

# 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 second 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 second 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 £7.420m. 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 £18.420m 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, £4.357m of grants have been received to support specific activities, and an assumption has been made that the Authority will receive £1.195m of Sales, Fees and Charges funding, leaving a forecast pressure in the General Fund due to Covid-19 issues of £5.607m. The remaining pressure of £1.813m 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 July 2021**

Services	Budget	Forecast Outturn July	Variance July	Previous Cabinet	Variance Change since May
	£m	£m	£m	£m	£m
Health, Education, Care and Safeguarding	74.144	81.425	7.281	7.771	(0.490)
Commissioning and Asset Management	8.013	8.897	0.884	0.831	0.053
Environment, Housing and Leisure	44.279	44.243	(0.036)	(0.015)	(0.021)
Regeneration and Economic Development	1.399	1.462	0.063	0.063	0.000
Corporate Strategy	0.711	0.788	0.077	0.077	0.000
Chief Executive's Office	(0.078)	(0.109)	(0.031)	(0.031)	0.000
Resources	3.416	3.785	0.369	0.040	0.329
Law and Governance	0.308	0.726	0.418	0.323	0.095
Central Items – BAU	(2.051)	(9.263)	(7.212)	(7.212)	0.000
Central Items – Covid-19	0.000	5.607	5.607	4.003	1.604
Support Services	20.013	20.013	0.000	0.000	0.000
<b>Total Authority</b>	<b>150.154</b>	<b>157.574</b>	<b>7.420</b>	<b>5.850</b>	<b>1.570</b>

## **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**

<b>Year</b>	<b>£m</b>
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
<b>Total Savings</b>	<b>127.756</b>

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 and forecasted saving delivery is unchanged from the May report.

### **2.5 Table 3: Efficiency Savings by Service at July 2021**

<b>Service</b>	<b>2021/22 Targets £m</b>	<b>Projected Delivery £m</b>	<b>In Year Actions £m</b>	<b>Yet to be achieved £m</b>
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
<b>TOTAL</b>	<b>4.337</b>	<b>1.070</b>	<b>1.100</b>	<b>2.167</b>

- 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 June and July 2021.

**Table 4: Grants Received or Notified in June and July 2021**

<b>Service</b>	<b>Grant Provider</b>	<b>Grant</b>	<b>Purpose</b>	<b>2021/22 value £m</b>
Health Education Care and Safeguarding	Department of Health and Social Care	New Burdens Funding – Domestic Abuse Duty	To provide support for the victims of domestic abuse and their children	0.450
Health Education Care and Safeguarding	Education and Skills Funding Agency	School Improvement Monitoring and Brokering Grant	Allows local authorities to monitor the performance of maintained schools and broker school improvement provision	0.117
Health Education Care and Safeguarding	Department for Education	Extension of the role of Virtual School Heads to children with a social worker Grant	To provide support to local authorities to help them meet their duty to appoint a virtual school head for children with a social worker to make advice and support available	0.100
Health Education Care and Safeguarding	Department for Work and Pensions	Flexible Support Fund – Youth Employment Partnerships	To help improve employment outcomes for long term unemployed individuals and group facing barriers to work	0.071
Health Education Care and Safeguarding	Department for Work and Pensions	Reducing Parental Conflict – Workforce Development Programme	To strengthen leadership around parental conflict and fund training for frontline staff to identify and respond to parental conflict	0.022

<b>Service</b>	<b>Grant Provider</b>	<b>Grant</b>	<b>Purpose</b>	<b>2021/22 value £m</b>
Health Education Care and Safeguarding	Ministry of Housing, Communities and Local Government	Housing and Whole Family Working pilot	To implement the Housing and Whole Families Working Pilot helping low income families to thrive	0.047
Health Education Care and Safeguarding	Department for Education	Sector Led Improvement Programme	To enhance local and regional capacity by allowing the highest performing authorities to partner with other LA's in need of support	0.300
Health Education Care and Safeguarding	Youth Custody Service/HM Prison and Probation Services	Remands to youth secure accommodation for children and young people	Transfer of responsibility to LA's for cost of remand to youth detention	0.030
Central Items	Department of Health and Social Care	Covid-19 Infection Control Grant Round 4	To provide support to social care providers with infection control measures	0.735
Central Items	Department of Health and Social Care	Covid-19 Rapid Testing Fund Round 3	To support the rapid testing of staff in care homes and support visiting by professionals and families	0.502
Environment Housing and Leisure	Ministry of Housing, Communities and Local Government	Rough Sleeping Accommodation Programme Funding	To bring on line 5 homes with support for high need rough sleepers	0.021
Environment Housing and Leisure	Department for Transport	Bikeability	Cycling training for children attending compulsory education	0.001



<b>Service</b>	<b>Grant Provider</b>	<b>Grant</b>	<b>Purpose</b>	<b>2021/22 value £m</b>
Environment Housing and Leisure	Food Standards Agency	Prioritisation of New Businesses for Inspection	For additional administration support to help triage businesses for initial on-site visits	0.005
<b>Total</b>				<b>2.401</b>

## **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**

<b>Business Grant</b>	<b>Value Awarded 21/22</b>	<b>Value B/Fwd from 20/21</b>	<b>Value Spent 01.04.21-31.07.21</b>	<b>Value Committed @ 31.07.21</b>	<b>Value Available @ 31.07.21</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Business Support Top-Up	0.000	3.307	0.199	3.108	0.000
Local Restrictions Support 'Closed' & 'Open'	0.000	4.694	0.353	4.341	0.000
Additional Restrictions Grant	1.012	2.661	2.727	0.946	0.000
Christmas Support 'Wet-Pubs'	0.000	0.047	0.047	0.000	0.000
Capacity Fund	0.000	0.636	0.073	0.563	0.000
Travel Demand Management	0.000	0.010	0.010	0.000	0.000
<b>Total</b>	<b>1.012</b>	<b>11.355</b>	<b>3.409</b>	<b>8.958</b>	<b>0.000</b>

4.3 The Authority has £11.355m of grant funding brought forward from 2020/21 with a further £1.012m awarded in 2021/22 aimed at supporting businesses across the Borough. £3.409m 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 01.04.21-31.07.21	Value Committed @ 31.07.21	Value Available @ 31.07.21
	£m	£m	£m	£m	£m
Test & Trace Programme Support Grant	0.000	0.782	0.331	0.451	0.000
Emergency Assistance Grant	0.000	0.080	0.018	0.062	0.000
Contain Outbreak Management Fund	1.439	5.302	0.247	6.494	0.000
Test & Trace (self-isolation) Support Payments	0.000	0.438	0.212	0.226	0.000
LA Practical Support Framework	0.184	0.000	0.010	0.174	0.000
Covid Marshalls	0.000	0.003	0.003	0.000	0.000
Clinically Extremely Vulnerable	0.236	0.303	0.076	0.463	0.000
Rough Sleepers Additional Grant	0.025	0.000	0.022	0.003	0.000
Winter Grant	0.012	0.000	0.012	0.000	0.000
Local support (Winter Ext)	0.731	0.000	0.731	0.000	0.000
Rapid Testing in the Community	0.160	0.000	0.160	0.000	0.000
<b>Total</b>	<b>2.787</b>	<b>6.908</b>	<b>1.822</b>	<b>7.873</b>	<b>0.000</b>

4.5 The Authority has been awarded £2.787m 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 £9.695m 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 £1.822m in the period to the end of July and is committed to spending the balance of £7.873m 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 01.04.21-31.07.21	Value Committed @ 31.07.21	Value Available @ 31.07.21
	£m	£m	£m	£m	£m
Infection Control (combined)	1.278	0.544	0.591	1.231	0.000
Rapid Testing – Care Homes	0.922	0.000	0.388	0.534	0.000
<b>Total</b>	<b>2.200</b>	<b>0.544</b>	<b>0.979</b>	<b>1.765</b>	<b>0.000</b>

4.7 The Authority has been awarded £2.200m 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.

#### 4.8 Table 8: Supporting Our Schools

Schools Grant	Value Awarded 21/22	Value B/Fwd from 20/21	Value Spent 01.04.21-31.07.21	Value Committed @ 31.07.21	Value Available @ 31.07.21
	£m	£m	£m	£m	£m
Digital Inclusion	0.000	0.076	0.035	0.041	0.000
Schools Catch-up Premium	0.880	0.000	0.880	0.000	0.000
Mental Health in Schools	0.024	0.000	0.000	0.024	0.000
Additional Home to School Transport	0.184	0.000	0.141	0.043	0.000
Mass Testing for Schools	0.000	0.233	0.233	0.000	0.000
<b>Total</b>	<b>1.088</b>	<b>0.309</b>	<b>1.289</b>	<b>0.108</b>	<b>0.000</b>

4.9 Grant funding of £1.088m 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 £1.397m. 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 utilisation of £4.357m of specific grants supporting services, and an estimate of £1.195m of grant funding to cover losses on Sales, Fees and Charges, which together with the Local Authority Support Grant amounts to a total grant availability of £12.813m. 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 £18.420m, which will therefore leave a pressure on Covid-19 of £5.607m 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	1.119	0.000	1.119
LA7 Home to School Transport	0.000	0.184	0.184
Clinically Extremely Vulnerable	0.000	0.539	0.539
Electricity	(0.013)	0.000	(0.013)
Cleaning	0.025	0.000	0.025
Rents General	0.036	0.000	0.036
Car Parks (season tickets)	0.078	0.000	0.078
Penalty Notices (absence from School)	0.008	0.000	0.008
Central Purchasing	0.003	0.000	0.003
General Fund PPE	0.033	0.000	0.033
<b>Total</b>	<b>1.289</b>	<b>0.723</b>	<b>2.012</b>

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	3.851	0.000	3.851
Waste Management	0.509	0.000	0.509
Highways & Transport	0.365	0.000	0.365
Cultural Services	0.243	0.000	0.243
Homelessness	0.015	0.000	0.015
Marshalls	0.000	0.174	0.174
Environment & Regulatory	0.344	0.000	0.344
Planning & Development	0.107	0.000	0.107
<b>Total</b>	<b>5.434</b>	<b>0.174</b>	<b>5.608</b>

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	0.324	0.000	0.324
CYPL - Front Door & safe and support	2.072	0.000	2.072
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	2.606	0.000	2.606
ASC - Rapid Testing in Social Care	0.000	0.922	0.922
ASC - Infection Control Grant	0.000	1.278	1.278
<b>CYPL &amp; ASC sub total</b>	<b>6.618</b>	<b>2.200</b>	<b>8.818</b>
PH - Test & Trace Support Service	0.000	0.782	0.782
<b>Total</b>	<b>6.618</b>	<b>2.982</b>	<b>9.600</b>

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
<b>Total</b>	<b>0.090</b>	<b>0.000</b>	<b>0.090</b>

#### 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
Revs and Bens Enforcement	0.400	0.000	0.400
Provision for Bad Debt	0.167	0.000	0.167
<b>Total</b>	<b>0.983</b>	<b>0.000</b>	<b>0.983</b>

#### 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	0.127	0.000	0.127
<b>Total</b>	<b>0.127</b>	<b>0.000</b>	<b>0.127</b>

#### 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	14.541	3.879	18.420
Local Authority Support Grant	(7.261)	0.000	(7.261)
Sales, Fees and Charges*	0.000	(1.195)	(1.195)
Specific Covid Grants	0.000	(4.357)	(4.357)
<b>Unallocated in Reserve</b>	<b>7.280</b>	<b>(1.673)</b>	<b>5.607</b>

\*This figure is an estimate of the value the Authority will be claiming in relation to the funding available to support losses on Sales, Fees and Charges. Currently, this grant is only available in 2021/22 to cover losses incurred in April 2021 to June 2021.

## **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 £7.281m against its £74.144m net controllable expenditure budget, an improvement of £0.490m from the May position of £7.771m. This position is after adjusting for a total of £8.818m of Covid-19 related cost and income pressures which are now shown within Central Items. The forecasted pressure is mostly within Children’s Services and 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 July 2021**

	<b>Budget £m</b>	<b>Forecast July £m</b>	<b>Variance July £m</b>	<b>Variance May £m</b>	<b>Change since May £m</b>
Corporate Parenting & Placements	15.802	21.522	5.720	5.999	(0.279)
RHELAC Service	0.008	0.008	0.000	0.000	0.000
Child Protection, Independent Assurance and Review	0.708	0.722	0.014	0.024	(0.010)
Early Help & Vulnerable Families	1.543	1.371	(0.172)	(0.030)	(0.142)
Employment & Skills	0.591	0.570	(0.021)	0.000	(0.021)



	<b>Budget £m</b>	<b>Forecast July £m</b>	<b>Variance July £m</b>	<b>Variance May £m</b>	<b>Change since May £m</b>
Integrated Disability & Additional Needs Service	2.284	3.908	1.624	1.609	0.015
School Improvement	0.319	0.341	0.022	0.172	(0.150)
Regional Adoption Agency	0.000	0.000	0.000	0.000	0.000
<b>Children's Services Sub-total</b>	<b>21.255</b>	<b>28.442</b>	<b>7.187</b>	<b>7.774</b>	<b>(0.587)</b>
Central, Strategy and Transformation	1.131	1.161	0.030	0.063	(0.033)
Social Work and Associated Activity	7.211	7.605	0.394	0.564	(0.170)
Integrated Services	2.751	2.339	(0.412)	(0.394)	(0.018)
Business Assurance	0.296	0.378	0.082	0.081	0.001
<b>Sub-total Operations</b>	<b>11.389</b>	<b>11.483</b>	<b>0.094</b>	<b>0.314</b>	<b>(0.220)</b>
Commissioned Services – Wellbeing and Assessment	11.250	10.178	(1.072)	(1.015)	(0.057)
Commissioned Services – Learning Disability	25.435	25.185	(0.250)	(0.591)	0.341
Commissioned Services – Mental Health	3.312	4.603	1.291	1.258	0.033
Commissioned Services - Other	1.262	1.293	0.031	0.031	0.000
<b>Sub-total – Commissioned Services</b>	<b>41.259</b>	<b>41.259</b>	<b>0.000</b>	<b>(0.317)</b>	<b>0.317</b>
<b>Adult Services Sub-total</b>	<b>52.648</b>	<b>52.742</b>	<b>0.094</b>	<b>(0.003)</b>	<b>0.097</b>
Public Health	0.241	0.241	0.000	0.000	0.000
<b>Total HECS</b>	<b>74.144</b>	<b>81.425</b>	<b>7.281</b>	<b>7.771</b>	<b>(0.490)</b>

## **Main budget pressures across HECS**

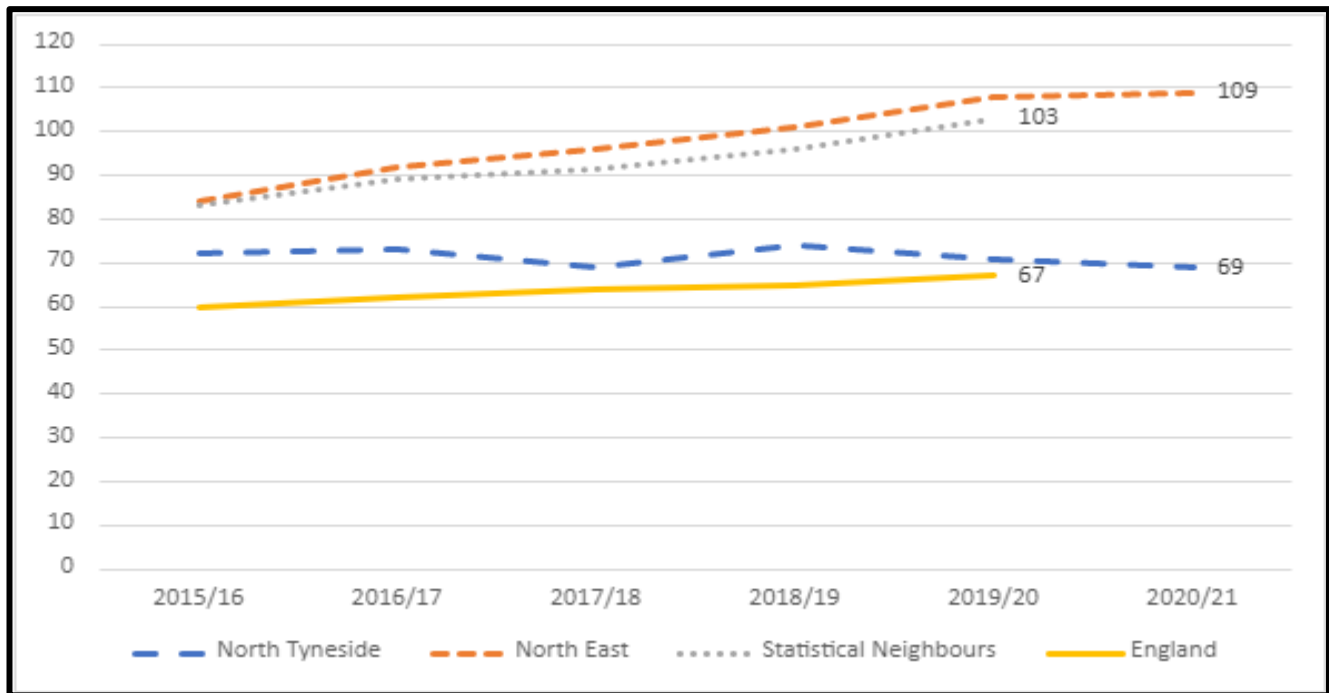
- 5.2.4 In addition to its response to the Covid-19 pandemic, HECS continues to manage a complex budget and is required to deal with a combination of funding arrangements, pressures and national policy changes. There are continuing upward pressures on care providers' fees partially resulting from the 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.

## **Children's Services**

- 5.2.6 In Children's Services the £7.187m forecast pressure relates mainly to pressures of £5.720m in Corporate Parenting and Placements and £1.624m in Integrated Disability and Additional Needs. The pressures were foreseen by Cabinet and backed by £3.116m of centrally held contingencies. This position excludes Covid-19 related pressures of £4.012m which have been transferred to Central Items.
- 5.2.7 The May position of Children's Services for 2021/22 was a pressure of £7.774m which had increased from an outturn in 2020/21 of £5.647m. The increase in forecast position in 2021/22 was mainly a result of new savings targets forecasted as unmet and reduced recharges to Covid grants and to adult services. A further assessment of the ongoing impact of the Pandemic has been carried out after infection rates in the borough rose and remained high in June and July. This reassessment has resulted in Covid costs for children's services rising to £4.012m from £2.907m in May. This includes a further £0.988m of savings targets currently forecasted as unmet.
- 5.2.8 The movement in the variance since the May report is due to a transfer of savings targets to Central Items to be set against Covid grants offset by an increase in external care packages for children of £0.420m. There is a reduction in pressures within School Improvement of £0.150m due to the transfer of non-curriculum-based ICT services to corporate ICT within Resources with an associated income target. Early Help and Vulnerable Families has improved due to changed assumptions in relation to recruitment into vacant posts.
- 5.2.9 North Tyneside Council, unlike many councils in the region, has managed to maintain the level of children in care at a stable rate during the Pandemic and at a rate which compares favourably with our neighbours.

5.2.10 The most recent available national comparators from 2019/20, as demonstrated by Chart 1 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.

5.2.11 **Chart 1: Comparative Performance in Rates of Children in Care per 10,000 Children under 18**



5.2.12 Although an amount of £3.116m is held as a contingency budget for children’s services within Central Items, the budget within the service for the costs of looking after children who need to come into care is not sufficient for the relatively stable level of children who require these services. The costs for children who are formally not classed as in care but who required costed services also continues, as in previous years, to be significantly above budget. The service is currently undertaking an exercise in conjunction with colleagues in Finance, Performance and HR to identify growth requirements and saving opportunities as part of the ongoing development of the Medium-Term Financial Plan.

#### Corporate Parenting and Placements

5.2.13 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 July £m	Variance May £m	Change Since May £m
Care provision – children in care	9.188	3.189	3.066	0.123
Care provision – other children	3.147	0.917	0.931	(0.014)
Management & Legal Fees	(0.948)	0.808	1.152	(0.344)
Social Work	4.369	0.802	0.845	(0.043)
Safeguarding Operations	0.046	0.004	0.005	(0.001)
<b>Total</b>	<b>15.802</b>	<b>5.720</b>	<b>5.999</b>	<b>(0.279)</b>

5.2.14 The forecast has been developed based on the children in care as at the end of July 2021. The number in care at the end of July was 301 which was a net increase of 9 from the May figure of 292. The July forecast for the total number of care nights has increased by 1,811 from the May forecast of 102,304 but is still lower compared to the total number of care nights delivered in 2020/21 which was 108,745.

**5.2.15 Table 18: Forecast cost, forecast variance, average placement cost and Placement mix**

Placement Type	2021/22 July Variance	Average Annual Placement cost (£m) *	Forecast Bed Nights July	Forecast Bed Nights May	Placemen t Mix	No. of children July 21	No. of children May 21
External Residential Care	1.514	0.264	8,553	8,338	8%	28	26
External Fostering	(0.059)	0.040	8,820	9,048	9%	28	28
In-House Fostering Service	0.447	0.026	65,762	63,420	63%	182	174
External Supported Accommodation	0.524	0.119	3,552	3,218	3%	16	14
Other*	0.639	various	17,428	18,280	17%	47	50
<b>Total</b>	<b>3.065</b>		<b>104,115</b>	<b>102,304</b>	<b>100%</b>	<b>301</b>	<b>292</b>

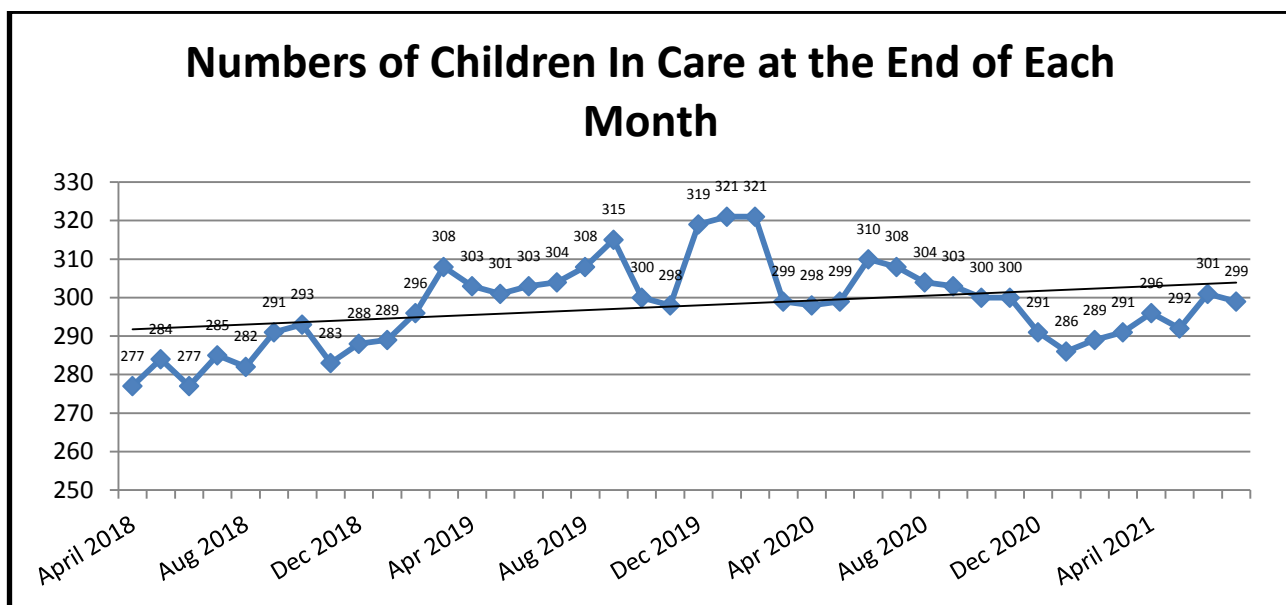
\*Other includes Placed for Adoption, Placed with Parents/Parental Responsibility and NTC Children's Homes; the Annual Average Placement Cost represents the potential costs for a full year of those children in placements as at 31 July 2021.

5.2.16 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

5.2.17 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 2 shows the current levels are below the trend line.

5.2.18 **Chart 2: Children in Care at the End of Each Month**



Care Provision – Children not in care

5.2.19 The pressure of £0.917m (May variance, £0.931m) 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

5.2.20 This area has a forecast pressure of £0.808m (May variance, pressure of £1.153m). Following a review of the continued impact of Covid-19 on services, savings targets of £0.080 currently forecasted as unmet have been transferred to central Items to be set against Covid grants. The remaining improvement relates mainly to reduce forecasts around interim management following a successful recruitment process.

## Social Work

- 5.2.21 Within the overall pressure of £5.720m for Corporate Parenting and Placements, there are social work-related pressures of £0.802m (May, £0.845m). Of the £0.802m pressure, £0.567m 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 just over 20 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.

## Integrated Disability and Additional Needs (IDANS)

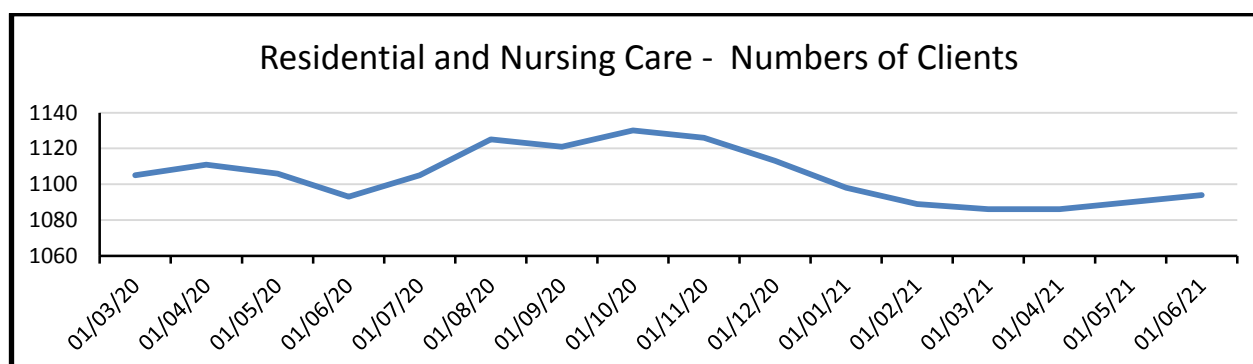
- 5.2.22 IDANS is forecasting a pressure of £1.624m (May variance was £1.609m). Pressures within IDANS should be seen within the national and local context of increasing numbers of children with Education Health and Care Plans (EHCPs). Within North Tyneside, the number of children with an EHCP has risen from 1102 in January 2018 to 1995 in July 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 £0.720m on externally commissioned short breaks and staffing pressures of £0.152m across the Statutory Assessment and Review Team and the Disability Team.
- 5.2.23 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.
- 5.2.24 The School Improvement Service is showing a forecast pressure of £0.022m compared to a pressure of £0.172m in May. The non-curriculum elements of service delivery in relation to ICT services for schools have now transferred to corporate ICT and a realignment of this income target has now taken place resulting in this improved position. The pressure and mitigating actions relating to this SLA area are now shown in the Resources section.

## Adult Services

- 5.2.25 Adult Services are forecasted to show a pressure of £0.094m which compares to a forecast underspend of £0.003m in May. This position is after a total of £4.806m of Covid costs are transferred to Central Items to be offset against Covid related grants.

- 5.2.26 Adult Services continues to be heavily impacted by the Pandemic with the relatively high rates of infection experienced in the borough in June and July resulting in significant proportions of the Authority's staff and staff employed within the local external care market being unavailable for work due to sickness and self-isolating following contact from Test and Trace or the NHS app. At various points in June and July approximately 25% of Integrated Services in house staff and an average of 20% of external homecare and care home workers were absent with some providers reporting up to 40%. The lack of capacity in the homecare market has contributed to higher levels of short-term placements into residential care.
- 5.2.27 There has been an additional £0.821m of care costs relating to new packages following hospital discharges under the Discharge to Assess arrangements brought in during the Pandemic. These additional costs have been forecasted within the Covid costs in Central Items. Hospital discharges remain high at around 275 per month compared to around 160 per month pre-Covid-19.
- 5.2.28 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.
- 5.2.29 Forecasted costs associated with the operational management of the service are showing a pressure of £0.094m, reduced from the May position of a pressure of £0.314m. The reduction is due to changed assumptions around recruitment into vacancies. Pressures within social work teams are partially offset by an underspend in Integrated Services due to vacancies.
- 5.2.30 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.
- 5.2.31 Forecasted pressures in Commissioned Services – Mental Health are offset by budget surpluses across Commissioned Services in Wellbeing and Assessment and Learning Disabilities. The overall numbers in residential and nursing care continued to rise in June and July largely due to a continued higher level of discharges from hospital and a lack of capacity in the homecare market.

**5.2.32 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 £0.884m (May, pressure of £0.831m) 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**

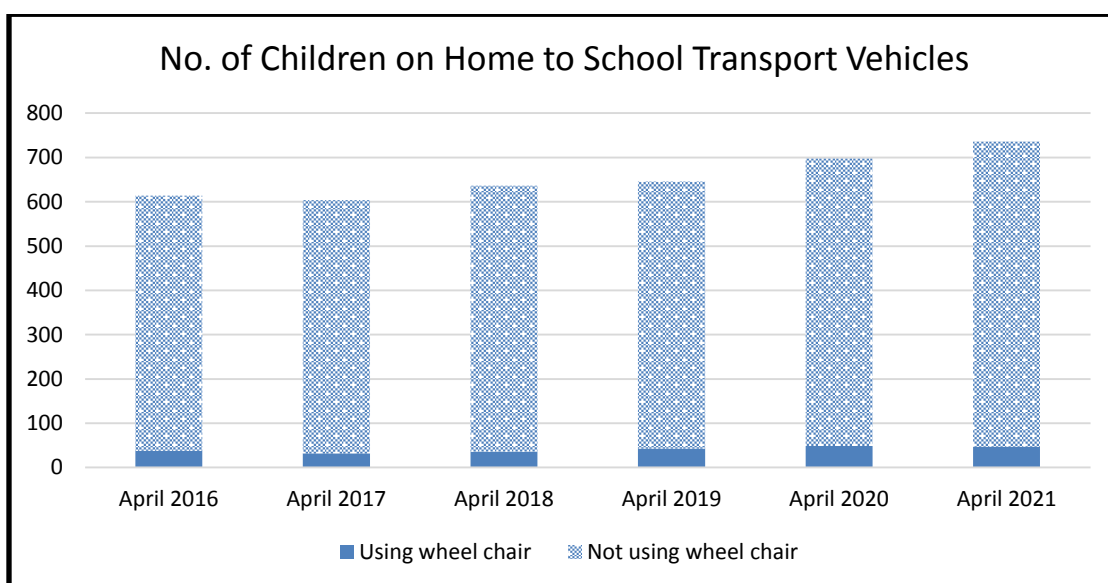
	<b>Budget £m</b>	<b>Forecast July £m</b>	<b>Variance July £m</b>	<b>Variance May £m</b>	<b>Change since May £m</b>
School Funding & Statutory Staff Costs	5.410	5.328	(0.082)	(0.065)	(0.017)
Commissioning Service	0.406	0.429	0.023	0.025	(0.002)
Facilities & Fair Access	0.412	1.305	0.893	0.850	0.043
Community & Voluntary Sector Liaison	0.441	0.412	(0.029)	(0.028)	(0.001)
Strategic Property & Investment	1.918	1.998	0.080	0.050	0.030
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	0.160	(0.001)	0.000	(0.001)
Procurement	(0.008)	(0.008)	0.000	(0.001)	0.001
<b>Grand Total</b>	<b>8.013</b>	<b>8.897</b>	<b>0.884</b>	<b>0.831</b>	<b>0.053</b>

5.3.4 The main 'business as usual' budget issues relate to Facilities and Fair Access which is showing forecast pressure of £0.893m (May, forecast pressure of £0.850m). The pressure mainly relates to Home to School Transport (£0.742m) 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 £0.742m, 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 6.12 to 6.15 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 April 2021 as shown in Chart 4 below. Work is ongoing to identify the number of children expected to use transport for the start of the Autumn term in September. Work is also continuing on route rationalisation using the new QRoute system however the requirement for continued social distancing has limited rationalisation opportunities.

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 £0.177m 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 £0.036m against the £44.279m net 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 Covid-19 Pandemic continues to impact on EHL mainly in relation to lost income with £4.505m of the £5.608m 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 July £m	Variance July £m	Variance May £m	Change since May £m
Arts Tourism & Heritage	1.623	1.691	0.068	0.067	0.001
Bereavement	(0.785)	(0.689)	0.096	0.051	0.045
Fleet Management	1.123	1.085	(0.038)	(0.036)	(0.002)
General Fund Housing	0.936	0.941	0.005	0.005	0.000
Head of Service & Resilience	0.245	0.211	(0.034)	(0.001)	(0.033)
Libraries & Community Centres	5.202	5.183	(0.019)	0.026	(0.045)
Security and Community Safety	0.369	0.405	0.036	0.013	0.023
Sport & Leisure	2.719	2.683	(0.036)	(0.032)	(0.004)
Street Environment	8.313	8.210	(0.103)	(0.068)	(0.035)
Street Lighting PFI	4.717	4.717	0.000	0.000	0.000
Technical Package - Building Control	(0.430)	(0.429)	0.001	0.002	(0.001)
Technical Package - Consumer Protection	1.417	1.407	(0.010)	(0.010)	0.000
Technical Package - Planning	0.247	0.247	0.000	0.000	0.000
Technical Package - Transport & Highways	7.187	7.222	0.035	0.035	0.000
Waste & Recycling Disposal Contracts	7.421	7.367	(0.054)	(0.046)	(0.008)
Waste Management	3.975	3.992	0.017	(0.021)	0.038
<b>Grand Total</b>	<b>44.279</b>	<b>44.243</b>	<b>(0.036)</b>	<b>(0.015)</b>	<b>(0.021)</b>

5.4.4 The variance reflects forecast pressures against Arts, Tourism & Heritage & Bereavement of £0.068m and £0.096m with smaller pressures in Security and Community Safety and General Fund Housing which are mitigated by combined saving forecasts across Fleet Management, Sports & Leisure, Street Environment and Waste & Recycling Disposal. Technical Package budgets are balanced across the contract with Capita.

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

#### Local Environmental Services

5.4.6 Street Environment service is showing a £0.103m saving, mainly due to impact of vacant posts.

5.4.7 This is offsetting a £0.096m pressure in Bereavement, which is caused by the extended closedown for repairs of one of the cremators.

## 5.5 Regeneration and Economic Development

5.5.1 Regeneration and Economic Development (RED) is forecasting a pressure of £0.063m at July 2021, as shown in Table 21 below.

### 5.5.2 **Table 21: Forecast Variation for Regeneration and Economic Development**

Service Areas	Budget £m	Forecast July £m	Variance July £m	Variance May £m	Change since May £m
Business & Enterprise	0.751	0.747	(0.004)	(0.004)	0.000
Regeneration	0.445	0.436	(0.009)	(0.009)	0.000
Resources & Performance	0.203	0.279	0.076	0.076	0.000
<b>Grand Total</b>	<b>1.399</b>	<b>1.462</b>	<b>0.063</b>	<b>0.063</b>	<b>0.000</b>

5.5.3 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.

## 5.6 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**

Service Areas	Budget £m	Forecast July £m	Variance July £m	Variance May £m	Change since May £m
Children's Participation & Advocacy	0.258	0.253	(0.005)	(0.005)	0.000
Corporate Strategy Management	0.006	0.108	0.102	0.102	0.000
Elected Mayor & Executive Support	0.018	0.025	0.007	0.007	0.000
Marketing	0.289	0.287	(0.002)	(0.002)	0.000
Policy Performance and Research	0.140	0.115	(0.025)	(0.025)	0.000
<b>Grand Total</b>	<b>0.711</b>	<b>0.788</b>	<b>0.077</b>	<b>0.077</b>	<b>0.000</b>

## 5.7 Resources and Chief Executive Office

5.7.1 Overall Resources and Chief Executive Office are currently forecasting a joint pressure of £0.338m.

### 5.7.2 **Table 23: Forecast Variation Resources and Chief Executive**

Service Areas	Budget £m	Forecast July £m	Variance July £m	Variance May £m	Change since May £m
Chief Executive	(0.078)	(0.109)	(0.031)	(0.031)	0.000
Finance	0.002	0.230	0.228	0.068	0.160
ICT	2.876	3.016	0.140	(0.010)	0.150
Human Resources	0.538	0.539	0.001	(0.018)	0.019
<b>Grand Total</b>	<b>3.338</b>	<b>3.676</b>	<b>0.338</b>	<b>0.009</b>	<b>0.329</b>

5.7.3 Within the Finance service there continues to be forecast pressures 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 the Bad Debt Provision of £0.197m, where a forecast reduction in the bad debt provision is not currently expected.
- Overpayment income improved from May by £0.037m to a £0.241m pressure which is still caused by reduced value of overpayments expected to be raised due to 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 worsened since May by £0.181m due to a fall in forecast payments to private tenants and an increase in eligible overpayments, updating the position to a £0.058m saving. This will continue to 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 will continue 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 main change in month is due to the reporting of a pressure within ICT as a result of the transfer of Education ICT income targets with a forecast £0.140m shortfall in SLA income within the service.

5.7.6 The remaining service areas within Resources are all forecasting small underspends for the year.

5.7.7 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 £0.418m pressure. This variance reflects forecasted cost pressures in Legal Services of £0.251m for the employment Locums/staff costs and £0.108m pressure for delivering North Tyneside Coroner services.

5.8.2 The movement of £0.083m in Democratic and Electoral Services reflects the increased costs of the election in May, which reflect the impact of increased canvassing. These pressures are partially offset by forecast underspends within Information Governance linked to income over-achievement.

### 5.8.3 **Table 24: Forecast Variation for Law and Governance**

<b>Service Areas</b>	<b>Budget £m</b>	<b>Forecast July £m</b>	<b>Variance July £m</b>	<b>Variance May £m</b>	<b>Change since May £m</b>
Customer, Governance & Registration	(0.071)	(0.038)	0.033	0.016	0.017
Democratic and Electoral Services	0.031	0.125	0.094	0.011	0.083
Information Governance	0.159	0.091	(0.068)	(0.069)	0.001
Legal Services	(0.105)	0.146	0.251	0.256	(0.005)
North Tyneside Coroner	0.294	0.402	0.108	0.109	(0.001)
<b>Grand Total</b>	<b>0.308</b>	<b>0.726</b>	<b>0.418</b>	<b>0.323</b>	<b>0.095</b>

## 5.9 **Central Items**

5.9.1 Central Items is forecasted to be in surplus by £7.212m, unchanged from the May report. 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

<b>Service Areas</b>	<b>Budget £m</b>	<b>Forecast July £m</b>	<b>Variance July £m</b>	<b>Variance May £m</b>	<b>Change since May £m</b>
Corporate & Democratic Core	4.315	4.315	0.000	0.000	0.000
Other Central Items	(6.366)	(13.578)	(7.212)	(7.212)	0.000
<b>Grand Total</b>	<b>(2.051)</b>	<b>(9.263)</b>	<b>(7.212)</b>	<b>(7.212)</b>	<b>0.000</b>

## **SECTION 6 - SCHOOLS FINANCE**

### **Update on School Budgets**

- 6.1 There is no update on school finances since the May position reported previously to cabinet. As in previous years, the details of schools' balances have been reported to the Department for Education (DfE) through the Consistent Financial Reporting (CFR) return. A report of this update will be presented to cabinet in September's finance report.

### **School Additional Funding – Falling Rolls and Growth**

- 6.2 Schools Forum previously set aside school funding to support schools with falling rolls or with growth in pupil numbers. The rules and procedures for allocating this funding are based on guidance from Department of Education (DfE) and are set by School Forum. Eligible schools are identified by the School Finance service and a case requesting funding is presented to the finance sub-forum for their initial agreement before final approval at Schools Forum. This funding is not part of the Authority's general fund and is managed by Schools Forum.
- 6.3 Five schools were agreed to be eligible for falling rolls funding where the overall pupil numbers had dropped by more than 15. The expected value of the claims these schools are eligible for is £0.082m. These bids will be considered by Forum in September.
- 6.4 Five schools were seen to be initially eligible for growth funding, where their pupil numbers were expected to grow by September 2021. These schools will need to present evidence that they meet the qualifying criteria for this funding, with potential funding due to them collectively of £0.525m. Qualifying bids will be considered by Forum in September.

### **School Additional Funding – Schools in Financial Difficulty**

- 6.5 Schools Forum also set aside school funding to support maintained schools in financial difficulty. Schools qualifying for the funding are invited to submit bids for this funding to the finance sub-group of Schools Forum, who then take any approved bids to full Forum for final sign off.
- 6.6 There have initially been three submitted bids for consideration by the finance sub-group, with one outstanding bid to be considered in early September. The initial three bids are being taken to full Forum for final authorisation.

### **Containment funding for Schools**

- 6.7 Cabinet will recall from the previous report that the Authority's Recovery Coordination Group (RCG) had set aside £0.450m funding from the Containment Grant to assist schools. Schools subsequently identified £0.808m pressures on their balances for 2020/21 due to the costs of containing the spread of Covid-19 that were not met by the Department for Education. RCG considered these claims and increased the funding available to meet the full impact on schools, with the £0.808m due to be forwarded to the schools in September.

- 6.8 A further fund of £0.500m is also being considered for 2021/22 to meet similar costs borne by schools in the current financial year.

### **National Funding Formula Consultation for 2022/23**

- 6.9 The method for allocating funding to schools is still set by a local funding formula (LFF), though DfE are considering making their national funding formula (NFF) mandatory in the future. Currently North Tyneside have agreed with Schools Forum to adopt the NFF factors in their LFF.
- 6.10 For 2022/23 the Authority will consider modelling a potential option to remove the requirement for capping and maximise the minimum funding guarantee (MFG) by reviewing the free school meals deprivation factors (FSM/FSM6). Guidance states that a local authorities LFF can incorporate one or both of the free school meals factors; North Tyneside have previously allocated funding to schools based on both FSM and FSM6 eligibility. The 2022/23 modelling would include only the FSM6 element (being the higher of the 2 factors).
- 6.11 Modelling scenarios will be presented to Schools Forum in September, in advance of the formal consultation with schools during October/November. The preferred model will then be taken to Cabinet for final agreement as part of the Authority's budget planning process.

### **High Needs Block**

- 6.12 Cabinet will recall from the previous finance report that the High Needs block of the Dedicated Schools Grant (DSG) was anticipating an in-year pressure of £3.268m in May, which would raise the cumulative pressure on the block to £12.068m.
- 6.13 The forecast for the High Needs Block at July 2021 is now an anticipated in-year pressure of £3.491m 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 26.
- 6.14 **Table 26: Breakdown of High Needs Pressures at July 2021**

<b>Provision</b>	<b>Budget £m</b>	<b>Forecast Variance July £m</b>	<b>Comment</b>
Special schools and PRU	15.520	2.054	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	0.650	Pressures in pre 16 top ups e.g. Norham ARP



Provision	Budget £m	Forecast Variance July £m	Comment
Out of Borough	2.890	0.726	Increased number of children placed outside North Tyneside Schools
Commissioned services	3.888	0.061	
<b>Subtotal</b>	<b>26.418</b>	<b>3.491</b>	
2020/21 Balance		8.720	
Adjustment		0.080	
<b>Subtotal</b>	<b>26.418</b>	<b>12.291</b>	

### High Needs Recovery Plan

6.15 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. An informal discussion with the Education Skills and Funding Agency (ESFA) took place on 16 June where the Authority outlined its progress in relation to a recovery plan for high needs expenditure. These proposals have been shared with stakeholders including Schools Forum on 7 July. A High Needs Recovery Plan will be submitted to the ESFA by 13 August and the plan seeks to address the High Needs deficit by 2025-26. 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 the Authority uses 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.

## **SECTION 7 - HOUSING REVENUE ACCOUNT**

### **Forecast Outturn**

7.1 The forecast set out in Table 27 below is based on the results to July 2021. Currently the HRA is forecasting an underspend of £0.010m, which includes £0.012m of Covid-19 related costs (see Table 28). 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 27: Forecast Variance Housing Revenue Account**

	<b>Budget £m</b>	<b>Current Forecast £m</b>	<b>Variance £m</b>
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)
<b>Total</b>	<b>1.943</b>	<b>1.933</b>	<b>(0.010)</b>

7.3 The Covid-19 costs for HRA relate to unproductive workforce costs, as can be seen in Table 28 below.

7.4 **Table 28: 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
<b>Total</b>	<b>0.012</b>	<b>0.000</b>	<b>0.012</b>	

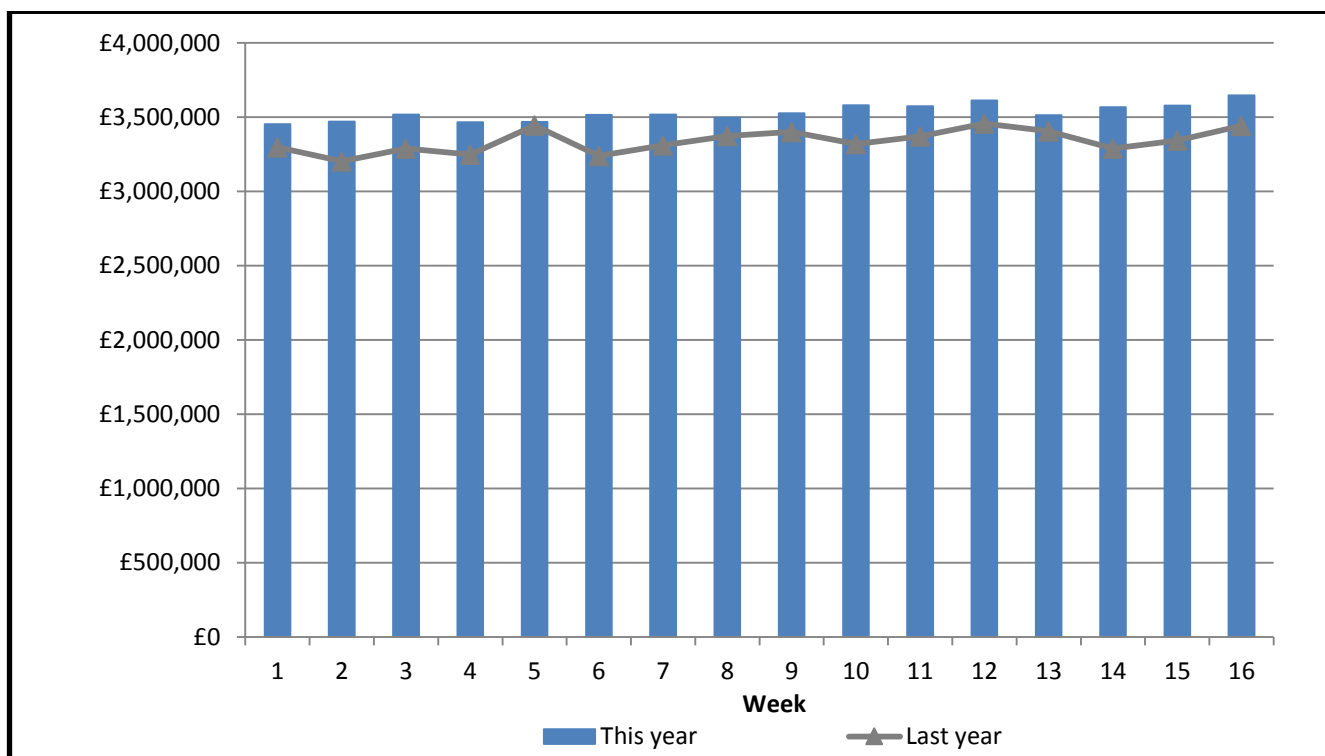
**Rental Income**

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**

7.6 The impact of rent arrears has risen in the first four months of 2021/22 as compared to 2020/21, however the rate of increase during the first two months is fairly low as current arrears have only increased by around £0.155m 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 the Authority 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. 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.

7.7 **Chart 5: Rent Arrears in Weeks 1-16 (April-July) 2021/22 compared to 2020/21**



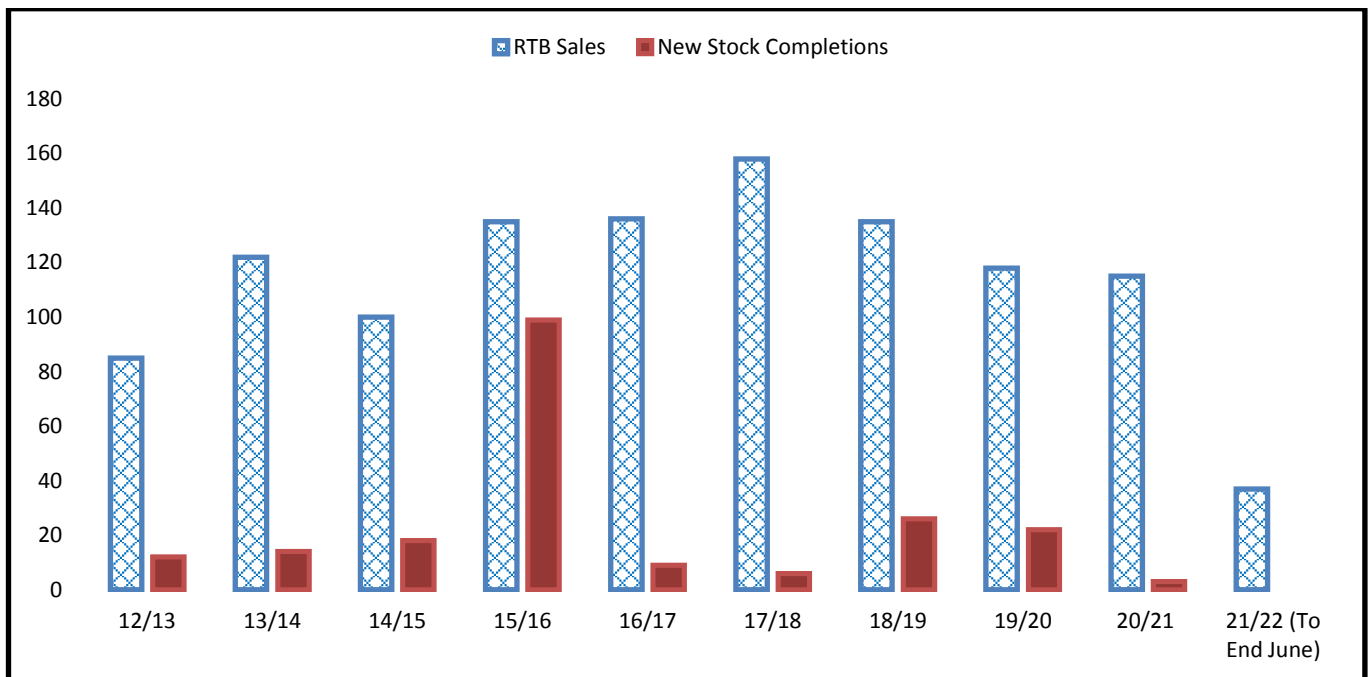
7.8 Universal Credit was fully implemented across North Tyneside on 2 May 2018. The Authority continues to work with residents to provide ICT support to help them make applications and to provide personal budget support to help residents manage their household finances. At 31 March 2021 there were 3,306 tenants of North Tyneside Homes on Universal Credit with arrears totalling £2.689m. By the end of July 2021 there were 3,484 tenants on Universal Credit (increase of 178 tenants) with related arrears of £2.700m (increase of £0.011m). These figures seem to bear out the reduced rate of increase in arrears mentioned above.

**Right to Buy (RTB) Trends**

7.9 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. There has been an upturn in sales in 2021-22, as 37 properties were sold in the first quarter compared to 23 at the same stage last year.

7.10

**Chart 6: Yearly RTB Sales v New Stock Additions**



## **SECTION 8 - INVESTMENT PLAN**

- 8.1 The Authority's Investment Plan represents the capital investment in projects across all Service areas. Officers continue to plan the delivery of those key projects included within the 2021/22 Investment Plan and regularly review the impact of Covid-19.
- 8.2 There is currently an emerging risk around the supply of materials and increased cost that could impact the works and services the Authority delivers. This is a national issue with material supply not being able to keep pace with delivery programmes alongside a range of rising costs. Work is on-going with both our material suppliers and the wider supply chain to understand how significant these impacts could be on the delivery and cost of works and services during this year. Specific areas of concern are around the supply and costs of all steel based and softwood products, along with growing concerns around the supply of cement and glazing. A risk register around material supply is currently being developed to monitor the likelihood and impact of these risks materialising, however it looks increasing likely that the Authority will have some supply issues and increased costs that will impact our works and services over the coming months. This will be reported through the bi-monthly monitoring reports to Cabinet.
- 8.3 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**

- 8.4 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**

- 8.5 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**

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

## **Asset Investment works**

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

## **Highways and Infrastructure Works**

- 8.8 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**

- 8.9 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**

- 8.10 Variations of £2.352m and reprogramming of £12.832m to the Investment Plan have been identified and are included in tables 29 and 30 below. Further details are provided in paragraph 8.11.

8.10.1 **Table 29: 2021 - 2026 Investment Plan changes identified**

	2021/22 £m	2022/23 £m	2023/24 £m	2024-26 £m	Total £m
<b>Approved Investment Plan – Council 8 February 2021</b>	<b>68.611</b>	<b>43.305</b>	<b>42.858</b>	<b>90.796</b>	<b>245.570</b>
<b>Previously Approved Reprogramming/Variations</b>					
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
2021/22 August Cabinet	5.087	0.237	0.000	0.000	5.324
<b>Approved Investment Plan</b>	<b>98.593</b>	<b>43.542</b>	<b>42.858</b>	<b>90.796</b>	<b>275.789</b>
<b>Jun/Jul 21 Monitoring Variations</b>					
Variations	2.352	0.000	0.000	0.000	2.352
Reprogramming	(12.832)	8.446	2.886	1.500	0.000
<b>Total Variations</b>	<b>(10.480)</b>	<b>8.446</b>	<b>2.886</b>	<b>1.500</b>	<b>2.352</b>
<b>Revised Investment Plan</b>	<b>88.113</b>	<b>51.988</b>	<b>45.744</b>	<b>92.296</b>	<b>278.141</b>

8.11 Details of the main variations are shown below:

- (a) **CO081 Gosforth Park Natural Reserve Grey Squirrel Control and Enhancements £0.065m** – Section 106 has been approved to enable the installation of equipment and secure containers and to provide education highlighting the importance of the native red squirrel and the threats and problems caused by invasive non-native grey squirrel. The project will be delivered by the Natural History Society of Northumbria;
- (b) **EV092 E-Cargo Bikes £0.012m credit** – This scheme has been completed. The adjustment is to remove the excess budget from the Investment plan as all the eligible grant has been claimed;
- (c) **EV034 Local Transport Plan £0.434m credit** – The reduction in the budget is to reflect the funding announcement from the Department of Transport which was lower than budget for the Maintenance Block. Although Pothole funding has been awarded but not yet allocated within the Investment Plan. This will be subject to future decisions;
- (d) **EV097 Weetslade & Westmoor Roundabouts, Great Lime Road (S106 Bellway Homes) £4.241m** - Bellway Homes have agreed that the Council / Capita Partnership will undertake their highway mitigation works associated with the planning conditions for their Whitehouse Farm development. The works include improvement on the A1056 Weetslade Roundabout, A189 West Moor Roundabout and Great Lime Road. This project has replaced the Section 278 works £1.554m included in EV084 A189 Improvements Haddricks Mill to West Moor which has been removed from the Investment Plan; and,



**CO085 Northumberland Park Labyrinth project £0.046m** - This project relates to the creation of a Labyrinth feature within Northumberland Park, led by the Parks team with the assistance of established volunteers from Friends of Northumberland Park. This includes preparing ground for landscape development, incorporating suitable drainage in and around the labyrinth site location within Northumberland Park, improving footpath provision and standards.

8.12 Senior Managers and project officers have undertaken a reprofiling exercise to compare budgets available for 2021/22 to expected delivery of the projects and there has been £12.832m reprogramming identified. The reprogramming is reflected in the following projects:

- (a) DV064 Council Property Investment - £0.300m
- (b) ED075 Devolved Formula Capital - £0.500m
- (c) ED120 Basic Need - £1.700m
- (d) ED132 School Capital Allocation - £0.800m
- (e) EV076 Operational Depot Accommodation Review - £0.200m
- (f) EV083 Street Lighting LED - £3.521m
- (g) GEN03 Contingencies - £3.00m
- (h) HS004 Disabled Facilities Grant - £2.580m
- (i) HS015 Refurbishment / Decent Homes - £0.231m

8.13 The impact of the changes detailed above on capital financing is shown in table 30 below.

8.13.1 **Table 30: Impact of variations on Capital financing**

	2021/22 £m	2022/23 £m	2023/24 £m	2024-26 £m	Total £m
<b>Approved Investment Plan</b>	<b>98.593</b>	<b>43.542</b>	<b>42.858</b>	<b>90.796</b>	<b>275.789</b>
Council Contribution	(6.821)	2.435	2.886	1.500	0.000
Grants and Contributions	(3.430)	5.780	0.000	0.000	2.350
Revenue Contributions	0.002	0.000	0.000	0.000	0.002
HRA Major Repairs Reserve	(0.231)	0.231	0.000	0.000	0.000
<b>Total Financing Variations</b>	<b>(10.480)</b>	<b>8.446</b>	<b>2.886</b>	<b>1.500</b>	<b>2.352</b>
<b>Revised Investment Plan</b>	<b>88.113</b>	<b>51.988</b>	<b>47.437</b>	<b>44.859</b>	<b>278.141</b>

### Capital Receipts – General Fund

8.14 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 £0.100m useable capital receipts have been received in 2021/22 and also £3.125m has been received from Aurora to repay loans. The receipts position is shown in table 31 below.

### 8.14.1 Table 31: 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
<b>Revised Requirement</b>	<b>0.765</b>	<b>0.254</b>	<b>0</b>	<b>0</b>	<b>1.019</b>
Receipts Brought Forward	(2.583)	(1.918)	(1.664)	(1.664)	(2.583)
Total Receipts received 2021/22	(3.225)	0	0	0	(3.225)
Receipts used to repay capital loans	3.125	0	0	0	(3.125)
<b>Net Useable Receipts</b>	<b>(0.100)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0.100)</b>
<b>Surplus Receipts</b>	<b>(1.918)</b>	<b>(1.664)</b>	<b>(1.664)</b>	<b>(1.664)</b>	<b>(1.664)</b>

### Capital receipts – Housing Revenue Account

8.15 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 £3.202m have been received in 2021/22. Previously pooling of receipts was paid quarterly to Central Government but the requirement has changed to an annual pooling payment. Therefore, subject to future pooling, this leaves a surplus balance of £9.418m to be carried forward to fund future years.

### 8.15.1 Table 32: 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 August 21 Cabinet	0.173	0.000	0.000	0.000	0.173
<b>Revised Requirement</b>	<b>2.047</b>	<b>1.886</b>	<b>2.871</b>	<b>5.673</b>	<b>12.477</b>
Receipts Brought Forward	(8.263)	(9.418)	(7.532)	(4.661)	(8.263)
Receipts Received 2021/22	(3.202)	0.000	0.000	0.000	(3.202)
Receipts Pooled Central Government	0.000	0.000	0.000	0.000	0.000
<b>(Surplus)/ Balance To be generated to fund future years (subject to further pooling)</b>	<b>(9.418)</b>	<b>(7.532)</b>	<b>(4.661)</b>	<b>1.012</b>	<b>1.012</b>

*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 July 2021**

8.16 Actual expenditure for 2021/22 in the General Ledger was £12.394m; 14.07% of the total revised Investment Plan at 31 July 2021. This is after adjusting for £0.073m of accruals relating to 2020/21 expenditure.

#### **8.16.1 Table 33: Total Investment Plan Budget & Expenditure to 31 July 2021**

	<b>2021/22 Revised Investment Plan £m</b>	<b>Actual Spend to 31 July 2021 £m</b>	<b>Spend as % of revised Investment Plan %</b>
General Fund	56.366	7.219	12.81%
Housing	31.747	5.175	16.30%
<b>TOTAL</b>	<b>88.113</b>	<b>12.394</b>	<b>14.07%</b>

## **SECTION 9 – TREASURY MANAGEMENT & CASH POSITION**

### **Current Cash Position**

9.1 The Authority's current available cash balance as at the end of July 2021 is £34.948m, with £27.500m invested externally with other UK Local Authorities. All investments are made in line with the approved Treasury Management Strategy.

### **9.2 Table 34: Investment Position as at 31/07/2021**

<b>Counterparty</b>	<b>Type</b>	<b>Amount (£m)</b>	<b>Maturity</b>
DMO	Term	29.000	2 Aug 2021
Barclays	Call	0.948	n/a
Lloyds Bank	Call	5.000	n/a
Inter – LA	Fixed	27.500	22 April 2022*

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

9.3 Due to the continued low interest rate environment the strategy will remain 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 35 below. PWLB rates also continue to remain low due to the low Gilt yields, which they are tracked against.

### **9.5 Table 35: Summary of Borrowing Levels**

<b>Temporary Market</b>		<b>PWLB</b>	
<b>Tenor</b>	<b>Level</b>	<b>Tenor</b>	<b>Level</b>
1 week	0.01%	2 years	1.07%
1 month	0.01%	5 years	1.28%
3 months	0.02%	10 years	1.64%
6 months	0.04%	20 years	2.00%
9 months	0.07%	30 years	2.00%
12 months	0.15%	50 years	1.80%

*\*Please note interest rates are as 02 Aug 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 36 shows the Authority's current debt position, the current total borrowing maturing in 2021/22 of £5.000m.

**Table 36: Current Debt Position**

	<b>PWLB (£m)</b>	<b>LOBO (£m)</b>	<b>Temp (£m)</b>	<b>Total (£m)</b>
Total Outstanding Borrowing Debt	397.443	20.000	5.000	422.443
Debt Maturing 2021/22	0.000	0.000	5.000	5.000

### 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 a 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 the Authority resumes business as usual and expenditure previously put due to the pandemic on hold can resume. 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.