

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 fourth 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 third 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 currently forecast to outturn with a pressure of £5.247m. 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 £19.318m 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, £6.781m of grants have been received to support specific activities, and an assumption has been made that the Authority will receive £1.335m of Sales, Fees and Charges funding, leaving a forecast pressure in the General Fund due to Covid-19 issues of £3.941m. The remaining pressure of £1.306m 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 30 November 2021

Services	Budget	Forecast Outturn November	Variance November	Previous Cabinet	Variance Change since September
	£m	£m	£m	£m	£m
Health, Education, Care and Safeguarding	75.108	82.392	7.284	6.972	0.312
Commissioning and Asset Management	8.013	9.273	1.260	1.258	0.002
Environment, Housing and Leisure	44.279	44.108	(0.171)	(0.156)	(0.015)
Regeneration and Economic Development	1.399	1.547	0.148	0.174	(0.026)
Corporate Strategy	0.484	0.513	0.029	0.030	(0.001)
Chief Executive's Office	(0.078)	(0.118)	(0.040)	(0.031)	(0.009)
Resources	3.643	4.234	0.591	0.517	0.074
Law and Governance	0.308	0.777	0.469	0.485	(0.016)
Central Items – BAU	(3.015)	(11.279)	(8.264)	(7.448)	(0.816)
Central Items – Covid-19	0.000	3.941	3.941	4.161	(0.220)
Support Services	20.013	20.013	0.000	0.000	0.000
Total Authority	150.154	155.401	5.247	5.962	(0.715)

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 £1.180m of savings targets were agreed in prior years budget setting processes for delivery in 2021/22. Savings targets of £2.181m 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 £3.843m 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 £4.537m.

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 the forecasted achieved savings remains unchanged from the September position.

2.5 **Table 3: Efficiency Savings by Service at November 2021**

Service	2021/22 Targets £m	Projected Delivery £m	In Year Actions £m	Yet to be achieved £m
HECS	3.843	1.557	0.830	1.456
Commissioning & Asset Management	0.264	0.093	0.000	0.171
Environment Housing & Leisure	0.430	0.430	0.000	0.000
TOTAL	4.537	2.080	0.830	1.627

- 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 £1.557m relating to Sector Led Improvement income (£0.100m), assistive technology (£0.120m), maximising children's (£0.297m) and Adults NHS income (£0.250m) with improvements in delivery in relation to Learning Disability services (£0.220m), Income Management (£0.050m), development on internal services for children (£0.400m) and reduced external fostering arrangements (£0.120m). An in-year saving of £0.830m 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 continues to unfold. 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 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 remaining 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. In relation to a target of £0.100m relating to SLA income, £0.093m is forecasted to be achieved, with the remaining £0.007m requiring an alternative solution following the departure of faith schools from the SLA.

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 in October and November 2021.

Table 4: Grants Received or Notified in October and November 2021

Service	Grant Provider	Grant	Purpose	2021/22 value £m
Resources	Department for Work and Pensions	Household Support Grant	To support households in need with their essential living costs	1.610
Commissioning and Asset Management	Education and Skills Funding Agency	Teachers Pay Grant	Funding for schools to support the teachers' pay award	0.156
Commissioning and Asset Management	Education and Skills Funding Agency	Teachers Pensions Employer Contribution Grant	Funding for schools to support increase in employer contributions to the pension scheme	0.441
Commissioning and Asset Management	Education and Skills Funding Agency	School Improvement Monitoring and Brokering Grant	Funding to support local authorities to monitor school performance and broker school improvement	0.255
Commissioning and Asset Management	Education and Skills Funding Agency	Primary PE and Sport Premium	Funding passported to schools to improve PE and to support healthy lifestyles	0.615
Commissioning and Asset Management	Education and Skills Funding Agency	Summer Schools	To support the provision of summer schools	0.108
Health Education Care and Safeguarding	Department of Health and Social Care	Workforce Recruitment and Retention	To provide support for addressing workforce recruitment and retention in social care	0.698

Service	Grant Provider	Grant	Purpose	2021/22 value £m
Health Education Care and Safeguarding	UNITAS	Autumn Arts College	To support the provision of an Autumn Arts College in North Tyneside	0.010
Health Education Care and Safeguarding	Youth Justice Board	Youth Justice Good Practice Grant	To support reduction in youth offending	0.004
Central Items	Department for Education	Covid-19 mass testing for schools and colleges	To support mass testing in schools and colleges (Aug and Sept)	0.098
Central Items	Department for Education	Covid-19 Recovery Fund	To support Covid recovery	0.412
Central Items	Department for Education	Covid-19 Recovery Fund (Mockingbird element – Fostering Network)	To provide support to foster carers	0.054
Environment Housing and Leisure	North of Tyne Combined Authority	North East LEP Energy Accelerator	To carry out a Killingworth District Energy Scheme feasibility study	0.075
Environment Housing and Leisure	North of Tyne Combined Authority	The Morph Trail	Event funding	0.048
Environment Housing and Leisure	North of Tyne Combined Authority	The North Sea Weekender	Event funding	0.036
Environment Housing and Leisure	Department for Food and Rural Affairs	Port Health Transition Fund	Support Port Health costs	0.086
Environment Housing and Leisure	Department for Levelling Up, Housing and Communities	Support for Vulnerable Renters	Support for prevention of eviction and extended notice periods	0.078

Service	Grant Provider	Grant	Purpose	2021/22 value £m
Commissioning and Asset Management	European Social Fund (via Department for Work and Pensions)	Step to Employment	To support residents aged 29 and over along a journey into employment or self-employment	0.021
Total				4.805

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 01.04.21-30.11.21	Value Committed @ 30.11.21	Value Available @ 30.11.21
	£m	£m	£m	£m	£m
Business Support Top-Up (Closed Business Lockdown Payments)	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	0.000	2.661	2.681	0.000	(0.020)
Additional Restrictions Grant – Top Up	1.112	0.000	0.526	0.566	0.020
Christmas Support 'Wet-Pubs'	0.000	0.047	0.047	0.000	0.000
Restart Grants	9.804	0.000	8.875	0.929	0.000
Capacity Fund	0.000	0.636	0.583	0.053	0.000
Travel Demand Management	0.000	0.010	0.010	0.000	0.000
Total	10.916	11.355	13.274	8.997	0.000

4.3 The Authority has £11.355m of grant funding brought forward from 2020/21 with a further £10.916m awarded in 2021/22 aimed at supporting businesses across the Borough. £13.274m of this has been allocated to date. Of the remaining £8.997m, £8.378m is being held in anticipation of repayment to Central Government. This relates to the Business Support Top-Up, Local Restrictions Grants and Restart Grant where the schemes have ended and the Authority was awarded more funding than was required. The remaining £0.619m is anticipated to be fully allocated during the remainder of 2021/22.

4.4 Table 6: Supporting Our Residents

Residents Grant	Value Awarded 21/22	Value B/Fwd from 20/21	Value Spent 01.04.21-30.11.21	Value Committed @ 30.11.21	Value Available @ 30.11.21
	£m	£m	£m	£m	£m
Test & Trace Programme Support Grant	0.000	0.782	0.525	0.257	0.000
Emergency Assistance Grant	0.000	0.080	0.031	0.049	0.000
Contain Outbreak Management Fund	1.439	5.302	1.728	5.013	0.000
Test & Trace (self-isolation) Support Payments	1.276	0.438	0.730	0.984	0.000
LA Practical Support Framework	0.354	0.000	0.039	0.315	0.000
Covid Marshalls	0.000	0.003	0.003	0.000	0.000
Clinically Extremely Vulnerable	0.236	0.303	0.118	0.421	0.000
Rough Sleepers Additional Grant	0.025	0.000	0.025	0.000	0.000
Winter Grant	0.012	0.000	0.012	0.000	0.000
Local Support Grant & Extension	0.759	0.000	0.759	0.000	0.000
Rapid Testing in the Community	0.156	0.000	0.156	0.000	0.000
Total	4.257	6.908	4.126	7.039	0.000

4.5 The Authority has been awarded £4.257m 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 £11.165m 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 £4.126m in the period to the end of November and is committed to spending the balance of £7.039m 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.

4.6 Table 7: Supporting Our Care Homes

Care Sector Grant	Value Awarded 21/22	Value B/Fwd from 20/21	Value Spent 01.04.21-30.11.21	Value Committed @ 30.11.21	Value Available @ 30.11.21
	£m	£m	£m	£m	£m
Infection Control	1.278	0.544	0.871	0.951	0.000
Infection Control and Testing Grant	1.237	0.000	0.000	1.237	0.000
Rapid Testing – Care Homes	0.922	0.000	0.799	0.123	0.000
Total	3.437	0.544	1.670	2.311	0.000

4.7 The Authority has been awarded £3.437m to support the care homes within the borough, as well as having £0.544m carried forward from 2020/21. 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 01.04.21-30.11.21	Value Committed @ 30.11.21	Value Available @ 30.11.21
	£m	£m	£m	£m	£m
Digital Inclusion	0.000	0.076	0.051	0.025	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	0.184	0.000	0.000
Mass Testing for Schools	0.172	0.233	0.233	0.172	0.000
Recovery Premium	1.061	0.000	0.270	0.791	0.000
National Tutoring Programme	0.262	0.000	0.000	0.262	0.000
Summer Schools Funding	0.108	0.000	0.108	0.000	0.000
Total	2.691	0.309	1.726	1.274	0.000

4.9 Grant funding of £2.691m has been awarded for 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 £3.000m. 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 £6.781m of specific grants supporting services, and an estimate of £1.335m 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 £15.377m. The tables below, summarised in Table 16, show that the forecasted total impact of Covid-19 on general fund services in 2021/22 is expected to be £19.318m, which will therefore leave a pressure on Covid-19 of £3.941m 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

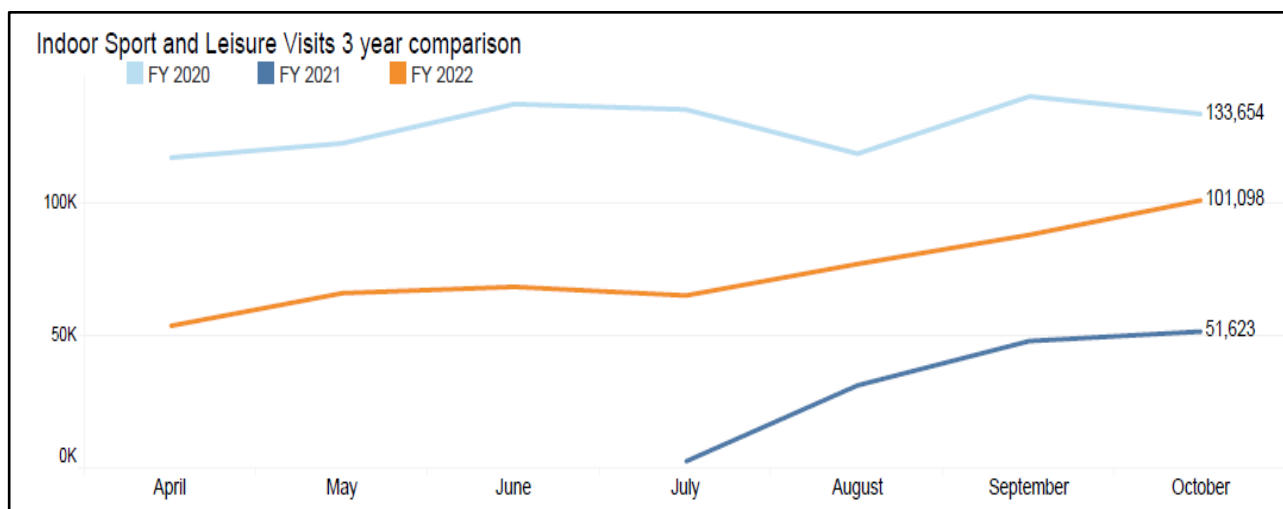
Commissioning & Asset Management	Main Grant £m	Other Specific Grant £m	Total Claimed £m
Free School Meals	1.583	0.000	1.583
Asset Management	0.050	0.000	0.050
LA7 Home to School Transport	0.000	0.184	0.184
Clinically Extremely Vulnerable	0.000	0.539	0.539
Electricity	(0.013)	0.000	(0.013)
Cleaning	0.046	0.000	0.046
Rents General	0.036	0.000	0.036
Car Parks (season tickets)	0.042	0.000	0.042
Penalty Notices (absence from School)	0.026	0.000	0.026
Contractor Payments	0.002	0.000	0.002
General Fund PPE	0.033	0.000	0.033
Total	1.805	0.723	2.528

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	2.144	0.000	2.144
Environmental Services	0.182	0.000	0.182
Waste Management	0.487	0.000	0.487
Highways & Transport	0.505	0.000	0.505
Cultural Services	0.185	0.000	0.185
Homelessness	0.015	0.000	0.015
Marshalls	0.000	0.174	0.174
Environment & Regulatory	0.073	0.000	0.073
Planning & Development	0.085	0.000	0.085
Total	3.676	0.174	3.850

The main pressure within EHL relates to Sport & Leisure, where closures and reduced visits during the pandemic have significantly impacted on income. Chart 1 below shows that visitor numbers have improved in 2021/22 compared to 2020/21 but the number is still much lower than pre-pandemic levels.

Chart 1: Sport & Leisure Visits



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	0.291	0.000	0.291
CYPL - Front Door & safe and support	1.502	0.000	1.502
CYPL - Placement Costs	1.615	0.000	1.615
CYPL - Residential Staffing	0.656	0.000	0.656
CYPL - Adoption Agency (NTC share)	0.089	0.000	0.089
ASC - Adult Services	2.689	0.000	2.689
ASC - Rapid Testing in Social Care	0.000	1.417	1.417
ASC – Workforce Capacity	0.000	0.698	0.698
ASC - Infection Control Grant	0.000	2.298	2.298
CYPL & ASC sub total	6.842	4.413	11.255
PH - Test & Trace Support Service	0.000	0.782	0.782
Total	6.842	5.195	12.037

4.14 **Table 12: Supporting Our Council Corporate Strategy**

Corporate Strategy	Main Grant £m	Other Specific Grant £m	Total Claimed £m
Corporate Strategy	0.120	0.000	0.120
Total	0.120	0.000	0.120

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	0.167	0.000	0.167
Total	0.583	0.000	0.583

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	0.149	0.000	0.149
Total	0.149	0.000	0.149

4.17 Table 15: Supporting Our council in Regeneration & Economic Development

Regeneration & Economic Development	Main Grant £m	Other Specific Grant £m	Total Claimed £m
Regeneration & Economic Development	0.000	0.051	0.051
Total	0.000	0.051	0.051

4.18 Table 16: Covid-19 Support to Services Summary

Service Area/ Category	Main Grant £m	Other Specific Grant £m	Total Claimed £m
Commissioning & Asset Management	1.805	0.723	2.528
Environment, Housing & Leisure	3.676	0.174	3.850
Health, Education, Care and Safeguarding	6.842	5.195	12.037
Corporate Strategy	0.120	0.000	0.120
Resources and Central Items	0.583	0.000	0.583
Law and Governance	0.149	0.000	0.149
Regeneration and Economic Development	0.000	0.051	0.051
Total Impact on Services	13.175	6.143	19.318
Local Authority Support Grant	(7.261)	0.000	(7.261)
Sales, Fees and Charges*	0.000	(1.335)	(1.335)
Specific Covid Grants	0.000	(6.781)	(6.781)
Unallocated in Reserve	5.914	(1.973)	3.941

*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. 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 a forecast variance of £7.284m against its £75.108m net controllable expenditure budget, a worsening of £0.312m from the September position of £6.972m. This position is after adjusting for a total of £12.037m 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 17: Forecast Variation for HECS at November 2021

	Budget £m	Forecast Nov £m	Variance Nov £m	Variance Sept £m	Change since Sept £m
Corporate Parenting & Placements	15.802	20.899	5.097	5.442	(0.345)
RHELAC Service	0.008	0.008	0.000	0.000	0.000
Child Protection, Independent Assurance and Review	0.708	0.711	0.003	0.010	(0.007)
Early Help & Vulnerable Families	1.543	1.392	(0.151)	(0.151)	0.000
Employment & Skills	0.591	0.568	(0.023)	(0.026)	0.003

	Budget £m	Forecast Nov £m	Variance Nov £m	Variance Sept £m	Change since Sept £m
Integrated Disability & Additional Needs Service	2.284	3.848	1.564	1.628	(0.064)
School Improvement	0.319	0.374	0.055	0.040	0.015
Regional Adoption Agency	0.000	0.000	0.000	0.000	0.000
Children's Services Sub-total	21.255	27.800	6.545	6.943	(0.398)
Central, Strategy and Transformation	1.131	1.153	0.022	0.032	(0.010)
Social Work and Associated Activity	7.211	7.368	0.157	0.235	(0.078)
Integrated Services	2.751	2.373	(0.378)	(0.415)	0.037
Business Assurance	0.296	0.334	0.038	0.044	(0.006)
Sub-total Operations	11.389	11.228	(0.161)	(0.104)	(0.057)
Commissioned Services – Wellbeing and Assessment	12.214	11.832	(0.382)	(1.138)	0.756
Commissioned Services – Learning Disability	25.435	25.323	(0.112)	(0.071)	(0.041)
Commissioned Services – Mental Health	3.312	4.675	1.363	1.311	0.052
Commissioned Services - Other	1.262	1.293	0.031	0.031	0.000
Sub-total – Commissioned Services	42.223	43.123	0.900	0.133	0.767
Adult Services Sub-total	53.612	54.351	0.739	0.029	0.710
Public Health	0.241	0.241	0.000	0.000	0.000
Total HECS	75.108	82.392	7.284	6.972	0.312

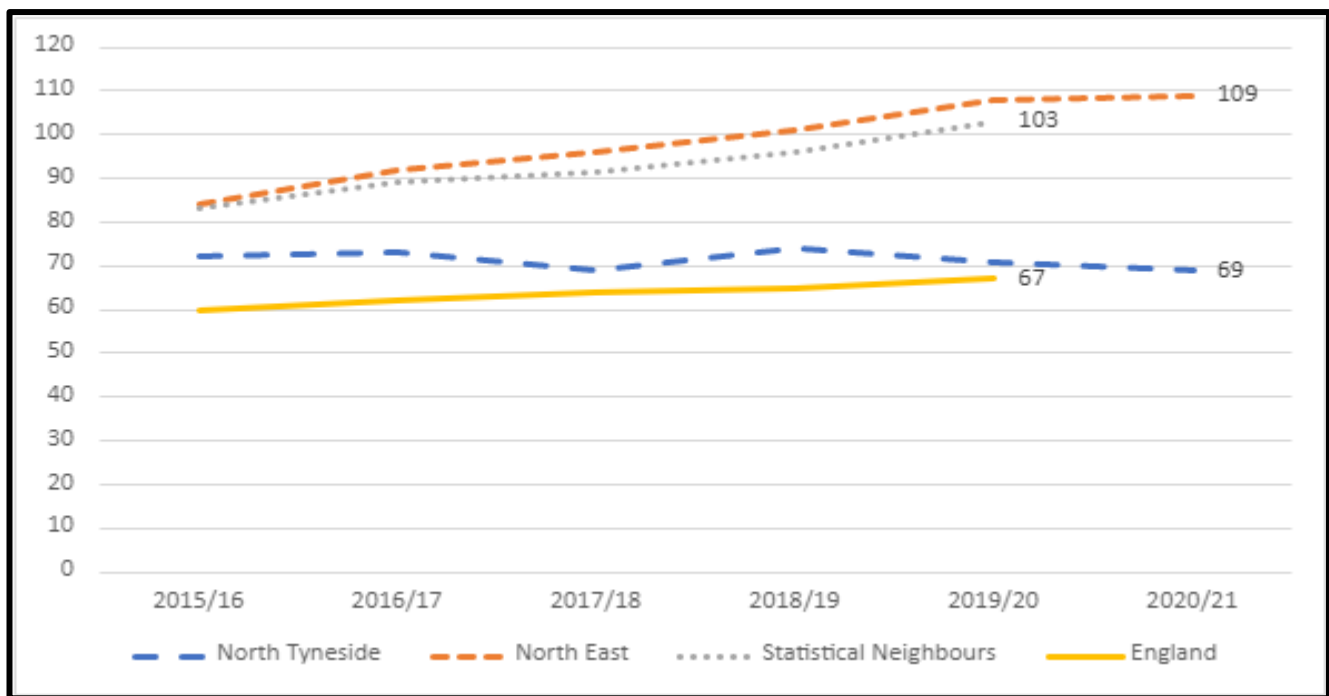
Main budget pressures across HECS

- 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 £6.545m forecast pressure relates mainly to pressures of £5.097m in Corporate Parenting and Placements and £1.564m 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 £4.153m which have been transferred to Central Items.
- 5.2.7 The improvement in the variance since the September report within Corporate Parenting and Placements is mainly due to increased grant income for unaccompanied asylum seeking children and a net transfer of workforce costs to Central Items to be set against Covid grants. Additional Covid related costs were identified as part of a line-by-line review of posts and identification of Covid-related work. There has also been an improvement in Integrated Disability and Additional Needs due to reduced staffing costs in the Statutory Assessment and Review (SAR) Team and increased recharge income for respite services.
- 5.2.8 North Tyneside Council, unlike many authorities 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.
- 5.2.9 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.

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



5.2.11 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 has completed 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

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

Table 18: Analysis of Pressures in Corporate Parenting and Placements

Type of Service	Budget £m	Variance Nov £m	Variance Sept £m	Change Since Sept £m
Care provision – children in care	9.188	2.802	2.922	(0.120)
Care provision – other children	3.147	0.877	0.926	(0.049)
Management & Legal Fees	(0.948)	0.699	0.699	0.000
Social Work	4.369	0.715	0.891	(0.176)
Safeguarding Operations	0.046	0.004	0.004	0.000
Total	15.802	5.097	5.442	(0.345)

5.2.13 The forecast has been developed based on the children in care as at the end of November 2021. The number in care at the end of November was 318 which was a net increase of 1 from the September figure of 317. The November forecast for the total number of care nights is now 109,408 which remains broadly in line with the September forecasted nights, but remains higher than the total number of care nights delivered in 2020/21 which was 108,745.

5.2.14 Table 19: Forecast cost, forecast variance, average placement cost and Placement mix

Placement Type	2021/22 Nov Variance	Average Annual Placement cost (£m)	Forecast Bed Nights Nov	Forecast Bed Nights Sept	Placement Mix	No. of children Nov 21	No. of children Sept 21
External Residential Care	1.174	0.275	8,140	8,140	8%	26	27
External Fostering	0.208	0.046	10,313	10,313	8%	27	26
In-House Fostering Service	0.455	0.024	67,722	67,915	61%	193	193
External Supported Accommodation	0.162	0.130	3,953	3,953	6%	17	17
Other*	0.813	various	19,280	19,152	17%	55	54
Total	2.802		109,408	109,473	100%	318	317

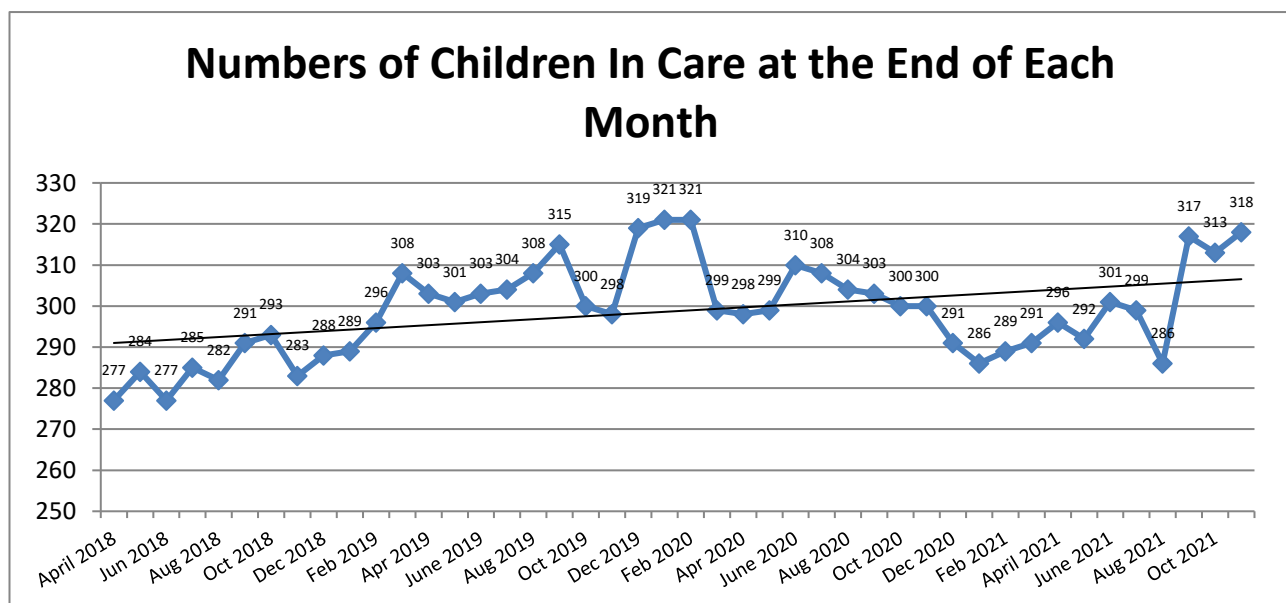
*Other includes Placed for Adoption, Placed with Parents/Parental Responsibility and NTC Children's Homes; the Annual Average Placement Cost represents the potential costs for a full year of those children in placements as at 30 September 2021.

5.2.15 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

5.2.16 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. There has been an increase in November to 318 children and this trend is being watched carefully.

5.2.17 **Chart 3: Children in Care at the End of Each Month**



Care Provision – Children not in care

5.2.18 The pressure of £0.877m (September variance, £0.926m) 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

5.2.19 This area has a forecast pressure of £0.699m which is unchanged from the September report with pressures remain in relation to historic income targets and legal fees.

Social Work

5.2.20 Within the overall pressure of £5.097m for Corporate Parenting and Placements, there are social work-related pressures of £0.715m (September, £0.891m). The improvement is due to a transfer to Covid funding of £0.180m of workforce costs. Of the remaining £0.715m pressure, £0.480m 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 £0.142m. 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)

5.2.21 IDANS is forecasting a pressure of £1.564m (September variance was £1.628m). 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 2041 in November 2021. Within this service area the main pressures relate to operational staffing costs within in-house residential services of £0.239m and associated unachieved health income target of £0.191m. 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 £0.157m across the Statutory Assessment and Review (SAR) Team and the Disability Team. The improved forecast is due to reduced staffing costs within the SAR team and increased recharge income for respite services.

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.

Adult Services

5.2.23 Adult Services are forecasted to show a pressure of £0.739m which compares to a forecast pressure of £0.029m in September. This position is after a total of £7.102m of Covid costs are transferred to Central Items to be offset against Covid related grants. The main cause of the increase is the impact of the increased care home fees as detailed in the Care Home Fees and Procurement Arrangements report to Cabinet also presented on 24 January 2022.

5.2.24 Adult Services continues to be heavily impacted by the Pandemic and other external factors. The lack of capacity in the homecare market initially reported in the summer has continued as care providers struggle to recruit and retain staff in a competitive jobs market. The lack of homecare capacity has contributed to higher levels of short-term placements into residential care. Hospital discharges have fallen since the July level of around 275 per month to 254 and 218

respectively in September and October but remain higher than pre-Covid-19 levels of approximately 160.

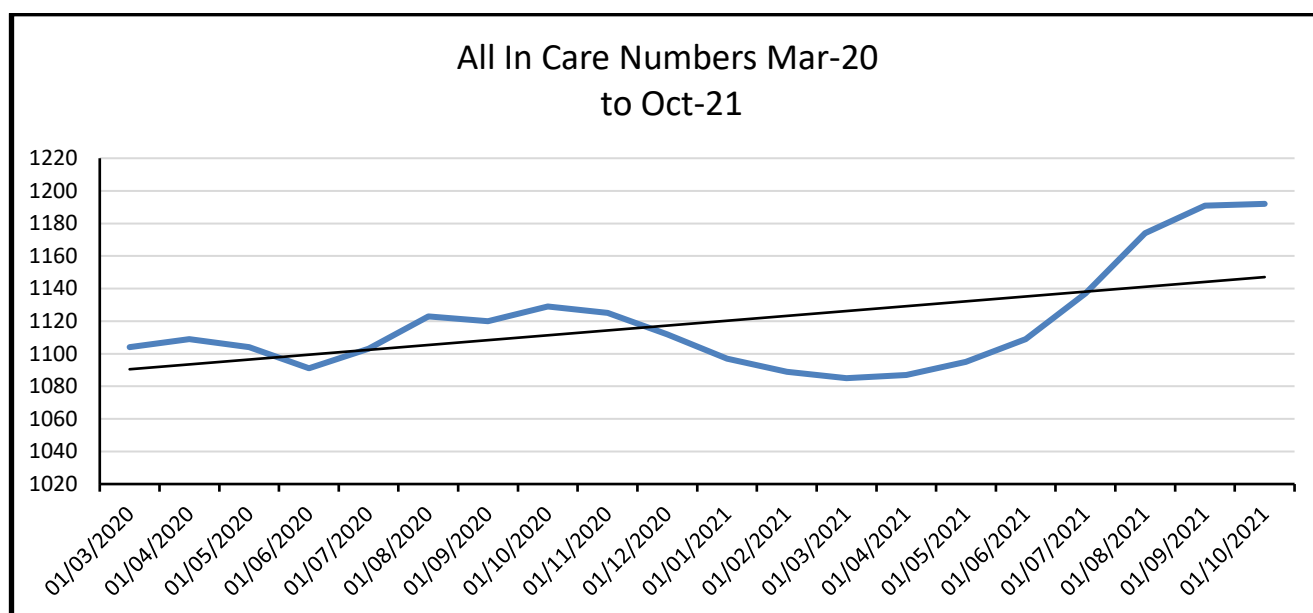
5.2.25 Forecasted costs associated with the operational management of the service are showing an underspend of £0.161m, an improvement from the September position of an underspend of £0.104m. The change is due to revised assumptions around recruitment into vacancies. Pressures within social work teams are partially offset by an underspend in Integrated Services due to vacancies.

5.2.26 There is a pressure within Commissioned Services – Mental Health (£1.363m) mainly due to three new high-cost clients who entered the service in March and April 2021. There are also pressures due to increased client numbers relating to residential and nursing care within Mental Health.

5.2.27 Forecasted pressures in Commissioned Services – Mental Health are offset by a budget surplus across Commissioned Services in Learning Disabilities.

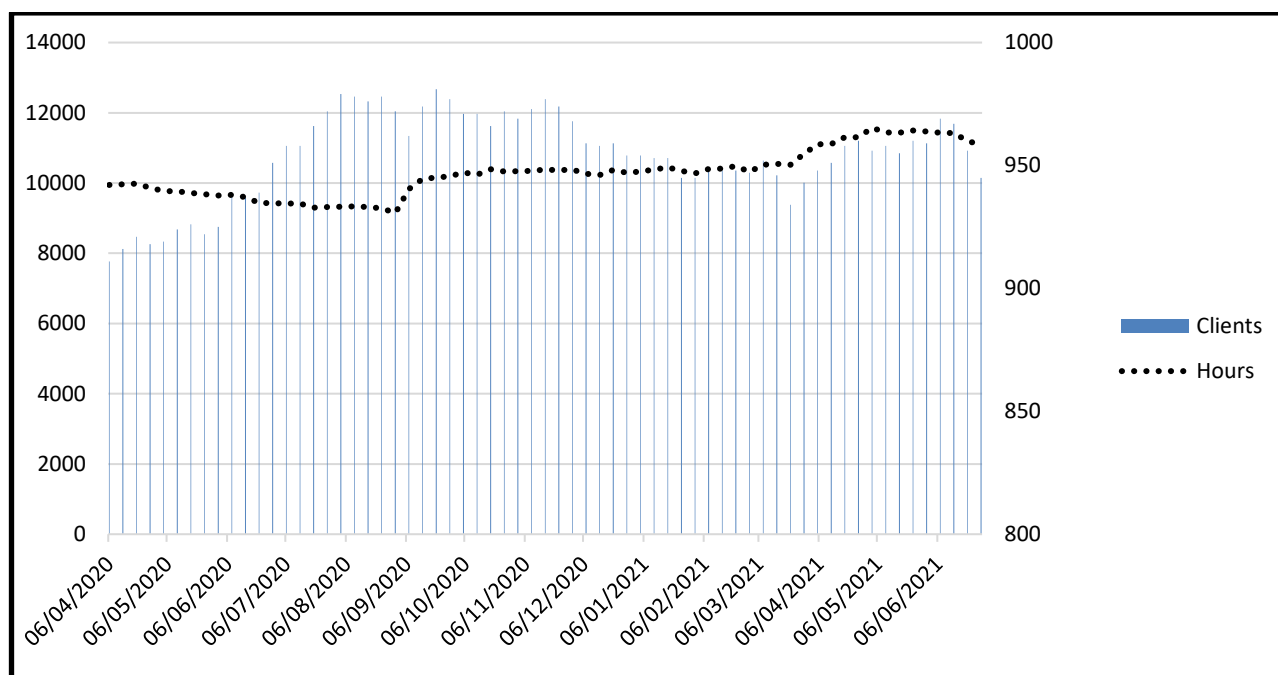
5.2.28 The overall numbers in residential and nursing care continued to rise in August before remaining steady in September and October.

5.2.29 **Chart 4: Overall Numbers of Clients in Residential and Nursing Care**



5.2.30 The reduced numbers of clients receiving a homecare package and overall reduced number of hours delivered is shown in Chart 5 below. The position includes a prudent forecast for the cost of packages currently on a waiting list based on an assumption that they will be picked up by providers in the last quarter of the financial year.

5.2.31 Chart 5: Homecare - Number of Clients and Hours Delivered



5.3 Commissioning and Asset Management

5.3.1 Commissioning and Asset Management (C&AM) is showing a pressure of £1.260m (September, pressure of £1.258m) 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 20: Commissioning and Asset Management (C&AM) Forecast Variation

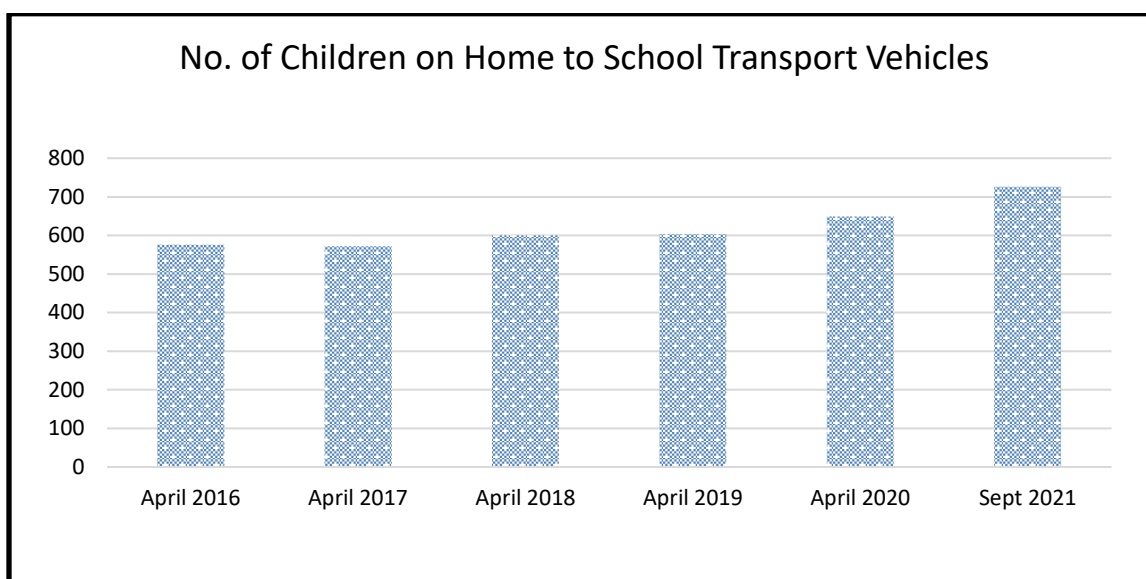
	Budget £m	Forecast Nov £m	Variance Nov £m	Variance Sept £m	Change since Sept £m
School Funding & Statutory Staff Costs	5.410	5.308	(0.102)	(0.102)	0.000
Commissioning Service	0.406	0.417	0.011	0.011	0.000
Facilities & Fair Access	0.412	1.703	1.291	1.269	0.022
Community & Voluntary Sector Liaison	0.441	0.400	(0.041)	(0.035)	(0.006)
Strategic Property & Investment	1.918	2.088	0.170	0.122	0.048

	Budget £m	Forecast Nov £m	Variance Nov £m	Variance Sept £m	Change since Sept £m
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)	(0.076)	(0.068)	(0.007)	(0.061)
Grand Total	8.013	9.273	1.260	1.258	0.002

5.3.4 The main 'business as usual' budget issues relate to Facilities and Fair Access which is showing forecast pressure of £1.291m (September, forecast pressure of £1.269m). The pressure mainly relates to Home to School Transport (£1.100m). There are also pressures on the catering service of £0.182m due to increasing numbers of benefit-based free school meals and the consequential impact on loss of paid income. Inflationary pressures within Catering are also having an impact. There is also a pressure of £0.059m on car parking income in relation to Quadrant. Pressures on repairs and maintenance have increased by £0.048m since the previous report however Procurement has improved by £0.061m due to additional funding from the HRA and from the North of Tyne Combined Authority.

5.3.5 The Home to School Transport position, a pressure of £1.100m, 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 6.4 to 6.5 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 773 for the autumn term in September 2021 as shown in Chart 6 below. Work is also continuing on route rationalisation using the new QRout system however the requirement for continued social distancing has limited rationalisation opportunities.

5.3.6 Chart 6: 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 £0.200m 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 an underspend of £0.171m against the £44.278m 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 £2.792m of the £3.850m 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 actual operating levels to November, with operations assumed to continue at lower than pre-pandemic levels for the remainder of the financial year.

5.4.3 Table 21: Forecast Variation in Environment Housing & Leisure

Service Areas	Budget £m	Forecast Nov £m	Variance Nov £m	Variance Sep £m	Change since Sep £m
Cultural Services	6.825	6.868	0.043	0.054	(0.011)
Local Environmental Services	7.528	7.562	0.034	0.010	0.024
Fleet Management	1.123	1.102	(0.021)	(0.038)	0.017
General Fund Housing	1.198	1.268	0.070	0.070	0.000
Head of Service and Resilience	0.245	0.266	0.021	0.000	0.021

Service Areas	Budget £m	Forecast Nov £m	Variance Nov £m	Variance Sep £m	Change since Sep £m
Security & Community Safety	0.107	0.060	(0.047)	(0.048)	0.001
Sport & Leisure	2.719	2.620	(0.099)	(0.077)	(0.022)
Street Lighting PFI	4.717	4.717	0.000	0.000	0.000
Consumer Protection & Building Control	0.987	0.975	(0.012)	(0.008)	(0.004)
Planning	0.247	0.247	0.000	0.000	0.000
Transport and Highways	7.187	7.225	0.038	0.035	0.003
Waste	11.396	11.198	(0.198)	(0.154)	(0.044)
GRAND TOTAL	44.279	44.108	(0.171)	(0.156)	(0.015)

5.4.4 The slight improved change in variance of £0.015m since the last Cabinet report reflects Sport & Leisure expecting a forecast underspend of £0.099m which is an improvement of £0.022m from the last reported position. In addition, Waste Management is expecting a forecast underspend of £0.119m which is an improvement of £0.038m from the last reported position.

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

Sport & Leisure

5.4.6 Sport & Leisure is now expecting to report a forecast underspend of £0.099m which is an improvement of £0.022m from the last reported position. The main causes for the improved forecast underspend are a one off in-year £0.050m refund on water and sewerage costs at Tynemouth Pool, reduced operational activity and savings from vacancies during recruitment process.

Waste Delivery & Management

5.4.7 Overall, the waste service areas are now expecting to report a forecast underspend of £0.198m which is an improvement of £0.043m from the last reported position. The main cause for the improved forecast underspend is higher than expected Commercial Waste income.

5.5 Regeneration and Economic Development

5.5.1 Regeneration and Economic Development (RED) is forecasting a pressure of £0.148m at November 2021, as shown in Table 21 below.

5.5.2 Table 22: Forecast Variation for Regeneration and Economic Development

	Budget	Forecast	Variance	Variance	Change
Service Areas	£m	Nov	Nov	Sep	since
		£m	£m	£m	Sep
					£m
Business & Enterprise	0.751	0.694	(0.057)	(0.051)	(0.006)
Regeneration	0.445	0.574	0.129	0.146	(0.017)
Resources & Performance	0.203	0.279	0.076	0.079	(0.003)
Grand Total	1.399	1.547	0.148	0.174	(0.026)

5.5.3 The £0.026m favourable change in variance since the last Cabinet report reflects forecast reduced expenditure being incurred across Business & Enterprise and Resources & Performance; together with increased income within Regeneration.

5.5.4 The variance reflects forecasts cost pressures within Regeneration of £0.129m linked to unforeseen and higher than expected expenditure across the Swans sites and within Resources & Performance of £0.076m mainly due to insufficient base budget for management staffing. Small underspends across the rest of the service slightly reduce the pressure.

5.6 Corporate Strategy

5.6.1 Corporate Strategy is forecasting a £0.029m pressure. The variance reflects a forecast underachievement in the 'cross-service' income target within Corporate Strategy Management, which is nearly fully mitigated by forecast underspends within Policy, Performance & Research and Participation & Advocacy.

5.6.2 Table 23: Forecast Variation Corporate Strategy

	Budget	Forecast	Variance	Variance	Change
Service Areas	£m	Nov	Nov	Sep	since
		£m	£m	£m	Sep
					£m
Children's Participation & Advocacy	0.258	0.243	(0.015)	(0.015)	0.000
Corporate Strategy Management	(0.221)	(0.081)	0.140	0.141	(0.001)
Elected Mayor & Executive Support	0.018	0.026	0.008	0.008	0.000
Marketing	0.289	0.245	(0.044)	(0.044)	0.000
Policy Performance and Research	0.140	0.080	(0.060)	(0.060)	0.000
Grand Total	0.484	0.513	0.029	0.030	(0.001)

5.7 Resources and Chief Executive Office

5.7.1 Overall Resources and Chief Executive Office are currently forecasting a joint pressure of £0.551m. The main reason for the movement since September is the transfer of the North of Tyne Accounts from Central, as the service area has a

forecast pressure of £0.080m.

5.7.2 Table 24: Forecast Variation Resources and Chief Executive

Service Areas	Budget £m	Forecast Nov £m	Variance Nov £m	Variance Sep £m	Change since Sep £m
Chief Executive	(0.078)	(0.118)	(0.040)	(0.031)	(0.009)
Finance	(0.212)	(0.203)	0.009	(0.068)	0.077
ICT	2.876	3.016	0.140	0.140	0.000
Human Resources	0.538	0.531	(0.007)	0.001	(0.008)
Internal Audit	(0.079)	(0.062)	0.017	0.000	0.017
Revenues & Benefits	0.520	0.952	0.432	0.444	(0.012)
Grand Total	3.565	4.116	0.551	0.486	0.065

5.7.3 The Revenues and Benefits service is showing an overall pressure of £0.432m. This is due mainly to the full case reviews, which are currently being undertaken and are expected to continue. The full pressure for Revenues & Benefits is made up of:

- Subsidy reporting an overall pressure of £0.121m and is due to eligible overpayments for which the Authority only receives 40% from the Department of Work and Pensions.
- Overpayment income is now showing a pressure of £0.076m, due to the additional overpayment income generated during the full case reviews.
- The Bad Debt Provision is showing a pressure of £0.276m, which is due to the additional overpayment income raised.
- 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.
- The team's costs are showing a forecast saving of £0.041m.

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 a movement of £0.077m, now showing a small £0.009m pressure. The main reason for the movement is the transfer of North of Tyne Combined Authority balances from Central service area, which is showing a pressure of £0.080m

5.7.5 There is 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 £0.040m, due to forecast savings in staffing and other operational spend.

5.8 Law and Governance

5.8.1 Law and Governance is forecasting a £0.469m pressure. This variance reflects forecasted cost pressures in Legal Services of £0.290m mainly relating to the employment of Locums and other staff costs and £0.177m pressure for delivering North Tyneside Coroner services.

5.8.2 **Table 25: Forecast Variation for Law and Governance**

Service Areas	Budget £m	Forecast Nov £m	Variance Nov £m	Variance Sep £m	Change since Sep £m
Customer, Governance & Registration	(0.071)	(0.039)	0.032	0.030	0.002
Democratic and Electoral Services	0.031	0.086	0.055	0.067	(0.012)
Information Governance	0.159	0.074	(0.085)	(0.075)	(0.010)
Legal Services	(0.105)	0.185	0.290	0.288	0.002
North Tyneside Coroner	0.294	0.471	0.177	0.175	0.002
Grand Total	0.308	0.777	0.469	0.485	(0.016)

5.8.3 The variance change compared from the last reported forecast to Cabinet is due to reduced forecast operational expenditure across Information Governance as well as lower employee costs forecast across Democratic & Electoral Services.

5.9 Central Items

5.9.1 Central Items is forecasted to be in surplus by £8.264m, an improvement of £0.816m from the September report. The improvement is due to an improvement of (£0.486m) relating to interest savings, an improvement of (£0.250m) relating to Apprenticeship Levy and a transfer of a cost centre relating to the North of Tyne Combined Authority to Resources which has a forecast pressure of £0.080m. The surplus figure of £8.264m 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 £1.074m, due to minimum in-year costs anticipated this financial year.
- Minimum revenue provision savings of £0.550m,
- Interest savings on borrowing of £0.986m, both of these arising from re-profiling of the Investment Programme and use of cash balances to minimise borrowing.

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

5.9.3 Table 26: Forecast Variation Central Budgets and Contingencies

Service Areas	Budget £m	Forecast Nov £m	Variance Nov £m	Variance Sept £m	Change since Sept £m
Corporate & Democratic Core	3.351	3.351	0.000	0.000	0.000
Other Central Items	(6.366)	(14.630)	(8.264)	(7.448)	(0.816)
Grand Total	(3.015)	(11.279)	(8.264)	(7.448)	(0.816)

SECTION 6 - SCHOOLS FINANCE

6.1 Update on 2021/22 Budget Monitoring for Schools

6.1.1 Cabinet will recall that the overall level of school balances at the end of March 2021 was £3.721m compared to £0.165m as at March 2020. This represented an increase in balances of £3.556m.

6.1.2 The first set of monitoring for the 2020/21 year is almost complete, with schools overall showing a £2.091m improvement against budget plans. However, a number of schools have had difficulty completing their monitoring statements due to issues with high needs (SEN) funding forecasts. The lack of clarity on SEN funding has been the main issue, also problems reporting funding through budget tools.

6.1.3 Two schools have moved out of deficit following allocation of covid related Containment funding for costs in 2020/21, although at least one school is reporting a new forecast deficit over £5,000 due to issues with SEN funding, which needs further investigation. In addition, five more schools are forecasting at budget until their issues can be resolved. The summary of balances by phase is shown in the Table below.

6.1.4 Table 27: School balance position against plan (committed and uncommitted)

Phase	OUTTURN 2020/21 £m	BUDGET PLAN 2021/22 £m	MONITORING 1 2021/22 £m	IMPROVEMENT 2021/22 £m
Nursery	0.124	0.082	0.074	(0.008)
First	1.291	0.832	0.910	0.078
Primary	6.055	3.061	3.537	0.476
Middle	1.013	0.414	0.506	0.092
Secondary	(5.577)	(9.808)	(8.915)	0.893
Special/PRU	0.815	(0.574)	(0.014)	0.560
Total	3.721	(5.993)	(3.902)	2.091

6.1.5 The position of schools in deficit improved by £0.910m by the first set of monitoring compared with their budgeted outturns. It should be noted that Greenfields Primary have had issues with reporting on funding so the school's forecast is shown at budget, although their balances excluding funding were showing an improvement against budget.

6.1.6 Deficit review meetings have been held between the representatives of the Head of Resources and the Head of Health, Education, Care and Safeguarding and the various Heads and Chairs of Governors of schools under a deficit approval agreement.

6.1.7 Table 28: Position of Deficit Schools after Monitoring 1

Phase	OUTTURN 2020/21 £m	BUDGET PLAN 2021/22 £m	MONITORING 1 2021/22 £m	IMPROVEMENT 2021/22 £m
Greenfields Primary	(0.131)	(0.084)	(0.084)	0.000
Ivy Road Primary	(0.165)	(0.198)	(0.175)	0.023
Norham High	(3.064)	(3.969)	(3.819)	0.150
Longbenton High	(2.334)	(2.618)	(2.305)	0.313
Monkseaton High	(4.815)	(5.689)	(5.527)	0.162
Beacon Hill	(0.244)	(1.241)	(0.979)	0.262
TOTAL	(10.753)	(13.799)	(12.889)	0.910

6.2 Update on DSG Illustrative funding 2022/23 Allocations

- 6.2.1 In September 2017 the Department for Education (DfE) published the response to the stage 2 national funding formula consultation and confirmed the details of the National Funding Formula (NFF) for the Schools block. In 2022/23 the Dedicated Schools Grant (DSG) will continue to be comprised of four blocks covering: Schools, High Needs, Early Years and the Central School Services. Each of the four blocks has their own funding formula.
- 6.2.2 In 2022/23, as in 2020/21 and 2021/22, the Authority will receive its DSG funding based on the revised DfE National Funding Formula. In October 2021 the DfE published indicative allocations under the NFF at a school level using October 2020 census data. This shows the funding level for each mainstream school based on the NFF using the 2022/23 Primary Unit of Funding (PUF) and Secondary Unit of Funding (SUF) with October 2020 pupil numbers. This information is for planning purposes only as local formulae used by each local authority can still vary from the NFF within the guidance issued by the DfE. The initial DSG allocation to the Authority for 2022/23 will be published in December 2021 using the October 2021 census results.
- 6.2.3 The link to the school level NFF allocations using October 2021 census data information is shown below: -
<https://www.gov.uk/government/publications/national-funding-formula-tables-for-schools-and-high-needs-2022-to-2023>
- 6.2.4 The DfE initially proposed a two-year transition period (2018/19 and 2019/20) where local authorities will continue to set a local formula to distribute funding to individual schools. However, in July 2018, as a result of the significant movement witnessed towards the NFF, the Government confirmed that these transitional arrangements would continue into at least 2020/21. In 2020, the DfE again confirmed that the transitional arrangements will continue into 2021/22. This has continued into 2022/23, with the earliest expected move to “hard” NFF being likely in 2023/24.

6.2.5 The Schools NFF for 2022/23 will continue to have the same factors as at present. The Government announced its intention to implement the formula to address historic underfunding and move to a system where funding is based on need. The key aspects of the formula for 2022/23 are:

- The minimum per pupil funding levels will be set at Primary £4,265, Key Stage 3 £5,321 and Key Stage 4 £5,831; and
- The funding floor will be set at 2.0% per pupil. This minimum increase in 2022/23 allocations will be based on the individual school's LFF allocation in 2021/22.

In addition, two important restrictions will continue:

- Local authorities will continue to set a Minimum Funding Guarantee in the local formula, which in 2021/22 must be between +0.5% and +2%. This allows them to mirror the real terms protection in the NFF, which is the Government's expectation; and
- Local authorities can only transfer up to 0.5% of their School Block to other blocks of the DSG, with their schools' forum approval. To transfer more than this, or any amount without their schools' forum approval, they will have to make a request to the Department for Education, even if the same amount was agreed in the past two years.

6.2.6 The North Tyneside illustrative allocation for the Schools block, Central Schools Services block and High Needs block in 2022/23 (using census 2020 i.e. static pupil numbers) is shown below with the 2017/18 to 2021/22 figures for comparison. The Early Years Block value for 2022/23 is based on 2021/22 rates and uses prior year pupil numbers, as the DfE have not published this information at time of writing.

6.2.7 Table 29: 2022/23 Illustrative allocation compared with prior year actuals

	2017/18 Base £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22* £m	Notional for 2022/23* £m	2021/22 to 2022/23 £m
Schools	115.395	116.594	120.926	126.794	137.231	140.047	2.816
Central Services	2.500	2.314	2.343	2.051	1.877	1.727	(0.150)
High Needs	18.680	19.291	19.818	22.319	26.709	28.830	2.121
Early Years Block	12.064	12.553	12.514	12.771	13.946	13.946 ^T	0.000
TOTAL	148.639	150.752	155.601	163.935	179.763	184.550	4.787
17/18 Base Move £m	-	2.113	6.962	15.296	31.124	35.911	
17/18 Base Move %	-	1.42%	4.68%	10.29%	20.94%	24.16%	
Change per Year £m	-	2.113	4.849	8.334	15.828	4.787	
Change per Year %	-	1.42%	3.22%	5.36%	9.66%	2.66%	
PUF	-	£3,770	£3,860	£4,083	£4,425	£4,539	
SUF	-	£5,273	£5,305	£5,427	£5,841	£5,988	
MPPF: Primary	-	£3,300	£4,600	£3,750	£4,180	£4,265	
MPPF: Secondary	-	£4,600	£5,100	£5,000	£5,415	£5,525	

* Includes pay award grants previously separate to DSG

^T No information from DSG, so based on last year.

6.2.8 Within North Tyneside, modelling work is continuing based on the information currently available. At this stage, before initial allocations based on the October 2021 census are announced by the DfE, we are proposing to implement the revised minimum per pupil funding rates published by the DfE for 2022/23.

6.3 National Funding Formula Consultation for 2022/23

6.3.1 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. For 2021/22, North Tyneside have agreed with Schools Forum to adopt the NFF factors in their LFF.

6.3.2 For 2022/23 the Authority asked Schools Forum to consider modelling a potential option to transfer the maximum funding from Schools Block to High Needs. Guidance states that a local authority can transfer up to 0.5% with agreement from the local Schools Forum. This would amount to approximately £0.700m on indicative grant values.

6.3.3 Transfers have been made to the High Needs block from the Schools block in previous years. These transfers were consolidated into the High Needs block as part of rebasing exercises carried out in 2016/17 and 2017/18 by the DfE. There is currently no mechanism for transfers to be permanently consolidated into the High Needs block (as both blocks are on a formula basis with the historic element of the High Needs block referenced to a 2017/18 baseline).

6.3.4 As Schools Forum did not agree to the transfer, the Local Authority can ask the Secretary of State to approve the transfer, although this is usually only agreed by exception.

6.3.5 Schools Forum did agree that the Local Authority should continue to mirror the funding factors and formulae used in the National Funding Formulae, and set a minimum funding guarantee and capping rate, subject to affordability, based within the required range.

6.4 Update on High Needs Block Balances 2021/22

6.4.1 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 £3.673m in September, which raised the cumulative pressure on the block to £12.553m.

6.4.2 The forecast for the High Needs Block at November 2021 is now an anticipated in-year pressure of £3.763m with a cumulative position of £12.643m reflecting a further rise in demand for special school places within the Authority. A breakdown of the in-year pressure is shown in Table 30.

6.4.3 Table 30: Breakdown of High Needs Pressures at November 2021

Provision	Budget	Forecast November	Variance	Comment
	£m	£m	£m	
Special schools and PRU	15.519	17.601	2.082	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	4.968	0.848	Pressures in pre 16 top ups e.g. Norham ARP
Out of Borough	2.890	3.662	0.772	Increased number of children placed outside North Tyneside Schools
Commissioned services	3.888	3.949	0.061	
Subtotal	26.417	30.180	3.763	
2020/21 b/f			8.880	
Subtotal			12.643	

6.5 High Needs Recovery Plan and 2022/23 illustrative allocation

6.5.1 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.

6.5.2 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 was submitted to the ESFA by 13 August and the plan sought 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.

6.5.2 The indicative value of the High Needs block in 2021/22 based on static rolls is as follows:

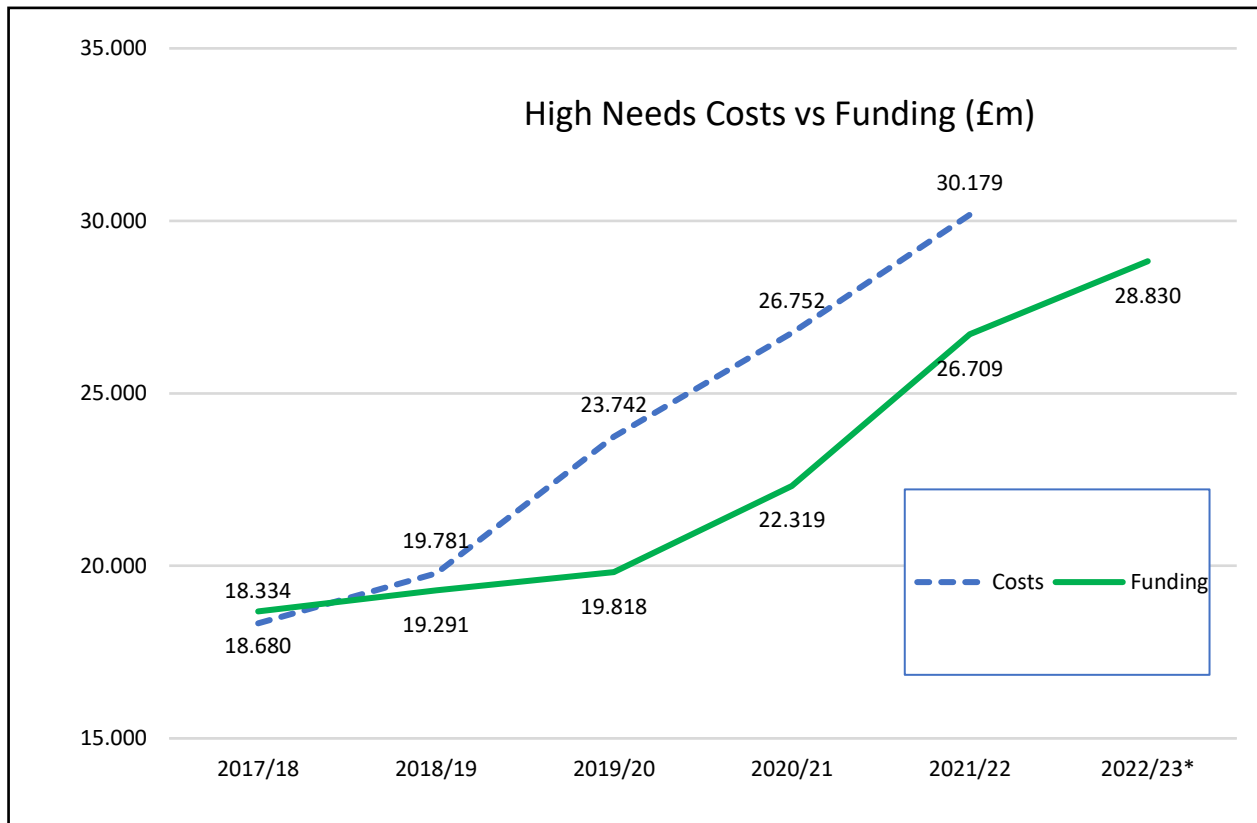
6.5.3 Table 31: Indicative High Needs Block Values 2022/23 compared to prior years

	2017/18 Baseline	2018/19	2019/20	2020/21	2021/22	Notional for 2022/23*
	£m	£m	£m	£m	£m	£m
High Needs	18.680	19.291	19.818	22.319	26.709	28.830
17/18 Base Move £m	-	0.611	1.138	3.639	8.029	10.150
17/18 Base Move %	-	3.27%	6.09%	19.48%	42.98%	54.34%
Change per Year £m	-	0.611	0.527	2.501	4.390	2.121
Change per Year %	-	3.27%	2.73%	12.62%	19.67%	7.94%

* Indicative only

6.5.4 The funding increases since 2017/18 have been ahead of inflation but still lag behind the actual costs of High Needs over the same period, as can be seen in chart 7 below. To make more sense of this chart, it has to be pointed out that the costs per placement for EHCPs have not been increased for inflation in over 10 years. The increase in costs is purely down to volume increases.

6.5.5 Chart 7: High Needs Costs vs Funding 2017/18 to 2022/23



6.6 Early Years Block Update for 2020/21 Outturn Position

6.6.1 The Early Years block outturn for 2020/21 was a surplus of £0.341m. All provisions are forecast to be provided on budget for the year.

6.7 Indicative Central Block Funding for 2022/23

6.7.1 The make-up of the Central School Services Block (CSSB) has changed from 2019/20, with further changes to be implemented in 2022/23. Funding is comprised of a historic commitments' allocation and a formula-based amount for ongoing functions. Table 32 shows the impact of the indicative funding for 2022/23, which reflects the DfE's plan to reduce funding of CSSB. The historic commitments element has been reduced by 20% per annum, in line with strategic DfE published plans over the last two years.

6.7.2 Table 32: Indicative allocations for North Tyneside CSSB 2022/23 compared to prior years DSG funding

	2019/20	2020/21	2021/22	Notional 2022/23	Annual Change	
	£m	£m	£m	£m	£m	%
Historical Commitments	1.555	1.244	0.995	0.796	(0.199)	(20.00%)
Ongoing Functions	0.788	0.807	0.882	0.931	0.049	5.56%
Total	2.343	2.051	1.877	1.727	(0.150)	(7.99%)
17/18 Base Move £m	-	(0.292)	(0.466)	(0.616)		
17/18 Base Move %	-	(12.46%)	(19.89%)	(26.29%)		
Change per Year £m	-	(0.292)	(0.174)	(0.150)		
Change per Year %	-	(12.46%)	(8.48%)	(7.99%)		

6.7.3 Forum will recall that the 2021/22 decrease in CSSB funding (£174k) was to be met by reducing funding on the following functions:

- High Borrans (£95k);
- De-commissioned School Buildings (£30k);
- School Support Service (£29k);
- Education Improvement Partnership (£20k)

To reduce the impact on the Council services, the drop in CSSB funding was replaced by Headroom funding in 2021/22. The remaining 2021/22 CSSB funding allocations are in table xx below.

6.7.4 The 2022/23 indicative reduction in CSSB will need to be taken from the remaining functions funded by CSSB on behalf of schools. The relevant services will be reporting back to Forum in January 2022 to ratify these changes and to agree any services, including additional functions, to be funded by de-delegation.

6.7.5 Table 33: CSSB Funding Allocations by Function for 2021/22

Budgets which now form part of the CSSB	CSSB 2021/22 £
Budget to fund the Schools Support Service	556,256
Budget to support vulnerable schools.	52,044
Budget to maintain High Borrans Outdoor education facility	0
Budget for the Education Improvement Partnership (secondary schools)	80,318
Budget to support the informational requests of the Schools Forum and improved budgetary awareness across all schools	30,125
Collective contribution to ongoing pension costs incurred when allowing teachers to leave schools prematurely	624,951
Budget for costs associated with de-commissioned school buildings	0
Schools admission service	141,570
Former Education Services Grant (Retained)	243,572
National Copyright Licences	148,169
Total CSSB Funding	1,877,005

SECTION 7 - HOUSING REVENUE ACCOUNT

Forecast Outturn

7.1 The forecast set out in Table 34 below is based on the results to November 2021. Currently the HRA is forecasting an underspend of £0.378m, which includes £0.016m of Covid-19 related costs (see Table 28). Throughout the remainder of the year, costs will continue to 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 34: Forecast Variance Housing Revenue Account

	Budget £m	Current Forecast £m	Variance £m
Management – Central	2.520	2.456	(0.064)
Management – Operations	4.767	4.817	0.050
Management – Strategy & Support	3.588	3.564	(0.024)
Capital Charges – Net Effect	12.969	12.969	0.000
Contingencies, Bad Debt & Transitional Protection	1.280	0.794	(0.486)
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	2.343	0.300
Rental Income - Dwellings, Direct Access Units, Garages	(60.995)	(61.091)	(0.096)
Rental Income – HRA Shops and Offices	(0.356)	(0.403)	(0.047)
Revenue Support to Capital Programme	10.551	10.551	0.000
Repairs	12.350	12.339	(0.011)
Total	1.943	1.565	(0.378)

7.3 The Covid-19 costs for HRA relate to unproductive workforce costs, as can be seen in Table 35 below.

7.4 **Table 35: 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	0.016	0.000	0.016	Costs of carrying unproductive staff resource and related support costs during downtime, for staff delivering HRA-related work
Total	0.016	0.000	0.016	

Rental Income

7.5 There have been some small trending improvements in different elements of Rental Income which have led to the previous on budget forecast increasing to an overall forecast underspend of (£0.143m). This is made up of improvements in General Needs Income (£0.005m); Service Charge Income (£0.057m); Garage Rents (£0.034m); and rental income from other properties (£0.047m). This improving position will be monitored closely to see if there could be any further shift in the forecast during the second half of the year.

Bad Debt Provision and Management Contingency

7.6 Main changes in the forecast relate to the Bad Debt Provision, as Arrears continue to rise but at a much slower rate than anticipated this will result in a forecast £0.301m underspend in-year. In addition, the Management Contingency is forecast to be significantly underspent (£0.186m), which accounts for the overall £0.487m underspend in this area.

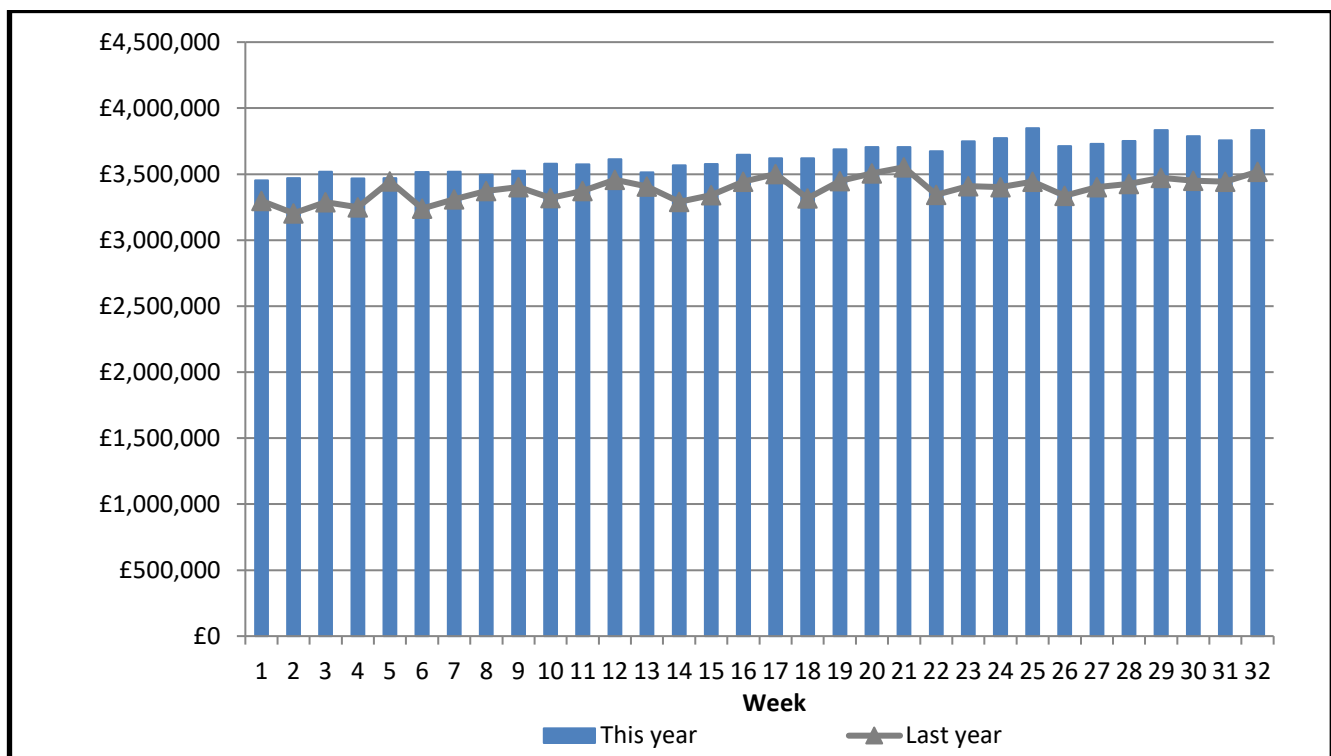
PFI Contract Costs

7.7 Following the precedent set in the previous two years because of the forecast overall improved position relating mainly to the Bad Debt Provision, the Authority is proposing to make an additional in-year contribution to the North Tyneside Living PFI Reserve (£0.300m), in order to bring the position back in line with the financial model more quickly, following a number of Use of Reserves decisions which borrowed over £4.000m from the Reserve, namely purchase of the HPC Fleet and the one-off £1.5m Settlement Agreement signed with the PFI Construction Contractor.

Rent Arrears

7.8 The impact of rent arrears has risen in the first eight months of 2021/22 as compared to 2020/21, however the rate of increase during those first eight months is slower than originally forecast, with current arrears increasing by around £0.369m during the period since the start of April 2021. Chart 8 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 underspend against the bad debt provision, which had overspent for the previous two years. Based on the current rate of increase in arrears and the anticipated amount of bad debt to be written off this has led to the underspend declared above in-year. This will also be considered in relation to the refresh of the HRA Business Plan which forms the basis of the budget proposals being considered by this meeting of Cabinet. The impact of Universal Credit (UC) continues to be monitored, as significant increases in numbers on UC could adversely affect the rate at which arrears grow.

7.9 **Chart 8: Rent Arrears in Weeks 1-32 (April-Nov) 2021/22 compared to 2020/21**

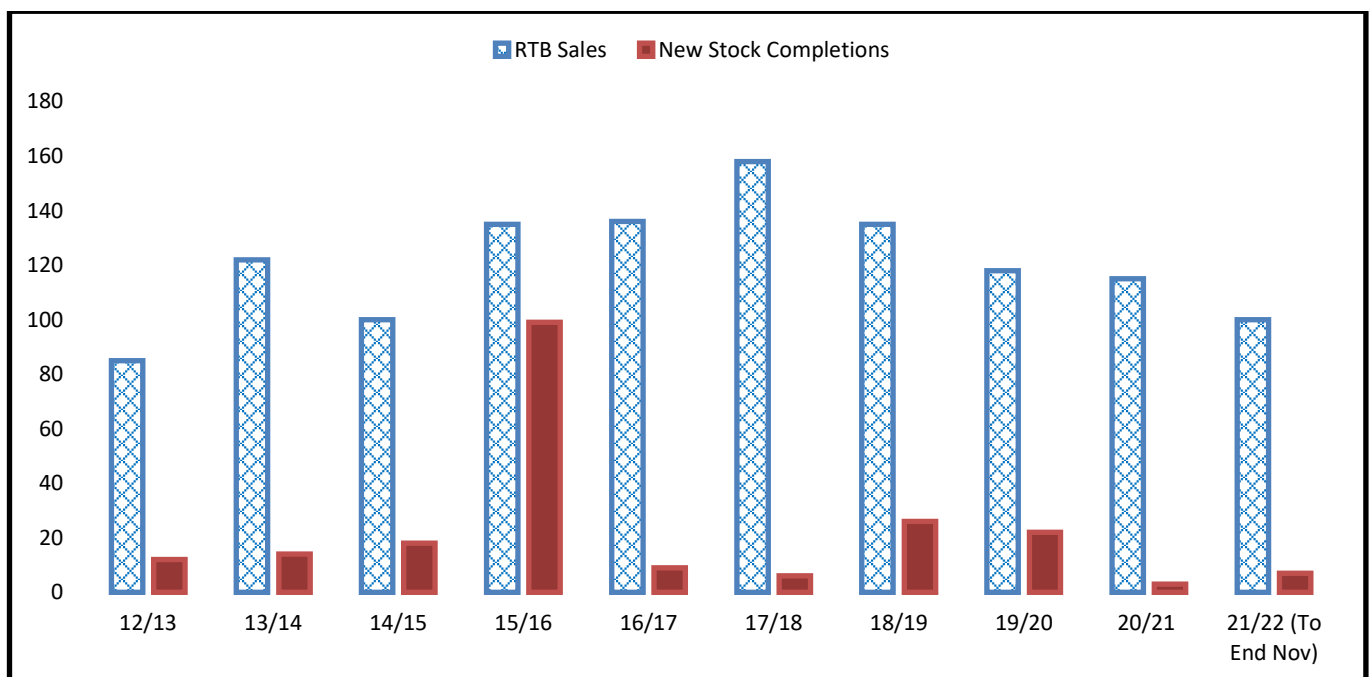


7.10 Universal Credit was fully implemented across North Tyneside on 2 May 2018. The Authority continues to work with residents to provide ICT support to help them make applications and to provide personal budget support to help residents manage their household finances. At 31 March 2021 there were 3,306 tenants of North Tyneside Homes on Universal Credit with arrears totalling £2.689m. By the end of November 2021 there were 3,716 tenants on Universal Credit (increase of 410 tenants) with related arrears of £2.947m (increase of £0.258m). These figures seem to bear out the reduced rate of increase in arrears mentioned above.

Right to Buy (RTB) Trends

7.11 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 9 below shows the trend in RTB sales since that time. There has been an upturn in sales in 2021-22, as 100 properties were sold to the end of November compared to 73 at the same stage last year.

7.12 **Chart 9: 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 a continuing 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 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 increasingly 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 The recent storms and their aftermath have created additional risks around delivery of the programme and the potential for further increases in costs. HPC staff have been redeployed as part of the clearance and rebuilding process meaning some ongoing projects have been suspended for temporary periods. Issues in the supply chain for some materials have also been exacerbated. The situation is being kept under constant review and any changes that arise 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;
 - Damp Proof Course 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 £4.028m and reprogramming of £6.134m to the Investment Plan have been identified and are included in tables 36 and 37 below. Further details are provided in paragraph 8.11.

8.10.1 **Table 36: 2021 - 2026 Investment Plan changes identified**

	2021/22 £m	2022/23 £m	2023/24 £m	2024-26 £m	Total £m
Approved Investment Plan – Council 18 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
2021/22 August Cabinet	5.087	0.237	0.000	0.000	5.324
2021/22 September Cabinet	(10.480)	8.446	2.886	1.500	2.352
2021/22 November Cabinet	5.518	2.112	2.650	0.190	10.470
Approved Investment Plan	93.631	54.100	48.394	92.486	288.611
Oct/Nov 21 Monitoring Variations					
Variations	0.031	3.997	0.000	0.000	4.028
Reprogramming	(6.134)	5.134	1.000	0.000	0.000
Total Variations	(6.103)	9.131	1.000	0.000	4.028
Revised Investment Plan	87.528	63.231	49.394	92.486	292.639

8.11 Details of the main variations are shown below:

- (a) **BS029 Wallsend Customer First Centre £0.117m** –Concerns were raised at an early stage regarding the volatility within the construction sector market and how this could impact project costs and programme, due to issues surrounding a shortage of resources and increased lead in time. Specific items were identified as having increased significantly due to the volatile market conditions, specifically doors, partition walls and ceiling tiles. After value engineering exercise has been carried out the costs are still above budget. Therefore, a request to drawdown from contingencies of £0.117m has been made;
- (b) **DV078 Bedford Street/Saville Street Public Realm £0.200m** – The funding has been transferred from the Ambition Project to provide designs to an advanced stage to respond to funding opportunities when they arise. The project will develop the approved masterplan proposals upgrading the existing pedestrian areas in Bedford Street, reducing the status of the highway to lower Bedford street to a pedestrian area. The plans will also focus on Saville Street to tie into the current public realm works in Howard Street and Northumberland Square;

- (c) **DV079 Howard Street Cultural Quarter £0.740m** – The Exchange will play a pivotal role within the cultural quarter of the regeneration of North Shields. The project will allow for the external restoration of the building. The works will include new slate roofing, stonework replacement, repointing, window repairs, new rainwater goods and repair to render. There will be associated internal works to address damage caused by water ingress is also an important part of the wider proposals. All works will allow for an improved overall experience at The Exchange. It is proposed the refurbishment will allow The Exchange to become fully operational for commercial and community recreational use again and to bring underused areas back into productive use. The Exchange has received approval to use grant of up to £0.590m from the HAZ Scheme, of which £0.250m had been transferred from DV074 HAZ Project and also match funding of £0.200m from DV073 Ambition Project (see 8.12 (b)) below;
- (d) **CO086 North West Library Improvements £0.129m (22/23)** –This project will renew and improve North West library facilities at the White Swan Customer First Centre, Oxford Centre, John Willie Sams Centre and Wideopen library to provide for an improved customer experience and additional services. This is to be funded by £0.129m of Section 106 planning income;
- (e) **GEN03 Contingencies £0.117m credit** – See (a) above;
- (f) **New Project - Contours Gym Improvement £0.177m** – This project is to replace and upgrade the fitness suite equipment at the Lakeside Centre and Hadrian Leisure Centre. It is to be funded through Section 106 £0.084m contributions and the Leisure reserve £0.093m;
- (g) **HS053 Green Homes Grant £3.700m (22/23)** - The Authority have been successful in securing £3.700m to assist in providing 395 energy efficiency measures in private homes. The phase three funding will support the installation of qualifying measures to improve the energy efficiency of homes in North Tyneside, reduce carbon emissions and provide a catalyst for improving residential energy efficiency in the borough to achieve our climate emergency aspirations; and,
- (h) **IT020 ICT Strategy £0.022m** – There has been a call on the revenue Covid grant to funded additional Netcall Licences due to the pandemic. This has been transferred to the Investment plan to fund the additional capital costs.

8.12 In addition to the variations reported, there has been £6.134m reprogramming identified. The reprogramming is reflected in the following projects:

- (a) **EV083 Street Lighting LED £0.657m** – The start of the LED installations in the final phase of the project is significantly delayed. This is due to a delay in signing a deed of variation (DoV) which must be completed on the PFI contract before orders can be placed;
- (b) **DV073 Ambition North Tyneside £0.400m credit** – Two amounts of £0.200m have been brought forward and then transferred to two of the Ambition Projects to support the design works in preparation of bidding for additional external funding or to provide match funding to grant awarded. The two projects are

DV078 Bedford Street/Saville Street Public Realm (See 8.11 (b)) and DV079 Howard Street Cultural Quarter (See 8.11.(c)).

- (c) **EV094 Transforming Cities Tranche (TCF) 2 £1.250m** – The North East Joint Transport Committee approved £3.240m advanced TCF funding and was included within the financial monitoring report to November Cabinet 2021. As a result of the advanced TCF funding there will be reprogramming of £1.250m council contribution ambition funding to future years;
- (d) **EV097 Weetslade & Westmoor Roundabouts £3.191m** – Works have just started on site and will extend into next financial year with an estimated date of completion of December 2022. Therefore, £3.191m of Section 106 is to be reprogrammed to 2022/23;
- (e) **HS015 Decent Homes Refurbishment £0.440m** – The delivery of the programme is constantly being monitored. One of the risks that are reviewed is the delivery of the schemes due to covid isolations of the workforce and subcontractors. There is now a require to reprogramme £0.440m of works into 2022/23;
- (f) **HS044 HRA New Build £0.650m** – We are awaiting a decision of a grant application for the conversion of a brownfield garage site in Falmouth Road North Shields into 9 new affordable homes using the HUSK MMC Solution. The expected start on site date is now January 2022 to allow for the Homes England application decision, so there is a need to reprogramme £0.650m into 2022/23; and,
- (g) **HS051 Private Sector Homes £0.346m** – There has been a review of the project and the expected amount to be delivered is £0.300m. Therefore, it has been requested to reprogramme £0.346m to 2022/23.

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

8.13.1 **Table 37: Impact of variations on Capital financing**

	2021/22 £m	2022/23 £m	2023/24 £m	2024-26 £m	Total £m
Approved Investment Plan	93.631	54.100	48.394	92.486	288.611
Council Contribution	(1.807)	0.807	1.000	0.000	0.000
Grants and Contributions	(3.228)	7.141	0.000	0.000	3.913
Revenue Contribution	0.022	0.093	0.000	0.000	0.115
HRA Capital Receipts	(0,187)	0.187	0.000	0.000	0.000
HRA Major Repairs Reserve	(0.903)	0.903	0.000	0.000	0.000
Total Financing Variations	(6.103)	9.131	1.000	0.000	4.028
Revised Investment Plan	87.528	63.231	49.394	92.486	292.639

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 £1.204m useable capital receipts have been received in 2021/22, of which £0.100m are to be used to repay debt. In addition, £4.125m has been received from Aurora to repay loans. The receipts position is shown in table 38 below.

8.14.1 Table 38: 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)	(2.922)	(2.668)	(2.668)	(2.583)
Total Receipts received 2021/22	(5.329)	0	0	0	(5.329)
Receipts used to repay capital loans	4.125	0	0	0	4.125
Receipts used to repay debt	0.100				0.100
Net Useable Receipts	(1.104)	0	0	0	(1.104)
Surplus Receipts	(2.922)	(2.668)	(2.668)	(2.668)	(2.668)

Capital receipts – Housing Revenue Account

8.15 Housing Capital Receipts brought forward on 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 £1.860m. To date, receipts of £5.926m 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 £12.329m to be carried forward to fund future years.

8.15.1 Table 39: 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
Reprogramming Jan 21 Cabinet	(0.187)	0.187	0.000	0.000	0.000
Revised Requirement	1.860	2.073	2.871	5.673	12.477
Receipts Brought Forward	(8.263)	(12.329)	(10.256)	(7.385)	(8.263)
Receipts Received 2021/22	(5.926)	0.000	0.000	0.000	(5.926)
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)	(12.329)	(10.256)	(7.385)	(1.712)	(1.712)

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 30 November 2021

8.16 Actual expenditure for 2021/22 in the General Ledger was £31.772m; 36.30% of the total revised Investment Plan at 30 November 2021. This is after adjusting for £0.059m of accruals relating to 2020/21 expenditure.

8.16.1 Table 40: Total Investment Plan Budget & Expenditure to 30 November 2021

	2021/22 Revised Investment Plan £m	Actual Spend to 30 Nov 2021 £m	Spend as % of revised Investment Plan %
General Fund	56.871	17.614	30.97%
Housing	30.657	14.158	46.18%
TOTAL	87.528	31.772	36.30%

SECTION 9 – TREASURY MANAGEMENT & CASH POSITION

Current Cash Position

- 9.1 The Authority's current available cash balance as at the end of November 2021 is £46.919m, with £20.000m invested externally with other UK Local Authorities. All investments are made in line with the approved Treasury Management Strategy.

Bank Rate was not increased at the last BoE meeting in November, at the time Markets had priced in a rate increase and the lack of change weighed on market sentiment.

However, with reports of the new Omicron COVID variant spreading it is expected rates will remain lower for longer until the true impact of Omicron is established.

The Authority remain well positioned with surplus cash available to facilitate future uncertainties.

9.2 Table 41: Investment Position as at 31/07/2021

Counterparty	Type	Amount (£m)	Maturity
DMO	Term	30.000	01 Dec 2021
DMO	Term	10.000	15 Dec 2021
Barclays	Call	1.919	n/a
Lloyds Bank	Call	5.000	n/a
Inter – LA	Fixed	20.000	30 Aug 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 for the year 2021/22.

- 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 negative, taking into account CHAPS transfers fees and principal invested, it is costing 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 42: Summary of Borrowing Levels

Temporary Market		PWLB	
Tenor	Level	Tenor	Level
1 week	0.01%	2 years	1.40%
1 month	0.01%	5 years	1.59%
3 months	0.02%	10 years	1.80%
6 months	0.10%	20 years	1.99%
9 months	0.15%	30 years	1.91%
12 months	0.20%	50 years	1.62%

**Please note interest rates are as 03 Dec 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 43 shows the Authority's current debt position.

Table 43: Current Debt Position

	PWLB (£m)	LOBO (£m)	Temp (£m)	Total (£m)
Total Outstanding Borrowing Debt	397.443	20.000	0.000	417.443
Debt Maturing 2021/22	0.000	0.000	0.000	0.000

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 on hold due to the pandemic 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.

Money Market Funds

- 9.9 The Authority is currently looking at Money Market Funds to provide additional liquid investment options. The funds are an approved investment instrument within the Treasury Management strategy.

The benefit of using money market funds include funds being low risk investments, highly liquid and providing an option to minimise the cost of investment with DMO when negative.

SECTION 10 – SUPPORT TO RESIDENTS

- 10.1 Section 4 looks specifically at the Covid-19 grants the Authority has received and provides a snapshot of the position as at 30 November 2021. As the Authority transitions from recovery to building a better North Tyneside, this section will look in more detail at the support the Authority has been able to offer to its residents, how it has utilised the funding provided by Government and how it has also put forward funding of its own to keep the most vulnerable in the Borough safe and supported during the pandemic.
- 10.2 From the start of the pandemic, the Government has provided the Authority with £8.483m of Covid-19 grants aimed at supporting Residents, a further £4.465m of grant funding has been supplied to the Authority to support Residents during the recovery from Covid-19 during 2021/22. Cabinet created the Poverty Intervention Fund in 2020/21, allocating £1.000m to support its most vulnerable Residents. In total £13.948m has been earmarked to supporting Residents. Table 44 breaks down this funding in more detail.

Table 44: Funding to Support Residents

Name of Grant / Source	Amount Awarded £m	Expenditure (Inception to Date) £m	Amount Committed £m	Amount Available £m
Covid-19 Grants				
Test & Trace Grant	(1.140)	0.883	0.257	0.000
Test & Trace Support Payments	(2.178)	1.235	0.943	0.000
Hardship Grant 2020/21	(2.024)	1.734	0.290	0.000
Emergency Assistance Grant	(0.256)	0.207	0.049	0.000
Practical Support Framework	(0.354)	0.039	0.315	0.000
Clinically Extremely Vulnerable	(0.705)	0.284	0.421	0.000
Winter Grant	(0.845)	0.845	0.000	0.000
Rapid Testing in the Community	(0.225)	0.225	0.000	0.000
Local Support Grant	(0.756)	0.982	(0.226)	0.000

Name of Grant / Source	Amount Awarded £m	Expenditure (Inception to Date) £m	Amount Committed £m	Amount Available £m
Other Government Funding				
Hardship Fund 2021/22	(2.066)	1.918	0.148	0.000
Holiday Activities & Food Programme	(0.789)	0.616	0.173	0.000
Household Support Grant	(1.610)	0.328	1.282	0.000
Authority Support				
Poverty Intervention Fund	(1.000)	0.282	0.718	0.000
Total	(13.948)	9.578	4.370	0.000

10.3 The £9.578m has been utilised in a number of ways to ensure the residents of the Borough stayed safe. The key highlights of the activity undertaken during the height of the pandemic are summarised below:

- £0.845m of the Covid-19 Winter Grant was used to cover costs of food and warmth for vulnerable residents including funding food vouchers, replacement household goods, clothing, food, hot meals and utility bills;
- 1,242 residents impacted financially by the need to isolate were supported through the Test & Trace Support grant;
- A Local Support System was developed which redeployed 85 employees and made over 19,000 welfare calls to our vulnerable residents who had to shield. Such innovations helped North Tyneside Council to be hailed as 'best practice' by the then Ministry for Housing, Community and Local Government;
- Over 28,000 copies of a series of magazines entitled 'Navigating or Living Well' were delivered to residents on the shielding list;
- Our residents without a permanent home were provided with emergency bed and breakfast accommodation to ensure they were safe and had access to essential hygiene supplies;
- 87 schools were provided with a hybrid school meal offer for vulnerable students or students of critical workers to ensure all pupils were offered a meal who needed one;
- Customer Services established a dedicated Covid-19 line to support residents who were required to shield or self-isolate;
- Volunteers from the customer services team supported the voluntary sector in preparing 300 Christmas food parcels for those who were shielding;
- System developed to enable residents to pre-pay for their shopping and £0.081m of payments were processed enabling vulnerable residents to stay safe and self-isolate; and,
- Administered a meal voucher scheme to provide vouchers during the school holidays for those children entitled to free school meals. 7,021 vouchers were

issued by the summer term 2021, providing support to those families in greatest need.

10.4 We know that we must continue to live alongside the virus. The successful completion of the recovery programme signalled a response to the Authority's emergency response and a return to a business-as-usual state, with the focus on building a better North Tyneside, creating the conditions for a Borough that continues to thrive. As part of that and a refreshed Our North Tyneside Plan the Authority will continue to support its Residents through the allocation of the remaining funding outlined in the above table. Some of the key projects are:

- As restrictions started to lift focus moved to how best to help Clinically Extremely Vulnerable residents to reintegrate; many had not left their homes and doing so caused extreme anxiety. The Authority used the CEV funding to increase capacity within the Good Neighbours project to support people with a buddy service, supporting with going shopping, going for a walk and helping residents leave their home and navigate new ways of life i.e. with shopping (wearing masks / one way systems etc);
- Funding was given to Age UK for a project using people to visit Older People who had become frailer and needed help to rebuild muscle tone and confidence before they felt able to leave the house;
- Supported LD:NE (Learning Disability North East) who worked to support residents to attend activities – resulting in 715 activities being accessed by people with a Learning Disability;
- Ran training for staff and volunteers on loss and bereavement, due to the success of this the Authority will be running further sessions over the coming months;
- Funding provided to Citizens Advice Bureau to increase support for debt work;
- Additional funding provided to the Foodbank to recognise an increase in demand for their services;
- Run the Spirit of North Tyneside awards to celebrate the contribution made by our residents to improving the lives of others and the environment;
- Planning a grant fund of £400,000 for VCSE organisations that will be a collaboration between NTC and North Tyneside CCG and administered by VODA. The funding will be aimed at delivering initiatives aimed at people affected by the pandemic and health inequalities.
- Developing a Covid Exhibition and memorial to covid centred on our waggon ways.
- Through the Household Support Grant Cabinet has committed to continue to support free school meals during the school holidays and will support the Bread-and-Butter programme; a project aiming to provide a link between food banks and supermarkets, allowing residents to purchase food at reduced costs;
- A range of other projects are being developed using the Household Support Grant which include;
 - Support for direct help to residents through the Welfare Provision Team as demand grows from residents struggling due to reduction in income or losses through Universal Credit and those struggling with rising fuel costs as we enter the winter period;

- Support for Care Leavers via a one-off grant to help with food or fuel costs. Often these are young people who can struggle to manage costs of independent living;
- Continued support to the Community and Voluntary Sector, who have played a vital role so far in supporting residents and helping the Authority deliver assistance via support for food, fuel and essential items;
- Support for housing costs for those that fall out of main support available via Housing Benefit, Universal Credit or Discretionary housing payments with grant could help;
- Support for clothing and school uniforms; and
- Support to reduce fuel poverty via grants to help repair or replace boilers where needed and also help clear fuel arrears' or help with winter fuel costs.