

2021/22 Financial Management Report Annex

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SECTION 1 - GENERAL FUND SUMMARY

1 General Fund Revenue Forecast

- 1.1 This report is the first monitoring report to Cabinet on the 2021/22 financial position. The report brings together financial and performance information with the intention of explaining the current financial position in the context of the policy priorities in the Our North Tyneside Plan. It provides the first indication of the potential revenue and capital position of the Authority at 31 March 2022. The report explains where the Authority continues to manage financial pressures.

The 2020/21 financial year was highly complex for the Authority with the operational response to the pandemic requiring innovation, agility, professionalism and partnership. Like all local authorities, North Tyneside Council continues to feel the impact of the ongoing Covid-19 pandemic and as such this report contains considerations to the potential financial impact the pandemic will have on the Authority in 2021/22. The Authority continues to see areas of pressure across Adults and Children's Social Care, but there are also significant impacts on income particularly across Sport and Leisure Services, and Catering Services.

- 1.2 The Authority's approved net revenue budget of £150.154m is forecast to outturn with a pressure of £5.850m. Table 1 in paragraph 1.5 below sets out the variation summary across the General Fund.
- 1.3 The Authority is continuing to take a prudent approach to forecasting including in relation to the impact of Covid-19 which currently is forecast to add pressures of £14.421m to the General Fund in 2021/22. The total Local Authority Support Grant received from Government for 2021/22 to date is £7.261m, of which £5.576m is new and £1.685m is carried forward from 2020/21. In addition, £3.157m of grants have been received to support specific activities, leaving a forecast pressure in the General Fund due to Covid-19 issues of £4.003m. The remaining pressure of £1.847m relates to normal ongoing activities.

Section 4 of this Annex sets out details of all grant funding received in respect of Covid-19 issues.

- 1.4 This Annex describes as far as possible the assumptions currently made in respect of additional costs and loss of income as a result of Covid-19, and where services continue to see variations in respect of business as usual.

1.5 Table: 1 2020/21 General Fund Revenue Forecast Outturn as at 31 May 2021

Services	Budget	Forecast Outturn	Variance	Previous Cabinet (Outturn)	Variance Change since Outturn
	£m	£m	£m	£m	£m
Health, Education, Care and Safeguarding	74.040	81.811	7.771	6.403	1.368
Commissioning and Asset Management	8.013	8.844	0.831	0.313	0.518
Environment, Housing and Leisure	44.278	44.263	(0.015)	(0.368)	0.353
Regeneration and Economic Development	1.399	1.462	0.063	0.128	(0.065)
Corporate Strategy	0.711	0.788	0.077	(0.304)	0.381
Chief Executive's Office	(0.078)	(0.109)	(0.031)	(0.137)	0.106
Resources	3.521	3.561	0.040	(0.317)	0.357
Law and Governance	0.308	0.631	0.323	0.170	0.153
Central Items – BAU	(2.051)	(9.263)	(7.212)	(8.388)	1.176
Central Items – Covid-19	0.000	4.003	4.003	0.000	4.003
Support Services	20.013	20.013	0.000	0.000	0.000
Total Authority	150.154	156.004	5.850	(2.500)	8.350

SECTION 2 - DELIVERY OF BUDGET SAVINGS PROPOSALS

2.1 No new savings were proposed as part of the budget approved by Council in February 2021 so the total savings the Authority has had to find in the eleven years following the 2010 Comprehensive Spending Review (CSR) remains at the 2020/21 total of £127.756m.

2.2 Table 2: Year on Year savings since 2010 CSR

Year	£m
2011/12	16.169
2012/13	16.739
2013/14	12.240
2014/15	16.552
2015/16	14.158
2016/17	15.737
2017/18	18.338
2018/19	10.143
2019/20	6.875
2020/21	0.805
2021/22	0.000
Total Savings	127.756

2.3 Although no new savings were proposed, a total of £1.792m of savings targets were agreed in prior years budget setting processes for delivery in 2021/22. Savings targets of £1.981m within Health, Education, Care and Safeguarding (HECS) were met in 2020/21 through Covid grants or alternative management actions with a further £0.482m met through one-year funding sources. This leaves a total of £3.643m savings targets within HECS which still require a permanent solution in 2021/22. A target of £0.082m from 2020/21 within Commissioning and Asset Management also requires achievement on a permanent basis in 2021/22. The total savings that need to be achieved in 2021/22 are therefore £4.337m.

2.4 The delivery of savings in 2021/22 is expected to continue to be impacted by the Covid-19 pandemic within HECS and Commissioning & Asset Management.

2.5 Table 3: Efficiency Savings by Service at May 2021

Service	2021/22 Targets £m	Projected Delivery £m	In Year Actions £m	Yet to be achieved £m
HECS	3.643	0.540	1.100	2.003
Commissioning & Asset Management	0.264	0.100	0.000	0.164
Environment Housing & Leisure	0.430	0.430	0.000	0.000
TOTAL	4.337	1.070	1.100	2.167

2.6 The governance structure of the Efficiency Savings Programme includes a monthly review of progress by the Senior Leadership Team (SLT). In addition, in-year budget and performance progress meetings are held between officers and Cabinet Members to

consider progress and actions being taken to deliver savings. The variations in relation to the savings where delivery has been impacted by Covid are outlined in the sections below.

Health, Education, Care and Safeguarding (HECS)

- 2.7 HECS has achieved savings targets totalling £0.540m relating to Sector Led Improvement income (£0.100m), maximising children's (£0.190m) and Adults NHS income (£0.250m). An in-year saving of £1.100m has been identified through management actions of retaining vacancies and managing third party payments within Adult services.
- 2.8 This service has been significantly impacted by the Covid-19 pandemic and the level of response required through each phase as the Pandemic unfolded. A proportion of the savings involve income generation via third parties. Other service delivery-based savings have been impacted due to capacity issues where placements have had to be maintained due to delays in court proceedings or the type of placement not changing as previously planned due to Covid-19 restrictions.
- 2.9 Finance Officers continue to attend meetings with senior managers and the Head of Service across adult and children's services and individual managers have assigned responsibilities to pursue deliverability of existing schemes and to identify alternative proposals during 2021/22.

Commissioning and Asset Management

- 2.10 Within Commissioning and Asset Management the only savings target forecasted to be unmet in 2020/21 related to the target for an increase in school meals fees of £0.082m. This is now joined in 2021/22 by a further increase in this target of £0.082m. Both of these targets are forecasted as yet to be achieved pending decisions on school meal price increases. A target of £0.100m relating to SLA income is forecasted to be achieved.

Environment Housing and Leisure

- 2.11 All savings in this service are forecasted to be achieved.

SECTION 3 – NEW REVENUE GRANTS

3.1 New revenue grants have been received or notified during April and May 2021.

Table 4: Grants Received or Notified in April and May 2021

Service	Grant Provider	Grant	Purpose	2021/22 value £m
Environment Housing and Leisure	Ministry of Housing, Communities and Local Government	Rough Sleeping Initiative 2021/22	To provide support for the prevention of rough sleeping	0.064
Environment Housing and Leisure	Ministry of Housing, Communities and Local Government	Emergency Accommodation Allocation	To provide support for the prevention of rough sleeping	0.025
Environment Housing and Leisure	Ministry of Housing, Communities and Local Government	Homeless Prevention Grant	To give local authorities control and flexibility in managing homelessness pressures and supporting those who are at risk of homelessness.	0.370
Total				0.459

SECTION 4 – IMPACT OF COVID-19

4.1 The Authority continues to play a key role in supporting businesses, residents, care homes and schools with financial support and additional Covid-19 related services throughout the Pandemic. Financial impacts remain, due to loss of income as a result of closures and restrictions on the facilities the Authority operates and additional costs resulting from Covid-19 in relation to its business as usual activities. The Authority has received a range of grants from Government to fund this additional activity and the financial impact on the Authority's normal services. The tables below outline the grants received, spend in year and the outcomes related to each grant.

4.2 Table 5: Supporting Our Businesses

Business Grant	Value Awarded 21/22	Value B/Fwd from 20/21	Value Spent 01.04.21-31.05.21	Value Committed @ 31.05.21	Value Available @ 31.05.21
	£m	£m	£m	£m	£m
Business Support	0.000	0.000	0.000	0.000	0.000
Business Support Top-Up	0.000	3.307	0.199	3.108	0.000
Local Restrictions Support 'Closed' & 'Open'	0.000	4.662	0.351	4.311	0.000
Additional Restrictions Grant	0.000	2.738	0.814	1.924	0.000
Christmas Support 'Wet-Pubs'	0.000	0.047	0.047	0.000	0.000
Capacity Fund	0.000	0.636	0.013	0.623	0.000
Travel Demand Management	0.000	0.010	(0.008)	0.018	0.000
Total	0.000	11.400	1.416	9.984	0.000

4.3 The Authority has £11.400m of grant funding brought forward from 2020/21, aimed at supporting businesses across the Borough. £1.416m of this has been allocated to date and the full funding is anticipated to be allocated during 2021/22.

4.4 Table 6: Supporting Our Residents

Residents Grant	Value Awarded 21/22	Value B/Fwd from 20/21	Value Spent 01.04.21-31.05.21	Value Committed @ 31.05.21	Value Available @ 31.05.21
	£m	£m	£m	£m	£m
Test & Trace Programme Support Grant	0.000	0.782	0.030	0.752	0.000
Emergency Assistance Grant	0.000	0.080	0.000	0.080	0.000
Contain Outbreak Management Fund	1.439	5.302	0.153	6.588	0.000
Test & Trace (self-isolation) Support Payments	0.046	0.438	0.057	0.427	0.000
Covid Marshalls	0.000	0.003	0.000	0.003	0.000
Clinically Extremely Vulnerable	0.000	0.303	0.003	0.300	0.000
Rough Sleepers Additional Grant	0.025	0.000	0.008	0.017	0.000
Winter Grant	0.012	0.000	0.012	0.000	0.000
Local support (Winter Ext)	0.156	0.000	0.151	0.005	0.000
Rapid Testing in the Community	0.118	0.000	0.084	0.034	0.000
Total	1.796	6.908	0.498	8.206	0.000

4.5 The Authority has been awarded £1.796m of new grant funding in 2021/22 to continue supporting its residents on top of a brought forward balance of £6.908m from 2020/21, meaning there is £8.704m of funding available. This funding ranges from ensuring our most vulnerable are protected, individuals that needed to self-isolated still have access to the services they required and ensuring residents can visit our coastline and other attractions safely, where guidelines allow, through the employment of Covid Marshalls and other safety measures. The Authority has spent £0.498m in the period to the end of May and is committed to spending the balance of £8.206m in this financial year. The majority of the committed balance relates to the Contain Outbreak Management Fund. This grant is to help the Authority support the prevention of Covid-19 outbreaks or manage any that do occur in the borough. A number of plans are in place to spend this money over the remaining months of 2021/22 as restrictions continue to ease.

4.6 Table 7: Supporting Our Care Homes

Care Sector Grant	Value Awarded 21/22	Value B/Fwd from 20/21	Value Spent 01.04.21-31.05.21	Value Committed @ 31.05.21	Value Available @ 31.05.21
	£m	£m	£m	£m	£m
Infection Control (combined)	1.237	0.000	0.163	0.572	0.502
Rapid Testing – Care Homes	0.502	0.000	0.000	0.502	0.000
Total	1.739	0.000	0.163	1.074	0.502

4.7 The Authority has been awarded £1.739m to support the care homes within the borough. The majority of this funding is passed over directly to the care homes. The remaining funding is used to support the Authority’s adult social care services for infection control and testing activities. The available balance of £0.502m is being held until the impact of easing restrictions around visitor numbers in care homes is known with regards to its impact on infection control.

4.8 Table 8: Supporting Our Schools

Schools Grant	Value Awarded 21/22	Value B/Fwd from 20/21	Value Spent 01.04.21-31.05.21	Value Committed @ 31.05.21	Value Available @ 31.05.21
	£m	£m	£m	£m	£m
Digital Inclusion	0.000	0.076	0.015	0.061	0.000
Schools Catch-up Premium	0.880	0.000	0.000	0.880	0.000
Mental Health in Schools	0.024	0.000	0.000	0.024	0.000
Additional Home to School Transport	0.176	0.000	0.043	0.133	0.000
Mass Testing for Schools	0.000	0.233	0.000	0.233	0.000
Total	1.080	0.309	0.058	1.331	0.000

4.9 Grant funding of £1.080m has been received in 2021/22 with a brought forward balance from 2020/21 of £0.309m giving a balance available to spend on our maintained schools during 2021/22 of £1.389m. This funding is to help support schools to be able to continue to offer a Covid-safe environment and deliver services to ensure children are not detrimentally impacted by being unable to attend classes in school.

Supporting Council Services

4.10 The Authority's services have been heavily impacted by the Covid-19 pandemic. These services are being supported in 2021/22 by £5.576m of Local Authority Support Grant and a brought forward balance of £1.685m. There is also £3.157m of specific grants supporting services, which together with the Local Authority Support Grant amounts to a total grant availability of £10.418m. The tables below, summarised in Table 15, show that the forecasted total impact of Covid-19 on general fund services in 2021/22 is expected to be £14.421m, which will therefore leave a pressure on Covid-19 of £4.003m over the funding currently available.

The figures in the tables below are forecasts based on a range of assumptions relating to when the service areas predict their services will see the financial impact of Covid-19 reduce and activity return to a pre pandemic level. These forecasts will continue to be updated as new Government guidance is considered and implemented.

4.11 Table 9: Supporting Our Council Services in Commissioning & Asset Management

Commissioning & Asset Management	Main Grant £m	Other Specific Grant £m	Total Claimed £m
Free School Meals	1.605	0.000	1.605
LA7 Home to School Transport	0.000	0.176	0.176
Clinically Extremely Vulnerable	0.000	0.303	0.303
Electricity	(0.021)	0.000	(0.021)
NDR	0.002	0.000	0.002
Cleaning	0.024	0.000	0.024
Rents General	0.028	0.000	0.028
Payments to Contractors	0.002	0.000	0.002
Car Parks(season tickets)	0.076	0.000	0.076
Penalty Notices (absence from School)	0.002	0.000	0.002
Central Purchasing	0.003	0.000	0.003
General Fund PPE	0.033	0.000	0.033
Total	1.754	0.479	2.233

4.12 Table 10: Supporting Our Council Services in Environment, Housing & Leisure

Environment Housing & Leisure	Main Grant £m	Other Specific Grant £m	Total Claimed £m
Sport & Leisure	2.658	0.000	2.658
Waste Management	0.493	0.000	0.493
Highways & Transport	0.269	0.000	0.269
Cultural Services	0.143	0.000	0.143
Homelessness	0.025	0.000	0.025
Environment & Regulatory	0.105	0.000	0.105
Planning & Development	0.030	0.000	0.030
Total	3.723	0.000	3.723

4.13 Table 11: Supporting Our Council Services in Health, Education, Care & Safeguarding

Health, Education, Care & Safeguarding	Main Grant £m	Other Specific Grant £m	Total Claimed £m
CYPL - School Improvement	0.284	0.000	0.284
CYPL - Front Door & safe and support	1.008	0.000	1.008
CYPL - Placement Costs	0.749	0.000	0.749
CYPL - Residential Staffing	0.833	0.000	0.833
CYPL - Adoption Agency (NTC share)	0.034	0.000	0.034
ASC - Adult Services	2.787	0.000	2.787
ASC - Rapid Testing in Social Care	0.000	0.502	0.502
ASC - Infection Control Grant	0.000	0.735	0.735
PH - Test & Trace Support Service	0.000	0.782	0.782
Total	5.695	2.019	7.714

4.14 Table 12: Supporting Our Council Corporate Strategy

Corporate Strategy	Main Grant £m	Other Specific Grant £m	Total Claimed £m
Corporate Strategy	0.090	0.000	0.090
Total	0.090	0.000	0.090

4.15 Table 13: Supporting Our Council Resources and Central Items

Resources & Central Items	Main Grant £m	Other Specific Grant £m	Total Claimed £m
Corporate ICT	0.334	0.000	0.334
Finance / Corporate Services	0.082	0.000	0.082
Provision for Bad Debt	0.125	0.000	0.125
Total	0.541	0.000	0.541

4.16 Table 14: Supporting Our Council in Law and Governance

Law & Governance	Main Grant £m	Other Specific Grant £m	Total Claimed £m
Law & Governance	0.120	0.000	0.120
Total	0.120	0.000	0.120

4.17 Table 15: Covid-19 Support to Services Summary

Service Area/ Category	Main Grant £m	Other Specific Grant £m	Total Claimed £m
Total Impact on Services	11.923	2.498	14.421
Local Authority Support Grant	(7.261)	0.000	(7.261)
Specific Covid Grants	0.000	(3.157)	(3.157)
Unallocated in Reserve	4.662	(0.659)	4.003

SECTION 5 – SERVICE COMMENTARIES

5.1 Meetings have been held between finance officers and budget managers to review the forecast positions for 2021/22, with forecasts being prepared on a prudent basis at this early stage in the financial year. Challenge sessions are planned to review the quarterly financial position and service performance with the Elected Mayor, the Deputy Mayor, the Cabinet Member for Finance and Resources, and other relevant Cabinet Members. Service Directors and their senior teams also attend these challenge sessions to discuss plans in progress to mitigate any pressures.

5.2 Health, Education, Care & Safeguarding (HECS)

5.2.1 HECS is showing an initial forecast variance of £7.771m against its £74.040m net controllable expenditure budget. This position is after adjusting for a total of £7.714m of Covid-19 related cost and income pressures which are now shown within Central Items. The forecasted pressure is entirely within Children’s Services with Adult Services showing a balanced position. This forecast position excludes the application of contingency budgets set aside in Central Items for pressures in Children’s Services of £3.116m.

5.2.2 The HECS service continues to be impacted by the Covid-19 Pandemic and has put in place a range of responses to support existing clients and other residents directly affected by the virus who have required new support packages to be put in place on discharge from hospital or to prevent an admission. Work is also ongoing to support social care providers to maintain their vital services. Further details on Covid impacts are shown in Section 4 above.

5.2.3 Table 16: Forecast Variation for HECS at May 2021

	Budget	Forecast	Variance	Variance	Change
	£m	May	May	2020/21	since
	£m	£m	£m	£m	Outturn
					£m
Corporate Parenting & Placements	15.819	21.818	5.999	5.035	0.964
RHELAC Service	0.008	0.008	0.000	(0.013)	0.013
Child Protection, Independent Assurance and Review	0.708	0.732	0.024	0.029	(0.005)
Early Help & Vulnerable Families	1.544	1.513	(0.031)	(0.341)	0.310
Employment & Skills	0.591	0.591	0.000	0.000	0.000

	Budget	Forecast	Variance	Variance	Change
	£m	May	May	2020/21	since
		£m	£m	£m	Outturn
					£m
Integrated Disability & Additional Needs Service	2.267	3.957	1.609	0.970	0.639
School Improvement	0.214	0.386	0.172	(0.033)	0.205
Regional Adoption Agency	0.000	0.000	0.000	0.000	0.000
Children's Services Sub-total	21.151	28.925	7.774	5.647	2.127
Central, Strategy and Transformation	1.237	1.300	0.063	(0.052)	0.115
Social Work and Associated Activity	7.105	7.669	0.564	0.175	0.389
Integrated Services	2.751	2.357	(0.394)	(0.542)	0.148
Business Assurance	0.296	0.377	0.081	0.009	0.072
Sub-total Operations	11.389	11.703	0.314	(0.410)	0.724
Commissioned Services – Wellbeing and Assessment	12.563	11.548	(1.015)	1.316	(2.331)
Commissioned Services – Learning Disability	24.435	23.844	(0.591)	0.109	(0.700)
Commissioned Services – Mental Health	2.999	4.257	1.258	(0.359)	1.617
Commissioned Services - Other	1.262	1.293	0.031	0.100	(0.069)
Sub-total – Commissioned Services	41.259	40.942	(0.317)	1.166	(1.483)
Adult Services Sub-total	52.648	52.645	(0.003)	0.756	(0.759)
Public Health	0.241	0.241	0.000	0.000	0.000
Total HECS	74.040	81.811	7.771	6.403	1.368

Main budget pressures across HECS

- 5.2.4 In addition to its response to the Covid-19 pandemic, HECS continues to manage a complex budget and is required to deal with a combination of funding arrangements, pressures and national policy changes. There are continuing upward pressures on care providers' fees partially resulting from the National Living Wage but which have become more acute with the operational impact of Covid-19 on care homes and issues around high vacancy levels in a small number of care homes within the borough. Dialogue continues with care home providers around appropriate fee rates. Negotiations also continue around ensuring funding contributions from the NHS for clients with health needs as the North Tyneside Clinical Commissioning Group (NTCCG) themselves face continuing budget constraints.
- 5.2.5 The main factor behind the overall forecast position, however, is the significant pressure within Corporate Parenting and Placements in relation to care provision for children in care and care leavers. There is also a pressure relating to services for children with additional needs. In addition to care provision pressures, there are also on-going pressures in the workforce arising from staff retention costs and recruitment costs and a pressure resulting from savings targets not yet achieved.

Children's Services

- 5.2.6 In Children's Services the £7.774m forecast pressure relates mainly to demand pressures of £5.999m in Corporate Parenting and Placements and £1.609m in Integrated Disability and Additional Needs. There is also a forecast pressure of £0.172m in School Improvement. The pressures were foreseen by Cabinet and backed by £3.116m of centrally held contingencies. This position excludes Covid-19 related pressures of £2.907m which have been transferred to Central Items.
- 5.2.7 The May forecasted position of £7.774m represents an increase of £2.127m from the 2020/21 outturn position. This movement is due to a number of factors:
- Increased savings targets shown within the service as not yet achieved (£0.895m). In 2020/21 some of the savings could not be met due to the impact of Covid-19. These savings were supported by the Covid-19 Local Support Grant. The current forecasts assume that Covid-19 will continue to impact the delivery of these savings for the first 6 months of the financial year, leaving the second half of the financial year and a 'business as usual' pressure.
 - In 2020/21 the cost of in-house provision within two children's homes were supported by Covid-19 grant funding as changes to the placements for these particular children were delayed due to Covid-19. In 2021/22, no forecast is made for Covid-19 to impact these placements, therefore the full costs of these provisions are shown within the service resulting in an additional pressure of £0.471m;
 - Increased net staffing costs £0.450m due to forecast assumptions around vacancies being filled.
 - School Improvement income reductions in relation to service level agreements (SLA); and,

- Reduced recharges to Adult services. Two young people within in-house services turned eighteen in 2020/21 and recharges were made to Adult services for their costs as they were placed in facilities managed by Children's services. These young people have moved into new third party services, so no corresponding recharges are forecasted in 2021/22.

Corporate Parenting and Placements

5.2.8 The pressures within Corporate Parenting and Placements can be broken down as follows:

Table 17: Analysis of Pressures in Corporate Parenting and Placements

Type of Service	Budget £m	Variance May £m	Variance 2020/21 £m	Change Since Outturn £m
Care provision – children in care	9.188	3.066	2.957	0.109
Care provision – other children	3.147	0.931	0.950	(0.019)
Management & Legal Fees	(0.948)	1.152	0.571	0.581
Social Work	4.386	0.845	0.553	0.292
Safeguarding Operations	0.046	0.005	0.004	0.001
Total	15.819	5.999	5.035	0.964

5.2.9 The forecast has been developed based on the children in care as at the end of May 2021. The number in care at the end of May was 292 which was a net increase of 1 from the March figure of 291. The May forecast for the total number of care nights however is currently significantly lower for 2021/22 at 102,304 nights compared to the total number of care nights delivered in 2020/21 which was 108,745. There is however an increase in pressure in 2021/22 of £0.109m due to changes in the mix of provision from less complex cases to more complex cases. Table 18 below shows a forecast reduction in internal fostering of 5,392 bed nights which is the least expensive form of provision with increases in external residential and in house residential bed nights provisions which both cater for children with more complex needs and are significantly more expensive.

5.2.10 Table 18: Forecast cost, forecast variance, average placement cost and placement mix

Placement Type	2021/22 May Variance	Average Annual Placement cost (£m)	2021/22 Forecast Bed Nights	2020/21 Outturn Bed Nights	Placement Mix	No. of children May 21	No. of children March 21
External Residential Care	1.505	0.255	8,338	8,163	8%	26	25
External Fostering	0.056	0.040	9,048	12,068	9%	28	29
In-House Fostering Service	0.420	0.027	63,420	68,812	62%	174	176
External Supported Accommodation	0.389	0.119	3,218	6,170	3%	14	15
Other*	0.696	various	18,280	13,532	18%	50	46
Total	3.066		102,304	108,745	100%	292	291

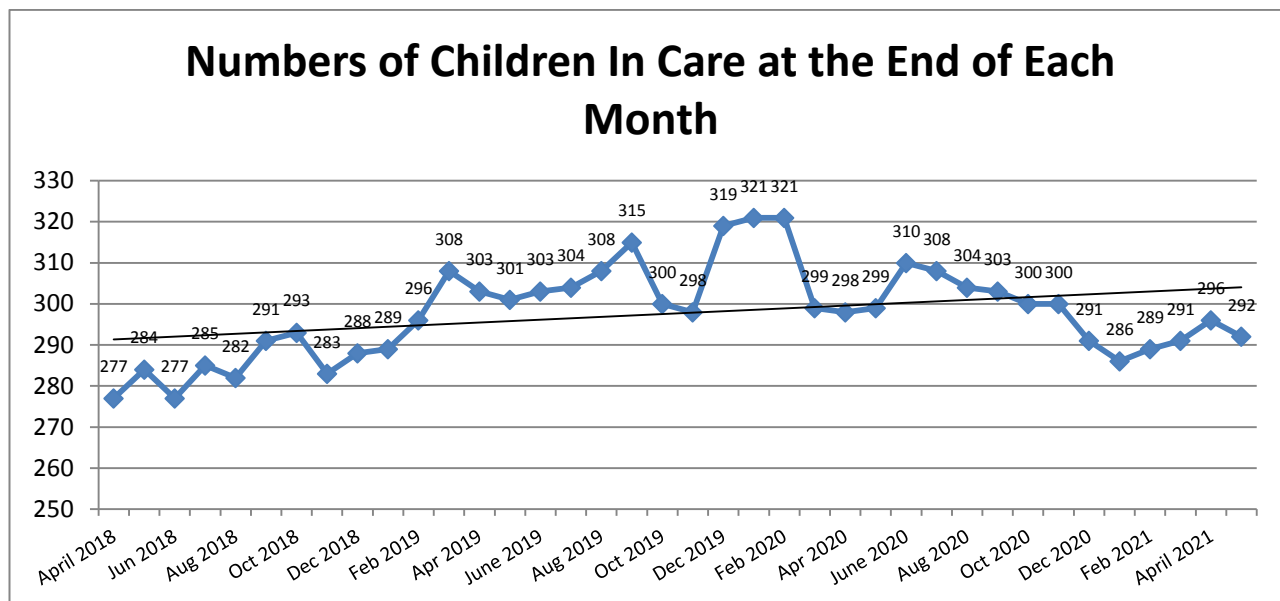
*Other includes Placed for Adoption, Placed with Parents/Parental Responsibility and NTC Children's Homes.

5.2.11 The number of children in care can be volatile and costs for individual children can be very high. There is a potential risk that the forecast could increase if numbers of care nights delivered on complex cases starts to rise above current levels. There is a concern that there may be future spikes in numbers of children in care as the potential economic effects of the Covid-19 crisis impact on families.

Care Provision – Children in Care

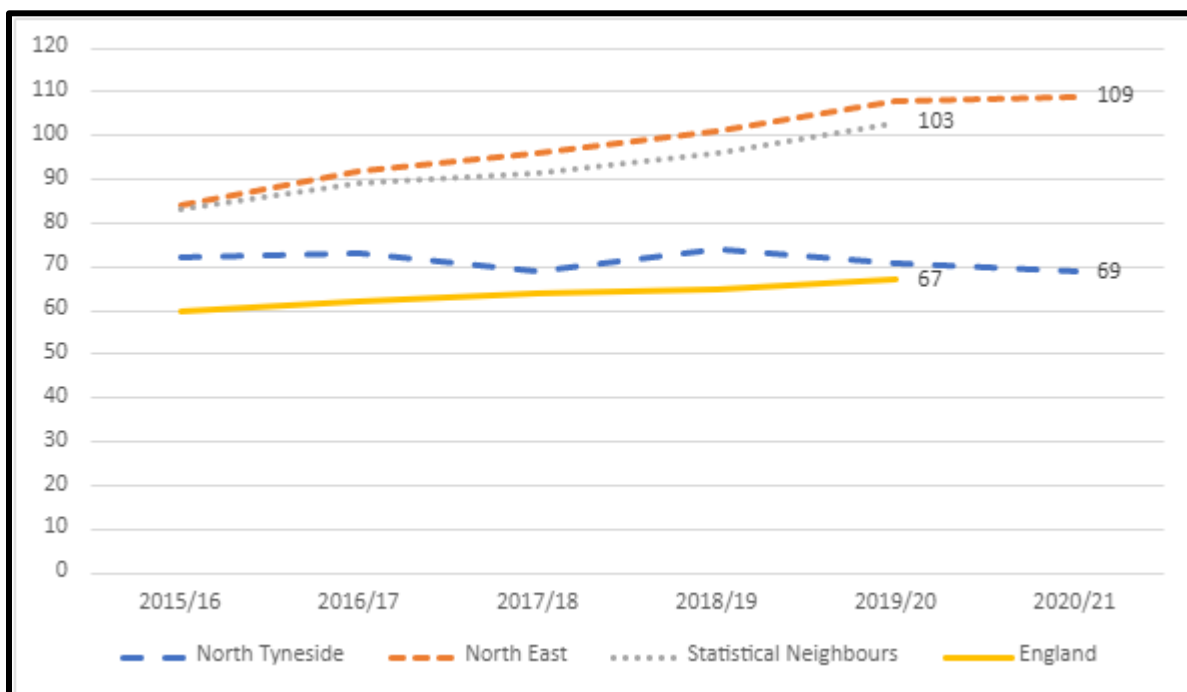
5.2.12 Over recent years, there has been an increasing trend nationally in demand for children's residential placements but with no corresponding increase in government-funded provision. The trend in North Tyneside over the last few years is that the overall number of children in care has mirrored the increases being felt nationally. Although as chart 1 shows the current levels are below the trend line for the first time since January 2019.

5.2.13 **Chart 1: Children in Care at the End of Each Month**



5.2.14 The most recent available national comparators from 2019/20, as demonstrated by Chart 2 below, shows that North Tyneside, although above the England average, has historically performed well within the North East region in relation to the rates of children in care.

5.2.15 **Chart 2: Comparative Performance in Rates of Children in Care per 10,000 Children under 18**



Care Provision – Children not in care

- 5.2.16 The pressure of £0.931m (2020/21 outturn variance, £0.950m) relating to care provision for children not in the care system relates predominantly to children under a Special Guardianship Order (SGO). Cabinet will recall that the Authority's policy for supporting children in SGOs was amended in 2018 and that this brought about additional costs. The contingency budget of £3.116m established in Central Items was, in part, intended to mitigate against these costs.

Management and Legal Fees

- 5.2.17 This area has a forecast pressure of £1.153m (2020/21 outturn variance, overspend of £0.571m). The increase in pressure within this area is due to savings targets of £0.660m which are yet to be achieved. The Government has provided Covid grant support for the first 6 months of 2021/22 and therefore only 50% of savings targets impacted by Covid have been charged to Central Items to be set against Covid grants. The service is continuing to work on the delivery of planned savings targets and continues to review all budget areas for any other mitigating savings.

Social Work

- 5.2.18 Within the overall pressure of £5.999m for Corporate Parenting and Placements, there are social work-related pressures of £0.845m. This has increased from an overspend of £0.553m in 2020/21. Of the £0.845m pressure, £0.610m relates to employee costs with £0.235m relating to non-pay costs. There is an additional team in place of 6 posts costing £0.244m and market supplements across the service amounting to £0.095m. There are s17 assistance costs forecasted above budget level by £0.051m, transport and travel pressures of £0.027m and legal and professional fee pressures of £0.105m. Cabinet is aware of the particular challenges faced across the children's social care sector nationally. Caseloads per social worker remain high at 22 compared to the national average of 16.3 (for 2020). The additional social work costs within Children's services reflects the commitment not to use agency staff within front line teams.
- 5.2.19 The increased variance compared to 2020/21 relates to the assumed filling of vacancies and increased forecasted car allowances as practice returns to a more pre-pandemic model. There are also savings targets which are yet to be achieved relating to legal and professional fees.

Integrated Disability and Additional Needs (IDANS)

- 5.2.20 IDANS is forecasting a pressure of £1.609m (2020/21 outturn variance was £0.970m). Pressures within IDANS should be seen within the national and local context of increasing numbers of children with Education Health and Care Plans (EHCPs). Within North Tyneside, the number of children with an EHCP has risen from 1102 in January 2018 to 1940 in May 2021. Within this service area the main pressures relate to operational staffing costs within in-house residential services of £0.259m and associated unachieved health income target of £0.213m. There are also forecast staffing pressures of £0.276m in Educational Psychology relating to an increase in non-chargeable statutory work associated with increased

levels of EHCPs for children with additional needs. There are pressures of £0.670m on externally commissioned short breaks and staffing pressures of £0.186m across the Statutory Assessment and Review Team and the Disability Team.

- 5.2.21 The increase in forecasted variance since the 2020/21 outturn is due to:
- Reduced recharge income resulting from two young people within in-house provision in 2020/21 turning eighteen and their costs being charged to Adult services, as they continued to be placed in facilities managed by Children's Services. These young people have now moved into new third party services and there is no corresponding recharge in 2021/22 (£0.213m);
 - Increased staffing costs in Educational Psychology associated with increased demand from rising statutory work levels (£0.041m);
 - Increased short break costs of £0.085m; and,
 - Increased staffing costs in Statutory Assessment and Review and Disability Team resulting from rising workloads and the need to review provision across High Needs services (£0.195m).
- 5.2.22 The IDANS service is continuing to carefully review planned provision to identify any areas of spend which can be reduced without adverse impacts on the children and families receiving support.
- 5.2.23 The School Improvement Service is showing a forecast pressure of £0.172m compared to an underspend of £0.033m in 2020/21. A number of schools advised the Authority that they would no longer purchase ICT support in 2021/22. Following this, further discussions took place and the Authority decided to reduce the overall recharge to schools whilst a review of the service was undertaken. This ensured that the service level take up was sustained with only a small number of schools opting to receive their support from other providers. The non-curriculum elements of service delivery have now transferred to corporate ICT within Resources and discussions are continuing in relation to a realignment of this income target, which will be corrected by the next report to Cabinet. At which stage the pressure and mitigating actions will be shown in the Resources section.

Adult Services

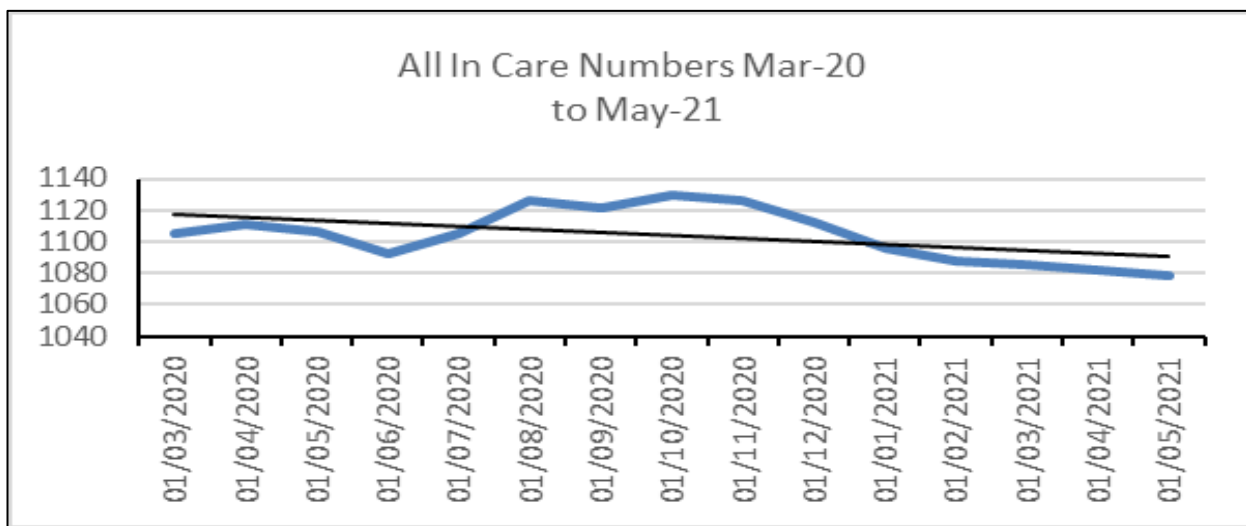
- 5.2.24 Adult Services are forecasted to show a small surplus of £0.003m which compares to an outturn variance of a £0.756m overspend in 2020/21. Contingency budgets of £1.800m which were held in Central Items in 2020/21 have been transferred to the service in 2021/22 and this explains the movement in the position with an offset of additional new high cost care packages within Mental Health.
- 5.2.25 The analysis of sub service areas has been changed in 2021/22 to show the split between the operational aspects of the service and the externally commissioned care costs.
- 5.2.26 Forecasted costs associated with the operational management of the service are showing a pressure of £0.314m. This is mainly within social work teams where additional posts, resulting from increased workloads seen as a result of Covid-19 are forecast to be funded from Covid-19 grant funding in the first six months of the

year and as the service starts to transition back to a pre-pandemic level over the last six half of the financial year, a forecast amount of £0.361m has been included within business as usual. These pressures are partially offset by an underspend in Integrated Services due to vacancies.

5.2.27 There is a pressure within Commissioned Services – Mental Health due to three new high cost clients who entered the service in March and April 2021 (£0.940m). There are also pressures due to increased client numbers relating to residential and nursing care within Mental Health.

5.2.28 Forecasted pressures in Commissioned Services – Mental Health are offset by budget surpluses across Commissioned Services in Wellbeing and Assessment and Learning Disabilities. Within Wellbeing and Assessment, the level of residential and nursing costs continues to trend lower although this is partially offset by rising homecare costs.

5.2.29 Chart 3: Overall Numbers of Clients in Residential and Nursing Care



5.3 Commissioning and Asset Management

5.3.1 Commissioning and Asset Management (C&AM) is showing a pressure of £0.831m (2020/21 outturn overspend of £0.313m) as set out in Table 19.

5.3.2 C&AM has also been heavily impacted by the Covid-19 Pandemic, particularly in relation to supporting schools and in relation to lost income with details shown in Section 4.

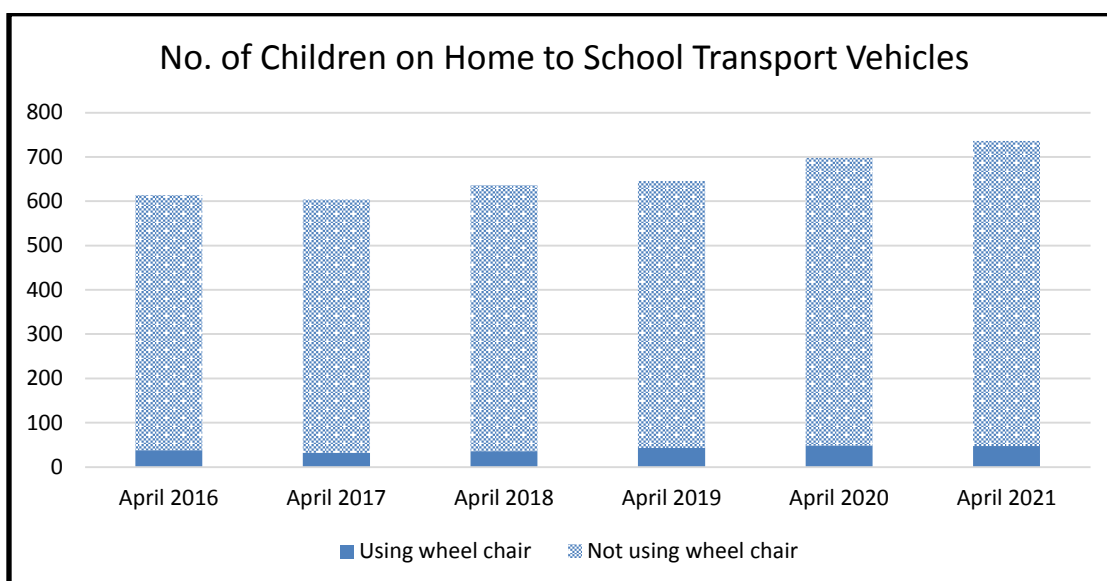
5.3.3 **Table 19: Commissioning and Asset Management (C&AM) Forecast Variation**

	Budget	Forecast	Variance	Variance	Change
	£m	May	May	2020/21	since
	£m	£m	£m	£m	Outturn
					£m
School Funding & Statutory Staff Costs	5.410	5.345	(0.065)	(0.056)	(0.009)
Commissioning Service	0.406	0.431	0.025	(0.058)	0.083
Facilities & Fair Access	0.412	1.262	0.850	0.503	0.347
Community & Voluntary Sector Liaison	0.441	0.413	(0.028)	(0.052)	0.024
Strategic Property & Investment	1.918	1.968	0.050	0.023	0.027
High Needs Special Educational Needs	0.000	0.000	0.000	0.000	0.000
Property	(0.727)	(0.727)	0.000	0.000	0.000
Commissioning & Asset Management & Support	0.161	0.161	0.000	(0.001)	0.001
Procurement	(0.008)	(0.009)	(0.001)	(0.046)	0.045
Total C&AM	8.013	8.844	0.831	0.313	0.518

5.3.4 The main 'business as usual' budget issues relate to Facilities and Fair Access which is showing forecast pressures of £0.850m (2020/21 outturn, overspend of £0.503m). The overspend position mainly relates to Home to School Transport (£0.699m) with additional pressures on the catering service (£0.161m) due to increasing numbers of free school meals and the consequential impact on loss of paid income. There is also a pressure of £0.060m on car parking income in relation to Quadrant.

5.3.5 The Home to School Transport position, a pressure of £0.699m, relates to the sustained and increase in children with complex needs attending special schools. Demand pressures in High Needs is a known issue nationally and is also impacting on the High Needs budget within the Dedicated Schools Grant (see paragraphs 6.9 to 6.12 for more details). As a result of the increase in demand for home to school transport for children with additional needs, the number of children in vehicles has risen from 614 in April 2016 to 736 in 2021 as shown in Chart 4 below. Work is also continuing on route rationalisation using the new QRout system.

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



5.3.7 In addition to Facilities and Fair Access, within Strategic Property and Investment, the repairs and maintenance budget is forecasted to show a pressure of £0.218m due to the cost of essential repairs across the Authority's buildings. This is partially offset by recharges to capital budgets and other savings across this service area.

5.4 Environment, Housing & Leisure (EHL)

5.4.1 EHL is forecasting a small underspend of £0.015m against the £44.278m budget, as set out in Table 20 below. The position includes a planned £0.583m draw-down of reserves for the street-lighting PFI contract and PFI buildings.

5.4.2 The impact of the Covid-19 Pandemic on EHL is mainly in relation to lost income. £3.152m of the £3.650m estimated impact is due to income-generating services being expected to operate at a lower level. This forecast is based on a high-level impact assessment of on-going income modelled on expected operating levels to September, with operations then returning back towards pre-pandemic levels.

5.4.3 Table 20: Forecast Variation in Environment Housing & Leisure

Service Areas	Budget £m	Forecast May £m	Variance May £m	Variance 2020/21 Outturn £m	Change since Outturn £m
Arts Tourism & Heritage	1.623	1.690	0.067	0.141	(0.074)
Bereavement	(0.786)	(0.735)	0.051	(0.097)	0.148
Fleet Management	1.123	1.087	(0.036)	(0.031)	(0.005)
General Fund Housing	0.936	0.941	0.005	(0.037)	0.042
Head of Service & Resilience	0.245	0.244	(0.001)	(0.046)	0.045

	Budget	Forecast May	Variance May	Variance 2020/21 Outturn	Change since Outturn
Service Areas	£m	£m	£m	£m	£m
Libraries & Community Centres	5.202	5.228	0.026	(0.040)	0.066
Security and Community Safety	0.369	0.382	0.013	0.043	(0.030)
Sport & Leisure	2.719	2.687	(0.032)	(0.206)	0.174
Street Environment	8.313	8.245	(0.068)	(0.095)	0.027
Street Lighting PFI	4.717	4.717	0.000	0.000	0.000
Technical Package - Building Control	(0.430)	(0.428)	0.002	0.000	0.002
Technical Package - Consumer Protection	1.417	1.407	(0.010)	0.000	(0.010)
Technical Package - Planning	0.247	0.247	0.000	0.000	0.000
Technical Package - Transport & Highways	7.187	7.222	0.035	0.000	0.035
Waste & Recycling Disposal Contracts	7.421	7.375	(0.046)	0.045	(0.091)
Waste Management	3.975	3.954	(0.021)	(0.045)	0.024
Grand Total	44.278	44.263	(0.015)	(0.368)	0.353

5.4.4 The variance reflects forecast cost pressures against Arts, Tourism & Heritage & Bereavement of £0.067m and £0.051m which are mitigated by combined underspends forecasts across Fleet Management, Sports & Leisure, Street Environment, Waste Management and Waste & Recycling Disposal.

5.4.5 The following paragraphs 5.4.6 to 5.4.10 outline the pressures in each service area with details of any variances greater than £0.050m.

Cultural Services

5.4.6 Cultural Services, which includes Libraries & Community Centres and Arts Tourism & Heritage, is expecting a forecast pressure of £0.093m in operational costs.

5.4.7 Included in this pressure is the £0.016m maximum limited liability against losses at the Whitley Bay Playhouse. This is a prudent approach and the actual position of the Playhouse will not be known until after the winter/pantomime events have taken place.

Waste Management including Recycling and Disposal

5.4.8 Last year's outturn reflected the increased costs of waste disposal due to the pandemic. Tonnages collected were higher due to the impact of more people staying at home. The pandemic also impacted the disposal market with the costs of recycling increasing due to harsher market conditions and as a result more waste went to landfill than planned. In 2020/21 the extra costs were offset by

Covid-related grants. This trend in increased waste volumes and harsher market conditions is expected to continue into 2021/22 with £0.205m being estimated to be the impact attributable to the impact of the pandemic. However, as waste volume data is made available across the year, this forecast will be constantly reviewed.

- 5.4.9 There is a forecast saving of £0.067m in waste strategy costs due to vacant posts which are yet to be filled. Whilst the service is currently forecasting to carry out this work to budget this will need to be carefully monitored and any financial impact identified as it manifests.

Local Environmental Services

- 5.4.10 Local Environmental Services includes Street Environment and Bereavement teams and is predicting a net forecast saving of £0.017m. This reflects expected vacancy savings due to reduced need for casual staff and other posts mitigating additional operational pressures in Bereavement of £0.051m.

Regeneration and Economic Development

- 5.5.1 Regeneration and Economic Development (RED) is forecasting a pressure of £0.063m at May 2021, as shown in Table 21 below. This is after moving the expected Covid-19 impact of £0.045m into Central Items to be matched against the grant received.

5.5.3 Table 21: Forecast Variation for Regeneration and Economic Development

	Budget	Forecast May	Variance May	Variance 2020/21	Change since
Row Labels	£m	£m	£m	Outturn	Outturn
				£m	£m
Business & Enterprise	0.751	0.747	(0.004)	(0.195)	0.191
Regeneration	0.445	0.436	(0.009)	0.194	(0.203)
Resources & Performance	0.203	0.279	0.076	0.129	(0.053)
Grand Total	1.399	1.462	0.063	0.128	(0.065)

- 5.5.4 The variance reflects a forecast cost pressure within Resources & Performance of £0.076m due to historic staffing pressures. Minimal underspends across the rest of the service slightly reduce the pressure.

- 5.5.5 At this stage, there is no expectation to use Covid-19 grants to meet income shortfalls or cost pressures as a consequence of the Covid-19 Pandemic.

Corporate Strategy

- 5.6.1 Corporate Strategy is forecasting to report a £0.077m pressure. The variance reflects a forecast underachievement in a cross-service income target of £0.157m.

- 5.6.2 Included within the forecast are assumptions a mix of corporate reserves and Covid-19 grant will be drawn down to meet the employee costs associated with the Customer Service and Covid-19 Recovery Programme posts, mitigating the impact of the income target pressure.

5.6.3 Table 22: Forecast Variation Corporate Strategy

	Budget	Forecast May	Variance May	Variance 2020/21 Outturn	Change since Outturn
	£m	£m	£m	£m	£m
Children's Participation & Advocacy	0.258	0.253	(0.005)	(0.063)	0.058
Corporate Strategy Management	0.006	0.108	0.102	0.101	0.001
Elected Mayor & Executive Support	0.018	0.025	0.007	(0.011)	0.018
Marketing	0.289	0.287	(0.002)	(0.133)	0.131
Policy Performance and Research	0.140	0.115	(0.025)	(0.198)	0.173
Total	0.711	0.788	0.077	(0.304)	0.381

5.7 Resources and Chief Executive Office

5.7.1 Overall Resources and Chief Executive Office are currently forecasting a joint pressure of £0.009m.

5.7.2 Table 23: Forecast Variation Resources and Chief Executive

	Budget	Forecast May	Variance May	Variance 2020/21 Outturn	Change since Outturn
	£m	£m	£m	£m	£m
Chief Executive	(0.078)	(0.109)	(0.031)	(0.137)	0.106
Finance	0.002	0.070	0.068	(0.752)	0.820
ICT	0.539	0.529	(0.010)	0.400	(0.410)
Human Resources	2.980	2.962	(0.018)	0.035	(0.053)
Total	3.443	3.452	0.009	(0.454)	0.463

5.7.3 Within the Finance service there is a forecast pressure due to the impact of funding managed by the Revenues and Benefits service, which is showing the following expected variances:

- The service area is predicting a pressure on Bad Debt Provision of £0.189m, where a forecast reduction in the bad debt provision is not currently expected.
- Overpayment income is also showing a pressure of £0.278m due the reduced value of overpayments expected to be raised with the ongoing move to Universal Credit (UC). The service is working to refresh the profile of change that is anticipated as the roll out of UC continues .
- The Benefits subsidy grant impact has been updated from initial estimate to take into account actual information for April and May which has improved the position by £0.239m from the initial estimate. This will be updated across the year and a mid-year estimate will be provided to the Department of Work and Pensions in October.

- Enforcement income is currently forecasted to be in line with budget and will be updated on a monthly basis using the cost of collection statistics. These forecasts are being carefully managed by the service management and are expected to be refined as the year progresses.

5.7.4 The Finance service is forecasting staffing savings across nearly all teams which mitigates these pressures. These staffing savings are a mix of vacancy savings and additional funding where the service area supports external organisations such as North of Tyne Combined Authority.

5.7.5 The remaining service areas within Resources are all forecasting small underspends for the year. The IT service is continuing to rationalise IT provision across the Authority’s services, requiring ongoing close management of budgets.

5.7.6 The Chief Executive’s office is showing a saving of £0.031m, due to forecast savings in staffing and other operational spend.

5.8 Law and Governance

5.8.1 Law and Governance is forecasting a £0.323m pressure. This variance reflects forecasted cost pressures in Legal Services of £0.256m for the employment Locums/staff costs and £0.109m pressure for delivering North Tyneside Coroner services. These are partially offset by forecast underspends within Information Governance linked to income over-achievement.

5.8.2 **Table 24: Forecast Variation for Law and Governance**

	Budget	Forecast May	Variance May	Variance 2020/21 Outturn	Change since Outturn
	£m	£m	£m	£m	£m
Customer, Governance & Registration	(0.071)	(0.055)	0.016	(0.001)	0.017
Democratic and Electoral Services	0.031	0.042	0.011	0.227	(0.216)
Information Governance	0.159	0.090	(0.069)	0.102	(0.171)
Legal Services	(0.105)	0.151	0.256	(0.116)	0.372
North Tyneside Coroner	0.294	0.403	0.109	(0.042)	0.151
Total	0.308	0.631	0.323	0.170	0.153

5.8.3 Included within the forecast is the utilisation of £0.120m of Covid-19 grant to be used to meet income shortfall forecasts around Legal Services (£0.100m) for Non Contract Fees & Registration of Births, Deaths & Marriages (£0.020m) for Wedding Venue Hire.

5.9 **Central Items**

5.9.1 Central Items is forecasted to be in surplus by £7.212m compared to an outturn surplus of £8.388m in 2020/21. The surplus figure of £7.212m includes the contingency budgets of £5.404m of which £3.116m of that budget provision relates to the pressure being experienced in Children's Services. The other main areas impacting the position are summarised below:

- Strain on the fund savings of £1.388m, due to minimum in-year costs anticipated this financial year;
- Minimum revenue provision savings of £0.350m; and,
- Interest savings on borrowing of £0.150, both of these arising from re-profiling of the Investment Programme and use of cash balances to minimum borrowing.

5.9.2 Savings within Corporate and Democratic Core in 2021/22 are due to anticipated pressures not being seen to materialise to date and the costs of pensions out of revenue are prudently forecasted to be balanced at this stage in the year. These may reduce across the rest of the year and provide some sustainable savings.

5.9.3 **Table 25: Forecast Variation Central Budgets and Contingencies**

	Budget £m	Forecast May £m	Variance May £m	Variance 2020/21 Outturn £m	Change since Outturn £m
Corporate & Democratic Core	4.315	4.315	0.000	(0.344)	0.344
Other Central Items	(6.366)	(13.578)	(7.212)	(8.044)	(1.168)
	(2.051)	(9.263)	(7.212)	(8.388)	1.176

SECTION 6 - SCHOOLS FINANCE

Update on School Budgets 2021/22 to 2023/24

6.1 Schools are normally required to submit their rolling three-year budget plan to the Authority by 31 May each year. Due to the impact of Covid-19, the Council exercised discretion to move this deadline to mid-June, allowing schools to provide initial budget plans before making any allowances for falling rolls, headroom or growth funding (as held within the Dedicated Schools Grant). Table 26 below shows the current three-year impact of the schools' budgets by phase.

6.2 Table 26: Schools three-year budget plan summary by phase

PHASE	2020/21 OUTTURN FIGURE £m	BUDGET PLAN 2021/22 £m	BUDGET PLAN 2022/23 £m	BUDGET PLAN 2023/24 £m
Nursery/ Primary	7.470	4.625	2.692	0.512
Middle / High	(4.564)	(9.430)	(10.991)	(13.787)
Special / PRU	0.815	(0.327)	(3.566)	(6.891)
TOTAL	3.721	(5.132)	(11.866)	(20.166)

6.3 The initial planned deficit for school balances is forecast to rise from a £5.132m deficit in 2021/22 to £20.166m in 2023/24. 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 these allocations will be reported back to Cabinet as they are agreed.

School Deficits

6.4 Some schools continue to face significant financial challenges. There are currently six schools that have submitted a deficit budget plan for 2021/22. Cabinet should note that there are no new schools requiring a licenced deficit agreement in 2021/22. All six schools that continue to require support from the Authority were in deficit at the end of the 2020/21 financial year. Of the six schools two schools had structural deficits in 2020/21, however Cabinet will be pleased to note that Norham High school have submitted a 3-year budget plan which shows the school coming back into an in-year financial balance in year 3 of their budget plan.

The school have been working closely with the Authority to resolve the long-standing structural nature of the schools deficit. The Authority is confident that the schools plans for financial recovery are robust and that an in-year balanced position can be achieved.

Initial deficit review sessions have been held with these schools during June 2021, with deficit challenge sessions commencing for the six ongoing deficit schools

from July 2021. Before any adjustments identified during the upcoming challenge sessions and the allocation of falling rolls and headroom funding, the balances of these six deficit schools are expected to total £13.580m with individual school deficit values shown in Table 27 below.

6.5 **Table 27: Schools in an expected deficit position 2021/22**

School	Outturn 2020/21 £m	Budget Plan 2021/22 £m	
Beacon Hill	(0.244)	(0.997)	Ongoing
Greenfields Primary	(0.131)	(0.109)	Ongoing
Ivy Road Primary	(0.165)	(0.198)	Ongoing
Longbenton High	(2.334)	(2.618)	Ongoing
Monkseaton High	(4.815)	(5.689)	Structural
Norham High	(3.064)	(3.969)	Ongoing
Total	(10.753)	(13.580)	

6.6 Further work continues with special schools to look at appropriate levels of funding for the needs of their current cohort of pupils. A review of High Needs provision in North Tyneside is also being undertaken and the outcome of this review will be reported to Cabinet in due course.

6.7 As in previous years, the details of schools' balances will be reported to the Department for Education (DfE) through the Consistent Financial Reporting (CFR) return. This return is co-ordinated by the Authority and would normally be submitted by the deadline of July (to coincide with the end of term).

Containment funding for Schools

6.8 The Council's Recovery Coordination Group (RCG) has set aside £0.450m funding from the Containment Grant to assist schools with pressures on their balances for 2020/21 due to costs of containing the spread of Covid-19 that were not met by the Department for Education. Schools are currently bidding for this funding, which will be approved by RCG and reported back to Cabinet. A further fund of £0.500m is also being considered for 2021/22 to meet similar costs borne by schools in the current year.

High Needs Block

6.9 Cabinet will recall that the High Needs block ended 2020/21 with a pressure of £8.720m. 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.

6.10 The forecast for the High Needs Block in 2021/22 is an anticipated in-year pressure of £3.268m reflecting a further rise in demand for special school places

within the Authority. These additional places create pressures in relation to place funding of £10,000 per place and the associated top-up funding reflecting each child's level of need. A breakdown of the in-year pressure is shown in Table 28:

6.11 **Table 28: Breakdown of High Needs Pressures at May 2021**

Provision	Budget £m	Provisional Outturn Variance £m	Comment
Special schools and PRU	15.520	2.055	Pressure on places for children with profound, Multiple Learning Difficulties, Social Emotional and Mental Health problems and Autism Spectrum Disorder
ARPs/Top ups	4.120	0.655	Pressures in pre 16 top ups e.g. Norham ARP, Melrose ARP
Out of Borough	2.890	0.497	Increased number of children placed outside North Tyneside Schools
Commissioned services	3.888	0.061	
Subtotal	26.418	3.268	
2020/21 Balance		8.720	
Adjustment		0.080	
Subtotal	26.418	12.068	

High Needs Recovery Plan

6.12 As previously noted North Tyneside is an outlier in terms of the number of Education Health and Care Plans currently in use. The most recent figures suggest that the Authority are around 1% above the national average in terms of whole population. This has a significant impact on all the services that work with our children and young people with additional needs. Following discussions with the Education Skills and Funding Agency the Authority has been required to develop a recovery plan that details how it intends to bring this under control. The themes of the recovery plan link clearly to our SEND Inclusion Strategy and our Ambition for Education:

- Improved Graduated Approach to support more young people to have success in their local school;
- Review of Commissioned Services with a focus on maintaining young people in their local school;
- Annual reviews are focussed, timely and include 'value for money';
- The banding and mechanisms we use to fund schools are brought in line with our graduation aspirations;
- Use of capital funding to address issue around capacity;

- More effective place planning and projection is used to ensure that there are sufficient resources in place; and,
- Ensuring that the Authority are working with our partners and stakeholders.

Early Years Block

6.13 The Early Years block outturn for 2020/21 was a surplus of £0.199m. An adjustment to funding normally takes place by June 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 2021/22 show that services can be delivered within the budget available.

SECTION 7 - HOUSING REVENUE ACCOUNT

Forecast Outturn

7.1 The forecast set out in Table 29 below is based on the results to May 2021. Currently the HRA is forecasting an underspend of £0.010m, which includes £0.012m of Covid-19 related costs (see Table 30). Throughout the year, costs will be monitored closely across all areas with additional focus on Rent Arrears and the effect this has on the bad debt provision. In addition, changes to prudent assumptions around rental income, Council Tax voids, Contingency and staffing vacancies will be monitored which could lead to improvements in the forecast position.

7.2 Table 29: Forecast Variance Housing Revenue Account

Row Labels	Budget £m	Current Forecast £m	Variance £m
Management – Central	2.520	2.520	0.000
Management – Operations	4.767	4.738	(0.029)
Management – Strategy & Support	3.588	3.609	0.021
Capital Charges – Net Effect	12.969	12.969	0.000
Contingencies, Bad Debt & Transitional Protection	1.280	1.280	0.000
Contribution to Major Repairs Reserve – Depreciation	13.276	13.276	0.000
Interest on Balances	(0.050)	(0.050)	0.000
PFI Contracts – Net Effect	2.043	2.043	0.000
Rental Income - Dwellings, Direct Access Units, Garages	(60.995)	(60.995)	0.000
Rental Income – HRA Shops and Offices	(0.356)	(0.356)	0.000
Revenue Support to Capital Programme	10.551	10.551	0.000
Repairs	12.350	12.348	(0.002)
Total	1.943	1.933	(0.010)

7.3 The Covid-19 costs for HRA relate to unproductive workforce costs, as can be seen in Table 30 below.

7.4 **Table 30: Forecast Impact of Covid-19 on HRA for 2021/22**

Service Area	Covid Cost Pressure £m	Covid Income Pressure £m	Total Covid Pressure £m	Description
HRA – Workforce	0.012	0.000	0.012	Costs of carrying unproductive staff resource and related support costs during downtime, for staff delivering HRA-related work
Total	0.012	0.000	0.012	

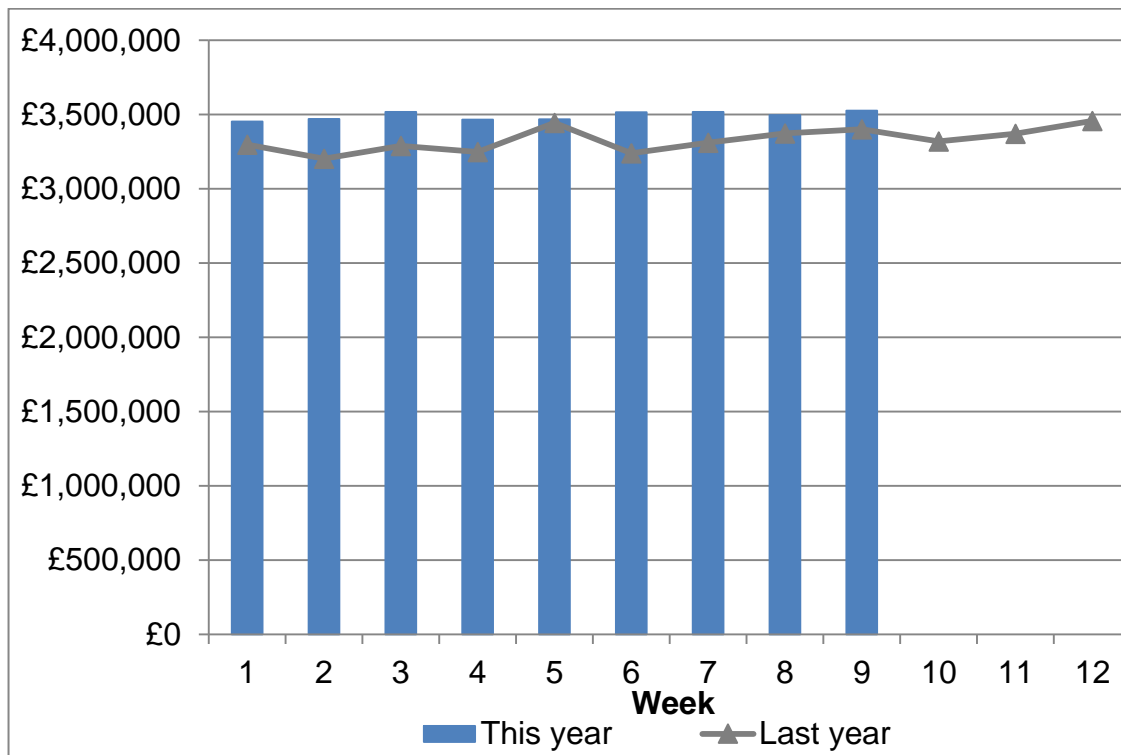
Rental Income

7.5 Rental income is currently performing on target, with the number of empty homes for the first two months of the year broadly in-line with the budget assumptions. Therefore, the current rental forecasts could improve as the year progresses if the service starts performing ahead of target. However, some of this improved position may be offset by the continuing impact of Universal Credit and the potential of an increase in the bad debt provision; all of which will be closely monitored throughout the year.

Rent Arrears

7.7 The impact of rent arrears has risen in the first two months of 2021/22 as compared to 2020/21, however the rate of increase during the first two months is very low as current arrears have only increased by around £0.075m during the period since the start of April 2021. Chart 5 below shows the value of current rent arrears in 2021/22 compared to the same period in 2020/21. A team is working proactively with tenants to minimise arrears, and this is being closely monitored as the year progresses to identify any adverse impacts on the budget position. Last year saw a significant under-spend against the bad debt provision, which had over-spent for the previous two years. If the rate of increase continues at the current rate during the year, and there are no significant increases in the amount of debt being written off, then we will need to review the allocation both in terms of declaring an in-year saving, but also in relation to refreshing the HRA Business Plan as part of the next budget round. Of course, as always the impact of Universal Credit continues to be monitored, as significant increases in numbers on UC could adversely affect the rate at which arrears grow.

7.8 **Chart 5: Rent Arrears in Weeks 1-9 (April-May) 2021/22 compared to 2020/21**

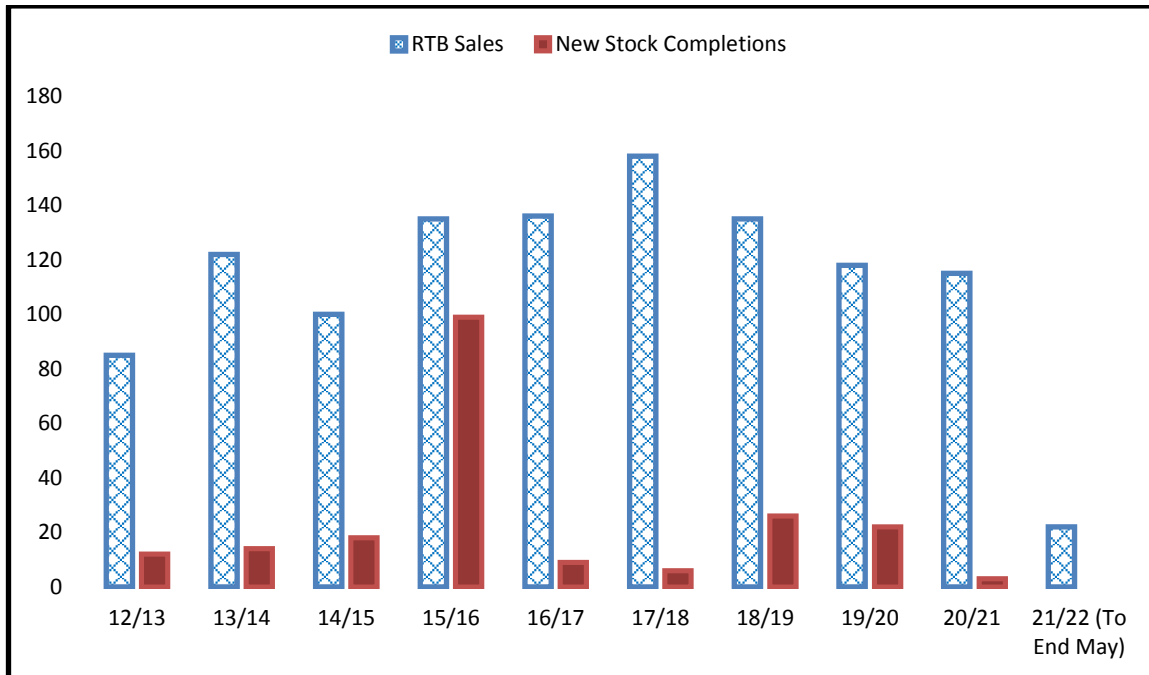


7.9 Universal Credit was fully implemented across North Tyneside on 2 May 2018. The Authority continues to work with residents to provide ICT support to help them make applications and to provide personal budget support to help residents manage their household finances. At 31 March 2021 there were 3,306 tenants of North Tyneside Homes on Universal Credit with arrears totalling £2.689m. By early June 2021 there were 3,428 tenants on Universal Credit (increase of 122 tenants) with related arrears of £2.712m (increase of £0.023m). These figures seem to bear out the reduced rate of increase in arrears mentioned above.

Right to Buy (RTB) Trends

7.10 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 6 below shows the trend in RTB sales since that time.

7.11 Chart 6: Yearly RTB Sales v New Stock Additions



SECTION 8 - INVESTMENT PLAN

Review of Investment Plan - Position Statement

- 8.1 The Authority's Investment Plan represents the capital investment in projects across all Service areas. Officers will continue to plan the delivery of those key projects included within the 2021/22 Investment Plan and regularly review the impact of Covid-19. Some of the key highlights of the Investment Plan due to be delivered during 2021/22 are summarised below:

Affordable Homes New Build and Conversion Works

- 8.2 There are currently 4 affordable home projects that will progress during 2021/22, these include:
- The construction of 12 new affordable homes on the former site of the Cedars, North Shields;
 - The construction of 9 new affordable homes on the former site of Bawtry Court, Battlehill;
 - Refurbishment and remodelling works to create 7 new affordable units at Charlotte Street, Wallsend; and,
 - Convert a Brownfield garage site in Falmouth Road, into 9 new affordable homes.

Housing Investment Work

- 8.3 The Housing Capital delivery programme will see the following works delivered across the borough during 2021/22:
- Kitchens and bathrooms to 678 homes;
 - Heating upgrades to 600 homes;
 - Window and doors replacements to 30 homes;
 - Boundary improvements to 830 homes;
 - Roof replacements to 227 homes;
 - External Brickwork Repairs to 223 homes;
 - DPC restoration works to 26 homes;
 - Footpath repairs throughout the borough; and,
 - Fire door replacement to 55 communal blocks

Education Investment Works

- 8.4 Delivery of the priority condition related projects across the school estate as part of the Schools Condition Investment Programme

Asset Investment works

- 8.5 Delivery of the priority condition related projects across the asset property estate as part of the Asset Condition Investment Programme.

Highways and Infrastructure Works

- 8.6 The main Highways & Infrastructure works include:
- Delivery of the LTP including the annual resurfacing programme and integrated transport projects. Larger projects are the construction phase of the Pier Road stabilisation scheme the demolition of Borough Road Bridge;
 - Delivery of the Additional Highway Maintenance Programme including footway improvements in line with the Mayor's priorities; and,
 - Progression of the Tanners Bank highway improvement scheme at various junctions in North Shields.

Regeneration Works

- 8.7 Regeneration Works for 2021/22 include:
- North Shields – continuation of works for the North Shields Heritage Action Zone scheme for Northumberland Square and Howard Street and initial works for the transport hub;
 - Segedunum – completion of the project initiation document to enable the development of proposals and a strategy to secure match funding;
 - Work is ongoing examining the potential options for the enhancement of the facilities at Killingworth Lake; and,
 - Development of outline scope for the Waggonways project.

Variations to the 2021-2026 Investment Plan

- 8.8 Variations of £5.324m to the Investment Plan have been identified and are included in tables 31 and 32 below. Further details are provided in paragraph 8.9:

8.8.1 Table 31: 2021 - 2026 Investment Plan changes identified

	2021/22 £m	2022/23 £m	2023/24 £m	2024-26 £m	Total £m
Approved Investment Plan – Council 8 February 2021	68.611	43.305	42.858	90.796	245.570
Previously Approved Reprogramming/Variations					
2020/21 Monitoring	11.398	0.000	0.000	0.000	11.398
2020/21 Outturn	13.497	0.000	0.000	0.000	13.497
Approved Investment Plan	93.506	43.305	42.858	90.796	270.465
Apr/May 21 Monitoring Variations					
Variations	5.087	0.237	0.000	0.000	5.324
Reprogramming	0.000	0.000	0.000	0.000	0.000
Total Variations	5.087	0.237	0.000	0.000	5.324
Revised Investment Plan	98.593	43.542	42.858	90.796	275.789

8.9 Details of the variations are shown below:

- (a) **BS029 Wallsend Customer First Centre (CFC) £0.250m** – North of Tyne Combined Authority (NoTCA) funding of £0.250m has been approved. This is to assist with the fit out of the remaining vacant space within Wallsend CFC on the second floor of the building. This additional funding will allow for the co-location of a Voluntary, Community and Social Enterprise (VCSE) Hub that would support the development of social enterprise activities, expand local partnerships and networking, build organisational and volunteer capacity, strengthen governance and leadership and add value by developing a new way of working alongside statutory sector partners;
- (b) **BS030 Public Sector Decarbonisation Scheme £0.052m** – This adjustment reflects the actual grant received of £3.289m for Low Carbon Skills against the estimated grant award included in the Investment Plan;
- (c) **CO079 Playsites £0.060m** – Section 106 funding agreed £0.060m, for the installation of new play equipment, safer surfacing and seating at West Moor play site;
- (d) **DV067 Northern Promenade £0.800m** - This funding is to continue the regeneration work of the Northern Promenade with a further final scheme focussed on the promenade from just after the Rendezvous Café to the northern most point of the promenade. It is proposed to use funds set aside under DV073 Ambition for North Tyneside project (see (f) below);
- (e) **DV071 Section 106 Contributions to Set Up Health Facilities £0.264m** - Available Section 106 monies are proposed to be transferred to the health service to be used for enabling costs for the development of a new Wallsend town centre medical practice to the rear of The Forum Shopping Centre, bringing together two existing Wallsend medical practices under one roof (Portugal Place and Park Road);
- (f) **DV073 Ambition for North Tyneside £3.300m credit** – This variation is to reflect the allocation of funding to support the following projects, DV067 Northern Promenade £0.800m see (d) above and EV094 Transforming Cities (Transport Hub) £2.500m see (k) below;
- (g) **ED075 Devolved Formula £0.024m** – A budget adjustment of £0.024m is required to reflect actual grant allocation from the Department for Education (DfE) of £0.603m against initial budget estimates;
- (h) **ED120 Basic Need £0.088m** – A budget adjustment of £0.088m is required to reflect actual 2022/23 grant allocation from the DfE, for Basic Need compared to original estimates;
- (i) **ED132 School Capital Allocation £0.362m** – This is an adjustment to the budget to reflect the 2021/22 grant award of £3.896m announced by the DfE;

- (j) **ED190 High Needs Provision Capital Allocation £0.663m** – The Government have recently announced that they are committing £280 million in financial year 2021/22, through the High Needs Capital Allocation to support local authorities to deliver new places and improve existing provision for children and young people with SEND, particularly those with more complex needs, and for those pupils that require alternative provision. The Authority have received a grant allocation of £0.663m. Work is ongoing to determine the works to be undertaken;
- (k) **EV094 Transforming Cities Tranche 2 (TCF) £2.500m** – the project to deliver North Shields Transport Hub includes delivery of several key aspects of the adopted North Shields Masterplan including Gateway Improvements at three locations. The scheme has now reached a stage where the Authority needs to incur substantial costs for site investigatory work, design fees, business case development, and property acquisitions to allow the scheme to be delivered within the TCF programme. It is requested that the NTC match funding of £2.500m that is required is made available from the DV073 Our Ambition fund;
- (l) **EV095 Emergency Active Travel Tranche 2 £0.140m** – The variation of £0.140m is to reflect the actual grant award of £1.400m compare to initial estimates included in the Investment Plan;
- (m) **HS004 Disabled Facilities Grant £1.869m** – to reflect the Ministry of Housing, Communities and Local Government (MHCLG) recent announcement of the allocation for 2021/22;
- (n) **HS044 HRA New Build £0.225m** – A bid submitted for funding of £0.225m through the Rough Sleeping Accommodation Programme has been approved by the MHCLG; and,
- (o) **HS053 Green Homes Local Authority Delivery £1.154m** - Tees Valley Combined Authority (TVCA) have confirmed approval for a funding application in relation to the Green Homes Grant Local Authority Delivery 2 of £1.154m. The primary purpose of the Green Homes Grant is to raise the energy efficiency rating of low income and low EPC rated households.

8.10 The impact of the changes detailed above on capital financing is shown in table 37 below.

8.10.1 **Table 32: Impact of variations on Capital financing**

	2021/22 £m	2022/23 £m	2023/24 £m	2024-26 £m	Total £m
Approved Investment Plan	93.506	43.305	42.858	90.796	270.465
Grants and Contributions	4.689	0.237	0.000	0.000	4.926
HRA Capital Receipts	0.173	0.000	0.000	0.000	0.173
HRA Grants	0.225	0.000	0.000	0.000	0.225
Total Financing Variations	5.087	0.237	0.000	0.000	5.324
Revised Investment Plan	98.593	43.542	42.858	90.796	275.789

Capital Receipts – General Fund

8.11 General Fund Capital Receipts brought forward at 1 April 2021 were £2.583m. The capital receipts requirement for 2021/22, approved by Council in February 2021, was £0.423m (2021-26 £0.677m). There was reprogramming of capital receipts from 2020/21 of £0.342m giving a revised requirement of £0.765m for 2021/22 (2021-26 £1.019m). To date £nil capital receipts have been received in 2021/22. The receipts position is shown in table 33 below.

8.11.1 Table 33: Capital Receipt Requirement – General Fund

	2021/22 £m	2022/23 £m	2023/24 £m	2024-26 £m	2021-26 Total £m
Requirement reported to 8 February 2021 Council	0.423	0.254	0	0	0.677
Reprogramming 2020/21 Outturn	0.342	0	0	0	0.342
Revised Requirement	0.765	0.254	0	0	1.019
Receipts Brought Forward	(2.583)	(1.818)	(1.564)	(1.564)	(2.583)
Total Receipts received 2021/22	0	0	0	0	0
Receipts used to repay capital loans	0	0	0	0	0
Net Useable Receipts	0	0	0	0	0
Surplus Receipts	(1.818)	(1.564)	(1.564)	(1.564)	(1.564)

Capital receipts – Housing Revenue Account

8.12 Housing Capital Receipts brought forward at 1 April 2021 were £8.263m. The housing receipts are committed against projects included in the 2021-2026 Investment Plan. The approved Capital Receipt requirement for 2021/22 was £0.750m. This, together with the reprogramming and variations reported to Cabinet, gives a revised requirement of £2.047m. To date, receipts of £1.058m have been received in 2021/22 of which £nil has been pooled as part of the quarterly returns to Central Government. In total, subject to future pooling, this leaves a surplus balance of £7.274m to be carried forward to fund future years.

8.12.1 Table 34: Capital Receipt Requirement - Housing Revenue Account

	2021/22 £m	2022/23 £m	2023/24 £m	2024-26 £m	2021-26 £m
Requirement reported to February 2021 Council	0.750	1.886	2.871	5.673	11.180
Reprogramming 2020/21 Outturn	1.124	0.000	0.000	0.000	1.124
Variations to be reported to August 21 Cabinet	0.173	0.000	0.000	0.000	0.173
Revised Requirement	2.047	1.886	2.871	5.673	12.477
Receipts Brought Forward	(8.263)	(7.274)	(5.388)	(2.517)	(8.263)
Receipts Received 2021/22	(1.058)	0.000	0.000	0.000	(1.058)
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)	(7.274)	(5.388)	(2.517)	3.156	3.156

The final figure for useable receipts and pooled receipts in year will depend on the final number of Right to Buy properties sold during 2021/22.

Investment Plan Monitoring Position to 31 May 2021

- 8.13 Actual expenditure for 2021/22 in the General Ledger was £3.753m; 3.81% of the total revised Investment Plan at 31 May 2021. This is after adjusting for £0.107m of accruals relating to 2020/21 expenditure.

8.13.1 Table 35: Total Investment Plan Budget & Expenditure to 31 May 2021

	2021/22 Revised Investment Plan £m	Actual Spend to 31 May 2021 £m	Spend as % of revised Investment Plan %
General Fund	66.615	2.463	3.70%
Housing	31.978	1.290	4.03%
TOTAL	98.593	3.753	3.81%

SECTION 9 – TREASURY MANAGEMENT & CASH POSITION

Current Cash Position

9.1 The Authority's current available cash balance as at the end of May 2021 is £22.951m, with £37.500m invested externally with other UK Local Authorities. All investments are made in line with the approved Treasury Management Strategy.

9.2 Table 36: Investment Position as at 31/05/2021

Counterparty	Type	Amount (£m)	Maturity
DMO	Term	16.000	1 June 2021
Barclays	Call	1.951	n/a
Lloyds Bank	Call	5.000	n/a
Inter – LA	Fixed	37.500	31 January 2022*

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

9.3 Due to the continued low interest rate environment the strategy throughout 2020/21 has been to repay maturing debt.

Short-term cash investment rates remain at all-time lows and an opportunity has been taken to maximise investment returns by investing longer and locking in investment returns by undertaking forward dated transactions. Forecast investment income excluding DMO investment is anticipated to be £0.081m.

9.4 The approach of maintaining low cash balances has been part of the strategy for a number of years and has generated substantial savings year on year. The government's Debt Management Office (DMO) and other deposit investment rates are currently paying 0.01%, taking into account CHAPS transfers fees and principal invested, it can cost the Authority to invest surplus cash. Therefore, the Authority is investing longer to reduce transactional costs as well as maximise returns. The temporary borrowing market is currently very liquid with significant cash available at very low rates. A summary of rates available is shown in table 37 below. PWLB rates also continue to remain low due to the low Gilt yields, which they are tracked against.

9.5 Table 37: Summary of Borrowing Levels

Temporary Market		PWLB	
Tenor	Level	Tenor	Level
1 week	0.02%	2 years	1.12%
1 month	0.02%	5 years	1.40%
3 months	0.03%	10 years	1.86%
6 months	0.05%	20 years	2.27%
9 months	0.10%	30 years	2.28%
12 months	0.15%	50 years	2.11%

**Please note these levels are from 29/06/2021*

PWLB rates do not include certainty rate reductions,

9.6 Any shortfalls in cashflow are covered by in year temporary borrowing, which is a quick and cost-effective method of cash management in the current situation.

Borrowing Position

9.7 Table 38 shows the Authority's current debt position, with total borrowing maturing in 2020/21 of £15.000m.

Table 38: Current Debt Position

	PWLB (£m)	LOBO (£m)	Temp (£m)	Total (£m)
Total Outstanding Borrowing Debt	397.443	20.000	15.000	432.443
Debt Maturing 2021/22	0.000	0.000	15.000	15.000

Covid-19 Impact on Cash

9.8 The impact of Covid-19 on cashflow for the Authority has resulted in several large grants being front loaded and lumpy grant income profile to the Authority. In March 2020, the Authority drew down £25.000m of PWLB to bolster the Authority's cash position, de-risk our borrowing requirement and take advantage of historically low levels in PWLB, and by doing so has contributed to the continued the surplus cash balance. Whilst a proportion of this is currently invested out for a fixed term, the Authority is currently carrying a cash surplus balance. However, it is anticipated this surplus will unwind as Covid-19 restrictions are reduced. Projected reduced revenue streams, increased costs and repayment of outstanding debt is forecast to utilise cash balances within the year. It is therefore prudent to assume the Authority will be in a deficit cash position to the amount of the projected budget pressure.

The Authority is under-borrowed to the value of £95.166m as at 31 March 2021, and whilst the Authority cannot borrow to fund this revenue pressure however, it can look to utilise reserves, unwind its under-borrowed position and externalise borrowing.