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 forecast position for 2022/23, with the forecast being prepared on a prudent basis to give sight of the overall challenges at this early stage in the financial year. 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 £17.982m 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 July 2022

	Budget £m	Forecast July £m	Variance July £m	Variance May £m	Change since May £m
Corporate Parenting & Placements	15.273	25.447	10.174	11.324	(1.150)
RHELAC Service	0.010	0.000	0.000	0.000	0.000
Child Protection, Independent Assurance and Review	0.721	0.739	0.018	0.018	0.000
Early Help & Vulnerable Families	1.664	1.814	0.150	0.159	(0.009)
Employment & Skills	0.632	0.602	(0.030)	(0.038)	0.008
Integrated Disability & Additional Needs Service	2.211	4.384	2.173	2.269	(0.096)
School Improvement	0.360	0.595	0.235	0.640	(0.405)

	Budget £m	Forecast July £m	Variance July £m	Variance May £m	Change since May £m
Regional Adoption Agency	(0.168)	0.168	0.000	0.000	0.000
Subtotal – Childrens' Services	**20.703**	**33.423**	**12.720**	**14.372**	**(1.652)**
Central, Strategy and Transformation	1.180	1.326	0.146	(0.003)	0.149
Social Work and Associated Activity	7.384	7.780	0.396	0.365	0.031
Integrated Services	3.171	2.778	(0.393)	(0.262)	(0.131)
Business Assurance	0.304	0.332	0.028	(0.004)	0.032
Sub-total Operations	**12.039**	**12.216**	**0.177**	**0.096**	**0.081**
Commissioned Services – Wellbeing and Assessment	12.870	16.117	3.247	1.119	2.128
Commissioned Services – Learning Disability	26.864	27.342	0.478	1.503	(1.025)
Commissioned Services – Mental Health	3.607	4.817	1.210	1.415	(0.205)
Commissioned Services - Other	0.739	0.889	0.150	0.371	(0.221)
Sub-total – Commissioned Services	**44.080**	**49.165**	**5.085**	**4.408**	**0.677**
Adult Services Sub-total	**56.119**	**61.381**	**5.262**	**4.504**	**0.758**
Total HECS	**76.822**	**94.804**	**17.982**	**18.876**	**(0.894)**

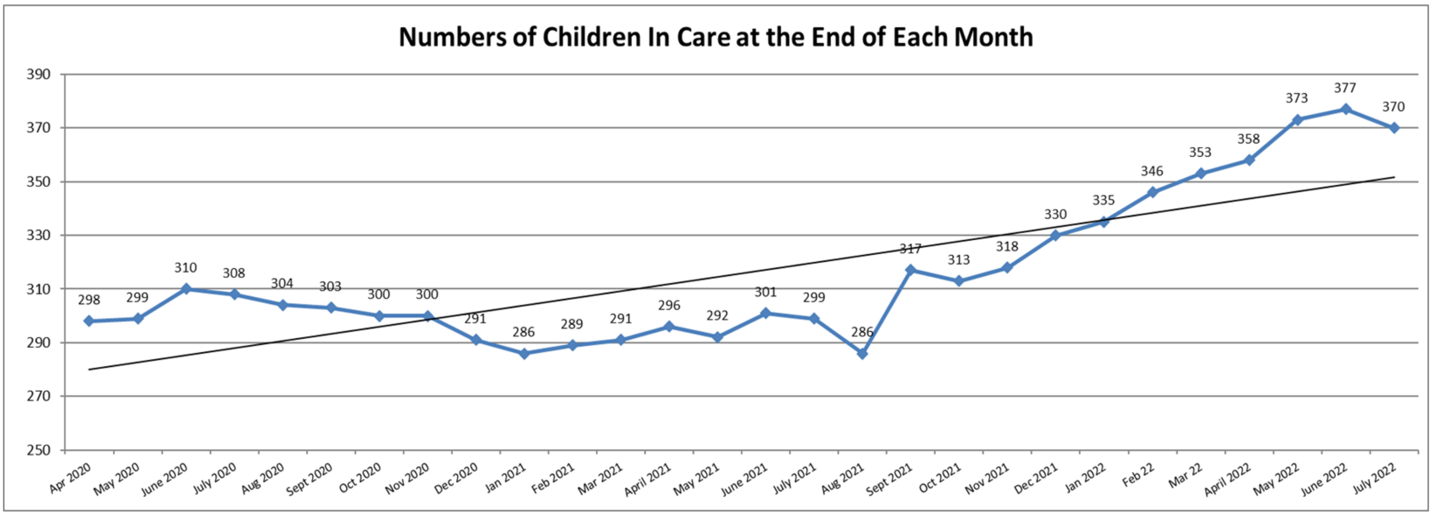
Main budget pressures across HECS

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 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 system is established to meet the statutory needs of approximately 1400 children. However, the service is currently dealing with more than 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 July 2022 the children in care numbers have decreased to 370 from a high of 377 in May 2022 but are still significantly above the levels seen in previous financial years. There were under 300 for the first half of 2021/22 rising to 353 at the end of the financial year. The number of children in care is not a static number and at the end of Quarter 1 there were 401 children in care. The increase in demand is largely due to the impact of additional stress on family relationships during Covid lockdown restrictions leading to increase in parental mental health issues and domestic abuse, but is exacerbated when combined with financial stressors caused by the cost of living crisis. Current numbers include 18 unaccompanied asylum seeking children, which the Authority is mandated to take. 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 £12.720m forecast pressure relates mainly to demand pressures of £10.174m in Corporate Parenting and Placements and £2.173m in Integrated Disability and Additional Needs. There is also a forecast pressure of £0.235m in School Improvement. The pressures were foreseen by Cabinet and backed by £2.264m of centrally held contingencies which, if transferred into

Children's Services, would reduce the forecast pressure to £10.480m. 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.

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 July £m	Variance July £m	Variance May £m	Change since May £m
Care provision – children in care	9.003	15.366	6.363	6.652	(0.289)
Care provision – other children	3.171	3.857	0.686	1.364	(0.678)
Management & Legal Fees	(1.442)	0.469	1.911	1.808	0.103
Social Work	4.494	5.704	1.210	1.496	(0.286)
Safeguarding Operations	0.047	0.051	0.004	0.004	0.000
Total	**15.273**	**25.447**	**10.174**	**11.324**	**(1.150)**

1.2.10 The forecast has been developed based on the children in care as at the end of July 2022. As set out in paragraph 1.2.6, the number in care at the end of July was higher than the average of 315 during 2021/22 resulting in the forecast for the total number of care nights being significantly higher for 2022/23 at 112,305 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 July Variance £m	Average Annual Placement cost £m	2022/23 Forecast Bed Nights	2021/22 Outturn Bed Nights	Placement Mix	No. of children July 22	No. of children June 22
External Residential Care	2.391	0.263	8,231	8,163	8.38%	31	32
External Fostering	0.288	0.041	9,871	12,068	6.22%	23	23
In-House Fostering Service	0.998	0.023	84,012	68,812	62.16%	230	241
External Supported Accommodation	0.845	0.093	5,807	6,170	7.30%	27	25
In-House Residential Care	1.841	0.224	4,384		4.32%	16	
Other*	0**	0**	**	13,532	11.62%	43	56
Total	**6.363**		**112,305**	**108,745**	**100%**	**370**	**377**

*Other includes Placed for Adoption, Placed with Parents/Parental Responsibility.
** The table has been updated to split out In-House residential Care – therefore no previous years comparison available.

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 because of the rising cost of living. Children's Services have 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 £0.686m 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

1.2.15 This area has a forecast pressure of £1.911m. 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 £10.174m for Corporate Parenting and Placements, there are social work-related pressures of £1.214m. Of the £1.214m pressure, £1.251m relates to employee costs with a forecast underspend of (£0.037m) 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 forecast to be above budget level by £0.062m. Cabinet is aware of the 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 £2.173m, net of an over achievement of £0.186m 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 £0.589m. There are also forecast staffing pressures of £0.368m 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 £1.057m on externally commissioned short breaks and staffing pressures of £0.104m 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 £0.235m driven by a number of factors:

- Staffing pressures of £0.138m;
- Reduction to SLA income of £0.077m (partly due to the Catholic Schools that have moved to Multi Academy Trust);
- Building cost pressures of circa £0.034m;

- Reduction to room hire income of £0.287m due to expansion of Special Schools at Langdale; and
- Reduction in Student Income for Teacher Training of £0.045m.

These have been partly mitigated by utilising (£0.350m) of grant funding brought forward from 21/22.

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>

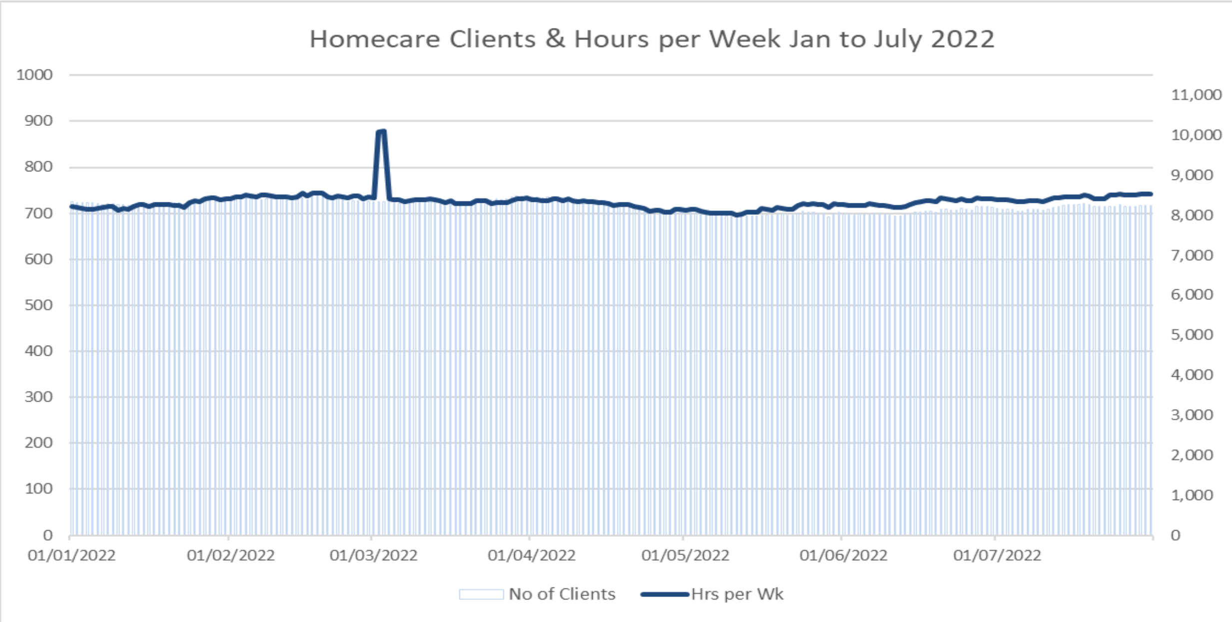
1.2.21 Adult Services are forecasting an overspend of £5.262m.

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

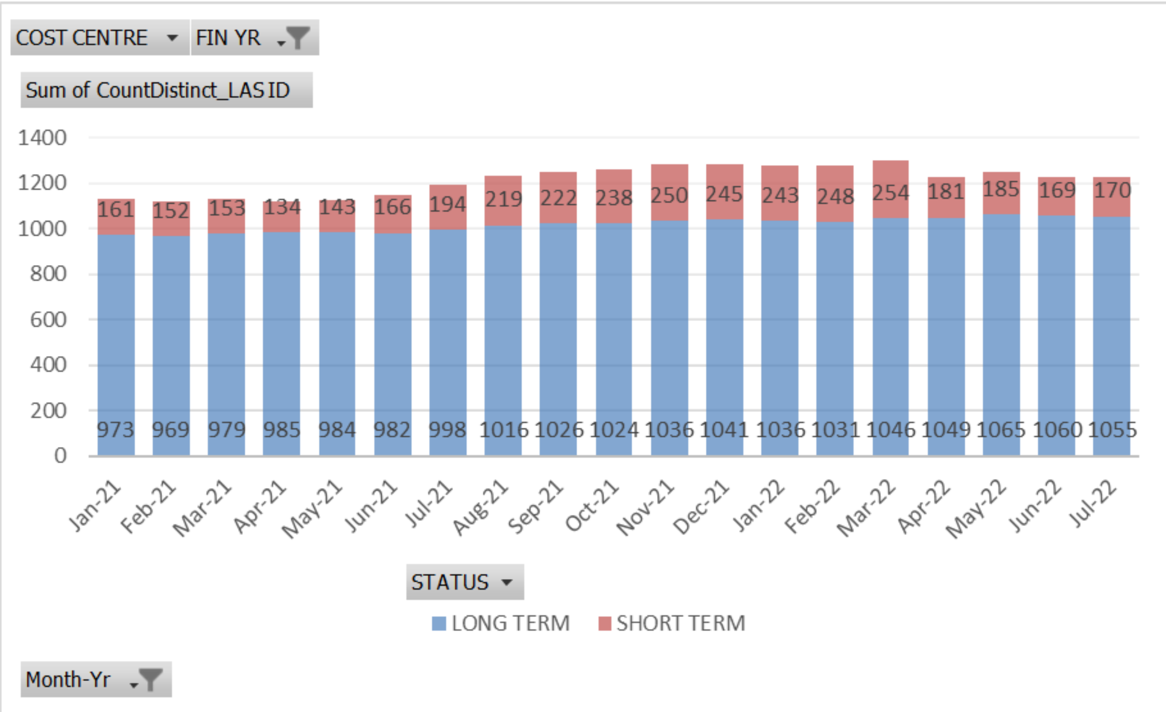
1.2.23 Forecast costs associated with the operational management of the service are showing a pressure of £0.177m. This position represents a movement of £0.081m from the previously reported position due to an increased forecast relating to move from analogue to digital signal for Telecare, a programme that is expected to last beyond this financial year.

1.2.24 Commissioned Services are reporting a pressure of £5.085m, an increase of £0.677m on the previous value. Of this £0.335m relates to an estimate for further potential increases to Care Home fees on top of the 7.4% already applied for 2022/23. Transition costs of £0.100m have been included to cover 2 high-cost clients in the process of being discharged from long stay hospital. The actual cost, which will be significant, of the support for these clients once in the community is expected to begin next financial year. The forecast for Homecare Services has been increased by £0.200m to reflect the upward trend in commissioned hours being observed and reported per Chart 1 below. Finally, July’s position includes an increase in forecast costs of approximately £0.030m for energy costs in line with pressures being experienced nationally in this area.

1.2.25 Chart 1: Number of Clients and Total Hours purchased for Homecare



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



1.3 Commissioning and Asset Management

1.3.1 Commissioning and Asset Management (C&AM) is showing a pressure of £4.796m 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 July £m	Variance July £m	Variance May £m	Change since May £m
School Funding & Statutory Staff Costs	5.561	5.466	(0.095)	(0.114)	0.019
Commissioning Service	0.439	0.538	0.099	0.101	(0.002)
Facilities & Fair Access	0.309	4.519	4.210	4.013	0.197
Community & Voluntary Sector Liaison	0.435	0.435	0.000	0.000	0.000
Strategic Property & Investment	0.915	1.281	0.366	0.167	0.199
Property	(0.711)	(0.711)	0.000	0.000	0.000
Commissioning & Asset Management & Support	0.165	0.169	0.004	0.004	0.000
Procurement	(0.195)	0.017	0.212	0.212	0.000
GRAND TOTAL	**6.918**	**11.714**	**4.796**	**4.383**	**0.413**

1.3.4 The main 'business as usual' budget issues relate to Facilities and Fair Access which is showing a forecast pressure of £4.210m (May, forecast pressure of £4.013m). The main pressures relate to Home to School Transport £2.047m and this accounts for the main movement of £0.215m which results from North Tyneside Council making a formal offer to Transport suppliers of a 5.5% increase in their charges for 2022/23.

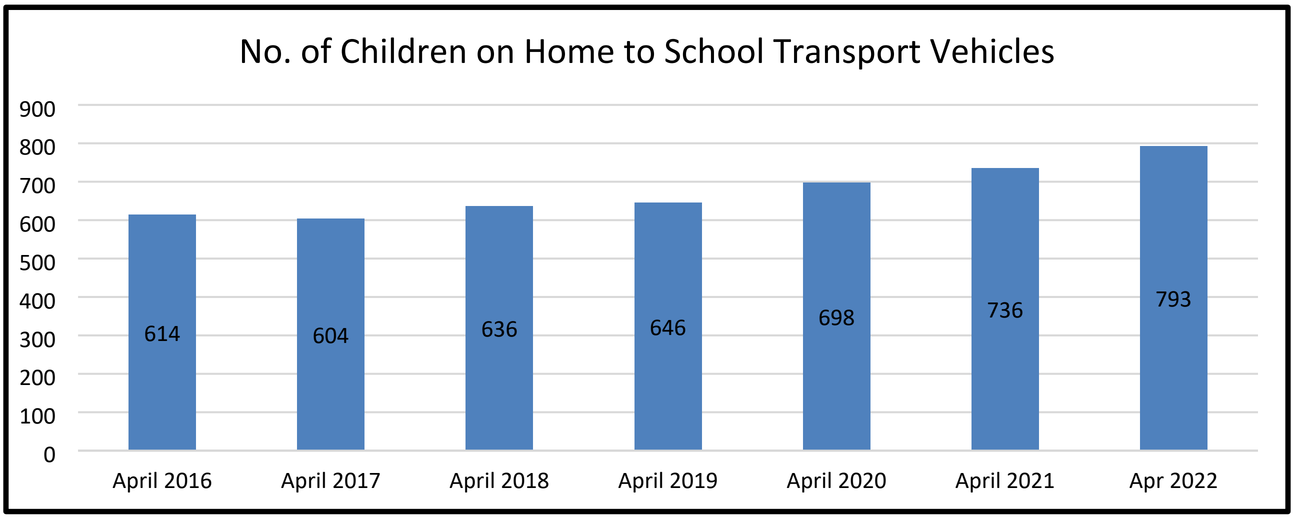
1.3.5 There is also a pressure on the catering service £2.096m due to paid school meals not forecast to return to pre COVID levels of £0.917m and existing inflationary pressures of £0.174m. Current and previous years paid school meals and SLA income target savings will not now be achievable due to the number of schools that have left the SLA £0.164m. The service is currently reviewing all costs associated with SLA provision to mitigate the loss of income. The management & central establishment element of the catering SLA cannot now be recovered from the schools that have left the SLA £0.319m and there are additional inflationary pressures for 2022/23 of £0.522m.

1.3.6 There is also a pressure of £0.101m on car parking income in relation to charges at Quadrant ending. The remaining main pressures relate to corporate savings targets allocated to the Commissioning & Asset Management budget which are not yet identified. These being Procurement £0.200m and Sustainability £0.100m.

1.3.7 There are also energy cost pressures on the Killingworth Site £0.385m. The energy pressures account for the movement and result from the significant recent forecast energy price increases and are non-controllable by the service. There are also commissioning income pressures £0.099m. These are partially offset by savings on teachers early/ill health retirement costs (£0.095m) and other staffing and non-staffing savings in Strategic Property & Investment (£0.119m).

1.3.8 The Home to School Transport position, a pressure of £2.047m, relates to the sustained increase in children with complex needs attending special schools. Demand pressures in High Needs is a known national issue and is also impacting on the High Needs budget within the Dedicated Schools Grant (see paragraphs 6.12 to 6.15 for more details). As a result of the increase in demand for home to school transport for children with additional needs, the number of children in vehicles has risen from 614 in April 2016 to 793 in April 2022 as shown in Chart 4 below. Work is ongoing to identify the number of children expected to use transport for the start of the Autumn term in September. Work is also continuing on route rationalisation using the new 'QRoute' system as well as looking at new options about transport delivery.

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



1.4 **<u>Environment</u>**

1.4.1 Environment is a service, formed from some of the service areas that were previously reported as Environment, Housing & Leisure. It is forecasting a pressure of £0.959m 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 Sports & Leisure income back to pre-pandemic levels.

1.4.3 Table 5: Forecast Variation in Environment

Service Areas	Budget £m	Forecast Jul £m	Variance Jul £m	Variance May £m	Change since May £m
Fleet Management	0.991	0.965	(0.026)	(0.068)	0.042
Head of Service Environment & Leisure	0.139	0.106	(0.033)	0.014	(0.047)
Local Environmental Services	8.018	8.256	0.238	0.415	(0.177)
Sport, Leisure & Community	8.297	9.279	0.982	0.556	0.426
Street Lighting PFI	5.123	5.123	0.000	0.000	0.000
Waste Management	14.466	14.264	(0.202)	(0.316)	0.114
GRAND TOTAL	**37.034**	**37.993**	**0.959**	**0.601**	**0.358**

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 0.238m. This reflects a £0.052m 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.

1.4.6 Additional pressures caused by expected increased coastal patrols £0.030m and income shortfalls in security (£0.087m), along with other operational pressures of £0.069m make up the balance.

Waste Management including Recycling and Disposal

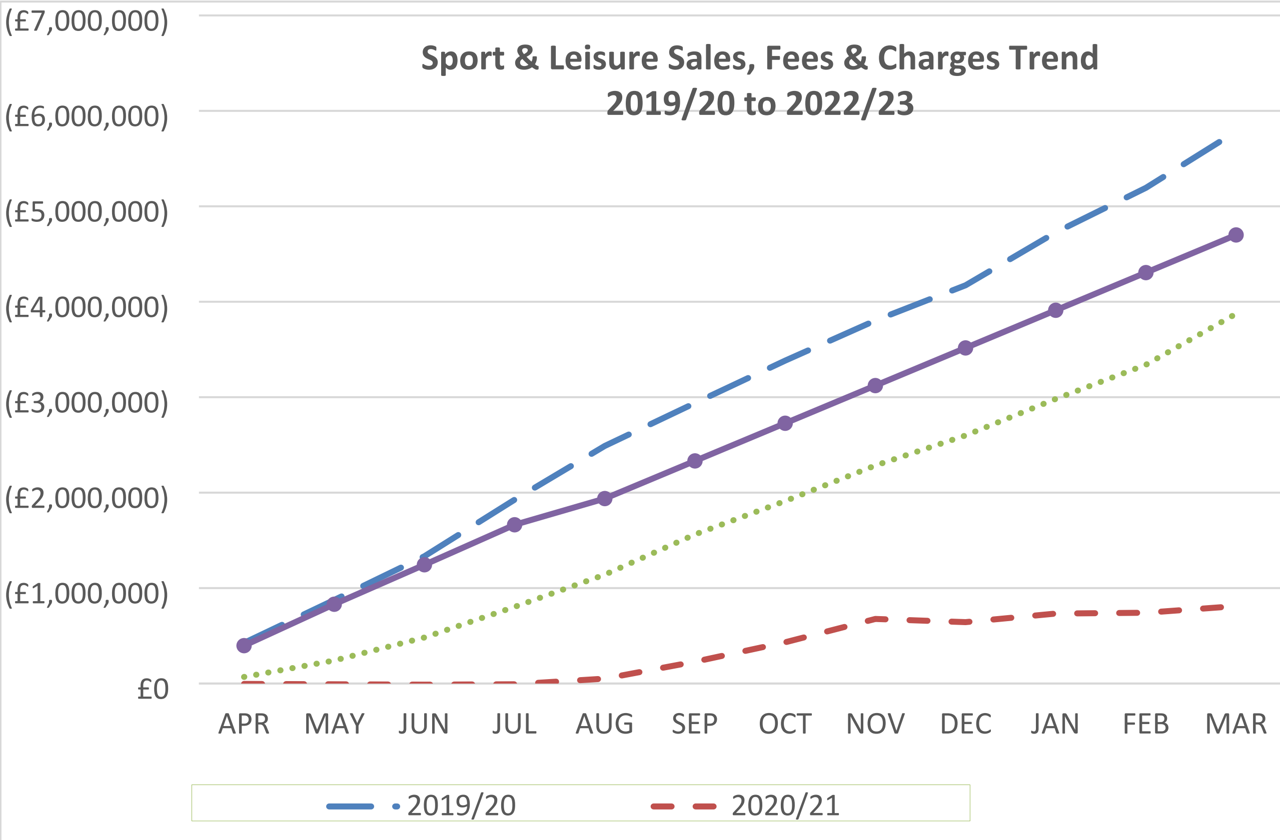
1.4.7 Last year’s outturn reflected savings (£0.319m) in waste disposal costs and vacancy savings, which are not expected to continue at the same levels going forward. This year there is a forecast saving (£0.072m) in Waste Disposal Strategy costs due to vacant posts which are yet to be filled. Additional underspend savings forecast across Waste Management (£0.130m) are linked to reduced Employee & Operational expenditure. Whilst the service is currently forecasting to fill vacant posts and carry out this work this will need to be carefully monitored and any financial impact identified as it manifests.

Sport, Leisure & Community

1.4.8 This service is forecast to have a pressure of around £0.777m 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.

1.4.9 Energy & Premises related pressures are also identified across the service which coupled with reduced income generation is contributing to Libraries & Community Centres forecasting a £0.205m pressure.

1.4.10 Chart 4: Income levels in Sports & Leisure for the last 4 Years



Street-Lighting PFI

1.4.11 The Street-Lighting PFI is expected to have energy inflation pressures of £1.305m. It is assumed, as in previous years, that the impact of energy pressures for this PFI would be taken to the PFI reserve. Officers are continuing to review the position across all PFI contracts and further updates will be included in future financial management reports.

1.4.12 The service continues 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 (R&ED) has expanded with service areas previously managed under Environment, Housing & Leisure. R&ED is forecasting a pressure of £0.432m, as shown in Table 6 below.

1.5.2 Table 6: Forecast Variation for Regeneration and Economic Development

Service Areas	Budget £m	Forecast July £m	Variance July £m	Variance May £m	Change since May £m
Culture	1.635	1.913	0.278	(0.029)	0.307
Business & Enterprise	0.760	0.783	0.023	0.000	0.023
Regeneration	0.416	0.667	0.251	0.318	(0.067)
Resources & Performance	0.217	0.218	0.001	0.040	(0.039)
Technical Package - Building Control	(0.429)	(0.429)	0.000	0.000	0.000
Technical Package - Planning	0.257	0.218	(0.039)	0.000	(0.039)
Technical Package - Transport & Highways	7.365	7.283	(0.082)	0.000	(0.082)
GRAND TOTAL	**10.221**	**10.653**	**0.432**	**0.329**	**0.103**

1.5.3 Culture is forecasting a pressure of £0.278m which is mainly due to events in the Borough (Queens Baton Relay £0.040m, Mouth of the Tyne Festival £0.076m) combined with a pressure in Whitley Bay Playhouse of £0.035m due to increased fees to the external operating contractor. Culture service staffing costs and reduced forecast income across the service makes up the remaining pressure of £0.127m.

1.5.4 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 <u>Corporate Strategy</u>

1.6.1 Corporate Strategy is forecasting a £0.384m pressure. The variance reflects a forecast underachievement in a cross-service income target of £0.157m, as well higher forecast Employee resource costs as workload and service demand activities are leading to a requirement for additional staffing capacity.

1.6.2 Table 7: Forecast Variation Corporate Strategy

Service Areas	Budget £m	Forecast Jul £m	Variance Jul £m	Variance May £m	Change since May £m
Children's Participation & Advocacy	0.267	0.367	0.100	0.267	(0.167)
Corporate Strategy Management	(0.212)	(0.039)	0.173	0.087	0.086
Elected Mayor & Executive Support	0.022	0.036	0.014	0.033	(0.019)
Marketing	0.302	0.338	0.036	0.218	(0.182)
Policy Performance and Research	0.162	0.223	0.061	0.097	(0.036)
GRAND TOTAL	**0.541**	**0.925**	**0.384**	**0.702**	**(0.318)**

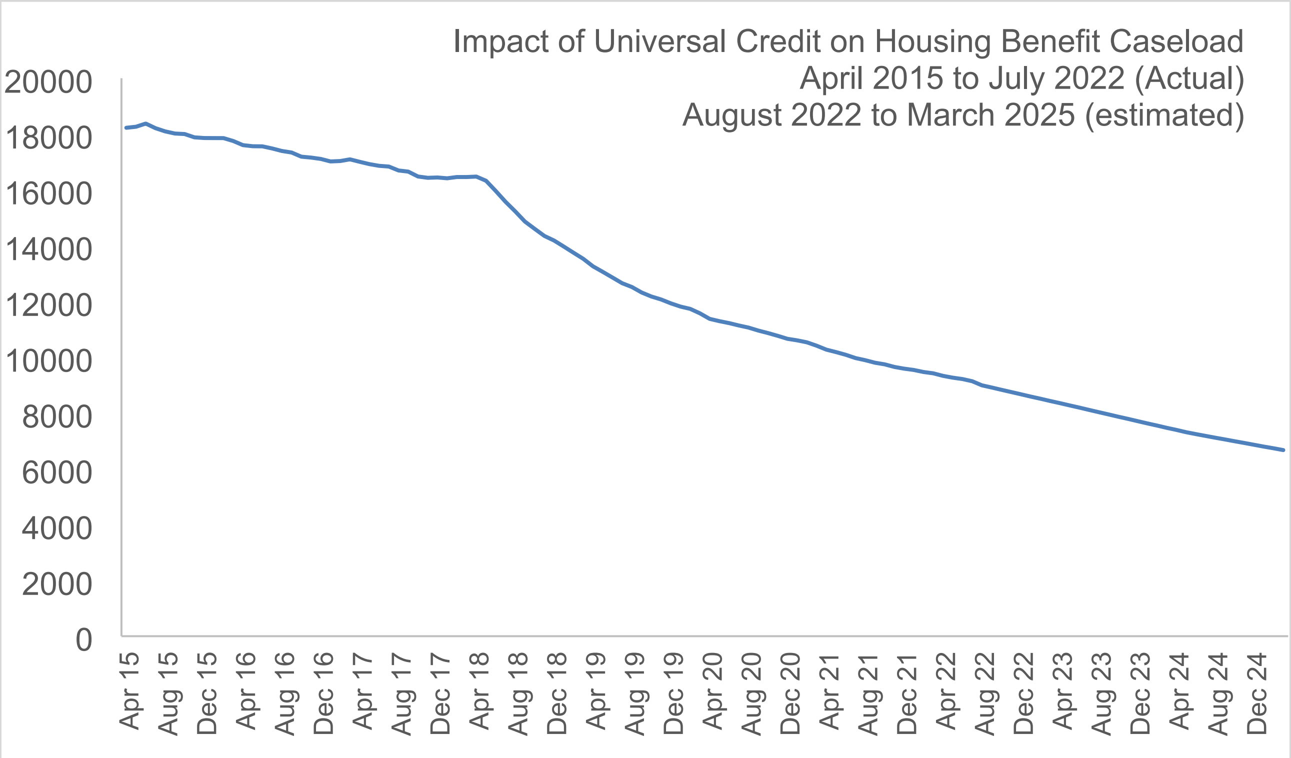
1.7 Resources and Chief Executive Office

1.7.1 Overall Resources and Chief Executive Office are currently forecasting a joint pressure of £0.905m. The forecast pressure is due to the impact of reduced funding in the Revenues and Benefits service.

1.7.2 Table 8: Forecast Variation Resources and Chief Executive

Service Areas	Budget £m	Forecast July £m	Variance July £m	Variance May £m	Change since May £m
Chief Executive	(0.076)	(0.076)	0.000	0.000	0.000
Finance	(0.563)	(0.563)	0.000	0.000	0.000
ICT	2.456	2.456	0.000	0.000	0.000
HR & Organisational Development	(0.016)	(0.016)	0.000	0.000	0.000
Internal Audit and Risk Management	0.032	0.032	0.000	0.000	0.000
Revenues and Benefits	0.629	1.534	0.905	0.932	(0.027)
GRAND TOTAL	**2.462**	**3.367**	**0.905**	**0.932**	**(0.027)**

1.7.3 **Chart 5: Impact of Universal Credit on Housing Benefit Claims**



1.7.4 Benefits processing has seen a reduction of 50% in caseloads since universal credit (UC) was introduced. By 2024/25 this is expected to drop to a third of original cases. This has a large impact on subsidy grants from the department for Work and Pensions (DWP) in four key areas:

- Benefits subsidy grants for claims paid out has dropped in line with the value of the claims. This has nil impact on the Authority's finances.
- The number and value of overpayment income recovery cases has dropped with caseload, reducing both the grant on eligible overpayment and the amount of overpayments that can be recovered via enforcement activities. This drop in income recovery has a detrimental impact on the forecast position.
- In opposition to this, the drop in overpayment cases reduces the Authority's bad debt liability in relation to housing benefits overpayments. However, any reviews of overpayments requested by the DWP now have a larger proportional impact on the value of bad debts.
- There is a knock-on impact connected to enforcement of bad debt collection. Whilst bad debt enforcement targets have remained static, the drop in caseload and relaxed recovery on specific case types to chase bad debt reduce the ability to hit these targets.

1.7.5 The impact on the current forecast position is expected to manifest as follows:

- Enforcement income is currently forecast to be below target by around £0.500m, based on the outturn and known position at July. 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 £0.691m 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 overpayment income pressure is partially offset (£0.210m) by an in-year reduction in the Bad Debt Provision requirement, due to the reduction of overpayment income debt.
- The Benefits subsidy grant is expected to show a net saving of £0.076m, due to eligible overpayments for which the Authority only receives 40% from the Department of Work and Pensions, being below budgeted levels.

These forecasts are all based on mapping the prior year actual impact on current year forecasts 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.

1.7.6 The other areas are being forecast to come in on budget at this point in the year.

1.8 Law and Governance

1.8.1 Law and Governance is forecasting a £1.166m pressure. This variance reflects forecasted cost pressures in Legal Services of £1.002m 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 £0.125m 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 over-achievement 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 July £m	Variance July £m	Variance May £m	Change since May £m
Customer, Governance and Registration	(0.066)	(0.008)	0.058	0.035	0.023
Democratic and Electoral Services	(0.002)	0.075	0.077	0.017	0.060
Information Governance	0.176	0.080	(0.096)	(0.160)	0.064
Legal Services	(0.082)	0.920	1.002	0.619	0.383
North Tyneside Coroner	0.294	0.419	0.125	0.213	(0.088)
GRAND TOTAL	**0.320**	**1.486**	**1.166**	**0.724**	**0.442**

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 the pressure previously identified in 2021/22 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 July £m	Variance July £m	Variance May £m	Change since May £m
GF Housing	0.609	0.609	0.000	0.000	0.000
Repairs & Maintenance	1.180	1.385	0.205	0.205	0.000
GRAND TOTAL	**1.789**	**1.994**	**0.205**	**0.205**	**0.000**

1.10 **Central Items**

1.10.1 Central Items is forecasted to be in surplus by (£7.741m). The surplus figure of (£7.741m) includes the contingency budgets of (£7.713m), of which (£3.116m) relates to the pressure being experienced in Children's Services. Of the remaining contingencies budget £3.639m 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 July £m	Variance July £m	Variance May £m	Change since May £m
Corporate & Democratic Core	4.788	4.769	(0.019)	0.000	(0.019)
Other Central Items	0.511	(7.211)	(7.722)	(7.736)	0.014
GRAND TOTAL	**5.299**	**(2.442)**	**(7.741)**	**(7.736)**	**(0.005)**

SECTION 2 - SCHOOLS FINANCE

Update on School Budgets

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

School Additional Funding – Falling Rolls and Growth

2.2 Schools Forum previously set aside school funding to support schools with falling rolls or with growth in pupil numbers. The rules and procedures for allocating this funding are based on guidance from Department of Education (DfE) and are set by School Forum. Eligible schools are identified by the School Finance Service and a case requesting funding is presented to the finance sub-forum for their initial agreement before final approval at Schools Forum. This funding is not part of the Authority's general fund and is managed by Schools Forum.

School Additional Funding – Schools in Financial Difficulty

2.3 Schools Forum also set aside school funding to support maintained Schools in Financial Difficulty. Schools qualifying for the funding are invited to submit bids for this funding to the finance sub-group of Schools Forum, who then take any approved bids to full Forum for final sign off.

Containment funding for Schools

2.4 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 pay-out of £0.808m. Schools have now submitted claims for a further £0.108m funding for the period April 2021 to July 2022, which was approved by finance management and will be paid to qualifying schools in the autumn term.

High Needs Block

2.5 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.

2.6 The latest forecast for the High Needs Block at July in 2022/23 is still anticipated to be an 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 12:

2.6.1 Table 12: Breakdown of High Needs Pressures at July 2022

Provision	Budget £m	Provisional July 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

2.7 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.

2.8 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 on 22 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

2.9 Initial discussions around the early years block of the dedicated school grant 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 July 2022. Currently the Housing Revenue Account (HRA) is forecasting an overspend of £0.064m. 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. The main area of pressure is in the Repairs budget where the impact of inflationary increases, increasing difficulty in recruiting certain trades and hence an increased reliance on sub-contractors allied to supply chain issues in accessing key materials are starting to bite.

3.1.1 Table 15: Forecast Variance Housing Revenue Account

Row Labels	Budget £m	Current Forecast £m	Variance £m
Management – Central	2.535	2.655	0.120
Management – Operations	4.958	4.839	(0.119)
Management – Strategy & Support	3.756	3.715	(0.041)
Capital Charges – Net Effect	12.484	12.484	0.000
Contingencies, Bad Debt & Transitional Protection	0.990	1.009	0.019
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)	(62.995)	(0.104)
Rental Income – HRA Shops and Offices	(0.356)	(0.430)	(0.074)
Revenue Support to Capital Programme	10.311	10.301	(0.010)
Repairs	12.799	13.097	0.298
Total	**0.371**	**0.435**	**0.064**

3.2 **Rental Income**

Rental Income overall across all areas including general dwelling rent, service charges, garage rents and income from shops and other premises is currently forecast to be performing slightly better than budget (£0.178m). This is 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 the Right to Buy (RTB) levels 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.

3.3 **Management Costs**

Management Costs are currently forecast to come in slightly under budget (£0.040m). However, some pressures being faced are contained within existing budgets, notably in relation to costs of energy and the pay award for 2022-23 which with a flat rate increase currently in negotiation will cost considerably more than the 2% that was budgeted. There may still be some improvement in this position depending on levels of staff turnover, and recruitment attached to the Unified Systems project including backfilling internally seconded staff.

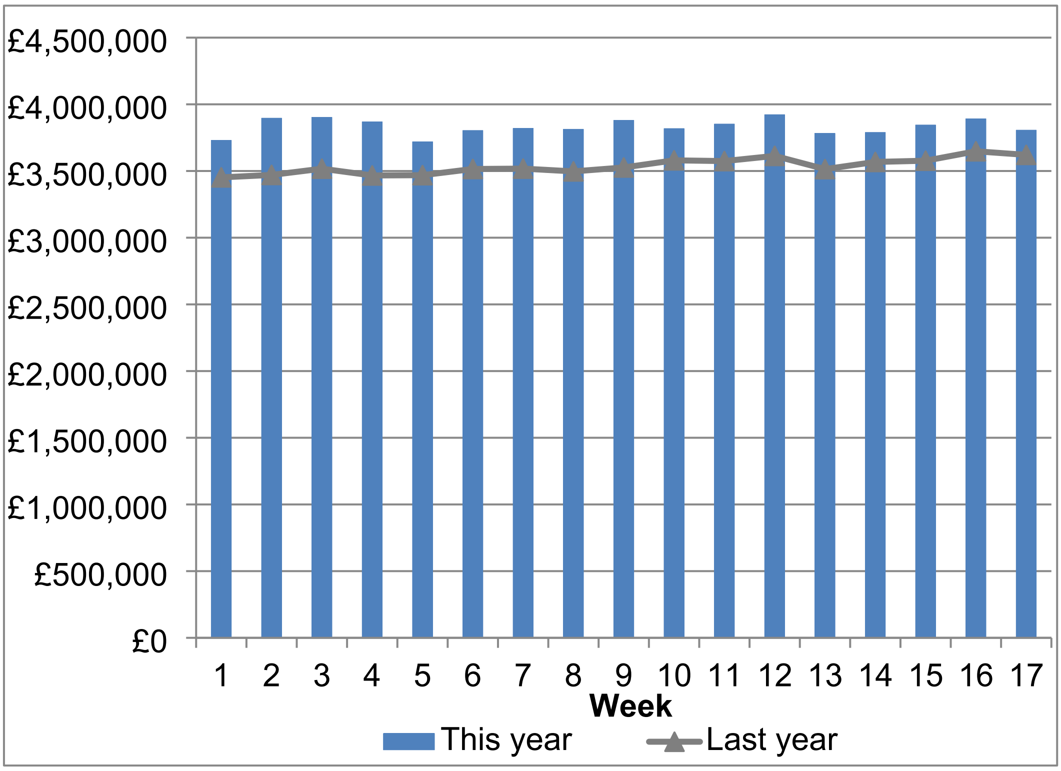
3.4 **Repairs**

The Housing Repairs budget is starting to feel the pressure from a number of sources, mainly caused by the current economic turbulence being experienced across the world. The current rates of inflation in material and sub-contractor prices, plus difficulty even accessing certain materials and services within the supply chain are providing several challenges. There are difficulties recruiting to certain trades which then places more reliance on sub-contractors and agency staff. In addition to this the Authority is grappling with the implications of the Housing White Paper which arose from the Grenfell Disaster, which is placing a whole range of additional responsibilities on Landlords e.g. the need for carbon monoxide detectors to be placed in all properties, and more frequent periodic electrical testing. The Authority also now knows that the pay award for 2022-23 will have an impact of more than the 2% budgeted. All of which effectively means most of our in-year contingencies are already committed to known spend. This results in a pressure on this budget for 2022-23 (£0.298m), which will be closely monitored to assess if they can be contained or will increase before year-end.

3.5 **Rent Arrears**

Current Rent Arrears have continued to rise gradually in the first three months of 2022/23 as compared to 2021/22, with an increase of £0.139m being seen in this period since the start of April 2022. Chart 6 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 the Authority will seek to identify as quickly as possible. This 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(UC) continues to be monitored, as significant increases in numbers on UC could adversely affect the rate at which arrears grow.

3.5.1 Chart 6: Rent Arrears in Weeks 1-17 (April-July) 2022/23 compared to 2021/22

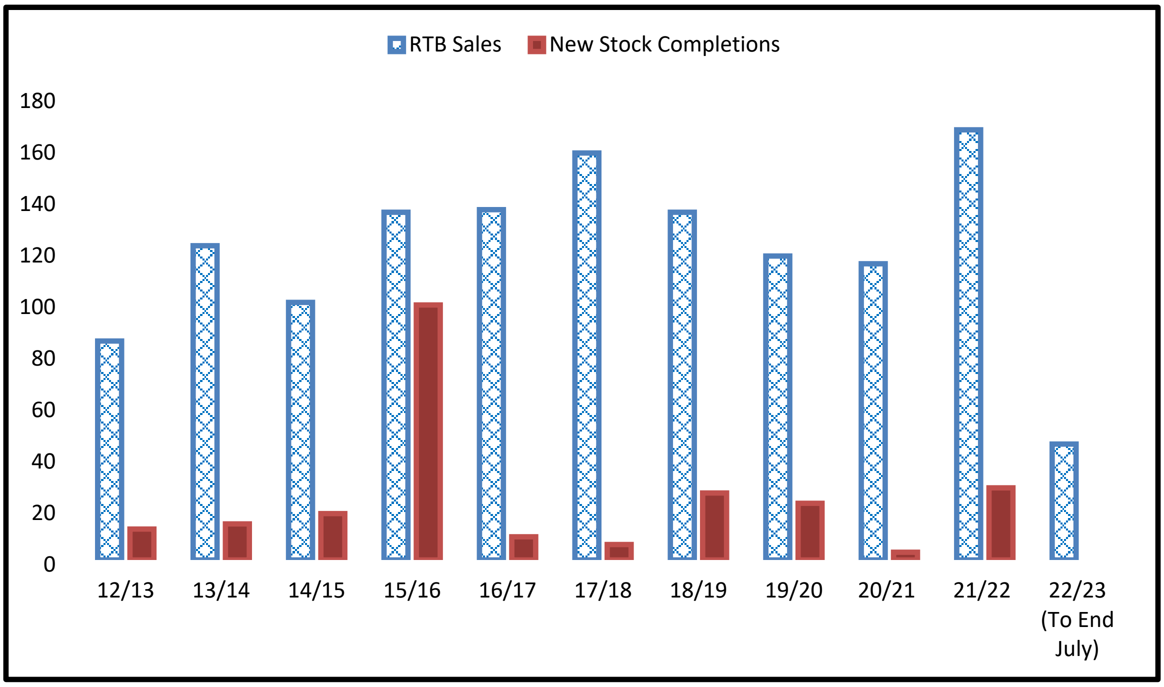


3.6 Universal Credit (UC) was fully implemented across North Tyneside on 2 May 2018. The Authority continues to work with residents to provide ICT support to help them make applications and to provide personal budget support to help residents manage their household finances. At 31 March 2022 there were 3,712 tenants of North Tyneside Homes on UC with arrears totalling £2.934m. By the end of July 2022 there were 3,915 tenants on UC (increase of 203 tenants) with related arrears of £3.071m (increase of £0.137m). For wider comparison as at beginning of 2021/22 there were 3,297 tenants on UC with arrears of £2.680m which during 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

3.7 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 three months of 2022-23 saw 45 completed RTB sales, which continues the increased trend in 2021-22 where the Authority 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.

3.7.1 Chart 7: Yearly RTB Sales v New Stock Additions



SECTION 4 - INVESTMENT PLAN

Review of Investment Plan

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, inflationary cost pressures and supply issues attributable to the conflict in Ukraine.

4.2 There are 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, undertaking value engineering or reducing scheme scoping where the impact is minimal or can be managed. Any request to utilise contingencies will be reviewed on a case-by-case basis.

Variations to the 2022-2027 Investment Plan

4.3 Variations of £4.280m to the 2022-2027 Investment Plan have been identified and are included in tables 16 and 17 below. Further details are provided in paragraph 4.4.

4.3.1 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	**64.632**	**51.594**	**49.829**	**47.561**	**51.358**	**264.974**
Previously Approved Reprogramming/Variations						
2021/22 Monitoring	9.654	0.000	0.000	0.000	0.000	9.654
2021/22 Outturn	39.629	8.832	1.071	0.252	0.252	50.036
2022/23 Monitoring	0.365	0.000	0.000	0.000	0.000	0.365
Approved Investment Plan	**114.280**	**60.426**	**50.900**	**47.813**	**51.610**	**325.029**
May 22 Monitoring						
Variations	4.280	0.000	0.000	0.000	0.000	4.280
Reprogramming	(2.101)	2.101	0.000	0.000	0.000	0.000
Total Variations	**2.179**	**2.101**	**0.000**	**0.000**	**0.000**	**4.280**
Revised Investment Plan	**116.459**	**62.527**	**50.900**	**47.813**	**51.610**	**329.309**

4.4 The proposed variations to the Investment Plan are shown below:

(a) **EV099 Transforming Cities Fund - NT10 Links to Metro £4.036m** – Additional grant funding has been included following confirmation of the £3.775m Transforming Cities Funding required to deliver the scheme. In addition, £0.286m has been re-allocated from below in EV034 Local Transport Plan (e) to utilise as match funding**.**
(b) **NEW Transforming Cities Fund – Intelligent Transport Systems £0.179m** - Additional grant funding has been included following confirmation of the £0.179m Transforming Cities Fund to undertake civils works to support the delivery of Intelligent Transport Systems at key signalised junctions on the A193 and A188/A189.
(c) **DV078 Bedford Street / Saville Street £0.155m** – Resources have been allocated from the contingency relating to a proposed strategic property acquisition.
(d) **ED132 School Capital Allocation £0.043m** – Additional S106 funds have been allocated to support the delivery of works at Backworth Park Primary.
(e) **EV034 Local Transport Plan £0.003m** – £0.283m of additional S106 funds have been allocated to enhance the works being undertaken at Rake Lane. In addition, £0.286m of resources have been reduced from the LTP to support the delivery of EV099 Transforming Cities Fund – NT10 Links to Metro above at (a).

4.5 The proposed reprogramming includes the following:

(a) **EV098 Transforming Cities Fund - NT08 Four Lane Ends Bus Priority £3.083m** – Re-profiling of funding originally included in 2023/24 to reflect the revised delivery plans, with construction expected to commence in Autumn 2022.
(b) **ED120 Basic Need (£2.000m)** – Re-profiling of £2.000m of Basic Need funding to 2023/24 to align with the work being delivered through the Education Review Team.
(c) **DV066 Investment in North Tyneside Trading Co (£1.459m)** – Re-profiling of the proposed investment to 2023/24 to reflect delays in transferring the sites at Unicorn House and 11/12 Northumberland Square.
(d) **HS015 Refurbishment / Decent Homes Improvements (£1.200m)** – Re-profiling of the proposed steel staircase project to 2023/24 reflecting increased lead-in times associated with the supply of steel.
(e) **DV064 Council Property Investment (£0.300m)** – Re-profiling to 2023/24 relating to revised timings for the redevelopment of Tynemouth Library.
(f) **EV076 Operational Depot Accommodation Review (£0.225m)** – Re-profiling of ERDF funding to 2023/24 for the battery storage and ductwork to reflect revised delivery timings.

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

4.6.1 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	**114.280**	**60.426**	**50.900**	**99.423**	**325.029**
Council Contribution	(1.759)	1.759	0.000	0.000	0.000
Grants and Contributions	5.138	(0.858)	0.000	0.000	4.280
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
HRA Major Repairs Reserve	(1.200)	1.200	0.000	0.000	0.000
Total Financing Variations	**2.179**	**2.101**	**0.000**	**0.000**	**4.280**
Revised Investment Plan	**116.459**	**62.527**	**50.900**	**99.423**	**329.309**

Capital Receipts – General Fund

4.7 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.

4.7.1 Table 18: Capital Receipt Requirement – General Fund

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Requirement reported to 17 February 2022 Council	0.317	0.000	0.000	0.000	0.000
Receipts Brought Forward	(3.017)	(0.000)	(0.000)	(0.000)	(0.000)
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)**	**(2.700)**	**(2.700)**	**(2.700)**	**(2.700)**

Capital receipts – Housing Revenue Account

4.8 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 £2.394m have been received in 2022/23 of which £nil has been pooled as part of the quarterly returns to Central Government as these are now payable on an annual basis. In total, subject to future pooling, this leaves a surplus balance of £10.382m to be carried forward to fund future years.

4.8.1 Table 19: Capital Receipt Requirement - Housing Revenue Account

	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Requirement reported to February 2022 Council	2.104	1.584	1.700	1.851	1.956
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)	(10.382)	(8.798)	(7.098)	(5.247)
Receipts Received 2022/23	(2.392)	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)	**(10.382)**	**(8.798)**	**(7.098)**	**(5.247)**	**(3.291)**

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 July 2022

4.9 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.

4.9.1 Table 20: Total Investment Plan Budget & Expenditure to 31 July 2022

	2022/23 Revised Investment Plan £m	Actual Spend to 31 July 2022 £m	Spend as % of revised Investment Plan %
General Fund	85.946	10.463	12.17%
Housing	30.513	5.537	18.15%
TOTAL	**116.459**	**16.000**	**13.74%**

SECTION 5 – TREASURY MANAGEMENT & CASH POSITION

Current Cash Position

5.1 The Authority's current available cash balance as at the end of July 2022 is £26.689m, 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 31/07/2022

Counterparty	Type	Amount (£m)	Maturity
DMO	Term	15.000	1 August 2022
DMO	Term	5.000	8 September 2022
Barclays	Call	1.689	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 July 2022 increased by 0.25% to 1.25%. Since July month end, Bank of England raised rates again on the 4th August by 0.50% to 1.75%.

5.3 The impact of raising base rate had an immediate impact to the cost of borrowing. Table 22 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 part of managing risk. This process considers the Authority's underlying need to borrow, Investment Plan priorities and commitments as well as the profile of existing loan arrangements.

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	1.43%	2 years	2.76%
1 month	1.43%	5 years	2.69%
3 months	1.64%	10 years	3.00%
6 months	1.85%	20 years	3.58%
9 months	2.08%	30 years	3.52%
12 months	2.20%	50 years	3.37%

**Please note these levels are from 01/08/2022*
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

5.8 The Authority was under-borrowed to the value of £102.011m as at 31 March 2022. Whilst the Authority cannot borrow to fund this revenue pressure, it can look to utilise reserves, unwind its under-borrowed position and externalise borrowing.

5.9 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 3.50% for 50 year borrowing in June 2023 before tracking back to lower levels.

5.9.1 Table 24: Link Interest Rate Forecasts

Interest Rate Forecasts								
Bank Rate	**Sep-22**	**Dec-22**	**Mar-23**	**Jun-23**	**Sep-23**	**Dec-23**	**Mar-24**	**Jun-24**
Link	1.75%	2.25%	2.75%	2.75%	2.75%	2.75%	2.50%	2.50%
Cap Econ	1.75%	2.25%	2.50%	2.75%	3.00%	3.00%	3.00%	3.00%
5Y PWLB RATE								
Link	3.20%	3.30%	3.30%	3.30%	3.30%	3.20%	3.10%	3.00%
Cap Econ	2.70%	3.40%	3.30%	3.30%	3.20%	3.20%	3.10%	3.10%
10Y PWLB RATE								
Link	3.40%	3.50%	3.50%	3.50%	3.50%	3.40%	3.30%	3.20%
Cap Econ	2.80%	3.30%	250.80%	3.20%	3.10%	3.10%	3.10%	3.10%
25Y PWLB RATE								
Link	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.60%	3.50%
Cap Econ	3.20%	3.50%	3.40%	3.40%	3.40%	3.30%	3.30%	3.30%
50Y PWLB RATE								
Link	3.40%	3.40%	3.50%	3.50%	3.40%	3.40%	3.30%	3.20%
Cap Econ	3.10%	3.40%	3.40%	3.30%	3.30%	3.30%	3.30%	3.30%