

Finance Sub Committee

Tuesday, 17 November 2020

Present: Councillor A McMullen (Chair)
Councillors D Cox, N Craven, J O'Shea, J Wallace
and P Richardson

F42/19 Appointment of Substitute Members

There were no substitute members appointed.

F43/19 Declarations of Interest and Notification of any Dispensations Granted

There were no declarations of interest reported.

F44/19 Minutes

Resolved that the minutes of the meeting held on 15 September 2020 be confirmed.

F45/19 2020/21 Financial Management Report to 31 July 2020

The Head of Resources presented the 2020/21 Financial Management report to 31 July 2020 that had been considered by Cabinet at its meeting 21 September 2020.

The report was the second monitoring report of the 2020/21 financial position and provided the second indication of the potential revenue and capital position of the Authority at 31 March 2021. The report explained where the Authority continued to manage its financial pressures.

North Tyneside Council was in a significant period of financial uncertainty with the impact of the Covid-19 pandemic increasing the challenge of being able to forecast the financial impact across the Authority.

The Authority continued to see areas of pressure across Adults and Social Care, but there are significant impacts on income particularly across Sport and Leisure Services, and Catering Services.

The Authority's approved net revenue budget of £161.361m was forecast to outturn with a pressure of £11.410m. The budget includes £0.805m of savings as agreed at Council on 20 February 2020. Table 1 in paragraph 1.7 below sets out the variation summary across the General Fund.

The Authority continued to take a prudent approach to forecasting including in relation to identifying the impact of Covid-19 which was forecast to add pressures of £27.549m to the

General Fund in 2020/21.

The total Local Authority Support Grant had received from Government was (£12.531m) of which £0.733m was required to offset Covid-19 issues in 2019/20. A third tranche of funding had been announced with the share for North Tyneside Council being (£1.777m), that included the remaining (£13.575m) was being applied against the forecasted pressures along with two specific grants for costs linked to Test and Trace (£1.140m) and Infection Control (£2.205m) leaving an amount of £10.629m over and above grant funding. The resultant pressures relating to normal business activities across the Authority were in the region of £0.781m and compare favourably with the same in recent financial years.

Through close monitoring of Covid-19 implications the forecast position would change throughout the year. The report acknowledged the impact of additional cost and lost income and noted that the Authority had seen a reduction in service costs and was working with its partner Engie to how to identify the financial benefits.

Member were given the opportunity to raise questions in relation to the information provided in the report raised that information provided.

It was raised that in relation to Children Services the chart Comparative Performance in Rates of Children in Care per 10,000 Children under 18 provided data up to 2018. It was asked if this was the most up to date information. In response it was stated that further updated data would be sought for the next report.

In relation to school's finance, school deficit clarification was sought to the meaning of structural deficit. It was explained that there were twelve schools with a forecasted deficit budget plan for 2020/21. Each school has a 3-year budget plan to reduce their deficit and most were in line to do so. However, those that were forecasted not to reduce their deficit within 3 years were classed at being in structural deficit. It was stated that there was positivity as most schools were seeing continued reductions to their deficits.

A member asked for insight to the reasons for the rise in rent arrears. It was stated that the rise had been seen in rent arrears due to Covid-19 and the increase of tenants moving onto Universal Credit. It was also stated that for the first few months no enforcement action had taken place due to Covid-19.

A member questioned the savings the Authority had made due to the low interest rates. It was stated the forecast at 31 July 2020 was an underspend of £1.314m due to a combination of interest savings, reduced interest rates and Investment Plan reprogramming to the year end 31 March 2021.

A member asked for clarification to the payment of the public health grant received from Central Government. It was stated that for the 3 years prior to 2020 there had been an annual reduction of public health grant with approximately £1m reduction over the 3 years. It was stated that a small increase was received in 2021 but this was in relation to the agenda for change pay costs.

In relation to school meals provision during the school holidays the member stated there was uncertainty to the receipt from Central government for covering cost during the October half term break, it was asked if the Authority received funding for this period. In response it was stated that no funding was received for the October half term and the Authority used its

Poverty Intervention Fund to provide meals. It was stated that government support had been provided for periods previously and the funding was given direct to schools.

Agreed that the 2020/21 Financial Management Report to 31 July 2020 be noted.

F46/19 Welfare Reform - Financial update

The Sub-committee considered an update report on the three schemes that provide financial support to residents, that were implemented or revised in April 2013 onwards because of on-going welfare reform, as well as an update on Universal Credit.

Discretionary Housing Payment Fund

The Discretionary Housing Payment (DHP) fund, administered by Local Authorities on behalf of the Department for Work and Pensions (DWP) with the aim at being a temporary payment, which provides support, just at the right time, to people in financial difficulties who have a shortfall between their rent and Housing Benefit (or Universal Credit including the housing element).

Citizens Advice financial advice continues to work well and regular reporting of overall outcomes shows the significant monetary value their advice has on debts written off, income gain and rescheduled payments.

The position of spend against the grant as at 30.06.20 showed the level of unallocated funding stood at £296,533. The level at 17.11.20 stood at £286,000, approximately 50% of the fund provided.

It was stated that arrears letters were being mailed out and there was an expectation this would prompt an increase in DHP claims.

A Member asked if rent arrears letters provided information to tenants to how to access help available. In response it was stated that DHP payments would not be appropriate, however help maybe available through the Hardship Fund.

Local Council Tax Support Scheme

The demand on the scheme showed a different picture in the current year compared with years previous, where instead of seeing a reduction in claims as normal, there had been a 7% increase in working age caseload since the middle of March 2020.

This was associated to the current pandemic situation where more working age people had seen reductions in their income and job losses, placing increased pressure on the cost of the scheme and as at 30.09.20 17,602 claimants were in receipt of CTS, 9,938 working age and 7,664 pensionable age with a cost of awards since April of £15,371.960 . There was anticipated further increases following the end of the government furlough scheme where some employers may decide to reduce their workforce.

Hardship Fund

As part of its response to COVID-19, the Government announced in the Budget on 11

March that it would provide local authorities in England with £500m of new grant funding to support economically vulnerable people and households in their local area.

The Hardship Fund allocation to North Tyneside Council amounted to £2,024,000 and would aid those who would struggle to meet Council Tax Payments.

There was a strong expectation by Government, was that billing authorities would primarily use their grant allocation to reduce the Council Tax liability of individuals in their area, using their discretionary powers under s13A(1)(c) of the Local Government Finance Act 1992 and award up to £150.00 to each working age Council Tax Support recipient. Any residual funding could then be used to deliver increased financial assistance through other local support mechanisms, having considered local circumstances.

The hardship payment had made a significant difference to working age Council Tax Support claimants in that around 58% had no Council Tax liability for 2020/21 to pay and many only had very small amounts to pay.

Work was ongoing through the COVID-19 Recovery Work Stream on Welfare & Benefit Support including Hardship Fund to continue to deliver the hardship funding. Over 10,000 residents had been supported and £1.65m of the hardship funding had been used.

A member asked if the Hardship fund was available to small businesses effected by Covid-19 and not receiving support.

In response it was stated that Hardship Fund was only available for individual resident and tenants, however there were specific grants to support for hospitality and Leisure sectors. The additional discretionary restriction grants of £4m was also available and work was on going to assess the necessary the criteria for its use.

A member asked and it was confirmed that the fund would be promoted.

Local Welfare Provision

Statistics for the period 1st April 2020 to 31st October 2020 demonstrated a 30% increase and there had been 714 applications for Local Welfare Support in comparison to the 550 in the previous year.

All 714 applications were offered a full screening, where further advice and information including signposting to partner organisations was offered where appropriate.

There had been 325 crisis applications eligible for further practical support, which included applicants receiving food, utility support, baby items or baby food, essential household items, travel costs or clothing.

Spend for the period in respect of immediate practical support amounted to £4,060 and this was in addition to the annual grant to the Food Bank of £26,500 which was paid in this quarter.

There was still funding available from the North East First Credit Union which allows the Authority to refer people with poor credit history who would be seen as higher risk customers, with the opportunity to access reasonably priced loans. This was a one-off

funding; customers are charged interest which goes back into the fund to be used by other customers.

It was stated that referrals were directed to the credit union after an assessment by the welfare staff team and four people had taken up loans for household goods. The credit union were now able to take applications online which had simplified the process simpler and quicker for customers in crisis.

Covid-19 update

The impact of job losses had seen people who had not accessed support in the past had been supported due to covid-19.

In addition to support to applicants there had also been a grant for emergency assistance with food and essential supplies of £239,000 which was announced by Government in July, allowing further support to those who would not have been eligible for support in the past. In the period since grant received 37 applicants had been supported on 60 occasions.

It also allowed funding provision to 14 community projects who applied for grant support to provide services for those in their areas who had been impacted by COVID and were in food poverty and lacking essential services.

Demand for food parcels immediately increased on 2 November following the announcement of the second lockdown to commence on 5 November.

Universal Credit

North Tyneside Universal Credit UC claims had risen from the March 2020 figure of 11,000 to over 18,000 claimants in November where of the 18,000 claimants, 8,400 were actively seeking work group.

Covid-19 demonstrated increased impact on housing tenants with 1,204 tenants reporting that they had been adversely impacted. This had contributed to the significant increase in the number of tenants claiming UC, with an additional 1,085 UC cases being recorded since 16 March 2020; 439 of these new UC claimants informed this was due to the impact of Covid-19. In total 694 tenants on UC have informed us that they have been impacted.

A Member requested if a section on the Poverty Intervention Fund could be an additional section for reporting to the sub-committee.

A member requested to the number of UC Claimants who were taking up the offer of using a work coach. It was stated that the Job Centre Managers did not monitor the number of approaches, but officers would inquire if monitoring of coaching approaches could be considered.

Agreed that the Welfare update report be noted.

F47/19 Section 106 Update Report

The Sub-committee received a briefing to provide and understanding to Planning obligations under Section 106 (s106) of the Town and Country Planning Act 1990, commonly known as s106 agreements.

The S106 mechanism allows 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.

The efficiency and transparency of the s106 process had been raised by Members and Officers within the Authority and were detailed in the briefing note.

The Investment Programme Board (IPB) set up a s106 sub group to provide political oversight of the s106 process and to overcome identified issues and would approve and manage all the Authority's s106 spend and project delivery in an agreed, transparent way, linked to agreed service area priorities and wider Authority's priorities and plans.

To ensure a fair distribution of monies across North Tyneside, the group, in line with the Authority's strategic plans and priorities, agreed that for all future s106 allocations, the Borough would be split into four areas / quadrants: North East, North West, South East and South West, allowing a more flexible approach to projects and spend through maximising opportunities. In addition a dedicated s106 Capital Programme Manager had been appointed to manage the process.

The briefing detailed the process and governance arrangements of the IPB.

Appended to the briefing were two strategies (play site and allotments) that were developed through the commissioning of the IPB and formed the lynchpin for all future s106 decisions and spend for play site and allotment projects moving forward.

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.

Service areas routinely reviewed information and developing projects, which would be presented to the IPB s106 sub group for consideration prior to securing the IPB approval. If approved the projects are then delivered.

Appended to the briefing were the latest s106 spreadsheets that included the financial information of all developer contributions, either as 's106 allocated monies' or 's106 pipeline monies'.

On inspection of the information a member requested further information in respect to:

- i. 00/02134/S106 Collingwood Ward (S0056) Plot 6 Cobalt Business Park
00/01360/FUL
- ii. 13/02005/S106 Whitley Bay Ward- Site of former 35 Esplanade 13/01526/FUL.

It was stated that officers would provide the information directly to the member.

A member raised concern that there were projects (Health) with significant amounts of associated monies set against them for long period and asked the reason for not using the monies earlier. In response it was stated that with the appointment of a dedicated officer to manage s106 monies, work was on going to identify projects or specific use.

The member requested information from the 5-year Investment Plan in relation to St Marys. It was stated that officers would provide the information directly to the member.

The member sought assurance that in future more specific and detailed proposals would be submitted to ensure the rapid use of S106 monies. In response it was stated that this was an area that had been considered and new governance arrangements and the appointment of dedicated officer was put in place to ensure this.

A Members raised in relation to a project that was included on the 'pipeline schedule' reference 18/00826/FUL Mallard Way, Silverlink. It was stated that officers would provide the information directly to the member.

Agreed that the Section s106 update be noted.

F48/19 Exclusion Resolution

Resolved that under Section 100A (4) of the Local Government Act 1972 (as amended) and having applied a public interest test as defined in Part 3 of Schedule 12A of the Act, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act.

F49/19 Business and Technical Partnerships Risks

The Sub-committee considered the report that set out monitoring to the management and mitigation of high (red) risks contained within both the Strategic and Operational Risk Registers of each Partnerships.

Agreed that the Business and Technical Partnership Risks report be noted.