

# 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 fifth 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 fifth indication of the potential revenue and capital position of the Authority at 31 March 2022, and therefore the final one before the outturn. 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 £2.902m. 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 £19.737m 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, £8.914m 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 £2.227m.

Within the BAU position is the inclusion of a projection of £0.716m relating to costs incurred following the recent storms that have hit the region. It is however, expected that these costs will be met from the Insurance Reserve.

The remaining pressure of £0.675m relates to normal ongoing activities.

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

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

**1.5 Table: 1 2020/21 General Fund Revenue Forecast Outturn as at 31 January 2022**

Services	Budget	Forecast Outturn January	Variance January	Previous Cabinet	Variance Change since November
	£m	£m	£m	£m	£m
Health, Education, Care and Safeguarding	75.108	81.665	6.557	7.284	(0.727)
Commissioning and Asset Management	8.013	9.245	1.232	1.260	(0.028)
Environment, Housing and Leisure	44.278	44.259	(0.019)	(0.171)	0.152
Regeneration and Economic Development	1.399	1.549	0.150	0.148	0.002
Corporate Strategy	0.484	0.512	0.028	0.029	(0.001)
Chief Executive's Office	(0.078)	(0.185)	(0.107)	(0.040)	(0.067)
Resources	3.643	4.414	0.771	0.591	0.180
Law and Governance	0.308	0.849	0.541	0.469	0.072
Central Items – BAU	(3.014)	(11.492)	(8.478)	(8.264)	(0.214)
Central Items – Covid-19	0.000	2.227	2.227	3.941	(1.714)
Support Services	20.013	20.013	0.000	0.000	0.000
<b>Total Authority</b>	<b>150.154</b>	<b>153.056</b>	<b>2.902</b>	<b>5.247</b>	<b>(2.345)</b>

## **SECTION 2 - DELIVERY OF BUDGET SAVINGS PROPOSALS**

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

2.2 **Table 2: Year on Year savings since 2010 CSR**

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
<b>Total Savings</b>	<b>127.756</b>

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 (C&AM) 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 continues to be impacted by the Covid-19 pandemic within HECS and C&AM. The position with HECS has improved since the November report with a further £0.243m of additional income identified against savings targets. The position for C&AM and EHL is unchanged from November.

2.5 **Table 3: Efficiency Savings by Service at January 2022**

Service	2021/22 Targets £m	Projected Delivery £m	In Year Actions £m	Yet to be achieved £m
HECS	3.843	1.800	0.830	1.213
Commissioning & Asset Management	0.264	0.093	0.000	0.171
Environment Housing & Leisure	0.430	0.430	0.000	0.000
<b>TOTAL</b>	<b>4.537</b>	<b>2.323</b>	<b>0.830</b>	<b>1.384</b>

- 2.6 The governance structure of the Efficiency Savings Programme includes a monthly review of progress by the Senior Leadership Team (SLT). In addition, in-year budget and performance progress meetings are held between officers and Cabinet Members to consider progress and actions being taken to deliver savings. The variations in relation to the savings where delivery has been impacted by Covid are outlined in the sections below.

#### Health, Education, Care and Safeguarding (HECS)

- 2.7 HECS has achieved savings targets totalling £1.800m primarily relating to Sector Led Improvement income (£0.300m), 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 and into 2022/23.

#### Commissioning and Asset Management

- 2.10 Within Commissioning and Asset Management the only savings target 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 December 2021 and January 2022.

**Table 4: Grants Received or Notified in December 2021 and January 2022**

<b>Service</b>	<b>Grant Provider</b>	<b>Grant</b>	<b>Purpose</b>	<b>2021/22 value £m</b>
Environment Housing and Leisure	Football Foundation	Goal post Renewal Programme	To replace goal posts on grass pitches	0.020
Environment Housing and Leisure	Department for Levelling Up Housing and Communities	Homelessness Prevention Grant Top UP	To support low income renters with rent arrears	0.078
Environment Housing and Leisure	Improvement and Development Agency for Local Government	LGA Housing Advisors Programme	To provide support to local authorities to improve	0.025
Environment Housing and Leisure	Department for Levelling Up Housing and Communities	Protect and Vaccinate	To boost vaccination rates for people sleeping rough	0.035
Environment Housing and Leisure	Department for Transport	Bikeability	To provide training courses in schools	0.079
Regeneration and Economic Development	North of Tyne Combined Authority/North East Local Enterprise Partnership	Wallsend Masterplan	Funding for feasibility study for a capital project	0.080
Regeneration and Economic Development	North of Tyne Combined Authority/North East Local Enterprise Partnership	North Shields Fish Quay Development Accelerator Fund	Funding for feasibility work for a capital project	0.084
Commissioning and Asset Management	Education and Skills Funding Agency	Summer Schools	To support the provision of summer schools	0.018
Commissioning and Asset Management	Department for Education	Covid -19 Schools Recovery Premium	To support recovery after Covid-19	0.260

Service	Grant Provider	Grant	Purpose	2021/22 value £m
Commissioning and Asset Management	Department for Education	Covid -19 Summer Schools Funding	To support the provision of summer schools	0.009
Commissioning and Asset Management	Department for Education	Senior Mental Health Leads Grant	To support mental health in schools following Covid-19	0.012
Commissioning and Asset Management	Department for Education	School Led Tutoring Grant	To support school led tutoring	0.253
Health Education Care and Safeguarding	Department of Health and Social Care	Omicron Support Fund	To provide additional support for addressing Covid 19 issues in adult social care	0.258
Health Education Care and Safeguarding	Department of Health and Social Care	Workforce Recruitment and Retention Grant Round 2	To address workforce capacity issues in adult social care	1.289
Law and Governance	Local Government Association	Scrutiny Improvement Review	Funding the costs of the scrutiny improvement review	0.005
Resources	Department for Levelling Up Housing and Communities	Cyber Support	Support for cyber security	0.150
<b>Total</b>				<b>2.655</b>

In addition to the £2.655m of new revenue grants the Authority has also received £6.355m of brownfield grant funding from the North of Tyne Combined Authority.



## **SECTION 4 – IMPACT OF COVID-19**

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

4.2 **Table 5: Supporting Our Businesses**

<b>Business Grant</b>	<b>Value Awarded 21/22</b>	<b>Value B/Fwd from 20/21</b>	<b>Value Spent 01.04.21-31.01.22</b>	<b>Value Committed @ 31.01.22</b>	<b>Value Available @ 31.01.22</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
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	1.447	0.000	0.690	0.737	0.020
Christmas Support 'Wet-Pubs'	0.000	0.047	0.047	0.000	0.000
Restart Grants	9.804	0.000	8.845	0.959	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
Omicron Hospitality & Leisure Grant	1.132	0.000	0.445	0.687	0.000
<b>Total</b>	<b>12.383</b>	<b>11.355</b>	<b>13.853</b>	<b>9.885</b>	<b>0.000</b>

4.3 The Authority has £11.355m of grant funding brought forward from 2020/21 with a further £12.383m awarded in 2021/22 aimed at supporting businesses across the Borough. £13.853m of this has been allocated to date. Of the remaining £9.885m, £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 £1.507m 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 01.04.21-31.01.22	Value Committed @ 31.01.22	Value Available @ 31.01.22
	£m	£m	£m	£m	£m
Test & Trace Programme Support Grant	0.000	0.782	0.594	0.188	0.000
Emergency Assistance Grant	0.000	0.080	0.063	0.017	0.000
Contain Outbreak Management Fund	1.439	5.302	1.828	4.913	0.000
Test & Trace (self-isolation) Support Payments	1.276	0.438	1.269	0.445	0.000
LA Practical Support Framework	0.412	0.000	0.049	0.363	0.000
Covid Marshalls	0.000	0.003	0.003	0.000	0.000
Clinically Extremely Vulnerable	0.236	0.303	0.336	0.203	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	0.104	0.000	0.104	0.000	0.000
<b>Total</b>	<b>4.263</b>	<b>6.908</b>	<b>5.042</b>	<b>6.129</b>	<b>0.000</b>

- 4.5 The Authority has been awarded £4.263m 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 £11.171m 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 £5.042m in the period to the end of January and is committed to spending the balance of £6.129m 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 01.04.21-31.01.22	Value Committed @ 31.01.22	Value Available @ 31.01.22
	£m	£m	£m	£m	£m
Infection Control	1.755	0.544	1.512	0.787	0.000
Rapid Testing – Care Homes	1.418	0.000	1.221	0.197	0.000
Adult Social Care Omicron Support	0.258	0.000	0.000	0.258	0.000
<b>Total</b>	<b>3.431</b>	<b>0.544</b>	<b>2.733</b>	<b>1.242</b>	<b>0.000</b>

- 4.7 The Authority has been awarded £3.431m 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 01.04.21-31.01.22	Value Committed @ 31.01.22	Value Available @ 31.01.22
	£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	0.187	0.000	0.187	0.000	0.000
Mass Testing for Schools	0.172	0.233	0.405	0.000	0.000
Recovery Premium	1.061	0.000	0.531	0.530	0.000
National Tutoring Programme	0.557	0.000	0.042	0.515	0.000
Summer Schools Funding	0.116	0.000	0.116	0.000	0.000
<b>Total</b>	<b>2.997</b>	<b>0.309</b>	<b>2.212</b>	<b>1.094</b>	<b>0.000</b>

- 4.9 Grant funding of £2.997m 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 £3.306m. 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 £8.914m 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 £17.510m. 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 £19.737m, which will therefore leave a pressure on Covid-19 of £2.227m 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

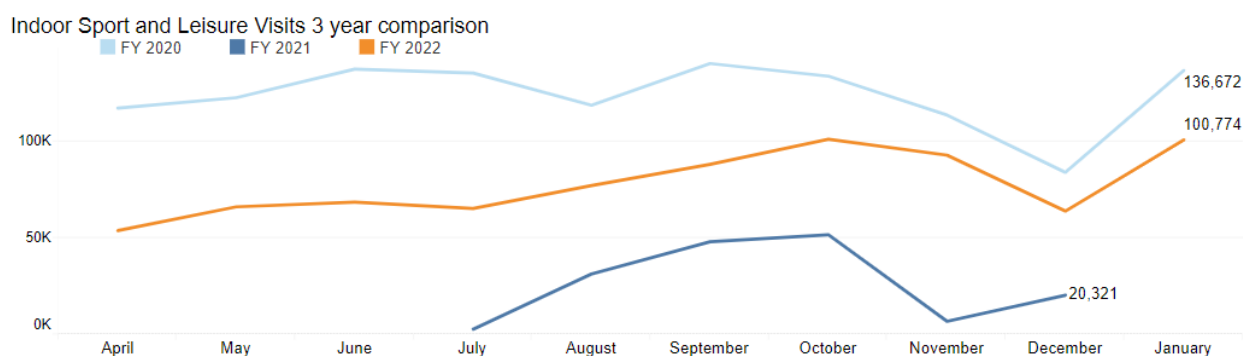
Commissioning & Asset Management	Forecast Spend £m	Other Specific Grant Spend £m	Total Forecast Spend £m
Free School Meals	1.898	0.000	1.898
Asset Management	0.050	0.000	0.050
LA7 Home to School Transport	0.000	0.184	0.184
Clinically Extremely Vulnerable	0.000	0.539	0.539
Electricity	(0.013)	0.000	(0.013)
Cleaning	0.198	0.000	0.198
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	0.037	0.000	0.037
<b>Total</b>	<b>2.276</b>	<b>0.723</b>	<b>2.999</b>

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

Environment Housing & Leisure	Forecast Spend £m	Other Specific Grant Spend £m	Total Forecast Spend £m
Sport & Leisure	1.763	0.000	1.763
Environmental Services	0.206	0.000	0.206
Waste Management	0.219	0.000	0.219
Highways & Transport	0.367	0.000	0.367
Cultural Services	0.198	0.000	0.198
Homelessness	0.015	0.000	0.015
Marshalls	0.000	0.153	0.153
Environment & Regulatory	0.045	0.000	0.045
Planning & Development	0.090	0.000	0.090
<b>Total</b>	<b>2.903</b>	<b>0.153</b>	<b>3.056</b>

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**

<b>Health, Education, Care &amp; Safeguarding</b>	<b>Forecast Spend £m</b>	<b>Other Specific Grant Spend £m</b>	<b>Total Forecast Spend £m</b>
CYPL - School Improvement	0.622	0.000	0.622
CYPL - Front Door & safe and support	1.550	0.000	1.550
CYPL - Placement Costs	1.101	0.000	1.101
CYPL - Residential Staffing	0.883	0.000	0.883
CYPL - Adoption Agency (NTC share)	0.089	0.000	0.089
ASC - Adult Services	1.256	0.000	1.256
ASC – Workforce Capacity	0.000	1.987	1.987
ASC – Omicron Support Fund	0.000	0.258	0.258
ASC - Rapid Testing in Social Care	0.000	1.417	1.417
ASC - Infection Control Grant	0.000	2.298	2.298
<b>CYPL &amp; ASC sub total</b>	<b>5.501</b>	<b>5.960</b>	<b>11.461</b>
PH - Test & Trace Support Service	0.000	0.782	0.782
<b>Total</b>	<b>5.501</b>	<b>6.742</b>	<b>12.243</b>

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

<b>Corporate Strategy</b>	<b>Forecast Spend £m</b>	<b>Other Specific Grant Spend £m</b>	<b>Total Forecast Spend £m</b>
Corporate Strategy	0.096	0.000	0.096
<b>Total</b>	<b>0.096</b>	<b>0.000</b>	<b>0.096</b>

**4.15 Table 13: Supporting Our Council Resources and Central Items**

<b>Resources &amp; Central Items</b>	<b>Forecast Spend £m</b>	<b>Other Specific Grant Spend £m</b>	<b>Total Forecast Spend £m</b>
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
<b>Total</b>	<b>0.583</b>	<b>0.000</b>	<b>0.583</b>

#### 4.16 Table 14: Supporting Our Council in Law and Governance

Law & Governance	Forecast Spend £m	Other Specific Grant Spend £m	Total Forecast Spend £m
Law & Governance	0.126	0.000	0.126
<b>Total</b>	<b>0.126</b>	<b>0.000</b>	<b>0.126</b>

#### 4.17 Table 15: Supporting Our Council in Regeneration & Economic Development

Regeneration & Economic Development	Forecast Spend £m	Other Specific Grant Spend £m	Total Forecast Spend £m
Regeneration & Economic Development	0.000	0.051	0.051
Capacity Funding	0.000	0.583	0.583
<b>Total</b>	<b>0.000</b>	<b>0.634</b>	<b>0.634</b>

#### 4.18 Table 16: Covid-19 Support to Services Summary

Service Area/ Category	Forecast Spend £m	Other Specific Grant Spend £m	Total Forecast Spend £m
<b>Cost:</b>			
Commissioning & Asset Management	2.276	0.723	2.999
Environment, Housing & Leisure	2.903	0.153	3.056
Health, Education, Care and Safeguarding	5.501	6.742	12.243
Corporate Strategy	0.096	0.000	0.096
Resources and Central Items	0.583	0.000	0.583
Law and Governance	0.126	0.000	0.126
Regeneration and Economic Development	0.000	0.634	0.634
<b>Total Impact on Services</b>	<b>11.485</b>	<b>8.252</b>	<b>19.737</b>
<b>Income:</b>			
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	(8.914)	(8.914)
<b>Covid Pressure at end January 2022 – net gap</b>	<b>4.224</b>	<b>(1.997)</b>	<b>2.227</b>

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

## **SECTION 5 – SERVICE COMMENTARIES**

5.1 Meetings have been held between finance officers and budget managers to review the forecast positions for 2021/22, with forecasts being prepared on a prudent basis. Challenge sessions have been held 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 £6.557m against its £75.108m net controllable expenditure budget, an improvement of £0.727m from the November position of £7.284m. This position is after adjusting for a total of £12.243m 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 January 2022**

	<b>Budget £m</b>	<b>Forecast Jan £m</b>	<b>Variance Jan £m</b>	<b>Variance Nov £m</b>	<b>Change since Nov £m</b>
Corporate Parenting & Placements	15.802	20.798	4.996	5.097	(0.101)
RHELAC Service	0.008	0.008	0.000	0.000	0.000
Child Protection, Independent Assurance and Review	0.708	0.705	(0.001)	0.003	(0.004)
Early Help & Vulnerable Families	1.580	1.215	(0.365)	(0.151)	(0.214)
Employment & Skills	0.591	0.590	(0.001)	(0.023)	0.022



	Budget £m	Forecast Jan £m	Variance Jan £m	Variance Nov £m	Change since Nov £m
Integrated Disability & Additional Needs Service	2.247	3.564	1.317	1.564	(0.247)
School Improvement	0.319	0.342	0.023	0.055	(0.032)
Regional Adoption Agency	0.000	0.000	0.000	0.000	0.000
<b>Children's Services Sub-total</b>	<b>21.255</b>	<b>27.222</b>	<b>5.969</b>	<b>6.545</b>	<b>(0.576)</b>
Central, Strategy and Transformation	1.131	1.138	0.007	0.022	(0.015)
Social Work and Associated Activity	7.261	7.185	(0.076)	0.157	(0.233)
Integrated Services	2.751	2.472	(0.279)	(0.378)	0.099
Business Assurance	0.296	0.258	(0.038)	0.038	(0.076)
<b>Sub-total Operations</b>	<b>11.439</b>	<b>11.053</b>	<b>(0.386)</b>	<b>(0.161)</b>	<b>(0.225)</b>
Commissioned Services – Wellbeing and Assessment	12.165	12.150	(0.015)	(0.382)	0.367
Commissioned Services – Learning Disability	25.435	25.133	(0.302)	(0.112)	(0.190)
Commissioned Services – Mental Health	3.312	4.572	1.260	1.363	(0.103)
Commissioned Services - Other	1.261	1.292	0.031	0.031	0.000
<b>Sub-total – Commissioned Services</b>	<b>42.173</b>	<b>43.147</b>	<b>0.974</b>	<b>0.900</b>	<b>0.074</b>
<b>Adult Services Sub-total</b>	<b>53.612</b>	<b>54.200</b>	<b>0.588</b>	<b>0.739</b>	<b>(0.151)</b>
Public Health	0.241	0.241	0.000	0.000	0.000
<b>Total HECS</b>	<b>75.108</b>	<b>81.663</b>	<b>6.557</b>	<b>7.284</b>	<b>(0.727)</b>

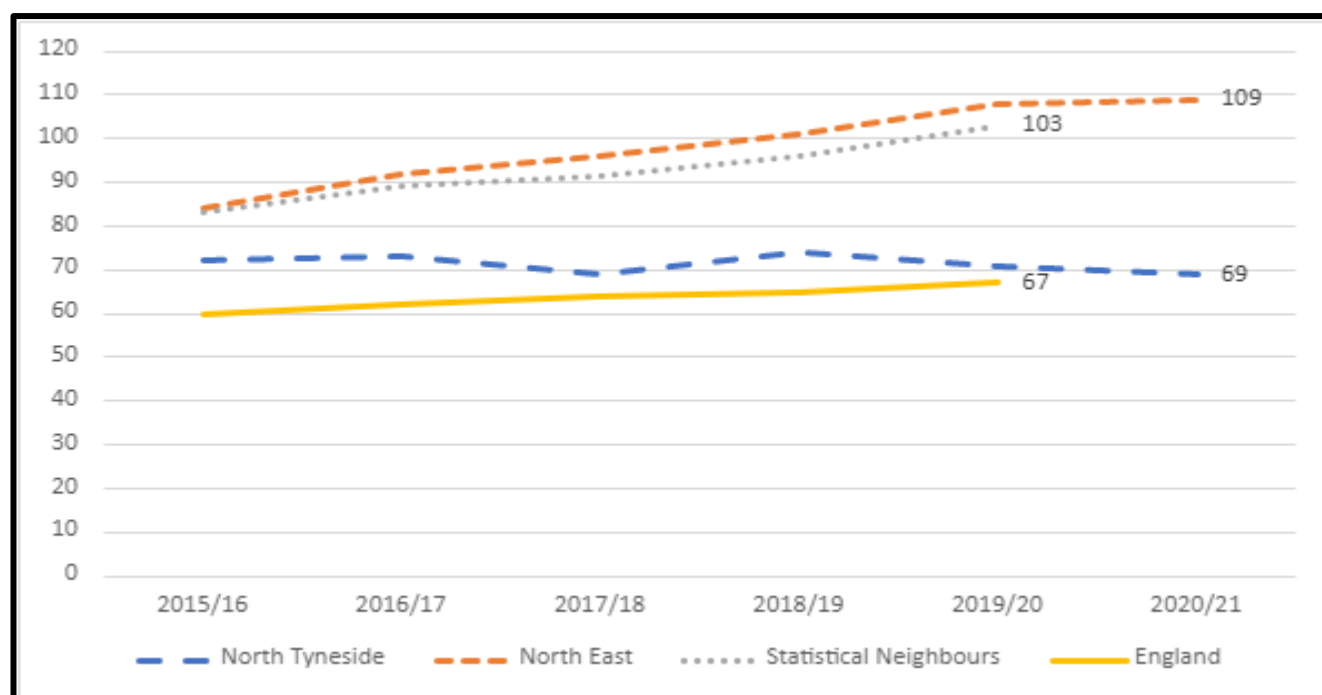
## **Main budget pressures across HECS**

- 5.2.4 In addition to its response to the Covid-19 pandemic, HECS continues to manage a complex budget and is required to deal with a combination of funding arrangements, pressures and national policy changes. There are continuing upward pressures on care providers' fees partially resulting from the National Living Wage but which have become more acute with the operational impact of Covid-19 on care homes and issues around high vacancy levels in a small number of care homes within the borough. Dialogue continues with care providers around appropriate fee rates moving into 2022/23 and 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 £5.967m forecast pressure relates mainly to pressures of £4.996m in Corporate Parenting and Placements and £1.317m 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 of £0.578m since the November report is across a number of areas. Within Corporate Parenting and Placements the improvement is mainly due to increased grant income in relation to Staying Close. Early Help and Vulnerable Families has seen a reduction in staffing forecasts and additional income from Public Health while Integrated Disability and Additional Needs has benefitted from additional income from Health and a reduced forecast in relation to short break costs.
- 5.2.8 In relation to the levels of children in care within North Tyneside, 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.

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



5.2.10 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

5.2.11 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 Jan £m	Variance Nov £m	Change Since Nov £m
Care provision – children in care	9.188	2.710	2.802	(0.092)
Care provision – other children	3.147	0.800	0.877	(0.077)

Management & Legal Fees	(0.948)	0.835	0.699	0.136
Social Work	4.369	0.648	0.715	(0.067)
Safeguarding Operations	0.046	0.003	0.004	(0.001)
<b>Total</b>	<b>15.802</b>	<b>4.996</b>	<b>5.097</b>	<b>(0.101)</b>

5.2.12 The forecast has been developed based on the children in care as at the end of January 2022. The number in care at the end of January was 335 which was a net increase of 17 from the November figure of 318. The January forecast for the total number of care nights is now 110,247, an increase of 839 over the November forecasted nights, and higher than the total number of care nights delivered in 2020/21 which was 108,745. An increase in the number of children being cared for by in-house fostering has minimised the increased costs.

**5.2.13 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 Jan	Forecast Bed Nights Nov	Placement Mix	No. of children Jan 22	No. of children Nov 21
External Residential Care	0.964	0.143	8,140	8,140	7%	26	26
External Fostering	0.240	0.041	10,206	10,313	9%	25	27
In-House Fostering Service	0.510	0.022	68,487	67,722	62%	209	193
External Supported Accommodation	0.214	0.130	4,108	3,953	4%	19	17
Other*	0.782	various	19,306	19,280	18%	56	55
<b>Total</b>	<b>2.710</b>		<b>110,247</b>	<b>109,408</b>	<b>100%</b>	<b>335</b>	<b>318</b>

\*Other includes Placed for Adoption, Placed with Parents/Parental Responsibility and NTC Children's Homes; the Annual Average Placement Cost represents the potential costs for a full year of those children in placements as at 31 January 2022.

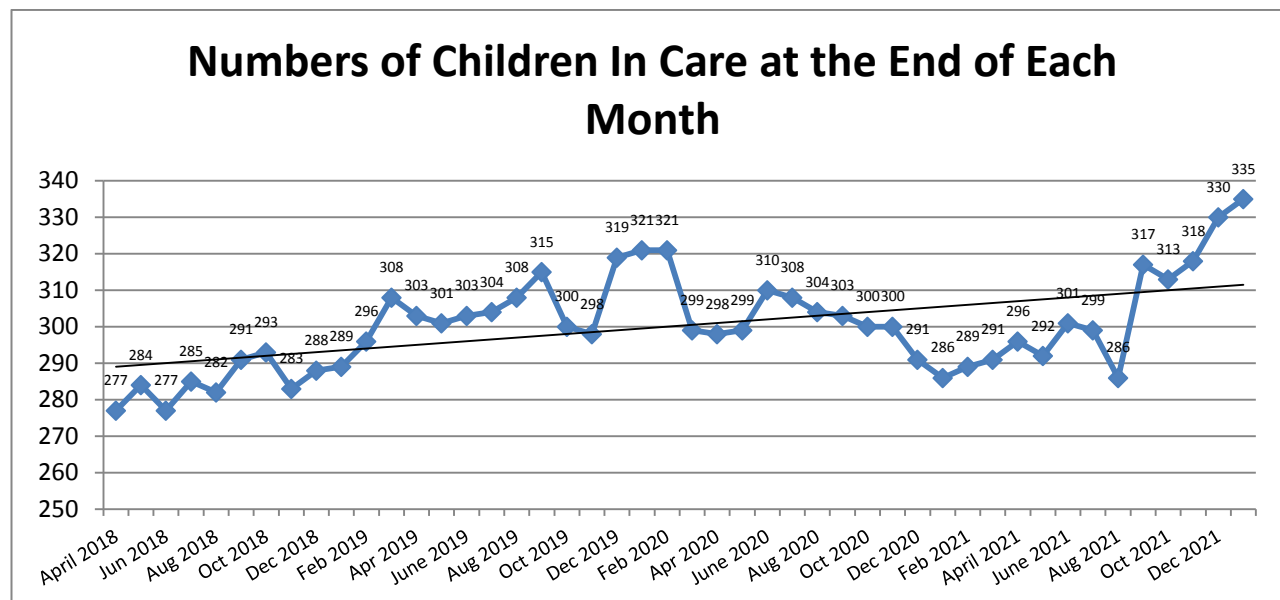
5.2.14 The number of children in care can be volatile and costs for individual children can be very high. There is a potential risk that the forecast could increase if numbers of care nights delivered on complex cases starts to rise above current levels. There is a concern that there may be future spikes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

#### Care Provision – Children in Care

5.2.15 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 January to 335 children and this trend is being watched carefully.

#### 5.2.16 Chart 3: Children in Care at the End of Each Month



#### Care Provision – Children not in care

- 5.2.17 The pressure of £0.800m (November variance, £0.877m) 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

- 5.2.18 This area has a forecast pressure of £0.835m which is increased from the variance within the November report of £0.699m. Pressures remain in relation to historic income targets but there has been an increase in forecasts relating to legal fees.

#### Social Work

- 5.2.19 Within the overall pressure of £4.996m for Corporate Parenting and Placements, there are social work-related pressures of £0.648m (November, £0.715m). The improvement is due to reduced forecasts due to continuing vacancies. 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 £0.057m, transport and travel pressures of £0.016m and legal and professional fee pressures of £0.136m. Cabinet is aware

of the particular challenges faced across the children's social care sector nationally as 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)

- 5.2.20 IDANS is forecasting a pressure of £1.317m (September variance was £1.564m). 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 2064 in January 2022. Within this service area the main pressures relate to operational staffing costs within in-house residential services of £0.334m. There are also forecast pressures of £0.219m 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 £0.595m on externally commissioned short breaks and staffing pressures of £0.168m across the Statutory Assessment and Review (SAR) Team and the Disability Team. The improvement is due to a reduced forecast for short break services and increased income from Health.
- 5.2.21 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.

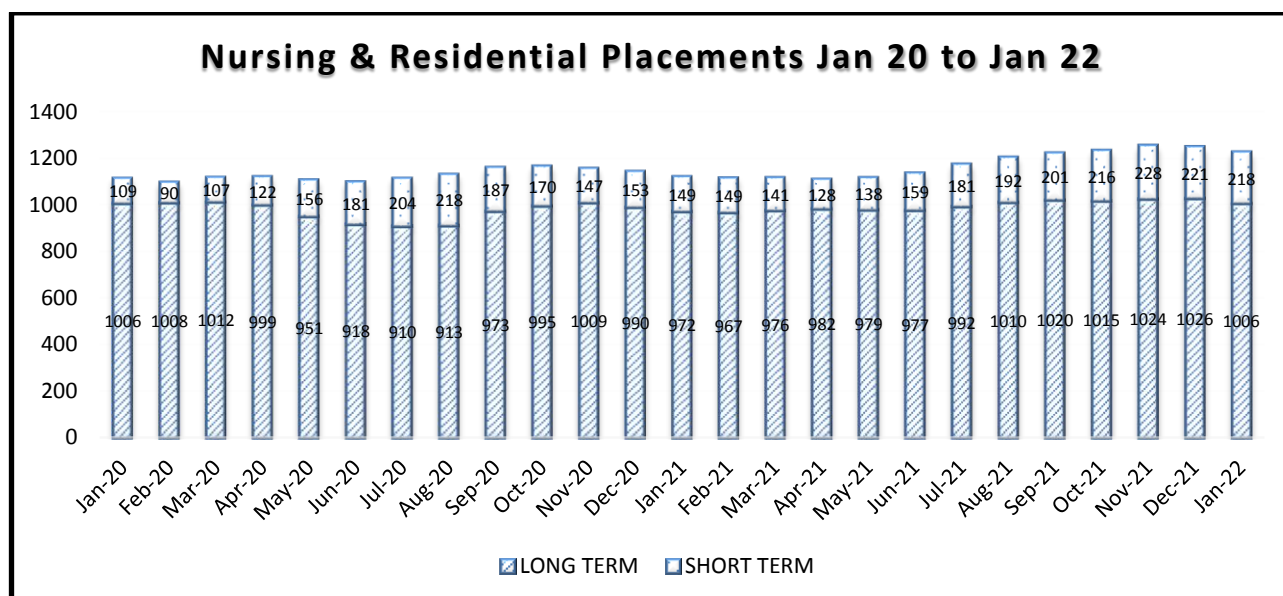
#### Adult Services

- 5.2.22 Adult Services are forecasted to show a pressure of £0.588m which compares to a forecast pressure of £0.739m in November. This position is after a total of £7.216m of Covid costs are transferred to Central Items to be offset against Covid related grants.
- 5.2.23 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 are varying between 250 and 274 per month and remain higher than pre-Covid-19 levels of approximately 160.
- 5.2.24 Forecasted costs associated with the operational management of the service are showing an underspend of £0.386m, an improvement from the November position of an underspend of £0.161m. The change is due to revised assumptions around recruitment into vacancies and a further transfer of Covid related staffing pressures into Central Items to be shown against Covid grants.
- 5.2.25 There is a pressure within Commissioned Services – Mental Health (£1.260m) 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.

5.2.26 Forecasted pressures in Commissioned Services – Mental Health are offset by budget surpluses across Commissioned Services in Wellbeing and Assessment and Learning Disabilities.

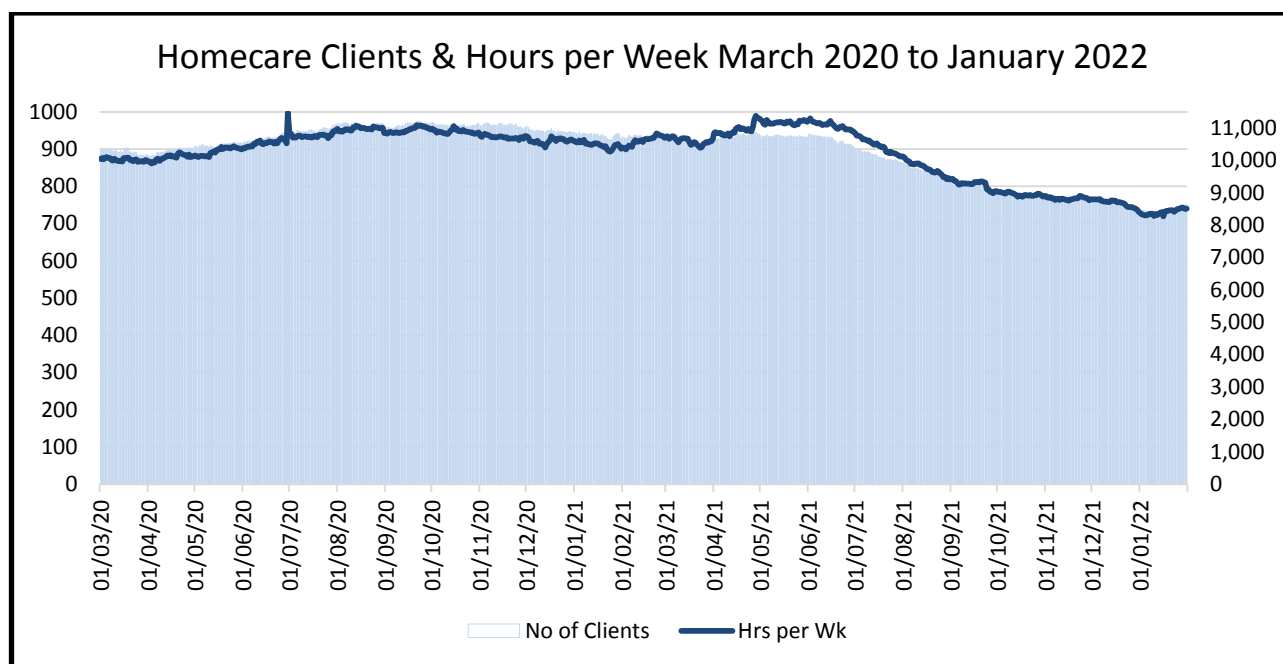
5.2.27 The overall numbers in residential and nursing care continued to rise to November before falling back slightly in December and more significantly in January. There has been a particular increase in short term placements due to the need to maintain rapid discharges from hospital and the lack of capacity in the homecare market.

5.2.28 **Chart 4: Numbers of Clients in Residential and Nursing Care Analysed between Short and Long Term**



5.2.29 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 two months of the financial year.

### 5.2.30 Chart 5: Homecare - Number of Clients and Planned Hours



## 5.3 Commissioning and Asset Management

5.3.1 Commissioning and Asset Management (C&AM) is showing a pressure of £1.232m (November, pressure of £1.260m) 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

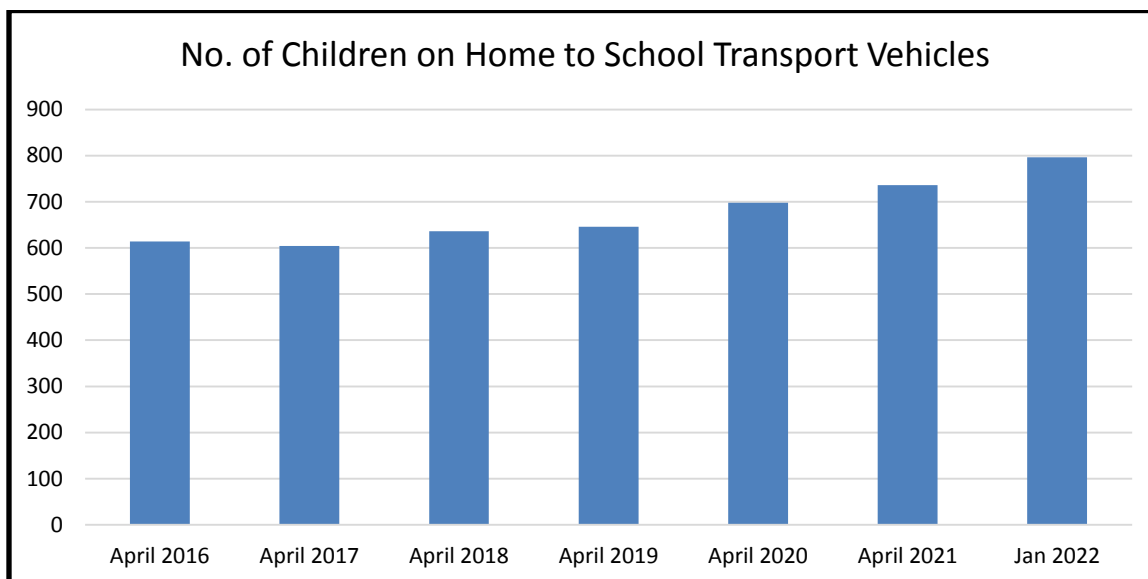
	Budget £m	Forecast Jan £m	Variance Jan £m	Variance Nov £m	Change since Nov £m
School Funding & Statutory Staff Costs	5.410	5.308	(0.102)	(0.102)	0.000
Commissioning Service	0.406	0.406	0.000	0.011	(0.011)
Facilities & Fair Access	0.412	1.704	1.292	1.291	0.001
Community & Voluntary Sector Liaison	0.441	0.399	(0.042)	(0.041)	(0.001)
Strategic Property & Investment	1.918	2.088	0.170	0.170	0.000



	<b>Budget £m</b>	<b>Forecast Jan £m</b>	<b>Variance Jan £m</b>	<b>Variance Nov £m</b>	<b>Change since Nov £m</b>
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	0.159	(0.002)	(0.001)	(0.001)
Procurement	(0.008)	(0.092)	(0.084)	(0.068)	(0.016)
<b>Grand Total</b>	<b>8.013</b>	<b>9.245</b>	<b>1.232</b>	<b>1.260</b>	<b>(0.028)</b>

- 5.3.4 The main 'business as usual' budget issues relate to Facilities and Fair Access which is showing forecast pressure of £1.292m (November, forecast pressure of £1.291m). The pressure mainly relates to Home to School Transport (£1.157m). 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. These pressures are partially offset by an underspend in Cleaning of £0.079m.
- 5.3.5 The improvement in the position relates to Procurement which improved by a further £0.016m to an underspend of £0.084m due to additional funding from the HRA and from the North of Tyne Combined Authority. There has also been an improvement in staffing costs within the Commissioning team (£0.011m).
- 5.3.6 The Home to School Transport position, a pressure of £1.157m, 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 6.2 to 6.3 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 2021 as shown in Chart 6 below. Work is also continuing on route rationalisation using the new QRoute system however the requirement for continued social distancing has limited rationalisation opportunities.

### 5.3.7 Chart 6: Increase in Numbers of Children Accessing Home to School Transport



5.3.8 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 a saving of £0.019m against the £44.278m net budget, as set out in Table 21 below. The position includes a planned £0.583m draw-down of reserves for the street-lighting PFI contract and PFI buildings, plus a transfer to reserves of £0.214m for the waste contract.

5.4.2 The Covid-19 Pandemic continues to impact on EHL mainly in relation to lost income, with £2.405m of the £3.057m 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 January, 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 Jan £m	Variance Jan £m	Variance Nov £m	Change since Nov £m
Cultural Services	6.825	6.813	(0.012)	0.043	(0.055)
Local Environmental Services	7.527	7.655	0.128	0.035	0.093
Fleet Management	1.123	1.131	0.008	(0.022)	0.030

<b>Service Areas</b>	<b>Budget £m</b>	<b>Forecast Jan £m</b>	<b>Variance Jan £m</b>	<b>Variance Nov £m</b>	<b>Change since Nov £m</b>
General Fund Housing	1.198	1.268	0.070	0.070	0.000
Head of Service and Resilience	0.245	0.308	0.063	0.021	0.042
Security & Community Safety	0.107	0.054	(0.053)	(0.048)	(0.005)
Sport & Leisure	2.719	2.694	(0.025)	(0.099)	0.074
Street Lighting PFI	4.717	4.717	0.000	0.000	0.000
Consumer Protection & Building Control	0.987	0.976	(0.011)	(0.011)	0.000
Planning	0.247	0.247	0.000	0.000	0.000
Transport and Highways	7.187	7.225	0.038	0.038	0.000
Waste Delivery & Management	11.396	11.171	(0.225)	(0.198)	(0.027)
<b>GRAND TOTAL</b>	<b>44.278</b>	<b>44.259</b>	<b>(0.019)</b>	<b>(0.171)</b>	<b>0.152</b>

5.4.4 The movement in variance of £0.152m since the last Cabinet report reflects Sport & Leisure forecasting increased energy costs plus a further reduction in Bereavement income due to the delayed opening of the cremator (now expected in the new year). In mitigation of these increased pressures, Waste Delivery & Management is expecting a forecast underspend of £0.225m due to revised expectations of waste disposal costs and staffing savings, plus reduction in spend in libraries moving Cultural Services to a £0.120m forecast saving.

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 £0.025m which is an adverse change of £0.074m from the last reported position to Cabinet. The main causes for the variance change are increased Energy costs.

#### Waste Delivery & Management

5.4.7 Overall, the waste service areas are now expecting to report a forecast underspend of £0.225m which is an improvement of £0.027m from the last reported position. The main cause for the improved forecast underspend is due to a slight decrease in household waste.

#### Local Environmental Services

5.4.8 The income pressure in Bereavement has increased by £0.060m with repairs at the closed cremator now not expected to finish until after the new financial year.

#### Head of Service & Resilience

- 5.4.9 The service area has been impacted by the high costs of domestic homicide reviews increasing the pressure by £0.030m.

#### Consumer Protection & Building Control

- 5.4.10 There is a £0.120m pressure in the Capita managed budgets for taxi-licencing income targets, which is expected to be dealt with as part of the commercial discussions at year end with the technical partner.

### **5.5 Regeneration and Economic Development**

- 5.5.1 Regeneration and Economic Development (RED) is forecasting a pressure of £0.150m following a £0.157m drawdown of reserves to meet costs of new senior management positions.

#### **5.5.2 Table 22: Forecast Variation for Regeneration and Economic Development**

	<b>Budget</b>	<b>Forecast</b>	<b>Variance</b>	<b>Variance</b>	<b>Change</b>
<b>Service Areas</b>	<b>£m</b>	<b>Jan</b>	<b>Jan</b>	<b>Nov</b>	<b>since</b>
		<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>Nov</b>
					<b>£m</b>
Business & Enterprise	0.751	0.597	(0.154)	(0.057)	(0.097)
Regeneration	0.445	0.674	0.229	0.129	0.100
Resources & Performance	0.203	0.278	0.075	0.076	(0.001)
<b>Grand Total</b>	<b>1.399</b>	<b>1.549</b>	<b>0.150</b>	<b>0.148</b>	<b>0.002</b>

- 5.5.3 The variance reflects forecasts cost pressures within Regeneration of £0.229m linked to unforeseen and higher than expected expenditure across the Swans sites and within Resources & Performance of £0.075m mainly due to staffing pressures.
- 5.5.4 Business & Enterprise is showing a forecast saving of £0.154m, due to staffing savings and reduced operational spends. There are additional small underspends against budget forecast across the rest of the service.

### **5.6 Corporate Strategy**

- 5.6.1 Corporate Strategy is forecasting a £0.028m 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

Service Areas	Budget £m	Forecast Jan £m	Variance Jan £m	Variance Nov £m	Change since Nov £m
Children's Participation & Advocacy	0.258	0.232	(0.026)	(0.015)	(0.011)
Corporate Strategy Management	(0.221)	(0.073)	0.148	0.140	0.008
Elected Mayor & Executive Support	0.018	0.028	0.010	0.008	0.002
Marketing	0.289	0.234	(0.055)	(0.044)	(0.011)
Policy Performance and Research	0.140	0.091	(0.049)	(0.060)	0.011
<b>Grand Total</b>	<b>0.484</b>	<b>0.512</b>	<b>0.028</b>	<b>0.029</b>	<b>(0.001)</b>

## 5.7 Resources and Chief Executive Office

5.7.1 Overall Resources and Chief Executive Office are currently forecasting a joint pressure of £0.664m, an adverse movement of £0.133m since November. The main reason for the movement a revised forecast for enforcement costs versus income, which now has a £0.404m pressure.

## 5.7.2 Table 24: Forecast Variation Resources and Chief Executive

Service Areas	Budget £m	Forecast Jan £m	Variance Jan £m	Variance Nov £m	Change since Nov £m
Chief Executive	(0.078)	(0.185)	(0.107)	(0.040)	(0.067)
Finance	(0.212)	(0.220)	(0.008)	0.009	(0.017)
ICT	2.876	3.016	0.140	0.140	0.000
Human Resources & Organisation Development	0.538	0.503	(0.035)	(0.007)	(0.028)
Internal Audit	(0.079)	(0.009)	0.070	0.017	0.053
Revenues & Benefits	0.520	1.124	0.604	0.432	0.172
<b>Grand Total</b>	<b>3.565</b>	<b>4.229</b>	<b>0.664</b>	<b>0.551</b>	<b>0.113</b>

5.7.3 The Revenues and Benefits service is showing an overall pressure of £0.604m. This is due mainly to full case reviews impacting on overpayments subsidy and drop in enforcement income versus cost of collection. The full pressure for Revenues & Benefits is made up of:

- Subsidy reporting an overall pressure of £0.131m and is due to eligible overpayments for which the Authority only receives 40% from the Department of Work and Pensions. This is offset in year by £0.054m Covid support for additional B&B costs.

- Overpayment income is now showing a pressure of £0.475m, due to a reduction in caseload and write off of outstanding, historic debt for vulnerable people.
- The movement in Bad Debt Provision is showing the opposite impact of the write-off mentioned above, with an improvement against budget of £0.292m.
- Enforcement income was currently forecasted to be in line with budget, however this has been updated to reflect actual cost of collection versus expected income, based on the latest cost of collection statistics. This leaves a pressure of £0.404m, which may be partially mitigated by the commercial discussions held with the business partner.
- The team's costs are showing a forecast saving of £0.060m, mainly reflecting vacancy savings.

5.7.4 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.

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

5.7.6 The Chief Executive's office is showing a saving of £0.107m, due to forecast savings in staffing and other operational spend. The change is due to reduced forecast spend on executive-led schemes and events until the new year.

## 5.8 **Law and Governance**

5.8.1 Law and Governance is forecasting an increased £0.541m pressure. This variance reflects forecasted cost pressures in Legal Services of £0.383m mainly relating to the employment of locums and other staff costs and £0.215m pressure for delivering North Tyneside Coroner services.

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

<b>Service Areas</b>	<b>Budget £m</b>	<b>Forecast Nov £m</b>	<b>Variance Nov £m</b>	<b>Variance Sep £m</b>	<b>Change since Sep £m</b>
Customer, Governance & Registration	(0.071)	(0.038)	0.033	0.032	0.001
Democratic and Electoral Services	0.031	0.052	0.022	0.055	(0.033)
Information Governance	0.159	0.048	(0.112)	(0.085)	(0.027)
Legal Services	(0.105)	0.278	0.383	0.290	0.093
North Tyneside Coroner	0.294	0.509	0.215	0.177	0.038
<b>Grand Total</b>	<b>0.308</b>	<b>0.849</b>	<b>0.541</b>	<b>0.469</b>	<b>0.072</b>

5.8.3 The variance change compared from the last reported forecast to Cabinet is due to increased income for Information Governance as well as lower employee costs

forecast across Democratic & Electoral Services partially offsetting the costs of locums and the coroner service.

## 5.9 **Central Items**

5.9.1 Central Items is forecasted to be in surplus by £8.478m, an improvement of £0.214m from the November report. The improvement is due to increased interest savings. The surplus figure of £8.478m 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 £1.200m (November, £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 continues to be forecasted to be balanced.

### 5.9.3 **Table 26: Forecast Variation Central Budgets and Contingencies**

Service Areas	Budget £m	Forecast Jan £m	Variance Jan £m	Variance Nov £m	Change since Nov £m
Corporate & Democratic Core	4.315	4.315	0.000	0.000	0.000
Other Central Items	(7.329)	(15.807)	(8.478)	(8.264)	(0.214)
<b>Grand Total</b>	<b>(3.014)</b>	<b>(11.492)</b>	<b>(8.478)</b>	<b>(8.264)</b>	<b>(0.214)</b>

## **SECTION 6 - SCHOOLS FINANCE**

### **6.1 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 schools are still completing the second monitoring reporting, which will be completed by the end of February 2022. The first set of monitoring for the 2020/21 year reflected a £2.091m improvement against budget plans, as reported in November.

#### **6.1.3 Table 27: School balance position against plan (committed and uncommitted)**

<b>Phase</b>	<b>OUTTURN 2020/21 £m</b>	<b>BUDGET PLAN 2021/22 £m</b>	<b>MONITORING 1 2021/22 £m</b>	<b>IMPROVEMENT 2021/22 £m</b>
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
<b>Total</b>	<b>3.721</b>	<b>(5.993)</b>	<b>(3.902)</b>	<b>2.091</b>

### **6.2 Update on DSG 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. The initial DSG allocation to the Authority for 2022/23 was published in December 2021 using the October 2021 census results. 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 2021 pupil numbers.

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>



6.2.6 The North Tyneside final allocation for the Schools block, Central Schools Services block and High Needs block in 2022/23 (using updated census 2021 figures) 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 28: 2022/23 DSG allocation compared with prior year actuals**

	<b>2017/18 Base £m</b>	<b>2018/19 £m</b>	<b>2019/20 £m</b>	<b>2020/21 £m</b>	<b>2021/22* £m</b>	<b>Actual for 2022/23** £m</b>	<b>2021/22 to 2022/23 £m</b>
Schools	115.395	116.594	120.926	126.794	137.231	139.273	2.042
Central Services	2.500	2.314	2.343	2.051	1.877	1.724	(0.153)
High Needs	18.680	19.291	19.818	22.319	26.709	28.747	2.038
Early Years Block	12.064	12.553	12.514	12.771	13.946	13.971	0.025
<b>TOTAL</b>	<b>148.639</b>	<b>150.752</b>	<b>155.601</b>	<b>163.935</b>	<b>179.763</b>	<b>183.715</b>	<b>3.952</b>
17/18 Base Move £m	-	2.113	6.962	15.296	31.124	35.076	
17/18 Base Move %	-	1.42%	4.68%	10.29%	20.94%	23.6%	
Change per Year £m	-	2.113	4.849	8.334	15.828	3.952	
Change per Year %	-	1.42%	3.22%	5.36%	9.66%	2.2%	

\* Includes pay award and pension grants previously separate to DSG, now rolled into funding formula

\*\* Excludes approx. £1.100m Rates funding now removed from the funding formula

6.2.8 Government has identified a further allocation of £4m funding for schools in 2022/23. Whilst we have been given indicative factors to allocate this to schools we are awaiting definitive allocations for each school.

### 6.3 Update on High Needs Block Balances 2021/22

6.3.1 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 £3.763m in November, which raised the cumulative pressure on the block to £12.643m.

6.3.2 The forecast for the High Needs Block at January 2022 is now an anticipated in-year pressure of £4.533m with a cumulative position of £13.413m reflecting a further rise in demand for special school places within the Authority. A breakdown of the in-year pressure is shown in Table 29.

### 6.3.3 Table 29: Breakdown of High Needs Pressures at January 2022

Provision	Budget	Forecast January	Variance	Comment
	£m	£m	£m	
Special schools and PRU	15.519	17.803	2.284	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	5.375	1.255	Pressures in pre 16 top ups e.g. Norham ARP
Out of Borough	2.890	3.735	0.845	Increased number of children placed outside North Tyneside Schools
Commissioned services	3.888	4.037	0.149	
<b>In year Total</b>	<b>26.417</b>	<b>30.950</b>	<b>4.533</b>	
2020/21 b/f			8.880	
<b>Cumulative Total</b>			<b>13.413</b>	

## 6.4 Early Years Block Update for 2021/22

6.4.1 The Early Years block is showing an expected balanced position as at January.

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

### **Forecast Outturn**

- 7.1 The forecast set out in Table 30 below is based on the results to January 2022. Currently the HRA is forecasting an underspend of £0.748m against budget which is an improvement of £0.370m from November 2021. 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 affect forecast outturn position. There have been a significant number of works identified as a result of the storms we have been experiencing, and a full programme of works is being commenced and further developed to address this over the coming months. All steps are being taken to try and contain the costs within contingency sums and existing budgets, but again this is being monitored closely and may result in an overspend if the costs of the works delivered in-year cannot be contained. Some comfort can then be gained from the fact that we have an overall improved position in-year within the HRA which should allow us to deal with any cost issues caused by the additional repairs being undertaken.

### **7.2 Table 30: Forecast Variance Housing Revenue Account**

	<b>Budget £m</b>	<b>Current Forecast £m</b>	<b>Variance £m</b>
Management – Central	2.520	2.497	(0.023)
Management – Operations	4.767	4.662	(0.105)
Management – Strategy & Support	3.588	3.287	(0.301)
Capital Charges – Net Effect	12.969	12.969	0.000
Contingencies, Bad Debt & Transitional Protection	1.280	0.833	(0.447)
Contribution to Major Repairs Reserve – Depreciation	13.276	13.276	0.000
Interest on Balances	(0.050)	(0.060)	(0.010)
PFI Contracts – Net Effect	2.043	2.343	0.300
Rental Income - Dwellings, Direct Access Units, Garages	(60.995)	(61.066)	(0.071)
Rental Income – HRA Shops and Offices	(0.356)	(0.435)	(0.079)
Revenue Support to Capital Programme	10.551	10.551	0.000
Repairs	12.350	12.338	(0.012)
<b>Total</b>	<b>1.943</b>	<b>1.195</b>	<b>(0.748)</b>

- 7.3 The Covid-19 costs for HRA relate to unproductive workforce costs, as can be seen in Table 31 below.

#### 7.4 Table 31: 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	0.076	0.000	0.076	Costs of carrying unproductive staff resource and related support costs during downtime, for staff delivering HRA-related work
<b>Total</b>	<b>0.076</b>	<b>0.000</b>	<b>0.076</b>	

#### Rental Income

- 7.5 There have been some small changes in trends for the different elements of Rental Income which have led to a small overall improvement on the previous budget forecast, increasing to an overall forecast underspend of (£0.150m). This is made up of a reduction in forecast General Needs Income (£0.025m); offset by improvements in Service Charge Income (£0.063m); Garage Rents (£0.033m); and rental income from other properties (£0.079m). This improving position will be monitored closely to see if there could be any further shift in the forecast during the final part 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 reduced forecast underspend in-year of £0.250m. In addition, the Management Contingency is still forecast to be significantly underspent (£0.185m), which accounts for the overall £0.447m underspend in this area.

#### PFI Contract Costs

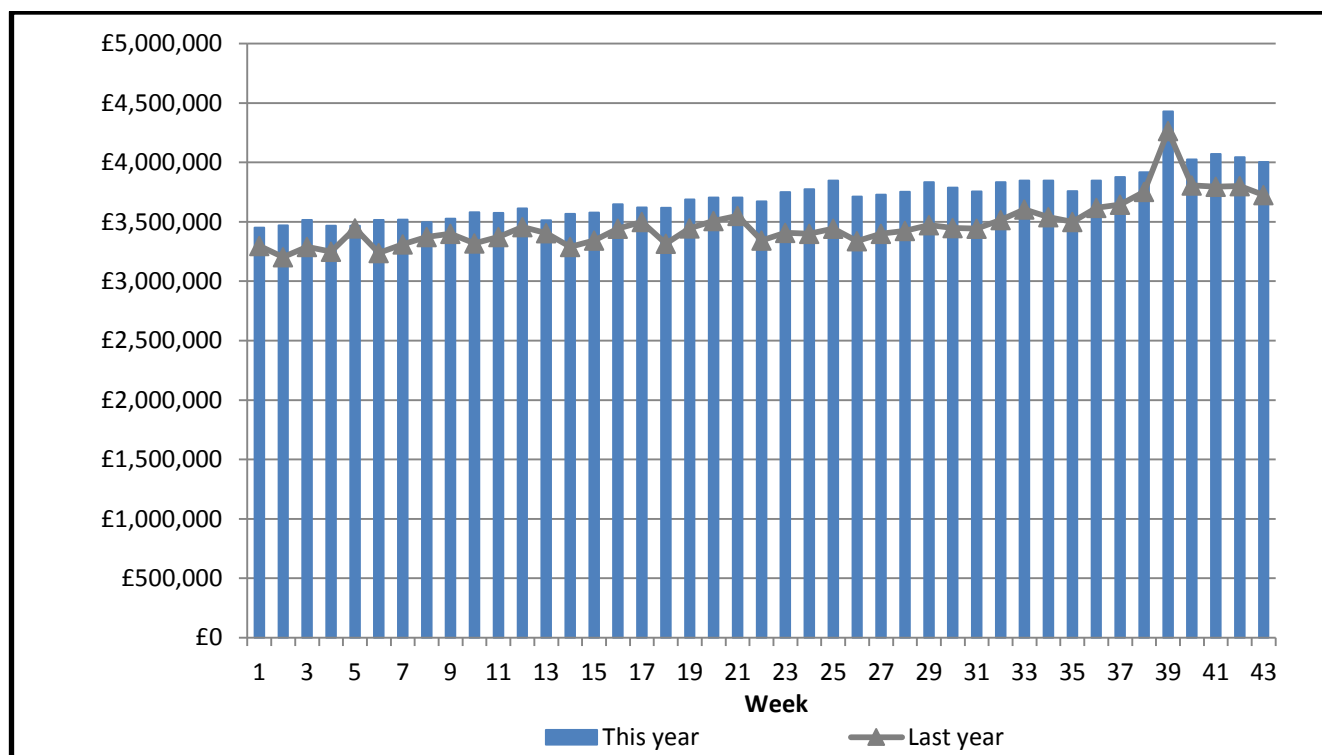
- 7.7 Following the precedent set in the previous two years because of the forecast overall improved position relating mainly to the Bad Debt Provision, the Authority is proposing to make an additional in-year contribution to the North Tyneside Living PFI Reserve (£0.300m), in order to bring the position 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 ten months of 2021/22 as compared to 2020/21, however the rate of increase during those first ten months is slower than originally forecast, with current arrears increasing by around £0.545m during the period since the start of April 2021. Chart 7 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 was also considered and factored into the refresh of the HRA Business Plan which formed the basis of the 2022-23 HRA budget recently agreed by Cabinet. The impact of Universal Credit (UC) continues to be monitored, as significant increases in numbers on UC also affects the rate at which arrears grow.

## 7.9 Chart 7: Rent Arrears in Weeks 1-43 (April-Jan) 2021/22 compared to 2020/21



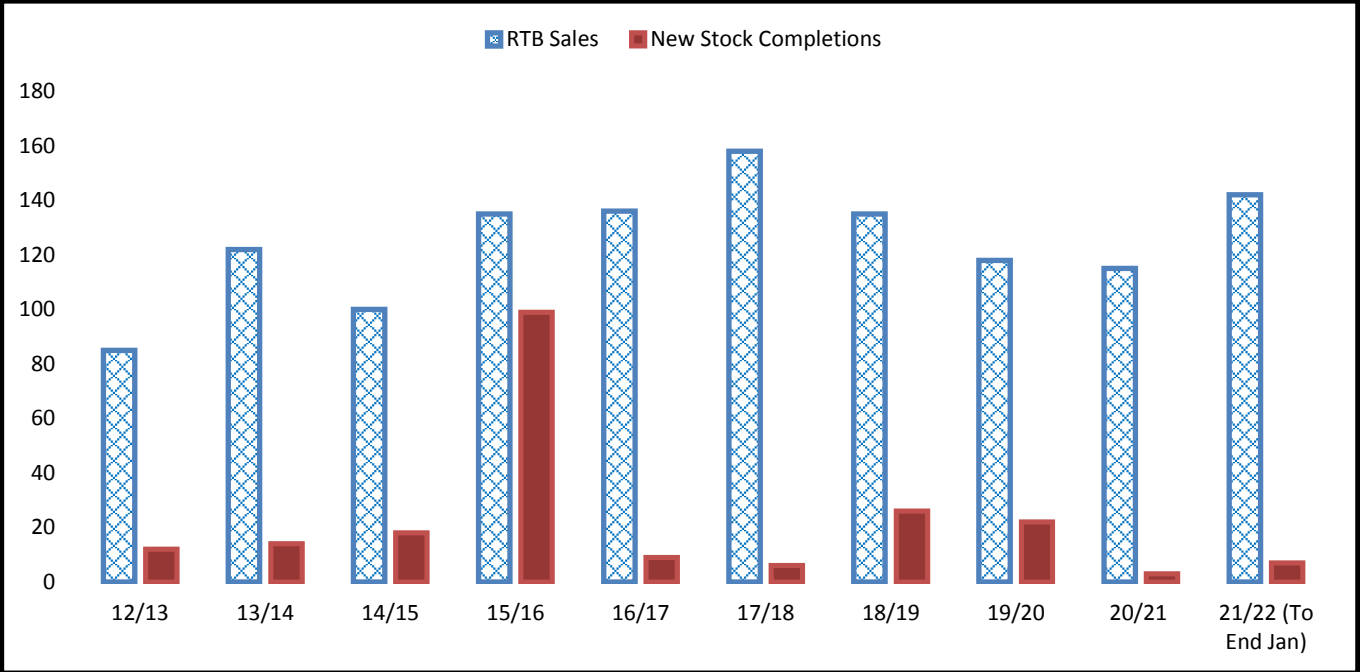
- 7.10 Universal Credit was fully implemented across North Tyneside on 2 May 2018. The Authority continues to work with residents to provide ICT support to help them make applications and to provide personal budget support to help residents manage their household finances. At 31 March 2021 there were 3,306 tenants of North Tyneside Homes on Universal Credit with arrears totalling £2.689m. By the end of January 2022 there were 3,753 tenants on Universal Credit (increase of 447 tenants) with related arrears of £3.116m (increase of £0.427m).

### 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 8

below shows the trend in RTB sales since that time. There has been an upturn in sales in 2021-22, as 142 properties were sold to the end of January 2022 compared to 96 at the same stage last year.

7.12     **Chart 8: 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 preparation for 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 £0.796m and reprogramming of £9.304m 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 32: 2021 - 2026 Investment Plan changes identified**

	2021/22 £m	2022/23 £m	2023/24 £m	2024-26 £m	Total £m
<b>Approved Investment Plan – Council 18 February 2021</b>	<b>68.611</b>	<b>43.305</b>	<b>42.858</b>	<b>90.796</b>	<b>245.570</b>
<b>Previously Approved Reprogramming/Variations</b>					
2020/21 Monitoring	11.398	0.000	0.000	0.000	11.398
2020/21 Outturn	13.497	0.000	0.000	0.000	13.497
2021/22 August Cabinet	5.087	0.237	0.000	0.000	5.324
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
2021/22 March Cabinet	(6.103)	9.131	1.000	0.000	4.028
<b>Approved Investment Plan</b>	<b>87.528</b>	<b>63.231</b>	<b>49.394</b>	<b>92.486</b>	<b>292.639</b>
<b>Dec/Jan 22 Monitoring Variations</b>					
Variations	0.245	0.551	0.000	0.000	0.796
Reprogramming	(9.304)	9.304	0.000	0.000	0.000
<b>Total Variations</b>	<b>(9.059)</b>	<b>9.855</b>	<b>0.000</b>	<b>0.000</b>	<b>0.796</b>
<b>Revised Investment Plan</b>	<b>78.469</b>	<b>73.086</b>	<b>49.394</b>	<b>92.486</b>	<b>293.435</b>

8.11 Details of the main variations are shown below:

- (a) **BS026 Asset Planned Maintenance £0.320m (2022/23)** – Due to damage caused by storm Arwen there was significant structural damage to the roof at Tynemouth Pool, the Grants clock located on the sea front in Whitley Bay and the New York war memorial. The estimated total cost of these emergency works is £0.320m. This is requested to be funded from the Insurance reserve;
- (b) **BS031 Children's Home Capital Programme £0.201m (2022/23)** – A bid to the Department for Education's Children's Homes Capital Fund for £0.201m was successful. The grant will be used to fund the refurbishment of the Heatherfield Mews residential accommodation and to re-register this with Ofsted as two new children's home services;
- (c) **CO079 Playsites £0.030m (2022/23)** – This project will utilise £0.030m of Section 106 funding to make improvements to play areas, including new equipment and safer surfaces at Wilton Drive and Earsdon Village;
- (d) **DV079 Howard Street Cultural Quarter £0.060m** – A gateway 3 has been submitted to the Investment Programme Board (IPB) to increase the budget to

reflect additional Heritage Action Zone (HAZ) funding issued since the Gateway 2 was submitted. This brings the total amount of grant available to £0.600m;

- (e) **EV056 Additional Highways Maintenance £0.110m** – Due to damage caused by storm Arwen there were a significant number of trees uprooted resulting in an immediate requirement to make safe damaged areas and to implement a programme of reinstatement works. The estimated total cost of this emergency capital works will be up to £0.110m. This is requested to be funded from the Insurance reserve;
- (f) **EV076 Operational Depot Accommodation Review £0.700m (2022/23)** – Allocation of £0.700m from GEN03 Contingencies in 2022/23 address the budget pressures and enable the project to be completed;
- (g) **GEN12 Local Infrastructure £0.038m credit** – The programme of works has now been finalised and has resulted in a surplus budget. The balance of £0.038m is to be transferred back to GEN03 Contingencies;
- (h) **NEW Gateways to the Boroughs £0.100m (2022/23)** - The aim of this project is to improve the 12 main strategic gateways into North Tyneside helping to build a sense of place, identity and civic pride for residents and visitors across the Borough. The project will be delivered in three phases during 2022/23. This is to be funded from an allocation of £0.100m from GEN03 Contingencies;
- (i) **NEW Spirit of NT Commemoration Project £0.250m** – The project is to create five lasting physical memorial areas for contemplation and reflection in recognition of the impact of the Covid-19 pandemic in each of the four parts of the borough. The project is to be funded in part by a contribution from GEN03 Contingencies £0.175m and Section 106 funding £0.075m. Officers will continue to explore additional funding opportunities through Section 106 contributions. Should additional contributions be identified, this would reduce the Authority's contribution to the project; and,
- (j) **GEN03 Contingencies £0.937m credit** – This adjustment is to reflect the allocation to/from contingencies to projects detailed above in (f) - (i).

8.12 In addition to the variations reported, there has been £9.304m reprogramming identified. The reprogramming is reflected in the following projects:

- (a) **DV064 Council Property Investment £0.500m** – Following a previously reported award of Brownfield funding £1.300m, there is now a requirement to reprogramme £0.500m of the Council Contribution element to 2022/23;
- (b) **DV066 Investment in North Tyneside Trading Co £3.508m** – £1.959m of Council Contribution to be reprogrammed due to the start on site dates for Aurora Properties Schemes that are now due to start in 2022/23 and also £1.549m of Section 106 funds to be programmed to align to the completion of affordable homes purchases by Aurora Affordable Homes that are unlikely to complete this financial year;

- (c) **DV076 Getting Building Fund (GBF) (North Shields Public Realm) £0.988 –**  
The reprogramming is to reflect delivery and to maximise the Heritage Action Zone grant from Homes England by utilising that funding before GBF;
- (d) **DV078 Bedford Street / Saville Street £0.081m –**Reprogramming of £0.081m to allow the continuation of the design work on Saville Street following the outputs of the servant plan;
- (e) **ED190 High Needs Provision Capital Allocation £0.550m & ED120 Basic Need £0.200m –** The expected delivery and installation of the mobile units at Southland School is now expected in 2022/23. This project is funded by both High Needs Capital and Basic Need and both of these require reprogramming to next financial year;
- (f) **EV055 Surface Water Improvements £0.241m –** Following a review of the programme there is a requirement to reprogramme £0.241m to reflect service delivery into 2022/23;
- (g) **EV076 Operational Depot Accommodation Review £1.300m –** A number of packages for Block F and External works are currently out to tender and it is anticipated that the works will commence in 2022/23. Therefore £1.300m reprogramming is required;
- (h) **EV096 Highway Maintenance Challenge Fund £0.325m -** Design will now take place later than expected and no construction until 2022/23 so reprogramming of £0.325m is required;
- (i) **HS015 Refurbishment / Decent Homes Improvements £1.559m –**  
Reprogramming of £1.559m is required due to the follow issues; An increased number of Covid-isolations for the frontline teams and supply chain contractors, minor delays following Storm Arwen and the redeployment of frontline teams to help with debris clearance. Also, along with delays to the movement of electric meters being reported by statutory bodies in some homes, there is delay on two Kitchen and Bathroom replacement schemes. Finally, due to the availability of contractors and materials, it is now increasing unlikely that we will be able to deliver and expend the full commitments around installation of additional Solar PV arrays across our stock; and,
- (j) **HS039 ICT Infrastructure Works £0.052m –** There were no suitable tenders submitted for our 'Unified System', therefore there is a requirement to go back out to market and this will slightly delay the project.

8.13 The impact of the above changes on capital financing is shown in table 33 below.

8.13.1 **Table 33: Impact of variations on Capital financing**

	2021/22 £m	2022/23 £m	2023/24 £m	2024-26 £m	Total £m
<b>Approved Investment Plan</b>	<b>87.528</b>	<b>63.231</b>	<b>49.394</b>	<b>92.486</b>	<b>292.639</b>
Council Contribution	(2.779)	2.779	0.000	0.000	0.000
Grants and Contributions	(4.779)	5.145	0.000	0.000	0.366
Contribution from Reserves	0.110	0.320	0.000	0.000	0.430
HRA Capital Receipts	(0.750)	0.750	0.000	0.000	0.000
HRA Major Repairs Reserve	(0.861)	0.861	0.000	0.000	0.000
<b>Total Financing Variations</b>	<b>(9.059)</b>	<b>9.855</b>	<b>0.000</b>	<b>0.000</b>	<b>0.796</b>
<b>Revised Investment Plan</b>	<b>78.469</b>	<b>73.086</b>	<b>49.394</b>	<b>92.486</b>	<b>293.435</b>

### Capital Receipts – General Fund

8.14 General Fund Capital Receipts brought forward at 1 April 2021 were £2.583m. The capital receipts requirement for 2021/22, approved by Council in February 2021, was £0.423m (2021-26 £0.677m). There was reprogramming of capital receipts from 2020/21 of £0.342m giving a revised requirement of £0.765m for 2021/22 (2021-26 £1.019m). To date £1.204m useable capital receipts have been received in 2021/22, of which £0.100m are to be used to repay debt. In addition, £5.125m has been received from Aurora to repay loans. The receipts position is shown in table 34 below.

8.14.1 **Table 34: Capital Receipt Requirement – General Fund**

	2021/22 £m	2022/23 £m	2023/24 £m	2024-26 £m	2021-26 Total £m
Requirement reported to 8 February 2021 Council	0.423	0.254	0	0	0.677
Reprogramming 2020/21 Outturn	0.342	0	0	0	0.342
<b>Revised Requirement</b>	<b>0.765</b>	<b>0.254</b>	<b>0</b>	<b>0</b>	<b>1.019</b>
Receipts Brought Forward	(2.583)	(2.922)	(2.668)	(2.668)	(2.583)
Total Receipts received 2021/22	(6.329)	0	0	0	(6.329)
Receipts used to repay capital loans	5.125	0	0	0	5.125
Receipts used to repay debt	0.100				0.100
<b>Net Useable Receipts</b>	<b>(1.104)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1.104)</b>
<b>Surplus Receipts</b>	<b>(2.922)</b>	<b>(2.668)</b>	<b>(2.668)</b>	<b>(2.668)</b>	<b>(2.668)</b>

## 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 £1.110m. To date, receipts of £8.172m 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 £15.325m to be carried forward to fund future years.

### 8.15.1 Table 35: 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
Reprogramming Mar 22 Cabinet	(0.750)	0.750	0.000	0.000	0.000
<b>Revised Requirement</b>	<b>1.110</b>	<b>2.823</b>	<b>2.871</b>	<b>5.673</b>	<b>12.477</b>
Receipts Brought Forward	(8.263)	(15.325)	(12.502)	(9.631)	(8.263)
Receipts Received 2021/22	(8.172)	0.000	0.000	0.000	(8.172)
Receipts Pooled Central Government	0.000	0.000	0.000	0.000	0.000
<b>(Surplus)/ Balance To be generated to fund future years (subject to further pooling)</b>	<b>(15.325)</b>	<b>(12.502)</b>	<b>(9.631)</b>	<b>(3.958)</b>	<b>(3.958)</b>

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

## Investment Plan Monitoring Position to 31 January 2022

- 8.16 Actual expenditure for 2021/22 in the General Ledger was £43.360m; 55.26% of the total revised Investment Plan at 31 January 2022.

### 8.16.1 Table 36: Total Investment Plan Budget & Expenditure to 31 January 2022

	2021/22 Revised Investment Plan £m	Actual Spend to 31 Jan 2022 £m	Spend as % of revised Investment Plan %
General Fund	49.423	25.415	51.42%
Housing	29.046	17.945	61.78%
<b>TOTAL</b>	<b>78.469</b>	<b>43.360</b>	<b>55.26%</b>

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

### **Current Cash Position**

- 9.1 The Authority's current available cash balance as at the end of January 2022 is £46.167m, with £25.000m invested externally with other UK Local Authorities. All investments are made in line with the approved Treasury Management Strategy.

Since the last report, the Bank of England has raised base rate from 0.10% to 0.50% in two increments. A rise in Dec 2021 from 0.10% to 0.25%, followed by another rise from 0.25% to 0.50% in Feb 2022.

The rise in bank rate is a response to the increased levels of inflation which is forecast to peak to over 7% in April 2022.

The Bank of England committee updated their inflation forecast anticipating base rate to rise to 1.50% by mid-2023.

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

9.2 **Table 37: Investment Position as at 31/01/2022**

Counterparty	Type	Amount (£m)	Maturity
DMO	Term	19.500	01 Feb 2022
DMO	Term	10.000	14 Feb 2022
DMO	Term	10.000	07 Mar 2022
Barclays	Call	1.667	n/a
Lloyds Bank	Call	5.000	n/a
Inter – LA	Fixed	25.000	16 Dec 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. Following the rise in Bank of England base rate the Market as seen an instant response to the increase with a rise in all investment and borrowing rates. The Authority is keeping a watching brief on market rates and may look to undertake borrowing at an optimum time to potentially de-risk the Authority's borrowing position.

## 9.5 Table 38: Summary of Borrowing Levels

Temporary Market		PWLB	
Tenor	Level	Tenor	Level
1 week	0.20%	2 years	2.19%
1 month	0.30%	5 years	2.31%
3 months	0.50%	10 years	2.45%
6 months	0.70%	20 years	2.61%
9 months	0.90%	30 years	2.54%
12 months	1.00%	50 years	2.28%

*\*Please note interest rates are as 18 Feb 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 39 shows the Authority's current debt position.

**Table 39: 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.



## **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 31 January 2022. 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 £8.544m 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 £14.009m has been earmarked to supporting Residents. Table 40 breaks down this funding in more detail.

**Table 40: Funding to Support Residents**

<b>Name of Grant / Source</b>	<b>Amount Awarded £m</b>	<b>Expenditure (Inception to Date) £m</b>	<b>Amount Committed £m</b>	<b>Amount Available £m</b>
<b>Covid-19 Grants</b>				
Test & Trace Grant	(1.140)	0.958	0.182	0.000
Test & Trace Support Payments	(2.178)	1.782	0.396	0.000
Hardship Grant 2020/21	(2.024)	1.734	0.290	0.000
Emergency Assistance Grant	(0.256)	0.252	0.004	0.000
Practical Support Framework	(0.412)	0.064	0.348	0.000
Clinically Extremely Vulnerable	(0.705)	0.502	0.203	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	(0.759)	0.917	(0.158)	0.000

<b>Name of Grant / Source</b>	<b>Amount Awarded £m</b>	<b>Expenditure (Inception to Date) £m</b>	<b>Amount Committed £m</b>	<b>Amount Available £m</b>
<b>Other Government Funding</b>				
Hardship Fund 2021/22	(2.066)	1.586	0.480	0.000
Holiday Activities & Food Programme	(0.789)	0.737	0.052	0.000
Household Support Grant	(1.610)	1.251	0.359	0.000
<b>Authority Support</b>				
Poverty Intervention Fund	(1.000)	0.655	0.345	0.000
<b>Total</b>	<b>(14.009)</b>	<b>11.508</b>	<b>2.501</b>	<b>0.000</b>

10.3 The £11.508m 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 were summarised in the previous report.

10.4 As we transition to living alongside the virus, the successful completion of the recovery programme signalled an end 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. More detail on the projects can be found in the previous report.