Cabinet – 29 July 2024
Agenda Item 5

2024/25 Performance and Financial Management Report Annex 2 – Financial Summary

INDEX

SECTION 1 – SERVICE COMMENTARIES

1.1 Meetings have been held between performance, finance and budget managers to review the forecast position for 2024/25, with the forecast being prepared on a prudent basis to give sight of the overall challenges at this stage in the financial year. Challenge sessions take place 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. Service Directors and their senior teams also attend these challenge sessions as appropriate to discuss specific plans in progress to mitigate any pressures.

1.2 Adults Services

1.2.1 Adult Services manages a complex budget and is required to deal with a combination of funding arrangements, pressures, and national policy changes. There is a forecast variance of £3.873m against its £69.172m net controllable expenditure budget. To help monitor the 2024/25 savings targets, additional information has been included in table 1, within commissioned services to report gross costs and external income separately. As this is the first report for 2024/25, the reported change is the change in expenditure from 2023/24 rather than change in variance. Future reports will report change in variance.

1.2.2 **Table 1: Forecast Variation for Adults Services as at 31 May 2024**

	2023/24 Outturn £m	2024/25 Budget £m	May Forecast £m	May Variance £m	Change since 23/24 £m
Business Assurance, Commissioning & Transformation	2.522	2.813	2.963	0.150	0.441
ASC Senior Management	0.549	1.371	0.798	(0.572)	0.250
Integrated Services	2.107	2.620	1.709	(0.910)	(0.398)
Learning Disability	1.506	1.615	1.512	(0.103)	0.006
Mental Health	1.979	2.795	2.319	(0.476)	0.340
Wellbeing, Assessment & Gateway	3.705	3.482	3.661	0.180	(0.043)
Staffing & Operations	**12.367**	**14.695**	**12.963**	**(1.732)**	**0.596**

	2023/24 Outturn £m	2024/25 Budget £m	May Forecast £m	May Variance £m	Change since 23/24 £m
Older People & Physical Disability Services	58.596	56.180	61.807	5.628	3.211
Learning Disability Services	38.856	42.403	43.190	0.787	4.334
Mental Health Services	10.894	10.377	11.780	1.402	0.885
Other Services	3.195	3.498	3.203	(0.294)	0.009
Client Contributions	(17.489)	(19.378)	(19.476)	(0.098)	(1.987)
NHS Funding	(11.754)	(13.183)	(13.004)	0.180	(1.250)
Grants & Other Income	(26.440)	(25.418)	(27.419)	(2.000)	(0.978)
Commissioned Services	**55.858**	**54.477**	**60.082**	**5.605**	**4.224**
Total Adult Services	**68.225**	**69.172**	**73.045**	**3.873**	**4.820**

1.2.3 As part of the 2024-2028 Medium Term Financial Plan (MTFP), the Health & Social Care workstream identified £6.452m additional net budget which was allocated to Adult Services in 2024/25. This was allocated to fund care fee inflation on commissioned care costs, however the increased activity throughout 2023/24 coupled with the final agreed uplift has created a pressure of £0.900m.

1.2.4 Additional growth of £4.650m was also included within the workstream for population increases, transition clients from long stay NHS settings and additional staffing requirements however this growth was funded through additional savings targets for the directorate. The analysis of sub-service areas is reported to show the split between the operational and staffing aspects of the service and the externally commissioned care costs.

1.2.5 The operational costs of the service are forecasting an underspend of £1.732m, an increase of £0.099m since the Outturn position. Despite the actions taken in 2023/24 to address grading and the problems with recruitment and retention of staff across Adult Services, there continues to be an underspend against staffing budgets and assumptions have been made in the forecast that the same level of turnover of staff will continue in 2024/25.

1.2.6 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. Any new growth in 2024/25 allocated to staffing will be to support the review process and generate the savings identified as part of the MTFP workstream.

1.2.7 The Market Sustainability and Improvement Fund (including the additional workforce fund) allocated to North Tyneside for 2024/25 was £4.511m an increase of £0.529m from the 2023/24 allocation, this is reflected in the overall position.

1.2.8 Hours of homecare provided have continued to increase within the borough throughout the start of 2024/25. At the end of May there were only 14 clients on the brokerage waiting list, compared to 108 during the same period last year. The previous lack of home care provision particularly during the COVID-19 Pandemic resulted in an increase in the number of short-term residential care placements, however the trend of new short and long term-placements has significantly decreased. The Authority continues to work with providers to look at new and innovative solutions to further maximise efficiency and support the "home-first" approach.

1.2.9 The Discharge Support Fund element of the Better Care Fund (BCF) is to support hospital discharge across the system and has increased from 2.207m in 2023/24 to £3.963m for 2024/25. The Authority has been working with the Integrated Care Board (ICB), Northumbria Healthcare Trust and other partners to develop a plan outlining how this funding will be spent in line with local priorities. This plan formed part of the BCF submission to NHS England in June and is currently undergoing a national assurance process. Local leaders across the system are working to build on the success in 2023/24, placing less reliance on beds through a strengthened Home First approach which aims to prevent reliance on long term care.

1.2.10 The transition of complex clients from both Children's Services and long-term hospital settings was identified as a pressure as part of the 2024-2028 MTFP. £1.950m growth was included however early projections indicate that the pressure exceeds the original estimate although transition clients will be monitored throughout the year.

1.2.11 The Authority works closely with the ICB to ensure funding contributions for clients with health needs continue 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.

1.2.12 Work is ongoing in the Adult Social Care Finance Team to improve the income and debt collection processes. The client contributions charging policy was updated as part of the 2024-2028 MTFP to ensure equity for all clients. This was estimated to increase income by £0.700m to fund additional pressures in Adult Social Care. Client contributions have increased since March in line with these changes as well as inflationary uplifts. External income will be closely monitored throughout 2024/25.

1.2.13 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.

1.3 Children, Young People and Learning (CYPL)

1.3.1 Children's Services is showing a forecast variance of £8.380m against its £52.539m net controllable expenditure budget. As part of the 2024-2028 MTFP the 2024-25 net budget increased by £10.117m, which included additional funding for children in care, home to school transport and implementation costs for the second year of the DSG Management Plan, which had been temporarily funded from the Change Reserve in 2023/24.

1.3.2 **Table 2: Forecast Variation for Children's Services as at 31 May 2024**

	24/25 Budget £m	May Forecast £m	May Variance £m	Outturn Variance £m	Change £m
Social Work and Quality of Practice	7.202	7.923	0.721	0.756	(0.035)
Children's Homes and Supported Accommodation	11.596	15.544	3.948	5.446	(1.498)
Fostering & Connected Carers	10.718	11.199	0.481	0.960	(0.479)

	24/25 Budget £m	May Forecast £m	May Variance £m	Outturn Variance £m	Change £m
Children's Disability Service	3.500	4.509	1.009	2.465	(1.456)
Leaving Care	1.848	2.356	0.508	0.071	0.437
CYPL Senior Management	1.426	1.517	0.091	(0.058)	0.149
Integrated Services for Children, Young People & Families	0.041	(0.009)	(0.050)	(0.059)	0.009
Early Help	2.562	2.472	(0.090)	(0.275)	0.185
Education North Tyneside	1.561	1.842	0.281	0.232	0.049
Employment & Skills	0.784	0.684	(0.100)	(0.058)	(0.042)
Youth Justice Service	0.777	0.491	(0.286)	(0.210)	(0.076)
Home to School Transport	3.614	5.389	1.775	3.494	(1.719)
SEND, Inclusion, Strategy, Transformation & Commissioning	1.442	1.392	(0.050)	(0.041)	(0.009)
School Funding & statutory staff costs	5.468	5.610	0.142	0.081	0.061
Total Children's Services	**52.539**	**60.919**	**8.380**	**12.804**	**(4.424)**

1.3.3 As part of the 2024-2028 MTFP there were four separate workstreams which impact on CYPL. The Handling Children's Finance workstream started in 2023/24 and identified the key number of social work staff to support the number of children in care and in need. Staff recruitment and retention have been a focus throughout 2023/24 with a marked reduction in the number of vacant social work posts. Work continues to address the issues and is vital to enable the service to meet the core target of 330 children in care. The forecast £0.721m pressure reflects the transition arrangements from agency to newly qualified staff whilst limiting the impact on children and supporting the new staff as they move towards a full case load.

1.3.4 This workstream identified £6.433m additional net budget in 2024/25 to address the pressures linked to a higher number of children in care and in need. Work is ongoing to reach the "core" number of 330 children in care over the 4-year life of the MTFP, with an in-year target of 365 for 2024/25. The number of children in care in May was 362, however, the budget assumed only 26 of those children would be supported in external residential care and this is currently at 36.

1.3.5 **Table 3: "Core" Number of Children in Care and planned placement mix**

Placement Type	"Core Mix"	No. of "Core" Children	2024/25 Budgeted No. of Children	No. of Children March 24	No. of Children May 24
External Residential Care	7.0%	23	26	35	36
External Fostering	6.7%	22	25	32	32
In-House Fostering	61.7%	204	220	210	198
External Supported Accommodation	9.7%	32	37	30	34
In-House Residential Care	6.4%	21	21	20	20
Other	8.5%	28	36	25	42
Total	**100%**	**330**	**365**	**352**	**362**

1.3.6 Market forces and increasing costs of external placements also impact on the pressure within external residential care, the average weekly cost during 2023/24 was £5,945 and for 2024/25 is currently £6,916, see table 4.

1.3.7 **Table 4: Forecast variation by placement type and average weekly placement cost**

Placement Type	2024/25 Budget £m	May Forecast £m	May Variance £m	Average Weekly Cost	Number of Children		
					Core	Mar 24	May 24
External Residential Care	7.294	10.338	3.044	£6,916	23	35	36
External Fostering	1.397	1.679	0.282	£919	22	32	32
In-House Fostering Service	5.838	5.761	(0.077)	£566	204	210	198
External Supported Accommodation	2.132	2.470	0.338	£2,333	32	30	34
In-House Residential Care	2.175	2.741	0.566	£3,950	21	20	20
Other*			0.000		28	25	42
Total	**18.836**	**22.989**	**4.153**		**330**	**352**	**362**

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

1.3.8 External fostering is currently supporting 32 children in care, 10 higher than the number of "core" children in care that would expect to be placed in external fostering arrangements and 7 higher than the 24/25 budget. However, the average weekly cost for external fostering is £919 and therefore still the preferred option for children in care, after in-house fostering.

1.3.9 Current numbers of Children in Care include 19 unaccompanied asylum-seeking children (UASC) under the age of 18. The Authority is mandated to take up to 39 UASC. In 2024/25 there are a significant number of UASC that have turned 18 but are still being supported in placements until a decision is made on their leave to remain status. In May there were 32 UASC over the age of 18. This is driving a pressure within Leaving Care as work is ongoing with Housing to look for innovative local solutions and progress these young people out of external supported accommodation and support future independent living.

1.3.10 There is a £1.010 m pressure within the Children's Disability Service, which reflects increased costs and complexity. There is increased provision of short break care, which is vital to families and carers, as lack of provision could lead to future breakdown in care arrangements. The forecast pressure also includes a reduction in income expected from the ICB for shared packages.

1.3.11 Table 5 shows the Children's Services position split between operational and commissioning pressures.

1.3.12 **Table 5: Forecast Variation for Children's Services Split between Operational & Commissioned Care Costs**

	24/25 Budget £m	May Forecast £m	May Variance £m	Outturn Variance £m	Change £m
Commissioned Services	16.220	21.421	5.201	9.804	(4.603)
In-house Services	13.028	15.440	2.412	2.595	(0.183)
Staffing & Operations	23.291	24.058	0.767	0.405	0.362
Total Children's Services	**52.539**	**60.919**	**8.380**	**12.804**	**(4.424)**

1.3.13 Childrens Commissioned Services are showing a pressure of £5.201m, an improvement of £4.602m from outturn. This includes the pressure on Home to School Transport and an increased reliance on external provision for children in care. In May 2024 there were 362 children in our care (352 in March 2024), 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.

1.3.14 The Home to School Transport position is showing a pressure of £1.776m, an improvement of £1.718m since Outturn, which reflects the growth and savings from the MTFP workstream. The number of children requiring home to school transport has stabilised over the last year, following a year-on-year increase in the number of pupils requiring the service. In May 2024 there were 862 pupils receiving home to school transport compared to 877 in March 2023 and 897 in May 2023. However there remains a pressure linked to an increase in routes and associated effects of inflation projected forward to year end and over the life of the MTFP.

1.4 Public Health

1.4.1 Public Health is forecasting a nil variance, £0.306m lower than the outturn position due to funding streams not being available in the current year.

1.4.2 **Table 8: Public Health Forecast Variation**

	Budget £m	May Forecast £m	May Variance £m	May Variance £m	Change £m
Public Health Ring Fenced Grant	(0.045)	(0.045)	0.000	0.000	0.000
*0-19 Children's Public Health Service**	*0.286*	*0.286*	*0.000*	*(0.200)*	*0.200*
Public Protection, Community Safety & Resilience	1.372	1.372	0.000	(0.106)	0.000
GRAND TOTAL	**1.613**	**1.613**	**0.000**	**(0.306)**	**0.306**

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

1.4.3 Public Protection, Community Safety and Resilience have a pressure within Taxi Licensing which is offset by savings and funding elsewhere in the service.

1.5 Environment

1.5.1 Environment is forecasting an overspend of £0.600m, as set out in Table 9 below, £1.543m lower than the position in the Outturn Cabinet Report.

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

Service Areas	Budget £m	Forecast May £m	Variance May £m	Variance Outturn £m	Change £m
Bereavement	(0.579)	(0.443)	0.136	0.106	0.030
Fleet Management	0.743	0.637	(0.107)	(0.194)	0.087
Library & Community Centres	6.342	6.278	(0.064)	0.063	(0.127)
Sport & Leisure	5.363	5.624	0.261	0.145	0.116
Street Environment	9.913	10.157	0.244	0.055	0.189
Waste & Refuse Management	4.262	4.411	0.149	(0.255)	0.404
Waste & Recycling Disposal Contracts	12.582	12.587	0.005	(0.817)	0.822
Head of Service Environment & Leisure	0.159	0.134	(0.025)	(0.046)	0.021
Street Lighting PFI	5.137	5.137	0.000	0.000	0.000
GRAND TOTAL	**43.922**	**44.522**	**0.600**	**(0.943)**	**1.543**

1.5.3 Street Environment is forecasting a £0.244m pressure, which is a £0.055m increase on the Outturn position and reflects previously mentioned higher than expected operational costs. This reflects a number of forecast cost pressures including Security costs, unachievable income following the cancellation of contract income from Nexus and unforeseen repair costs.

1.5.4 Sport & Leisure is forecasting a £0.261m cost pressure which is a worsening of £0.116m since the Outturn Cabinet Report. This includes a temporary realignment of £0.161m arising from the reallocation of Waste and Recycling Disposal budgets. The overspend includes employee cost pressures linked to backfill costs, a £0.097m forecast cost associated with the annual charge for Hadrian Leisure Centre and reduced income following the closure of Waves to allow for essential infrastructure and improvement works.

1.5.5 A combined underspend of £0.154m is forecast in Waste Management and Waste & Recycling Disposal Contacts which is a worsening of £1.226m since the Outturn Cabinet Report.

1.5.6 Waste & Recycling Disposal Contracts are forecasting annual waste tonnages to be higher than 2023/24 with no forecast underspend against both the Waste and Recycling Disposal Contracts. The forecast includes the temporary realignment of £0.321m budget to Sports, Leisure and Community to cover in year cost pressures in those areas.

1.5.7 At the end of April 2024, the recycling rate was 38.2%, which is similar to the previous months but slightly lower than the average over the past year.

1.5.8 Waste & Refuse Management is forecasting a £0.149m overspend arising from higher employee costs (including the use of Agency staff), as well as higher than budgeted vehicle transport and associated fuel charges. Included in this variance is the forecast achievement of £0.600m Garden/Waste income which was newly built into the budget for 2024/25.

1.5.9 Although a nil variance is to be reported on the Street Lighting PFI Contract, the cost pressure against electricity is forecast to increase to £0.658m which, combined with the inflationary cost pressure against the Unitary Charge, requires an anticipated £1.175m Contribution from Reserves.

1.6 Regeneration and Economic Development

1.6.1 Regeneration and Economic Development (R&ED) is forecasting an underspend of £0.193m as shown in Table 10 below, which is £0.296m lower than the Outturn Cabinet report.

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

Service Areas	Budget £m	Forecast May £m	Variance May £m	Variance Outturn £m	Change £m
Culture	1.991	1.901	(0.090)	0.043	(0.133)
Business & Enterprise	0.842	0.842	0.000	(0.255)	0.255
Regeneration	0.440	0.335	(0.105)	(0.071)	(0.034)
Resources & Performance	0.389	0.391	0.002	0.093	(0.091)
Technical Package - Planning	0.336	0.336	0.000	0.000	0.000
Technical Package - Transport & Highways	7.882	7.882	0.000	(0.299)	0.299
GRAND TOTAL	**11.880**	**11.686**	**(0.193)**	**(0.489)**	**0.296**

1.6.3 Culture is forecasting an underspend of £0.090m which is an improvement of £0.133m since the Outturn Cabinet Report, which is mainly due to management savings within the service. However, the earlier closure of the Lighthouse for refurbishment will have an impact on income which is not forecast at present.

1.7 Corporate Strategy

1.7.1 Corporate Strategy is forecasting a £0.618m pressure, a worsening of £0.473m since the Outturn Cabinet report.

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

Service Areas	Budget £m	Forecast May £m	Variance May £m	Variance Outturn £m	Change £m
Children's Participation & Advocacy	0.621	0.656	0.035	(0.015)	0.050
Community & Voluntary Sector Liaison	0.367	0.367	0.000	0.006	(0.006)
Corporate Strategy Management	0.653	0.933	0.280	0.199	0.080
Elected Mayor & Executive Support	0.050	0.056	0.006	0.005	0.001
Marketing	0.475	0.530	0.055	(0.059)	0.114

Policy Performance and Research	0.214	0.457	0.243	0.009	0.233
GRAND TOTAL	**2.381**	**2.999**	**0.618**	**0.145**	**0.473**

1.7.3 There is a pressure within Corporate Strategy Management which includes £0.127m linked to the Customer Service Programme and Equans Contract along with a £0.132m forecast underachievement against a cross service income target.

1.7.4 Within Policy Performance and Research there are staffing cost pressures which are contributing to the pressure along with a £0.090m savings target linked to focusing on savings from reducing the number of bespoke IT systems which is not yet achieved.

1.7.4 A range of key performance measures have been agreed for the service looking at important areas such as complaints and member enquiries. These metrics will be included in future reports as the Customer Innovation Platform is developed to manage complaints and members enquiries for the Authority.

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

1.8.1 This report shows the forecast position for the full Resources directorate and the Chief Executive Office, which is showing an overspend of £0.731m.

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

Service Areas	Budget £m	Forecast May £m	Variance May £m	Variance Outturn £m	Change £m
Chief Executive	(0.108)	(0.128)	(0.020)	(0.042)	0.022
Finance	0.371	(0.129)	(0.500)	(0.247)	(0.253)
IT	3.077	2.761	(0.316)	(1.211)	0.895
People Team	0.635	0.788	0.153	(0.157)	0.310
Internal Audit and Risk Management	0.236	0.182	(0.054)	(0.027)	(0.027)
Revenues and Benefits	0.643	1.366	0.723	(0.396)	1.119
Director of Resources	0.390	0.390	0.000	0.239	(0.239)
Governance	0.226	0.410	0.184	0.020	0.164
Law and Registration	1.040	1.615	0.575	0.685	(0.110)
North Tyneside Coroner	0.805	0.760	(0.045)	0.426	(0.471)
Strategic Investment and Facilities Management	2.504	2.632	0.128	(0.214)	0.342
Technical Package – Property	(0.822)	(0.822)	0.000	0.399	(0.399)
Technical Package – Ring Fenced Properties	0.047	0.047	0.000	0.000	0.000
Procurement	0.459	0.291	(0.168)	(0.138)	(0.030)
Catering Services	0.000	0.071	0.071	3.336	(3.265)
GRAND TOTAL	**9.502**	**10.233**	**0.731**	**2.672**	**(1.941)**

1.8.3 Law & Registration service is forecasting a pressure of £0.629m which is an improvement of £0.056m on the previously reported outturn pressure. 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 £0.335m on locums. There is a further £0.300m pressure relating to forecast External Barrister costs due to the amount of cases the service currently undertakes, especially relating to social care cases.

1.8.4 North Tyneside Coroner is forecasting a £0.045m underspend, an improvement of £0.426m since the Outturn Cabinet Report. This is following growth of £0.511m in the 2024/25 budget setting process.

1.8.5 Revenues and Benefits is forecasting a pressure of £0.723m. There is a £0.950m pressure on subsidy, which is a result of payments made by the team which we can't claim subsidy on. Over £0.700m of this pressure relates to the pressures on Homeless Bed & Breakfast payments which are above the allowable Subsidy caps. This is partially being offset by £0.237k of Homeless Grant. There is a £0.390m pressure on Overpayment income due to the volume of cases generating lower levels of income from Overpayments. There is a £0.259m underspend on the Bad Debt Provision movement, which is a result of lower levels of Overpayments being created, collection of historic debt and transfer of historic debt to DWP when an applicant transfers to Universal Credit. There is also a £0.234m pressure on services delivered by Equans under the Partnership contract.

1.8.6 The proportion of council tax collected is consistent with last year at 18.27% at the end of May. 19.86% of business rates has been collected at the end of May which is above the collection rate for this time last year.

1.8.7 Finance is forecasting an underspend of £0.500m due to vacancies in the team and the assumption that most will not be filled until the end of 2024.

1.9 General Fund Housing

1.9.1 General Fund Housing is forecasting a £0.200m overspend, which is a worsening of £0.316m since the Outturn Cabinet Report.

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

Service Areas	Budget £m	Forecast May £m	Variance May £m	Variance Outturn £m	Change £m
Building Control	0.133	0.133	0.000	0.000	0.000
Housing Strategy	0.566	0.566	0.000	(0.098)	0.098
Housing Options – General Fund	0.506	0.506	0.000	(0.085)	0.085
Housing Operations – General Fund	0.020	0.020	0.000	(0.008)	0.008

Housing Property – General Fund	1.220	1.420	0.200	0.075	0.125
GRAND TOTAL	**2.446**	**2.645**	**0.200**	**(0.116)**	**0.316**

1.9.3 Housing Property – General Fund is forecasting a £0.200m overspend due to cost trends and the volume of repairs in the Public Buildings Maintenance area. There was an overspend of £0.129m on this budget in 2023-24, and that was after £0.600m of spend had been capitalised. Based on similar trends, increasing pay and material costs, and a capitalisation limit of £0.500m for 2024-25 the current forecast is a £0.200m overspend.

1.9.4 With regards to key performance measures in the Service the Affordable Homes programme is progressing well to deliver 5,000 Affordable Homes borough-wide, with 2,247 homes delivered to the end of March 2024.

1.9.5 Homeless presentations to the Authority have risen to much higher levels at the end of May 2024. Cumulatively, there were 620 homeless presentations at the end of May 2024 compared to 431 at the end of May 2023 and 416 at the end of May 2022. The proportion of priority homeless acceptances has dropped below 5%, which has been the consistent proportion for a number of years, to 3.8% at the end of May 2024. The costs attached to homelessness have also increased as the Authority has a statutory duty to provide temporary accommodation. The number of placements in temporary accommodation has risen from 60 in May 2023(532 bookings for the year to May 2023), to 73 in May 2024 (621 bookings in total for the year to May 2024). As well as the increased accommodation costs due to the number of cases presenting, the duration of the stays for homeless households have also increased.

1.10 Central Items

1.10.1 Central Items is forecasting a £0.533m underspend.

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

Service Areas	Budget £m	Forecast May £m	Variance May £m	Variance Outturn £m	Change £m
Corporate & Democratic Core	2.536	2.702	0.166	(0.398)	0.564

Other Central Items	(19.911)	(20.610)	(0.699)	(8.555)	7.856
GRAND TOTAL	**(17.375)**	**(17.908)**	**(0.533)**	**(8.953)**	**8.420**

1.10.4 Included in Other Central Items is a £0.200m movement as a result of Minimum Revenue Provision (MRP) savings and a £1.000m reduction in projected external interest charges primarily due to a higher than forecast cash balance. This is offset by a £0.400m shortfall in the Trading Company and a forecast £0.250m increase in the bad debt provision.

SECTION 2 - SCHOOLS FINANCE

2.1 Update on School Budgets 2024/25

2.1.1 All Schools have provided their rolling three-year budget plan but a small number still require final Governor approval, therefore the total 2024/25 figure below is draft. No material movement is anticipated once final Governor approved figures are received. Table 15 below shows the current movement in budget from 2023/24 to 2024/25.

2.1.2 Table 15: Schools three-year budget plan summary by phase

Phase	Budget Plan 2023/24 £m	Outturn * 2023/24 £m	Budget Plan 2024/25 £m	Budget Movement £m
Nursery/First/Primary	(2.690)	(4.284)	(2.333)	0.357
Middle	(0.488)	(1.267)	(0.272)	0.216
Secondary	9.638	7.004	9.390	(0.248)
Special / PRU	1.696	1.476	2.922	1.226
Total	**8.156**	**2.930**	**9.707**	**1.551**

*note 23/24 outturn is pre commitments of circa £5.0m

2.1.3 The initial planned deficit for school balances is forecast to worsen from a £2.930m deficit outturn in 2023/24 to a deficit of £9.707m. The schools finance team is continuing to work with schools to refine these budget positions and will also be supporting schools' applications for de-delegated funding held centrally to mitigate the impact where schools are experiencing falling rolls, where a potential application to schools in financial difficulty could be made, or where schools are experiencing growth in rolls where there is a lag in funding. These applications will be considered by a sub-group of Schools Forum and will be reported back to Cabinet as they are agreed.

2.2 Deficit Schools

2.2.1 Some schools continue to face significant financial challenges. There are currently sixteen schools that have submitted a deficit budget plan for 2024/25, seven new schools requiring a licenced deficit agreement in 2024/25. The nine schools that continue to require support from the Authority were in deficit at the end of the 2023/24 financial year. Of these nine schools two had a structural deficit in 2023/24 which continues into 2024/25. The Authority have continued to work with the Education and Skills Funding Agency (ESFA) to secure additional support from their School Resources Management Advisors (SRMAs), support was agreed for three schools that were in deficit in 2023/24 and this work is ongoing.

2.2.2 Initial deficit clinics for 2024/25 are planned for July 2024. Before any adjustments identified during the upcoming challenge sessions and the allocation of falling rolls and headroom funding, the balances of these 16 deficit schools are expected to total £15.674m with individual school deficit values shown in Table 16 below.

2.2.3 Table 16: Schools in an expected deficit position 2024/25

Deficit School Positions 2024/25	Outturn 2023/24 £m	Budget Plan 2024/25 £m	Movement £m	Comments
Wallsend Jubilee	0.005	0.090	0.085	New
Forest Hall	0.001	0.105	0.104	
St Bartholomew's	0.053	0.121	0.068	New
Whitley Lodge	(0.055)	0.035	0.090	New
Silverdale	0.126	0.560	0.434	
Monkseaton High	5.285	5.885	0.600	Structural Deficit
Coquet Park	0.176	0.334	0.158	Structural Deficit
Holystone	0.098	0.269	0.171	
Moorbridge	0.093	0.220	0.127	New
Southlands	0.122	0.395	0.273	New
Fordley Primary	0.200	0.026	(0.174)	New
Wallsend St Peter's	0.411	0.430	0.019	
Ivy Road Primary	0.176	0.178	0.002	
Longbenton High	1.006	0.826	(0.180)	
Norham High	3.850	4.197	0.347	
Beacon Hill	1.340	2.003	0.663	
Total	**12.887**	**15.674**	**2.787**	

2.2.5 Longbenton High School ended 2022/23 with a deficit balance of £1.697m. However, they have a robust deficit recovery plan in place which they have consistently adhered to. As reported to Cabinet previously, they were allocated £0.129m schools in financial difficulty funding in 2023/24 and have submitted a budget plan for 2024/25 where their cumulative deficit will reduce to £0.826m.

2.2.6 As in previous years, the details of schools' balances, including commitments, will be reported to the Department for Education (DfE) through the Consistent Financial Reporting (CFR) return.

2.3 High Needs Block

2.3.1 Cabinet will recall that the High Needs block ended 2023/24 with a pressure of £9.784m. 2023/24 was the first year the Authority was part of the Safety Valve programme which has included funding of £10.460m up to 31 March 2024. Cabinet should note that the High Needs block forms part of the Dedicated Schools Grant (DSG) which is ring-fenced and does not form part of the General Fund. This overall pressure in the High Needs block is broadly in line with the national and regional picture and remains an area of concern nationally.

2.3.2 The forecast for the High Needs Block in 2024/25 is an anticipated in-year pressure of £0.676m. 2023/24 high needs outturn showed a small £0.020m pressure against the original Safety Valve Intervention (DSG Management Plan). Local Authority officers are currently remodelling the original plan to reflect the activity of the first year, however the cumulative forecast position remains in line with the original DSG Management Plan, see table 17. The first submission to the DfE on year 2 is due on 28 August 2024.

2.3.3 Table 17: Breakdown of High Needs Pressure at May 2023

Year	Balance B/Fwd	High Needs Exp	High Needs Funding	Block Transfer	In-year balance	Safety Valve Funding	Balance C/Fwd
2022/23	£13.511	£33.973	-£30.092	£0.000	£3.881	-£7.800	£9.592
2023/24	£9.592	£36.158	-33.306	£0.000	£2.852	-£1.950	£10.494
2024/25	£10.494	£36.397	-£34.970	-£0.751	£0.676	-£1.950	£9.220
2025/26	£9.220	£36.566	-£35.653	-£0.768	£0.147	-£1.950	£7.415
2026/27	£7.415	£37.112	-£36.722	-£0.783	-£0.391	-£1.950	£5.072
2027/28	£5.072	£37.429	-£37.824	-£0.799	-£1.192	-£3.900	-£0.022

2.4 Early Years Block update

2.5.1 The Early Years block outturn for 2023/24 was a surplus of £1.046m. An adjustment to funding takes place usually in July each year when the DfE reviews funding estimates based on the January pupil census prior to the new financial year. The Authority would normally expect a clawback of funding as a result of this review. Initial indications for 2024/25 show that services can be delivered within the budget available.

SECTION 3 - HOUSING REVENUE ACCOUNT

3.1 Forecast at 31 May 2024

3.1.1 The forecast set out in Table 18 below is based on the results to the end of May 2024. Currently the Housing Revenue Account (HRA) is forecasting an in-year overspend of £0.031m. 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 focus this year will include pressures in relation to utility costs across the sheltered estate and communal blocks, the impact of the 2024/25 pay award once tabled and agreed, interest on cash balances which is in flux due to potential future reductions in the Bank Of England base rate, and a tightening investment market. Additionally, as mentioned above arrears remain under scrutiny, particularly following DWP announcements around accelerating the transfer of existing tenants across to Universal Credit (UC), which inevitably brings higher levels of arrears. 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 potential impact of the pay award mentioned above, however, at the current time this budget is still forecast to come in on budget overall. On a positive note, the Craftworkers Agreement has now been signed off, and the pay structure can be fully assimilated, which should hopefully bring benefits in terms of attracting the right levels of skilled staff across all trades.

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

	Budget £m	Current Forecast £m	Variance £m
Housing Management – Central	2.430	2.295	(0.135)
Housing Management – Operations	6.137	5.900	(0.237)
Housing Management – Strategy & Support	4.624	4.793	0.169
Capital Charges – Net Effect	9.659	9.659	0.000
Contingencies, Bad Debt & Transitional Protection	2.343	2.386	0.043
Contribution to Major Repairs Reserve – Depreciation	14.719	14.719	0.000
Interest on Balances	(0.300)	(0.300)	0.000
PFI Contracts – Net Effect	2.194	2.194	0.000

Rental Income - Dwellings, Direct Access Units, Garages	(72.752)	(72.592)	0.160
Rental Income – HRA Shops and Offices	(0.434)	(0.455)	(0.021)
Revenue Support to Capital Programme	15.570	15.570	0.000
Repairs	15.975	15.965	(0.010)
Total	**0.163**	**0.132**	**0.031**

3.2 Rental Income

3.2.1 Rental Income overall across all areas is currently forecast to be below budget (£0.139m), which although not insignificant represents just a 0.19% variation against the overall income budget of £72.7m. This is helped by the level of Empty Homes continuing to trend at below 1% which increases the level of rent that is collectable. Right to Buy (RTB) levels have shown a reduction against recent trend levels. The impact of Universal Credit on arrears and the bad debt provision also continues to be closely monitored.

3.3 Housing Management Costs

3.3.1 Housing Management Costs are currently forecast to come in £0.203m below budget, which is due to a combination of issues, the 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 housing estate, plus a small, expected pressure from the 2024-25 pay award that has been tabled. These increased costs will be offset by a number of underspends, ranging from vacancy factors, through to maximising other sources of income where possible, and reducing unnecessary costs to improve efficiency.

3.4 Bad Debt Provision and Contingency

3.4.1 Initial assumptions are that the in-year rate of increase in arrears will be contained within the Bad Debt Provision budget for the year, however, we are now aware that DWP has shortened the timescale for the transfer of existing tenants onto Universal Credit (UC). This will inevitably have a negative impact on the levels of arrears, and work is ongoing to establish the likely impact, and the implications of this will be reported to Members as part of the budget monitoring process as soon as is practicable. Contingency is also forecast to come in on budget (£1.200m), with £1.000m being the second instalment of the funding for the Tenancy Sustainment Reserve, and the balance being general contingency which already has calls on it, including a new charge for being part of the new regulatory regime, reporting into the Social Housing Regulator (£0.080m), which is in addition to the significant cost we already pay towards the Housing Ombudsman service (£0.120m in 2024-25).

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. The new Craftworkers Agreement which includes revised rates of pay has now been agreed by all the Trade Unions. Next steps are to assimilate the revised pay grades, which moving forward should help with recruitment of skilled staff in critical areas.

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 tabled pay award for 2024-25 is likely to cause a small pressure across all Repairs and Construction services in-year, as the flat rate offered of £1,290 plus oncosts, outstrips the 3.5% budgeted for, for the larger proportion of the staffing complement. We also still must manage the supply chain and sub-contractor costs, who face the same supply difficulties as the Authority does. As with last year the service embarks with the intention of bringing repairs costs in on budget, they are planning how to deal with several risk factors at any time, and that includes extreme adverse weather conditions which are unpredictable from year to year.

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	6,796,912	496,508
31/05/2024	4,653,490	2,365,926	7,019,416	222,504

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 will pick up pace again, particularly with the DWP announcing a speed-up in the transfer of existing tenants across onto UC. Write Offs will need to be considered against any pressures on the in-year Bad Debt Provision, but in previous years have been partly responsible for the reduction in former arrears levels as well, with nearly £0.255m being written off in 2023-24. The overall level of arrears is still significant at over £7.019m at the end of May 2024 and has more than doubled in the last ten years.

3.6.4 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 2024, there were 4,307 tenants of North Tyneside Homes on UC with current arrears totalling £3.874m. By the end of May 2024 this had increased to 5,061 UC cases with arrears of £4.202m, which is an increase of 754 tenants and £0.327m 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.

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

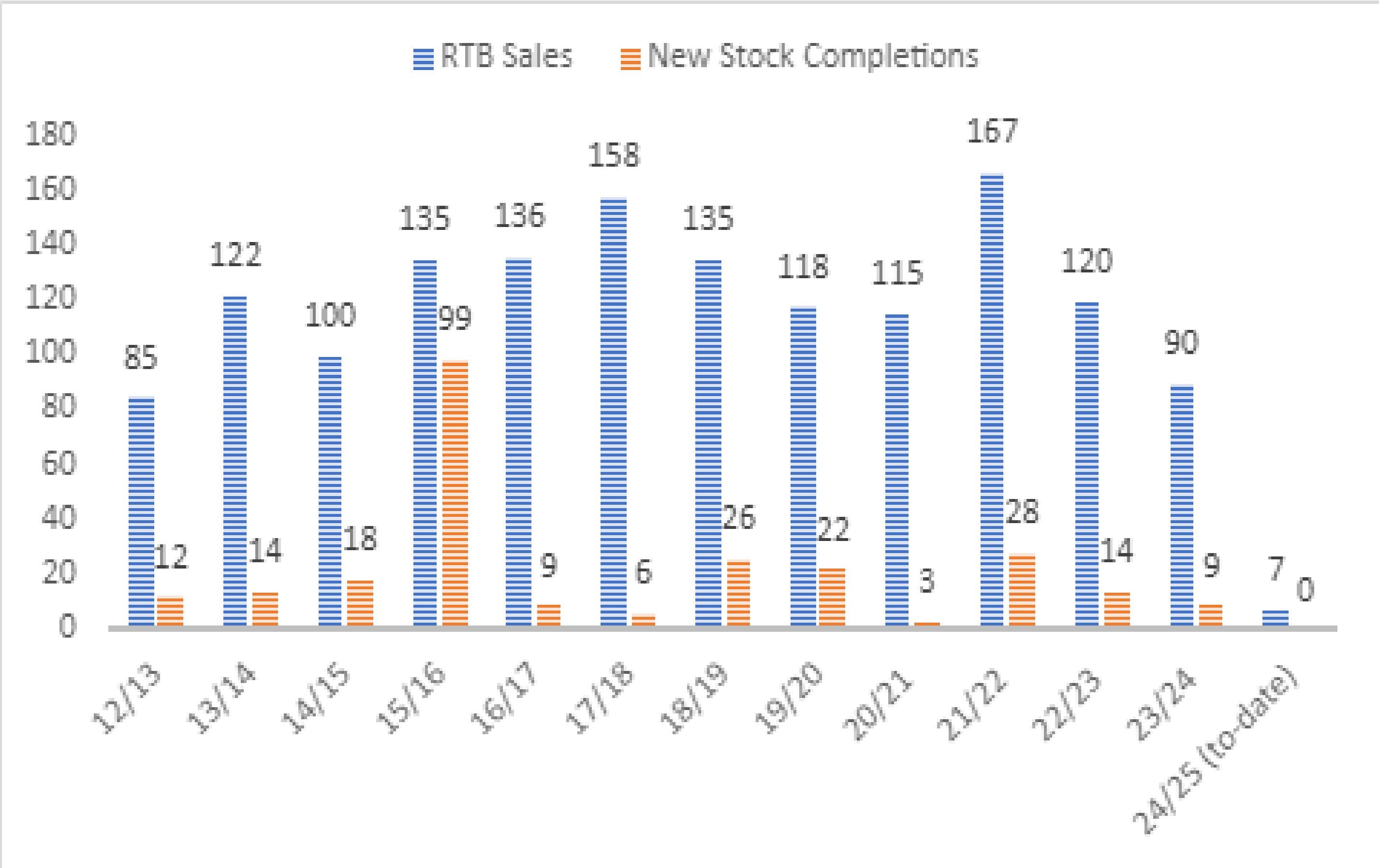
Year	Housing Benefit received via Direct Payment	Total Rent Debit	Cash to be collected	% of Rent Debit covered by HB Direct Payments
	£	£	£	%
2016/17	33,218,096	58,729,152	25,511,056	56.6
2017/18	31,970,851	57,889,823	25,918,972	55.2
2018/19	28,932,255	56,795,935	27,863,680	50.9
2019/20	24,490,067	56,931,399	32,441,332	43.0
2020/21	22,151,257	56,955,677	34,804,420	38.9
2021/22	20,464,887	57,327,202	36,862,315	35.7
2022/23	19,655,720	59,128,802	38,473,082	33.2
2023/24	19,992,376	62,893,980	42,901,604	31.8

3.6.8 The main mechanism for helping to manage arrears is the Bad Debt Provision (BDP), which at the start of 2024/25 stands at £5.633m on the HRA Balance Sheet with the budget for the 2024/25 contribution at £0.827m. As alluded to above in 3.4 currently Bad Debt Provision is assumed and forecast to come in on budget, but this may need to be revised once further work has been carried out on the implications of the DWP fast-tracking re UC switch-over for the remaining existing tenants on benefit, this will 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 two months of 2024/25 saw just 7 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 pressures in the mortgage market are reducing 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 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 ending 19 June 2024, the MPC voted by a majority of 7–2 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 £2.581m of reprogramming and £6.117m of variations to the 2024-2029 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 15 February 2024.

4.2.2 **Table 21: 2024 - 2029 Investment Plan changes identified**

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Approved Investment Plan – Council 15 February 2024	**104.727**	**57.269**	**60.137**	**57.212**	**55.099**	**334.444**
2023/24 Approved Reprogramming/Variations Reprogramming	18.442	2.000	0.000	1.000	0.000	21.442
Variations	1.599	14.602	5.000	0.000	0.000	21.201
Total	**20.041**	**16.602**	**5.000**	**1.000**	**0.000**	**42.643**
May 2024 Monitoring Reprogramming **Variations**	(2.581)	2.581	0.000	0.000	0.000	0.000
Authority Resources	4.400	0.000	0.000	0.000	0.000	4.400
Other Funding Variations	1.717	1.251	0.000	0.000	0.000	2.968
Total Variations	**6.117**	**3.832**	**0.000**	**0.000**	**0.000**	**7.368**
Revised Investment Plan	**128.304**	**77.703**	**65.137**	**58.212**	**55.099**	**384.455**

4.2.3 The proposed significant variations to the Investment Plan in 2024/25 are shown below:

2024/25 Variation £m	Scheme / Project
4.400	**Hazlewood & Churchill Modular Classrooms** • To progress with the design, build and manufacture of modular teaching accommodation at Hazlewood Community Primary School and Churchill Community College to address the structural concrete issues identified in late 2023/24.
(1.295)	**EV091 Other Initiatives Climate Change** • Match funding required as part of the Public Sector Decarbonisation scheme to deliver low carbon heading at White Swan Centre and North Shields Customer First Centre transferred to BS030 (below)
1.295	**BS030 Public Sector Decarbonisation Scheme** • Match funding required as part of the Public Sector Decarbonisation scheme to deliver low carbon heading at White Swan Centre and North Shields Customer First Centre transferred from EV091 (above)
0.444	**BS030 Public Sector Decarbonisation Scheme** • To accept £1.696m (£0.444m relating to 24/25) of external grant funding from Public Sector Decarbonisation Scheme (PSDS) Phase 3c and transfer £2.546m from EV091 (total capital match funding) to deliver schemes at White Swan Centre and North Shields Customer First Centre
0.434	**Redesdale Primary School Rebuilding Programme** • Section 106 funding to contribute to the works of the School Rebuilding Programme to revert to a two-form entry school providing additional pupil capacity with new housing developments in the area.
0.330	**CO096 St Peters Playing Fields** • Additional funding required to continue the work to conclude the Pavilion, following main contractor going into administration.

(0.330)	**GEN03 Contingencies** • Additional funding from Contingencies required to continue the work to conclude the Pavilion, following main contractor going into administration.
0.309	**George Stephenson High School Rebuilding Programme** • Section 106 funding to contribute to works at George Stephenson High School as part of their inclusion in the government School Rebuilding Programme, addressing sufficiency, suitability and condition issues within the Design and Technology Department of the school.
0.170	**HS004 Disabled Facilities Grant** • Increase in grant funding allocation following grant award confirmation in May 2024. • Total Grant award for 2024/25 is £2.039m (previously assumed grant was £1.869m)
0.134	**BS041 Wallsend PCN Hub Improvements** • Section 106 funding the for the creation of clinical rooms in order to increase patient access for multiple clinical services supporting the Wallsend Primary Care network delivering additional clinical capacity for practices across Wallsend.
0.087	**EV057 Food Waste Collections** • Additional capital resource to support food waste collection within the Borough. • £0.087m relates to 24/25 additional DEFRA grant. • £0.379m of additional capital resource required in 25/26 to address funding shortfall identified.
0.032	**Wallsend Jubilee Primary School Refurbishment** • Section 106 Funding to improve the thermal efficiency and damp / water ingress issues within Wallsend Jubilee Primary school.

2024/25 Reprofiling £m	Scheme / Project
(1.550)	**IT021 ERP System Upgrade** • Enterprise Resource Planning (ERP) is an organisational system that manages and automates core business functions and processes. This project will replace the current aging BMS system used across the Authority. • This reprogramming reflects lates proposed investment planned spend and implementation
(1.031)	**EV057 Food Waste Collections** • Food waste collection infrastructure project which will procure the required vehicles and caddies for the project. • Reprogramming based on the anticipated tender and procurement timescales identified.

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: Proposed Capital financing of Investment Plan.**

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Council Contribution	32.730	18.430	14.450	11.950	9.200	**86.760**
Grants and Contributions	54.130	23.176	11.539	7.464	7.464	**103.773**
Contribution from Revenue / Reserves	1.450	0.000	0.000	0.000	0.000	**1.450**
Capital Receipts	0.731	0.000	0.000	0.000	0.000	**0.730**
HRA Capital Receipts	3.208	4.529	2.939	2.648	0.900	**14.224**
HRA Revenue Contribution / Reserves	15.680	16.235	20.442	19.832	20.940	**93.129**
HRA Major Repairs Reserve	19.966	15.333	15.767	16.318	16.595	**83.979**
HRA Grants & Contributions	0.409	0.000	0.000	0.000	0.000	**0.409**
Revised Investment Plan	**128.304**	**77.703**	**65.137**	**58.212**	**55.099**	**384.455**

4.4.1 The General Fund capital receipts position reflects £0.349m received in 2024/25. The balance brought forward at 1 April 2024 was £9.660m. The capital receipts requirement for 2024/25, approved by Council in February 2024 was £0.630m (2024-2029 £0.630m). To date £10.008m of capital receipts are held on the Authority's Balance sheet. The receipts position is detailed in table 23 below.

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

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Requirement reported to 15 February 2024 Council	0.630	0.000	0.000	0.000	0.000
Receipts Brought Forward	(9.660)	0.000	0.000	0.000	0.000
Total Receipts received 2024/25	(0.349)	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	**(10.008)**	**0.000**	**0.000**	**0.000**	**0.000**
Surplus Receipts	**(9.378)**	**(9.378)**	**(9.378)**	**(9.378)**	**(9.378)**

4.5 Capital receipts – Housing Revenue Account

4.5.1 Housing Capital Receipts brought forward at 1 April 2024 were £14.712m. The housing receipts are committed against projects included in the 2024-2029 Investment Plan. The approved Capital Receipt requirement for 2024/25 was £3.209m. To date, receipts of £0.869m have been received in 2024/25. In total, subject to future pooling, this leaves a surplus balance of £12.372m to be carried forward to fund planned investment in future years.

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

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Receipts Brought Forward	(14.712)	(12.372)	(7.843)	(4.904)	(2.256)
Receipts Received 2024/25	(0.869)	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)	(15.581)	(12.372)	(7.843)	(4.904)	(2.256)
Requirement reported to 15 February Council	3.205	4.529	2.939	2.648	0.900
Variations to be reported to Cabinet 2024/25	0.003	0.000	0.000	0.000	0.000
Revised Requirement	3.209	4.529	2.939	2.648	0.900
Net Balance Carried forward	(12.372)	(7.843)	(4.904)	(2.256)	(1.356)

4.6 Investment Plan Monitoring Position to 31 May 2024

4.6.1 Actual expenditure for 2024/25 in the General Ledger was £7.254m; 5.81% of the total revised Investment Plan at 31 May 2024.

4.6.2 **Table 25: Total Investment Plan Budget & Expenditure to 31 May 2024**

	2024/25 Approved Investment Plan £m	Actual Spend to 31 May 2024 £m	Spend as % of revised Investment Plan %
General Fund	85.505	5.068	5.93%
Housing	39.263	2.185	5.57%
TOTAL	**124.768**	**7.254**	**5.81%**

4.6.3 The approved plan brings together the February 2024 investment plan approvals as at Council 15 February 2024, and reprogramming / variations as reported as part of 24 June 2024 Cabinet

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 May 2024 is £5.000m, with nothing 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 31 May 2024**

Counterparty	Type	Amount (£m)	Maturity
DMO	Term	5.000	03 June 2024
Barclays	Call	0.000	n/a
Other LA	Fixed	0.000	n/a
Fixed Deposits	Fixed	0.000	n/a

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

5.1.3 At its meeting ending on 20 June 2024, the Monetary Policy Committee (MPC) voted to maintain Bank Rate at 5.25%. The Committee's updated projections for activity and inflation are set out to show an implied path for Bank Rate that declines from 5¼% to 3¾% by the end of May 2025.

5.1.4 Twelve-month CPI inflation fell to 3.2% in March from 3.4% in February, before dropping to 2.0% in May. CPI inflation is expected to remain close to the 2% target in the near term, but to increase slightly in the second half of this year, to around 2½%, due to the unwinding of energy-related base effects. There continue to be upside risks to the near-term inflation outlook from geopolitical factors, although developments in the Middle East have had a limited impact on oil prices so far. There remains considerable uncertainty around statistics derived from the ONS Labour Force Survey. It is therefore more difficult to gauge the evolution of the labour 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	5.30%	2 years	5.46%
1 month	5.25%	5 years	5.04%
3 month	5.25%	10 years	5.10%
6 month	5.35%	20 years	5.50%
9 month	5.30%	30 years	5.53%
12 month	5.35%	50 years	5.32%

**Please note these levels are from 18/06/2024*
***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.

5.2 Borrowing Position

5.2.1 Table 28 shows the Authority's current debt position, with total borrowing maturing in 2024/25 of £15.000m.

5.2.2 **Table 28: Current Debt Position**

	PWLB (£m)	LOBO (£m)	Temp (£m)	Total (£m)
Total Outstanding Borrowing Debt	387.443	20.000	10.000	417.443

Debt Maturing 2024/25	(5.000)	(10.000)	(10.000)	(25.000)

5.2.3 As at 31 May 2024, the forecast under-borrowed position for the Authority is £93.962m (£86.503m at 31 March 2024). 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**

ECONOMIC FORECASTS

LINK GROUP – MAY 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%	5.00%	4.50%	4.00%	3.50%	3.25%	3.25%	3.25%	3.25%	3.00%	3.00%	3.00%
5yr PWLB Rate	4.90%	4.70%	4.50%	4.30%	4.10%	4.00%	3.90%	3.90%	3.90%	3.90%	3.90%	3.80%
10yr PWLB Rate	5.00%	4.80%	4.60%	4.40%	4.30%	4.10%	4.10%	4.10%	4.00%	4.00%	4.00%	3.90%
25yr PWLB Rate	5.30%	5.20%	5.00%	4.80%	4.70%	4.50%	4.50%	4.40%	4.40%	4.40%	4.30%	4.30%
50yr PWLB Rate	5.10%	5.00%	4.80%	4.60%	4.50%	4.30%	4.30%	4.20%	4.20%	4.20%	4.10%	4.10%

**Please note these forecasts are as at 07.06.2024*

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 2.

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

	30 June 2023	31 March 2024	30 May 2024
Received to date	£20.342m	£21.469m	£21.512m
Spend to date	(£9.604m)	(£11.402m)	(£11.475)
Committed *(through IPB Governance)*	(£3.264m)	(£4.035m)	(£4.904m)
Uncommitted Balance	**£7.474m**	**£6.032m**	**£5.133m**

6.1.9 As at 31 May 2024, £21.512m had been received by the Authority, of which £11.475m has been expended in line with agreements. £10.037m remains as at 31 May 2024, of which £4.904m is committed. This leaves an uncommitted balance of £4.904m.

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. £1.216m 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.