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 provisional outturn position for 2023/24. In addition, a challenge session was held to review the final position and service performance with the Elected Mayor and Cabinet with the Assistant Chief Executive, Director of Resources and senior officers.

1.2 Adults Services

1.2.1 Adults Services is reporting a provisional outturn position of £68.226m against its £65.810m net controllable expenditure budget.

1.2.2 **Table 1: Provisional Outturn for Adults Services as at 31 March 2024**

	2023/24 Budget £m	March Provisional Outturn £m	March Variance £m	January Variance £m	Change Jan-Mar £m
Central, Strategy and Transformation	0.935	0.765	(0.170)	(0.197)	0.027
Social Work and Associated Activity	8.750	8.167	(0.583)	(0.418)	(0.165)
Integrated Services	3.436	2.598	(0.838)	(0.991)	0.153
Business Assurance	0.424	0.455	0.031	0.029	0.002
Commissioning Team	0.555	0.482	(0.073)	(0.060)	(0.013)
Sub-total Operations	**14.100**	**12.467**	**(1.633)**	**(1.637)**	**0.004**
Wellbeing and Assessment	17.408	20.031	2.623	2.197	0.426
Learning Disability	30.311	31.161	0.850	0.785	0.065
Mental Health	4.583	5.821	1.238	1.031	0.207
Other Services	(0.592)	(1.255)	(0.663)	(0.665)	0.002
Commissioned Services	**51.710**	**55.758**	**4.048**	**3.348**	**0.700**
Total Adult Services	**65.810**	**68.225**	**2.415**	**1.711**	**0.704**

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 reporting an underspend of £1.633m, a slight reduction of £0.004m since the January position.

1.2.4 There continues to be an underspend against staffing budgets and managers are working with People Team to look at innovative ways to improve the recruitment and retention of staff and minimise the impact on service delivery. North Tyneside Care Academy was officially launched in March 2024 and the social work apprenticeship programme continues to grow. Additional funding has been secured from the Department of Health & Social Care's (DHSC) Social Work Apprenticeship Fund to support the next cohort of trainees.

1.2.5 The high turnover of staff during 2023/24 is reflected in the continued underspend however the introduction of The Short-Term Review Team helped to support with capacity, support and challenge and continues to make a positive impact, ensuring the appropriate level of care is being provided.

1.2.6 March has seen a continued increase in the hours of homecare provided with a corresponding £0.214m increase in spend since January's projection. As at the end of March there were only 15 clients on the brokerage waiting list, which has significantly decreased and is at the lowest it has been for 3 years. Previous lack of home care provision resulted in additional short term residential care placements, however in March these had also reduced, with 15 new short-term placements, a further decline from previous months. The Authority continues to work with home care providers to look at new and innovative solutions to further maximise efficiency and support the "home-first" approach.

1.2.7 There are continuing upward pressures on care providers' fees partially resulting from National Living Wage increases but also from general inflationary pressures. The 2024/25 fee uplift has now been agreed with providers, but dialogue will continue with providers and will be informed by wider market forces and external pressures.

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

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 as part of the on-going work on the Medium-term Financial Plan (MTFP).

1.2.10 The Authority continues to work 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, reported client contributions have increased since September in line with the increase in home care provision. As part of the Medium-Term Financial Plan (MTFP) client contributions will increase from April 2024 and will be closely monitored.

1.2.12 Work continues on the Health & Social Care workstream as part of the 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.

1.3 Children, Young People and Learning (CYPL)

1.3.1 Children's Services is reporting a provisional outturn position of £56.740m against its £43.936m net controllable expenditure budget, an overspend of £12.804m.

1.3.2 **Table 2: Provisional Outturn for Children's Services as at 31 March 2024**

	2023/24 Budget £m	Provisional Outturn £m	Provisional Outturn Variance £m	Jan 24 Variance £m	Change Jan - Outturn £m
Corporate Parenting & Placements	27.711	35.052	7.341	7.590	(0.249)
Quality of Practice	0.771	0.960	0.189	0.177	0.012
Multi-agency Safeguarding Arrangements	0.086	0.072	(0.014)	(0.024)	0.010
Health, Information & Advice, Virtual School & Emotional Wellbeing (HIVE)	0.019	(0.040)	(0.059)	(0.050)	(0.009)
Early Help & Vulnerable Families	1.960	1.630	(0.330)	(0.275)	(0.055)
Employment & Skills	0.796	0.737	(0.058)	(0.017)	(0.041)
Children's Disability Service	1.937	4.401	2.464	2.373	0.091
Education North Tyneside	1.852	1.962	0.110	0.117	(0.007)
Youth Justice Service	0.677	0.467	(0.209)	(0.249)	0.040
Regional Adoption Agency	(0.143)	(0.168)	(0.025)	0.000	(0.025)
Access Team (Home to School and Admissions)	2.706	6.227	3.521	3.235	0.286
School Funding & statutory staff costs	5.468	5.549	0.081	0.073	0.008

	2023/24 Budget £m	Provisional Outturn £m	Provisional Outturn Variance £m	Jan 24 Variance £m	Change Jan - Outturn £m
Commissioning Children	(0.032)	(0.246)	(0.214)	(0.180)	(0.034)
Attendance and Placements	0.130	0.137	0.007	0.009	(0.002)
Total Children's Services	**43.936**	**56.740**	**12.804**	**12.779**	**0.025**

Main budget pressures across Children's Services

1.3.3 The Handling Children's Finance workstream continued as part of the 2024/25 MTFP to address the pressures in Corporate Parenting linked to a higher number of children in care, 352 and children in need 1,736. Home to School Transport was also an MTFP workstream for 2024/25 again to address the increasing pressure.

1.3.4 The £12.804m reported 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 our care numbers as well as the placement mix identified in the workstream, see table 5. The report also reflects ongoing pressure within the Children's Disability Service and inhouse children's homes.

1.3.5 Table 4 shows the Children's Services position split between operational and commissioning pressures. The main pressure relates to Commissioned Services £9.804m, £2.066m in external residential care, £2.619m in external supported accommodation and £3.521 in home to school transport.

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

	2023/24 Budget £m	Provisional Outturn £m	Outturn Variance £m	Jan Variance £m	Change Jan-Outturn £m
Commissioned Services	11.669	21.473	9.804	9.937	(0.133)
In-house Services	11.889	14.484	2.595	2.301	0.294
Staffing & Operations	20.521	20.951	0.430	0.541	(0.111)
Regional Adoption Agency	(0.143)	(0.168)	(0.025)	0.000	(0.025)
Total Children's Services	**43.936**	**56.740**	**12.804**	**12.779**	**0.025**

1.3.7 The service continues to have a high number of vacant social work posts, partially covered using agency staff. Work continues with People Team to address the issues with workforce recruitment and retention which 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 pressure within the in-house children's disability homes as well as an increase in short break care, which is vital to families and carers as lack of provision could lead to future breakdown in care arrangements.

1.3.9 In March there was a reduction in the number of children in our care to 352 (367 in January) however the lack of availability of suitable placements, has again 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" and Actual Numbers of Children in our Care**

Placement Type	"Core" Mix	No. of "Core" Children	No. of Children Nov 23	No. of Children Jan 24	No. of Children Mar 24
External Residential Care	7.0%	23	33	34	35
External Fostering	6.7%	22	25	25	32
In-House Fostering	61.7%	204	217	214	210
External Supported Accommodation	9.7%	32	39	39	30
In-House Residential Care	6.4%	21	21	20	20
Other	8.5%	28	37	35	25
Total	**100%**	**330**	**372**	**367**	**352**

1.3.11 The number of children in care in external supported accommodation has reduced in March, however this reduction relates to unaccompanied asylum-seeking children (UASC) who have turned 18 but many of whom continue to be supported in the same provision. There are 24 UASC who have turned 18 and are no longer included within children in care numbers. As part of the MTFP Great Landlord Specialist Housing workstream work is continuing with Housing to look for innovative local solutions.

1.3.12 Out of the 352 Children in our Care, 15 unaccompanied asylum-seeking children (UASC) under the age of 18 and the Authority is mandated to take 39 UASC. These costs are offset by 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.

1.3.13 The number of Children in Care can be volatile, with a decrease of 15 children since January 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

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

Type of Service	2023/24 Budget £m	Provisional Outturn £m	Outturn Variance £m	Jan Variance £m	Change Jan-Outturn £m
Care provision – children in care	16.501	cs	5.774	6.027	0.253
Care provision – other children	4.529	5.231	0.702	0.611	(0.091)
Management & Legal Fees	0.152	0.356	0.204	0.300	0.096
Social Work	6.477	7.157	0.680	0.671	(0.009)
Safeguarding Operations	0.052	0.033	(0.019)	(0.019)	0.000
Total	**27.711**	**35.052**	**7.341**	**7.590**	**(0.249)**

Care Provision – Children in Care

1.3.15 A further breakdown of the care provision costs for the 352 children in our care is provided in Table 6. Since January there has been a reduction in numbers of children within in-house fostering and a further increase in the numbers in external residential care. In-house residential care has ended the year with a £0.760m overspend, however unit costs for external residential care continue to increase significantly more than inhouse services and there are plans to look to further increase the capacity of the in-house provision.

1.3.16 External fostering is currently supporting 32 children in care, an increase of 7 from January and 10 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.

1.3.17 **Table 6: Reported Cost, variance and average placement cost**

Placement Type	2023/24 Budget £m	Provisional Outturn £m	Outturn Variance £m	Number of Children Mar 24	Average Annual Placement Cost £m
External Residential Care	5.492	7.558	2.066	35	0.333
External Fostering	0.993	1.325	0.332	32	0.054
In-House Fostering Service	5.691	5.688	(0.003)	210	0.027
External Supported Accommodation	1.686	4.305	2.619	30	0.095
In-House Residential Care	2.639	3.399	0.760	20	0.170
Other*	0.000	0.000	0.000	25	0.000
Total	**16.501**	**22.275**	**5.774**	**352**	

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

1.3.18 The average annual placement cost is based on the full year effect of the packages in place at the end of March, however the report is based on actual activity and expected duration of placements. We have seen an increase of children in external fostering 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 22 above the “core” number the pressure will remain.

<u>Care Provision – Other Children (not in care)</u>

1.3.19 This area has a reported pressure of £0.702m 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.

Management and Legal Fees

1.3.20 This area has a reduced overspend compared to the pressure reported in January as work continued to reduce areas of non-essential spend. However, there is 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.

Social Work

1.3.21 The overspend position remained in line with the pressure reported in January, this relates to agency staff to cover vacancies, 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.

Home to School Transport

1.3.23 The Home to School Transport position is showing an overspend of £3.521m, a worsening of £0.286m since the January forecast. It relates to the sustained increase in children with complex needs attending special schools and inflationary pressures. The movement is an increase in routes and associated effects of inflation.

Commissioning Children

1.3.24 There is an underspend of £0.214m against Commissioning Children which is an improvement of £0.034m since the January report. This movement relates to additional savings from vacant posts.

1.4 Public Health

1.4.1 Public Health is reporting a 0.303m underspend, a small £0.006m improvement since the January Cabinet report.

1.4.2 **Table 7: Public Health Variation**

	Budget £m	Provisional Outturn £m	Outturn Variance £m	Variance Jan £m	Change Jan-Mar £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**
Public Protection, Community Safety & Resilience	1.361	1.255	(0.106)	(0.100)	(0.006)
GRAND TOTAL	**1.602**	**1.296**	**(0.303)**	**(0.300)**	**(0.006)**

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

1.5 Environment

1.5.1 Environment is reporting an outturn underspend of £0.943m, as set out in Table 9 below, an improvement of £0.175m since the January Cabinet Report.

1.5.2 **Table 8: Variation in Environment**

Service Areas	Budget £m	Provisional Outturn £m	Outturn Variance £m	Variance Jan £m	Change Jan-Mar £m
Bereavement	(0.487)	(0.381)	0.106	0.067	0.039
Fleet Management	0.745	0.551	(0.194)	(0.091)	(0.103)
Library & Community Centres	6.302	6.365	0.063	(0.052)	0.115
Sport & Leisure	5.531	5.676	0.145	0.127	0.018
Street Environment	10.002	10.057	0.055	0.271	(0.215)
Waste & Refuse Management	4.745	4.490	(0.255)	(0.212)	(0.043)
Waste & Recycling Disposal Contracts	12.111	11.294	(0.817)	(0.833)	0.016

Service Areas	Budget £m	Provisional Outturn £m	Outturn Variance £m	Variance Jan £m	Change Jan-Mar £m
Head of Service Environment & Leisure	0.159	0.113	(0.046)	(0.045)	(0.001)
Street Lighting PFI	5.137	5.137	0.000	0.000	0.000
GRAND TOTAL	**44.245**	**43.302**	**(0.943)**	**(0.768)**	**(0.175)**

1.5.3 Bereavement is reporting an overspend of £0.106m, an increase of £0.039m since the January Cabinet report due to reduced income now received from Cremation Fees and Burials/Internments (compared to 2022/2023).

1.5.4 Street Environment is reporting a £0.055m pressure, which is an improvement of £0.215m compared to the January Cabinet report and reflects lower operational costs being incurred than were previously forecast. In addition, the impact of unforeseen stock balance levels reported at year end have contributed to lower actual expenditure.

1.5.5 An outturn underspend of £0.194m is now reported in Fleet Management, an improvement of £0.103m since the January Cabinet Report. The variance movement can be attributed to increased vehicle repair and maintenance recharges from external services. The outturn includes the budgeted allocation of £1.114m to fund the associated capital financing costs in respect of the Capital Vehicle Replacement Programme.

1.5.6 Libraries & Community Centres is reporting a £0.063m overspend which is a worsening of £0.115m compared to the January Cabinet Report. The variance change reflects previously unforeseen HMRC VAT Audit Adjustments totalling £0.123m on income charged to tenants occupying White Swan and Oxford Centre buildings. Included within the Libraries & Community Centre outturn is £0.801m of Reserves draw downs to cover the unitary charge and PFI Leaseplus contract costs for the 3 PFI buildings.

1.5.8 A combined underspend of £1.072m is reported in Waste Management and Waste & Recycling Disposal Contacts which is an improvement of £0.027m compared to the January Cabinet Report.

1.5.9 Of that outturn, Waste & Recycling Disposal Contracts is reporting a £0.817m underspend which reflects lower than expected annual waste tonnages being used by residents across the borough resulting in a Waste Disposal Contract underspend of £0.632m. In addition, the ongoing underspend around Kerbside/Home Recycling Disposal costs continues given the current market rate for recycled materials and subsequent lower disposal gate fee per tonne which is resulting in a £0.073m underspend. The outturn position includes mitigations for savings linked to deferred recruitment of vacant posts.

1.5.10 At the end of January 2024, the recycling rate was 39.4%.

1.5.11 Waste & Refuse Management is reporting a £0.255m underspend, arising from income overachievement on Special Collections and Commercial Waste together with £0.118m capitalisation of wheeled bins purchased from revenue. The outturn shows a £0.043m improved change since the January position, which can be attributed to a combined overachievement on income of across Special Collections as well as reduced Employee costs linked to Garden/Green Waste collections.

1.5.12 Although a nil variance is to be reported on the Street Lighting PFI Contract, the cost pressure against electricity is now £1.896m which, combined with the inflationary cost pressure against the Unitary Charge, required a £2.236m Contribution from Reserves.

1.5.13 At the end of quarter four, carbon reduction in council service operations have decreased by 59% against the baseline year in 2010/11.

1.6 Regeneration and Economic Development

1.6.1 Regeneration and Economic Development (R&ED) is reporting an outturn underspend of £0.489m as shown in Table 9 below, which is an improvement of £0.137m since the January Cabinet report.

1.6.2 **Table 9: Variation for Regeneration and Economic Development**

Service Areas	Budget £m	Provisional Outturn £m	Outturn Variance £m	Variance Jan £m	Change Jan-Mar £m
Culture	1.646	1.689	0.043	0.059	(0.016)
Business & Enterprise	0.838	0.583	(0.255)	(0.136)	(0.119)
Regeneration	0.432	0.361	(0.071)	(0.033)	(0.037)
Resources & Performance	0.385	0.478	0.093	0.121	(0.028)
Technical Package - Planning	0.336	0.336	0.000	(0.016)	0.016
Technical Package - Transport & Highways	8.049	7.750	(0.299)	(0.347)	0.047
GRAND TOTAL	**11.686**	**11.197**	**(0.489)**	**(0.352)**	**(0.137)**

1.6.3 The variation since the January Cabinet report is mainly due to an improvement of £0.119m in Business and Enterprise. This is due to additional spend being recovered through various grants within the services and previously forecast spend against budgets not materialising. The remaining movement in the variance is due to posts which were capitalised due to the nature of work the officers carried out.

1.7 Corporate Strategy

1.7.1 Corporate Strategy is reporting an outturn overspend of £0.146m, an improvement of £0.126m since the January Cabinet report.

1.7.2 **Table 10: Variation Corporate Strategy**

Service Areas	Budget £m	Provisional Outturn £m	Outturn Variance £m	Variance Jan £m	Change Nov-Jan £m
Children's Participation & Advocacy	0.541	0.526	(0.015)	0.081	(0.096)
Community & Voluntary Sector Liaison	0.367	0.373	0.006	0.003	0.003
Corporate Strategy Management	0.771	0.970	0.199	0.201	(0.002)

Elected Mayor & Executive Support	0.051	0.056	0.005	0.005	0.000
Marketing	0.473	0.414	(0.059)	(0.079)	0.020
Policy Performance and Research	0.302	0.311	0.009	0.061	(0.052)
GRAND TOTAL	**2.505**	**2.650**	**0.145**	**0.272**	**(0.127)**

1.7.3 The improvement to the position compared to January is partly due to Children's Participation and Advocacy which is showing an underspend of £0.015m, an improvement of £0.096m since the January Cabinet report. This is due to increased income from external and internal sources identified.

1.7.4 There is also an improvement of £0.052m in Policy Performance and Research due to increased income, including external and internal staff recharges.

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

1.8 Resources and Chief Executive Office

1.8.1 This report shows the provisional outturn position for the full Resources directorate and the Chief Executive Office, which is showing an overspend of £2.672m, which is a worsening of £0.662m since the January Cabinet Report.

1.8.2 **Table 11: Resources and Chief Executive Outturn Variation**

Service Areas	Budget £m	Provisional Outturn £m	Outturn Variance £m	Variance Jan £m	Change Jan-Mar £m
Chief Executive	(0.108)	(0.150)	(0.042)	(0.045)	0.003
Finance	(0.154)	(0.401)	(0.247)	0.005	(0.252)
IT	2.862	1.651	(1.211)	(1.568)	0.357
People Team	1.681	1.524	(0.157)	(0.099)	(0.058)
Internal Audit and Risk Management	0.075	0.048	(0.027)	(0.021)	(0.006)
Revenues and Benefits	0.499	0.103	(0.396)	(0.274)	(0.122)
Director of Resources	0.307	0.546	0.239	(0.091)	0.330
Governance	0.225	0.246	0.020	0.033	(0.013)
Law and Registration	1.040	1.724	0.685	0.712	(0.027)
North Tyneside Coroner	0.294	0.720	0.426	0.505	(0.079)
Business Package Holding Codes	0.000	0.000	0.000	0.000	0.000
Strategic Property and Investment	2.203	1.989	(0.214)	(0.231)	0.017
Technical Package – Property	(0.508)	(0.109)	0.399	(0.002)	0.401
Technical Package – Ring Fenced Properties	0.343	0.343	0.000	0.002	(0.002)
Catering Services	(1.441)	1.895	3.336	3.191	0.145
Procurement	0.372	0.234	(0.138)	(0.107)	(0.031)
GRAND TOTAL	**7.690**	**10.362**	**2.672**	**2.010**	**0.662**

* Due to the retirement of the Director of Commissioning and Asset Management the service has been separated across the Authority. Strategic Property, Catering and Procurement Services have moved under Resources and this is now shown in this report, with the variances adjusted to provide a like for like comparison.

1.8.3 The North Tyneside Coroner Service is reporting a pressure of £0.426m which is an improvement of £0.079m sine the January Cabinet report. This improvement is due to reduced year end coroners costs as a result of less referrals to the coroner.

1.8.4 Within IT there is a worsening of £0.357m since the January Cabinet report. This is mainly due to increased cost in invoices at year end for Telephony and a corresponding reduction in the amount that these can be recharged to service areas.

1.8.5 Revenues and Benefits is reporting an underspend of £0.396m, an improvement of £0.122m since the January Cabinet report. The movement is due to lower than expected Private Tenants Overpayment income and an increase in the cost of the subsidy year end position linked to the pressures faced by Bed and Breakfast accommodation which is offset by the allocation of new burdens admin funding.

1.8.6 The proportion of council tax collected is consistent with last year at 94.9% at the end of March. At the end of 2022/23, collection was slightly lower than national performance (96%). Business rates collection performance is showing significant improvement. 97.3% of business rates has been collected at the end of March. At the end of 2022/23 local performance was in line with national performance.

1.8.7 There is a pressure on the catering service of £3.336m, a worsening of £0.145m since the January Cabinet report. The movement is a provision for health and safety equipment repairs of £0.100m linked to the transfer of the service to other providers from 1st April 2024, along with an additional accrual for hours worked in the year and additional provision costs.

1.8.8 Technical Package – Property is now showing an outturn pressure of £0.401m which is due to wider Commercial happenings with Capita and reporting differently.

1.8.9 Finance is reporting an improvement of £0.252m since the January Cabinet report. This is due to increased recharges of staff time to the HRA, capital and other internal service areas.

1.8.10 Wider commercial discussions around the new cost plus model with Equans has resulted in a cost pressure of £0.330m in Director of Resources.

1.9 General Fund Housing

1.9.1 General Fund Housing is reporting a £0.116m underspend, which is an improvement of £0.071m since the January Cabinet Report.

1.9.2 **Table 12: Outturn Variation for General Fund Housing**

Service Areas	Budget £m	Provisional Outturn £m	Outturn Variance £m	Variance Jan £m	Change Jan-Mar £m
Building Control	0.129	0.129	0.000	0.000	0.000
Housing Strategy	0.556	0.458	(0.098)	(0.095)	(0.003)
Housing Options – General Fund	0.535	0.450	(0.085)	0.000	(0.085)
Housing Operations – General Fund	0.041	0.033	(0.008)	0.000	(0.008)
Housing Property – General Fund	1.234	1.309	0.075	0.050	0.025
GRAND TOTAL	**2.495**	**2.379**	**(0.116)**	**(0.045)**	**(0.071)**

1.9.3 The position has improved by £0.071m since the January Cabinet report. This is due mainly due to an improvement in Housing Options of £0.085m due to additional staffing costs being recharged into the Homeless Prevention Grant due to the additional work the service has been doing for Homelessness, especially Bed and Breakfast administration.

1.9.4 Housing Property has slightly worsened by £0.025m since the January Cabinet report due to the year-end reconciliation of repairs recharged for Public Buildings.

1.9.6 With regards to key performance measures in the Service the Affordable Homes programme is progressing well, with 2,247 homes delivered to the end of 2023/24. In year, the programme experienced challenges from national issues including increased inflation, high interest rates and labour shortages within the construction industry, which slowed down activity by developers on the larger sites, which reprofiled the completion of some of the planned affordable homes into 2024/25.

1.9.7 Homeless presentations to the Authority are continuing to increase. There has been a 20% compared to last year and 43% compared to the year. The proportion of priority acceptances remain consistent at 5%, but the number has increased by 10% compared to last year.

1.10 Central Items

1.10.1 Central Items is reporting a £8.952m underspend which is an improvement of £2.004m since the January Cabinet report.

1.10.2 **Table 13: Outturn Variation Central Budgets and Contingencies**

Service Areas	Budget £m	Provisional Outturn £m	Outturn Variance £m	Variance Jan £m	Change Jan-Mar £m
Corporate & Democratic Core	1.833	1.436	(0.397)	(1.323)	0.926
Other Central Items	(19.448)	(28.003)	(8.555)	(5.625)	(2.930)
GRAND TOTAL	**(17.615)**	**(26.567)**	**(8.952)**	**(6.948)**	**(2.004)**

1.10.3 The £2.004m improvement since the January Cabinet report is largely due to improvements in Capital and Treasury Management, including a further £0.904m over recovery of investment income, £0.472m movement as a result of Minimum Revenue Provision (MRP) savings and £0.192m improvement in external interest charges.

SECTION 2 - SCHOOLS FINANCE

2.1 2023/24 Schools Balances

2.1.1 The final outturn position for schools is reported in the Authority's statutory accounts and is reported excluding any commitments. The reported position across 2023/24 is analysed below in Table 14 by phase.

2.1.2 Table 14: Maintained School Balances

Phase	2022/23 Outturn £m	2023/24 Budget Plan £m	2023/24 Monitoring 1 £m	2023/24 Monitoring 2 £m	2023/24 Outturn £m	Movement from 2022/23 £m
Nursery, First & Primary	(5.529)	(2.656)	(2.042)	(2.681)	(4.284)	1.245
Middle	(1.655)	(0.488)	(0.776)	(0.932)	(1.267)	0.388
Secondary	6.822	9.638	9.283	9.439	7.004	0.182
Special / PRU	0.744	1.829	1.746	1.721	1.476	0.732
	0.382	**8.323**	**8.211**	**7.548**	**2.930**	**2.547**
Schools in Financial Difficulty funding	-	-	(0.419)	-	-	-
Supporting maintained schools in financial difficulty (DfE funding)	-	-	(1.868)	(1.868)	-	-
Total	**0.382**	**8.323**	**5.924**	**5.680**	**2.930**	**2.547**

2.1.3 The outturn position for 2023/24 is significantly better than predicted during the year although a worsening position from the previous year. 2022/23 outturn was a deficit of £0.382m which has reduced to an outturn deficit of £2.930m for 2023/24.

2.1.4 The schools budgeted for a 2023/24 projected deficit of £8.323m and reported a final outturn deficit of £2.930m, which is an improvement of £5.393m. The improvement is partly attributable to the in-year funding the Authority received, £1.868m from the Department for Education (DfE) to support maintained schools in financial difficulty.

2.2 Schools in Deficit

2.2.1 At the end of 2023/24, 19 of the 59 maintained schools have a deficit balance, pre-commitments, however most of these are marginal with the other 40 all in surplus. 6 schools academised during 2023/24, one forced academisation where the school had a deficit balance on academisation. Table 15 below shows all schools in deficit position totalling £13.061m.

2.2.2 Table 15 – Provisional Outturn Schools in Deficit

School	2022/23 Outturn £m	2023/24 Provisional Outturn £m	Provisional Schools in financial difficulty funding allocation £m	2023/24 Updated Outturn £m
Southlands Special	(0.137)	0.122	-	0.122
Moorbridge	(0.073)	0.093	-	0.093
Wallsend Jubilee Primary	(0.071)	0.005	-	0.005
Woodlawn Special	(0.093)	0.003	-	0.003
Silverdale Special	0.044	0.142	(0.016)	0.126
Greenfields Primary	0.078	0.052	(0.006)	0.046
Forest Hall Primary	0.013	0.001	-	0.001
Norham High	3.984	4.344	(0.494)	3.850
Beacon Hill Special	1.232	1.512	(0.172)	1.340
Longbenton High	1.697	1.135	(0.129)	1.006
Wallsend St Peters Primary	0.092	0.464	(0.053)	0.411
Fordley Primary	0.133	0.225	(0.025)	0.200
Ivy Road Primary	0.149	0.199	(0.023)	0.176
Holystone Primary	0.133	0.111	(0.013)	0.098
Waterville Primary	0.017	0.079	(0.009)	0.070
St Bartholomews Primary	0.020	0.060	(0.007)	0.053
Whitehouse Primary	0.044	0.221	(0.221)	0.000
Monkseaton High	5.546	5.963	(0.678)	5.285
Coquet Park First	0.051	0.198	(0.022)	0.176
Total	**12.859**	**14.929**	**(1.868)**	**13.061**

2.2.3 The Authority was allocated £1.868m funding during 2023/24 to support maintained schools in deficit. The intention is to support schools who ended both 2022/23 and 2023/24 with a deficit balance. The funding will be applied proportionately to the 2023/24 deficit balances, other than for Whitehouse Primary school which academised on 31 December 2023, leaving a £0.221m deficit balance, which will funded in it's entirety.

2.2.3 There are 4 schools in significant deficit position totalling £11.481m, after the provisional allocation of schools in financial difficulty funding, these are:

Monkseaton High School	£5.285m
Norham	£3.850m
Beacon Hill	£1.340m
Longbenton High School	£1.006m
Total	**£11.481m**

2.2.4 The balances of these 4 schools accounts for 88% of the total £13.061m of the 19 schools in deficit. There are 40 offsetting schools in surplus with a combined surplus total of £10.131m.

2.3 2023/24 Dedicated Schools Grant (DSG) Provisional Outturn

2.3.1 After allowing for school funding allocations, the 2023/24 DSG ring-fenced account is showing a net deficit balance of £8.340m. The 2023/24 position includes £2.660m Safety Valve Funding, £1.950m relating to 2023/24 and £0.710m funding received in advance for 2024/25 and a £0.985m provision for clawback in Early Years funding. This compares to an identical deficit of £8.340m in 2022/23, despite significant net changes.

2.3.2 **Table 16: 2023/24 DSG Provisional Outturn**

Funding Block	2022/23 Balance Brought Forward £m	2023/24 In-Year Variance £m	Clawback Provision £m	Safety Valve Funding £m	2023/24 Provisional Outturn £m
Schools Block	(0.914)	0.517			**(0.397)**
High Needs Block	9.592	2.852		(2.660)	**9.784**
Early Years Block	(0.338)	(1.694)	0.985		**(1.046)**
Total	**8.340**	**1.675**	**0.985**	**(2.660)**	**8.340**

2.3.3 The Schools block (de-delegated) underspend of £0.397m predominantly relates to balances of schools in financial difficulty, growth and falling roles funding. The balance also includes £0.101m relating to structural schools issues. The DSG is a ringfenced account and therefore any balance is carried forward into the next financial year.

2.3.4 The High Needs block 2022/23 outturn was a deficit of £9.592m and this pressure has continued in 2023/24 with a provisional in-year deficit of £2.852m, however this has been partially off-set by £2.660m Safety Valve funding from the DfE. 2023/24 was the first year of the Authorities 5-year DSG Management Plan as part of the Safety Valve Programme. A final submission for 2023/24 was made to the DfE which showed despite a slight worsening against the plan £0.020 the Authority is still on-track to reach an in-year balance by 2027/28.

2.3.5 The overall pressure in the High Needs block results from additional places in special schools, out of borough placements and top up payments as outlined in Table 17 below.

2.3.6 Table 17: High Needs Block Provisional Outturn

	2023/24 Budget £m	2023/24 Outturn £m	2023/24 Variance £m
Special Schools and PRU	22.388	23.156	0.769
ARPS/Mainstream Top-ups/Alternative Provision	5.909	5.998	0.089
NMSS/ISP	4.461	3.763	(0.698)
Commissioned Services	3.160	3.242	0.082
Total	**35.918**	**36.159**	**0.242**
DSG High Needs Funding	(33.606)	(33.307)	0.300
In-Year Planned Deficit	**2.312**	**2.852**	**0.542**
2022/23 Balance Brought forward	10.112	9.592	(0.520)
2023/24 Safety Valve Funding	(1.950)	(1.950)	0.000
2023/24 Balance Carried Forward	**10.474**	**10.494**	**0.020**
2024/25 Safety Valve Income in Advance		(0.710)	
2023/24 Provisional Outturn		**9.784**	

2.3.7 The Authority's DSG Management Plan will address the in-year deficit and the Department for Education (DfE) will fund the overall deficit £19.500m over a 5-year period. At the end of financial year 2023/24 the Authority had received £9.750m. In subsequent financial years, subject to compliance with the conditions set in the Safety Valve agreement, the Authority will receive the amounts shown in Table 18 below.

2.3.8 Table 18: Scheduled Safety Valve Payments

Year	Additional DfE payments
2022-23	£7.800m
2023-24	£1.950m
2024-25	£1.950m
2025-26	£1.950m
2026-27	£1.950m
2027-28	£3.900m

2.3.9 The Early Years block has ended the year with a cumulative surplus of £1.046m. This included a brought forward surplus of £0.338m. An adjustment to funding takes place in July each year when the DfE reviews initial funding estimates in relation to the actual numbers of pupils compared to estimates based on the January pupil census. We are estimating a clawback of £0.985m relating to 2023/24 for which provision has been made.

SECTION 3 - HOUSING REVENUE ACCOUNT

3.1 Reported Outturn

3.1.1 The final Outturn position being reported for the Housing Revenue Account (HRA) for 2023/24 is an underspend of £0.133m, which is an improvement compared to the overspend of £0.120m reported in January. Throughout the year, costs have been closely monitored across all areas with additional focus on Rent Arrears and the effect this has on bad debt provision. There were a number of areas across the budget experiencing pressures during the year, which made it almost remarkable that the final position was within budget. The main areas of pressure related to:

- Utility costs across the sheltered estate and within general communal areas;
- The impact of the 2023/24 pay award being far greater than what was budgeted for;
- The Repairs budget managed a host of pressures ranging from the pay award, and the impact of a period of high inflation on material and sub-contractor costs, as well as difficulty recruiting to certain trades and sourcing certain materials, linked also to the various conflicts happening across the globe.

3.1.2 **Table 17: Outturn Variance Housing Revenue Account**

	Budget £m	Provisional Outturn £m	Variance £m
Housing Management – Central	2.134	1.880	(0.254)
Housing Management – Operations	5.528	5.642	0.114
Housing Management – Strategy & Support	4.033	4.499	0.465
Capital Charges – Net Effect	11.074	11.084	0.010
Contingencies, Bad Debt & Transitional Protection	2.253	2.157	(0.096)
Contribution to Major Repairs Reserve – Depreciation	14.220	14.247	0.027
Interest on Balances	(0.075)	(0.235)	(0.160)
PFI Contracts – Net Effect	2.143	2.141	(0.002)
Rental Income - Dwellings, Direct Access Units, Garages	(66.979)	(67.514)	(0.535)
Rental Income – HRA Shops and Offices	(0.426)	(0.445)	(0.019)
Revenue Support to Capital Programme	11.609	11.583	(0.026)
Repairs	14.869	15.212	0.343
Total	**0.383**	**0.250**	**(0.133)**

3.2 Rental Income

3.2.1 Rental Income overall across all areas is better than our prudently set budget (£0.535m) and previous, more pessimistic, reported forecasts. This was helped by the level of Empty Homes continuing to trend at well below 1% which increases the level of rent that is collectable. In addition, Right to Buy (RTB) levels have shown a significant reduction against recent trend levels, which is not totally surprising in the current economic climate, and this will have benefitted the reported position as well. The impact of Universal Credit on arrears and the bad debt provision continues to be closely monitored.

3.3 Housing Management Costs

3.3.1 Housing Management Costs are reported to have come in £0.325m above budget, which although being forecast all year, is not as high as previously predicted. There are a whole host of reasons for the variations, a number of significant pressures, but also some underspends and windfall income items that offset the pressures faced:

- Utility costs across sheltered schemes and communal areas were a big issue. There was a fundamental review of costs and attached service charges in 2023/24 which saw significant cost increases introduced for 2024/25, however, the costs for 2023/24 ended up being even higher than anticipated with a circa £800k overspend which will necessitate further reviews;
- Pay Award – as mentioned above the budget for the pay award in 2023-24 ended up being well short of the eventually agreed offer but this was partially offset by vacancies with the estimated overall impact being circa £0.146m;
- Council Tax Empty Homes payments – due to some historical issues and a backlog needing to be resolved, a one-off spike in costs of around £0.100m was experienced in 2023/24, this should not recur in 2024/25;
- Increased costs for the Council's contribution towards the costs of the Housing Ombudsman's service, and this cost will spike even further in 2024/25, albeit budgetary provision has now been made for that pressure;

The above pressures were offset by a number of underspends and one-off income windfalls, including: Maximising use of available grant-funding, windfall on reconciliation of water rates suspense account (£0.265m), underspend on training and apprentice budget (£0.084m), no strain on the fund pension costs for 2023-24 (£0.050m), an overall saving from reduced costs of court action when netted off against income recovered (£0.067m).

3.4 Bad Debt Provision and Contingency

3.4.1 As in the past few years, the rate of increase in the level of arrears has increased but remains within expected levels, especially when considered against the increased amount of cash that has to be collected due to the move of tenants across to Universal Credit (UC), and the level of increase in the rents and other charges for the year (7.7%). This resulted in there being a resultant underspend in the in-year use of the budgeted provision(£0.093m). This was a positive outcome particularly in light of the various areas of cost pressure being experienced elsewhere across the budget. Contingency ended up on budget (£1.450m), albeit a large part of this was the first contribution to the Tenancy Sustainment (£1.250m). The balance of management contingency (£0.200m) was allocated against the increased utility costs and an agreed contribution to the Working Well project.

3.5 Repairs

3.5.1 As already highlighted above the Housing Repairs budget continued to deal with a range of inflationary and supply pressures in 2023/24, 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, related to two main issues, firstly, the 2023/24 pay award which ended up in line with the previous year's settlement, which was above the level budgeted for in pay contingency at 3%. And secondly, a significant increase in sub-contractor costs, both because they are facing the same supply difficulties that we are, and they are also covering the shortfall in trade skills in certain areas being experienced as a recruitment issue. These pressures had been highlighted during the year and whilst it had been hoped that these could be contained within the overall budget, eventually the combined impact of the pressures led to a £0.343m overspend on the Housing Repairs budget.

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

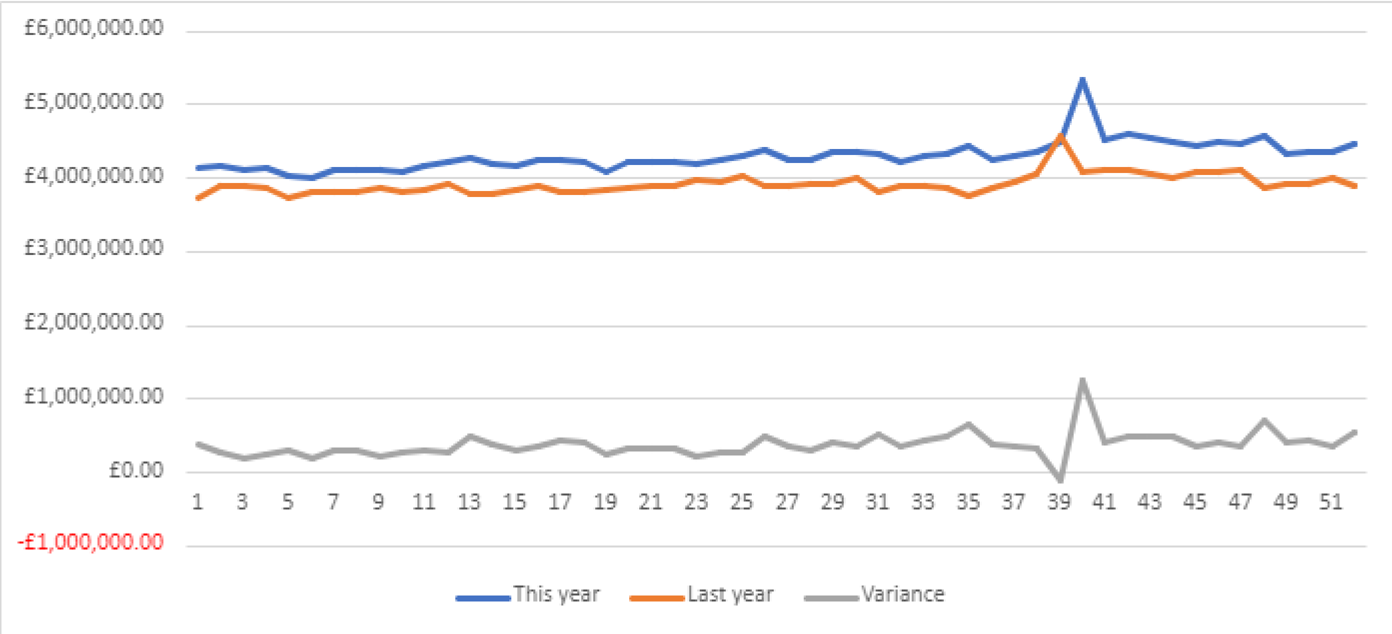
3.6.2 **Table 19: Rent Arrears**

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
31/03/2024	4,437,095	2,359,817	6,796,911	496,507

3.6.3 Arrears continue to rise each year but the pace at which they had increased over the past couple of years had slowed, however, there are signs that the increase in arrears is starting to pick up pace again, which is not totally inconsistent with the fact that the rent increase for 2023/24 was much higher than the previous two years. Write Offs are partly responsible for the reduction in former arrears as well, and just under £0.255m was written off in-year. The overall level of arrears is still significant at over £6.797m having more than doubled in the last eight years.

3.6.4 Chart 2 below shows the value of current rent arrears in 2023/24 at the end of March 2024 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 steadily during 2023/24 as compared to 2022/23, with an increase of £0.496m being seen in this period since the start of April 2023. There was also an underspend against bad debt provision in 2023/24 (£0.096m) for the fourth year in a row. The position continues to be monitored closely to maintain confidence that the overall reported increase in arrears can be contained within the budgeted provision made. This will also be impacted by the amount of debt written off. This has all helped inform the monitoring position as we have progressed through the year and was pivotal in refreshing the HRA Business Plan for the 2024/25 budget round.

3.6.5 **Chart 2: Current Rent Arrears in Weeks 1-52 (April-March) 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 March 2024 this had increased to 4,307 UC cases with arrears of £3.874m, which is an increase of 358 tenants and £0.664m 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 19 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 19 - Proportion of Rent Debit met by Housing Benefit**

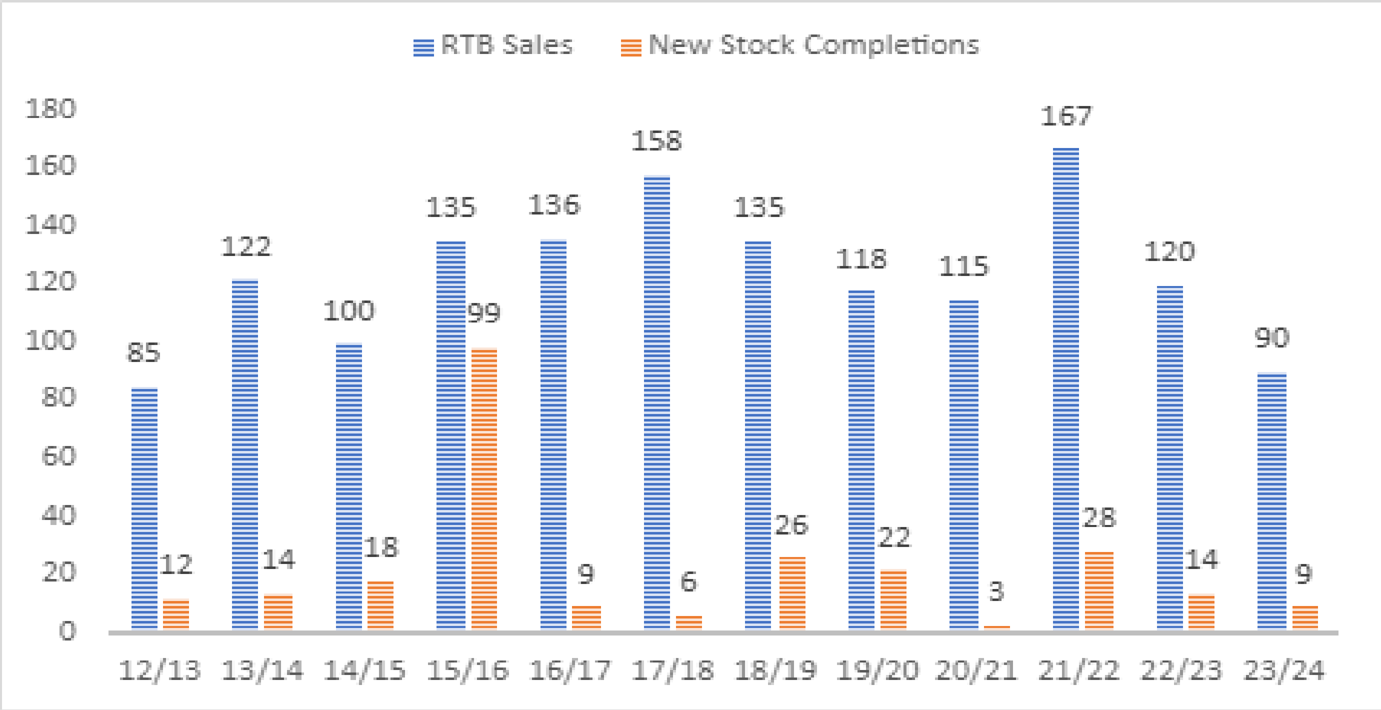
Year	Housing Benefit received via Direct Payment	Total Rent Debit	% of Rent Debit covered by HB Direct Payments
	£	£	%
2016/17	33,218,096	58,729,152	56.6
2017/18	31,970,851	57,889,823	55.2
2018/19	28,932,255	56,795,935	50.9
2019/20	24,490,067	56,931,399	43.0
2020/21	22,151,257	56,955,677	38.9
2021/22	20,464,887	57,327,202	35.7
2022/23	19,655,720	59,128,802	33.2
2023/24	19,992,376	62,893,980	31.8

3.6.8 The main mechanism for helping to manage arrears is the Bad Debt Provision , 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 section 3.4 currently Bad Debt Provision is reported to come in slightly under budget (£0.93m), with the provision carried forward now standing at £5.633m.

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. 2023/24 saw 90 completed RTB sales, which is lower than the previous few 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 changes in the mortgage market have curtailed 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 3: 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 and is reviewed on a monthly basis via Investment Programme Board.

4.1.2 In response to inflationary pressures and the challenges facing the revenue budget, 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 are reviewed and considered by Investment Programme Board 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 20 March 2024, 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 £11.166m of reprogramming and £5.519m of variations to the 2023/24 Investment Plan have been identified as part of the ongoing monitoring of the Investment Plan. These are summarised in table 20 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 20: 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	(22.007)	38.923	2.279	0.075	0.000	19.270
Approved Investment Plan	**91.600**	**97.090**	**52.334**	**53.850**	**53.884**	**348.758**
Mar 24 Monitoring						
Reprogramming	(11.166)	10.166	0.000	0.000	1.000	0.000
Variations	5.519	10.691	14.800	5.500	0.500	37.010
Total Variations	**(5.647)**	**20.857**	**14.800**	**5.500**	**1.500**	**37.010**
Revised Investment Plan	**85.953**	**117.947**	**67.134**	**59.530**	**55.384**	**385.768**

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

2023/24 Variation £m	Scheme / Project
£0.713	**IT020 ICT Strategy** • Capitalisation of project management resources for ICT schemes • To be funded by Capital Receipts • The requirement was £0.713m in 2023/24
£0.600	**BS026 Asset Planned Maintenance** • Capitalisation of legitimate capital works to buildings and the replacement of capital equipment funded by revenue resources. • To be funded by Capital Receipts • The requirement was £0.600m in 2023/24
£0.256	**GEN13 Project Management** • Capitalisation of project management resources for regeneration schemes, ERP system and strategic procurement • To be funded by capital contingencies (GEN03) • The requirement was £0.256m in 2023/24
£0.118	**EV062 Wheeled Bins Replacement** • Purchase of 3,500 wheeled bins to meet the authority's statutory obligations in relation to waste collection and disposal. • To be funded by Capital Receipts • The requirement was £0.118m in 2023/24
£0.250	**BS039 Non-operational investment** • Long term investment proposal for significant capital investment to our non-operational portfolio to allow for market rental charges to be implemented. • £0.250m required to fund the immediate repair of 3 roofs beyond repair in the current financial year (2023/24) • £0.500m recommended for the next five financial years.
£0.110	**EV055 Surface Water** • Additional Grant Awarded from the Environmental Agency to support Sea Banks sea wall repair scheme (£0.060m) and Angus Cresent Flooding Study (£0.050m) in 23/24

2023/24 Reprofiling £m	Scheme / Project
(£1.105)	**DV082 Wallsend Town and Highstreet** Delays to Active Travel Route because of additional development work being undertaken to ensure the works are fully scoped to meet the needs of the project.
(£1.488)	**DV073 Ambition for North Tyneside** To reprofile Our Ambition Fund due to project delivery changes, including EV094 (riverside embankment walkway).
(£0.710)	**BS026 Asset Planned Maintenance** Delays to various schemes including; Holycross Cemetery, Northumberland Square, Waves and the Parks.
(£0.700)	**DV077 Tyne Brand Development** It has been necessary to reprofile spend for the following reasons. • Commissioning of bat survey ahead of awarding demolition contracts. • Site investigation procurement has been delayed due to technical specifications. • Offers have been agreed for some of the land interests and negotiations on going.
(£1.304)	**ED190 High Needs Provision** • Reprofiling to reflect the 2023/24 Outturn Position.

4.3 Capital Financing

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

4.3.2 **Table 21: 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	**91.600**	**97.090**	**52.334**	**53.850**	**53.884**	**348.758**
Council Contribution	(1.416)	(0.068)	2.800	1.500	1.500	4.316
Grants and Contributions	(3.427)	12.881	12.000	4.000	0.000	25.454
Contribution from Reserves	(0.133)	0.132	0.000	0.000	0.000	(0.001)
Contribution from Revenue	(1.114)	1.140	0.000	0.000	0.000	0.026
Capital Receipts	1.210	0.298	0.000	0.000	0.000	1.508
HRA Grants and Contributions	0.202	(0.202)	0.000	0.000	0.000	0.000
HRA Revenue Contribution	(0.027)	1.985	0.000	0.000	0.000	1.958
HRA Capital Receipts	(0.808)	0.636	0.000	0.000	0.000	(0.172)
HRA Major Repairs Reserve	(0.134)	4.055	0.000	0.000	0.000	3.921
Total Financing Variations	**(5.647)**	**20.857**	**14.800**	**5.500**	**1.500**	**37.010**
Revised Investment Plan	**85.953**	**117.947**	**67.134**	**59.350**	**55.384**	**385.768**

4.4.1 The General Fund capital receipts position reflects an additional £0.200m from the previous report in January 2024. The balance brought forward at 1 April 2023 was £3.227m. The capital receipts requirement for 2023/24, approved by Council in February 2023, was £1.417m (2023-2028 £1.417m). To date £7.113m of capital receipts have been received in 2023/24. The receipts position is detailed in table 22 below.

4.4.2 **Table 22: 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	(7.113)	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	**(7.113)**	**0.000**	**0.000**	**0.000**	**0.000**
Surplus Receipts	**(8.923)**	**(8.923)**	**(8.923)**	**(8.923)**	**(8.923)**

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 £4.565m have been received in 2023/24. In total, subject to future pooling, this leaves a surplus balance of £17.526m to be carried forward to fund planned investment in future years.

4.5.2 **Table 23: 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)**	**(13.585)**	**(11.415)**	**(9.262)**	**(8.202)**
Receipts Received 2023/24	(4.565)	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)	**(17.526)**	**(13.585)**	**(11.415)**	**(9.262)**	**(8.202)**

Requirement reported to November 2023	**3.941**	**2.170**	**2.153**	**1.060**	**1.202**
Variations to be reported to Cabinet 2023/24	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	(13.585)	(11.415)	(9.262)	(8.202)	(7.000)

4.6 Investment Plan Monitoring Position to 31 March 2024

4.6.1 Actual expenditure for 2023/24 in the General Ledger was £85.954m; 93.84% of the total revised Investment Plan at 31 March 2024.

4.6.2 **Table 24: Total Investment Plan Budget & Expenditure to 31 March 2024**

	2023/24 Approved Investment Plan £m	Actual Spend to 31 March 2024 £m	Spend as % of revised Investment Plan %
General Fund	59.180	54.300	91.76%
Housing	32.420	31.653	97.64%
TOTAL	**91.600**	**85.953**	**93.84%**

SECTION 5 – TREASURY MANAGEMENT, CASH POSITION AND PRUDENTIAL INDICATORS

5.1 Current Cash Position

5.1.1 The Authority's current available cash balance as at the end of March 2024 is £5.100m, with £0.000m 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 25: Investment Position as at 31 March 2024**

Counterparty	Type	Amount (£m)	Maturity
DMO	Term	4.000	02 April 2024
Barclays	Call	1.099	n/a
Other LA	Fixed	0.00	n/a
Fixed Deposits	Fixed	0.00	n/a

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

5.1.3 At its meeting ending on 20th March 2024, the Bank of England's MPC voted 8-1 that the Bank Rate should remain unchanged at 5.25%. 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 CPI inflation fell to 3.4% in February from 4.0% in January and December, a little below the expectation in the February Monetary Policy Report. Services consumer price inflation has declined but remains elevated, at 6.1% in February. Most indicators of short-term inflation expectations have continued to ease. The Monetary policy will need to remain restrictive for sufficiently long to return inflation to the 2% target sustainably in the medium term in line with the MPC's remit.

5.1.5 CPI inflation is projected to fall to slightly below the 2% target in 2024 Q2, slightly weaker than previously expected due to the freeze in fuel duty announced in the Budget. In the February Report projection, CPI inflation was expected to increase slightly again in Q3 and Q4, due to the direct energy price contribution to 12-month inflation. Services price inflation is expected to fall back gradually. Headline CPI inflation has continued to fall back partly due to base effects and external effects from energy and goods prices. The restrictiveness of the MPC is reflective of the real economy, leading to a looser labour market and is bearing down on inflationary pressures. Nonetheless, key indicators of inflation persistence remain elevated.

5.1.6 Table 28 below demonstrates rates both in the temporary space and longer-term PWLB rates are still elevated.

5.1.7 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.

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

5.1.9 **Table 26: Summary of Borrowing Levels**

Temporary Space		PWLB**	
Tenor	Level	Tenor	Level *
1 week	7.00%	2 years	5.41%
1 month	7.00%	5 years	4.88%
3 month	6.10%	10 years	4.94%
6 month	6.00%	20 years	5.38%
9 month	5.80%	30 years	5.41%
12 month	5.75%	50 years	5.21%

**Please note these levels are from 28/03/2024*

***PWLB rates do not include certainty rate reductions,*

5.1.10 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 March 2024, the authority secured £9.400m of temporary borrowing, to cover cash flow short flows leading up to Year End. This borrowing will be repaid in May 2024. To manage the cost of borrowing the loans were 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 27: Current Debt Position**

	PWLB (£m)	LOBO (£m)	Temp (£m)	Total (£m)
Total Outstanding Borrowing Debt	378.443	20.000	14.100	412.543
Debt Maturing 2023/24	(0.000)	0.000	0.000	(0.000)

5.2.3 As at 31 March 2024 the under-borrowed position for the Authority is £86.503m (£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 28 below shows the latest interest rate forecasts as provided by the Authority's treasury advisors Link. Rates remain elevated for the remainder of the calendar year. It is forecasted that we were at the peak for 50-year borrowing during the last quarter, before tracking consistently back down to lower levels from 2024 onwards.

5.2.6 **Table 28: Link Interest Rate Forecasts**

LINK GROUP – MARCH 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 2026	End Q1 2027
Bank Rate	5.25%	4.75%	4.25%	3.75%	3.25%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
5yr PWLB Rate	4.40%	4.30%	4.20%	4.10%	4.00%	3.80%	3.70%	3.60%	3.60%	3.50%	3.50%	3.50%
10yr PWLB Rate	4.50%	4.40%	4.30%	4.20%	4.10%	4.00%	3.90%	3.80%	3.70%	3.70%	3.70%	3.70%
25yr PWLB Rate	5.10%	4.90%	4.80%	4.60%	4.40%	4.30%	4.20%	4.20%	4.10%	4.10%	4.10%	4.10%
50yr PWLB Rate	4.90%	4.70%	4.60%	4.40%	4.20%	4.10%	4.00%	4.00%	3.90%	3.90%	3.90%	3.90%

**Please note these forecasts are as at 31.03.2024*

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 29: Section 106 Spend Update**

	30 Sept 2023	30 Nov 2023	31 Jan 2024	31 Mar 2024
Received to date	£20.897m	£21.108m	£21.307m	£21.469m
Spend to date	(£9.829m)	(£11.165m)	(£11.368m)	(£11.402m)
Committed *(through IPB governance)*	(£4.774m)	(£4.057m)	(£4.063m)	(£4.035m)
Uncommitted Balance	**£6.294m**	**£5.886m**	**£5.876m**	**£6.032m**

6.1.9 As at 31 March 2024, £21.469m had been received by the Authority, of which £11.402m has been expended in line with agreements. £10.067m remains as at 31 March 2024, of which £4.035m is committed. This leaves an uncommitted balance of £6.032m.

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. £0.831m 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.

SECTION 7 – Business Rates Write Offs

7.1 Table 30: Schedule of Business Rate Write Off applications for approval by Cabinet

Case Number	Account Reference	Name	Period of charge	Reason for Write off	Amount (£)
1	1190638	Eneco Power Ltd	Various	Company Dissolved	182,009.54
2	1186922	CLC Biomass Ltd	Various	Company Dissolved	93,239.98
				Total	**275,249.52**