Cabinet – 1 August 2022

2022/23 Financial Management Report Annex

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SECTION 1 – SERVICE COMMENTARIES

1.1 Meetings have been held between finance officers and budget managers to review the outturn position for 2021/22, with forecasts being prepared for 2022/23 based on this analysis to give a first view of the overall challenges at this early stage in the financial year. This will be followed up by regular budget monitoring sessions from June onwards. In addition, 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.

1.2 Health, Education, Care & Safeguarding (HECS)

1.2.1 HECS is showing an initial forecast variance of £18.876m against its £76.822m net controllable expenditure budget. This forecast position excludes the application of contingency budgets set aside in Central Items for pressures in Children's Services.

1.2.2 The HECS service continues to have residual impact from 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. Within children's services there is a continuing high level of activity resulting from a combination of Covid related and household finance pressures impacting on family stability.

1.2.3 Table 1: Forecast Variation for HECS at May 2022

	Budget £m	Forecast May £m	Variance May £m
Corporate Parenting & Placements	15.273	26.597	11.324
RHELAC Service	0.010	0.010	0.000
Child Protection, Independent Assurance and Review	0.721	0.739	0.018
Early Help & Vulnerable Families	1.664	1.822	0.159
Employment & Skills	0.632	0.594	(0.038)
Integrated Disability & Additional Needs Service	2.211	4.481	2.269
School Improvement	0.360	1.000	0.640
Regional Adoption Agency	(0.168)	(0.168)	0.000

	Budget £m	Forecast May £m	Variance May £m
Subtotal – Childrens' Services	**20.703**	**35.075**	**14.372**
Central, Strategy and Transformation	0.580	0.577	(0.003)
Social Work and Associated Activity	7.360	7.725	0.365
Integrated Services	3.171	2.909	(0.262)
Business Assurance	0.304	0.300	(0.004)
Sub-total Operations	**11.415**	**11.511**	**0.096**
Commissioned Services – Wellbeing and Assessment	12.870	13.989	1.119
Commissioned Services – Learning Disability	26.887	28.390	1.503
Commissioned Services – Mental Health	3.607	5.022	1.415
Commissioned Services - Other	1.340	1.711	0.371
Sub-total – Commissioned Services	**44.704**	**49.112**	**4.408**
Adult Services Sub-total	**56.119**	**60.623**	**4.504**
Total HECS	**76.822**	**95.698**	**18.876**

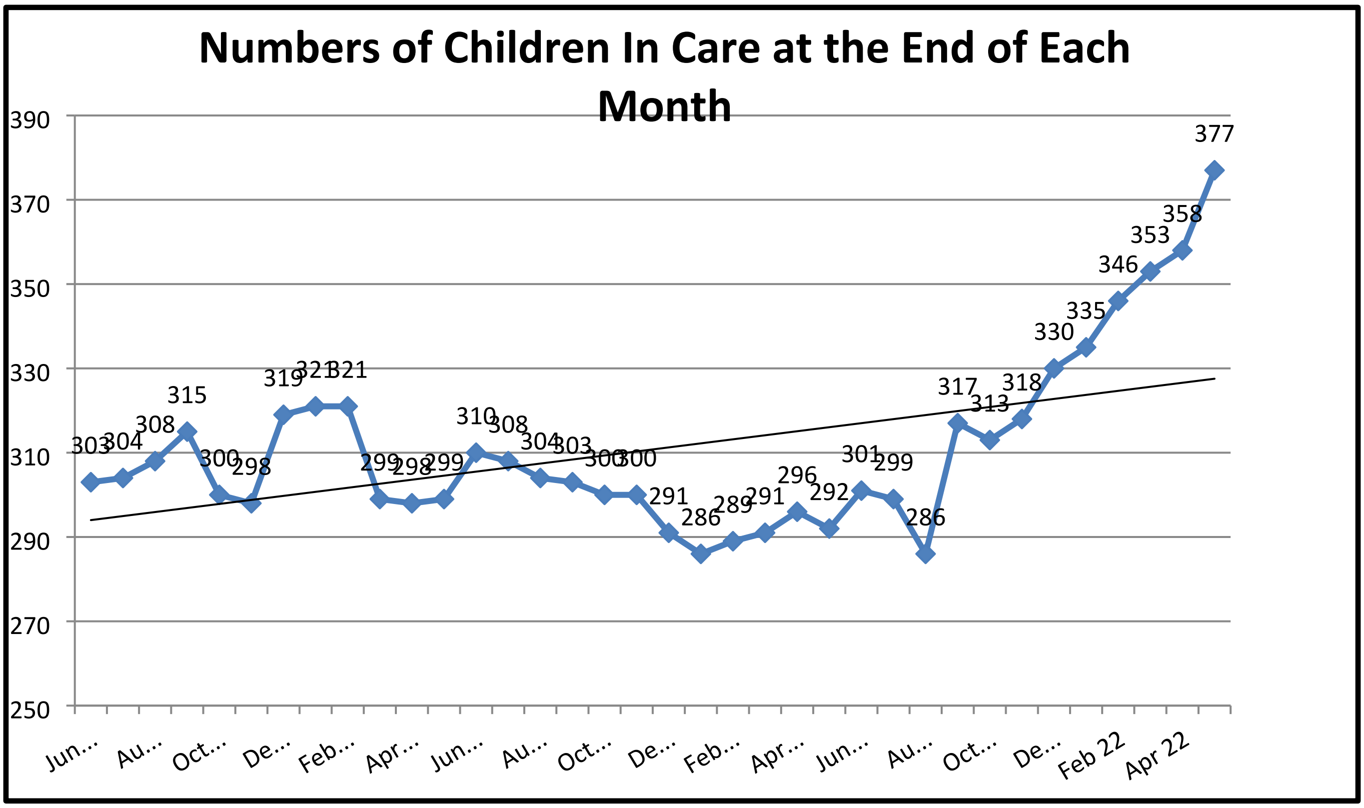
Main budget pressures across HECS

1.2.4 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 also from the cost of living increases currently being experienced across the country. Dialogue continues with care home providers around appropriate fee rates and this will be informed by the national exercise being undertaken to establish a fair cost of care for older person's care homes and domiciliary care for all adults. Negotiations also continue around ensuring funding contributions from the NHS for clients with health needs.

1.2.5 The main factor behind the overall forecast position, however, is the significant pressure within Corporate Parenting and Placements in relation to care provision for children in care and care leavers. There is also a pressure relating to services for children with additional needs. In addition to care provision pressures, there are also on-going pressures in the workforce arising from staff retention costs and recruitment costs and a pressure resulting from savings targets not yet achieved.

1.2.6 The Children's services budget is established to meet the statutory needs of approximately 1400 children however, the service is currently dealing with in excess of 1700 children who reach that threshold. Referrals have increased by 25% compared to pre-Pandemic levels with the police and schools continuing to be the main sources. This level of activity is leading to a requirement for additional staff and contributes to significant pressure on budgets providing care for the children in most need. In May 2022 the children in care numbers have increased to 377. Numbers were under 300 for the first half of 2021/22 rising to 353 at the end of the financial year. The increase in demand is largely due to the impact of additional stress on family relationships during Covid lockdown restrictions combined with financial stressors now exacerbated by the cost of living crisis. Current numbers include 18 unaccompanied asylum seeking children. This rise in demand is a national issue with North Tyneside seeing a rate of children in care per 10,000 of 88 which compares favourably both to the north east average of 108 and to the average within our statistical neighbours of 103.

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



Children's Services

1.2.8 In Children's Services the £14.372m forecast pressure relates mainly to demand pressures of £11.324m in Corporate Parenting and Placements and £2.269m in Integrated Disability and Additional Needs. There is also a forecast pressure of £0.640m in School Improvement. The pressures were foreseen by Cabinet and backed by £3.116m of centrally held contingencies which if transferred into Children's Services would reduce the forecast pressure to £11.256m. The ongoing impact of rising demand impacted by Covid and the cost of living crisis has led to additional challenges in delivering against savings targets and there are £3.2m of savings targets yet to be delivered.

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Corporate Parenting and Placements

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

Table 2: Analysis of Pressures in Corporate Parenting and Placements

Type of Service	Budget £m	Forecast May £m	Variance May £m
Care provision – children in care	9.003	15.655	6.652
Care provision – other children	3.171	4.535	1.364
Management & Legal Fees	(1.442)	0.366	1.808
Social Work	4.494	5.990	1.496
Safeguarding Operations	0.046	0.050	0.004
Total	**15.273**	**26.597**	**11.324**

1.2.10 The forecast has been developed based on the children in care as at the end of May 2022. The number in care at the end of May was 373 compared to an average of 315 during 2021/22 resulting in the forecast for the total number of care nights being significantly higher for 2022/23 at 130,242 nights compared to the total number of care nights delivered in 2021/22 which was 108,745.

1.2.11 **Table 3: Forecast cost, forecast variance, average placement cost and placement mix**

Placement Type	2022/23 May Variance	Average Annual Placement cost (£m)	2022/23 Forecast Bed Nights	2021/22 Outturn Bed Nights	Placement Mix	No. of children May 22	No. of children March 22
External Residential Care	2,378	0.264	7,817	8,163	8.49%	32	25
External Fostering	252	0.050	9,617	12,068	6.10%	23	29
In-House Fostering Service	1,061	0.022	87,026	68,812	63.93%	241	176
External Supported Accommodation	868	0.099	5,281	6,170	6.63%	25	15
Other*	2,092	various	20,501	13,532	14.85%	56	46
Total	**6,651**		**130,242**	**108,745**	**100%**	**377**	**291**

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

1.2.12 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 effects of the Covid-19 restrictions and the cost of living crisis impact on families.

Care Provision – Children in Care

1.2.13 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. Unit costs for external residential care have also increased significantly with a further increase in rates expected to be confirmed in 2022/23 as a result of the rising cost of living. Children's services has developed a small number of in-house services for children with very complex needs as a way of mitigating against high costs for external provision.

Care Provision – Children not in care

1.2.14 The pressure of £0.858m 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. A further £0.786m is also included within contingencies to directly support the SGO position.

Management and Legal Fees

1.2.15 This area has a forecast pressure of £1.808m. The increase in pressure within this area is due to savings targets of £1.468m which are yet to be achieved. The service is continuing to work on the delivery of planned savings targets and continues to review all budget areas for any other mitigating savings.

Social Work

1.2.16 Within the overall pressure of £11.324m for Corporate Parenting and Placements, there are social work-related pressures of £1.496m. Of the £1.496m pressure, £1.360m relates to employee costs with £0.136m relating to non-pay costs. There is an additional team in place of 6 posts costing circa £0.265m and the '14 Plus Team' adds a further £0.243m to the pressure. Market supplements have been superseded by the Social Worker regrading exercise contributing £0.191m to the position. There are s17 assistance costs forecasted above budget level by £0.114m. Cabinet is aware of the particular challenges faced across the children's social care sector nationally. Caseloads per social worker have increased with increasing referrals (up 25% on pre-Pandemic levels) and are now at 28 compared to the national average of 16.3 (for 2020).

Integrated Disability and Additional Needs (IDANS)

1.2.17 IDANS is forecasting a pressure of £2.269m, net of an over achievement of £0.187m Children's Health Income. 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 2138 in May 2022.

1.2.18 Within this service area the main pressures relate to operational staffing costs within in-house residential services of £0.581m. There are also forecast staffing pressures of £0.346m 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 £1.048m on externally commissioned short breaks and staffing pressures of £0.337m across the Statutory Assessment and Review Team and the Disability Team.

1.2.19 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.

1.2.20 The School Improvement Service is showing a forecast pressure of £0.640m driven by a number of factors:

- Staffing pressures of £0.137m;
- Reduction to SLA income of £0.250m (partly due to the Catholic Schools that have moved to Multi Academy Trust);
- Reduction in CSSB grant of £0.141m;
- Building cost pressures of circa £0.035m; and
- Reduction to room hire income of £0.078m due to expansion of Special Schools at Langdale.

The service is working with HR and Finance officers to review the School Improvement structure and continues to explore other income streams that may be available to help mitigate the pressure in-year.

<u>Adult Services</u>

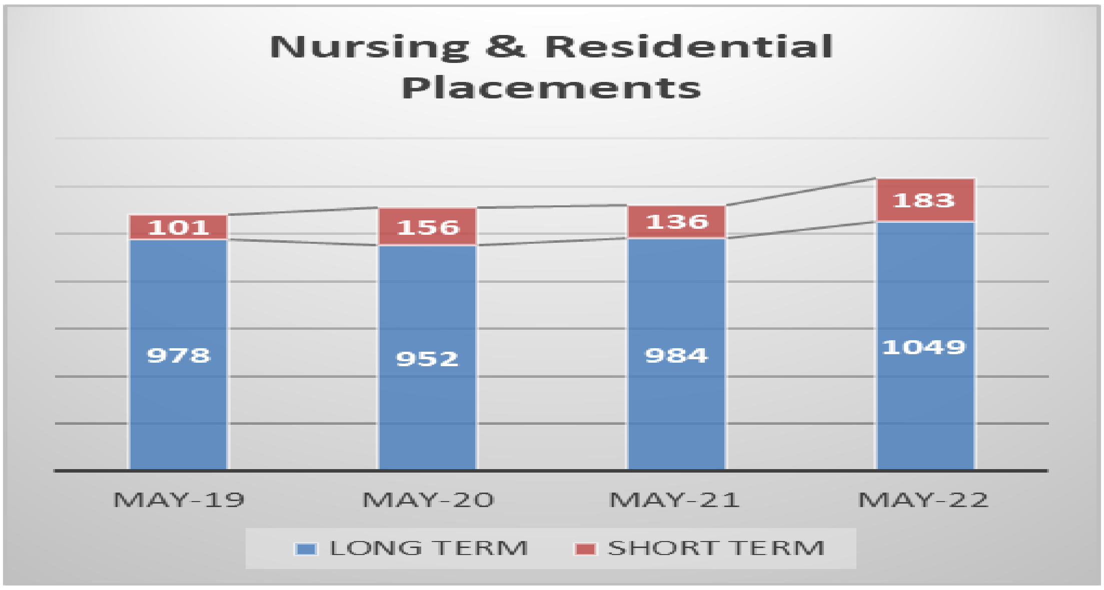
1.2.21 Adult Services are forecasted to show an overspend of £4.505m.

1.2.22 The analysis of sub service areas were changed during 2021/22 to show the split between the operational aspects of the service and the externally commissioned care costs.

1.2.23 Forecast costs associated with the operational management of the service are showing a pressure of £0.097m. This position represents a movement of £1.474m from the previously reported position due to an unsustainable level of vacancy experienced during last financial year. The forecast assumes that vacant posts will be filled for the majority of the year particularly within Integrated Services where services provided by inhouse teams will be critical in meeting demand in 2022/23 especially over the winter period as the external provider market is expected to continue to struggle to deliver sufficient capacity due to recruitment and retention issues. Recruitment remains challenging within the local authority, but a number of new staff have been successfully recruited in recent months.

1.2.24 Commissioned Services are reporting an initial pressure of £4.408m. Of this total, £1.645m of this relates to the high level of fee increases paid to providers linked to national living wage and the impact of the cost of living crisis. A further £1.064m relates to an early estimate of increased demand during the financial year largely resulting from a continued high level of hospital discharges with an additional £1.795m being included for the potential discharge of clients from long stay hospital services and clients transitioning to Adult Services from Childrens Services. The actual impact of this will be dependent on the timing of clients' progress against their discharge plans and the availability of service provision. The additional costs described are in part offset by forecast increases of Health income of £0.940m.

1.2.25 Chart 2: Overall Numbers of Clients in Residential and Nursing Care



1.3 <u>Commissioning and Asset Management</u>

1.3.1 Commissioning and Asset Management (C&AM) is showing a pressure of £4.383m as set out in Table 4.

1.3.2 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 2.

1.3.3 Table 4: Commissioning and Asset Management (C&AM) Forecast Variation

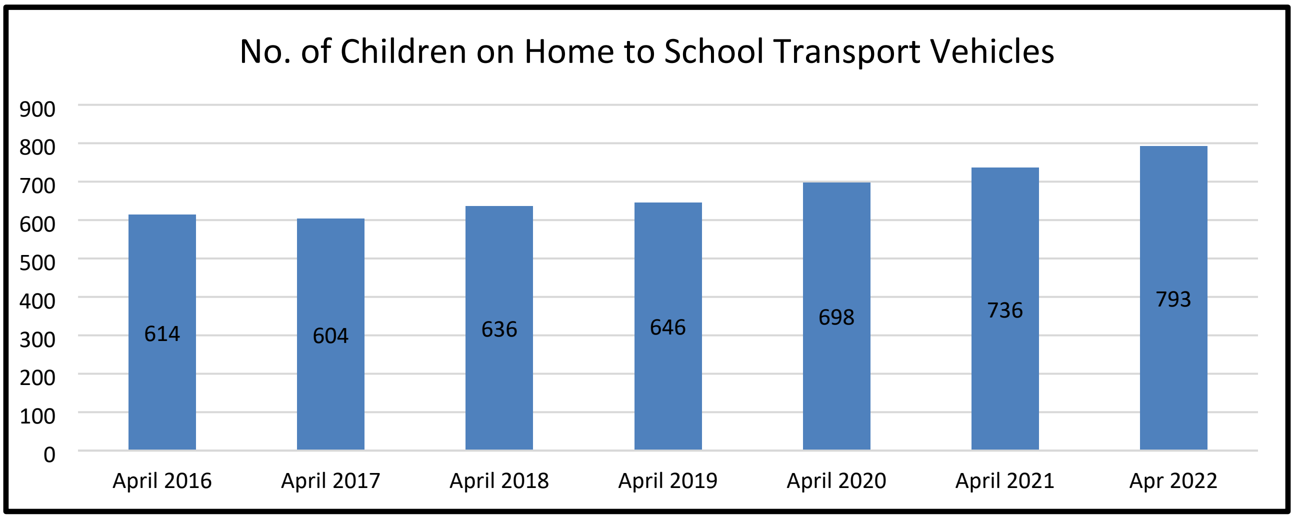
	Budget £m	Forecast May £m	Variance May £m
School Funding & Statutory Staff Costs	5.561	5.447	(0.114)
Commissioning Service	0.439	0.540	0.101
Facilities & Fair Access	0.266	4.279	4.013

	Budget £m	Forecast May £m	Variance May £m
Community & Voluntary Sector Liaison	0.435	0.435	0.000
Strategic Property & Investment	1.151	1.318	0.167
Property	(0.711)	(0.711)	0.000
Commissioning & Asset Management & Support	0.165	0.169	0.004
Procurement	(0.195)	0.017	0.212
GRAND TOTAL	**7.111**	**11.494**	**4.383**

1.3.4 The main ‘business as usual’ budget issues relate to Facilities and Fair Access which is showing forecast pressure of £4.013m. The pressure mainly relates to Home to School Transport (£1.839m). There is also a pressure on the catering service (£2.096m) due to paid school meal income not forecast to return to pre Covid-19 levels, £0.965m and existing inflationary pressures, £0.174m. Current and previous years paid school meals and SLA income target savings will not now achievable due to the number of schools that have left the SLA £0.072m. The service is currently reviewing all costs associated with SLA provision to mitigate the loss of income. Central establishment element of the catering SLA cannot now be recovered from the schools that have left the SLA, £0.189m and additional inflationary pressures for 2022/23 of £0.696m. There is also a pressure of £0.101m on car parking income in relation to charges at Quadrant ending. The remaining main issues relate to savings targets allocated to the Commissioning & Asset Management budget that are actually corporate savings targets and as yet unidentified. These being procurement £0.200m and Sustainability £0.100m.

1.3.5 The Home to School Transport position, a pressure of £1.839m, 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. 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 793 in April 2022 as shown in Chart 3 below. This was identified as an area of focus within the efficiency programme for the 2022-2026 MTFP. Work is ongoing to identify the number of children expected to use transport for the start of the Autumn term in September. Work is also continuing on route rationalisation using the new QRoute system as well as looking at new options around transport delivery.

1.3.6 **Chart 3: Increase in Numbers of Children Accessing Home to School Transport**



1.4 Environment & Leisure (E&L)

1.4.1 E&L is a new service, formed from some of the service areas that were previously reported as Environment, Housing & Leisure. It is forecasting a pressure of £0.601m against the £37.034m budget, as set out in Table 5 below.

1.4.2 The main cause of the pressure is the slow return of leisure income back to pre-pandemic levels.

1.4.3 Table 5: Forecast Variation in Environment & Leisure

Service Areas	**Budget £m**	**Forecast May £m**	**Variance May £m**
Fleet Management	0.991	0.923	(0.068)
Head of Service Environment & Leisure	0.139	0.153	0.014
Local Environmental Services	8.018	8.433	0.415
Sport, Leisure & Community	8.297	8.853	0.556
Street Lighting PFI	5.123	5.123	0.000
Waste Management	14.466	14.150	(0.316)
GRAND TOTAL	**37.034**	**37.635**	**0.601**

1.4.4 The following paragraphs 1.4.5 to 1.4.10 outline the pressures in each service area with details of any variances greater than £0.050m.

Local Environmental Services

1.4.5 Local Environmental Services includes Security, Street Environment and Bereavement teams and is predicting a net forecast pressure of 0.475m. This mainly reflects a £0.327m pressure in Bereavement caused by lost income due to delays in cremator replacement. The cremator is expected to come back online in late July 2022 but is reflecting a loss of around £0.06m per week in activity.

1.4.6 Additional pressures caused by expected increased coastal patrols (£0.030m) and income shortfalls in security (£0.050m), along with other operational pressures of £0.068m make up the balance.

Waste Management including Recycling and Disposal

1.4.7 Last year's outturn reflected savings of around £0.319m in waste disposal costs and vacancy savings, which are not expected to continue at the same levels going forward.

1.4.8 There is a forecast saving of £0.050m in waste strategy costs due to vacant posts which are yet to be filled. Whilst the service is currently forecasting to fill these posts and carry out this work this will need to be carefully monitored and any financial impact identified as it manifests.

Sport, Leisure & Community

1.4.9 Sport, Leisure & Community is expected to have a pressure of around £0.824m against the £5.600m income target for sports and leisure centres. Whilst this is an improvement against last year's outturn, which required a £1.724m boost from Covid grants to offset the lost income pressure, it reflects that service income is forecast to improve to around 80% of income levels pre-pandemic. Similarly, libraries are forecasting a reduced income of around £0.075m.

1.4.10 The service will still continue to reflect vacancy and other operational cost savings as it is resourced to meet the new level of participation.

1.5 Regeneration and Economic Development

1.5.1 Regeneration and Economic Development (RED) has expanded with service areas previously managed under Environment, Housing & Leisure. RED is forecasting a pressure of £0.329m at May 2022, as shown in Table 6 below.

1.5.2 Table 6: Forecast Variation for Regeneration and Economic Development

Service Areas	Budget £m	Forecast May £m	Variance May £m
Arts Tourism & Heritage	1.635	1.606	(0.029)
Business & Enterprise	0.760	0.760	0.000
Regeneration	0.416	0.734	0.318
Resources & Performance	0.217	0.257	0.040
Technical Package - Building Control	(0.429)	(0.429)	0.000
Technical Package - Planning	0.257	0.257	0.000
Technical Package - Transport & Highways	7.365	7.365	0.000
GRAND TOTAL	**10.221**	**10.550**	**0.329**

1.5.3 The forecast pressure will be mainly due to an ongoing issue at the former Swans site in relation to costs and income shortfalls relating to the Centre for Innovation (CFI) building which are expected to continue in 2022/23. Despite the shortfall, the service is still actively marketing vacant units and looking to attract tenants. Two new tenants have joined recently.

1.6 **Corporate Strategy**

1.6.1 Corporate Strategy is forecasting a £0.142m pressure. The variance reflects a forecast underachievement in a cross-service income target of £0.157m.

1.6.2 Table 7: Forecast Variation Corporate Strategy

Service Areas	Budget £m	Forecast May £m	Variance May £m
Children's Participation & Advocacy	0.267	0.248	(0.019)
Corporate Strategy Management	(0.212)	0.087	0.299
Elected Mayor & Executive Support	0.022	0.033	0.011
Marketing	0.302	0.218	(0.084)
Policy Performance and Research	0.162	0.097	(0.065)
GRAND TOTAL	**0.541**	**0.683**	**0.142**

1.7 **Resources and Chief Executive Office**

1.7.1 Overall Resources and Chief Executive Office are currently forecasting a joint pressure of £0.932m.

1.7.2 Table 8: Forecast Variation Resources and Chief Executive

Service Areas	Budget £m	Forecast May £m	Variance May £m
Chief Executive	(0.076)	(0.076)	0.000
Finance	(0.563)	(0.563)	0.000
ICT	2.456	2.456	0.000
HR & Organisational Development	(0.016)	(0.016)	0.000
Internal Audit and Risk Management	0.032	0.032	0.000
Revenues and Benefits	0.629	1.561	0.932
GRAND TOTAL	**2.462**	**3.394**	**0.932**

1.7.3 The majority of this forecast pressure is due to the impact of reduced funding in the Revenues and Benefits service, which is showing the following expected variances:

- Enforcement income is currently forecasted to be below targets by around £0.500m, based on the outturn and known position at May. This reflects reduced court caseloads whilst the Authority supported vulnerable residents in difficult times by not adding to debt in the borough. The service will continue to work with our partners to review the impact of the service returning to normal protocols.
- Overpayment income recovery is expecting a pressure of £0.183m against targets due the reduction in Housing Benefit claimants caused by the move to Universal Credit (UC). The service is continuing to review and refresh the profile of change that is anticipated as the roll out of UC continues.
- The Benefits subsidy grant is expected to show a net pressure of £0.244m, mainly caused by a drop in administration funding.

These forecasts are all based on the outturn position and will be reviewed by the service management as more information relating to 2022/23 is made available. It is expected that these forecasts will be refined and closely managed as the year progresses.

1.7.4 The other areas are expected to come in on budget at this point in the year.

1.8 <u>**Law and Governance**</u>

1.8.1 Law and Governance is forecasting a £0.724m pressure. This variance reflects forecasted cost pressures in Legal Services of £0.516m relating to the employment Locums/staff costs and reduced income for legal fees. The Legal Service has had difficulty in attracting and retaining permanent staff to meet existing vacancies and additional pressures relating to increased demand for their services from other departments.

1.8.2 In addition, there is an expected £0.213m pressure to deliver North Tyneside Coroner services. Other areas are forecast to mitigate these pressures. There are net savings forecast that can be attributed to an expected overachievement on Information Governance work carried out on behalf of schools under the SLA. In addition, vacant post savings result in a net £0.091m underspend. There is also an expected overachievement in land charges income resulting in a forecast improvement of £0.043m. Other miscellaneous operational pressures reduce the mitigation to £0.050m.

1.8.3 Table 9: Forecast Variation for Law and Governance

Service Areas	Budget £m	Forecast May £m	Variance May £m
Customer, Governance and Registration	(0.066)	(0.031)	0.035
Democratic and Electoral Services	(0.002)	0.015	0.017
Information Governance	0.176	0.016	(0.160)
Legal Services	(0.082)	0.537	0.619
North Tyneside Coroner	0.294	0.507	0.213
GRAND TOTAL	**0.320**	**1.044**	**0.724**

1.9 **General Fund Housing**

1.9.1 General Fund Housing is reporting a forecast £0.205m pressure. This variance reflects ongoing cost pressures in for Repairs and Maintenance of £0.355m, less 2022/23 grant funding of £0.150m. The repairs and maintenance pressure is a continuation of a pressure previously identified in 2021/22 increased due to the impact of higher costs of raw materials required to carry out repairs on the Authority's properties.

1.9.2 Table 10: Forecast Variation for General Fund Housing

Service Areas	Budget £m	Forecast May £m	Variance May £m
GF Housing	0.851	0.851	0.000
Repairs & Maintenance	0.745	0.950	0.205
GRAND TOTAL	**1.596**	**1.801**	**0.205**

1.10 **Central Items**

1.10.1 Central Items is forecasted to be in surplus by (£7.735m). The surplus figure of (£7.735m) includes the contingency budgets of (£7.713m), of which (£3.116m) relates to the pressure being experienced in Children's Services. (£3.639m) of the remaining contingencies budget was established in the 2022-2026 MTFP to support the likely impact of inflationary pressures in 2022/23.

1.10.2 Table 11: Forecast Variation Central Budgets and Contingencies

Service Areas	Budget £m	Forecast May £m	Variance May £m
Corporate & Democratic Core	10.223	10.223	0.000
Other Central Items	0.511	(7.224)	(7.735)
GRAND TOTAL	**10.734**	**2.999**	**(7.735)**

SECTION 2 - SCHOOLS FINANCE

Update on School Budgets 2022/23 to 2024/25

2.1 Schools are normally required to submit their rolling three-year budget plan to the Authority by 31 May each year. Due to delays in submitting year end accounts, schools were asked to provide draft budgets by this date then provide final budgets in June. Table 12 below shows the current movement in budget and actual from 2021/22 to 2022/23.

2.1.2 Table 12: Schools three-year budget plan summary by phase

Phase	Budget Plan 2021/22 £m	Outturn 2021/22 £m	Budget Plan 2022/23 £m	Budget Movement £m
Nursery	0.082	0.086	0.004	(0.078)
First	0.832	1.410	0.814	(0.018)
Primary	3.061	5.816	4.139	1.077
Middle	0.414	1.408	0.716	0.303
Secondary	(9.808)	(5.943)	(9.907)	(0.099)
Special / PRU	(0.574)	0.621	(1.299)	(0.725)
Total	**(5.993)**	**3.398**	**(5.532)**	**0.461**

2.2 The initial planned deficit for school balances is forecast to improve from a £5.993m deficit in 2021/22 to £5.532m in 2022/23. The schools finance team is continuing to work with schools to refine these budget positions and will also be supporting schools' applications for de-delegated funding held centrally to mitigate the impact where schools are experiencing falling rolls, where a potential application to schools in financial difficulty could be made, or where schools are experiencing growth in rolls where there is a lag in funding. These applications will be considered by a sub-group of Schools Forum and these allocations will be reported back to Cabinet as they are agreed.

School Deficits

2.3 Some schools continue to face significant financial challenges. There are currently nine schools that have submitted a deficit budget plan for 2022/23. Cabinet should note that there are four new schools requiring a licenced deficit agreement in 2022/23. The five schools that continue to require support from the Authority were in deficit at the end of the 2021/22 financial year. Of these five schools one had structural deficits in 2021/22 which continues into 2022/23. The Authority has agreed with the Education and Skills Funding Agency (ESFA) to allow their School Resources Management Advisors (SRMAs) to work with the four schools that are new to deficit, along with Beacon Hill Special School in order to produce a comprehensive review of their finances, leading to a budget deficit plan. This work will be carried out by the autumn term, with budget deficit challenge sessions commencing in October 2022.

Initial deficit review sessions for the remaining four schools are planned in July 2022. Before any adjustments identified during the upcoming challenge sessions and the allocation of falling rolls and headroom funding, the balances of these six deficit schools are expected to total £13.971m with individual school deficit values shown in Table 13 below.

2.3.1 Table 13: Schools in an expected deficit position 2021/22

Deficit School Positions 2021/22	Outturn 2021/22 £m	Budget Plan 2022/23 £m	Movement £m	Comments
Coquet Park	0.036	(0.020)	(0.056)	New Deficit
Holystone	0.015	(0.069)	(0.085)	New Deficit
Balliol Primary	0.012	(0.025)	(0.037)	New Deficit
Wallsend St Peter's	0.093	(0.107)	(0.200)	New Deficit
Monkseaton High	(5.328)	(5.799)	(0.471)	Structural Deficit
Ivy Road Primary	(0.139)	(0.162)	(0.023)	Existing Deficit
Longbenton High	(2.095)	(1.863)	0.231	Existing Deficit
Norham High	(3.684)	(4.130)	(0.446)	Existing Deficit
Beacon Hill	(0.521)	(1.794)	(1.274)	Existing Deficit
Total	**(11.611)**	**(13.971)**	**(2.360)**	

2.4 Further work continues with special schools to look at appropriate levels of funding for the needs of their current cohort of pupils.

2.5 As in previous years, the details of schools' balances, including commitments, will be reported to the Department for Education (DfE) through the Consistent Financial Reporting (CFR) return. This return is co-ordinated on behalf of all maintained schools by the Authority and will be submitted by the deadline of 15 July 2022.

Containment funding for Schools

2.6 The Council's Recovery Coordination Group (RCG) had previously set aside £0.900m funding from the Containment Grant to assist schools with pressures on their balances from October 2020 to July 2021 due to costs of containing the spread of Covid-19 that were not met by the Department for Education. Schools had previously bid for October 2020 to March 2021, with a total payout of £0.808m. Schools are currently bidding for the remaining £0.092m funding for the period April 2021 to July 2022, which will be approved by finance management and reported back to Cabinet.

High Needs Block

2.7 Cabinet will recall that the High Needs block ended 2021/22 with a pressure of £13.511m. Cabinet should note that the High Needs block forms part of the Dedicated Schools Grant (DSG) which is ring-fenced and does not form part of the General Fund. This overall pressure in the High Needs block is broadly in line with the national and regional picture and remains an area of concern nationally.

2.8 The forecast for the High Needs Block in 2022/23 is an anticipated in-year pressure of £3.413m reflecting a further rise in demand for special school places within the Authority. These additional places create pressures in relation to place funding of £10,000 per place and the associated top-up funding reflecting each child's level of need. A breakdown of the in-year pressure is shown in Table 14:

2.8.1 Table 14: Breakdown of High Needs Pressures at May 2022

Provision	**Budget** **£m**	**Provisional May Variance** **£m**	**Comment**
Special Schools and PRU	16.703	2.250	Includes £1m additional 39 places Beacon Hill from Sept and PRU Places / EHCP increases
ARPS /Mainstream Top-ups	4.706	0.634	Reflects shortfall on mainstream top-up budget allocation at initial budget setting
Out of Borough	3.316	0.484	Reflects shortfall of available budget versus new expected forecast costs
Commissioned Services	3.974	0.045	Dyslexia Service funding reconciliation included
Additional High Needs Funding	1.073	-	Assumed allocated against new spend
In-Year Balance	**29.772**	**3.413**	
2021/22 Balance		13.511	
Cumulative Balance	**29.772**	**16.924**	

High Needs Recovery Plan

2.9 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.

2.10 An informal discussion with the Education Skills and Funding Agency (ESFA) took place on 16 June 2021 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 draft DSG Management 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.

Early Years Block

2.11 The Early Years block outturn for 2021/22 was a surplus of £0.233m. An adjustment to funding normally takes place by June each year when the DfE reviews funding estimates based on the January pupil census prior to the new financial year. The Authority would normally expect a clawback of funding as a result of this review. Initial indications for 2022/23 show that services can be delivered within the budget available.

SECTION 3 - HOUSING REVENUE ACCOUNT

Forecast Outturn

3.1 The forecast set out in Table 15 below is based on the results to May 2022. Currently the HRA is forecasting an underspend of £0.070m, which includes. Throughout the year, costs will be monitored closely across all areas with additional focus on Rent Arrears and the effect this has on the bad debt provision. In addition, changes to prudent assumptions around rental income, Council Tax voids, Contingency and staffing vacancies will be monitored which could lead to improvements in the forecast position.

3.1.1 Table 15: Forecast Variance Housing Revenue Account

Row Labels	Budget £m	Current Forecast £m	Variance £m
Management – Central	2.791	2.717	(0.074)
Management – Operations	4.767	4.971	0.203
Management – Strategy & Support	3.692	3.685	(0.007)
Capital Charges – Net Effect	12.484	12.484	0.000
Contingencies, Bad Debt & Transitional Protection	0.990	0.960	(0.030)
Contribution to Major Repairs Reserve – Depreciation	13.741	13.741	0.000
Interest on Balances	(0.050)	(0.075)	(0.025)
PFI Contracts – Net Effect	2.094	2.094	0.000
Rental Income - Dwellings, Direct Access Units, Garages	(62.891)	(62.968)	(0.077)
Rental Income – HRA Shops and Offices	(0.356)	(0.380)	(0.024)
Revenue Support to Capital Programme	10.311	10.301	(0.010)
Repairs	12.800	12.774	(0.026)
Total	**0.372**	**0.302**	**(0.070)**

Rental Income

3.2 Rental income is currently forecast to be performing slightly better than budget (£0.077m) helped by the level of Empty Homes continuing to trend at well below 1% which increases the level of rent that is collectable, however a note of caution is that Right to Buy (RTB) level in the first few months are still trending at higher than anticipated levels which could erode this forecast position. Therefore, the current rental forecasts could change as the year progresses if the level of RTB sales continues. The impact of Universal Credit on Arrears and the bad debt provision also continues to be closely monitored.

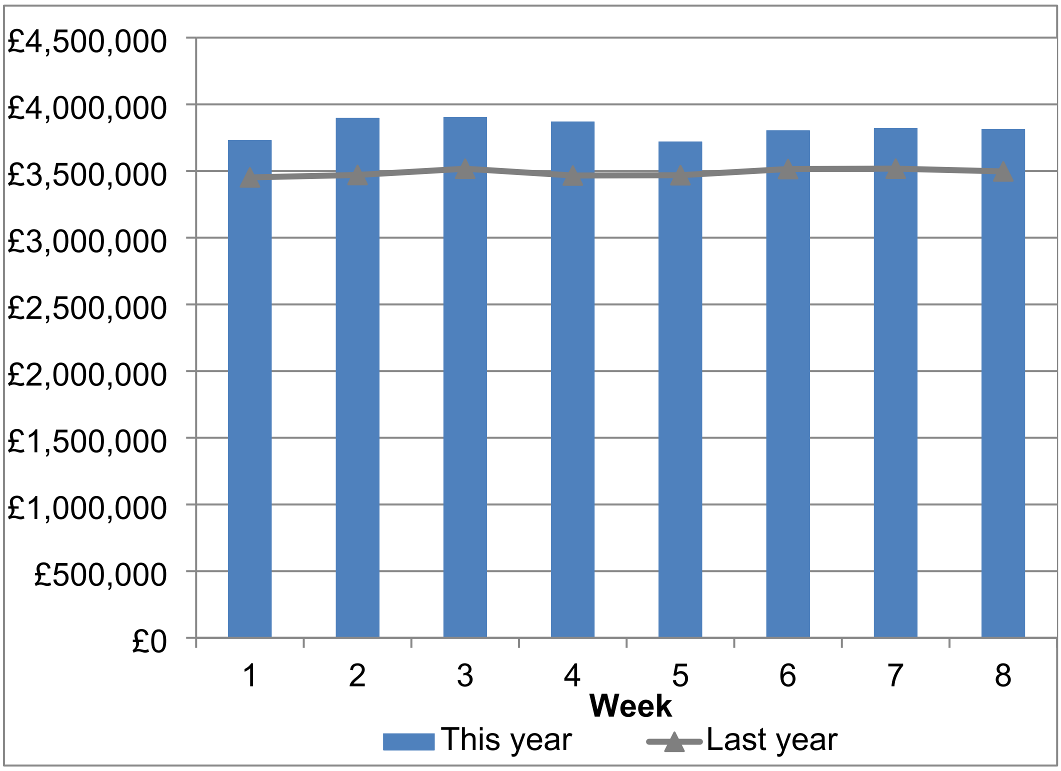
Management Costs

3.3 Early indications are that Management Costs are facing some pressures overall (£0.123m) which is impacted significantly by increasing energy costs. This position will be impacted further depending on pay award negotiations for 2022-23, if any award is above the 2% provision made in the budget. There may be improvements in this position depending on levels of staff turnover, and recruitment attached to the Unified Systems project including backfilling internally seconded staff.

Rent Arrears

3.4 Current rent arrears have continued to rise gradually in the first two months of 2022/23 as compared to 2021/22, with an increase of £0.083m being seen in this period since the start of April 2022. Chart 4 below shows the value of current rent arrears in 2022/23 compared to the same period in 2021/22. A team is working proactively with tenants to minimise arrears, and this is being closely monitored as the year progresses to identify any adverse impacts on the budget position. Last year saw a significant under-spend against the bad debt provision for the second year in a row, which has led to a reduction in the budgeted provision made for 2022/23, so the position will need to be monitored closely to maintain confidence that the overall forecast increase in arrears can be contained within the budgeted provision made. This will also be impacted potentially by the amount of debt being written off, which we will seek to identify as quickly as possible, which will not only help inform the in-year monitoring position but will also be pivotal in helping to refreshing the HRA Business Plan as part of the next budget round. Of course, as always, the impact of Universal Credit continues to be monitored, as significant increases in numbers on UC could adversely affect the rate at which arrears grow.

3.4.1 Chart 4: Rent Arrears in Weeks 1-9 (April-May) 2022/23 compared to 2021/22

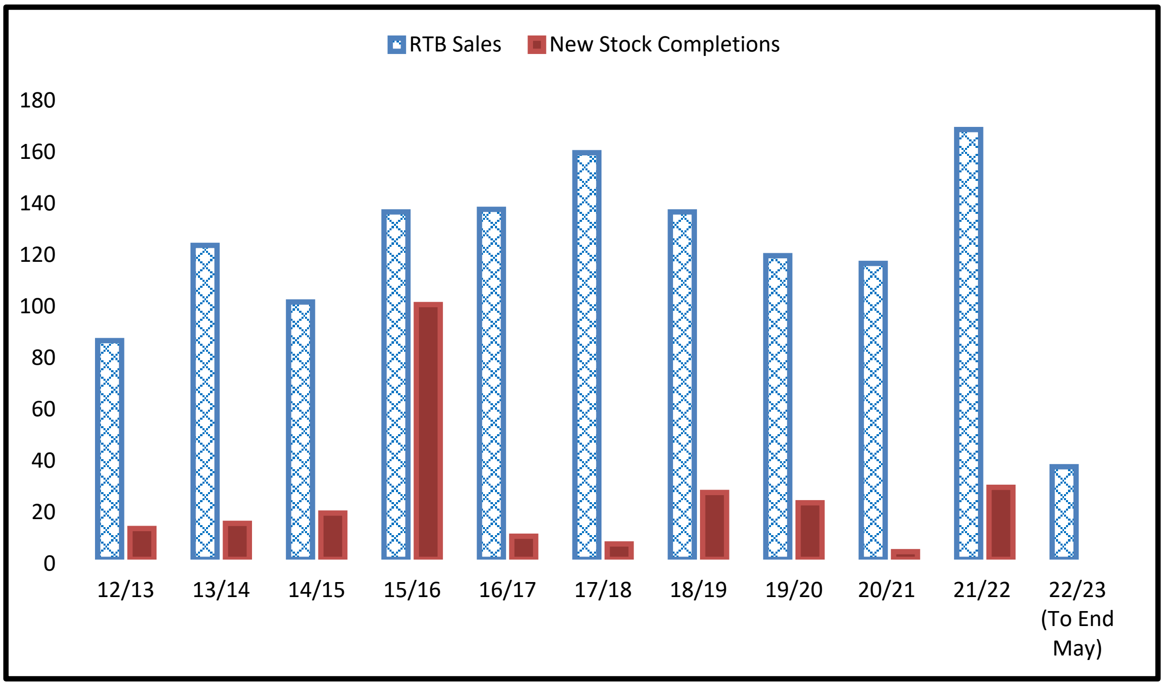


3.5 Universal Credit (UC) was fully implemented across North Tyneside on 2 May 2018. The Authority continues to work with residents to provide ICT support to help them make applications and to provide personal budget support to help residents manage their household finances. At 31 March 2022 there were 3,712 tenants of North Tyneside Homes on Universal Credit with arrears totalling £2.934m. By early June 2022 there were 3,809 tenants on Universal Credit (increase of 97 tenants) with related arrears of £3.043m (increase of £0.109m). For wider comparison as at beginning of 2021/22 there were 3,297 tenants on UC with arrears of £2.680m which during the course of the year increased to the 3,712 referenced above, an increase of 415 tenants with an increase in arrears of £0.254m.

Right to Buy (RTB) Trends

3.6 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 5 below shows the trend in RTB sales since that time. The first two months of 2022-23 saw 36 completed RTB sales, which continues the increased trend in 2021-22 where we saw the highest number of RTB sales at 167 since the changes were introduced in 2012. These trends will need again to be closely monitored as they may impact not only on in-year forecasts, but significantly on future refreshes of the HRA 30-year Business Plan.

3.6.1 Chart 5: Yearly RTB Sales v New Stock Additions



SECTION 4 - INVESTMENT PLAN

Review of Investment Plan - Position Statement

4.1 The Authority's Investment Plan represents the capital investment in projects across all Service areas. Officers will continue to plan the delivery of those key projects included within the 2022/23 Investment Plan and regularly review the impact of Covid-19. Some of the key highlights of the Investment Plan due to be delivered during 2022/23 are summarised below:

4.2 There is worldwide inflationary cost pressures being seen across all industries and sectors. Although contingencies are set aside, the likely full investment plan impact is currently unknown. The Authority's view is to manage project expenditure within existing budgets and where possible, reprofiling spend or descoping where impact is minimal or can be managed. Any ask on contingencies will be reviewed on a case-by-case basis.

Affordable Homes New Build and Conversion Works

4.3 There are currently 2 affordable home projects that will progress during 2022/23 these include:

- The conversion of a former garage site in Falmouth Road into new 9 new affordable homes using the HUSK Modern Method of Construction (MMC)
- The conversion of some garage blocks across Battlehill into 9 new affordable homes using the HUSK Modern Method of Construction (MMC)
- Look to convert a number of our recreation rooms (currently 6 units) into affordable homes across the borough following consultation with Members in relation to their change of use
- We will also continue to develop a range of other opportunities to develop a derelict shop/building in Seymour Street, North Shields, plans for homes on Murton Gap where we are a land owner, along with the potential refurbishment of 2 properties in Wellfield, Whitley Bay that is progressing through a Compulsory Purchase route currently.

Housing Investment Work

4.4 The Housing Capital delivery programme will see the following works delivered across the borough during 2022/23:

- Kitchens and bathrooms to 686 homes
- Heating upgrades to 600 homes
- Boundary improvements to 971 homes
- External decoration to 2,114 homes
- Internal decoration to 29 communal blocks
- Roof replacements to 215 homes
- External Brickwork Repairs to 130 homes
- DPC restoration works to 96 homes
- Footpath repairs throughout the borough
- Cavity Wall Insulation Renewals to 130 homes

- Solar PV Installations to 215 homes

Education Investment Works

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

Asset Investment works

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

Highways and Infrastructure Works

4.7 The main Highways & Infrastructure works include:

- Transforming cities tranche 2 - The North East Joint Transport Committee (JTC) approved the release of funding for the Transforming Cities Fund (TCF) transport schemes relating to North Shields (interchange and town centre links) and Four Lane Ends area public transport improvements.
- Active travel fund tranche 2 - Work is proceeding to construct the cycling and walking improvements on A191 New York Bypass-Rake Lane, with external funding secured from Active Travel Fund (ATF) tranche 2
- Weetslade & Westmoor Roundabouts Highways Improvements - Works are ongoing to deliver roundabout improvements works required as part of the Bellway Whitehouse Farm residential development.

Regeneration Works

4.8 Regeneration Works for 2022/23 include:

- Ambition for North Tyneside – Production and approval of the final masterplan for North Shields, including obtaining funding for new public realm in Howard Street and Northumberland Square and ongoing delivery of the Heritage Action Zone and transport hub projects
- Saville Street / Bedford Street Public Realm
- Fish Quay Area plans

Variations to the 2022-2027 Investment Plan

4.9 Variations of £0.365m to the Investment Plan have been identified and are included in tables 16 and 17 below. Further details are provided in paragraph 4.10.

4.9.1 Table 16: 2022 - 2027 Investment Plan changes identified

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
Approved Investment Plan – Council 17 February 2022	**64.431**	**51.594**	**49.829**	**47.561**	**51.358**	**264.773**
Previously Approved Reprogramming/Variations						
2021/22 Monitoring	9.855	0.000	0.000	0.000	0.000	9.855
2021/22 Outturn	39.629	8.832	1.071	0.252	0.252	50.036
Approved Investment Plan	**113.915**	**60.426**	**50.900**	**47.813**	**51.610**	**324.664**
May 22 Monitoring						
Variations	0.365	0.000	0.000	0.000	0.000	0.365
Reprogramming	0.000	0.000	0.000	0.000	0.000	0.000
Total Variations	**0.365**	**0.000**	**0.000**	**0.000**	**0.000**	**0.365**
Revised Investment Plan	**114.280**	**60.426**	**50.900**	**47.813**	**51.610**	**325.029**

4.10 Details of the variations are shown below:

(a) **BS026 Asset Planned Maintenance: Tynemouth Pool / Storm Arwen Costs £0.325m –** Across our Public Buildings estate significant structural damage occurred to the roof at Tynemouth Pool. As these costs were not provided for in the capital budgets for the Asset Planned Maintenance Programme, IPB approved a Gateway 3 in February 2022 to therefore provide £0.320m from the insurance reserves to fund the cost of the required works.
Following the update at IPB in February, the project team have now finalised the scheme to complete the roofing works on site at Tynemouth Pool and have now received costs from the supply chain. This has resulted in receiving a tender price of £0.625m which is £0.325m above the original estimated cost in relation to Tynemouth Pool.

(b) **ED132 Backworth Park Primary Shell Classroom fit out £0.040m -**
Use of S106 funding to furbish one of three classroom spaces constructed in 2018 as part of the new build solution at Backworth Park Primary school but left in-complete to allow for the future expansion of the school.
The works include full Mechanical and electrical installations, ceiling grids, wall and floor finishes (not replacement of existing – it is currently concrete slabs and breezeblocks) and fixed furniture.

4.11 The impact of the changes detailed above on capital financing is shown in table 17 below.

4.11.1 Table 17: Impact of variations on Capital financing

	2022/23 £m	2023/24 £m	2024/25 £m	2025-27 £m	Total £m
Approved Investment Plan	**113.915**	**60.426**	**50.900**	**99.423**	**324.664**
Grants and Contributions	0.365	0.000	0.000	0.000	0.365
HRA Capital Receipts	0.000	0.000	0.000	0.000	0.000
HRA Grants	0.000	0.000	0.000	0.000	0.000
Total Financing Variations	**0.365**	**0.000**	**0.000**	**0.000**	**0.000**
Revised Investment Plan	**114.280**	**60.426**	**50.900**	**99.423**	**325.029**

Capital Receipts – General Fund

4.12 General Fund Capital Receipts brought forward at 1 April 2022 were £3.017m. The capital receipts requirement for 2022/23, approved by Council in February 2022, was £0.317m (2022-27 £0.317m). To date £nil capital receipts have been received in 2022/23. The receipts position is shown in table 18 below.

4.12.1 Table 18: Capital Receipt Requirement – General Fund

	2022/23 £m	2023/24 £m	2025/25 £m	2025-27 £m	2022-27 Total £m
Requirement reported to 17 February 2022 Council	0.317	0.000	0.000	0.000	0.317
Reprogramming 2021/22 Outturn	0.000	0.000	0.000	0.000	0.000
Revised Requirement	**0.317**	**0.000**	**0.000**	**0.000**	**0.317**
Receipts Brought Forward	(3.017)	(0.000)	(0.000)	(0.000)	(3.017)
Total Receipts received 2022/23	0.000	0.000	0.000	0.000	0.000
Receipts used to repay capital loans	0.000	0.000	0.000	0.000	0.000
Net Useable Receipts	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Surplus Receipts	**(2.700)**	**(0.000)**	**(0.000)**	**(0.000)**	**(2.700)**

Capital receipts – Housing Revenue Account

4.13 Housing Capital Receipts brought forward at 1 April 2022 were £10.094m. The housing receipts are committed against projects included in the 2022-2027 Investment Plan. The approved Capital Receipt requirement for 2022/23 was £2.104m. To date, receipts of £1.058m have been received in 2022/23 of which £nil has been pooled as part of the quarterly returns to Central Government. In total, subject to future pooling, this leaves a surplus balance of £9.316m to be carried forward to fund future years.

4.13.1 Table 19: Capital Receipt Requirement - Housing Revenue Account 3

	2022/23 £m	2023/24 £m	2024/25 £m	2025-27 £m	2022-27 £m
Requirement reported to February 2022 Council	2.104	1.584	1.700	1.851	1.956
Reprogramming 2021/22 Outturn	0.000	0.000	0.000	0.000	0.000
Variations to be reported to August 22 Cabinet	0.000	0.000	0.000	0.000	0.000
Revised Requirement	**2.104**	**1.584**	**1.700**	**1.851**	**1.956**
Receipts Brought Forward	(10.094)	(9.316)	(7.732)	(6.032)	(4.181)
Receipts Received 2022/23	(1.326)	0.000	0.000	0.000	0.000
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)	**(9.316)**	**(7.732)**	**(6.032)**	**(4.181)**	**(2.225)**

The final figure for useable receipts and pooled receipts in year will depend on the final number of Right to Buy properties sold during 2022/23.

Investment Plan Monitoring Position to 31 May 2022

4.14 Actual expenditure for 2022/23 in the General Ledger was £5.287m; 4.63% of the total revised Investment Plan at 31 May 2022. This is after adjusting for £0.162m accruals relating to 2021/22 expenditure.

4.14.1 Table 20: Total Investment Plan Budget & Expenditure to 31 May 2022

	2022/23 Revised Investment Plan £m	Actual Spend to 31 May 2022 £m	Spend as % of revised Investment Plan %
General Fund	82.567	3.544	4.31%
Housing	31.713	1.743	5.49%
TOTAL	**114.280**	**5.287**	**4.64%**

SECTION 5 – TREASURY MANAGEMENT & CASH POSITION

Current Cash Position

5.1 The Authority's current available cash balance as at the end of May 2022 is £28.740m, with £26.800m invested externally with other UK Local Authorities or institutions. All investments are made in line with the approved Treasury Management Strategy.

5.1.1 Table 21: Investment Position as at 31/05/2022

Counterparty	Type	Amount (£m)	Maturity
DMO	Term	22.600	1 June 2022
Barclays	Call	1.140	n/a
Lloyds Bank	Call	5.000	n/a
Inter – LA	Fixed	20.000	16 December 2022*
Fixed Deposits	Fixed	6.800	October 2022

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

5.2 Following recent Bank of England Monetary Policy Committee (MPC) meetings there have been steady increases in bank base rates.
Bank base rates by the end May 2022 increased by 0.75% to 1.00%.

5.3 The impact of raising base rate had an immediate impact to the cost of borrowing. Table 28 below demonstrates the increase in rates both in the temporary space and longer-term PWLB rates.

5.4 The Authority is currently monitoring interest rates, and whether the Authority should look to lock in rates. As it stands the Authority has no immediate requirement to borrow.

5.5 Investment rates have also seen an increase in line with the increases in base rate, delivering better returns on investments.

5.5.1 Table 22: Summary of Borrowing Levels

Temporary Market		PWLB	
Tenor	Level	Tenor	Level
1 week	1.00%	2 years	2.50%
1 month	1.07%	5 years	2.66%
3 months	1.15%	10 years	3.01%
6 months	1.20%	20 years	3.34%
9 months	1.50%	30 years	3.27%
12 months	1.70%	50 years	3.08%

**Please note these levels are from 01/06/2022*
PWLB rates do not include certainty rate reductions,

5.6 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

5.7 Table 23 shows the Authority's current debt position, with total borrowing maturing in 2022/23 of £5.000m.

5.7.1 Table 23: Current Debt Position

	PWLB (£m)	LOBO (£m)	Temp (£m)	Total (£m)
Total Outstanding Borrowing Debt	377.443	20.000	0.000	397.443
Debt Maturing 2022/23	5.000	0.000	0.000	5.000

Covid-19 Impact on Cash

5.8 The Bank of England's MPC hiked Bank Rate for an historic fourth consecutive meeting in May, taking it to a 13yr high of 1%. The Committee voted 6-3 for the change in the policy rate with the three MPC Members voting for a 50bps hike. Further, the accompanying statement stated that "some degree" of further tightening in policy may be appropriate, compared to "modest tightening".

5.9 Based on market expectations (Bank Rate hitting 2.5%), it forecast that inflation would be below its 2% target in 2-3yrs time. Meanwhile, if rates were to remain at 1%, then CPI would be above that 2% target in the medium term. This would suggest that the Bank sees further increases will be required but perhaps not to the extent that markets currently expect. Pricing now shows a combined 1% increase in Bank Rate through the next 3 meetings (June, August and September), suggesting one 50bps hike. Through the final two meetings of the year, November and December, expectations are edging closer to a 2.75% Bank Rate, which suggests one more 50bps hike alongside a 25bps move. In the first half of 2023, market expectations now encompass a shift to 3%, possibly by March.

5.10 The increase in interest rates is translating to increased rates available on investment, however this also translates to increased borrowing costs.

5.11 The Authority is under-borrowed to the value of £102.011m as at 31 March 2022, 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.

5.12 Table 24 below shows the latest interest rate forecasts as provided by the Authority's treasury advisors Link. Rates are forecast to continue to rise over the next 2 years, appearing to peak at 3.80% for 50 year borrowing in Sept 2023 before tracking back to lower levels.

5.12.1 Table 24: Link Interest Rate Forecasts

Interest Rate Forecasts								
Bank Rate	**Jun-22**	**Sep-22**	**Dec-22**	**Mar-23**	**Jun-23**	**Sep-23**	**Dec-23**	**Mar-24**
Link	1.25%	1.50%	1.75%	2.00%	2.00%	2.00%	2.00%	2.00%
Cap Econ	1.25%	1.75%	2.25%	2.50%	2.75%	3.00%	3.00%	3.00%
5Y PWLB RATE								
Link	2.50%	2.50%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Cap Econ	2.70%	3.10%	3.50%	3.60%	3.80%	3.60%	3.50%	3.30%
10Y PWLB RATE								
Link	2.80%	2.80%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%
Cap Econ	2.90%	3.20%	3.60%	3.70%	3.80%	3.70%	3.60%	3.50%
25Y PWLB RATE								
Link	3.00%	3.10%	3.10%	3.20%	3.20%	3.20%	3.10%	3.10%
Cap Econ	3.00%	3.30%	3.70%	3.80%	3.90%	3.80%	3.70%	3.60%
50Y PWLB RATE								
Link	2.70%	2.80%	2.80%	2.90%	2.90%	2.90%	2.80%	2.80%
Cap Econ	2.80%	3.10%	3.60%	3.70%	3.80%	3.80%	3.70%	3.60%