- Wages of £0.063m from the additional hours worked to cover sickness, maternity leave and deep cleaning days and the cumulative effect of no annual pay rise being allocated in the budget for additional hours worked and also management operational pressures.
- Paid school meals have a pressure of £0.089m
- SLA income one of £0.075m due to the number of schools that have left the SLA in recent years.
- The management and central establishment element of the catering SLA cannot now be recovered from the schools that have left the SLA and is a pressure of £0.398m.
- The income budgets due to reduced SLA and paid meals income as a result of schools leaving the catering service and pupils not returning to paid schools meals post COVID 19 pandemic of £0.671m.
- After the COVID 19 pandemic there is also lost income from other catering of £0.121m.

The service is currently reviewing all costs associated with SLA provision to mitigate the loss of income and inflationary pressures.

1.5.6 Cleaning has a pressure of £0.127m due to inflation of £0.068m and wages pressures due to additional hours worked to cover sickness, maternity leave and the cumulative effect of no annual pay rise being allocated in the budget for additional hours worked £0.059m which are wholly offset by Highpoint development profit (£0.440m) and other operational savings (£0.062m). There is also a pressure on Attendance and Placement/Access & Admissions of £0.032m due the removal of DSG funding £0.030m.

1.5.7 The remaining main pressures are on school funding and statutory staff costs of £0.074m caused by a pressure on teachers early/ill health retirements of £0.116m. This is due to removal of DSG funding £0.100m and annual payment increases of £0.016m which is partially offset by redundancy payments savings (£0.030m) and school related premises costs savings (£0.012m).

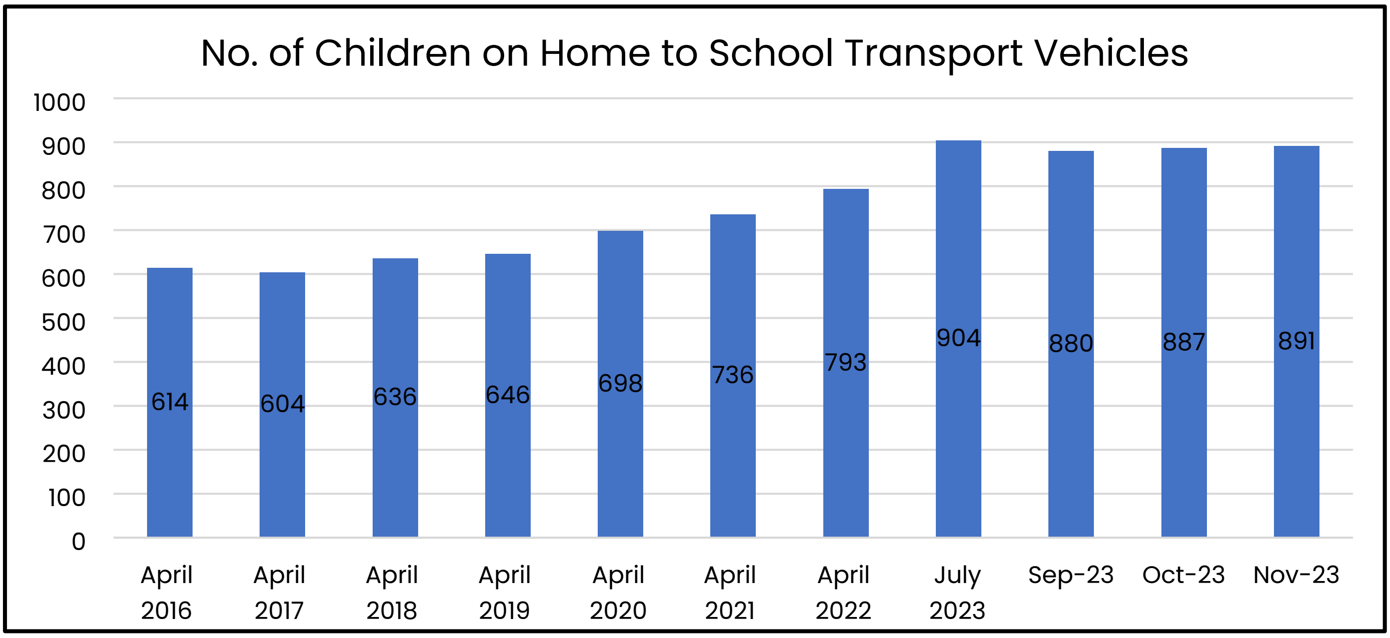
1.5.8 There are savings in the Commissioning Service due to additional grants and contributions and vacancy savings of (£0.170m).

1.5.09 There are procurement operational savings of (£0.114m) and the commissioning & asset management support reflects a Director salary saving of (0.032m).

1.5.10 The property forecast currently assumes that Capita will make a forecast payment at year end of £0.649m to balance actual net expenditure to budget.

1.5.11 57.39% of the total service pressures are due to inflation for which there has been no corresponding budget increase.

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



1.6 <u>Environment</u>

1.6.1 Environment is forecasting an underspend of (£0.704m), as set out in Table 9 below, an improvement of (£0.019m) since the September Cabinet Report.

1.6.2 **Table 9: Forecast Variation in Environment**

Service Areas	Budget £m	Forecast Nov £m	Variance Nov £m	Variance Sep £m	Change Sep-Nov £m
Bereavement	(0.549)	(0.610)	(0.061)	(0.061)	0.000
Fleet Management	0.730	0.717	(0.013)	(0.003)	(0.010)
Head of Service Environment & Leisure	0.147	0.112	(0.035)	(0.035)	0.000
Library & Community Centres	6.152	6.095	(0.057)	0.032	(0.089)
Sport & Leisure	5.107	5.204	0.097	0.080	0.017
Street Environment	9.418	9.610	0.192	0.124	0.068
Waste & Refuse Management	4.345	4.296	(0.049)	(0.034)	(0.015)
Waste & Recycling Disposal Contracts	12.016	11.238	(0.778)	(0.788)	0.010
Street Lighting PFI	5.137	5.137	0.000	0.000	0.000
GRAND TOTAL	**42.502**	**41.798**	**(0.704)**	**(0.685)**	**(0.019)**

1.6.3 Bereavement is forecasting an underspend of £0.061m, partly due to increased fees and charges from December 2023.

1.6.4 Street Environment is forecasting a £0.192m pressure, which is a £0.068m increase on the September position and reflects previously mentioned higher than expected operational costs including essential expenditure on a new ICT system linked to management of the Council's tree stock. In addition, the higher inflationary cost of obtaining materials, equipment or supplies as well as the impact of higher diesel costs for the vehicle fleet across the service are forecast to impact against base budgets resulting in many minor cost pressure variances. The forecast includes (£0.020m) of mitigations for deferred recruitment of vacant posts. The £0.068m change since the September report reflects increased employee costs and the higher costs of materials, equipment and supplies across the service. Mitigations within the wider Environment service have helped to partly mitigate the pressure in Street Environment.

1.6.5 An underspend of (£0.013m) is now forecast in Fleet Management, an improvement of (£0.010m) since the September Cabinet Report. The forecast assumes the budgeted allocation of £1.110m revenue financing repayment is made in respect of the Capital Vehicle Replacement Programme.

1.6.6 Sport & Leisure is forecasting a £0.097m cost pressure which is a worsening of £0.017m since the September Cabinet Report. The forecast includes mitigations of £0.161m arising from the reallocation of Waste & Recycling Disposal underspends and £0.075m of mitigations for Allotment Clearance savings. The variance from the September report is partly due to the high inflationary costs associated with the PFI Leisure Contract linked to Hadrian Leisure Centre.

1.6.7 Libraries & Community Centres is forecasting a (£0.057m) underspend which is an improvement of (£0.089m) compared to the September Cabinet Report. The forecast includes £0.160m of mitigations arising from the £0.320m reallocation of Waste & Recycling Disposal underspends. The variance change reflects lower Employee costs forecast with vacant posts unfilled and the use of casual and seasonal employees reducing. The reported Libraries & Community Centre variance includes income shortfall pressures across all the Libraries & Customer First Centres following the removal in recovering Library Fines as well as historic unachievable income targets. The income pressures are proposed to be managed and absorbed by mitigating actions across the service (e.g. reduced discretionary spend and delaying the recruitment of vacant posts where it can) over the course of the financial year. Included within the Libraries & Community Centre forecast is a forecast assumption of £0.802m to be drawn down from Reserves.

1.6.8 A combined underspend of (£0.827m) is forecast in Waste Management and Waste & Recycling Disposal Contacts which is an improvement of £0.005m compared to the September Cabinet Report.

1.6.9 Of that forecast, Waste & Recycling Disposal Contracts is reporting a £0.778m underspend which reflects the ongoing underspend from 2022/23 around Kerbside/Home Recycling Disposal costs, which are forecast to be significantly lower than the base budget given the current market rate for recycled materials and subsequent lower disposal gate fee per tonne.

1.6.10 At the end of quarter two, 43% of waste recycled, reused and composted was collected, which is slightly higher than during the previous two years.

1.6.11 Waste & Refuse Management is forecasting a £0.049m underspend, which can be attributed to a combined forecast overachievement on income of £0.168m across Commercial Waste & Special Collections. The forecast income mitigates the higher than anticipated operational pressures around materials and fleet/transport costs.

1.6.12 Although a nil variance is to be reported on the Street Lighting PFI Contract, the cost pressure against electricity is forecast to increase to £1.773m which, combined with the inflationary cost pressure against the Unitary Charge, requires an anticipated £2.276m Contribution from Reserves.

1.6.13 At the end of quarter two, carbon reduction in council service operations have decreased by 58% against the baseline year in 2010/11.

1.7 Regeneration and Economic Development

1.7.1 Regeneration and Economic Development (R&ED) is forecasting an underspend of £0.330m as shown in Table 10 below, which is an improvement of £0.065m since the September Cabinet report.

1.7.2 **Table 10: Forecast Variation for Regeneration and Economic Development**

Service Areas	Budget £m	Forecast Nov £m	Variance Nov £m	Variance Sep £m	Change Sep-Nov £m
Culture	1.628	1.747	0.119	0.153	(0.034)
Business & Enterprise	0.814	0.665	(0.149)	(0.129)	(0.020)
Regeneration	0.428	0.395	(0.033)	0.188	(0.221)
Resources & Performance	0.363	0.451	0.088	0.090	(0.002)
Technical Package - Planning	0.303	0.296	(0.007)	(0.007)	0.000
Technical Package - Transport & Highways	7.847	7.499	(0.347)	(0.560)	0.212
GRAND TOTAL	**11.383**	**11.053**	**(0.330)**	**(0.265)**	**(0.065)**

1.7.3 Culture is forecasting a pressure of £0.119m which is an improvement of (£0.034m) since the September Cabinet Report. The change is due to increased forecast income of £0.030m against the previously reported £0.060m for the Whitley Bay Playhouse profits. The remaining pressure is due to revised costings for the Mouth of Tyne Festival resulting in a total forecast pressure of £0.099m as a result of increased production costs for the event. The precept to Newcastle Council for Tyne & Wear Museums & Archives has an increased pressure of £0.032m due to increases in staffing costs. The service has seen a number of posts regraded (with pay back dated to April 2022), which has resulted in a staffing pressure of £0.100m across the service for 2023/24.

1.7.4 The technical package for Transport & Highways is forecasting an underspend of (£0.347m) which is a decrease of £0.213m since the September report. This is due to some staffing costs that are to be capitalised now being shown under Regeneration. The remaining underspend is due to further additional staffing costs being expected to be charged into Capital and S278 works currently being undertaken across the service.

1.7.5 Regeneration is showing an underspend of (£0.033m), and improvement of £0.221m since the September report due to the movement of capitalised staffing costs previously reported in Technical Package - Transport & Highways. This capitalisation of staffing costs is offsetting cost pressures of £0.240m at the former Swans site in relation to costs and income shortfalls relating to the Centre for Innovation (CFI) building which were present during 2022/23 and are continuing in 2023/24. Despite the shortfall, the service is still actively marketing vacant units and looking to attract tenants.

1.7.6 Resources & Performance is showing a pressure of £0.088m due to staffing pressures in the management team following a restructure.

1.7.7 Business & Enterprise is forecasting an underspend of £0.149m, which is an improvement of £0.020m since the September report. This is due to increased sponsorship income from the Business Awards.

1.8 Corporate Strategy

1.8.1 Corporate Strategy is forecasting a £0.294m pressure, an improvement of £0.002m since the September Cabinet report.

1.8.2 **Table 11: Forecast Variation Corporate Strategy**

Service Areas	Budget £m	Forecast Nov £m	Variance Nov £m	Variance Sep £m	Change Sep-Nov £m
Children's Participation & Advocacy	0.475	0.568	0.093	0.054	0.039
Community & Voluntary Sector Liaison	0.367	0.367	0.000	0.000	0.000
Corporate Strategy Management	0.736	0.942	0.206	0.208	(0.002)
Elected Mayor & Executive Support	0.043	0.048	0.005	0.004	0.001
Marketing	0.445	0.385	(0.060)	(0.062)	0.002
Policy Performance and Research	0.250	0.300	0.050	0.092	(0.042)
GRAND TOTAL	**2.316**	**2.610**	**0.294**	**0.296**	**(0.002)**

1.8.3 Children's Participation & Advocacy is overspent by £0.093m, a worsening of £0.039m since the September Cabinet Report. This is due to the net impact of additional unfunded posts linked to Social Inclusion activities and demands which is anticipated to result in a £0.317m Employee/Staffing cost pressure being forecast, with partially mitigating income from external and internal sources identified. Approved 2023/24 revenue growth of £0.104m has been allocated and been absorbed with the staffing cost pressure. £0.080m of income/staff time recharged from the Holiday Activities Fund is included in the variance together with additional income recharges for staff time and services delivered. The overall forecast currently assumes draw-down of (£0.012m) and (£0.029m) of Central Reserves for Poverty Intervention Fund and Holiday Activities & Food Programme projects respectively.

1.8.4 An overspend of £0.206m is forecast against Corporate Strategy Management which reflects a £0.107m underachievement against a cross service income target (assuming no income generation will occur). Included in the forecast variance is a £0.050m mitigation linked to the Secondment of the Director to the North East Mayoral Combined Authority. Also included within the overall forecast is a £0.093m cost pressure linked to Customer Service Programme posts which aren't funded.

1.8.5 Marketing is forecasting a (£0.060m) underspend. £0.098m staff cost pressures are forecast (caused by capacity issues over the last couple of years plus re-gradings), which is partially mitigated by reduced spend and income overachievement. Following the Graphics Team transfer back in house from Equans, included in the forecast variance is a (£0.100m) mitigation linked to Income Recharges.

1.8.6 Within Policy Performance and Research, a number of staff are paid through ring-fenced budgets and through Service Level Agreements with other services or schools. Together with capacity issues over the last couple of years, plus increased hours as well as unfunded posts to meet cross service demands, staffing cost pressures of £0.056m are forecast which contribute to the reported variance. Approved 2023/24 revenue growth of £0.046m has been allocated and been absorbed within the staffing cost pressure.

1.8.7 A range of key performance measures have been agreed for the service looking at important areas such as complaints and member enquiries.

1.9 <u>Resources and Chief Executive Office</u>

1.9.1 This report shows the forecast position for the full Resources directorate and the Chief Executive Office, which is showing an underspend of £0.588m, which is an improvement of £1.362m since the September Cabinet Report.

1.9.2 **Table 12: Forecast Variation Resources and Chief Executive**

Service Areas	Budget £m	Forecast Nov £m	Variance Nov £m	Variance Sep £m	Change Sep-Nov £m
Chief Executive	(0.100)	(0.152)	(0.052)	(0.018)	(0.034)
Finance	(0.164)	(0.159)	0.005	0.064	(0.059)
IT	2.724	1.172	(1.552)	(0.447)	(1.105)
People Team	0.057	(0.027)	(0.084)	(0.017)	(0.067)
Internal Audit and Risk Management	0.052	0.043	(0.009)	(0.015)	0.006
Revenues and Benefits	0.494	0.432	(0.063)	(0.046)	(0.017)
Director of Resources	0.167	0.095	(0.072)	0.031	(0.103)
Governance	0.175	0.164	(0.011)	(0.001)	(0.010)
Law and Registration	1.233	2.483	1.250	1.223	0.027
Business Package Holding Codes	0.000	0.000	0.000	0.000	0.000
GRAND TOTAL	**4.638**	**4.050**	**(0.588)**	**0.774**	**(1.362)**

1.9.3 Law & Registration is forecasting a pressure of £1.250m, an increase of £0.027m since the September Cabinet Report. This change is a result of decreased income forecast across the Registrars service. While the service (Legal) has implemented a new structure to mitigate the use of Locums and reduce the cost pressures in the service, with recruitment underway, the use of Locums is still required until the structure is fully resourced. This has resulted in a forecast pressure of £0.656m on locums, which is partially offset (£0.188m) by the vacancies within the team, which is an increase of £0.123m since the last cabinet report due to the requirement to extend the locums for a longer period than previously forecast. The responsibility of legal fees for Childrens Services cases transferred into the team from 1st April 2023 and is forecasting a pressure of £0.134m, alongside a legal fees pressure of £0.086m for services delivered for other parts of the business. It is expected that this pressure will reduce once the new restructure is fully implemented. Within the new combined Newcastle & North Tyneside Coroner Service there is a £0.511m overspend to deliver the Service due to increased costs from all areas of the service (NHS, Partner Local Authority, Funeral Directors, Doctors) arising from increased activity levels which are outside of the control of the Authority, which we are working closely with Newcastle Council to monitor. These increases are partially offset by increased income of £0.015m within Land Charges and Legal Services.

1.9.4 Within Finance there is a reported pressure of £0.005m which is an improvement of £0.059m since the September Cabinet report.

1.9.5 Within IT there is an underspend of (£1.552m), an improvement of (£1.105m) since the September Cabinet report. This is partly due to vacancies, the capitalisation of staff and the realignment of the contracts within the service.

1.9.6 Revenues and Benefits is forecasting an underspend of (£0.063m), an improvement of (£0.017m) since the September Cabinet report. This is following application of new burdens grant funding and pension cap and collar income. The main pressures mitigated by these sources of funding are:

- Overpayment income recovery is forecast to under recover by £0.387m, an improvement of (£0.078m) against the previously reported £0.458m. This is due the ongoing reduction in Housing Benefit claimants caused by the ongoing move to Universal Credit (UC) which has resulted in reduced overpayments being made to claimants and as a result less are also requiring recovery, therefore, less income is being raised against the current target. The service is continuing to review and refresh the profile of change that is anticipated as the roll out of UC continues;
- The overpayment income pressure is partially offset (£0.202m), by an in-year reduction in the Bad Debt Provision requirement. This is due to the overall value of Overpayment Debt reducing as a result of both the ongoing collection of the current debt and the reduction in new debt being raised, which has reduced the provision that is required against the outstanding debt (90% of overall debt).
- The Benefits subsidy grant is showing a net underspend of £0.051m which is £0.056m worse than the £0.005m underspend reported in the September Cabinet report. However, the good performance overall for subsidy is masking a situation regarding lost subsidy for Housing Benefit on Bed & Breakfast Accommodation for Homeless Persons. This area is forecast to have a pressure of £0.254m for the year due to the increased demand and also the increased cost of bed and breakfast accommodation, which is above the limit subsidy can be claimed on, therefore, the Local Authority has to fund the balance. Discussions are

ongoing with Housing regarding more sustainable solutions in the future, such as increased General Needs stock being available where possible.

These pressures are being offset by income from the Partnership with Equans for Pension Cap & Collar.

1.9.7 The proportion of council tax collected is consistent with last year at 53% at the end of September. At the end of 2022/23, collection was slightly lower than national performance. Business rates collection performance is showing significant improvement. 55.9% of business rates has been collected at the end of September. At the end of 2022/23 local performance was in line with national performance.

1.10 General Fund Housing

1.10.1 General Fund Housing is reporting a forecast £0.600m pressure, which is a worsening of £0.100m since the September Cabinet Report.

1.10.2 **Table 13: Forecast Variation for General Fund Housing**

Service Areas	Budget £m	Forecast Nov £m	Variance Nov £m	Variance Sep £m	Change Sep-Nov £m
Building Control	0.108	0.058	(0.050)	(0.051)	0.001
Housing Strategy	0.535	0.535	0.000	0.000	0.000
Housing Options – General Fund	0.453	0.453	0.000	0.000	0.000
Housing Operations – General Fund	0.027	0.027	0.000	0.000	0.000
Housing Property – General Fund	1.200	1.850	0.650	0.551	0.099
GRAND TOTAL	**2.323**	**2.923**	**0.600**	**0.500**	**0.100**

1.10.3 The position has changed by £0.100m since the last cabinet report, due to funding for Family Hubs and Asylum Seekers Safeguarding incorrectly showing against Housing Property which has now been moved.

1.10.4 The main overspend is in Housing Property – General Fund and is due to ongoing cost pressures, as seen during 2022/23, and the continuation of large jobs that are coming through the Public Buildings Repairs team, which is resulting in a £0.700m pressure in this area. The team are working to reduce this across 2023/24, but the service is very much demand led. This pressure is partially offset by a forecast underspend of £0.050m within the General Fund side of Adaptations, through increased income for private sector and Disabled Facilities Grant work.

1.10.5 The other area of concern within the Housing General Fund currently is the level of spend in relation to temporary B & B and hotel accommodation. There has been a significant increase in the numbers of cases requiring temporary accommodation with over £0.500m being spent in 2022-23, of which only around £150k was recovered via benefits. In order to address the pressure in 2022-23 a significant amount of homelessness prevention grant funding was allocated to cover the shortfall. There is now an officer working group in place looking at options to try and mitigate some of these costs, but this will result in cost avoidance rather than savings as the current position is not a direct pressure. This could change of course if available grant funding streams were to reduce or disappear.

1.10.6 With regards to key performance measures in the Service the Affordable homes programme is on track against profiled target, with 2,180 homes delivered to the end of November.

1.10.7 Homeless presentations to the Authority remain high at the end of November 2023 (2,054 against 1,659 at the same period last year), however the proportion of priority homeless acceptances are consistent with previous years at 5%.

1.11 Central Items

1.11.1 Central Items is forecasting a £6.333m underspend which is an improvement of £0.545m since the September Cabinet report.

1.11.2 **Table 14: Forecast Variation Central Budgets and Contingencies**

Service Areas	Budget £m	Forecast Nov £m	Variance Nov £m	Variance Sep £m	Change Sep-Nov £m
Corporate & Democratic Core	3.241	1.918	(1.323)	(1.323)	0.000
Other Central Items	(13.112)	(18.122)	(5.010)	(4.465)	(0.545)
GRAND TOTAL	**(9.871)**	**(16.204)**	**(6.333)**	**(5.788)**	**(0.545)**

1.11.3 Within Corporate and Democratic Core there is a £1.174m contribution of growth (from contingencies) to support inflationary pressures across the Authority.

1.11.4 Included in Other Central Items is a £1.500m movement as a result of Minimum Revenue Provision (MRP) savings and a £1.500m reduction in projected external interest charges primarily due to a higher than forecast cash balance and reprogramming of the 2022/23 Investment Plan. There is an allocation of £1.470m Section 31 Grant and a £0.539m contribution from the Business Rates Volatility Fund, all which contribute to the £5.010m variance and mitigate overspends.

SECTION 2 - SCHOOLS FINANCE

2.1 Update on School Budgets 2023/24

2.1.1 Cabinet will recall that the overall level of school balances at the end of March 2023 was a deficit of £0.382m compared to a surplus of £3.398m as at March 2022. This represented a decrease in balances of £3.780m. Initial school budget plans submitted in May 2023 projected that the overall balance would be £8.323m deficit by March 2024.

2.1.2 Schools have now completed the first set of monitoring for 2023/24 and the position is shown in table 15 below.

2.1.2 **Table 15: 2023/24 Schools Budget Monitoring 1**

Phase	2022/23 Outturn £m	2023/24 Budget Plan £m	2023/24 Projected Year end £m	2023/24 Variance £m
Nursery, First & Primary	5.529	2.656	2.042	(0.614)
Middle	1.655	0.488	0.776	0.288
Secondary	(6.822)	(9.638)	(9.283)	0.355
Special / PRU	(0.744)	(1.829)	(1.746)	0.083
	(0.382)	**(8.323)**	**(8.211)**	**0.112**
Schools in Financial Difficulty funding approved by Schools Forum	-	-	0.419	-
DfE funding – Supporting maintained schools in financial difficulty	-	-	1.868	-
Total	**(0.382)**	**(8.323)**	**(5.924)**	**2.399**

2.1.3 There is a slight improvement of £0.112m against 2023/24 budgeted deficit with schools now projecting year end balances of £8.211m deficit.

2.1.4 Schools Forum approved schools in financial difficulty funding of £0.419m at its meeting on 9th November 2023. This funding is not yet reflected in the individual schools budget monitoring position.

2.1.5 The Authority has also been allocated £1.868m by the Department for Education (DfE) in 2023/24 to support maintained schools in financial difficulty. £20 million was targeted at the local authorities which have the most significant maintained school deficits and it is intended to be used towards the elimination of school deficit balances. It is to support schools facing substantial overall financial challenges which may be driven by factors other than teachers' pay.

2.1.6 The Local Authority is working with Schools Forum Finance Sub-group on an equitable proposal to allocate this funding based on school deficit balances as at 31st March 2024. The school-by-school detail won't be available until balances have been confirmed, but all of the £1.868m will be allocated against 2023/24 deficit school balances. Once the two additional funding streams are applied to the schools deficits, an adjusted year end deficit balance of £5.924m is projected.

2.2 School Deficits

2.2.1 Cabinet will recall from the previous finance updates that some individual schools are expected to face significant financial challenges.

2.2.2 There are now 21 schools identified with expected deficits in 2023/24 following budget monitoring 1 submissions, with a total deficit value of £15.572m. The position of individual schools is outlined in Table 16 below:

2.2.3 Table 16: Schools in an Expected Deficit Position 2023/24

School	2023/24 Budget Plan £m	2023/24 Budget Monitor 1 Projection £m	Budget Monitor 1 Projected Variance £m	2023/24 Deficit Comments
Battle Hill Primary	0.015	(0.029)	(0.044)	Emerging
Burradon Primary	0.005	(0.046)	(0.051)	Emerging
Fordley Primary	0.004	(0.123)	(0.127)	Emerging
St Bartholomews Primary	0.008	(0.004)	(0.012)	Emerging
Wallsend Jubilee Primary	0.002	(0.024)	(0.026)	Emerging
Waterville Primary	0.718	(0.011)	(0.729)	Emerging
Southlands Special	0.021	(0.225)	(0.246)	Emerging
Benton Dene Primary	(0.022)	(0.093)	(0.071)	New 23/24
Forest Hall Primary	(0.052)	(0.041)	0.011	New 23/24
Greenfields Primary	(0.041)	(0.050)	(0.009)	New 23/24
Whitehouse Primary	(0.008)	(0.284)	(0.276)	New 23/24
Silverdale Special	(0.079)	(0.034)	0.045	New 23/24
Holystone Primary	(0.129)	(0.130)	(0.001)	Existing
Balliol Primary	(0.125)	(0.095)	0.030	Existing
Wallsend St Peter's Primary	(0.113)	(0.355)	(0.242)	Existing
Ivy Road Primary	(0.164)	(0.176)	(0.012)	Existing
Longbenton High	(1.510)	(1.353)	0.157	Existing
Norham High	(4.352)	(4.343)	0.009	Existing
Beacon Hill Special	(1.946)	(1.899)	0.047	Existing
Monkseaton High	(6.128)	(6.078)	0.050	Structural
Coquet Park First	(0.157)	(0.179)	(0.022)	Structural
Total	**(14.053)**	**(15.572)**	**(1.519)**	

2.3 High Needs Block

2.3.1 The forecast for the High Needs Block as at November 2023 is still an anticipated in-year pressure of £2.832m, leading to a cumulative deficit position of £10.474m which is in-line with the DSG Management Plan. An updated breakdown of the in-year pressure is shown in table 17.

2.3.2 **Table 17: Breakdown of High Needs Pressure at November 2023**

Provision	Budget £m	Nov 23 Forecast £m	Forecast Variance £m
Special Schools and PRU	22.388	22.898	0.510
ARPS /Mainstream Top-ups	6.065	6.058	(0.007)
NMSS/ISP	4.305	4.115	(0.190)
Commissioned Services / Other EOTAS	3.160	3.084	(0.076)
TOTAL	**35.918**	**36.155**	**0.237**
DSG High Needs Funding	(33.606)	(33.307)	0.299
In-Year Planned Deficit	**2.312**	**2.848**	**0.536**
2022/23 Bal B/F	10.112	9.592	(0.520)
Safety Valve Funding 23/24	(1.950)	(1.950)	0.000
Deficit C/F to 24/25	**10.474**	**10.490**	**0.016**

2.4 Safety Valve Intervention Programme

2.4.1 The Authority submitted the 2023/24 third and final monitoring report against the DSG Management Plan on 15th December 2023 to the Department for Education (DfE) and reported that it now has a slight pressure of £0.016m against the original budget, however the Authority is still confident that the High Needs block will reach a positive in year balance by the year end 2027/28.

2.4.2 At the end of November, there are 2,158 Education Health and Care Plans maintained, by the authority, which is above the DSG management plan. The rate of EHCPs per population is showing improvement but remains higher than national rates.

2.4.3 Table 18: High Needs Block Financial Summary

Year	Balance B/F £m	High Needs Expenditure (incl. growth & mitigations) £m	High Needs Funding £m	Block Transfer £m	Safety Valve Funding £m	Balance C/F £m
2022/23	13.511	33.973	(30.092)	0.000	(7.800)	9.592
2023/24	9.592	36.155	(33.307)	0.000	(1.950)	10.490
2024/25	10.490	36.064	(34.614)	(0.751)	(1.950)	9.239
2025/26	9.239	36.566	(35.653)	(0.766)	(1.950)	7.436
2026/27	7.436	37.112	(36.722)	(0.781)	(1.950)	5.095
2027/28	5.095	37.429	(37.824)	(0.797)	(3.900)	0.003

2.5 Dedicated Schools Grant (DSG) Illustrative funding 2024/25: Schools Block

2.5.1 In 2024/25, as in the last 3 financial years, the Authority will receive its DSG funding based on the revised DfE National Funding Formula (NFF). In October 2023 the DfE published revised indicative allocations under the NFF at a school level using October 2022 census data. This shows the funding level for each mainstream school based on the NFF using the 2024/25 Primary Unit of Funding (PUF) and Secondary Unit of Funding (SUF) with October 2022 pupil numbers. This information is for planning purposes only as local formulae used by each local authority can still vary from the NFF within the guidance issued by the DfE. It is anticipated that the initial DSG allocation to the Authority for 2024/25 will be published in December 2023 using the October 2023 census results.

2.5.2 The DfE initially proposed a two-year transition period (2018/19 and 2019/20) where local authorities could continue to set a local formula to distribute funding to individual schools. However, the Government confirmed that these transitional arrangements will continue into 2024/25, with the earliest expected move to "hard" NFF being likely in 2025/26.

2.5.3 The Education & Skills Funding Agency (ESFA) has made the following key changes to the schools NFF in 2024 to 2025:

- The minimum per pupil funding levels will be set at Primary £4,610, Key Stage 3 £5,771 and Key Stage 4 £6,331
- introducing a new formulaic approach to allocating split sites funding in the NFF in 2024 to 2025, replacing the previous locally determined split sites factor
- rolling the 2023 to 2024 mainstream schools additional grant (MSAG) into the NFF by:
  - adding an amount representing what schools receive through the grant into their baselines
  - adding the value of the lump sum, basic per pupil rates and free school meals Ever 6 (FSM6) parts of the grant onto the respective factors in the NFF
  - uplifting the minimum per pupil values by the mainstream schools additional grant's basic per-pupil values and an additional amount which represents the average amount of funding schools receive from the FSM6 and lump sum parts of the grants
- increasing NFF factor values (on top of the amounts we have added for the mainstream schools additional grant) by:
  - 1.4% to the following factors: basic entitlement, low prior attainment (LPA), FSM6, income deprivation affecting children index (IDACI), English as an additional language (EAL), mobility, sparsity and the lump sum
  - 1.4% to the minimum per pupil levels (MPPL)
  - 0.5% to the funding floor
  - 1.6% to the free school meals (FSM) factor value
  - 0% on the premises factors, except for: (i) Private Finance Initiative (PFI) which has increased by Retail Prices Index excluding mortgage interest payments (RPIX) which is 10.4% for the year to April 2023 and (ii) split sites funding which has been formularised
- introducing, for the first time, a methodology for calculating and allocating funding for falling rolls.

2.5.4 In addition, two important restrictions will continue:

- Local authorities will continue to set a Minimum Funding Guarantee in the local formula, which in 2024/25 must be between +0.0% and +0.5%. This allows them to mirror the real terms protection in the NFF, which is the Government's expectation; and
- Local authorities can only transfer up to 0.5% of their Schools block to other blocks of the DSG, with their schools' forum approval. To transfer

more than this, or any amount without their schools' forum approval, they will have to make a disapplication request to the Department for Education, even if the same amount was agreed in the past two years.

2.5.5 The North Tyneside illustrative allocation for the Schools block, Central Schools Services block and High Needs block in 2024/25 (using census 2022 i.e. static pupil numbers) is shown below with the 2020/21 to 2024/25 figures for comparison.

2.5.6 Table 19: 2024/25 Illustrative allocation compared with prior year actuals

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 Indicative £m	2023/24 to 2024/25 £m
Schools	126.794	137.231	140.373	147.654*	155.303*	7.649
Central School Services	2.051	1.877	1.724	1.621	1.554	(0.067)
High Needs	22.319	26.709	30.092	33.342	34.747	1.405
Early Years Block	12.771	13.946	14.673	15.597	15.597 [T]	0.000
TOTAL	**163.935**	**179.763**	**186.862**	**198.214**	**207.201**	**8.987**
Change per Year £m		15.828	7.099	11.352	8.987	
Change per Year %		9.66%	3.95%	6.07%	4.54%	
PUF	£4,083	£4,425	£4,539	£4,771	£5,039	
SUF	£5,427	£5,841	£5,988	£6,277	£6,604	
MPPF: Primary	£3,750	£4,180	£4,265	£4,405	£4,610	
MPPF: Secondary	£5,000	£5,415	£5,525	£5,715	£5,995	

* Includes Schools Supplementary Grant (SSG) 2023/24 and Mainstream Schools Additional Grant (MSAG 2024/25 previously separate to DSG

[T] No information from DSG, so based on last year.

2.5.7 The Early Years Block value for 2024/25 is based on 2023/24 rates and uses prior year pupil numbers, as the DfE have not published this information at time of writing.

2.5.8 In the Governments 2023 Spring budget the Chancellor announced fundamental changes to expand the free childcare offer so that eligible working parents in England were able to access 30 hours of free childcare per week for 38 weeks per year from the term after their child turns 9 months to when they start school.

- From April 2024, working parents of 2-year-olds will be able to access 15 hours of free childcare per week (38 weeks a year),
- From September 2024 this will be extended to parents of 9 month to 3-year-olds, and
- From September 2025 working parents of 9 month to 3-year-olds will be able to access 30 free hours per week (38 weeks a year).

2.5.9 The DFE published the outcome of their consultation in December 2023 on expanding the Early Years entitlements. The Local Authority are currently modelling potential new rates for 2024/25 and have discussed the principles of the Early Years Local Funding Formula with the Schools Forum Early Years sub-group. Final rates will be agreed on notification of the Early Years funding, as part of the overall DSG settlement.

2.6 National Funding Formula Consultation for 2024/25

2.6.1 For 2024/25, the Authority asked Schools Forum to consider modelling a potential option to transfer funding from Schools Block to High Needs. Guidance states that a local authority can transfer up to 0.5% with agreement from the local Schools Forum. The request was to transfer £0.751m as detailed in the DSG Management Plan, which equated to 0.48%. After considering the results of the consultation Schools Forum did not agree to the transfer. A disapplication request has now been submitted to the DFE in-line with the DSG Management Plan.

SECTION 3 - HOUSING REVENUE ACCOUNT

3.1 Forecast Outturn

3.1.1 The forecast set out in Table 20 below is based on the results to the end of November 2023. Currently the Housing Revenue Account (HRA) is forecasting an in-year underspend of £0.070m. Throughout the year, costs are being monitored closely across all areas with additional focus on Rent Arrears and the effect this has on bad debt provision. In addition, changes to prudent assumptions around Rental Income, Council Tax voids, Contingency and staffing vacancies are being monitored to assess the impact on the forecast position. The main areas of pressure relate to utility costs across the sheltered estate, and the forecast impact of the tabled 2023/24 pay award due to be at least at the same level as last year overall, which is greater than was budgeted for in the HRA Business Plan. The Repairs budget continues to manage the impact of the cost-of-living crisis and the impact on material and sub-contractor costs, as well as the impact of the pay award mentioned above, however, at the current time this budget is still forecast to come in on budget overall.

3.1.2 **Table 18: Forecast Variance Housing Revenue Account**

	Budget £m	Current Forecast £m	Variance £m
Management – Central	2.133	2.121	(0.012)
Management – Operations	5.528	5.700	0.172
Management – Strategy & Support	4.033	4.304	0.271
Capital Charges – Net Effect	11.074	11.074	0.000
Contingencies, Bad Debt & Transitional Protection	2.253	2.224	(0.029)
Contribution to Major Repairs Reserve – Depreciation	14.220	14.220	0.000
Interest on Balances	(0.075)	(0.285)	(0.210)
PFI Contracts – Net Effect	2.143	2.143	0.000
Rental Income - Dwellings, Direct Access Units, Garages	(66.979)	(67.241)	(0.262)
Rental Income – HRA Shops and Offices	(0.426)	(0.426)	0.000
Revenue Support to Capital Programme	11.609	11.609	0.000
Repairs	14.869	14.869	0.000
Total	**0.383**	**0.313**	**(0.070)**

3.2 Rental Income

3.2.1 Rental Income overall across all areas is currently forecast to be better than budget (£0.262m), a small improvement against an overall £67m budget. This is helped by the level of Empty Homes continuing to trend at well below 1% which increases the level of rent that is collectable. Right to Buy (RTB) levels have shown a slight reduction against recent trend levels, which is not totally surprising in the current economic climate, and this will have benefitted the forecast position slightly. The impact of Universal Credit on arrears and the bad debt provision also continues to be closely monitored.

3.3 Management Costs

3.3.1 Management Costs are currently forecast to come in £0.431m above budget, and this is due to a combination of issues, namely the 2023/24 tabled pay award being higher than the pay contingency budgeted for, and the other main pressure relates to the cost-of-living crisis and increased energy costs particularly across sheltered schemes and communal areas of apartment blocks across the rest of the housing estate. These significantly increased costs will necessitate a fundamental further review of service charges and a potential rebasing of those budgets. In addition, the Unified System project has reached contract sign-off, and the project will now move on to implementation. Should any delays occur, reprofiling of when key spend and resources will happen may be necessary, but the budgets provided should be sufficient this year to cover anticipated costs.

3.4 Bad Debt Provision and Contingency

3.4.1 Early indications are that the in-year rate of increase in arrears will be contained within the Bad Debt Provision budget for the year, so currently the forecast for use of the provision is slightly better than budget (£0.029m). As usual this situation will be closely monitored to anticipate any potential shift either a betterment to help the overall bottom line, or any potential increased pressure which has happened a few times in the last 5 years. Contingency is also being forecast to come in on budget (£1.450m), with most of the ongoing £0.200m being assumed against the 2023/24 pay award pressure, and £1.250m being the first contribution to the new Tenancy Sustainment Reserve, to be used to fund initiatives to try and relieve some of the current cost of living issues being faced by tenants.

3.5 Repairs

3.5.1 The Housing Repairs budget continues to deal with inflationary and supply pressures, mainly caused by the current economic instability being experienced across the world. Although starting to ease slowly in the domestic market (overseas prices continue to be at a premium), the current rates of inflation in material and sub-contractor prices, plus difficulty accessing certain materials and services within the supply chain continue to challenge the service.

3.5.2 Issues also continue in recruiting to certain trades which then places more reliance on sub-contractors and agency staff. Additional funding has been provided to cover market supplement payments and revised Craft Agreement reviewed rates of pay moving forward.

3.5.3 In addition to this, the Authority continues to deal with the implications of the Social Housing (Regulation) Act 2023, which arose from the Housing White Paper produced following the Grenfell Disaster, such as installing carbon monoxide detectors in all properties, and more frequent periodic electrical testing, for which some additional funding has again been provided.

3.5.4 The main in-year pressure, however, relates to the tabled 2023/24 pay award which will be in line with last year's settlement, which is above the level budgeted for in pay contingency which was 3%. This means a much larger proportion of repairs contingency provision has already been committed to known spend. As the forecast currently stands, it is anticipated that the in-year pressures will be covered within overall existing budgets, but as always this will depend on a range of factors including not having extreme adverse weather conditions during the winter months.

3.6 Rent Arrears and Bad Debt Provision

3.6.1 Arrears are made up of two elements:

- Current Tenant Arrears and,
- Former Tenant Arrears

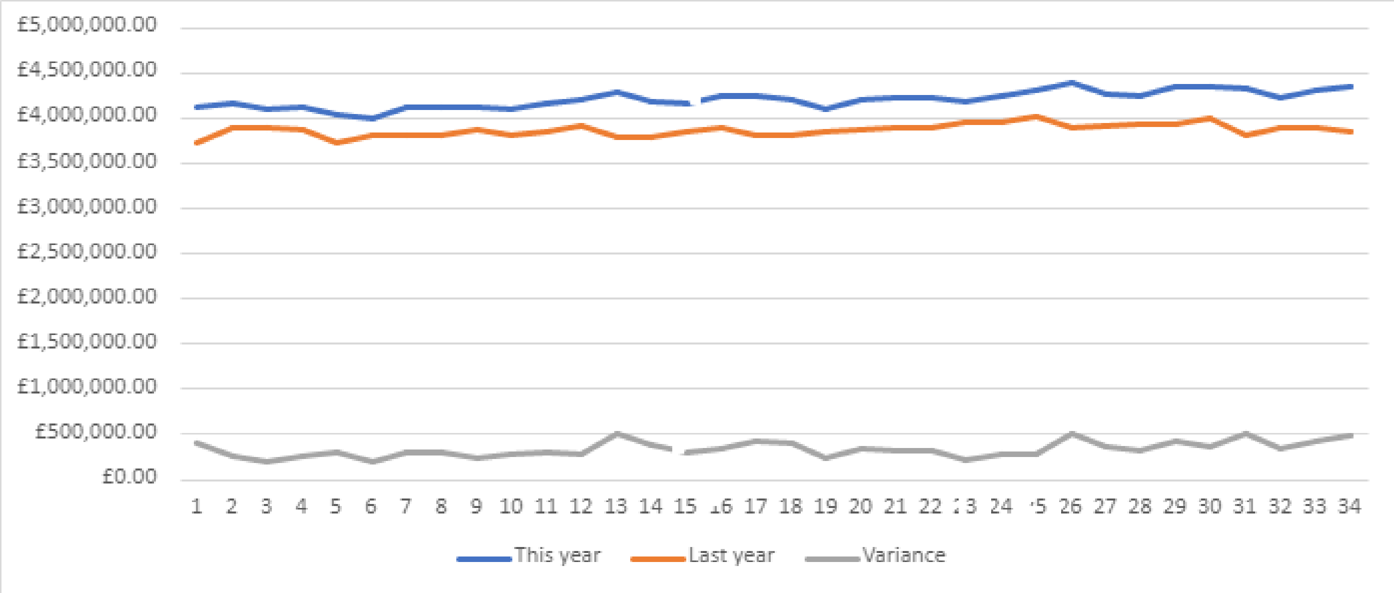
3.6.2 **Table 19: Rent Arrears**

Date	Current Arrears	Former Arrears	Total Arrears	Change Year on Year
	£	£	£	£
31/03/2019	2,649,474	1,726,269	4,375,743	627,000
31/03/2020	3,162,030	2,137,477	5,299,507	923,764
31/03/2021	3,498,391	2,311,655	5,810,046	510,539
31/03/2022	3,694,219	2,461,646	6,155,865	345,819
31/03/2023	3,929,813	2,370,591	6,300,404	144,539
30/11/2023(to-date)	4,342,605	2,306,158	6,648,763	348,359

3.6.3 Arrears continue to rise each year but significantly the pace at which they have increased over the last three years has slowed compared to the three prior years, which is encouraging, particularly given the difficulties created during the pandemic. Write Offs are partly responsible for the reduction in former arrears. The overall level of arrears is still significant at over £6.648m and has more than doubled in the last eight years.

3.6.4 Chart 5 below shows the value of current rent arrears in 2023/24 at the end of November 2023 compared to the same period in 2022/23. The Housing team is continually working proactively with tenants to minimise arrears. Current Rent Arrears have risen albeit gradually in the first eight months of 2023/24 as compared to 2022/23, with an increase of £0.348m being seen in this period since the start of April 2023. There was an under-spend against bad debt provision in 2022/23 for the third year in a row, hence there only being a minimal increase in the budget for this year, so the position will need to be monitored closely to maintain confidence that the overall forecast increase in arrears can be contained within the budgeted provision made. This will also be impacted by the amount of debt written off. This will all help to inform the in-year monitoring position as we go but has also been pivotal in refreshing the HRA Business Plan for the 2024/25 budget round.

3.6.5 **Chart 5: Current Rent Arrears in Weeks 1-26 (April-September) 2023/24 compared to 2022/23**



3.6.6 Universal Credit (UC) was fully implemented for all new tenants across North Tyneside on 2 May 2018. The Authority continues to work with residents to provide ICT support to help them make applications and to provide personal budget support to help residents manage their household finances. On 31 March 2023, there were 3,949 tenants of North Tyneside Homes on UC with current arrears totalling £3.210m. By the end of November 2023 this had increased to 4,385 UC cases with arrears of £3.688m, which is an increase of 436 tenants and £0.478m of arrears from the beginning of the financial year. As always, the impact of UC continues to be monitored, as significant increases in numbers on UC could also adversely affect the rate at which arrears grow. The extra pressure from increased numbers of UC cases can be seen from table 20 below, which shows the change in the proportion of the overall debit that is now cash based, rather than being covered by direct payment of Housing Benefit.

3.6.7 **Table 20 - Proportion of Rent Debit met by Housing Benefit**

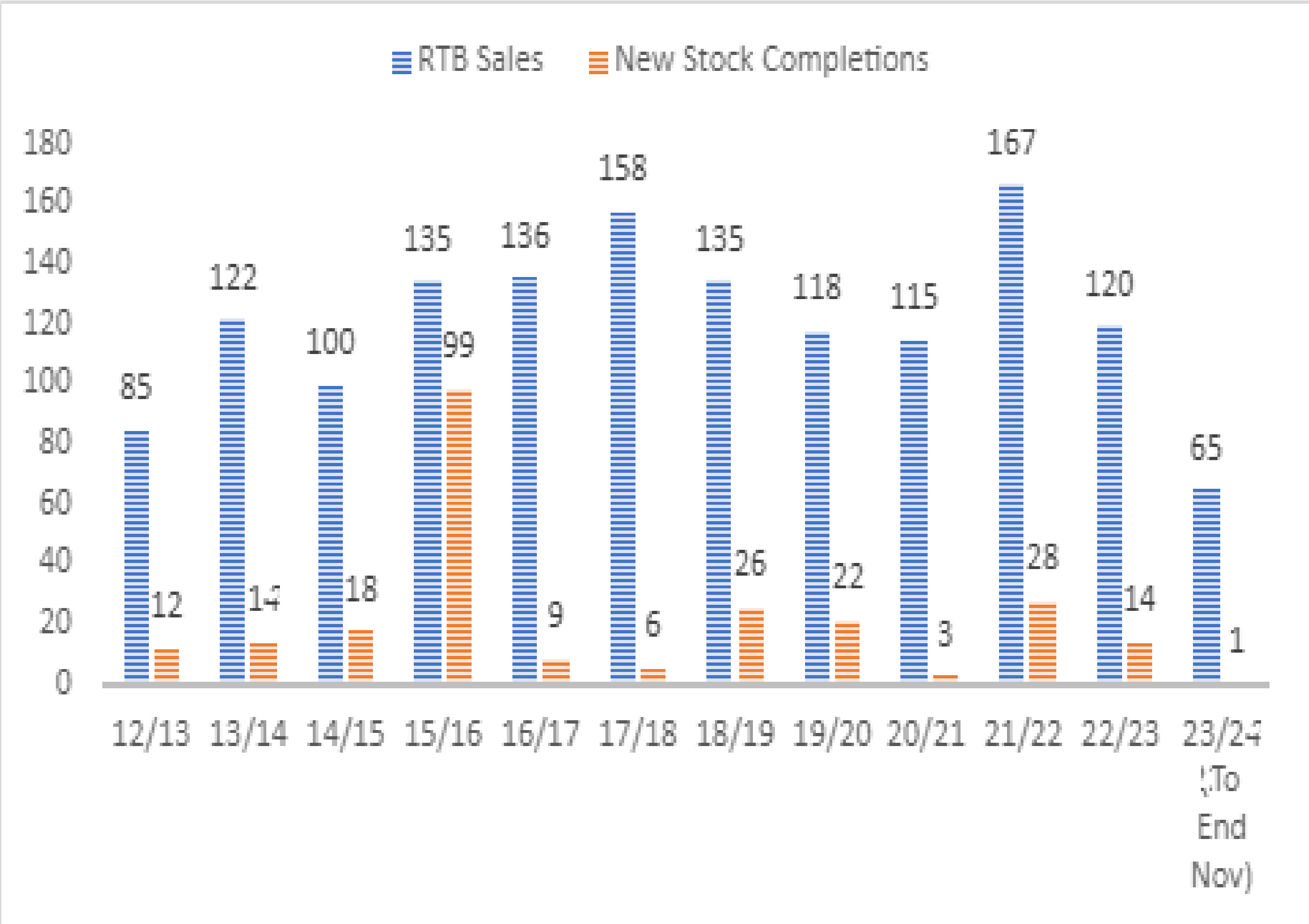
Year	Housing Benefit received via Direct Payment	Total Rent Debit	% of Rent Debit covered by HB Direct Payments
	£	£	%
2016/17	33,218,096	58,729,152	56.6
2017/18	31,970,851	57,889,823	55.2
2018/19	28,932,255	56,795,935	50.9
2019/20	24,490,067	56,931,399	43.0
2020/21	22,151,257	56,955,677	38.9
2021/22	20,464,887	57,327,202	35.7
2022/23	19,655,720	59,128,802	33.2

3.6.8 The main mechanism for helping to manage arrears is the Bad Debt Provision (BDP), which at the start of 2023/24 stood at £5.207m on the HRA Balance Sheet with the budget for the 2023/24 contribution at £0.772m. As alluded to above in 3.4 currently Bad Debt Provision is forecast to come in on budget, but this will again be continually tracked to ensure that any change against budget forecast is picked up as soon as possible.

3.7 Right to Buy (RTB) Trends

3.7.1 The impact of RTB is critical to long-term planning for the HRA. Prior to the introduction of self-financing in 2012, average RTB sales had dropped to around 25 per annum, mainly due to the capped discount (£0.022m) which had remained static as property values had increased, making RTB less attractive financially to tenants. Shortly after self-financing began, Central Government announced a change to RTB significantly increasing the maximum discount, initially to £0.075m and then subsequently annual inflation was added to the maximum. Chart 8 below shows the trend in RTB sales since that time. The first eight months of 2023/24 saw 65 completed RTB sales, which is slightly lower than previous years, including 2021/22 where the Authority saw the highest number of RTB sales at 167 since the changes were introduced in 2012. It is just possible that impending changes in the mortgage market may curtail sales slightly, but as always trends will need to be closely monitored as they impact not only in-year forecasts, but significantly on future refreshes of the HRA 30-year Business Plan.

3.7.2 **Chart 6: Yearly RTB Sales v New Stock Additions**



SECTION 4 - INVESTMENT PLAN

4.1 Review of Investment Plan

4.1.1 The Authority's Investment Plan represents the capital investment in projects across all Service areas. The Investment Plan is subject to ongoing review and challenge. During September a series of challenge sessions were held with project managers and Directors to understand the latest position on delivery and associated risks. Whilst there are indications that inflationary pressures are beginning to ease, continuing challenges remain within the supply chain and costs remain at a heightened level.

4.1.2 The Authority continues to manage project expenditure within existing budgets where possible; reprofiling spend, undertaking value engineering or reducing scheme scoping where the impact on the project output is minimal or represent greater value for money. Any request to utilise contingencies to meet unavoidable additional costs will be reviewed on a case-by-case basis.

4.1.3 As detailed within the main report the Authority is currently facing significant budget pressures across the General Fund to balance the budget. An investment plan, in particular which requires borrowing or an increase in borrowing may have an impact on the revenue budget to finance borrowing.

4.1.4 A rising rate interest environment has an impact on the investment plan. At the Bank of England's Monetary Policy Committee (MPC) meeting on 02 November 2023, the MPC voted by a majority of 6–3 to maintain Bank Rate at 5.25% further details within section 5 (Treasury Management Position) of this report.

4.2 Variations to the 2023-2028 Investment Plan

4.2.1 £10.628m of reprogramming and £2.509m of variations to the 2023-2028 Investment Plan have been identified as part of the ongoing monitoring of the Investment Plan. These are summarised in tables 21 and 22 below. Further details of the key changes impacting on the current financial year are provided within this section of the report. The variations relating to future years are primarily relating to the refresh of the Investment Plan and new funding awards secured by the Authority, in addition to the report to Council on 16 February 2023.

4.2.2 **Table 21: 2023 - 2028 Investment Plan changes identified**

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Total £m
Approved Investment Plan – Council 16 February 2023	**95.762**	**58.864**	**50.055**	**53.775**	**53.884**	**312.340**
Previously Approved Reprogramming/Variations						
2022/23 Monitoring	6.273	(0.697)	0.000	0.000	0.000	5.576
2022/23 Outturn	11.572	0.000	0.000	0.000	0.000	11.572
2023/24 Monitoring	(2.486)	17.473	0.083	0.000	0.000	15.070
Approved Investment Plan	**111.121**	**75.640**	**50.138**	**53.775**	**53.884**	**344.558**
September 23 Monitoring						
Reprogramming	(10.628)	10.454	0.099	0.075	0.000	0.000
Variations	2.581	1.111	0.097	0.000	0.000	3.789
Total Variations	**(8.047)**	**11.565**	**0.197**	**0.075**	**0.000**	**3.789**
Revised Investment Plan	**103.074**	**87.205**	**50.334**	**53.850**	**53.884**	**348.347**

4.2.3 The proposed significant variations to the Investment Plan in 2023/24 are shown below:

2023/24 Variation £m	Scheme / Project
£2.032	**HS004 Disabled Facilities Grant** • Funding to provide means tested Mandatory Disabled Facilities Grants and discretionary assistance. Funding is to those that have an assessed need for an adaptation to non-council tenure properties. • This is the formal inclusion within the Capital investment plan of the grant received in-year for 2023/24. This value totals £2.032m.

£0.358	**EV056 Additional Highways Maintenance** • As part of the recent autumn statement, the Government has announced further funding for highway maintenance and North Tyneside's allocation for 2023/24 is £0.358m. A further £0.358m is to be allocated in 2024/25 • The additional funding will help the Authority to manage the maintenance backlog and maintaining the network condition.
£0.344	**BS033 Changing Places Facilities** • Funding from The Ministry of Housing, Communities & Local Government (MHCLG) to install life-enhancing changing places facilities in public places, providing a significant increase in settings where users want and need them most. • Following completion of the detailed design and return of tenders, the costs to deliver the required works are more than the grant awarded to the Council. • This request is to increase the budget to deliver the changing facilities project.
(£0.344)	**BS026 Asset Planned Maintenance** • This is funding from BS026 allocated to BS033 as noted above.
£0.250	**BS026 Asset Planned Maintenance** • Formally include £0.250m in the capital investment plan to fund the urgent works to 3 industrial unit roofing structures. In line with Gateway 0 approved at October Investment Programme Board (IPB)
(£0.250)	**GEN03 Contingencies** • The funding of £0.250m from contingencies capital budget to BS026, toward urgent roofing works to 3 industrial roofing structures.
(£0.125)	**CO083 Whitley Bay Crematoria** • The project was in relation to the significant investment in Whitley Bay Crematoria which involved upgrading creators, improving traffic management, parking as well as general upgrades and refurbishments across the estate. • This reduction in budget reflects the underspend against the project, due to the removal of egress and car park options not undertaken as part of the project.

	• It is also proposed to utilise a proportion of the underspend to replace an excavator which has reached its end of life and beyond economic repair.

2023/24 Reprofiling £m	Scheme / Project
(£3.286m)	**DV077 Tyne Brand Development Site** • To reprofile £3.286m into 24/25 to support the revised approach to securing the land interests on the Tyne Brand Site. • Agreements for site investigation, demolition and relocation of business has been reached however detailed negotiations in relation to business relocation have been delayed due to "third party" contractual restrictions.
(£2.578)	**HS004 Disabled Facilities Grant** • Funding to provide means tested Mandatory Disabled Facilities Grants and discretionary assistance. Funding is to those that have an assessed need for an adaptation to non-council tenure properties. • The original budget of £2.578m reflected grant received in previous years which was carried forward into 2023/24. Additional grant received in 2023/24 of £2.032m represents total DFG allocation of £4.610m for 2023/24. • The reduced number of occupational therapists assessments being processed we are now estimating spend of £2.032m by the end of the financial year, and therefore reprogramming £2.578m into 2024/25.
(£1.029)	**EV091 Other Initiatives Climate Change** • Investment to reduce the carbon footprint of the Authority and the Borough by 50% by 2023 and to become carbon net-zero by 2030. • Reprofiling of funding into 2024/25 to reflect the timeline of outcomes of the Salix funding applications which is proposed to support the Public Sector Decarbonisation Scheme (PSDS). Notification expected March 2024.

(£1.000)	**HS044 HRA New Build** • The project to deliver new build Council Housing for the Housing Revenue Account (HRA), within a wider affordable homes programme. The works include a range of new build and conversion projects throughout the Borough. • Delays due to tender / bidding of contractors to support the delivery the 22 new affordable homes at Swindale Avenue, Killingworth. It is proposed to reprogramme a proportion of the budget into 24/25.
(£0.748)	**EV100 Active Travel 3 - Permanent Seafront Scheme** • This scheme addresses conflicts between pedestrians and cyclists on the shared footpath and also conflicts between on-road cyclists and drivers along the seafront by creating segregated safe space. • The Government's Active Travel Fund (ATF) Tranche 3 is a funding opportunity to deliver schemes which reallocate road space to support cycling and walking. • Following additional grant from Active Travel Fund, as well as Sustrans, reprofiling is required to reflect proposed spending plans.
(£0.744m)	**HS015 Refurbishment / Decent Homes Improvements** • This project is directed to maintaining Council homes within the Borough to the Government's Decent Homes standard. • The reprofiling relates to NTC's match to Social Housing Decarbonisation Fund (SHDF) to deliver Solar PV along with Internal and External Wall Insulation works. • Reprofiling required due to recognition of contractual / procurement delays to delivery.
(£0.675)	**DV080 Segedunum Roman Museum MEND** • The proposed works to protect the museum from water ingress, enable artefacts for exhibitions to continue to be loaned by other museums (by controlling the indoor atmosphere) and guard against the risk of areas having to be closed off to visitors due to building services failure as systems near the end of their design life. • Works in relation to lift and the air handling units (AHU) installation require reprofiled for delivery in 2024/25 due to lead times for design, procurement, manufacture, and installation.

(£0.375)	**HS039 ICT Infrastructure Works** • ICT infrastructure works to help improve agile working, deliver self service improvements, and improve service delivery for our tenants moving forward. • A change to the delivery timeline this has impacted on the dates that the various contractual payments are due to the provider (NEC), resulting in a requirement to reprofile proposed expenditure.
(£0.193)	**CO079 Playsites** • Project to improve to play equipment, safer surfaces and ancillaries within existing play sites in the Northwest of the Borough. Reprofiling to reflect delivery of proposed improvements in parks.

4.3 Capital Financing

4.3.1 The impact of the changes detailed above on capital financing is shown in table 22 below.

4.3.2 **Table 22: Impact of variations on Capital financing**

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	Total £m
Approved Investment Plan	**111.121**	**75.640**	**50.138**	**53.775**	**53.884**	**344.558**
Council Contribution	(1.304)	1.179	0.000	0.000	0.000	(0.125)
Grants and Contributions	(4.590)	8.161	0.196	0.075	0.000	3.842
Contribution from Revenue	(0.034)	0.106	0.000	0.000	0.000	0.072
HRA Capital Receipts	(0.400)	0.400	0.000	0.000	0.000	0.000
HRA Major Repairs Reserve	(1.719)	1.719	0.000	0.000	0.000	0.000
Total Financing Variations	**(8.047)**	**11.565**	**0.196**	**0.075**	**0.000**	**3.789**
Revised Investment Plan	**103.074**	**87.205**	**50.334**	**53.850**	**53.884**	**348.347**

4.4 Capital Receipts – General Fund

4.4.1 The General Fund capital receipts position reflects an additional £0.265m from the previous report in November 2023. The balance brought forward at 1 April 2023 was £3.227m. The capital receipts requirement for 2022/23, approved by Council in February 2023, was £1.417m (2023-2028 £1.417m). To date £5.563m of capital receipts have been received in 2023/24. The receipts position is detailed in table 23 below.

4.4.2 **Table 23: Capital Receipt Requirement – General Fund**

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Requirement reported to 16 February 2023 Council	1.417	0.000	0.000	0.000	0.000
Receipts Brought Forward	(3.227)	0.000	0.000	0.000	0.000
Total Receipts received 2023/24	(5.563)	0.000	0.000	0.000	0.000
Receipts used to repay capital loans	0.000	0.000	0.000	0.000	0.000
Net Useable Receipts	**(5.563)**	**0.000**	**0.000**	**0.000**	**0.000**
Surplus Receipts	(7.373)	(7.373)	(7.373)	(7.373)	(7.373)

4.5 Capital receipts – Housing Revenue Account

4.5.1 Housing Capital Receipts brought forward at 1 April 2023 were £12.961m. The housing receipts are committed against projects included in the 2023-2028 Investment Plan. The approved Capital Receipt requirement for 2023/24 was £3.941m. To date, receipts of £3.291m have been received in 2023/24. In total, subject to future pooling, this leaves a surplus balance of £16.252m to be carried forward to fund planned investment in future years.

4.5.2 **Table 24: Capital Receipt Requirement - Housing Revenue Account**

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Receipts Brought Forward	(12.961)	(12.311)	(10.141)	(7.988)	(6.928)
Receipts Received 2023/24	(3.291)	0.000	0.000	0.000	0.000
Receipts Pooled Central Government	0.000	0.000	0.000	0.000	0.000
(Surplus)/ Balance to be generated to fund future years (subject to further pooling)	(16.252)	(12.311)	(10.141)	(7.988)	(6.928)
Requirement reported to September 2023	**3.941**	**2.170**	**2.153**	**1.060**	**1.202**
Variations to be reported to Jun 2023 Cabinet	0.000	0.000	0.000	0.000	0.000
Revised Requirement	**3.941**	**2.170**	**2.153**	**1.060**	**1.202**
Net Balance Carried forward	(12.311)	(10.141)	(7.988)	(6.928)	(5.726)

The final figure for useable receipts and pooled receipts in year will depend on the final number of Right to Buy properties sold during 2023/24.

4.6 Investment Plan Monitoring Position to 30 November 2023

4.6.1 Actual expenditure for 2023/24 in the General Ledger was £48.109m; 43.29% of the total revised Investment Plan at 30 November 2023.

4.6.2 **Table 25: Total Investment Plan Budget & Expenditure to 30 November 2023**

	2023/24 Approved Investment Plan £m	Actual Spend to 30 November 2023 £m	Spend as % of revised Investment Plan %
General Fund	78.188	29.926	39.08%
Housing	34.539	18.183	52.64%
TOTAL	**112.727**	**48.109**	**43.29%**

SECTION 5 – TREASURY MANAGEMENT & CASH POSITION

5.1 Current Cash Position

5.1.1 The Authority's current available cash balance as at the end of November 2023 is £15.5000m, with £10.000m invested externally with other UK Local Authorities or institutions. All investments are made in line with the approved Treasury Management Strategy.

5.1.2 **Table 26: Investment Position as at 30 November 2023**

Counterparty	Type	Amount (£m)	Maturity
DMO	Term	15.500	1 December 2023
Barclays	Call	1.396	n/a
Other LA	Fixed	10.000	09 February 2024*
Fixed Deposits	Fixed	5.000	March 2024

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

5.1.3 At its meeting ending on 2 November 2023, The Bank of England's MPC voted 6-3 that the Bank Rate should remain unchanged at 5.25%. This followed 14 consecutive meetings from December 2021 to August 2023 where rates were increased. The latest MPC projections suggest Bank rate remains at 5.25% until 2024 Q3, before tracking downwards to 4.25% by the end of 2026.

5.1.4 Twelve-month Consumer Price Index (CPI) inflation rose by 4.6% in the 12 months to October 2023, down from 6.7% in September. CPI inflation remains well above the 2.00% target but is forecast to continue to fall to 4.50% in 2024 Q1, and 3.75% in 2024 Q2. This decline is expected to be accounted for by lower energy, core goods and food price inflation. There had been increasing signs of some impact of tighter monetary policy and the potential impact to momentum in the real economy. There has been declines recently in retail sales volumes, consumer services output and consumer confidence but clearest in weakening of the housing investment market.

5.1.5 Table 29 below demonstrates the increase in rates both in the temporary space and longer-term PWLB rates.

5.1.6 The Authority is constantly monitoring interest rates, and whether the Authority should look to lock in rates as part of managing risk. This process considers the Authority's underlying need to borrow (Capital Financing Requirement), Investment Plan priorities and commitments as well as the profile of existing loan arrangements.

5.1.7 Investment rates remain stabilised in line with the unchanged base rate, delivering return on investments and negating cost of carry.

5.1.8 **Table 27: Summary of Borrowing Levels**

Temporary Space		*PWLB***	
Tenor	Level	Tenor	Level *
1 week	5.17%	2 years	5.71%
1 month	5.17%	5 years	5.26%
3 month	5.50%	10 years	5.31%
6 month	5.65%	20 years	5.72%
9 month	5.65%	30 years	5.71%
12 month	5.70%	50 years	5.48%

**Please note these levels are from 24/11/2023*
***PWLB rates do not include certainty rate reductions,*

5.1.9 Any shortfalls in cashflow are covered by in year temporary borrowing, which may be a quick and cost-effective method of cash management in the current climate. During September 2023, the authority secured £5.000m for 364 days, to cover an upcoming PWLB maturity which is due to be repaid in October 2023. To manage the cost of borrowing the loan was taken from the temporary market for a short period due to the volatility of rates, with the strategy to lock in lower interest rates in the medium term once interest rates stabilise as forecast.

5.2 Borrowing Position

5.2.1 Table 28 shows the Authority's current debt position, with total borrowing maturing in 2023/24 of £0.000m.

5.2.2 **Table 28: Current Debt Position**

	PWLB (£m)	LOBO (£m)	Temp (£m)	Total (£m)
Total Outstanding Borrowing Debt	387.443	20.000	5.000	412.443
Debt Maturing 2023/24	(0.000)	0.000	0.000	(0.000)

5.2.3 The Authority was under-borrowed to the value of £68.532m at 31 March 2023. Whilst the Authority cannot borrow to fund revenue activity, it can look to utilise reserves, unwind its under-borrowed position, and externalise borrowing.

5.2.4 The last tranche of long-term borrowing was undertaken in August 2022, the Authority took £10m of long-term PWLB loans, this was for a combination of refinancing existing debt, de-risk the Authority's under-borrowed position, as well as take advantage of relatively low long-term rates.

5.2.5 Table 29 below shows the latest interest rate forecasts as provided by the Authority's treasury advisors Link. Rates remain elevated for the remainder of the year. It is forecasted that we are at the peak for 50-year borrowing during the current quarter, before tracking consistently back down to lower levels from 2024 onwards.

5.2.6 **Table 29: Link Interest Rate Forecasts**

LINKGroup

ECONOMIC FORECASTS

LINK GROUP – November 2023

	End Q4 2023	End Q1 2024	End Q2 2024	End Q3 2024	End Q4 2024	End Q1 2025	End Q2 2025	End Q3 2025	End Q4 2025	End Q1 2026	End Q2 2026	End Q3 2026	End Q4 2024
Bank Rate	5.25%	5.25%	5.25%	5.00%	4.50%	4.00%	3.50%	3.25%	3.00%	3.00%	3.00%	3.00%	3.00%
5yr PWLB Rate	5.00%	4.90%	4.80%	4.70%	4.40%	4.20%	4.00%	3.80%	3.70%	3.60%	3.50%	3.50%	3.50%
10yr PWLB Rate	5.10%	5.00%	4.80%	4.70%	4.40%	4.20%	4.00%	3.80%	3.70%	3.70%	3.60%	3.60%	3.50%
25yr PWLB Rate	5.50%	5.30%	5.10%	4.90%	4.70%	4.50%	4.30%	4.20%	4.10%	4.10%	4.00%	4.00%	4.00%
50yr PWLB Rate	5.30%	5.10%	4.90%	4.70%	4.50%	4.30%	4.10%	4.00%	3.90%	3.90%	3.80%	3.80%	3.80%

**Please note these forecasts are as at 07.11.23*

SECTION 6 – DEVELOPER CONTRIBUTIONS

6.1 Section 106 Contributions

6.1.1 Planning obligations under Section 106 (s106) of the Town and Country Planning Act 1990, are commonly known as s106 agreements. They are a mechanism which can make a development proposal acceptable in planning terms, that would not otherwise be acceptable, and are focussed on mitigating the impact of the development on an area. S106 agreements are often called 'developer contributions' or 'planning gain' and include a range of identified categories, historically including highways, affordable housing, sport and leisure, health and play sites, amongst others.

6.1.2 The s106 Capital Programme Manager and s106 service area leads utilise the information collated within the Authority's s106 governance and monitoring process to define what monies are available for what and where this can be allocated, and develop projects based on this information.

6.1.3 The s106 programme of works aims to supplement and support the wider Authority budget, to ensure a good spread of spend for all areas of the Borough and to provide flexibility and value for money.

6.1.4 The s106 Capital Programme Manager and s106 service area leads utilise the information collated within the Authority's s106 governance and monitoring process to define what monies are available and where this can be allocated, and develop projects based on this information.

6.1.5 The s106 programme of works aims to mitigate the impacts of developments within the Borough, supplementing and supporting the wider strategic North Tyneside Plan.

6.1.6 Service areas are routinely reviewing this information and developing projects, which are then presented to Investment Programme Board (IPB) for consideration prior to securing full IPB approval. If approved the projects are then delivered.

6.1.7 The latest s106 finance spreadsheet which includes the financial information of all developer contributions, which have been received by the Authority can be found within Appendix 1 and Appendix 2.

6.1.8 **Table 30: Section 106 Spend Update**

	28 February 2023	31 July 2023	30 Sept 2023	30 Nov 2023
Received to date	£20.300m	£20.342m	£20.897m	£21.108m
Spend to date	(£8.836m)	(£9.604m)	(£9.829m)	(£11.165)
Committed *(through IPB governance)*	(£2.898m)	(£3.244m)	(£4.774m)	(£4.057m)
Uncommitted Balance	**£8.566m**	**£7.494m**	**£6.294m**	**(£5.886m)**

6.1.9 As at 30 November 2023, £21.108m had been received by the Authority, of which £10.042m has been expended in line with agreements. £11.066m remains as at 30 November 2023, of which £4.774m is committed. This leaves an uncommitted balance of £6.292m.

6.1.10 In order to deliver projects within the allocated balance, service areas are developing and completing projects based on the legal parameters set within the wording of the planning obligations, all overseen by the Investment Programme Board (IPB) group. Significant work is ongoing with relevant officers in developing key projects and allocating the spend within all service areas.

6.2. Community Infrastructure Levy (CIL)

6.2.1 These are planning tools used to secure financial or non-financial contributions towards the provision of infrastructure to support and enable development and to mitigate the impact of development. CIL contributions now include secondary education, health and community facilities and other infrastructure developer contributions.

6.2.2 CIL continues to develop within the Authority and updates will be incorporated within this report over time as necessary. £0.796m of CIL monies have been received by the Authority, with no projects allocated or monies spent to date.

6.2.3 The Authority is strategically building balances in relation to CIL to facilitate investment within the Borough which will provide greatest benefit.