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

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SECTION 1 – SERVICE COMMENTARIES

1.1 Meetings have been held between performance, finance and budget managers to review the forecast position for 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 £3.425m 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.

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

	2024/25 Budget £m	July Forecast £m	July Variance £m	May Variance £m	Change May-July £m
Business Assurance, Commissioning & Transformation	2.813	2.899	0.086	0.150	(0.064)
ASC Senior Management	1.371	0.937	(0.434)	(0.572)	0.138
Integrated Services	2.565	2.002	(0.563)	(0.910)	0.347
Learning Disability	1.615	1.528	(0.087	(0.103)	0.016
Mental Health	2.795	2.457	(0.338)	(0.476)	0.138
Wellbeing, Assessment & Gateway	3.479	3.542	0.063	0.180	(0.117)
Staffing & Operations	**14.638**	**13.365**	**(1.273)**	**(1.732)**	**0.459**
Older People & Physical Disability Services	57.596	61.280	3.685	5.628	(1.943)
Learning Disability Services	42.403	44.090	1.687	0.787	0.900

	2024/25 Budget £m	July Forecast £m	July Variance £m	May Variance £m	Change May-July £m
Mental Health Services	10.377	12.233	1.856	1.402	0.454
Other Services	3.548	3.239	(0.309)	(0.294)	(0.015)
Client Contributions	(19.378)	(19.852)	(0.474)	(0.098)	(0.376)
NHS Funding	(13.183)	(12.828)	0.355	0.180	0.175
Grants & Other Income	(26.828)	(28.930)	(2.102)	(2.000)	(0.102)
Commissioned Services	**54.534**	**59.232**	**4.698**	**5.605**	**(0.908)**
Total Adult Services	**69.172**	**72.597**	**3.425**	**3.873**	**(0.448)**

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 £1.273m, a reduction of £0.459m since the May position which reflects the improvements in recruitment and retention which has been assumed will continue through-out 2024/25. Actions were taken in 2023/24 to address grading and the problems with recruitment and retention of staff across Adult Services however, there continues to be an underspend against staffing budgets.

1.2.6 The Short-Term Review Team continues to assist with capacity, support and challenge in the system and undertake timely 6–8 week reviews, making a positive impact on ensuring the appropriate level of care is being provided as efficiently as possible. Any new growth in 2024/25 allocated to staffing will be to support the review process and generate additional savings identified as part of the MTFP workstream.

1.2.7 The commissioned services costs of the service are forecasting a pressure of £4.698m, an improvement of £0.908m since the May position which is partly the result of an increase in client contributions from the policy update introduced as part of the MTFP workstream. Client contributions have increased in line with these changes as well as inflationary uplifts and external income will be closely monitored throughout 2024/25.

1.2.8 Hours of homecare provided have continued to increase within the borough throughout the start of 2024/25. At the end of July there were only 18 clients on the brokerage waiting list, compared to 108 during the same period last year. The Authority continues to work with providers to look at new and innovative solutions to further maximise efficiency and support the "home-first" approach. Hospital discharge pathways are being redesigned to reduce reliance on beds with step-down beds being decommissioned from 30 June 2024. This has resulted in a reduction in the spend projection for residential and nursing care compared to 2023/24.

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 There is an ongoing review of packages for the transition of complex clients from both Children's Services and long-term hospital settings, which was identified as a pressure as part of the 2024-2028 MTFP. £1.950m growth was included and clients will be monitored throughout the year against the allocation.

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 continues on the Health & Social Care workstream as part of the 2024 – 2028 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 £10.625m against its £52.492m 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 Dedicated Schools Grant (DSG) Management Plan, which had been temporarily funded from the Change Reserve in 2023/24. Children's Services manages a complex budget and is required to deal with a combination of funding arrangements and pressures. Officers remain focused on prioritising plans for achieving mitigating actions to reduce the forecast variance. Early Help assumes that the payments by results element of the Supporting Families grant achieves 100% of its target, at 31st July the service had reported 25.77% being met. The overall level of children in need has continued to decrease, to 1,591 (1,609 in May) and is now in-line with the 1,600-figure used to estimate required social work capacity. The Handling Children's Finance MTFP workstream identified an increase to the net placement budgets of £5.452m in 2024/25, which assumed a level of 365 children in care, 1,600 children in need, and a staffing requirement of 74 social workers.

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

	24/25 Budget £m	July Forecast £m	July Variance £m	May Variance £m	Change May-July £m
Social Work and Quality of Practice	7.209	8.084	0.875	0.721	0.154
Children's Homes and Supported Accommodation	11.596	16.655	5.059	3.948	1.111
Fostering & Connected Carers	10.743	11.461	0.718	0.481	0.237
Children's Disability Service	3.499	5.414	1.915	1.009	0.906
Leaving Care	1.848	2.197	0.349	0.508	(0.159)
CYPL Senior Management	1.094	1.185	0.091	0.091	0.000
Integrated Services for Children, Young People & Families	0.041	(0.009)	(0.050)	(0.050)	0.000
Early Help	2.588	2.498	(0.090)	(0.090)	0.000
Education North Tyneside	1.689	1.964	0.275	0.275	0.000
Employment & Skills	0.784	0.684	(0.100)	(0.100)	0.000
Youth Justice Service	0.752	0.466	(0.286)	(0.286)	0.000
Home to School Transport	3.614	5.389	1.775	1.775	0.000
SEND, Inclusion, Strategy, Transformation & Commissioning	1.652	1.604	(0.048)	(0.044)	(0.004)
School Funding & statutory staff costs	5.468	5.610	0.142	0.142	0.000
Total Children's Services	**52.577**	**63.202**	**10.625**	**8.380**	**2.245**

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 £0.875m 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 July was 375, an increase of 13 since May, however, the budget assumed only 26 of those children would be supported in external residential care and this is currently at 41.

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 May 24	No. of Children July 24
External Residential Care	7.0%	23	26	36	41
External Fostering	6.7%	22	25	32	30
In-House Fostering	61.7%	204	220	198	216
External Supported Accommodation	9.7%	32	37	34	30
In-House Residential Care	6.4%	21	21	20	20
Other	8.5%	28	36	42	38
Total	**100%**	**330**	**365**	**362**	**375**

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 £7,080, see table 4.

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

Placement Type	2024/25 Budget £m	July Forecast £m	July Variance £m	Average Weekly Cost	Number of Children		
					Core	May 24	July 24
External Residential Care	7.294	11.448	4.154	£7,080	23	36	41
External Fostering	1.397	1.615	0.218	£920	22	32	30
In-House Fostering Service	5.838	5.996	0.158	£606	204	198	216

External Supported Accommodation	2.132	2.608	0.476	£2,536	32	34	30
In-House Residential Care	2.175	2.603	0.428	£3,830	21	20	20
Other*			0.000		28	42	38
Total	**18.836**	**24.270**	**5.434**		**330**	**362**	**375**

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

1.3.8 External fostering is currently supporting 30 children in care, 8 higher than the number of “core” children in care that would expect to be placed in external fostering arrangements and 5 higher than the 24/25 budget. However, the average weekly cost for external fostering is £920 and therefore still the preferred option for children in care, after in-house fostering.

1.3.9 Current numbers of Children in Care include 15 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 July there were 34 UASC over the age of 18. The 2024/25 savings target of £0.100m has already been achieved on the UASC properties and Children’s services continue to work with colleagues in Housing on the Great Landlord MTFP workstream to increase these arrangements further and to support the 34 children who have turned 18 gain more independence

1.3.10 There is a £1.915 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 of £0.172m 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	July Forecast £m	July Variance £m	May Variance £m	Change May-July £m
Commissioned Services	16.220	23.195	6.975	5.201	1.774
In-house Services	13.053	15.771	2.718	2.412	0.306
Staffing & Operations	23.304	24.236	0.932	0.767	0.165
Total Children's Services	**52.577**	**63.202**	**10.625**	**8.380**	**2.245**

1.3.13 Children's Commissioned Services are showing a pressure of £6.975m, this includes the pressure on Home to School Transport and an increased reliance on external provision for children in care. In July 2024 there were 375 children in our care (362 in May 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. In-house services are experiencing high levels of sickness mainly COVID 19 related.

1.3.14 The Home to School Transport position is showing a pressure of £1.775m, an improvement of £1.746m 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 July 2024 there were 862 pupils receiving home to school transport, same number in May 2024, but a decrease compared to 904 in July 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.

1.3.15 There has been an excellent response to the recruitment exercise for children's social workers which will reduce the number of vacant posts and more importantly will reduce reliance on agency staff. However, in the interim period this has increased the forecast pressure for 3 months, while newly qualified staff and families are supported and cases handed over sensitively.

1.4 Public Health

1.4.1 Public Health is forecasting a nil variance which is no change to the May position.

1.4.2 **Table 6: Public Health Forecast Variation**

	Budget £m	July Forecast £m	July 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*	*0.000*	*0.200*
Public Protection, Community Safety & Resilience	1.372	1.372	0.000	0.000	0.000
GRAND TOTAL	**1.613**	**1.613**	**0.000**	**0.000**	**0.000**

** 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 £0.201m, as set out in Table 9 below, an improvement of £0.399m since the May Cabinet Report.

1.5.2 **Table 7: Forecast Variation in Environment**

Service Areas	Budget £m	Forecast July £m	Variance July £m	Variance May £m	Change May-July £m
Bereavement	(0.579)	(0.433)	0.146	0.136	0.010
Fleet Management	0.743	0.615	(0.128)	(0.107)	(0.021)
Library & Community Centres	6.342	6.281	(0.061)	(0.063)	0.002
Sport & Leisure	5.363	5.514	0.151	0.261	(0.110)
Street Environment	9.913	10.056	0.143	0.244	(0.101)

Service Areas	Budget £m	Forecast July £m	Variance July £m	Variance May £m	Change May-July £m
Waste & Refuse Management	4.262	4.324	0.062	0.149	(0.087)
Waste & Recycling Disposal Contracts	12.582	12.499	(0.083)	0.005	(0.088)
Head of Service Environment & Leisure	0.159	0.130	(0.029)	(0.025)	(0.004)
Street Lighting PFI	5.137	5.137	0.000	0.000	0.000
GRAND TOTAL	**43.922**	**44.123**	**0.201**	**0.600**	**(0.399)**

1.5.3 Street Environment is forecasting a £0.143m pressure, which is a £0.101m improvement since the May Cabinet Report. The pressure reflects a number of forecast cost pressures including Security costs, unachievable income following the cancellation of contract income from Nexus and unforeseen repair costs. The improvement from the May Cabinet Report reflects a reduction in forecast employee cost pressures.

1.5.4 Sport & Leisure is forecasting a £0.151m cost pressure which is an improvement of £0.110m since the May 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 £0.099m 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. The improvement since the May Report reflects a reduction in employee cost pressures and the reduced income from the closure of Waves not being as much as anticipated.

1.5.5 A combined underspend of £0.021m is forecast in Waste Management and Waste & Recycling Disposal Contacts which is an improvement of £0.175m since the May Cabinet Report.

1.5.6 Waste & Recycling Disposal Contracts are forecasting annual waste tonnages to be higher than 2023/24. The forecast includes the temporary realignment of £0.321m budget to Sports, Leisure and Community to cover in year cost pressures in those areas. The improvement since the May Cabinet Report reflects lower employee costs due to savings on recent vacancies together with an overachievement on Energy Management Service Level Agreement income.

1.5.7 At the end of April 2024, the recycling rate was 40.3%, which is slightly higher than the previous month.

1.5.8 Waste & Refuse Management is forecasting a £0.062m 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. The improvement since the May Cabinet Report reflects lower employee costs forecast.

1.5.9 Although a nil variance is to be reported on the Street Lighting PFI Contract, the cost pressure against electricity is forecast at £0.630m which, combined with the inflationary cost pressure against the Unitary Charge, requires an anticipated £1.297m Contribution from Reserves.

1.6 Regeneration and Economic Development

1.6.1 Regeneration and Economic Development (R&ED) is forecasting an underspend of £0.144m which is £0.044m lower than the position in the May Cabinet Report.

1.6.2 **Table 8: Forecast Variation for Regeneration and Economic Development**

Service Areas	Budget £m	Forecast July £m	Variance July £m	Variance May £m	Change May-July £m
Culture	1.991	1.874	(0.117)	(0.090)	(0.027)
Business & Enterprise	0.842	0.723	(0.119)	0.000	(0.119)
Regeneration	0.440	0.402	(0.038)	(0.105)	0.067
Resources & Performance	0.389	0.519	0.130	0.002	0.128
Technical Package - Planning	0.336	0.336	0.000	0.000	0.000
Technical Package - Transport & Highways	7.882	7.882	0.000	0.000	0.299
GRAND TOTAL	**11.880**	**11.736**	**(0.144)**	**(0.193)**	**0.049**

1.6.3 Culture is forecasting an underspend of £0.117m which is an improvement of £0.027m since the May Cabinet Report. This is due to increased income forecast for the Playhouse profit share, which is offset by increased costs and reduced income for the Mouth of the Tyne Festival and reduced income at the Lighthouse due to the closure for refurbishment. The remaining underspend is mainly due to management savings and forecast underspends on Supplies & Services throughout the service.

1.6.4 Regeneration is showing an underspend forecast of £0.038m, which is £0.067m worse than the last report, due to increased costs at the Swans Centre For Innovation (CFI) for repairs and business rates. The remaining pressure is due to additional cost pressures and income shortfalls within the Swans CFI building due to vacancies within the site. Although the Swans site has been sold there are residual legacy costs of forecast. Staffing savings of and capitalisation of staff are offset by an income target for Reserve contributions of £0.050m which is not forecast to be achieved.

1.7 Corporate Strategy

1.7.1 Corporate Strategy is forecasting a £0.400m pressure, an improvement of £0.218m since the May Cabinet report.

1.7.2 **Table 9: Forecast Variation Corporate Strategy**

Service Areas	Budget £m	Forecast July £m	Variance July £m	Variance May £m	Change May-July £m
Children's Participation & Advocacy	0.621	0.657	0.036	0.035	0.001
Community & Voluntary Sector Liaison	0.367	0.370	0.003	0.000	0.003
Corporate Strategy Management	0.753	0.979	0.225	0.280	(0.055)
Elected Mayor & Executive Support	0.050	0.057	0.007	0.006	0.001
Marketing	0.475	0.441	(0.034)	0.055	(0.089)
Policy Performance and Research	0.212	0.375	0.163	0.242	(0.079)
GRAND TOTAL	**2.479**	**2.879**	**0.400**	**0.618**	**(0.218)**

1.7.3 There is a pressure within Corporate Strategy Management of £0.225m, an improvement of £0.055m since the May Cabinet Report. This includes £0.127m linked to the Customer Service Programme and Equans Contract along with a £0.130m forecast underachievement against a cross service income target. The variance has improved following the secondment of the Director of Corporate Strategy to the North East Combined Authority until the end of December 2024.

1.7.4 Policy Performance and Research is forecasting a £0.163m pressure which is an improvement of £0.079m since the May Cabinet Report. 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. The improvement since the May report is due to an improvement in staffing forecasts.

1.7.5 An underspend of £0.034m is forecast in Marketing, an improvement of £0.089m since the May Cabinet Report. There are £0.147m of staffing cost pressures forecast, the majority of which are proposed to be partially mitigated by reduced spend and income overachievement. £0.140m of the staffing cost pressure is linked to the Marketing Team. The Graphics Team is currently forecasting a £0.070m net underspend linked to Income Recharges which is an improvement of £0.037m from the last reported position.

1.7.6 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 Resources and Chief Executive Office

1.8.1 This report shows the forecast position for the full Resources directorate and the Chief Executive Office, which is showing an underspend of £0.342m, an improvement of £1.073m since the May Cabinet Report.

1.8.2 **Table 10: Forecast Variation Resources and Chief Executive**

Service Areas	Budget £m	Forecast July £m	Variance July £m	Variance May £m	Change May-July £m
Chief Executive	(0.108)	(0.129)	(0.021)	(0.020)	(0.001)
Finance	0.371	(0.097)	(0.468)	(0.500)	0.032
IT	2.978	2.187	(0.791)	(0.316)	(0.475)
People Team	0.635	0.670	0.035	0.153	(0.118)
Internal Audit and Risk Management	0.236	0.173	(0.063)	(0.054)	(0.009)
Revenues and Benefits	0.818	1.075	0.257	0.723	(0.466)
Director of Resources	0.214	0.217	0.003	0.000	0.003
Governance	0.226	0.396	0.170	0.184	(0.014)
Law and Registration	1.040	1.591	0.551	0.575	(0.024)
North Tyneside Coroner	0.805	0.760	(0.045)	(0.045)	0.000
Strategic Investment and Facilities Management	2.466	2.549	0.083	0.128	(0.045)
Technical Package – Property	(0.822)	(0.822)	0.000	0.000	0.000
Technical Package – Ring Fenced Properties	0.047	0.047	0.000	0.000	0.000
Commercial	0.459	0.291	(0.168)	(0.168)	0.000
Catering Services	0.000	0.115	0.115	0.071	0.044
GRAND TOTAL	**9.365**	**9.023**	**(0.342)**	**0.731**	**(1.073)**

1.8.3 There is a forecast underspend of £0.468m within Finance, a worsening of £0.032m since the May Cabinet Report. This change is due to additional costs for SBS licences for the schools' finance team.

1.8.4 IT has a forecast underspend of £0.791m, an improvement of £0.475m since the May Cabinet Report. This is due to the current capitalisation assumption of £0.475m of staffing costs within this area.

1.8.5 People Team has a forecast overspend of £0.035m, an improvement of £0.118m since the May Cabinet Report. This is due to the current capitalisation assumption of £0.110m of staffing costs within this area.

1.8.6 There is a pressure of £0.083m within Strategic Investment and Facilities Management, an improvement of £0.045m since the May Report. This movement is due to further operational savings being realised at the Killingworth site.

1.8.7 Catering Services is forecasting a pressure of £0.115m, an increase of £0.044m since the May Report. This is primarily one-off wages costs relating to the management of the service post the cessation of trading on 31st March 2024. There are also pressures from Equipment repair costs conditional on cessation of the service which are over and above the £0.100m provision on the balance sheet and other operational pressures.

1.8.8 Revenues and Benefits is forecasting a pressure of £0.257m, an improvement of £0.466m since the May Cabinet Report. Part of this movement is due to the change in reporting of the Homeless Bed and Breakfast pressures which is now being reported within General Fund Housing. The remaining pressure is due to a £0.013m pressure on the subsidy, a £0.208m pressure on overpayment income due to the volume of cases generating lower levels of income from overpayments. There is a £0.016m 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 £0.240m pressure on services delivered by Equans under the Partnership contract. These pressures are offset by £0.120m of grant which is held on the balance sheet.

1.8.9 The proportion of council tax collected is consistent with last year at 35.67% at the end of July. 41.86% of business rates has been collected at the end of July which is above the collection rate for this time last year.

1.9 General Fund Housing

1.9.1 General Fund Housing is forecasting a £0.966m overspend, which is £0.766m lower than the position in the May Cabinet Report. This is made up primarily of £0.975m overspend on Bed & Breakfast & Temporary Accommodation, which is explained in more detail below.

1.9.2 **Table 11: Forecast Variation for General Fund Housing**

Service Areas	Budget £m	Forecast July £m	Variance July £m	Variance May £m	Change May-July £m
Building Control	0.133	0.133	0.000	0.000	0.000
Housing Strategy	0.566	0.557	(0.009)	0.000	(0.009)
Housing Need – General Fund	0.526	1.501	0.975	0.000	0.975
Housing Operations – General Fund	0.000	0.000	0.000	0.000	0.000
Housing Property – Public Building Repairs	1.221	1.221	0.0	0.200	(0.200)
GRAND TOTAL	**2.446**	**3.412**	**0.966**	**0.200**	**0.766**

1.9.3 Housing Need within Housing General Fund is forecasting an overspend of £0.975m. This relates to the cost for Homeless Bed and Breakfast placements which was previously reported through a combination of Revenues and Benefits within Resources and this service area, but is now fully reported in this service area. The service is working to maximise the claimable benefit that is available to the authority through work with clients. A full case management review of all current applicants is being carried out to check cases are being correctly accepted and ended at the correct time. Work is also ongoing with Registered Providers regarding them taking on clients when we are ready to discharge our duties. Longer Term solutions are being worked through, such as additional Council owned properties being made available either through acquisition or new build along with working with private landlords to lease properties.

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 2,289 homes delivered to the end of July 2024.

1.9.5 In terms of Homelessness, the number of Homeless Presentations has risen from 948 for the year to July 2023, up to 1,076 for the year to the end of July 2024. The number of Priority Homelessness acceptances in the year to July 2024 has risen to 54 from 49 for the previous year. Completing the picture in relation to Homelessness are the number of people booked into Temporary Accommodation which has risen from 577 in July 2023 to 719 in July 2024. These are all critical factors which are driving up temporary accommodation costs, a significant proportion of which cannot be recovered because of current benefit rules.

1.10 Central Items

1.10.1 Central Items is forecasting a £1.129m underspend, which is an improvement of £0.596m since the May Cabinet Report.

1.10.2 **Table 12: Forecast Variation Central Budgets and Contingencies**

Service Areas	Budget £m	Forecast July £m	Variance July £m	Variance May £m	Change £m
Corporate & Democratic Core	2.536	2.702	0.166	0.166	0.000
Other Central Items	(19.911)	(21.206)	(1.295)	(0.699)	(0.596)
GRAND TOTAL	**(17.375)**	**(18.504)**	**(1.129)**	**(0.533)**	**(0.596)**

1.10.3 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. The movement since the May Cabinet Report is due to a grant of £0.596m which is held in Central but spend has already occurred within the various Directorates.

SECTION 2 - SCHOOLS FINANCE

2.1 Update on School Budgets 2024/25

2.1.1 Cabinet will be aware some schools continue to face significant financial challenges. There were sixteen schools that submitted a deficit budget plan for 2024/25, initial deficit review sessions started in July 2024 and the remaining sessions will be held in September.

2.1.2 The details of schools' balances have been reported to the Department for Education (DfE) through the Consistent Financial Reporting (CFR) return.

2.2 School Additional Funding – Falling Rolls Funding

2.2.1 Cabinet will be aware Schools Forum set aside school funding to support schools with falling rolls or with growth in pupil numbers. The rules and procedures for allocating this funding are based on guidance from the DfE and are set by School Forum. Eligible schools are identified and presented to the Schools Forum finance sub-group for their initial agreement before final approval at Schools Forum.

2.2.2 There were three schools identified as being eligible for falling rolls funding with a total value of £0.076m. The details of these schools and the funding identified is included in Table 15. School's Forum approved these allocations in July 2024.

2.2.3 **Table 13: Breakdown of Falling Rolls Eligibility**

School	Value £m
Whitehouse Primary	0.035
Collingwood Primary	0.025
Forest Hall Primary	0.016
Total	**0.076**

2.3 School Additional Funding – Schools in Financial Difficulty Funding

2.3.1 The opening balance for de-delegated funds for Schools in Financial Difficulty (Headroom funding) in 2024/25 was £0.393m. Cabinet should be aware Schools Forum approved the Falling Rolls applications as mentioned above which left £0.124m to be transferred from Falling Rolls to Schools in Financial Difficulty (Headroom), giving a balance of £0.517m. This balance is available to fund Headroom applications submitted by schools for consideration by Schools Forum Sub-Group.

2.4 Schools Additional Funding - Growth Funding

2.4.1 The DfE established a separate fund in the School Block of the DSG for growth funding. In North Tyneside this fund was not used for growth and was instead added into the remaining balances to be redistributed to all schools. When setting the 2024/25 School Block allocation, Schools Forum agreed to set aside £0.250m of the identified growth funding, however there was a £0.037m deficit carried forward from 2023/24. Therefore, the total Growth Funding available in 2024/25 is £0.213m.

2.4.2 Officers from the Authority have reviewed all schools' projected pupil numbers for Sept 2024 using the latest information available from the Admissions Team. Two schools, with a total funding of £0.132m were initially identified as being eligible for growth funding. However, the eligibility criteria also specifies that schools must provide evidence that additional costs have been incurred to support structural class changes in relation to the additional pupils. The initial list of schools and the funding associated with each school was considered by the Schools Forum Finance Subgroup on 11 June 2024 and presented to Schools Forum on 10 July 2024.

2.4.3 The Authority has contacted both schools to request supporting evidence and to understand the overall position, the outcome of this will be reported to Schools Forum at the next meeting in September 2024.

2.4.4 **Table 14: Growth Funding Eligibility 2024/25**

Growth Funding	£m	Eligibility
Backworth Park Primary	0.068	Pending supporting evidence
Redesdale Primary	0.064	Pending supporting evidence
Total	**0.132**	
Total Funding Available	**0.213**	
Deficit Growth Fund 2024/25	**0.081**	

2.4.5 North Gosforth was not considered for growth funding despite meeting the initial criteria, this was because the growth was linked to popularity and therefore this school has been removed in line with the growth policy.

2.4.6 **Table 15: Schools not eligible for Growth Funding 2024/25**

Growth Funding	£m	Eligibility
North Gosforth	0.100	Not Eligible
Total	**0.332**	

2.5 High Needs Block

2.5.1 Cabinet will recall that the High Needs block ended 2023/24 with a pressure of £10.494m, this included Safety Valve funding of £9.750m which was received up to March 2024. 2024/25 is the second year of the Safety Valve intervention. The forecast for the High Needs Block in 2024/25 is an anticipated in-year pressure of £0.256m against the original DSG Management Plan. A breakdown of the in-year pressure is shown in Table 18.

2.5.2 After the completion of the first year of Safety Valve, the DSG Management Plan is being updated and remodelled to reflect the first year's progress. As part of the remodelling there are savings which were originally planned for 2024/25 which will be now be delivered in subsequent years.

2.5.3 **Table 16: Breakdown of High Needs Pressure at July 2024**

Provision	2024/25 Budget £m	July 24 Forecast £m	Forecast Variance £m
Special Schools and PRU	22.819	23.022	0.203
ARPS /Mainstream Top-ups	6.182	6.580	0.398
NMSS/ISP	4.169	4.731	0.562
Commissioned Services / Other EOTAS	2.894	2.144	(0.750)
TOTAL	**36.064**	**36.477**	**0.413**
DSG High Needs Funding	(34.615)	(34.772)	(0.157)
0.5% Transfer from Schools Block	(0.753)	(0.753)	0.000
In-Year Planned Deficit	**0.696**	**0.952**	**0.256**
2023/24 Balance Brought Forward	10.494	10.494	0.000
2024/25 Safety Valve Funding	(1.950)	(1.950)	0.000
	9.240	**9.496**	**0.256**

2.6 Safety Valve Intervention Programme

2.6.1 The Authority submitted the first report to the DfE for 2024/25 on progress against the DSG Management Plan on 28 August 2024. Despite the delayed savings for 2024/25 the Authority is still on track to reach a positive in year balance on its DSG High Needs Block by the year end 2027/28. The next reporting deadline is 27 November 2024, by which time the remodelling of the plan will be complete.

2.6.2 The Authority continues to receive a high volume of requests for an EHCP Assessment, 118 requests at the end of June 2024, similar to 120 at the end of

June 2023 and 122 as of June 2022. There are 4,332 pupils with Special Educational Needs Support, an increase of 8% compared to the same period last year and the highest recorded level. However, since joining the Safety Valve Intervention Programme, the rate of new EHCPs issued has decreased by 26% in contrast a 5% increase regionally and 27% increase nationally. The rate of EHCP growth has significantly decreased over the last two years and performance is better than national and regional rates. EHCP growth in North Tyneside was 2.6% in 2023, compared to 9.57% regionally and 11.30% nationally. This demonstrates the success of initiatives within the DSG management plan to manage the continuing high demand for Education, Health and Care Needs Assessments in North Tyneside. In July 2024, there were 2,263 EHCPs maintained the authority, an increase of 17 since May 2024.

SECTION 3 - HOUSING REVENUE ACCOUNT

3.1 Forecast as at 31 July 2024

3.1.1 The forecast set out in Table 17 below is based on the results to the end of July 2024. Currently the Housing Revenue Account (HRA) is forecasting an in-year underspend of £0.039m, which is a slight improvement of £0.009m from the May position. Costs are continually monitored 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 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, and interest on cash balances. Additionally, as mentioned above, arrears remain under scrutiny, particularly following DWP announcements around accelerating the transfer of existing tenants across to Universal Credit, which inevitably brings higher levels of arrears. The Repairs budget continues to manage economic pressures on material and sub-contractor costs, as well as the potential impact of the pay award mentioned above, however, at the current time is forecast to come in on budget overall.

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

	Budget £m	Current Forecast £m	Variance £m
Housing Management – Central	2.430	2.177	(0.253)
Housing Management – Operations	6.136	5.978	(0.158)
Housing Management – Strategy & Support	4.624	4.801	0.177
Capital Charges – Net Effect	9.659	9.659	0.000
Contingencies, Bad Debt & Transitional Protection	2.343	2.382	0.039
Contribution to Major Repairs Reserve – Depreciation	14.718	14.718	0.000
Interest on Balances	(0.300)	(0.250)	0.050
PFI Contracts – Net Effect	2.194	2.194	0.000
Rental Income - Dwellings, Direct Access Units, Garages	(72.752)	(72.604)	0.148
Rental Income – HRA Shops and Offices	(0.434)	(0.454)	(0.020)
Revenue Support to Capital Programme	15.570	15.570	0.000
Repairs	15.975	15.953	(0.022)
Total	**0.163**	**0.124**	**(0.039)**

3.2 Rental Income

3.2.1 Rental Income overall across all areas is currently forecast to be below budget (£0.148m), which although not insignificant represents just a 0.20% 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 £0.234m 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 As outlined in May's report we are still forecasting that the in-year rate of increase in arrears will be contained within the Bad Debt Provision budget for the year, however, and this includes factoring in the DWP shortening the timescale for the transfer of existing tenants onto Universal Credit. Work continues to establish the likely impact of these changes. 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 from the Social Housing Regulator (£0.080m) for joining Private Providers as part of their regulatory regime, which adds to the significant cost already paid for 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 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. As with last year the service seeks to bring repairs in on budget, whilst planning how to deal with a range of risk factors, 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 18: 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
31/07/2024	4,681,408	2,404,514	7,085,922	289,010

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 £7.085m at the end of July 2024 and has more than doubled in the last ten years.

3.6.4 Universal Credit 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 July 2024 this had increased to 4,924 UC cases with arrears of £4.340m, which is an increase of 617 tenants and £0.466m 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 19: 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

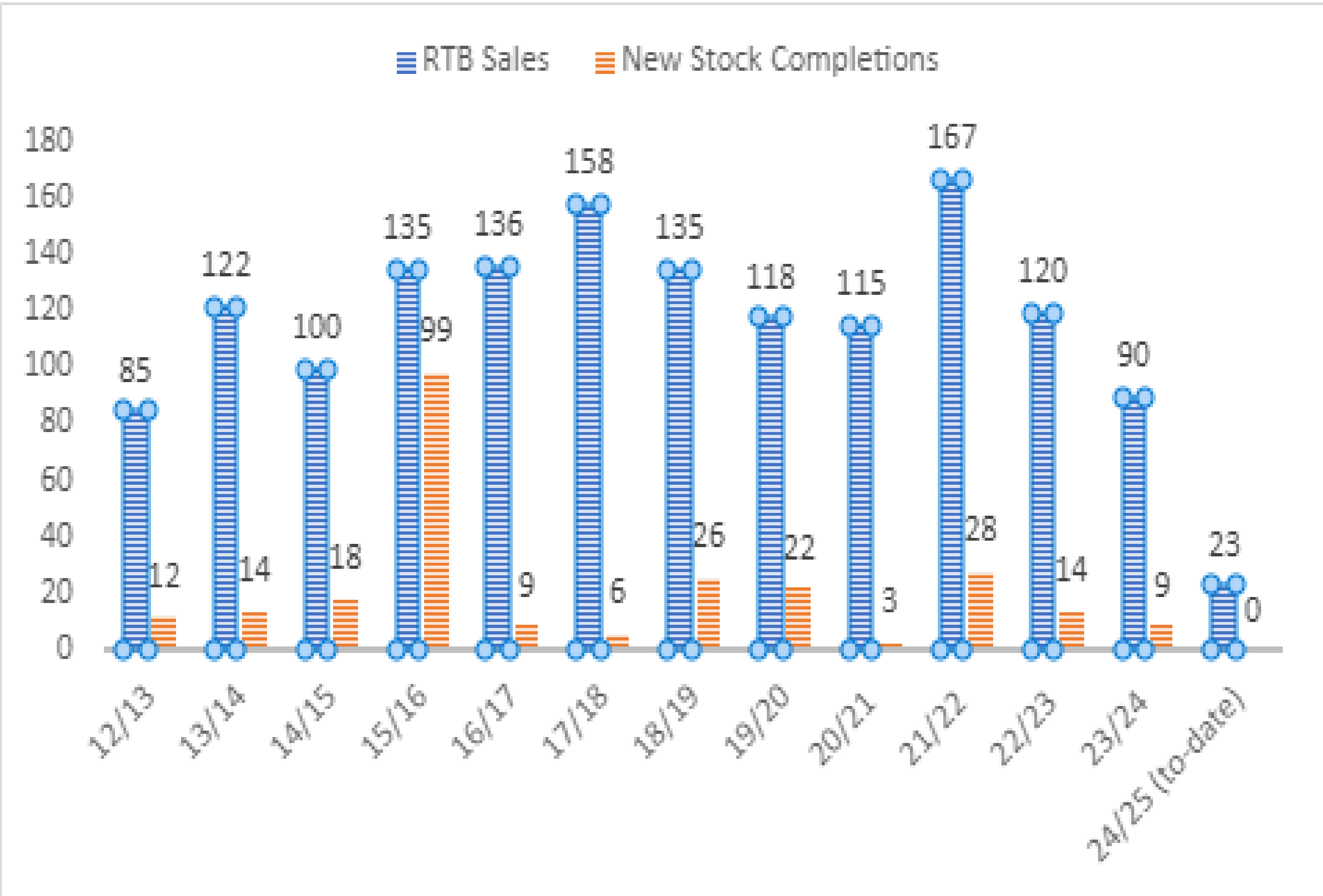
3.6.8 The main mechanism for helping to manage arrears is the Bad Debt Provision (BDP), which at the start of 2024/25 stands at £5.633m on the HRA Balance Sheet with the budget for the 2024/25 contribution at £0.827m. As alluded to above in 3.4 currently Bad Debt Provision is assumed and forecast to 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 four months of 2024/25 saw just 23 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**



<u>**SECTION 4 - INVESTMENT PLAN**</u>

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 1 August 2024, the MPC voted by a majority of 5–4 to reduce Bank Rate by 0.25% to 5.00% further details within section 5 (Treasury Management Position) of this report.

4.2 Variations to the 2024-2029 Investment Plan

4.2.1 £10.299m of reprogramming and £5.626m 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 20: 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**
Approved Reprogramming / Variations Reprogramming	15.861	4.581	0.000	1.000	0.000	21.442
Variations	7.716	15.853	5.000	0.000	0.000	28.569
Total	**23.577**	**20.434**	**5.000**	**1.000**	**0.000**	**50.011**
2024/25 June & July Monitoring Reprogramming Variations	(10.299)	9.556	0.000	0.743	0.000	0.000
Authority Resources	*0.811*	*0.000*	*0.000*	*0.000*	*0.000*	*0.811*
Other Funding Variations	*4.815*	*0.010*	*0.004*	*0.003*	*0.003*	*4.835*
Total Variations	**(4.673)**	**9.566**	**0.004**	**0.746**	**0.003**	**5.646**
Revised Investment Plan	**123.631**	**87.269**	**65.141**	**58.958**	**55.102**	**390.101**

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

2024/25 Variation £m	Scheme / Project
3.900	**EV094 North Shields Transport Hub** • £3.3m of grant funding from NECA and £0.600m from ATF4 has been awarded to support phase 2 improvements to North Shields Public Realm. • This funding will deliver improvements to Bedford Street and Saville Street to be delivered in year during 24/25.
1.011	**DV080 Segedunum Roman Museum MEND** • Works to protect the museum from water ingress, ensuring correct environment for artefacts, and ensure systems and facilities remain fit for purpose. • £0.711m is additional capital contribution • £0.300m a contribution from the BS026.
(0.300)	**BS026 Asset Planned Maintenance** • Contribution to DV080 Segedunum Museum as noted above.
0.557	**ED190 High Needs Provision Capital Allocation** • Relates to additional funding allocations notification for 2024/25.
0.311	**BS044 Wideopen-Dudley GP Improvements** • Section 106 funding to be used to create additional clinical rooms and facilities to increase GP services provision at Wideopen / Dudley
0.100	**Gym Equipment Investment Programme** • To capitalise the recent investment in new gym equipment within the Contours Gym offer. • The investment will support the Authority's gym offer with the provision of latest gym technology. • This is being funded from the Services revenue budget.
0.030	**DV082 Wallsend Towns & High Street** • £310,000 has been secured against the total cost of £340,000 for demolition and remediation of Segedunum Business Centre, the £30,000 gap funding is coming from BS026 Asset Planned Maintenance Budget.

(0.030)	**BS026 Asset Planned Maintenance** • Contribution to DV082 Wallsend Town as noted above.
0.025	**BS043 Spring Terrace Medical Centre** • Community Infrastructure Levy (CIL) monies toward the construction of two new clinical rooms at Spring Terrace GP Practice in North Shields.
0.022	**CO104 Wallsend Dene Local Wildlife Site** • Section 106 funding for conservation improvements at Wallsend Dene Local Wildlife Site. Investment includes improvements to access, drainage and fencing requirements.

2024/25 Reprofiling £m	Scheme / Project
(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.
(0.309)	**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.
(4.600)	**ED190 High Needs Provision Capital Allocation** • Reprofiling in line with anticipated programme delivery. • Reprofiling identified at July 2024 Budget Challenge sessions.
(2.882)	**HS044 HRA New Build** • Reprofiling in line with anticipated programme delivery. • Reprofiling identified at July 2024 Budget Challenge sessions.
(1.350)	**IT021 ERP System Upgrade** • Reprofiling in line with anticipated programme delivery. • Reprofiling identified at July 2024 Budget Challenge sessions.

(0.350)	**BS045 Royal Quays Marina Barrage** • Reprofiling in line with anticipated programme delivery. • Reprofiling identified at July 2024 Budget Challenge sessions
(0.300)	**ED075 Devolved Formula Capital** • Reprofiling in line with anticipated programme delivery. • Reprofiling identified at July 2024 Budget Challenge sessions
(0.044)	**CO099 Rising Sun Country Park Improvements** • Reprofiling in line with anticipated programme delivery. • Reprofiling identified at July 2024 Budget Challenge sessions
(0.030)	**CO091 Neighbourhood Parks** • Reprofiling in line with anticipated programme delivery. • Reprofiling identified at July 2024 Budget Challenge sessions

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 21: 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	31.741	20.130	14.450	11.950	9.200	87.471
Grants and Contributions	53.228	28.160	11.543	8.210	7.467	108.608
Contribution from Revenue / Reserves	1.550	0.000	0.000	0.000	0.000	1.550
Capital Receipts	0.731	0.000	0.000	0.000	0.000	0.731
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	17.084	18.215	15.767	16.318	16.595	83.979
HRA Grants & Contributions	0.409	0	0	0	0	0.409
Revised Investment Plan	**123.631**	**87.269**	**65.141**	**58.958**	**55.102**	**390.101**

4.4.1 The General Fund capital receipts position reflects £0.374m 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 £10.034m of capital receipts are held on the Authority’s Balance sheet. The receipts position is detailed in table 23 below.

4.4.2 **Table 22: 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	(0.374)	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	**(10.034)**	**0.000**	**0.000**	**0.000**	**0.000**
Surplus Receipts	**(9.404)**	**(9.404)**	**(9.404)**	**(9.404)**	**(9.404)**

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 £1.176m have been received in 2024/25. In total, subject to future pooling, this leaves a surplus balance of £12.679m to be carried forward to fund planned investment in future years.

4.5.2 **Table 23: 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)**	**(12.680)**	**(8.151)**	**(5.212)**	**(2.264)**
Receipts Received 2024/25	(1.176)	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)	**(15.888)**	**(12.680)**	**(8.151)**	**(5.212)**	**(2.264)**
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	**3.208**	**4.529**	**2.939**	**2.648**	**0.900**
Net Balance Carried forward	**(12.680)**	**(8.151)**	**(5.212)**	**(2.564)**	**(1.364)**

4.6 Investment Plan Monitoring Position to 31 July 2024

4.6.1 Actual expenditure for 2024/25 in the General Ledger was £21.556m; 16.80% of the total revised Investment Plan at 31 July 2024.

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

	2024/25 Approved Investment Plan £m	Actual Spend to 31 July 2024 £m	Spend as % of revised Investment Plan %
General Fund	89.041	14.557	16.35%
Housing	39.263	6.999	17.83%
TOTAL	**128.304**	**21.556**	**16.80%**

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 29 July 2024 Cabinet

4.6.4 The Prudential Code 2021 requires Local Authorities to report quarterly their forward looking prudential indicators. The Quarter 1 prudential indicators have been included as part of Appendix 4 of document pack.

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 July 2024 is £1.500m, 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 25: Investment Position as at 31 July 2024**

Counterparty	Type	Amount (£m)	Maturity
DMO	Term	0.000	n/a
Barclays	Call	0.000	n/a
Lloyds	Call	1.500	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 31 July 2024, the Monetary Policy Committee (MPC) voted to reduce Bank Rate by 0.25 percentage points, to 5%.

5.1.4 Twelve-month CPI inflation was at the MPC's 2% target in both May and June. CPI inflation is expected to increase to around 2.75% in the second half of this year, as declines in energy prices last year fall out of the annual comparison, showing the underlying domestic inflationary pressures. Private sector regular average weekly earnings growth has fallen to 5.6% in the three months to May, and services consumer price inflation has declined to 5.7% in June. GDP has picked up quite sharply so far this year, but underlying momentum appears weaker.

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 26: Summary of Borrowing Levels**

Temporary Space		PWLB**	
Tenor	Level	Tenor	Level *
1 week	5.00%	2 years	5.01%
1 month	5.00%	5 years	4.67%
3 month	4.95%	10 years	4.86%
6 month	4.80%	20 years	5.33%
9 month	4.80%	30 years	5.40%
12 month	4.75%	50 years	5.20%

**Please note these levels are from 13/08/2024*
***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 £10.000m.

5.2.2 **Table 27: Current Debt Position**

	PWLB (£m)	LOBO (£m)	Temp (£m)	Total (£m)
Total Outstanding Borrowing Debt	387.443	10.000	25.000	422.443
Debt Maturing 2024/25	(5.000)	0.000	(5.000)	(10.000)

5.2.3 As at 31 July 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 to Q3, before tracking consistently back down to lower levels from the end of 2024 onwards.

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

ECONOMIC FORECASTS

LINK GROUP – JULY 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	5.00%	4.50%	4.00%	3.50%	3.25%	3.25%	3.25%	3.25%	3.00%	3.00%	3.00%
5yr PWLB Rate	4.70%	4.50%	4.30%	4.10%	4.00%	3.90%	3.90%	3.90%	3.90%	3.90%	3.80%
10yr PWLB Rate	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	5.20%	5.00%	4.80%	4.70%	4.50%	4.50%	4.40%	4.40%	4.40%	4.30%	4.30%
50yr PWLB Rate	5.00%	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 01.08.2024*

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 28: Section 106 Spend Update**

	31 March 2024	30 May 2024	31 July 2024
Received to date	£21.469m	£21.512m	£21.544m
Spend to date	(£11.402m)	(£11.475)	(£11.475)
Committed *(through IPB Governance)*	(£4.035m)	(£4.904m)	(£5.665m)
Uncommitted Balance	**£6.032m**	**£5.133m**	**£4.404m**

6.1.9 As at 31 July 2024, £21.544m had been received by the Authority, of which £11.475m has been expended in line with agreements. £10.069m remains as at 31 July 2024, of which £5.665m is committed. This leaves an uncommitted balance of £4.404m.

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. £1.265m of CIL monies have been received by the Authority. To date £0.025m of CIL has been committed against this balance.

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