



North Tyneside Council

11 January 2019

Cabinet

Monday, 21 January 2019 Room 0.02, Ground Floor, Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside **commencing at 6.00pm.**

Agenda Item

Page(s)

1. **Apologies for Absence**

To receive apologies for absence from the meeting.

2. **To Receive any Declarations of Interest and Notification of any Dispensations Granted**

You are invited to **declare** any registerable and/or non-registerable interests in matters appearing on the agenda, and the nature of that interest.

You are also invited to **disclose** any dispensation in relation to any registerable and/or non-registerable interests that have been granted to you in respect of any matters appearing on the agenda.

Please complete the Declarations of Interests card available at the meeting and return it to the Democratic Services Officer before leaving the meeting.

3. **Minutes**

To confirm the minutes of the meeting held on 26 November 2018 (previously circulated).

4. **Report of the Young Mayor**

To receive a verbal report on the latest activities of the Young Mayor and Young Cabinet.

Members of the public are welcome to attend this meeting and receive information about it.

North Tyneside Council wants to make it easier for you to get hold of the information you need. We are able to provide our documents in alternative formats including Braille, audiotape, large print and alternative languages.

For further information about the meeting please call (0191) 643 5320.

5. Key (and non-key) Decisions**(a) 2018-19 Financial Management Report to 30 November 2018 (All Wards)**

To receive the fourth budget monitoring report for the current financial year which reflects the forecast financial position as at 30 November 2018.

(b) Calculation of the 2019/20 Council Tax Base for North Tyneside Council (All Wards)

To consider a report on the calculation of North Tyneside's Council Tax Base for 2019/20.

(c) 2019-2023 Financial Planning and Budget Process: Cabinet's Draft Budget and Council Tax Requirement Proposals and Final Budget Proposals for the Housing Revenue Account Business Plan and Budget (All Wards)

To consider a report on Cabinet's proposals – an interim report is attached; the main report will follow.

(d) Cabinet Response to Capita Sub-Group Report from Overview, Scrutiny and Policy Development Committee (All Wards)

To consider a report seeking approval for the proposed response to the Overview, Scrutiny and Policy Development Committee's recommendations.

(e) Equality and Diversity Policy (All Wards)

To seek approval for the refreshed Equality and Diversity Policy and the revised Corporate Equality Objectives.

(f) Step up to Social Work Regional Programme (cohort 6) (All Wards)

To seek approval for the Council to act as the lead authority for, and to accept and administer the funding for the Step up to Social Work Regional Programme on behalf of, the North East partnership and to then implement the Programme in line with the Department for Education funding requirements.

6. Date and Time of Next Meeting(s)

Monday 28 January 2019 at 6.00pm – Extraordinary Meeting
Monday 25 February 2019 at 6.00pm – Ordinary Meeting

Circulation overleaf...

Circulated to Members of Cabinet: -

N Redfearn (Elected Mayor)
Councillor G Bell
Councillor C Burdis
Councillor S Cox
Councillor S Day
Councillor P Earley
Councillor R Glindon
Councillor M Hall
Councillor C Johnson
Councillor B Pickard (Deputy Mayor)

**Young and Older People's Representatives and Partners of
North Tyneside Council:**

Poppy Arnold, Young Mayor
Alma Caldwell, Age UK
Mark Adams, North Tyneside Clinical Commissioning Group
Janice Hutton, Northern Area Commander, Northumbria Police
Roger Layton, North Tyneside Joint Trade Union Committee
Ellen Vick, Voluntary and Community Sector Representative
Toby Bridges, Business Representative

North Tyneside Council Report to Cabinet 21 January 2019

Item 5(a)

Title: 2018/19 Financial
Management Report to 30
November 2018

Portfolios: Elected Mayor Finance and Resources	Cabinet Member: Norma Redfearn Councillor Ray Glindon
Report from: Finance	
Responsible Officer: Janice Gillespie, Head of Resources	Tel: 643 5701
Wards affected: All	

PART 1

1.1 Executive Summary:

This report is the fourth monitoring report to Cabinet on the 2018/19 financial position. The report brings together financial and relevant performance information with the intention of explaining the current financial position in the context of the policy priorities in the Our North Tyneside Plan. It provides an indication of the potential revenue and capital position of the Authority at 31 March 2019 and reflects known pressures at this time. It is anticipated that the outturn forecast will improve over the course of the financial year as planned remedial actions continue to have an impact.

A number of sessions have already been held with Cabinet Members and senior management to give consideration as to the actions required to manage the financial risk identified for 2018/19, including what additional actions can be taken in line with the Authority's Efficiency Statement and the Creating a Brighter Future Programme. Cabinet have also had sessions with senior management to discuss the pressures and potential remedial actions. Like most local authorities, North Tyneside Council continues to face financial pressures which were reported in the 2017/18 Outturn Report and continue into 2018/19.

The report provides updates on

- the forecast outturn of the Authority's General Fund and HRA revenue budget including details of where the Authority continues to manage financial pressures and what management mitigations are in place where issues have been identified;
- the delivery of 2018/19 approved budget savings plans;
- 2018/19 schools budgets;
- the delivery of the Capital Investment Plan including details of variations and

- reprogramming that are recommended for approval;
- the current performance against the policy priorities in the 2018-2020 Our North Tyneside Council Plan as context for the financial position; and
- details of additional grants received by the Authority during October and November 2018.

1.2 Recommendations:

It is recommended that Cabinet:

- (a) note the forecast budget monitoring position for the General Fund, Housing Revenue Account (HRA) and Schools' Finance as at 30 November 2018 (Annex Sections 1 to 5);
- (b) approve the receipt of new revenue grants including £1.979m from the Education and Skills Funding Agency (of which £1.720m will be passported to schools) and £1.031m from the Ministry of Housing, Communities and Local Government relating to the Adults Social Care Winter Funding (Annex Section 3 12.1);
- (c) note the Authority's Investment Plan spend of £39.657m to 30 November 2018 (Annex Section 6) and the financing of the Plan to the end of the year; and
- (d) approve variations of £0.459m and re-programming of £0.417m within the 2018 - 2021 Investment Plan (Annex Section 6);

1.3 Forward Plan:

Twenty eight days' notice of this report has been given and it first appeared on the Forward Plan that was published on 5 October 2018.

1.4 Authority plan and policy framework:

The budget is a key strand of the Authority's Budget and Policy Framework.

1.5 Information:

1.5.1 Financial Position

This report is the fourth monitoring report presented to Members on the Authority's 2018/19 financial position. It provides an update on the expected revenue and capital financial position of the Authority as at 31 March 2019.

The report covers:

- The forecast outturn of the Authority's General Fund and HRA revenue budget including management mitigations where issues have been identified.
- The delivery of 2018/19 approved budget savings plans.
- An update on the Capital Investment Plan, including details of variations and reprogramming, that are recommended for approval.

1.5.2 General Fund Revenue Account:

The budget for 2018/19 was approved by full Council at its meeting on the 15 February 2018. The net General Fund revenue budget was set at £154.726m including £10.143m of savings to be achieved.

The forecast overall outturn position in an estimated pressure against the approved net budget of £2.169m, a £1.430m improvement on the figures reported to Cabinet at its meeting of 26 November 2018. The improvement has mainly been achieved through the inclusion of North Tyneside's share of the Levy Account Surplus allocation of £0.726m (recently announced by Central Government as part of the Provisional Finance Settlement on 13th December 2018), additional s31 grant funding of £0.345m and a dividend received from Kier North Tyneside of £0.250m. However there still continues to be pressure in Children's Services of £3.697m and Adult Services of £3.142m, partly mitigated by the contingency balances that were created as part of the 2018/19 Budget setting process and are held centrally to reflect the on-going pressures in social care being felt locally and nationally.

Included in this projection is £3.440m of pressures in Corporate Parenting and Placements, £2.780m in Wellbeing and Assessment and £1.135m in Disability & Mental Health. These areas are being reported across England as pressure points with people living longer with more complex needs and the number of children being assessed for entry to the care system increasing dramatically. Within the Authority the drivers for these pressures continue from 2017/18 and arise from:

- Continued pressure in Adult and Children's Social Care Services due to increased life expectancy meaning people with learning and physical disabilities are living longer and often with multiple complex issues. Although the service manages demand as effectively as possible to ensure that the most intensive services are targeted at those with the greatest need, this can only contain, or at best slightly reduce, the overall size of the population in receipt of the services. However, the average cost of these services has risen due to the increased average complexity of the needs of those clients;
- Ongoing negotiations with the North Tyneside Clinical Commissioning Group to agree adequate levels of contributions for clients with health needs and to support social care;
- Negotiations with care providers to assess the impact of the National Living Wage and the consequential impact on our commissioning costs are at an early stage for 2018/19; and
- The timing of delivery of some aspects of the Creating a Brighter Future Programme to the extent that achievement of some savings may not occur until 2019/20. We are currently seeing £7.177m of the savings (64%) targets being delivered and this continues to improve.

Service areas have continued to develop further actions to mitigate identified financial pressures. It is anticipated that the outturn forecast will continue to improve over the course of the financial year as planned remedial actions impact on both expenditure and income.

A new grant of £1.031m announced in October 2018 to address NHS winter pressures is not yet shown within the position pending discussion with Cabinet

members and the Authority's NHS partners regarding its use. This will then be considered by the Mayor and Cabinet.

1.5.3 Housing Revenue Account (HRA):

The HRA is forecast to have year-end balances at 31 March 2019 of £6.203m, which is £3.533m higher than budget. The higher than forecast balances are partly as a result of higher opening balances due to the impact of the previous year's financial performance (£1.443m) but there is also an in-year estimated underspend of (£2.090m), against an in-year budget of £1.970m, due to additional income of (£0.950m) and a reduction in forecast expenditure of £1.140m, mainly due to the progress of the Construction Options Project (£0.758m).

Universal Credit was fully implemented across North Tyneside on 2 May 2018. As of 26 November 2018, 1,391 North Tyneside Homes tenants have moved on to Universal Credit and a team is working proactively with tenants to minimise arrears. This position continues to be closely monitored as the year progresses to identify any adverse impacts on the budget position.

1.5.4 School Funding:

Schools receive 2 monitoring visits by the Schools Finance Team during the financial year. The first set of monitoring for the 2018/19 year was completed in October 2018 and the results show an overall improved position against budget plans of 0.936m. The October monitoring results are however, still forecasting a significant overall deficit position. We are anticipating a further improvement at the second budget monitoring visits in January 2019 but the level of balances is still a cause for concern.

Cabinet will recall that the High Needs block outturn in 2017/18 was a pressure of £0.430m. This pressure has continued in 2018/19 with a forecasted in year outturn variance of £0.600m and therefore a total cumulative pressure of just over £1m. Cabinet should note that the High Needs block forms part of the Dedicated Schools Grant (DSG) which is ringfenced and does not form part of the General Fund.

The pressures in North Tyneside are in line with the national and regional picture. A recent freedom of information request indicated that for 2017/18, a total of 100 Local Authorities reported pressures in High Need out of 117 responding authorities. These pressures totalled £206m. The pressures in North Tyneside have come about due to additional places required in special schools, out of Borough placements and in relation to top up payments.

Schools Forum met on 19 December 2018 to consider its response to a consultation with all schools completed during November 2018 on key decisions relating to the application of the local formula for distributing funding to schools in 2019/20. This consultation also sought views on a potential transfer to support the High Needs Block.

1.5.5 Investment Plan:

To the end of November 2018 spend of £39.657m had been incurred which represents 48.01% of the revised plan and over 50% for General Fund schemes.

The 2018-2021 Investment Plan, as adjusted for proposed reprogramming, totals £164.840m (£82.603m 2018/19) and is detailed in the Annex report, table 6.10.1. Section 6 of the Annex to this report also sets delivery progress to date, planned delivery for 2018/19, reprofiling of £0.417m from 2018/19 into 2019/20 and variations of £0.459m (£0.390m in 2018/19).

The revised Investment plan stands at £82.603m for 2018/19

1.5.6 New Revenue Grants:

There have been additional revenue grants received during October and November 2018 totalling £3.010m the details are which are set out below.

Grant Paying Body	Name of Grant	Purpose of Grant	2018/19 Allocation (£000)
Education and Skills Funding Agency	School Improvement Monitoring and Brokering Grant	Allows Local Authorities to monitor performance of maintained schools, broker school improvement provision and intervene as appropriate.	259
Education and Skills Funding Agency	PE and Sport (Academic Year - September to August)	Funding passported to schools to improve the provision of PE and sport to help develop pupils' healthy lifestyles.	1,128
Ministry for Housing Communities and Local Government	Adult Social Care Winter Funding	To ease NHS winter pressures.	1,031
Education and Skills Funding Agency	Teachers Pay Grant September 2018 to March 2019	Funding for schools to support the teacher pay award that came into effect on the 1 September 2018.	592
		GENERAL FUND REVENUE	3,010

The £1.031m grant announced in October 2018 to address NHS winter pressures is not yet shown within the position, pending discussion with Cabinet members and the Authority's NHS partners regarding its use.

1.5.7 Performance against Council Plan

The 2018-2020 Our North Tyneside Plan (Council Plan) sets out the overall vision and policy context within which the Financial Plan and Budget are set. The 2018-2020 Our North Tyneside Plan has three key themes – Our People, Our Places and Our Economy. For each one there is a set of policy outcomes that the Authority is seeking to deliver as set out below.

Our People will:

- Be listened to so that their experience helps the Council work better for residents.
- Be ready for school – giving our children and their families the best start in life.
- Be ready for work and life – with the skills and abilities to achieve their full potential, economic independence and meet the needs of local businesses.
- Be healthy and well – with the information, skills and opportunities to maintain and improve their health, well-being and independence.

- Be cared for, protected and supported if they become vulnerable.
- Be encouraged and enabled to, whenever possible, be more independent, to volunteer and to do more for themselves and their local communities.

Our Places will:

- Be great places to live by focusing on what is important to local people.
- Be a thriving place for choice of visitors through the promotion of our award winning parks, beaches, festivals and seasonal activities.
- Offer a good choice of quality housing appropriate to need, including affordable homes.
- Benefit from the completion of the North Tyneside Living project and by North Tyneside Council's housing stock being decent, well managed and its potential use maximised.
- Provide a clean, green, healthy, attractive and safe environment.
- Have an effective transport and physical infrastructure - including our roads, cycle ways, pavements, street lighting, drainage and public transport.
- Continue to regenerate Wallsend and Whitley Bay while ambitious plans will be developed for North Shields, Forest Hall and Killingworth.

Our Economy will:

- Grow by supporting new businesses and building on our strengths, including our existing world class companies, and small and growing enterprises.
- Be business friendly by ensuring the right skills and conditions are in place to support investment, and create and sustain and sustain new high quality jobs and apprenticeships for working age people.
- Continue to support investment in our business parks, units and Town Centres.

The Authority has plans in place to deliver all elements of the Council Plan and performance against these plans is carefully monitored. The area under most financial pressure is Health Education Care and Safeguarding.

In Adult Social Care, the focus remains on providing support which allows people to live independent lives by providing preventative services and keeping people living at home for as long as possible. There is an increase in short term placements to residential care and reablement in-house provision as a result of a lack of capacity in the local domiciliary care market and this is driving some of the cost pressure within Adult Social Care.

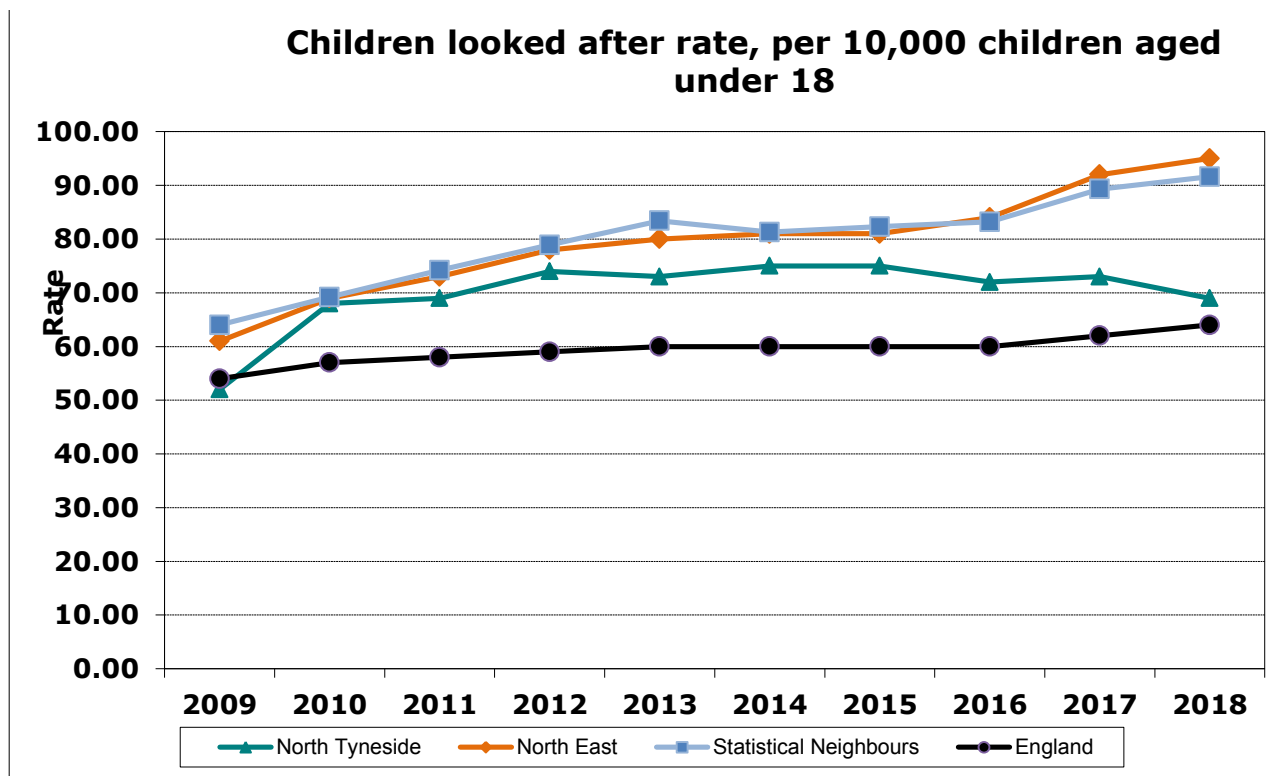
Need increases with age. According to National Audit Office using data from Health Survey England 2016, people aged 80 were twice as likely to need help with activities of daily living as those aged between 65 and 69. According to the Office for National statistics in 1997, around one in every six people (15.9%) were aged 65 years and over, increasing to one in every five people (18.2%) in 2017 and is projected to reach around one in every four people (24%) by 2037.

In Children's Services, good progress continues to be made on engaging with children in the early years of life to ensure that they are ready for school. Safeguarding vulnerable children and maximising their educational attainment remain key priorities. Department for Education figures show that the number of children in care nationally is rising at its fastest rate in five years. Nationally there were 72,670 children in care in

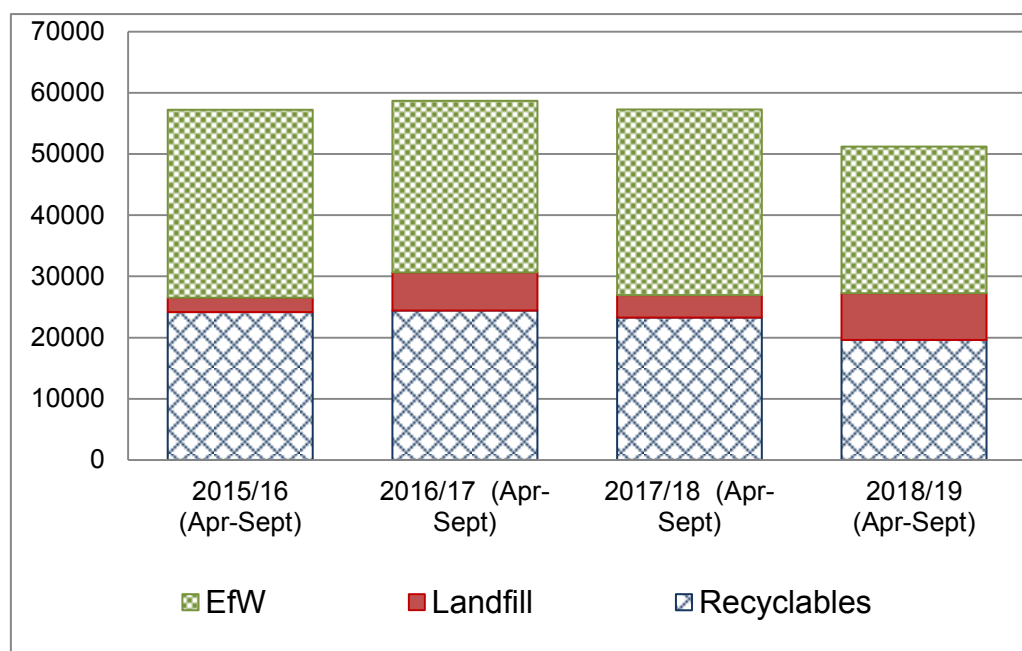
the 12 months to the end of March 2017, compared with 70,440 the year before and 69,480 in 2015. In addition, the proportion of children in care had at that point risen to the highest level on record.

The Authority is forecasting a pressure of £3.440m in Corporate Parenting and Placements (2017/18, £3.817m). The new model for children has been designed in part to address these financial pressures and more details are set out in sections 2 and 3 of the Annex to this report.

Chart: Comparative Performance in Rates of LAC per 10,000 Children under 18



Overall Waste Tonnage – Apr to Sept for 2015/16 to 2018/19



Municipal waste sent to landfill is high at the end of September at 14.92%, due to the Energy from Waste Plant being closed for maintenance during May, June and August. The Authority has a contract to send 55k tonnes to EfW and so far has sent 22.3k for processing. There was no waste sent to landfill at all during September and performance is expected to improve month on month for the remainder of the year. The waste figures are starting to demonstrate the beneficial impact of the new arrangements for alternative weekly collections, along with the changes introduced at the HWRC in 2017/18 reducing the overall tonnage of non recycled waste.

1.5.8 Implications for 2019/20 and Following Years

The Hudson Report

A review was commissioned in April by the former Secretary of State, in response to issues in relation to the Department's operation of the business rates retention system. A wide range of recommendations have been made in the Hudson report and the Government have confirmed that they will be accepting all of the recommendations made.

The recommendation that has received most publicity has been that in future the Provisional Local Government Settlement should be published on or around the 5th of December each year and that the Final Settlement should be announced no later than the end of January. In responding to this recommendation, the Government had confirmed its intention to aim for the Provisional Settlement for 2019/20 to be published on 6th December 2018 but this was delayed till after the debate on Brexit. The Provisional Settlement was received on 13 December 2018.

This is an important report not only because it gives the financial position of the mid-point of this financial year, but also it informs the starting point for the financial planning process which is underway for 2019/20 and following years. As such Cabinet need to be aware of the main implications of the report for those future years' budgets. The main issues identified in 2018/19 that will need to be considered in forward planning are as follows:

- Living Wage: we continue to see significant pressure with regard to Social Care budgets arising from additional costs that contracted providers are seeking from the authority;
- CBF programme; consideration needs to be given to the impact of any CBF savings that will be carried forward;
- Demand led pressures in areas such as Looked After Children and Adult Social Care; and,
- Whilst currently there is no planned use of reserves, consideration needs to be given to the potential impact of a call on the Strategic Reserve should there be no improvement in the General Fund revenue position for this financial year.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet may approve the recommendations at paragraph 1.2 of this report.

Options 2

Cabinet may decide not to approve to recommendations at paragraph 1.2 of this report.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

Cabinet is recommended to agree the proposals set out in section 1.2 of this report as it is important that Cabinet continues to monitor performance against the budget, especially given the current level of financial pressures faced by the public sector.

1.8 Appendices:

Annex: Financial Management Report to 30 November 2018
Appendix 1: 2018-2021 Investment Plan

1.9 Contact officers:

Janice Gillespie – Corporate Finance matters – Tel. (0191) 643 5701
Margaret Keith – Treasury Management matters – Tel. (0191) 643 5747
Cathy Davison – Investment Plan matters – Tel. (0191) 643 5727
Claire Emmerson – Senior Manager Financial Strategy
and Planning – Tel. (0191) 643 8109
Darrell Campbell - Housing Revenue Account matters – Tel. (0191) 643 7052

1.10 Background information:

The following background papers and research reports have been used in the compilation of this report and are available at the offices of the author:

- (a) Revenue budget 2018/19
<https://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/NTC%20Revenue%20Budget%20201819.pdf>
- (b) Investment Plan 2018-21
<https://my.northtyneside.gov.uk/sites/default/files/meeting/related-documents/1a.%20Copy%20of%20Appendix%20A%28i%29%20Strategic%20Investment%20Plan.pdf>
- (c) Reserves and Balances Policy (Appendix G)
<https://my.northtyneside.gov.uk/sites/default/files/meeting/related-documents/cab%20report%20for%2024%2001%202018%20%20item%204.pdf>

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

As this is a financial report, implications are covered in the body of the report. This report will also be presented to the Authority's Finance Sub-Committee at its meeting on 22 Jan 2019.

2.2 Legal

The Authority has a duty to ensure it can deliver a balanced budget. The Local Government Act 2003 imposes a duty on an authority to monitor its budgets during the year and consider what action to take if a potential deterioration is identified.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

Internal consultation has taken place with the Cabinet Member for Finance and Resources, the Elected Mayor, Cabinet Members, the Senior Leadership Team and Senior Finance Officers.

2.3.2 External Consultation / Engagement

The 2018/19 budget was completed after widespread consultation and community engagement in line with the Authority's approved Budget Engagement Strategy.

2.4 Human rights

The proposals within this report do not have direct implications in respect of the Human Rights Act 1998.

2.5 Equalities and diversity

There are no direct equalities and diversity implications arising from this report.

2.6 Risk management

Potential future financial pressures against the Authority are covered in this report and registered through the Authority's risk management process.

2.7 Crime and disorder

There are no direct crime and disorder implications arising from this report.

2.8 Environment and sustainability

There are no direct environmental and sustainability implications arising from this report.

PART 3 - SIGN OFF

- Chief Executive ☐
- Head of Service ☐
- Mayor/Cabinet Member(s) ☐
- Chief Finance Officer ☐
- Monitoring Officer ☐
- Head of Corporate Strategy ☐

2018/19 Financial Management Report Annex

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SECTION 1 - GENERAL FUND SUMMARY

1 General Fund Revenue Forecast

- 1.1 The Authority's approved net revenue Budget of £154.726m is forecast to contain a pressure of £2.169m. This is an improvement of £1.430m on the previous report taken to Cabinet in November 2018 of £3.599m. The budget includes £10.143m of budget savings as agreed at Council on 15 February 2018. The table in 1.2 below sets out the variation summary across the General Fund.

1.2 Table: 2018/19 General Fund Revenue Forecast Outturn as at 30th November 2018

	Gross Expenditure			Income			Net Expenditure			Forecast Variance Sept 2018
	Budget	Forecast	Variance	Budget	Forecast	Variance	Budget	Forecast	Variance	
Services	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Health, Education, Care and Safeguarding	168.564	177.470	8.906	(104.882)	(106.949)	(2.067)	63.682	70.521	6.839	6.903
Commissioning and Investment	199.571	202.780	3.209	(180.755)	(183.549)	(2.794)	18.816	19.231	0.415	0.407
Environment, Housing and Leisure	68.859	70.419	1.560	(28.488)	(29.791)	(1.303)	40.371	40.628	0.257	0.125
Chief Executive Office	0.533	0.497	(0.036)	(0.447)	(0.447)	0.000	0.086	0.050	(0.036)	(0.036)
Business and Economic Development	2.096	2.049	(0.047)	(0.891)	(0.728)	0.163	1.205	1.321	0.116	0.043
Commercial and Business Redesign	6.864	7.513	0.649	(5.450)	(5.549)	(0.099)	1.414	1.964	0.550	0.400
Corporate Strategy	1.702	2.013	0.311	(1.500)	(1.700)	(0.200)	0.202	0.313	0.111	0.118
Finance	70.082	73.135	3.053	(70.941)	(73.514)	(2.573)	(0.859)	(0.379)	0.480	0.566
Human Resources and Organisational Development	2.129	2.482	0.353	(2.248)	(2.547)	(0.299)	(0.119)	(0.065)	0.054	0.054
Law and Governance	3.613	3.863	0.250	(3.723)	(3.763)	(0.040)	(0.110)	0.100	0.210	0.210
Central Items	21.848	17.833	(4.015)	(11.650)	(14.462)	(2.812)	10.198	3.371	(6.827)	(5.191)
Support Services	19.840	19.840	0.000	0.000	0.000	0.000	19.840	19.840	0.000	0.000
Total Authority	565.701	579.894	14.193	(410.975)	(422.999)	(12.024)	154.726	156.895	2.169	3.599

SECTION 2 - DELIVERY OF BUDGET SAVINGS PROPOSALS

2.1 The combined budget savings of £10.143m in 2018/19 approved by Council in February 2018 bring the total savings the Authority has had to find in the eight years following the 2010 Comprehensive Spending Review (CSR) to £120.076m.

2.2 Table: Year on Year savings since 2010 CSR

Year	£m
2011/12	16.169
2012/13	16.739
2013/14	12.240
2014/15	16.552
2015/16	14.158
2016/17	15.737
2017/18	18.338
2018/19	10.143
Total Savings	120.076

2.3 Although the vast majority of the ambitious 2017/18 savings target of £18.338m was delivered during 2017/18, at the beginning of the year there was £1.111m of savings from 2017/18 that remained to be delivered, taking the overall savings target for 2018/19 to £11.254m. Progress is tracked against each saving proposal and £7.177m, equating to 64% of the overall target, is forecast so far to be saved (September, £7.065m representing 63% of the target). The table below shows the delivery by Service;

2.4 Table: Creating a Brighter Future (CBF) savings at November 2018

Service	Savings Target £m	Assumed in Forecast £m	To Be Delivered at Nov. £m	% Achieved	Assumed in Forecast at Sept £m
Business & Economic Development	0.121	0.121	0.000	100%	0.121
Central Items	3.870	0.991	2.879	26%	1.079
Commercial & Business Redesign	0.060	0.060	0.000	100%	0.060
Commissioning & Investment	0.519	0.474	0.045	91%	0.474
Corporate Strategy	0.160	0.160	0.000	100%	0.160
Environment, Housing & Leisure	1.158	1.158	0.000	100%	1.158
Finance	0.305	0.155	0.150	51%	0.155
Health, Education, Care and Safeguarding (HECS)	4.920	3.925	0.995	80%	3.725
HR & Organisational Development	0.025	0.025	0.000	100%	0.025
Law & Governance	0.116	0.108	0.008	93%	0.108
Total savings	11.254	7.177	4.077	64%	7.065

- 2.5 A prudent approach is taken to reporting efficiency savings which will only be reported as achieved in the forecast position when the impact can be seen flowing into the financial ledger. The governance structure of the CBF programme includes separate monthly reviews of progress by the Senior Leadership Team and the Deputy Mayor. In addition, in-year finance and performance progress meetings are held between officers and Cabinet Members to consider progress and actions being taken to deliver savings. The main areas of pressure in relation to delivery of savings targets continue to be the cross-cutting procurement and management savings shown within Central Items and savings related to care costs within HECS. Further details are provided below.

Central Items

- 2.6 Within Central Items there are currently £2.879m of savings targets forecast to be carried forward into 2019/20. These are the cross-cutting targets for Procurement Savings under the Maximising Resources Business Case (£1.592m) and Management Savings under Fit for Purpose – How we are Organised (£1.287m).
- 2.7 Progress has been made against the Procurement targets of £2.000m with £0.408m identified (September, £0.151m) while a further £0.435m of proposals continue to be monitored but not yet forecasted as achieved at this stage while investigations continue into their robustness. The 2017/18 cross-cutting savings in procurement are being managed alongside the 2018/19 target but are forecast as not yet achieved at this stage. Work continues to identify remaining savings. In October 2018, Cabinet made the decision to return the Procurement Service back to direct Council control.
- 2.8 The improvement in procurement savings has however, been offset by a revision to the position for management savings. Heads of Service have a range of plans that are currently in development to address the remaining balance to be achieved. These plans include consideration of the opportunities arising from devolution and regional joint working in regard to the provision of children's social care services, consideration of the arrangements in place to manage our major contracts and delivery of our Transformation and ICT requirements. The delivery of these plans will continue into 2019/20.

Commissioning and Investment

- 2.9 The Service has made good progress and delivered 91% of its target at September 2018 however £0.045m remains to be delivered. Work continues to look at options to at least secure the remaining balance.

Environment, Housing and Leisure

- 2.10 The Service is forecasting to deliver all of its £1.158m target

Finance

- 2.11 The target relating to changes to the Customer Services operating model of £0.150m remains to be achieved. Discussions are on-going with our partner ENGIE to implement these required changes and deliver the savings on a sustainable basis whilst maintaining the level of service our customers expect and deserve. Alternate options to meet this target are being explored in-year.

Health Education, Care and Safeguarding

- 2.12 The Service is forecasting to deliver £3.925m amounting to 80% of its targets (September, £3.725 and 76%). Projects around Public Health contracts, reductions in block contracts and staffing restructures in Integrated Services are all complete.
- 2.13 The target of £1.713m savings relating to achieving income within the People Wellbeing Services Business Case has been achieved by the delivery of additional income relating to the Troubled Families Programme in addition to a grant for the Partners in Practice work and for work associated with the Alternative Delivery Model (ADM) project.
- 2.14 However, an amount of £0.300m relating to banding of care home fees is currently shown as not yet achieved as the negotiation of fee rates for 2018/19 has met with significant challenge from the care providers. A proposed way forward has now been reached which includes a commitment to fully establish the fair cost of delivering residential and nursing care in North Tyneside. Detailed work to review bandings of care homes which take into account Care Quality Commission (CQC) ratings can now commence but it is not anticipated that this will deliver significant savings in 2018/19.
- 2.15 The 2017/18 savings targets relating to HECS have been subsumed within the normal budget monitoring processes. In relation to the Children with Disabilities target, work has been on-going to develop a revised plan to achieve these savings. Minor savings of £0.013m have been achieved by generating additional income from providing a residential assessment place at Riverdale to a neighbouring authority and an additional in-year contribution of £0.200m has been secured. The service continues to review alternative ways of permanently achieving the full target of £0.350m.
- 2.16 The service is continuing to take a prudent view around savings to be delivered against care provision and its related income as these are delivered over the course of the year by on-going robust review and management actions rather than as a one-off activity with a discrete start and end date as in, for example, a staffing restructure. The project around Customer Demand Pathway continues to be rated amber as careful monitoring of results of individual client reviews progresses. At this stage delivery of 50% of the £0.200m target is forecasted. The projects on Direct Payments and Client Charging have gained momentum and, following policy decisions taken by Cabinet in October, 25% of these targets are prudently forecasted to be delivered with full implementation of the projects assumed by January 2019. The balance of the Direct Payment target of £0.100m has already been achieved by one off measures in-year relating to the clawback of previously made direct payments which are no longer required by clients. The project on Health Funding is now rated as green and is forecasted to fully achieve the target of

£0.400m from increased s117 income relating to mental health aftercare, following a review of eligible clients.

SECTION 3 – SERVICE COMMENTARIES

3.1 Meetings have been held between finance officers and budget managers to review the forecast positions for 2018/19, with forecasts continuing to be prepared on a prudent basis. Meetings took place in July and October/November with officers, the Cabinet Member for Finance and Resources, the Deputy Mayor and relevant Cabinet Members to discuss the in-year finance and performance position. Further meetings are planned on a quarterly basis. Heads of Service and their senior teams also attend to discuss plans in progress to mitigate any pressures.

3.2 Health, Education, Care & Safeguarding (HECS)

3.2.1 HECS is forecasting a pressure against its £63.682m net controllable expenditure budget of £6.839m representing an overall improvement of £0.064m since the September report. This forecast position excludes the application of contingency budgets set aside in Central Items for demand-led pressures in adult services of £1.800m and within children's services of £2.616m and the £1.031m of Winter Pressures grant announced in October..

3.2.2 Table: Financial Summary for HECS

	Budget (£m)	Forecast (£m)	Variance Nov (£m)	Variance Sep (£m)
Corporate Parenting & Placements	13.953	17.393	3.440	3.249
Early Help and Vulnerable Families	2.130	2.050	(0.080)	0.113
Employment and Skills	0.601	0.497	(0.104)	0.157
Integrated Disability & Additional Needs Service	1.994	2.504	0.510	0.706
School Improvement	0.050	(0.019)	(0.069)	(0.032)
Wellbeing, Governance & Transformation	2.265	1.927	(0.338)	(0.459)
Disability & Mental Health	28.341	29.476	1.135	0.835
Wellbeing & Assessment	11.421	14.201	2.780	2.771
Integrated Services	2.473	2.175	(0.298)	(0.306)
Business Assurance	0.435	0.298	(0.137)	(0.131)
Public Health	0.019	0.019	0.000	0.000
Total HECS	63.682	70.521	6.839	6.903

3.2.3 On 2 October, the Government announced additional funding for adult social care to support NHS winter pressures. The grant determination letter has now been received in addition to a letter outlining the allocations and broad purpose of the funding. The value of the grant for North Tyneside is £1.031m. All local authorities receiving this grant will be required to complete a return confirming;

1. That the totality of the grant will be spent on providing adult social care services, in addition to funding already planned; and that use of the grant has been discussed with local NHS partners, including local acute hospital trusts.

2. An outline, alongside their certification described above, of how the funding will be spent across prescribed categories and specifically what additional volumes of care and support the additional funding will purchase, above that originally planned.

3.2.4 The grant has not been shown within the Authority's position at this stage pending the completion of discussions with Members and with the Authority's local NHS partners regarding its use. The grant has been listed under new grants received in section 3.12.1 for approval by Cabinet.

Main budget pressures across HECS

3.2.5 In addition to its normal complex budget management, the service has been required to deal with a combination of demand-led pressures and national policy changes. There have been upward pressures on care providers' fees partially resulting from the National Living Wage and reduced income from the NHS. Discussions with North Tyneside Clinical Commissioning Group (NTCCG) in recent weeks have led to a proposed approach to the contributions being made to the Authority, particularly with regard to S256 contributions for Mental Health provision. We continue to work with the NTCCG to achieve a service delivery within available resources.

3.2.6 The main factor behind the significant pressure is third party payments in relation to fees for care homes and community-based packages for adults. This was foreseen and, as part of the 2018/19 budget setting process, contingencies were created and these are currently held centrally. In addition, there remains significant pressure within Corporate Parenting and Placements in relation to care provision for Looked After Children (LAC) and Care Leavers despite the overall numbers of LAC being relatively stable and showing a reduction from the recent January 2018 high (see 3.2.28 below). This has combined with the on-going pressures in the workforce arising from staff retention costs and recruitment costs. As indicated in section 2, the Service is making progress in delivering another demanding set of savings projects but the total of £0.995m targets which are, as yet, not yet achieved are contributing to the overall pressure projected.

The main factors contributing to the pressure are shown in the table below;

3.2.7 Table: Summary of Factors Driving the Pressure within HECS

Sub-service	Savings still to be delivered 2018/19 £m	Savings still to be delivered 2017/18 £m	Demand Pressures £m	CCG Income £m	Other income (mainly client income) £m	Staff £m	Other £m	Total £m
Adults	0.505	0.109	3.028	0.391	(0.445)	(0.312)	(0.134)	3.142
Children	0.147	0.234	3.091	0.070	0.000	0.277	(0.122)	3.697
Total	0.652	0.343	6.119	0.461	(0.445)	(0.035)	(0.256)	6.839

Adult Services

- 3.2.8 In Adults there is a pressures of £3.142m which has increased by £0.432m since the last report at September. The movement relates to additional placement costs within Learning Disabilities of £0.300m net of associated income and the allocation of procurement savings targets against budgets where costs had been successfully reduced by renegotiated contracts or other associated measures. (£0.131m).
- 3.2.9 The pressure predominantly relates to rising complexity of demand foreseen by Cabinet, which is partially offset by other income, mainly client contributions. In addition there are £0.614m of, as yet, not fully delivered CBF targets mostly from 2018/19 but with a small element relating to the prior year. There is also a remaining pressure of £0.391m from CCG income around the s256 mental health agreement and reducing contributions for jointly funded packages. This has improved from the September forecast position by £0.100m as a result of income forecasted for specific cases. A full reworking of CCG recharges for shared care and s117 Mental Health Aftercare income will be completed for the third quarter billing at the end of December. The demand pressure is backed by £1.800m of contingencies held centrally and there may also be some potential offset from the new grant announced in October 2018 to address NHS winter pressures (£1.031m) subject to Member approval.
- 3.2.9 In common with most local authorities, North Tyneside has seen costs within adult social care continue to rise as the success story of longer lifespans means there are many more people with significant care and support needs arising from a mixture of physical health and mental health conditions including dementia and frailty in old age. In addition to older people, younger adults with learning disabilities and physical disabilities are also living longer, often with multiple complex issues.
- 3.2.10 In order to manage this demand as effectively as possible and ensure that the most intensive services are targeted at those in the greatest need, the service has been going through a transformation to embed an asset-based approach that focuses on enhancing an individual's own strengths and informal support networks to maximise their independence. This has had the impact of containing the overall size of the population in receipt of services with a cost to the Authority, but the average cost of those services has increased due to the increased average complexity of the needs of those clients.
- 3.2.11 Demand-led pressures (excluding those which form part of savings targets as yet not achieved as outlined in 2.12 to 2.16) total £3.028m above budget. These are analysed into the following service types;

Table: Analysis of Adult Services Care Provision Pressure by Service Type

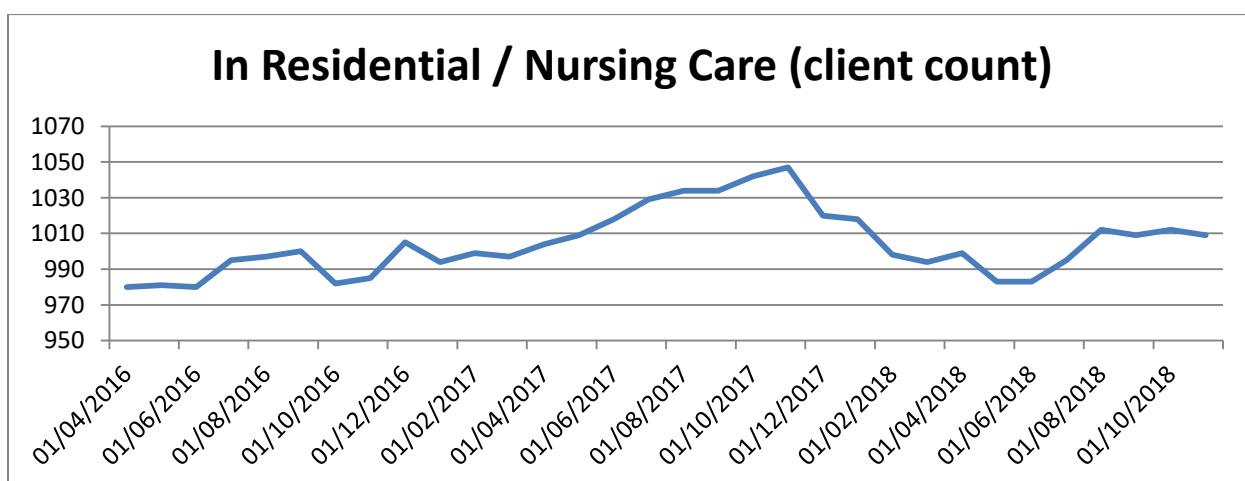
Type of Service	Demand-led Pressure November £m	Demand-led Pressure September £m
Residential and Nursing care	1.661	1.651
Homecare and Extra Care	0.953	0.946
Other Community Based Care	0.414	(0.028)
Total	3.028	2.569

Residential and Nursing Care

3.2.12 In relation to residential and nursing care, although there has been a reduction in long-term placements there has also been an increase in short-term placements being made. Internal processes have been established to monitor the workflows for making short-term placements, which is now leading to a reduction in their use. There are, however, challenges; for example the options to move clients from short-term placements to community provision diminishes after longer lengths of stay in short-term placement as clients lose skills and family concerns increase around risks at home.

3.2.13 This overall approach is having a positive impact on the numbers of placements across the service. We now have a lower level of placements than at the recent peak in November 2017 (as indicated in Chart at 3.2.14 below) but we did see an increase in demand in July and August which has been sustained through the autumn. The number of clients placed at November 2017 was 1,050 which had dropped to 971 at the end of July 2018. The numbers have now risen to 1009 and are currently holding steady. The service is continuing to review all placements made to appropriately challenge each decision.

3.2.14 Chart: Trend of numbers of Clients in residential and nursing care

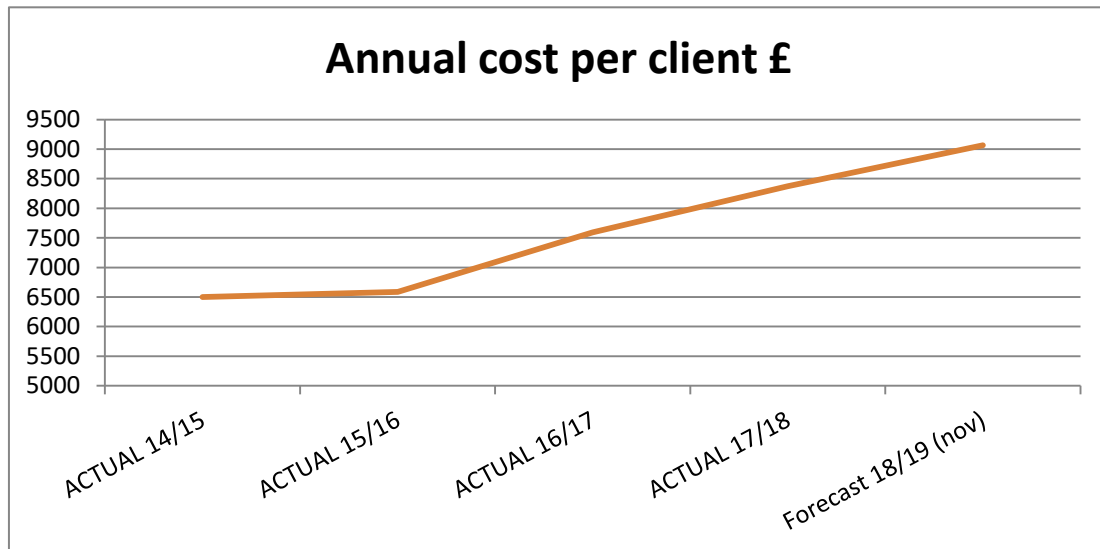


3.2.15 Residential and nursing placement forecasts are showing a pressure of £1.661m which is substantially unchanged from the September position of a pressures of £1.651m. The Service is, however, proactively working to achieve further reductions in the level of residential and nursing care across the remainder of the year as alternative forms of provision of services are identified for short-term placements. Services such as reablement, community based intermediate care and extra care are being deployed effectively to reduce admissions to long term residential care. The service is having a focused review of all short-term placements with support from colleagues from sheltered accommodation and with a view to maximising the appropriate use of assistive technology to identify exit plans for those people needing to move on from short-term residential placements. This is a demand led service, however, and we are now in the challenging winter period where the service will be stretched by demands to support the effective management of NHS winter pressures.

Homecare and Extra Care

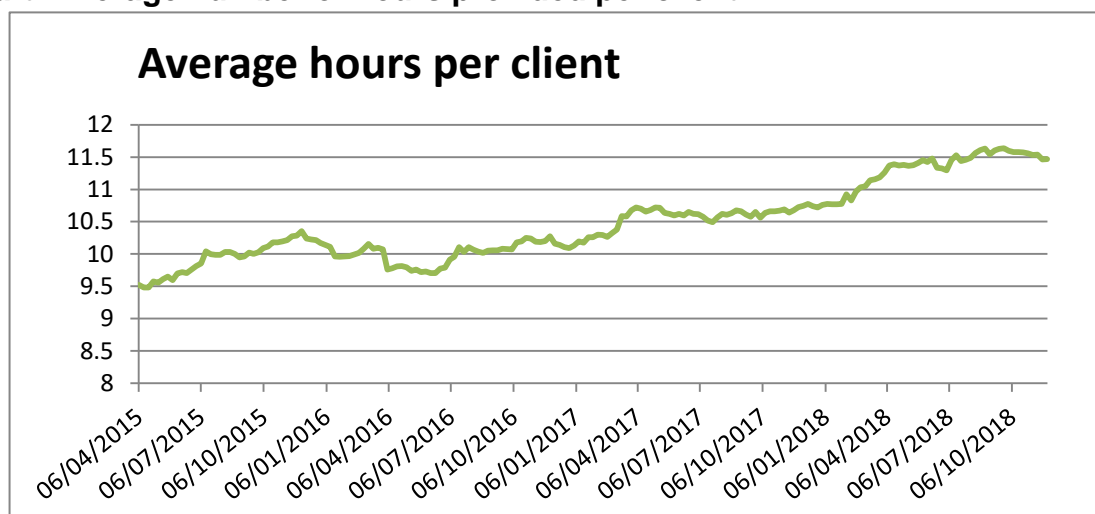
- 3.2.16 A general reduction in levels of residential and nursing care must be viewed in the context of increasing provision of hours per client of homecare and extra care as those not placed in care homes are supported to live at home with more complex needs. As reported during 2017/18, the Authority, in line with the national picture, has seen an increase in the average cost of homecare as more intense support for an aging population results in higher average package costs as indicated by the chart below.

3.2.17 Chart: Trend in Annual Cost per Client of Homecare/Extra Care Services



- 3.2.18 The number of hours provided per client has increased by 23% since April 2015 from 9.48 hours on average to 11.64 hours at the end of September 2018, indicating a significant increase in the levels of need which are now being supported in the community rather than in a residential setting. This trend has started to reverse since October with November ending the month at an average of 11.47 hours. This is illustrated in Chart 3.2.19 below.

3.2.19 Chart: Average number of hours provided per client



- 3.2.20 The Service is working hard to continue embedding the asset-based approach by remodelling how customers access the service to ensure that assessments are proportionate and that clients receive the appropriate level of support to meet their needs(to the extent that they are eligible under the Care Act) as cost-effectively as possible.

CCG Income

- 3.2.21 The pressure within Adult Services budget areas in relation to CCG income has reduced by a further £0.100m since the September report to £0.391m. The improvement relates to changes for specific clients pending the recalculation of CCG recharges for shared care and s117 Mental Health Aftercare income, which is performed quarterly. The service continues to carefully review all clients with s117 eligibility where the CCG has undertaken to fund 50% of all mental health aftercare support packages and this has resulted in increasing trend of recharges to the CCG from £4.263m in 2017/18 to a forecast of £4.478m in 2018/19. In relation to jointly funded care, the Authority is working collaboratively with the CCG on a case by case basis where it is identified that a client has significant health needs. However, if a client has not been assessed as fully meeting the threshold for continuing healthcare, there has been an absence of clear statutory guidelines outlining the CCG's responsibility. New national guidance around jointly funded cases was published in October 2018 with revised national tools to support the assessment of continuing healthcare and the Authority is continuing to work through these issues with the CCG.

Other Community Based Care

- 3.2.22 This category is comprised of supported living, individual service funds, direct payments and day care. There has been an increase in pressure predominantly within services for working age adults with a learning disability totalling £0.300m. This rise has been across supported living and individual service funds (ISFs). ISFs are a mechanism for paying for care in a more individually tailored way where a provider holds a fund to use flexibly to provide services such as support hours in an independent supported living arrangement or a day care service. In addition there has been an increase within costs relating to physical disability mainly in relation to supporting a young adult at an out of Borough college (£0.028m) following the outcome of a tribunal.

Other

- 3.2.23 The pressure in placement costs and CCG income is being partially mitigated by other income, principally client contributions of £0.445m and underspends in staffing of £0.312m and other areas of £0.134m. The latter is comprised mainly of previously unallocated transformation budgets within Wellbeing, Governance and Transformation and additional resources that has become available following successful changes adopted in Integrated Services to manage costs down.

Children's Services

3.2.24 In Children's services the overall pressure of £3.697m has reduced from the September position of £4.193m. The improvement of £0.496m relates to an additional contribution from Public Health to support vital services for children (£0.200m), £0.196m grant income relating employment and skills, a reduction in staffing forecasts mainly within Early Help and Vulnerable families (£0.120m) and additional Payment by Results grant relating to Troubled Families (£0.073m). This has been slightly offset by an increase in placement costs.

3.2.25 The majority of the pressures continues to be to ongoing demand pressures of £3.091m mainly in Corporate Parenting and Placements (September £2.850m), which were foreseen by Cabinet and backed by £2.616m of contingencies held centrally. In addition, there are £0.381m of, as yet, not fully delivered CBF targets with the balance made up mainly of staffing pressures.

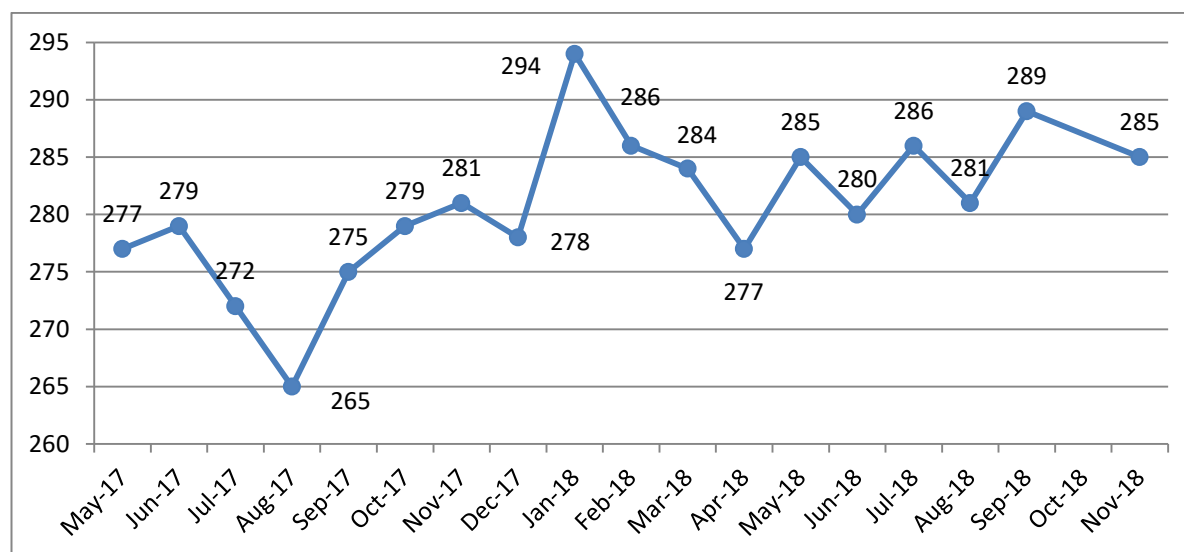
3.2.26 A breakdown of the total of demand led pressures of £3.091m is shown below;

Table: Analysis of Demand Led Pressures in Children's Services by Type

Type of Service	Demand-led Pressure Nov £m	Demand-led Pressure Sept £m
Placement costs for LAC	2.062	1.971
Costs relating to non LAC	0.926	0.750
Leaving Care costs	0.051	0.070
Management and legal fees	0.052	0.059
Total	3.091	2.850

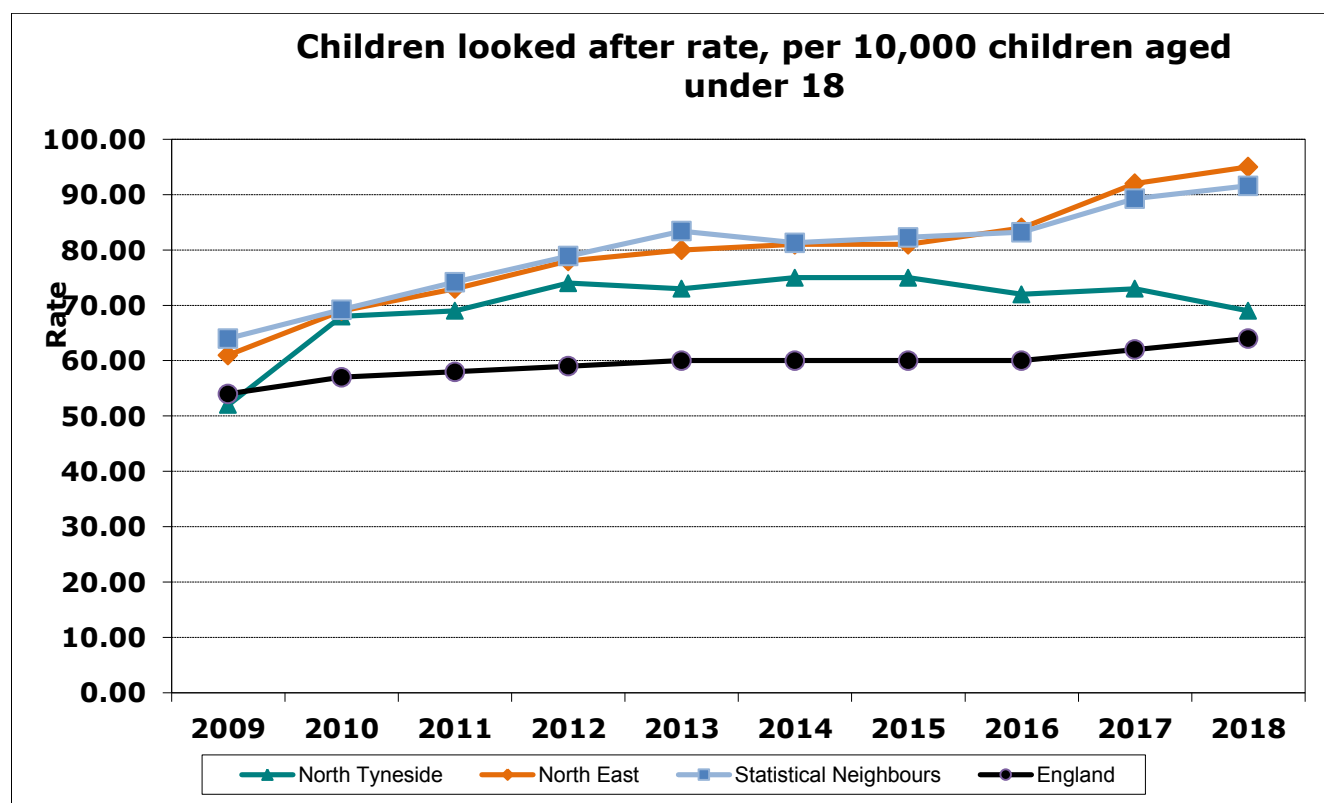
3.2.27 The main pressure continues to be in relation to placement costs for looked after children totalling £2.062m, and further detail is provided in Table 3.2.32. Over recent years, there has been an increase nationally in demand for children's residential placements but with no corresponding increase in central government funded provision. In North Tyneside over the last few years the overall number of Looked After Children has reflected the increases felt nationally but the numbers are now lower than the peak in January 2018 as demonstrated in chart 3.2.28 below:

3.2.28 Looked after Children numbers at each month end



3.2.29 The most recent available national comparators from 2017/18, as demonstrated by the chart below, shows that North Tyneside, although above the England average, performs very well within the North East region and against similar authorities in relation to the rates of LAC.

3.2.30 **Chart: Comparative Performance in Rates of LAC per 10,000 Children under 18**



3.2.31 Although the number of placements has not increased markedly relative to 2017/18, the placement mix continues to change. Placements for adolescents (particularly males) with a combination of risks including aggressive behaviour, offending, substance use and sexualised behaviour are increasingly difficult to source. This has resulted in the use of more costly bespoke individual placements, where it is not suitable to place young people in group environments. This is demonstrated in the table below where the main pressure results from residential placements which, in terms of total bed nights, represents only 6% of provision but is very costly amounting to over one third of the overall placement cost (36%). The average cost of a residential care placement has increased to £0.238m compared to the average at September of £0.226m showing that a change in the mix of needs of the children placed at any one time can have a significant impact on costs. This compares to an average cost of £0.207m per annum in 2017/18, an increase of 15% reflecting the increasing complexity of needs of the young people in our care.

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

Placement Type	18/19 Forecast Variance	Average Annual Placement cost £m	18/19 Forecast bed nights	Placement Mix	No. LAC at Nov 18	No. LAC at Nov 17
External Residential Care	1.052	0.238	6,776	6%	18	15
External Fostering	0.271	0.041	9,548	9%	22	27
In-House Fostering Service	0.504	0.024	76,076	70%	202	188
External Supported Accommodation	0.305	0.164	1,150	1%	9	8
Other*	(0.070)	various	15,146	14%	34	44
Total	2.062		108,696	100%	285	282

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

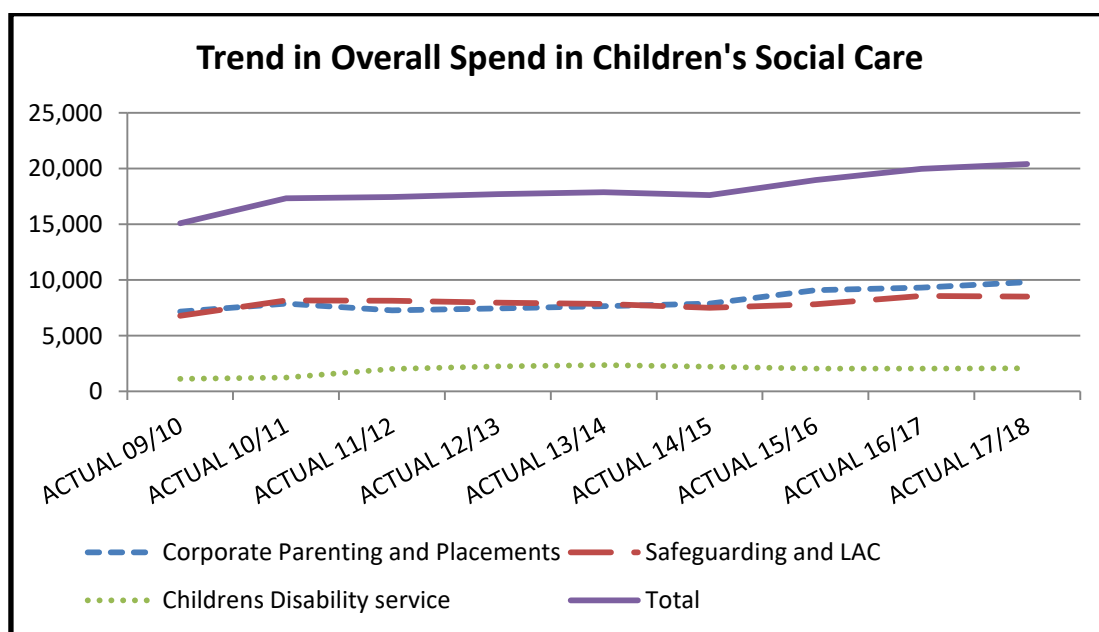
3.2.33 The service has been successful in managing down the use of externally provided supported accommodation, which is the next most costly form of provision after residential care. This has been achieved by making full use of the Authority's in house provision and supporting young people who have been involved in risk taking behaviour with stable and resilient staff teams. This has allowed the placement of young people within internal services that may otherwise have required an external placement at significant additional cost.

3.2.34 Pressures relating to other placements total £0.926m which is an increase from the September report at £0.750m. These consist mainly of Special Guardianship Order payments and Cabinet will be aware of the increases in costs for these placements

after the revised Council policy was introduced in 2018. Part of the contingency budget of £2.616m held in Central Items was created to mitigate this risk.

- 3.2.35 Complexity of need and market factors have resulted in a continuing rise in overall spend, despite the Service's on-going efforts to contain costs throughout the whole pathway from managing demand by early intervention through to developing alternative provision for young people with the most complex needs. The rise of costs over the period since 2009/10 is shown below. This graph covers external and internally-provided care costs and associated staffing costs for LAC and children with disabilities.

Chart: Trend in Overall Spend for LAC and Children with Disabilities



Staffing pressures

- 3.2.36 Cabinet are aware of the particular challenges faced across the children's social care sector nationally and this has led to a net pressure on staffing costs of £0.277m mainly due to the need to use agency workers earlier in the financial year and market supplement payments. This pressure has reduced from the reported £0.553m at September due to a careful review of staffing and robust vacancy management mainly within Early Help and Vulnerable Families.

Other

- 3.2.37 There is a net underspend of £0.122m which predominantly relates to grant income in employment and skills.

3.3 **Commissioning & Investment**

3.3.1 Commissioning and Investment is forecasting a pressure of £0.415m as set out in 3.3.2 below. This compares to the September position of £0.407m. (Note the variance in the report at September was £0.411m, the movement is due to Community and Voluntary Sector Liaison moving from Corporate Strategy to Commissioning and Investment).

3.3.2 **Table: Commissioning and Investment forecast variation**

	Budget (£m)	Forecast (£m)	Variance Nov (£m)	Variance Sep (£m)
School Funding & Statutory Staff Costs	15.341	15.341	0.000	0.000
Commissioning Service	0.405	0.405	0.000	0.000
Child Protection Independent Assurance and Review	0.672	0.689	0.017	0.010
Facilities and Fair Access	0.095	0.222	0.127	0.127
Community and Voluntary Sector Liaison	0.438	0.435	(0.003)	(0.004)
Strategic Property and Investment	0.359	0.404	0.045	0.045
High Needs Special Educational Needs	0.000	0.000	0.000	0.000
Property	1.395	1.624	0.229	0.229
Commissioning & Investment Management & Support	0.152	0.152	0.000	0.000
Procurement	(0.041)	(0.041)	0.000	0.000
Total Commissioning & Investment	18.816	19.231	0.415	0.407

3.3.3 The largest area of pressure within Commissioning and Investment is Property, where a variance of £0.229m is forecasted relating to the managed repairs and maintenance budget across public buildings. Discussions continue with Capita and Kier North Tyneside on the effective management of this area. In addition, there is a pressure due to costs of preventing and managing vandalism relating to the Sir G.B. Hunter Memorial Hospital recently vacated by the NHS

3.3.4 Within Facilities and Fair Access there is a £0.072m inflationary pressure within Catering Services. There has been a 2.7% increase in the specific Consumer Price Index for food and beverages which, on an annual spend of £2.2m, explains the majority of this pressure. There are also pressures in Cleaning of £0.027m and within Home to School Transport of £0.044m partially offset by £0.016m of underspends, mainly from staffing.

3.3.5 The Service is concerned that, although increases in food costs experienced to date have been included in the forecast, there is an expectation that further food price increases will be felt as we move through the winter. There are fears that the impact of the extreme weather the country has suffered in 2018 has not yet been fully factored into prices as the very cold winter followed by a hot and dry summer

affected farmers' yields and production costs for key items like grain, meat, potatoes, milk and root vegetables.

- 3.3.6 There are staffing pressures affecting Strategic Property and Investment where a savings target of £0.045m relating to management savings remains to be achieved. The service is continuing to review required staffing resources against the Authority's commitments and priorities and is also looking at alternative sources of funding to at least secure this remaining balance.

3.4 Environment, Housing & Leisure

- 3.4.1 Environment, Housing and Leisure Service is reporting a pressure of £0.257m against the £40.371m budget, as set out in Table 3.4.2 below. The underlying forecast position has improved by £0.268m from the last reported position of £0.125m pressure at September but the additional £0.400m of income into Sports and Leisure due to the VAT changes is now being reported centrally, meaning that overall the service is now reporting a £0.257m pressure.

3.4.2 Table: Forecast Variation in Environment Housing & Leisure to budget

	Budget (£m)	Forecast (£m)	Variance Nov (£m)	Variance Sep (£m)
Sport & Leisure	3.112	2.957	0.245	(0.056)
Arts Tourism & Heritage	1.675	1.690	0.015	(0.013)
Libraries & Community Centres	5.026	5.116	0.090	0.156
Security & Community Safety	0.176	0.245	0.069	0.033
Fleet/Facilities Management	0.586	0.460	(0.126)	(0.115)
Waste Strategy	11.162	10.910	(0.252)	(0.084)
Bereavement	(0.761)	(0.752)	0.009	0.014
Street Environment	7.810	7.900	0.090	0.062
Head of Service and Resilience	0.110	0.129	0.019	0.029
Street Lighting PFI	4.294	4.294	0.000	0.000
Consumer Protection & Building Control	0.820	0.916	0.096	0.096
Transport and Highways	5.360	5.373	0.013	0.012
Planning	0.108	0.108	0.000	0.000
General Fund Housing	0.893	0.882	(0.011)	(0.009)
Total	40.371	40.228	0.257	0.125

- 3.4.3 Although the underlying position has improved since the last forecast, some areas of pressure persist and are offset by increased income or expenditure reductions elsewhere. The largest overall remaining pressures are staffing issues of £0.480m across the service and premises-related energy and water pressures of £0.305m. These pressures are offset by increased Contours income of £0.209m, plus cost savings in waste (£0.252m) and fleet (£0.126m). In addition, there are a range of

miscellaneous operational pressures across the service areas described in the paragraphs below amounting to £0.059m.

- 3.4.4 The main area of the underlying improvement in the position since September is in relation to increased Sport & Leisure income of £0.099m and cost reductions of £0.168m within Waste resulting from a further reduction of home recycling costs of £0.077m and £0.091m relating to Environmental Sustainability/Carbon Reduction savings.

Sport & Leisure

- 3.4.5 Sport & Leisure income is currently benefiting from increased income of £0.400m due to changes in VAT rules but this income is, from November monitoring, now being reported within Central items. There is, however, also an improved position in gym-related income based on increased take-up amounting to £0.209m. There is a pressure of £0.258m around staffing costs which is caused by the need to cover shifts and back-fill for sickness.
- 3.4.6 The balance of the position is made up of operational expenditure pressures the largest of which are premises costs of £0.176m within the service area, relating to energy and water costs.

Arts, Tourism & Heritage

- 3.4.7 There is a forecast pressure £0.059m pressure arising from The Playhouse due to reduced Authority income and operational cost inflation however, this may be mitigated depending on final ticket sales over the crucial Christmas period. This is partially offset by income across the service area and a business rates rebate in relation to Segenundum.

Libraries & Community Centres

- 3.4.8 Libraries & Community Centres are forecasting operational pressures of £0.090m, with an improvement from September mainly brought about by careful management of vacancies to improve the overall position.

Security & Community Safety

- 3.4.9 The service is forecasting a net pressure of £0.069m, which has worsened since September. The main reason for the additional pressures is the inclusion of one-off costs for a recent domestic homicide review (£0.020m).

Fleet Services/Facilities Management

- 3.4.10 The Fleet Services and Facilities Management service area continues to forecast a saving against budget. The additional cost of new vehicles continues to be more than offset by the associated reduction in servicing and maintenance costs. In addition, the service area is benefitting from reduced fuel costs associated with more efficient vehicles.

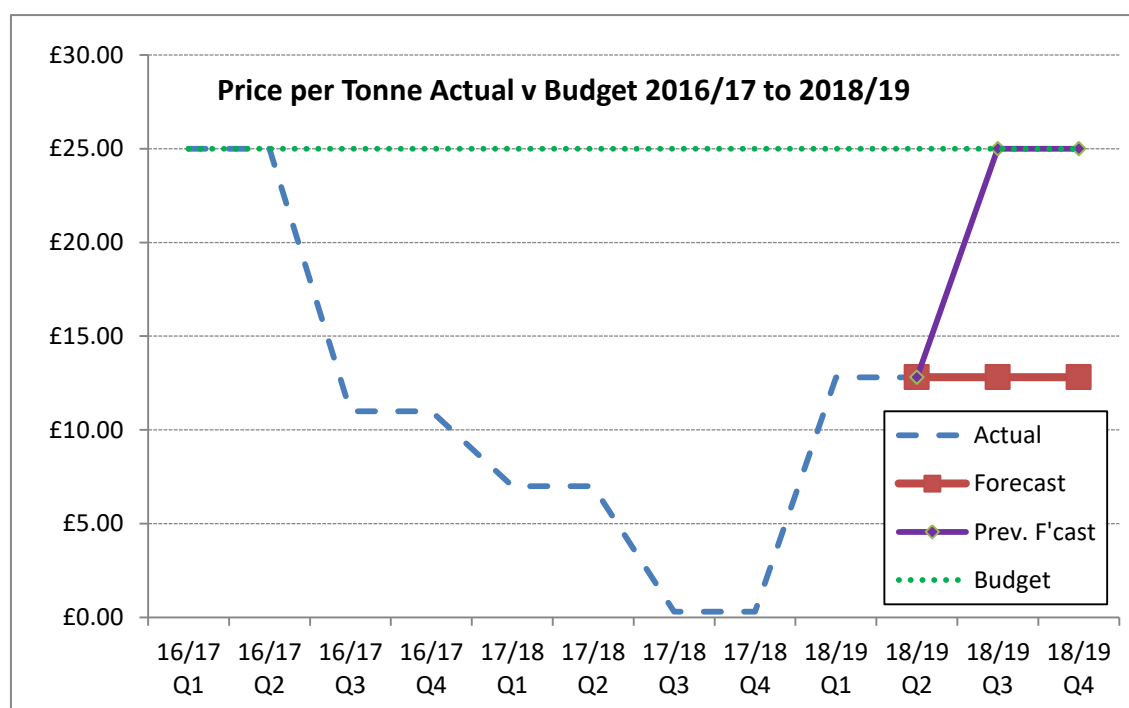
Waste Strategy

3.4.11 Waste Strategy is forecasting an underspend for 2018/19 of £0.252m, an improvement from September's reported position of an underspend of £0.084m. The Service is confident that the additional costs for the first year of introducing the alternate weekly collections and expanding garden waste collection will be met within the overall budget set for waste.

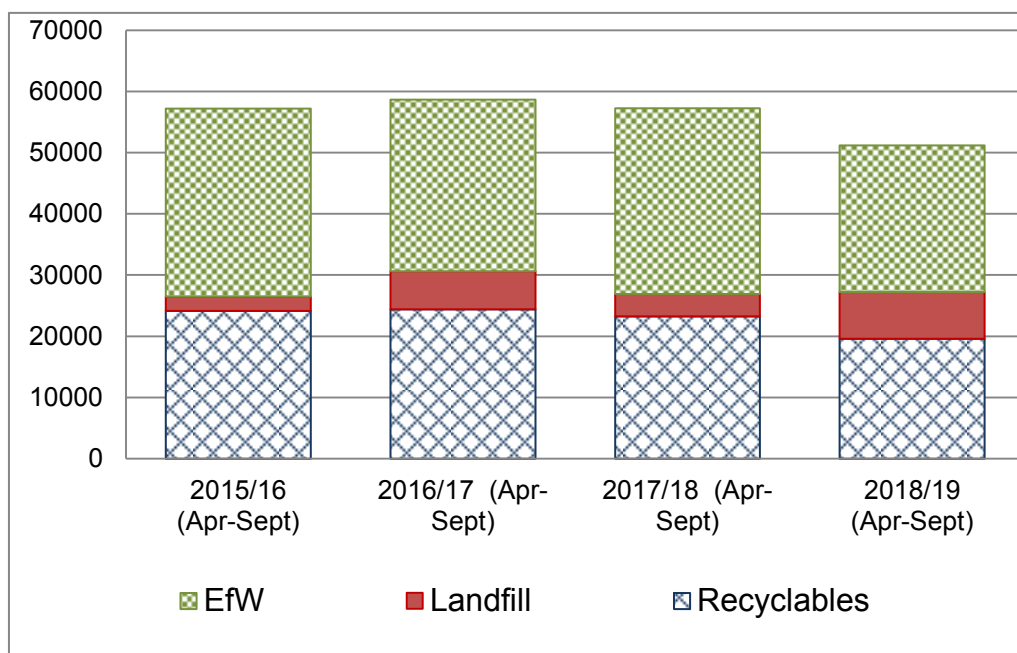
3.4.12 Recycling

The price of disposing of recyclable waste is currently less than half the original budgeted price per tonne. This has had a positive impact on the home recycling position. The previous forecast was based on an expectation that the price per tonne would revert back to the budgeted rate from September. The forecast now reflects the expectation that the lower rate will remain in place for the rest of the year.

3.4.13 Recycling Disposal Price per Tonne Fluctuations



3.4.14 Overall Waste Tonnage – Apr to Sept for 2015/16 to 2018/19



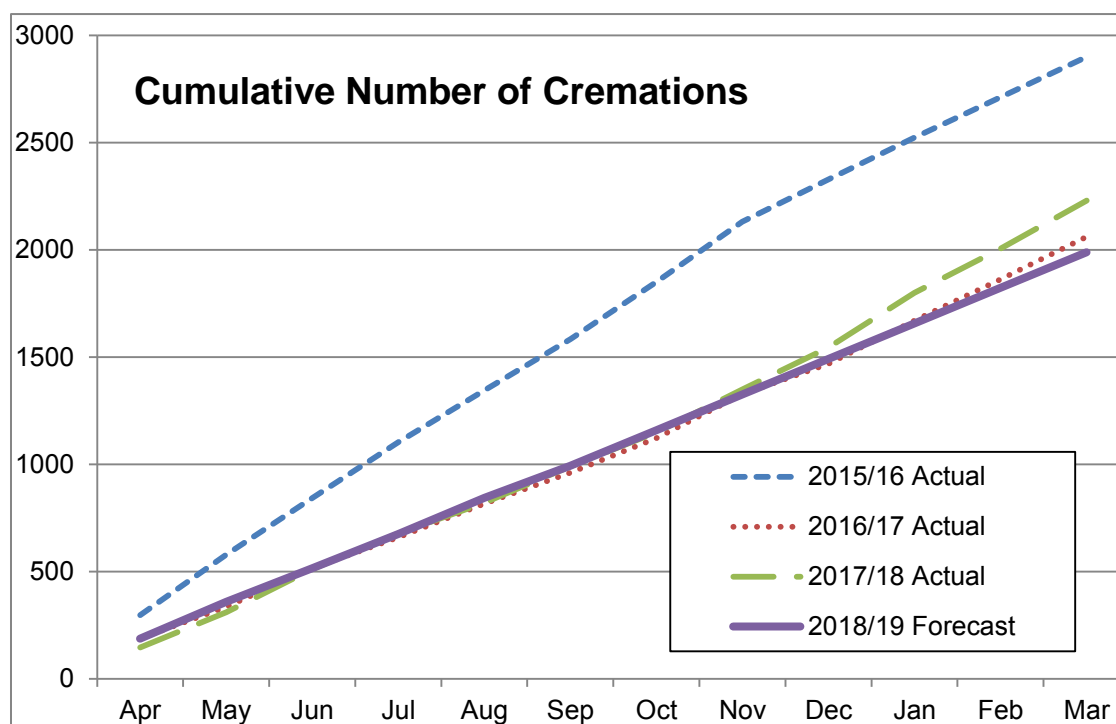
- 3.4.15 The volume changes between the different methods of waste disposal, as shown in 3.4.16 above, can be volatile and have a significant impact on costs. This chart shows the overall drop in volumes over comparable periods for the last four years. The amount of municipal collected is continuing to decrease as a result of the introduction of vehicle restrictions and a resident permit scheme at the Household Waste Recycling Centre during July last year to tackle illegal usage by traders.
- 3.4.16 The most recent figures indicate that at the end of September there had been an 11% decrease in the amount of municipal waste collected compared to the same period last year, which is an average reduction of 1,000 tonnes per month. Waste produced per household is showing a decrease of 8.3%. This reduction is the full year effect of the measures taken at the Household Waste Recycling Centre during July 2017 and the introduction of alternate weekly waste collections at the end of August 2018.
- 3.4.17 The proportion of household waste sent for reuse, recycling and composting at the end of September was 38.73%, which is consistent with 2017/18. Encouragingly home recycling has increased significantly during the year and is showing a 9.4% increase at the end of September. Before September household recycling had been showing a decrease due to the reduction in recyclable materials and rubble collected at the Household Waste Recycling Centre (HWRC) compared to last year.
- 3.4.18 Municipal waste sent to landfill is high at the end of September at 14.92%, due to the Energy From Waste Plant being closed for maintenance during May, June and August. The authority has a contract to send 55k tonnes to EfW and so far has sent 22.3k for processing. There was no waste sent to landfill at all during September and performance is expected to improve month on month for the remainder of the year.

- 3.4.19 The waste figures are starting to demonstrate the beneficial impact of the new arrangements for alternative weekly collections, along with the changes introduced at the HWRC in 2017/18 reducing the overall tonnage of non recycled waste.

Bereavement

- 3.4.20 The Bereavement service area is forecasting a small pressure of £0.009m, mainly due to carrying additional staff costs, which are partially due to higher sickness levels within the service.
- 3.4.21 The service is currently forecasting a prudent level of cremation income, though traditionally uptake tends to increase over the latter part of the year. This is further illustrated by the graph at 3.4.24 below. Note the high levels of cremations in 2015/16 were due to the closure of the crematorium in Blyth following a fire.

3.4.22 Annual cumulative Number of Cremations (2018/19 forecast on trend to date)



Street Environment

- 3.4.23 There is a £0.090m pressure primarily due to a shortfall against challenging income targets plus other operational pressures from grounds maintenance, offset in part by underspends in other operational budgets within Street Environment. The remaining net pressure is expected to be further reduced in the final months of the year through the continued careful management of discretionary spend.

Street Lighting PFI

- 3.4.24 The street-lighting PFI position reflects a pressure due to increased energy costs, which is mitigated by a planned draw-down from the PFI reserve, leaving the service area breaking-even.

Consumer Protection & Building Control

- 3.4.25 This service area includes taxi licencing where there is a £0.096m income shortfall. In recent years the taxi license charges to the trade were topped up by a planned release of a historic surplus in the taxi-licensing account. The last of the surplus was released in 2017-18. Some taxi drivers have also chosen to renew their licenses with another authority. The forecast has been adjusted to reflect an expected drop in licence income against budget of £0.096m.

3.5 Business & Economic Development

- 3.5.1 This Service is now forecasting a pressure of £0.116m as shown in the table below compared to a pressure of £0.043m reported at September. The movement in the forecasted position is due to continued reduced income forecasts within the business units available for rent on the Swan Hunter site. Berthing fees are also below budget levels. Berthing fees are volatile and the position could improve by the year end but at this stage it is prudent to reduce the forecasted income in line with bookings. The service is proactively marketing all available business unit space with a view to securing additional tenants before the year end.

3.5.2 **Table: Forecast Variation Business and Economic Development**

	Budget (£m)	Forecast (£m)	Variance Nov (£m)	Variance Sep (£m)
Regeneration	0.390	0.514	0.124	0.061
Business & Enterprise	0.787	0.794	0.007	0.008
Resources & Performance	0.028	0.013	(0.015)	(0.026)
Total Business & Economic Development	1.205	1.321	0.116	0.043

3.6 Commercial & Business Redesign

- 3.6.1 This Service is showing an expected pressure of £0.550m (September, £0.400m) as shown in table 3.6.2 below. This movement in position is largely due to the costs of the Customer Journey work undertaken by ENGIE (£0.77m), costs of Mimecast which provides cyber resilience for email (£0.015m) in addition to staff savings which were originally shown within this service but have now been offset against the Management Savings CBF scheme under Central Items (£0.040m). The Service is actively reviewing the staffing structure in line with the priorities of the Council's change programme with a view to identifying further offsetting savings.

3.6.2 Table: Forecast Variation Commercial and Business Redesign

	Budget (£m)	Forecast (£m)	Variance Nov (£m)	Variance Sept (£m)
Head of Commercial & Business Redesign	(0.131)	0.353	0.484	0.367
ICT	1.545	1.611	0.066	0.033
Total Commercial and Business Redesign	1.414	1.964	0.550	0.400

3.7 Corporate Strategy

3.7.1 Corporate Strategy is forecasting a pressure of £0.111m as set out in Table 3.7.3 below (September, £0.118m restated for the movement of Community and Voluntary Sector Liaison from Corporate Strategy to Commissioning and Investment). This pressure is primarily a staffing cost pressure where resources are in place to support the organisation through the changes arising from the implementation of the Creating a Brighter Future programme and resources supporting work in respect of devolution. Consideration is being given to this on-going support and funding opportunities that will arise following the implementation of devolution in addition to the requirements to deliver the change programme.

3.7.2 The Service area is looking to manage some of the pressures through the year by focused vacancy management and identifying opportunities to increase income and reduce non-essential spend. There has been a small reduction in the pressure due to a vacancy being held open longer than originally forecasted.

3.7.3 Table: Forecast Variation Corporate Strategy

	Budget (£m)	Forecast (£m)	Variance Nov (£m)	Variance Sep (£m)
Corporate Strategy Management	0.078	0.098	0.020	0.020
Policy, Performance & Research	(0.171)	(0.130)	0.041	0.059
Marketing	0.122	0.182	0.060	0.046
Elected Mayor and Executive Support	(0.006)	(0.006)	0.000	0.000
Children's Participation & Advocacy	0.179	0.169	(0.010)	(0.007)
Total Corporate Strategy	0.202	0.313	0.111	0.118

3.8 Finance including Revenues & Benefits and Customer Services

3.8.1 The forecast pressure of £0.480m in the Finance Service (September, £0.566m) as set out in the table below relates to Revenues & Benefits and Customer Services. There are three main causes of this pressure which are detailed below. A prudent estimate of the position continues to be reported.

3.8.2 Table: Forecast Variation Finance

	Budget (£m)	Forecast (£m)	Variance Nov (£m)	Variance Sep (£m)
Finance Service	(0.542)	(0.542)	0.000	0.000
Internal Audit	(0.038)	(0.040)	(0.002)	(0.002)
Revenue & Benefits and Customer Services	(0.279)	0.203	0.482	0.568
Total Finance	(0.859)	(0.379)	0.480	0.566

Revenues and Benefits

3.8.3 A prudent assessment of the impact of the move to Universal Credit on the Benefits position has been made, in particular in relation to overpayment recovery (£0.276m)

3.8.4 We continue to monitor closely the impact that residents moving to Universal Credit in North Tyneside is having on the Benefit Subsidy Claim and Housing Benefit Overpayment income reduction. The pressure on Housing Benefit Overpayment income has increased due to more residents moving on to Universal Credit. This is positive as less overpayments are being created, but has also meant that a reduced opportunity to gain additional income from overpayments. This increase in Housing Benefit Overpayment income pressure has been offset in part by the associated reduction in subsidy loss and a consequential reduction in bad debt provision needing to be provided.

3.8.5 The movement since the reported forecast at September is mainly due to a improvement on the bad debt provision (£0.049m) and increased enforcement income (£0.035m).

3.9 Human Resources & Organisational Development

3.9.1 The pressure of £0.054m is unchanged from the reported position for September and relates mainly to a savings target which was applied to budgets for staff which, having originally transferred out to the Authority's business partner, were subsequently transferred back in.

3.9.2 Table: Forecast Variance Human Resources and Organisational Development

	Budget (£m)	Forecast (£m)	Variance Nov (£m)	Variance Sep (£m)
Human Resources & Organisational Development	(0.119)	(0.065)	0.054	0.054

3.10 Law & Governance

3.10.1 Law & Governance is forecasting a pressure of £0.210m which is unchanged from the position at September. The underlying issue is a staffing pressure of £0.213m. Successful recruitment has reduced the need for costly locums but this has been offset by an increased forecast within the courier service and necessary steps to strengthen the team dealing with members' enquiries.

3.10.2 Table: Forecast Variation Law and Governance

	Budget (£m)	Forecast (£m)	Variance Nov (£m)	Variance Sep (£m)
Customer, Governance & Registration	(0.074)	(0.001)	0.073	0.072
Democratic & Electoral Services	(0.076)	(0.068)	0.008	0.002
Information Governance	(0.047)	0.014	0.061	0.047
Legal Services	(0.207)	(0.153)	0.054	0.092
North Tyneside Coroner	0.294	0.308	0.014	(0.003)
Total Law and Governance	(0.110)	0.100	0.210	0.210

3.11 Central Budgets & Contingencies

3.11.1 The 2018/19 forecast outturn set out in Table 3.11.2 below reflects an underspend of £6.824m on central budgets (September, underspend of £5.191m).

3.11.2 Table: Forecast Variation Central Budgets and Contingencies

	Budget (£m)	Forecast (£m)	Variance Nov (£m)	Variance Sep (£m)
Corporate & Democratic Core	9.546	9.371	(0.175)	(0.175)
Other Central Items	0.652	(5.997)	(6.649)	(5.016)
Total Central Items	10.198	3.374	(6.824)	(5.191)

3.11.3 The forecast underspend in Corporate and Democratic Core relates to savings against Pensions out of Revenue of £0.100m and Corporate and Democratic Core recharges to the Housing Revenue Account (HRA) from the General Fund of £0.075m.

3.11.4 There are several other areas where spend and income is forecast to deviate from the budget. Forecast underspends of £2.358m against external interest charges and of £0.369m, reflecting the impact of a detailed review of the level of internal borrowing and temporary borrowing to be maintained over the course of the year and reprogramming within the Investment Plan.

3.11.5 There is £0.204m of additional income forecast relating to recharges to services for costs of borrowing to finance investment in new vehicles and other assets being higher than originally planned. There is £0.726m of additional income forecast relating to North Tyneside's share of the Levy Account Surplus allocation announced as part of the Provisional Finance Settlement by Central Government on 13th December 2018. As part of the budget setting process for 2018/19 contingency budgets were created and held corporately for demand pressures within Adult Services (£1.800m) and Children's Services (£2.616m). The demand pressures are shown within the HECS service and the Central budget within Other Central Items is shown as underspent to offset this pressure. This continues to be monitored and any proposed permanent allocation of contingency would be reported to Cabinet for their expressed decision. In addition, there is an amount of £0.450m relating to a business rates refund for Segedunum and minor underspends of £0.010m across a range of cost centres.

- 3.11.6 From November monitoring the £0.400m of additional income from VAT changes within Sport and Leisure is now being reported centrally rather than within the service.
- 3.11.7 These underspends are partially offset by forecast pressures relating to the £2.379m of savings pressure relating to in year targets (See Section 2.6 to 2.8) and the £0.500m forecast pressure relating to the 2017/18 procurement saving. This pressure has increased by £0.088m since the September report due to the reduced assumption around management savings delivered across the Council (outlined in section 2.8). Further areas of savings within Procurement continue to be investigated and further management savings are expected to be identified as the review of leadership within each service area continues.
- 3.11.8 In addition to the improved position on centrally held savings targets, the remaining movement within Central Items is explained by additional section 31 grant funding of £0.345m and a dividend received from Kier North Tyneside of £0.250m.

3.12 New Revenue Grants

- 3.12.1 The following revenue grants have been received during October and November 2018.

Service	Grant Provider	Grant	Purpose	2018/19 value £m
Health, Education, Care and Safeguarding	Education and Skills Funding Agency	School Improvement Monitoring and Brokering Grant	Allows Local Authorities to monitor performance of maintained schools, broker school improvement provision and intervene as appropriate.	0.259
Health, Education, Care and Safeguarding	Education and Skills Funding Agency	PE and Sport (Academic Year - September to August)	Funding passported to schools to improve the provision of PE and sport to help develop pupils healthy lifestyles.	1.128
Central Items	Department for Communities and Local Government	Adult Social Care Winter Funding	To ease NHS winter pressures.	1.031
Commissioning and Investment	Education and Skills Funding Agency	Teachers Pay Grant September 2018 to March 2019	Funding for schools to support the teacher pay award that came into effect on the 1 September 2018.	0.592
Total				3.010

SECTION 4 - SCHOOLS FINANCE

Update on the 2018/19 Position of All Schools

- 4.1 The first set of monitoring for the 2018/19 year was completed in October and the results show an overall improved position against budget plans of 0.936m. Monitoring 1 results are however, still forecasting a significant overall deficit position. We are anticipating a further improvement at monitoring 2 in January but the level of balances is still a cause for concern.

Table: Total School balance position against plan Surplus/ (Deficit) -committed and uncommitted

Phase	Outturn 2017/18 £m		Budget Plan 2018/19 £m	Monitoring 1 2018/19 £m	Improvement 2018/19 £m
Nursery	0.018		(0.003)	(0.005)	(0.002)
Primary	4.299		1.511	1.745	0.234
Secondary	(2.062)		(6.472)	(6.186)	0.286
Special/PRU	1.101		0.248	0.666	0.418
Total	3.356		(4.716)	(3.780)	0.936

- 4.2 Review meetings have now been held between the representatives of the Head of Resources and the Head of Health, Education, Care and Safeguarding and the Heads and Chairs of Governors of all schools under a deficit approval agreement. The overall improvement of the position of schools with an approved deficit budget was reported to Cabinet in November as £0.272m, this was finalised as £0.275m with a further small improvement reported by Backworth Park Primary.
- 4.3 Cabinet will recall that a programme of work is in progress with schools to consider further actions required to address the longer term approach to financial planning in North Tyneside. The programme is focussing on three new work streams and is also consolidating work on two existing projects. The workstreams are:-
- Financial review and analysis;
 - Planning and modelling;
 - Tools for schools;
 - Keeping Children and Young People in school
 - Closing the Gap.
- 4.4 Since the previous report to Cabinet, the first new briefing session for Head Teachers on finance and resources issues has been held covering updates on the national funding formulae for School and High Needs Blocks, the introduction of a new funding forecasting tool for schools, teachers' pay award grant update and consultation on a new support and challenge framework for schools. In addition,

detailed work has been performed with all schools with an approved deficit budget to remodel their future funding values under different scenarios using the new income forecasting tool. This has improved the expected budget position for a number of schools and has given all schools with an approved deficit a better understanding of the likely variation in possible funding levels allowing more robust plans to be developed. Further work is also being undertaken to review curriculum planning in specific schools with a view to identifying further achievable savings.

- 4.5 The DfE announced that a grant will be paid to all schools to offset the additional impact of the pay award above the 1% rise which was originally planned. Details of the allocations for this grant were published on 24 October 2018 as reported to Cabinet in November. However, a revision was published on 28th November increasing the amount paid to North Tyneside from £0.589m to £0.592m. This value will be passported to schools.

High Needs Block

- 4.6 Cabinet will recall that the High Needs block outturn in 2017/18 was a pressure of £0.430m. This pressure has continued in 2018/19 with a forecasted in year outturn variance of £0.600m and therefore a total cumulative pressure of just over £1m. Cabinet should note that the High Needs block forms part of the Dedicated Schools Grant (DSG) which is ringfenced and does not form part of the General Fund.
- 4.7 The pressures in North Tyneside are in line with the national and regional picture. A recent freedom of information request indicated that for 2017/18, a total of 100 Local Authorities reported pressures in High Need out of 117 responding authorities. These pressures totalled £206m.
- 4.8 The regional picture for 2017/18 (based on previously supplied estimates as at April 2018) is as follows;

Table: Regional Pressures within High Needs 2017/18

Authority	DSG Allocation 2017/18	Outturn Variance 2017/18	Percentage Pressure
	£m	£m	%
Cumbria	38.6	3.9	10.1
Darlington	12.0	1.4	11.7
Durham	44.6	1.9	4.3
Gateshead	14.7	1.4	9.5
Hartlepool	10.9	0.9	8.3
Middlesbrough	23.0	1.0	4.3
Newcastle	36.0	(1.1)	(3.0)
North Tyneside	19.0	0.4	2.1
Northumberland	27.9	1.8	6.5
Redcar and Cleveland	16.1	0.8	5.0
South Tyneside	16.0	0.5	3.1
Stockton	24.6	2.2	8.9
Sunderland	16.0	1.2	7.5

- 4.9 The pressures in North Tyneside have come about due to additional places required in special schools, out of Borough placements and in relation to top up payments as outlined below;

Table: Forecasted High Needs Pressures as at November 2018

Provision	Budget £m	Variance £m	Comment
Special schools and PRU	10.746	0.200	Pressure on places for children with profound, Multiple Learning Difficulties, Social Emotional and Mental Health problems and Autism Spectrum Disorder
ARPs/Top ups	3.145	0.250	Pressures in pre 16 top ups e.g Norham ARP
Out of Borough	0.997	0.150	Additional costs of our most complex children currently not able to be supported in the Borough
Commissioned services	3.977	0.000	
Subtotal	18.865	0.600	
2017/18 b/fwd balance		0.430	
Total forecasted pressure		1.030	

- 4.10 Transfers have been made to the High Needs Block from the Schools Block in previous years. Department for Education guidelines state that Schools Forum can approve a transfer of up to 0.5% of the School Block which, on indicative 2019/20 values would be up to £0.591m. The Authority is intending to request approval for a transfer of up to 0.5% at the Schools Forum meeting on 19 December 2018. To date, we are aware that across the region, nine authorities have already requested a transfer or confirmed their intention to request transfers of between 0.5% and 1.6% for 2019/20. A transfer above 0.5% requires the approval of the Secretary of State.

Managing the High Needs Block

- 4.11 The following work is underway within the Authority to address pressure on the High Needs Block:
- A review of Additionally Resourced Provisions (ARPs) attached to schools is underway to consider changing needs, entry criteria, occupancy, funding, outcomes and delivery models. The approach has been piloted with Melrose ARP and is now being rolled out across all ARPs. The review will report on options for change in April 2019.
 - The Keeping Children in School review of Moorbridge, PALs and Alternative Provision which reports in December 2018.
 - The planning and preparation for the review of commissioned services has been undertaken and the review is about to commence. The review will investigate

referral and entry arrangements, performance against KPIs, staffing arrangements, needs and trends, collaboration, including with Health, and key challenges and pressures. This review will make recommendations in May 2019.

- Sufficiency planning is being strengthened to better align the availability of special school places in North Tyneside with needs, in light of the increase in children with Social Emotional and Mental Health (SEMH) needs, Autism Spectrum Disorder (ASD) and Profound and Multiple Learning Difficulties (PMLD) and to reduce the requirement for more expensive out of borough placements. This includes planning the use of the DfE SEND Reform Capital Grant of £0.616m to increase places for children with Education Health and Care Plans (EHCPs). To manage pressures in the system and reduce the need for out of borough provision, the emerging priorities for capital funding are Beacon Hill (PMLD), Silverdale (SEMH) and accommodating post-16 learners with complex needs from Woodlawn.

SEND Review and Joint Commissioning Arrangements

The following work is underway within the Authority to review SEND and joint commissioning arrangements:

- A comprehensive SEND review is focussed on managing demand across the whole system and ensuring sufficient, high quality provision in borough. The review is examining all processes associated with EHCPs. This has resulted in action to increase efficiency, strengthen gatekeeping and improve partnership working across education, health and social care. The review, which is ongoing, is looking at the statutory assessment process, quality assurance arrangements, decision making panels and tribunal outcomes.
- A SEND Vision Statement and Joint Commissioning Strategy, 2018 – 2021, providing a planning framework for the local area partnership has been endorsed by the SEND Board, CYPL Partnership and Health and Wellbeing Board. This strengthens the arrangements to keep services under review and includes the Council and Clinical Commissioning Group working with Schools, Specialist Providers, Health and other partners. This work will align with that of the Authority's High Needs Commissioning Group.

Planning for 2019/20 Schools Funding

- 4.12 Schools Forum is due to meet on 19 December 2018 to consider its response to a consultation with all schools completed during November 2018 on key decisions relating to the application of the local formula for distributing funding to schools in 2019/20. This consultation also sought views on a potential transfer to support the High Needs Block.
- 4.13 A total of 29 schools responded to the consultation (38%) with the majority view being to maintain stability with the current North Tyneside local formula and to distribute any additional funding through the basic entitlement to benefit all pupils within North Tyneside. Schools were agreeable to a transfer to the High Needs Block provided all necessary steps were being taken to ensure the High Needs

funding was being used effectively to deliver appropriate outcomes for children and young people and that value for money could be demonstrated.

- 4.14 The remaining steps for the finalisation of individual school funding allocations is as follows;

Date	Activity
19 December 2018	Schools Forum considers consultation response and gives its view on proposals for local funding allocation formula to individual schools. Forum will be asked to agree any transfers between funding blocks subject to national guidance.
December 2018	Local Government Finance settlement announced including school funding amounts
9 January 2019	Additional Schools Forum meeting to receive an update on initial Designated Schools Grant allocations for 2019/20 and agree centrally retained and de-delegated amounts.
21 January 2019	Deadline for submission of final local School Allocations to DfE (the APT)
28 February 2019	Deadline for confirmation of schools budget shares to maintained schools (in North Tyneside the intention is to issue in advance of this deadline)

- 4.15 A further update will be provided in the budget monitoring report brought to Cabinet in March 2019.

SECTION 5 - HOUSING REVENUE ACCOUNT

Forecast Outturn

- 5.1 The forecast set out in Table 5.5 below is based on the forecast results at November 2018 and reflects an improved position since September. Rental income continues to perform well against budget due to the reduction in the number of empty homes being maintained (£0.514m) with expectations that, if the trend continues, the overall position could improve further before the end of the year. In addition, the income from temporary dispersed accommodation continues to trend above budget (£0.078m), whilst service charge income, including furniture packs, is also maintaining a positive trend linked to the improving position on empty homes (£0.309m).
- 5.2 There is a significant forecast underspend of £1.022m in the position for HRA Management Costs, mainly down to the progress of the Construction Options Project (£0.758m). These savings are in three main areas;
- £0.251m for materials. The majority of this budget line was created to fund the purchase the stock held by Kier North Tyneside at point of transfer or purchase new materials. However it is now assumed that the majority of materials would be transferred at value to the HRA balance sheet as a stock asset and therefore no revenue costs would be incurred in 2018/19.
 - £0.300m due to savings against assumed interest costs for vehicle purchases no longer required as a result of the Steering Group's decision to purchase the new fleet using a contribution from the North Tyneside Living PFI reserve surplus.
 - £0.207m savings in staffing and consultancy costs partly as a result of appointments not commencing until part way through the year.

The remaining HRA Management Cost underspend reflects a large number of smaller variations including current vacancy forecasts of £0.082m and increased water rates commission of £0.100m with the balance of £0.082m spread across a wide range of cost centres.

- 5.3 Although there is an increasing take-up of Universal Credit which has an increasing impact on the in-year bad debt provision requirement, this is still forecast to be (£0.050m) under budget based on current estimate. In addition, it is anticipated that the HRA general contingency provision will not be fully required resulting in a saving of £0.030m and the Transitional Protection fund used to maintain PFI tenants rents at pre PFI levels is continuing to show a reduction in payments resulting in a saving of £0.015m.
- 5.4 All of the £0.858m of savings identified in the 2018/19 budget approved by Cabinet are on target to be delivered in full.

5.5 Table: Forecast Variance Housing Revenue Account

	FULL YEAR - 2018/19			Variance
	Forecast Outturn		Nov 2018 Variance £m	Sep 2018 £m
	Full Year Budget £m	Actual £m		
INCOME				
Rental Income	(58.960)	(59.867)	(0.907)	(0.650)
Other Rental Income - Shops & Offices etc.	(0.260)	(0.283)	(0.023)	(0.023)
Interest on Balances	(0.030)	(0.050)	(0.020)	(0.020)
PFI Credits	(7.693)	(7.693)	0.000	0.000
	(66.943)	(67.893)	(0.950)	(0.693)
EXPENDITURE				
Capital Charges - Net Effect	12.093	12.080	(0.013)	(0.013)
HRA Management Costs	12.338	11.316	(1.022)	(1.020)
PFI Contract Costs	9.597	9.597	0.000	0.000
Repairs	11.478	11.468	(0.010)	(0.010)
Revenue Support to Capital Programme	9.570	9.570	0.000	0.000
Contribution to Major Repairs Reserve – Depreciation	11.972	11.972	0.000	0.000
Contingencies, Bad debt Provision & Transitional Protection Payments	1.010	0.915	(0.095)	(0.095)
Pension Fund Deficit Funding	0.855	0.855	0.000	0.000
	68.913	67.773	(1.140)	(1.138)
	1.970	(0.120)	(2.090)	(1.831)
BALANCES BROUGHT FORWARD	(4.640)	(6.083)	(1.443)	(1.443)
BALANCES TO CARRY FORWARD	(2.670)	(6.203)	(3.533)	(3.274)

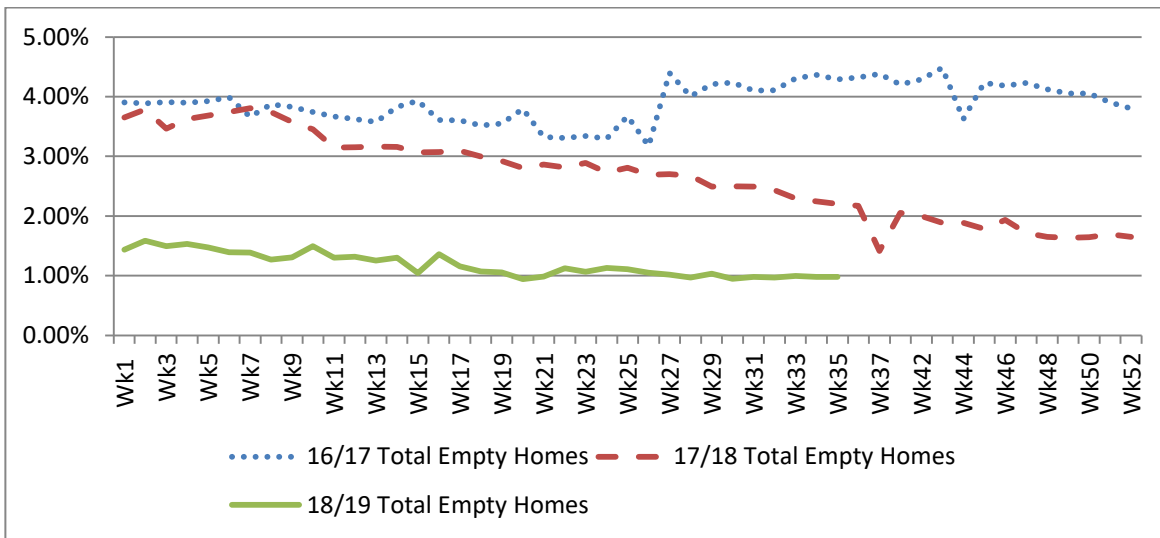
- 5.6 Universal Credit was fully implemented across North Tyneside on 2 May 2018. The Authority continues to work with residents to provide ICT support to help them make applications and to provide personalised budget support to help residents manage their household finances. At the 26th November, 1,391 North Tyneside Homes' tenants have moved on to Universal Credit, which is up from 1,062 at the 30th September. A team is working proactively with tenants to minimise arrears. This will be closely monitored as the year progresses to identify any adverse impacts on the budget position.

Empty Homes

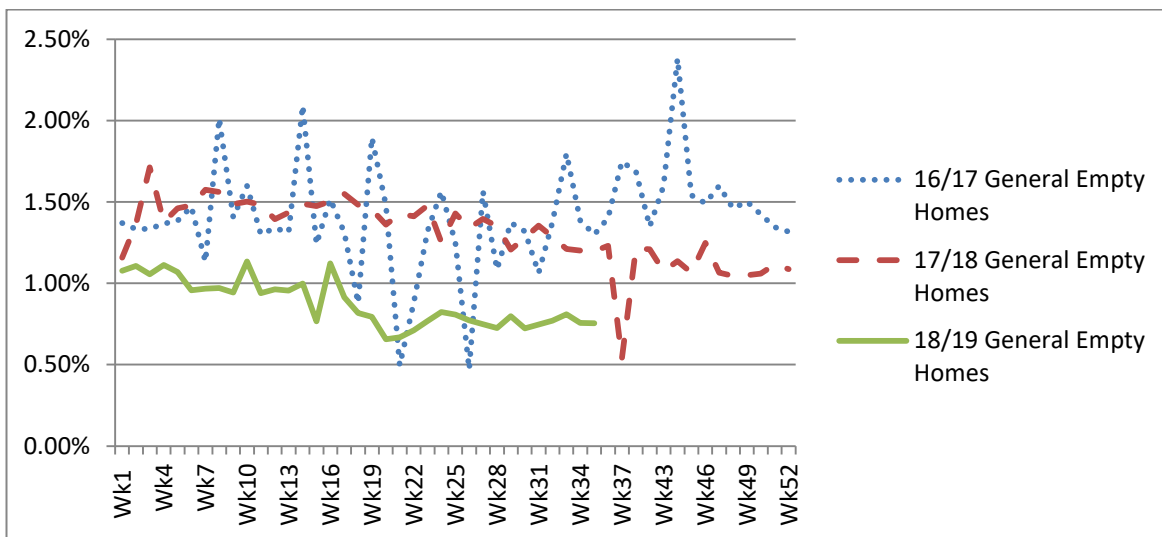
- 5.7 In terms of the impact of empty homes on the financial picture to date, rates are below 2017/18 levels overall so far this year and this positive performance continues the trend over the last couple of years following the completion of the North Tyneside Living Schemes. As a result, income forecasts are again exceeding budget projections. Tables 5.8 to 5.10 illustrate the movement in levels of empty

homes for 2018/19 compared to 2017/18 & 2016/17.

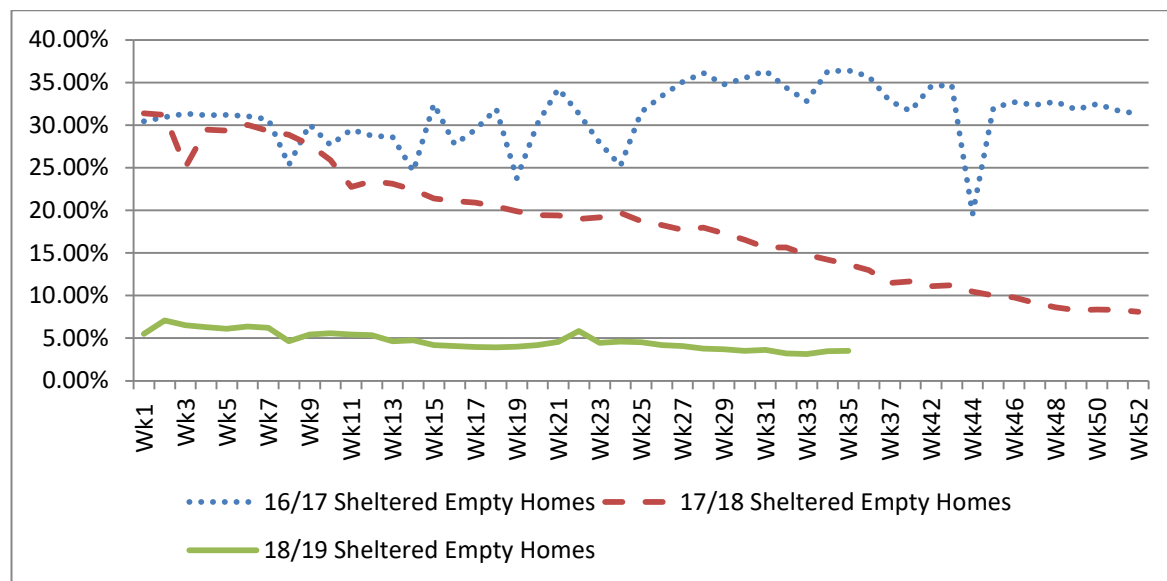
5.8 Table: All Stock Empty Homes as a Percentage of Total Homes



5.9 Table: General Stock Empty homes as a Percentage of Total Homes



5.10 Table: Sheltered Stock Empty Homes as a Percentage of Total Homes



Right to Buy (RTB) Trends

5.11 The impact of RTB is critical to long-term planning for the HRA. Prior to the introduction of self-financing in 2012, average RTB sales had dropped to around 25 per annum, mainly due to the capped discount (£22,000) which had remained static as property values had increased, making RTB less financially attractive to tenants. Shortly after self-financing began, Central Government announced a change to RTB significantly increasing the maximum discount, initially to £75,000 and then subsequently annual inflation was added to the maximum. The table below shows the trend in RTB sales since that time, and the financial impact this has had on income for the HRA.

5.12 Table: RTB Trends and Financial Impact

	<u>Sales assumed by self-financing</u>	<u>Actual RTB Sales</u>	<u>Additional RTB Sales above Budget assumptions</u>	<u>Estimated lost rent per annum (£m)</u>	<u>Capital Receipts (£m)</u>
2012-13	40	85	45	0.315	3.477
2013-14	47	122	75	0.457	4.957
2014-15	53	100	47	0.397	3.938
2015-16	55	135	80	0.577	5.548
2016-17	55	136	81	0.557	5.632
2017-18	56	158	102	0.630	7.758
2018-19 YTD	37	93	56	0.418	4.493
	343	829	486	3.351	35.803

- 5.13 In the period (2012-2018), the Authority has built over 130 new homes through the HRA, which has helped mitigate a portion of the revenue loss from the 829 sales in the same period. However, the cumulative impact on HRA annual rental income from RTB over this period is in excess of £3m.

SECTION 6 - INVESTMENT PLAN

Review of Investment Plan - Position Statement

- 6.1 The Authority's Investment Plan represents the capital investment in projects across all Service areas. The vast majority of the 70 projects are currently on target to deliver on time and on budget. Some of the key highlights of the Investment Plan due to be delivered during 2018/19 are summarised below:

Affordable Homes New Build and Conversion Works

- 6.2 There are currently 4 projects that have already completed or will complete during 2018/19; these are:
- The construction of 20 new affordable units in Dudley, on the former Dudley & Weetslade Club site. Work completed in July 2018;
 - The conversion of Perth Gardens into 7 new affordable units. Work completed in October 2018;
 - The construction of 13 new affordable homes in Battle Hill, on the former Bonchester Court site. Works are due to complete March 2019; and
 - The construction of 9 new affordable homes in Battle Hill, on the former Beadnell Court site. Works are due to complete March 2019.

In addition to the above projects that will be complete in year, there will be a number of other schemes progressed through the design, planning and procurement process during 2018/19 that will subsequently complete in future financial years.

Housing Investment Work

- 6.3 The Housing Capital delivery programme will see the following works delivered across the borough during 2018/19:
- Kitchen and bathroom improvements to 549 homes;
 - Heating upgrades to 600 homes;
 - Boundary improvements to 1,310 homes;
 - External decoration to 2,181 homes;
 - Roof replacements to 347 homes;
 - External brickwork repairs to 359 homes;
 - Footpath repairs throughout the borough; and
 - Fire door replacement to 74 blocks of flats.

Education Investment Works

- 6.4 Capital investment in schools will see the following works delivered during 2018/19:
- Delivery of the priority condition related projects across the school estate as part of the schools condition investment programme;
 - Priority Schools Building Programme 2 (PSBP2)(Off Balance Sheet);
 - Cullercoats Primary School – this project is being delivered as part of PSBP2 as a heavy refurbishment programme rather than a new build. Discussions have now been finalised between the Education and Skills Funding Agency (ESFA), the appointed contractor, Kier North East, and the school. The enabling works commenced end of May 2018 and the main contract

commenced in June 2018. It is expected that the works programme will conclude early 2020; and

- Backworth Park Primary School – the relocation to a new site to accommodate local increase in pupil population as a consequence of existing and newly approved residential developments was completed in September 2018.

Highways and Infrastructure Works

6.5 The main Highways & Infrastructure works include:

- Delivery of the LTP including the annual resurfacing programme, integrated transport projects and additional highways maintenance works including works to footways and pavements;
- Completion of Central Promenade Reconstruction Scheme;
- Completion of the final phase of the A1058 Coast Road major scheme (Norham Road Bridge) in August 2018;
- Completion of the North Bank of Tyne highway improvements;
- Commencement of construction on the A189 Salters Lane major highways scheme;
- Completion of Briar Vale major drainage improvements which will be the final phase of surface water works at Murton Gap; and:
- As part of the 2018 Budget, the Government announced additional grant funding for local highways maintenance for works on potholes of which £1.001m was allocated to North Tyneside.

Regeneration Works

6.6 Regeneration Works for 2018/19 include:

- The Spanish City was officially opened on 21 July 2018 with 16,000 people visiting over the weekend. The Spanish City started operating on 23 July and is now fully operational. Public feedback has been overwhelmingly positive;
- Empress Gardens is complete and was open to the public from 21st July 2018;
- High Point development – the new show home was officially opened by the Mayor on 5 June 2018 and two promotional launch events took place on 22 and 23 June 2018. The properties are currently being marketed with a number being under offer;
- Forest Hall – improvements to include: footpath widening and resurfacing, replacement street lighting, introduction of trees, reconfiguration of parking arrangements, improvements to Station Road and Forest Hall Road Junction and refreshing street furniture. Works commenced in November 2018 with completion scheduled for March 2019; and
- Swans – the next phase of works will cover feasibility work at the Swans Quay, demolition works and refurbishment works at the Centre for Innovation (CFI) .

Variations to the 2018-21 Investment Plan

6.7 As part of the regular investment programme monitoring £0.459 variations and £0.417m reprogramming have been identified.

Table 6.7.1 details the changes to the approved 3-year Investment Plan, as agreed at Council on 15 February 2018.

6.7.1 Table: 2018 - 21 Investment Plan changes identified

	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
Approved Investment Plan – Council 15 February 2018	84.059	43.216	32.073	159.348
Previously Approved Reprogramming/Variations				
Cabinet 12 March 2018	0.709	0	0	0.709
Cabinet 29 May 2018	8.130	0	0	8.130
Cabinet 30 July 2018	(14.613)	15.582	5.100	6.069
Cabinet 10 September 2018	4.111	(0.117)	0.257	4.251
Cabinet xx November 2018	0.234	(7.412)	(6.948)	(14.126)
Approved Investment Plan	82.630	51.269	30.482	164.381
October/November				
Variations	0.390	0.069	0	0.459
Reprogramming	(0.417)	0.417	0	0
Total Variations	(0.027)	0.486	0	0.459
Revised Investment Plan	82.603	51.755	30.482	164.840

6.8 The details of the main elements of the £0.459m variations are shown below. The revised 2018-21 Investment Plan is attached as **Appendix 1**:

- (a) **HS051 Private Sector Empty Homes Programme £0.069m (2019/20)** – Indicative grant allocations have now been confirmed and have increased by £0.069m to £0.347m;
- (b) **HS004 Disabled Facilities Grant (DFG) £0.163m** – The Chancellor announced an additional £55 million capital funding for the DFG. This funding is to help deliver more home adaptations and to help more disabled people to live independently and safely in their own homes. North Tyneside's grant allocation is £0.163m to be spend by 31 March 2019;
- (c) **DV065 North Shields Fisherman's Heritage Project £0.035m** – A contingency allocation of £0.035m has been made to allow for the completion of the public realm works around the Fiddlers Green Sculpture;
- (d) **ED132 Schools Capital Allocations £0.034m** – Section 106 funds are to be utilised to support resurfacing works to the car park at John Spence Community High School;
- (e) **Section 106 to support Health Facilities £0.090m** – Section 106 funding of £0.090m to be passported to the Clinical Commissioning Group (CCG) to provide improvements to Wide Open Medical Centre ;

- (f) **EV073 Coast Road Safety Improvement Scheme. £0.103m** – An amount was set aside at the start of the project to be used towards the cost of the scheme. As the scheme has been completed the earmarked reserve will be transferred to the investment Plan for financing purposes;
- (g) **IT026 Citizen Interaction and Self Service £1.003m credit** – The main elements of the project have been completed. The remaining components of the project will now be delivered through revenue budgets and therefore the remaining budget of Council Contribution will be transferred to GEN03 Contingencies; and,
- (h) **GEN03 Contingencies £0.968m** – Allocation to DV065 North Shields Fisherman's Project £0.035m (See c above) and the release of funding from IT026 Citizen Interaction and Self Service ,£1.003m.

6.9 The details of the £0.417m reprogramming are shown below.

- (a) **ED188 Special Education Needs and Disabilities £0.167m** - To align the use of the funding with the Keeping Children in School Initiative. The reprofiling into 2019/20 is required to realign the capital allocations in accordance with published priorities;
- (b) **HS051 Private Sector Empty Homes Programme £0.135m** – To reflect the expected work programme to be delivered during 2018/19; and,
- (c) **EV034 Local Transport Plan £0.115m** - Due to procedural requirements for closing a public right of way at Borough Road Bridge, the demolition work will not be able to take place until summer 2019 so there will be a requirement to reprofile £0.115m of bridges funding associated with this scheme into 2019/20.

6.10 The impact of the changes detailed above on capital financing is shown in Table 6.10.1 below.

6.10.1 Table: Impact of variations on Capital Financing

	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
Approved Investment Plan – Cabinet November 2018	82.630	51.269	30.482	164.381
Council Contribution	(0.038)	0.038	0	0
Grants and Contributions	(0.033)	0.389	0	0.356
Revenue Contribution	0.044	0.059	0	0.103
Total Financing Variations	(0.027)	0.486	0	0.459
Revised Investment Plan	82.603	51.755	30.482	164.840

Capital Receipts – General Fund

6.11 There were no General Fund Capital Receipts brought forward at 1 April 2018. All receipts received in 2017/18 were either applied to finance capital expenditure or to pay off debt. The capital receipts requirement for 2018/19 approved by Council on

15 February 2018 was £Nil (£1.080m for 2018-21). To date £0.100m capital receipts have been received in 2018/19. The receipts position is shown in Table 6.11.1 below.

6.11.1 Table: Capital Receipt Requirement – General Fund

	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
Requirement reported to 15 February 2018 Council	0.000	1.080	0.000	1.080
Reprogramming from 2017/18	0	0	0	0
Revised requirement	0.000	1.080	0.000	1.080
Receipts Brought Forward	0.000	(0.100)	0.000	0.000
Useable Receipts received 2018/19	0.100	0.000	0.000	0.100
Balance to be generated	(0.100)	0.980	0.000	0.980

Capital receipts – Housing Revenue Account

6.12 Housing Capital Receipts brought forward at 1 April 2018 were £7.014m. The Housing receipts are committed against projects included in the 2018-21 Investment Plan. The approved Capital Receipt requirement for 2018/19 was £2.261m. This, together with the reprogramming of £1.482m credit reported to Cabinet meeting on 29 May 2018 and 30 July 2018 Cabinet, gives a revised requirement of £0.779m. To date, £4.829m receipts have been recorded in 2018/19 of which £0.937m has been pooled as part of the quarterly returns to Central Government. In total, subject to future pooling, this leaves a surplus balance of £10.127m to be carried forward to fund future years.

6.12.1 Table: Capital Receipt Requirement - Housing Revenue Account

	2018/19 £m	2019/20 £m	2020/21 £m	2018-21 £m
Requirement reported to 15 February 2018 Council	2.261	4.763	1.367	8.391
Reprogramming from 2017/18	0.518	0	0	0.518
Reprogramming 2018/19	(2.000)	2.000	0	0.000
Revised Requirement	0.779	6.763	1.367	8.909
Receipts Brought Forward	(7.014)	(10.127)	(3.364)	(7.014)
Receipts Received 2018/19	(4.829)	0	0	(4.829)
Receipts Pooled Central Government	0.937	0	0	0.937
Surplus Balance to fund future years (subject to further pooling)	(10.127)	(3.364)	(1.997)	(1.997)

The final figure for useable receipts and pooled receipts in year will depend on the final number of Right to Buy properties sold during 2018/19.

Investment Plan Monitoring Position to 30 November 2018

6.13 Actual expenditure in the General Ledger was £39.657m, 48.01% of the total revised Investment Plan at 30 November 2018.

6.13.1 Table: Total Investment Plan Budget & Expenditure to 30 November 2018

	2018/19 Revised Investment Plan £m	Actual Spend to 30 November 2018 £m	Spend as % of revised Investment Plan %
General Fund	52.401	26.263	50.12%
Housing	30.202	13.394	44.35%
TOTAL	82.603	39.657	48.01%

Project Ref	Project Title	2018/19 £000's	2019/20 £000's	2020/21 £000's	Total £000's	Funding Source	£000's
	<u>GENERAL FUND</u>						
	<u>Great Place to live, work and visit</u>						
BS026	Asset Planned Maintenance programme	1,626	1,500	1,500	4,626	Council Contribution Section 106	4,586 40
CO067	Weekly Waste Grant	25	0	0	25	Weekly Waste Grant	25
CO075	Park - The Parks Sports Centre	55		0	55	Council Contribution Section 106	10 45
CO076	Lockey Park Environmental and Play Improvements	49	0	0	49	Section 106	49
DV054	Coastal Regeneration	5,198	0	0	5,198	Council Contribution Heritage Lottery Fund	4,593 605
DV058	Swan Hunters Redevelopment	1,534	2,277	0	3,811	Single Local Growth Fund (SLGF) LGF (LEP) Council Contribution	3,149 0 662
DV060	Rosehill Regeneration	24	0	0	24	Council Countribution	24
DV062	St Mary's Lighthouse and Visitor Centre	0	0	0	0	Heritage Lottery Fund grant (HLF) Council Contribution	0 0
DV070	Forest Hall regeneration	706	0	0	706	Council Contribution LTP Grant Revenue Contribution (Feasibility)	641 15 50
EV034	Local Transport Plan	3,942	115	0	4,057	Local Transport Plan (LTP) Grant Local Transport Plan (LTP) Grant ITA Public Transport Element Dft Pothole Grant Dft Incentive Grant Private Developer Contribution	2,286 958 28 199 578 8
EV054	Central Promenade Reconstruction	846	0	0	846	Council Contribution	846
EV055	Surface Water Management Improvements	1,082	0	0	1,082	Environment Agency Grant Council Contribution	433 649
EV056	Additional Highways Maintenance	2,000	2,000	2,000	6,000	Council Contribution	6,000
EV073	A1058 Coast Road Improvements to junctions	1,185	0	0	1,185	NELEP Growth Deal Local Transport Plan (LTP) Council Contribution Revenue Contribution (Reserve)	745 120 217 103
EV077	A1056/A189 Weetslade Junction Improvements	101	0	0	101	NELEP Growth Deal	101
EV078	A19 Employment Corridor Access Imp	39	0	0	39	Private Developer (Duke of N'land)	39
EV079	A191 Junction Improvements (Coach Lane)	78	0	0	78	Section 106	78
EV080	Coast Road Cycle Route	231	0	0	231	Cycle City Ambition Fund	231
EV082	North Bank of the Tyne Infrastructure	3,422	0	0	3,422	NELEP Growth Deal	3,422
EV084	A189 Improvements Haddricks Mill to West Moor	3,474	2,000		5,474	Dft National Productivity Investment Fund (NPIF) Section 106 Section 106/278	3,663 57 1,754
EV085	England Coast Path (St Mary's)	25	0	0	25	Natural England	25
EV086	Clean Bus Technology Fund	1,206	0	0	1,206	Department of Transport	1,206
EV087	Air Quality Early Measures Fund	350	0	0	350	DEFRA - Air Quality Grant	350

Project Ref	Project Title	2018/19 £000's	2019/20 £000's	2020/21 £000's	Total £000's	Funding Source	£000's
GEN12	Local infrastructure projects	252	100	100	452	Council Contribution Section 106 External Contribution	384 58 10
HS051	Private Sector Empty Homes Programme	108	728	524	1,360	Council Countribution Revenue Contribution Homes and Communities Grant	900 112 348
EV083	Streelighting LED	531	0	0	531	Council contribution	531
DV064	Council Property Investment	358	0	0	358	Council contribution	358
DV066	Investment in North Tyneside Trading Company	4,646	5,045	1,400	11,091	Council contribution Section 106	9,849 1,242
DV065	North Shields Fisherman's Heritage Project	44	0	0	44	External Contribution Council Contribution	9 35
HS052	Killingworth Moor Infrastructure	0	0	0	0	Housing Infrastructure Funding	0
	Total Great Place to live, work and visit	33,137	13,765	5,524	52,426		52,426
	<u>Cared for, Safeguarding and Healthy</u>						
CO064	Social Care Information System	385	0	0	385	Department of Health grant NHS Contribution	370 15
HS004	Disabled Facility Grants	1,443	1,060	0	2,503	Better Care Fund	2,503
HS036	North Tyneside Warm Zone	72	0	0	72	Council Contribution	72
DVxxx	Section 106 Contributions to Set Up Health Facilities	90	0	0	90	Section 106	90
	Total Cared for, Safeguarding and Healthy	1,990	1,060	0	3,050		3,050
	<u>Corporate and Enabling</u>						
EV069	Vehicle Replacement	2,029	962	500	3,491	Council Contribution	3,491
EV076	Operational Depot Accomodation review	5,660	4,100	897	10,657	Council contribution	10,657
GEN03	Contingency Provision	952	4,443	2,125	7,520	Council Contribution	7,520
IT020	ICT Strategy	1,025	1,000	1,000	3,025	Council Contribution	3,025
IT025	BDUK (Broadband)	76	0	0	76	Council Contribution	76
IT026	ICT citizen interaction and self serve	263	0	0	263	Council Contribution	263
	Total Corporate and Enabling	10,005	10,505	4,522	25,032		25,032
	<u>Ready for School and Work</u>						
ED075	Devolved Formula Capital	739	500	0	1,239	Education Funding Agency Section 106	1,215 24
ED100	30 Hours Capital Grant	75	0	0	75	Education Funding Agency	75
ED120	Basic Need	253	184	0	437	Education Funding Agency Section 106	187 250
ED132	School Capital Allocation	3,803	0	0	3,803	Education Funding Agency Council Contribution Section 106	3,769 0 34
ED186	Backworth Park Primary - relocation and expansion	2,146	0	0	2,146	Section 106 Basic Need Grant Council Contribution Education Funding Agency	4,355 162 -2,374 3

Project Ref	Project Title	2018/19	2019/20	2020/21	Total	Funding Source	
		£000's	£000's	£000's	£000's		£000's
ED187	Healthy Pupils Capital Fund	253	0	0	253	Education Funding Agency	253
ED188	Special Education Needs and Disabilities Fund	0	450	166	616	Education Funding Agency	616
	Total Ready for School and Work	7,269	1,134	166	8,569		8,569
	TOTAL: GENERAL FUND	52,401	26,464	10,212	89,077		89,077
	HOUSING						
	Great Place to live, work and visit						
HS015	Refurbishment / Decent Homes	20,443	18,960	17,576	56,979	Revenue Contribution	21,785
HS017	Disabled Adaptations (HRA)	1,030	1,041	1,051	3,122	Capital Receipts	8,909
HS039	ICT Infrastructure Works	112	105	106	323	Major Repairs Reserve (MRR)	37,799
HS041	Housing PFI	470	0	0	470	House Building Fund	4,270
HS044	HRA New build	3,697	4,985	1,537	10,219	HRA Reserves	3,000
HS050	Construction project	4,450	200	0	4,650		
	Total: HOUSING	30,202	25,291	20,270	75,763		75,763
	TOTAL INVESTMENT PLAN	82,603	51,755	30,482	164,840		164,840

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FINANCING				
GENERAL FUND				
Unsupported Borrowing	23,193	18,789	9,953	51,935
Capital Receipts	0	1,080	0	1,080
Revenue Contribution	206	59	0	265
Grants & Contributions	29,002	6,536	259	35,797
	52,401	26,464	10,212	89,077
HOUSING				
Capital Receipts	779	6,763	1,367	8,909
Revenue Contribution	9,570	6,136	6,079	21,785
HRA Reserves	3,000	0	0	3,000
Contribution from Reserves (House Building Fund)	4,270	0	0	4,270
Grants & Contributions	0	0	0	0
Major Repairs Reserve	12,583	12,392	12,824	37,799
	30,202	25,291	20,270	75,763
	82,603	51,755	30,482	164,840

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North Tyneside Council

Report to Cabinet

Date: 21 January 2019

ITEM 5(b)

Title: Calculation of the 2019/20 Council Tax Base for North Tyneside Council

Portfolios: Finance & Resources

Cabinet Member: Councillor Ray Glindon

Report from Service Area: Finance

Responsible Officer: Janice Gillespie, Head of Resources (Tel: 643 5701)

Wards affected: All

1.1 Executive Summary:

The Council Tax Base is an annual statutory calculation, used to determine the level of Council Tax for individual properties. The Tax Base represents the number of properties which will be subject to Council Tax, and which are expressed in terms of their Band D equivalents, after allowing for the effect of discounts and exemptions and reliefs.

The agreed Tax Base for North Tyneside Council for 2019/20 will be used in the 2019/20 Budget and Council Tax calculation. The Tax Base is also used as the basis for the major precepting authorities (Police and Crime Commissioner for Northumbria and the Tyne and Wear Fire and Rescue Authority), to determine their precept requirements.

The 2019/20 Council Tax Base calculation and recommendations below are based on the Council Tax Support Scheme which was set for 2018/19 and approved by Council on 18 January 2018. There are no changes to the existing scheme meaning that Council Tax Support for working age claimants is calculated on 85.0% of Council Tax liability. Pensionable age claimants still receive Council Tax Support based on 100% of their Council Tax liability.

1.2 Recommendation(s):

It is recommended that Cabinet:

- (1) approves this report on the calculation of North Tyneside's Council Tax Base for 2019/20 and,
- (2) pursuant to this report and in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 agrees that the assumed Council Tax collection rate for 2019/20 remains at 98.50% and therefore the amount calculated by North Tyneside Council as its Council Tax Base for 2019/20 shall be 60,179 Band D equivalent properties.

1.3 Forward plan:

Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 23 November 2018.

1.4 Council plan and policy framework:

- 1.4.1 This Tax Base calculation is a key element of the Budget Setting process and therefore is a key strand of the Budget and Policy Framework.

1.5 Information - Explanation of the Council Tax Base Calculation

- 1.5.1 As noted earlier, the Council Tax Base is an annual statutory calculation, used to determine the level of Council Tax for individual properties.
- 1.5.2 The Welfare Reform Act 2012 abolished Council Tax Benefit from 31 March 2013 as part of the introduction of Universal Credit. The Local Government Finance Act 1992 was subsequently amended so that each Local Authority was obliged to create a localised Council Tax Reduction Scheme (known by this Authority as a Council Tax Support scheme) with effect from 1 April 2013. Therefore, as with the last six years, for the calculation of the 2019/20 Council Tax Base, Council Tax Support takes the form of reductions.
- 1.5.3 The calculation of the 2019/20 Council Tax Base has been prepared in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, which came into force on 30 November 2012.
- 1.5.4 The Local Government Finance Act 2012, sets out Council Tax legislation and provides the statutory framework under which the decisions on local discounts and second homes may be made.
- 1.5.5 The 2019/20 Council Tax Base set out within this report is based on the North Tyneside Council Local Council Tax Support Scheme remaining at the same level in 2019/20 as was set in 2018/19.

Tax Base Calculation for 2019/20

- 1.5.6 The detailed Council Tax Base calculation for North Tyneside for 2019/20 is attached as Appendix A to this report, together with an explanation of the specific elements that form part of this calculation. Within this calculation, adjustments have been made to reflect the effect of exempt properties, disabled relief and discounts. Specifically these adjustments include:
- The estimated number of dwellings to be demolished during 2019/20;
 - Assumed growth from anticipated New Build properties during 2019/20 based on current estimates from the Planning Department;
 - The estimated number of dwellings where the liable person qualifies for a disabled reduction;
 - The estimated number of exempt dwellings during 2019/20;
 - The estimated impact of no change being proposed to the Council Tax Support scheme in 2019/20.
- 1.5.7 Applying the adjustments listed in paragraph 1.5.6 has the effect of reducing the total number of properties to a common base for each band, in terms of full year equivalents.
- 1.5.8 The Council Tax Base Regulations ensure that the Council Tax Base for an area takes into account the effect of disability reductions in respect of dwellings which fall within Band A. They introduced an additional 'alternative valuation band' to allow Band A properties to qualify for a disabled reduction. Previously, properties adapted to meet the needs of a disabled person were charged at a rate equal to the next lowest valuation band, so for example a qualifying Band D property would be charged at a Band C rate, but this hadn't applied to Band A properties. Instead of paying the normal Band A charge (six-ninths of the Band D) a qualifying Band A property is now charged five-ninths of the Band D charge. For the purpose of the Council Tax Base calculation it is now necessary to show Band A properties which qualify for a disabled reduction as if it were an additional valuation band. Deductions are then made for exempt dwellings and the estimated impact of the Council Tax Support scheme for 2019/20, as set out earlier within this report.
- 1.5.9 In order to arrive at the Council Tax Base calculation for 2019/20, the number of dwellings within each of the Council Tax Bands, A – H, have been converted to their Band D equivalents, using the appropriate proportions, shown in Table 1 below. The result of this calculation for 2019/20 is to produce a total number of properties prior to an allowance for non-collection and contributions in lieu of 61,045.

Table 1: Council Tax Band Proportions

Council Tax Band	Proportion of Band D
Band A Entitled to Disabled Relief Reduction	5/9 (55.6%)
Band A	6/9 (66.7%)
Band B	7/9 (77.8%)
Band C	8/9 (88.9%)
Band D	9/9 (100.0%)
Band E	11/9 (122.2%)
Band F	13/9 (144.4%)
Band G	15/9 (166.7%)
Band H	18/9 (200.0%)

Assumed Council Tax Collection Rate

- 1.5.11 The next stage of the Council Tax Base calculation involves making a deduction for the non-collection of Council Tax. This non-collection element of the calculation is made in respect of the amounts that are legally due, but which, for varying reasons, may not be collected. The assumed Council Tax collection rates for North Tyneside have improved significantly since 1993/94, when the assumed collection rate was 95%. The assumed North Tyneside Council Tax collection rates for each year from when Council Tax was introduced in 1993/94 are illustrated in Table 2 below:

Table 2: Assumed North Tyneside Council Tax Collection Rates Since 1993/94

Year	Assumed North Tyneside Council Tax Collection Rate
1993/94	95.00%
1994/95	96.00%
1995/96	96.50%
1996/97	96.625%
1997/98	96.75%
1998/99	97.00%
1999/00	98.00%
2000/01	98.125%
2001/02	98.25%
2002/03	98.60%
2003/04	98.75%
2004/05	98.875%
2005/06 – 2007/08	99.00%
2008/09 – 2010/11	99.10%
2011/12 – 2012/13	99.20%
2013/14 – 2018/19	98.50%

- 1.5.12 A fundamental issue for the Council Tax Base calculation is the assumed percentage Council Tax collection rate to apply. As can be seen in Table 2 above,

the Authority's performance on Council Tax collection has been improving for many years, reaching a peak of 99.20% in setting the Council Tax Base for 2012/13. However, since 2013/14, a lower collection rate of 98.50% was proposed and agreed. This lower rate of 98.50% was set to reflect the estimated impact of the Council Tax Support Scheme, the estimated impact of other Welfare Reform changes and changes to Exemptions and Discounts applied from 2013/14.

1.5.13 Council Tax in year collection remains steady. Council Tax collection has remained consistent in each of the last three financial years. This is only however an approximate indicator of the assumed council tax performance, given the significant time lag effect between in year and ultimate council tax collection performance.

1.5.14 Having considered various issues in relation to the collection rate for 2019/20, namely:

- 1) Current council tax collection rates
- 2) The estimated impact of the Council Tax Support Scheme
- 3) The estimated impact of other Welfare Reform changes
- 4) The impact of previous and proposed changes to Exemptions and Discounts.
- 5) Change to council tax rate

It is proposed that an assumed Council Tax Collection Rate of 98.50% is set as part of the 2019/20 Council Tax Base calculation. This is felt prudent as the risk of setting a Council Tax collection rate too high is that this can result in a deficit position for the Council Tax element of the Collection Fund, which in turn will have to be funded by the Authority's General Fund. This calculation is reviewed on an annual basis.

1.5.15 The final stage of the Council Tax Base calculation involves adding an estimated amount in respect of contributions in lieu of Council Tax to be made to the Authority, which is expressed in terms of the number of Band D equivalent properties. For 2019/20 this figure for North Tyneside Council which relates to Ministry of Defence properties is 50 Band D equivalent properties.

Resulting Council Tax Base Calculation for 2019/20

1.5.16 The 2019/20 Council Tax Base for the whole of North Tyneside after the allowance for non-collection and payments in lieu is 60,179 Band D equivalent properties. This equates to an increase of 1,131 Band D equivalent properties compared to the 2018/19 figure.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

1.6.1 Whilst the annual Council Tax Base calculation is a statutory calculation, there is always discretion to amend the assumed Council Tax collection rate each year, based on experience and actual / anticipated collection rates. Changes to

Exemptions and Discounts and the Local Council Tax Support Scheme can also be made. Changes to Exemptions and Discounts and the Local Council Tax Support Scheme are a matter reserved as a decision for Council. As noted earlier in this report the Local Council Tax Support Scheme for 2019/20 will remain at the level set in 2018/19. Option 1 in this report is:

- Setting the 2019/20 Council Tax Base for North Tyneside Council using a assumed council tax collection rate of 98.50%;
- Noting the Council Tax Support Scheme.

Option 2

- 1.6.2 The only available options for Cabinet, following the decision to leave the Local Council Tax Support scheme at the same level as 2018/19, are options to amend the assumed Council Tax collection rate. As noted earlier within this report, the current collection rate of 98.50% is proposed to remain unchanged for 2019/20. An increase in the collection rate would increase the Council Tax Base and a reduction in the collection rate would reduce the Council Tax Base. The impact of different Council Tax collection rates are shown in Table 3 below. For 2019/20 each 0.1% change to the collection rate would change the Council Tax Base by approximately 61 Band D equivalent properties which would equate to a change in resources of approximately £0.095m.

Table 3: Illustrative Example - Impact of Changing the Council Tax Collection Rate

Council Tax Collection Rate	Revised Council Tax Base for 2019/20	Change in Resources for 2019/20
98.30%	60.057	Reduction in resources of £0.191 million
98.40%	60.118	Reduction in resources of £0.095 million
98.50%	60.179 (Proposed)	No Change
98.60%	60.240	Increase in resources of £0.095 million
98.70%	60.301	Increase in resources of £0.191 million

1.7 Reasons for recommended option:

- 1.7.1 Option 1 is recommended for the following reasons:

Council Tax Collection Rate

The proposed 98.50% Council Tax collection rate representing no change on the 2018/19 collection rate is felt to be prudent for the reasons set out in paragraph 1.5.14 of this report.

The risk of setting a Council Tax collection rate too high is that this can result in a deficit position for the Council Tax element of the Collection Fund, which in turn will

have to be funded by the Authority's General Fund. This collection rate is reviewed as part of the annual Council Tax Base calculation, and the 98.50% collection rate will be reviewed in determining the Council Tax Base for 2020/21.

1.8 Appendices:

Appendix A: Detailed Council Tax Base calculation for North Tyneside Council for 2019/20.

1.9 Contact officers:

David Dunford, Principal Accountant (Business Partner), Finance Service.
Tel (0191) 643 7027

Andrew Scott, Senior Client Manager Revenues, Benefits & Customer Services, Finance Service.
Tel (0191) 643 7150

1.10 Background information:

The following background papers and research reports have been used in the compilation of this report and are available at the offices of the author:

- (1) [Local Government Finance Act 1992](#)
- (2) [Localism Act 2011](#)
- (3) [Local Government Finance Act 2012](#)
- (4) [Local Authorities \(Calculation of Council Tax Base\) \(England\) Regulations 2012.](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

This report details the 2019/20 Council Tax Base calculation. This annual calculation is a key component of the Council Tax and Budget Setting Process. The Council Tax Base is used as a denominator within the annual Council Tax and Budget calculation to determine the exact level of Council Tax to be charged for each valuation band for a given year. The charge for each Council Tax Band (A-H) for 2019/20 is calculated by dividing the amount of Council Tax income required by the agreed 2019/20 Council Tax Base for North Tyneside. It is also used as the basis for the major precepting authorities (Police and Crime Commissioner for Northumbria and the Tyne and Wear Fire and Rescue Authority) to determine their precept requirements.

As noted previously, the change to the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 produced a fundamental change to the Council

Tax Base calculation. As with 2018/19, for the purposes of the 2019/20 Council Tax Base, Council Tax Support takes the form of reductions.

These regulations result in the proposed Council Tax Base calculation for 2019/20 representing an increase of 1,131 Band D equivalents compared with 2018/19.

The items noted in paragraph 1.5.14 of this report have all been considered in determining the proposed assumed Council Tax collection rate for 2019/20 of 98.50%.

The 2019/20 Council Tax Base figure included within this report will be built into the 2019/20 final Council Tax Requirement and Budget proposals.

2.2 Legal

Under the Local Government Finance Act 1992, as amended, Cabinet is required to make an annual resolution for calculating the Council Tax Base and to notify this figure to major precepting authorities, which in the case of North Tyneside Council are, the Police and Crime Commissioner for Northumbria and the Tyne and Wear Fire and Rescue Authority during the period from 1 December to 31 January. Once the Tax Base for 2019/20 has been set, it cannot be altered after 31 January 2019.

The determination of the Council Tax Base is the responsibility of Cabinet in accordance with Section 67(2A) of the Local Government Finance Act 1992 as amended.

2.3 Consultation/community engagement

Consultation on this report has taken place with the Cabinet Member for Finance and Resources and a report was presented to Cabinet on 10 September 2018. At that stage it was decided that they would not revise or review the Council Tax Support Scheme for 2019/20. As such no further consultation was required.

2.4 Human rights

The proposals within this report do not themselves have direct implications in respect of Human Rights.

2.5 Equalities and diversity

The proposals within this report do not themselves have direct implications in respect of equalities and diversity. There are no proposed changes to the Local Council Tax Support Scheme for 2019-20.

2.6 Risk management

Appropriate risks have been considered in determining the proposed Council Tax collection rate, as noted within the report, which forms part of the overall Council Tax Base calculation for 2019/20.

2.7 Crime and disorder

The proposals within this report do not themselves have direct implications for crime and disorder.

2.8 Environment and sustainability

There are no environmental and sustainability implications directly arising from this report.

PART 3 - SIGN OFF

- Chief Executive ☐
- Head of Service ☐
- Mayor/Cabinet Member(s) ☐
- Chief Finance Officer ☐
- Monitoring Officer ☐
- Head of Corporate Strategy and Customer Service ☐

NORTH TYNESIDE COUNCIL

COUNCIL TAX BASE CALCULATION - 2019/2020

Row		BAND A Entitled To Disabled Relief Reduction	BAND A Value Range up to £40,000 (See Note 1)	BAND B Value Range £40,001 to £52,000	BAND C Value Range £52,001 to £68,000	BAND D Value Range £68,001 to £88,000	BAND E Value Range £88,001 to £120,000	BAND F Value Range £120,001 to £160,000	BAND G Value Range £160,001 to £320,000	BAND H Value Range Over £320,000	TOTAL
1	Properties as per List 30/11/18	0	50,263	15,603	19,243	7,764	3,879	1,269	353	38	98,412
2	Demolished Dwellings	0	-14	-1	0	0	0	0	0	0	-15
3	Assumed Growth on New Build Properties	0	167	79	99	38	59	19	1	0	462
4	Disabled Relief	164	-88	43	-64	-30	-12	-4	12	-21	0
5	Exempt Dwellings or 100% discount.	0	-931	-198	-298	-84	-34	-15	-5	-3	-1,568
6	Impact of Council Tax Support Scheme	-54	-10,462	-1,193	-679	-126	-34	-6	-1	0	-12,555
		110	38,935	14,333	18,301	7,562	3,858	1,263	360	14	84,736
7	Less: Discounts at 25%	-14	-6,196	-1,466	-1,295	-391	-149	-51	-23	-2	-9,587
		96	32,739	12,867	17,006	7,171	3,709	1,212	337	12	75,149
8	Proportion of Band D Equivalent	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
9	Band D Equivalents	53	21,826	10,007	15,117	7,171	4,533	1,751	561	24	61,045
10	Total Number of 25% Discounts	52	24,753	5,849	5,156	1,557	585	191	51	2	38,196
11	Total Number of 50% Discounts	2	16	8	12	5	5	6	21	3	78
12	Total Number of Second Home Properties	0	109	66	61	33	5	5	1	0	280

Tax Base Calculation	BAND D EQUIVALENTS	COLLECTION RATE	COUNCIL TAXBASE
Tax Base Calculation	61,045	98.50%	60,129
Add Payments in Lieu			50
2019/20 Council Tax Base			60,179

Note 1

The Property Values for each Band are based on the open market capital value of the dwelling on 1 April 1991.

Council Tax Base Calculation - Explanation

Row (1) shows the number of chargeable dwellings In the Valuation List at 30 November 2018, as compiled by the District Valuer.

Row (2) shows the estimated number of dwellings which will be demolished during the year 2018/19.

Row (3) shows the assumed growth on new build properties during 2019/20.

Row (4) shows the number of dwellings which have been dropped into the next lower Band because of having facilities for the disabled. Properties with certain facilities for meeting the needs of a disabled person may qualify for a disabled reduction. The effect of this is a drop into the next lower Band. This row adjusts for the resulting increase in the number of properties shown in the next lower band and the resulting decrease from the actual band. Qualifying properties in Band A, enjoy a reduction in council tax equivalent to 1/9 of a Band D charge.

Row (5) shows the estimated number of dwellings, which will be exempt during the year 2019/20. Various categories of exemption exist including: property occupied entirely by students, property occupied by persons under 18 etc. This estimate is based on figures produced from the Valuation List at 30 November 2018 and from information currently held in the council tax system.

Row (6) shows the estimated impact of the Council Tax Support Scheme on the 2019/20 Council Tax Base.

Row (7) shows the estimated number discounts equated to a full charge (i.e. four discounts @ 25% = one full charge). This is an estimate of discounts for single people and discounts for other categories such as for care workers, hospital patients, the severely mentally impaired etc.

Row (8) shows the appropriate multiplier for the Band in question.

Row (9) shows the number of properties within each Council Tax Band A - H which have been converted to their Band D equivalents using the appropriate multiplier shown in Row 8.

Row (10) shows the total number of 25% discounts which are referred to in Row 7.

Row (11) shows the total number of 50 % discounts which are referred to in Row 7.

Row (12) shows the total number of second home properties

North Tyneside Council Report to Cabinet Date: 21 January 2019

ITEM 5(c)

Title: 2019-2023 Financial Planning and Budget Process: Cabinet's Draft Budget and Council Tax Requirement Proposals and Final Budget proposals for the Housing Revenue Account (HRA) Business Plan and Budget

Portfolio(s): Elected Mayor Deputy Mayor Finance	Cabinet Member(s): Mrs Norma Redfearn Cllr Bruce Pickard Cllr Ray Glindon
Report from: Senior Leadership Team	
Responsible Officer: Janice Gillespie, Head of Resources (Chief Finance Officer)	Tel: 643 5701
Wards affected: All	

PART 1

1.1 Executive Summary:

General Fund

- 1.1.1 North Tyneside Council continues to operate in a very difficult financial climate. Resources continue to reduce in both the General Fund and the Housing Revenue Account and costs continue to rise; particularly the need to continue to deliver statutory social care services for adults and children. Whilst the Government has made some steps toward recognising those rising costs, the nationally recommended increase in Council Tax and Better Care Fund place the risks with local authorities and do not cover the full cost of rising demand and the impact of the National Living Wage in the care sector.
- 1.1.2 These draft budget proposals therefore include for consideration a 2.99% general Council Tax increase in 2019/20 followed by the Government's recommended 1.99% general Council Tax increase for future years to 2022/23.
- 1.1.3 That said, the budget proposals set out in this report have been developed in the context of the Our North Tyneside Plan and reflect the draft priorities of the Elected Mayor and Cabinet. The proposals aim to reflect those matters which are important to residents and doing the very best to protect vulnerable adults and children.

- 1.1.4 At its meeting on 10 September 2018, Cabinet approved the process and timetable to be adopted for the preparation of the draft Financial Plan, 2019/20 revenue budgets in respect of the General Fund, Dedicated Schools Grant (DSG) and Housing Revenue Account (HRA), the 2019-2023 Investment Plan and the 2019/20 Treasury Management Statement and Annual Investment Strategy, as part of the overall Financial Planning and Budget process for 2019-2023. Cabinet also approved the Budget Engagement Strategy as part of that report.
- 1.1.5 This report presents, for consideration, the outcomes of that process with Cabinet's draft budget proposals, in accordance with the time-scales set down and the Authority's Constitutional requirements and the Budget & Policy Framework Procedure Rules. This report presents proposals to cover a four-year planning period from 2019-2023 for the revenue budget and a four-year planning horizon for the Investment Plan. The 2019/20 financial year is the final year of Central Government's financial settlement offer which has provided the Authority with a degree of certainty regarding the level of funding the Authority was due to receive. Budget planning beyond 2019/20 is therefore extremely difficult to predict with any accuracy at this stage.
- 1.1.6 There is also significant uncertainty in relation to the level of funding beyond 2020 due to the change in the Local Government finance system resulting in greater risks in relation to the localisation of business rates and the Local Council Tax Support Scheme. The unknown impacts alongside the level of risk to finances means that current budget forecasts will need to be closely monitored and potentially refreshed more frequently than usual as implications become clear.
- 1.1.7 The Efficiency Statement, which was submitted to the Government on 14 October 2016 to secure the multi-year financial settlement offer, has been revised. This now reflects how the Authority is planning to address the reduction in resources to ensure we can meet the anticipated savings that will be needed over the medium term of the financial plan. The current savings requirement is estimated to be £26.988m over the period 2019/2023. The savings estimate includes the proposed 2.99% general Council Tax increase in 2019/20 followed by the Government's recommended 1.99% general Council Tax increase for future years to 2022/23.
- 1.1.8 In April the former Secretary of State for the Ministry of Housing, Communities and Local Government (MHCLG) commissioned a review in response to issues in relation to the Department's operation of the Business Rates Retention system. A wide range of recommendations have been made in the Hudson Report and the Government have confirmed that they will be accepting all recommendations.
- 1.1.9 The recommendation that has received the most publicity has been that, in future the Provisional Local Government Settlement should be published on or around 5 December each year and that the Final Settlement should be announced no later than the end of January. In responding to this recommendation, the Government's intention was for the Provisional Settlement for 2019/20 to be published on 6 December 2018. Due to Ministerial and Parliamentary time taken up by the debate on Brexit the publication of the Provisional Settlement was delayed and subsequently received on 13 December 2018.
- 1.1.10 It is important to appreciate these proposals are based on several years of cumulative effort to respond to reducing resources and rising costs. They

necessarily contain greater cumulative risk and require close attention to ensure delivery.

- 1.1.11 On 26 November 2018, Cabinet considered its initial budget proposals, based on information available at that point in time. Cabinet now needs to receive this report and consider its estimates of amounts for the 2019/20 Council Tax requirement including the General Fund Budget, the 2019-2023 Capital Investment Plan, and the Treasury Management Statement and Annual Investment Strategy for 2019/20 as outlined in Annex 1.
- 1.1.12 There were no new funding announcements made as part of the Provisional Local Government Finance Settlement. The new funding announcements were made in the Autumn Budget with the provisional settlement confirming the allocations of the additional Social Care funding. A Provisional Settlement Consultation was published with a closing date of 10 January 2019.
- 1.1.13 There are a number of assumptions and judgements build into the figures presented that lie mainly outside the control of the Authority and need to be finalised. The estimates of amounts will therefore need to be subject to further review before they can be confirmed.

Housing Revenue Account

- 1.1.14 Cabinet in its report of the 26 November 2018, set out the estimates for all aspects of the Elected Mayor and Cabinets' proposed spending and resource plans for the Housing Revenue Account (HRA) Budget for 2019-2023 and associated Investment Plan 2019-2023 (Annex 1). In addition, the report outlined the proposed changes to housing rent, garage rent and service charges for 2019/20.
- 1.1.15 At this meeting Cabinet are also considering the HRA budget monitoring position as at November 2018. Cabinet should note that the starting balance for the HRA has increased by £0.259m since reported to Cabinet in September 2018. At this stage there is no change to the amount of re-programming declared within the Investment Plan as at November 2018. These changes have been reflected in the updated figures shown in the HRA section of Annex 1.
- 1.1.16 Cabinet is now formally asked to approve the proposed spending and resource plans for the HRA Revenue Budget for 2019/20 in accordance with the responsibilities of Cabinet pursuant to the Local Government Act 2000. In addition Cabinet is also asked to approve the housing element of the 2019-2023 Investment Plan, the proposed freeze on service charges, the reduction on garage rents along with the continuation of the rent reduction legislated for by Government in the Welfare Reform and Work Act 2016.

1.2 Recommendation(s):

- 1.2.1 The recommendations to Cabinet will be included in the final report

1.3 Forward plan:

Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 10 December 2018.

1.4 Council plan and policy framework:

- 1.4.1 The Budget and Policy Framework Procedure Rules are set out in Part 4.7 of the Authority's Constitution. The Budget is guided by paragraph 4.7.3 covering the process for the preparation, consideration and final approval of the Authority's Council Tax requirement and Council Tax level. The statutory and constitutional requirements for preparing, considering and approving these issues drive the timetable for the Financial Planning and Council Tax setting process of the Authority.
- 1.4.2 The development of the Financial Plan and Budget has followed the same timetable as in previous years. However, the proposals will also be presented to Overview and Scrutiny during the course of the budget setting process.
- 1.4.3 The Financial Planning and Budget process is a fundamental part of the overall governance and assurance framework of the Authority. This in turn provides assurance that is considered as part of preparing the Annual Governance Statement each year.

1.5 Information

An initial report is submitted at this stage to allow time for the impact of the changes announced immediately before Christmas in the 2018 Provisional Local Government Finance Settlement to be assessed and cabinets draft proposals to be finalised.

PART 3 - SIGN OFF

- Chief Executive
- Head(s) of Service
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Head of Corporate Strategy and Customer Service

North Tyneside Council

Report to Cabinet

Date: 21 January 2019

ITEM 5(d)
Cabinet Response to Capita
Sub-Group Report from
Overview, Scrutiny and
Policy Development
Committee

Portfolio: Deputy Mayor

Cabinet Member: Councillor Bruce
Pickard

Report from Service Area: Environment, Housing and Leisure

Responsible Officer: Phil Scott, Head of Environment,
Housing and Leisure

Tel: (0191) 643 7295

Wards affected: All

PART 1

1.1 Executive Summary:

The Authority has a long term strategic partnership with Capita Property & Infrastructure Limited ('Capita') to deliver a range of technical services. This followed an EU compliant procurement exercise which led to the contract being awarded to Capita with a commencement date of 1 November 2012.

As part of its work programme for 2017/18, Overview, Scrutiny and Policy Development Committee ('the Committee') decided to undertake a review of the delivery arrangement. The Committee established a Study Group with the objective to assess whether the Authority and its residents were receiving the service specified and to gain a clearer understanding of the partnership and its operation.

The Committee presented the findings of its Study Group in a report to Cabinet on 26 November 2018 which included nine recommendations. Cabinet noted the report and its findings and resolved that a detailed response to them be provided at a future Cabinet meeting, no later than January 2019. Cabinet has a statutory duty to respond to scrutiny recommendations within two months of receiving them.

This report presents the proposed response to the Committee's recommendations and seeks Cabinet's approval of them.

1.2 Recommendation:

It is recommended that Cabinet agrees the proposed responses to the recommendations from the Overview, Scrutiny and Policy Development Committee in relation to its study into the Technical Services strategic partnership arrangement with Capita, as set out in **Appendix 1** to this report.

1.3 Forward Plan:

Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 7 December 2018.

1.4 Council Plan and Policy Framework

This report directly relates to the delivery of the following priority within the Our North Tyneside Plan:

- Our Places will have an effective transport and physical infrastructure.

The Technical Services Partnership also supports delivery of the overall Plan and this is embedded within the agreed Annual Service Plan with Capita.

1.5 Information

1.5.1 Background

In November 2012 the Authority entered into a 15 year contract with Capita to deliver technical services following an EU compliant procurement exercise. The following services moved to Capita:

- Engineering and Highways
- Strategic Property and Asset Management (including energy management and efficiency, advertising and cleaning)
- Planning
- Consumer Protection.

The transfer included 400 staff including 60 secondees to ensure the statutory duties for the Local Authority could be discharged appropriately. It was originally planned that the Winter Maintenance service would also be transferred, however, in 2014 there was agreement within the Partnership that the service would remain with the Authority.

The strategic objectives of the partnering arrangement; which informed the key basis of the procurement evaluation; and which agreed by Cabinet on 14 November 2011 were:

- Investment in the services
- Job protection for the existing workforce
- Growth opportunities for the services in a wider marketplace leading to the creation of additional jobs within the Borough
- Financial efficiencies of at least £2.7 million within the first three years of the partnership and on-going efficiencies thereafter subject to future financial pressures
- Efficiencies in relation to the Council's use of office accommodation by the co-location of a partner provider within the Borough; and,
- Improved performance of the services.

Shortly after the bedding-in period of the contract some key issues started to arise within the partnership relating to achieving performance against the strategic objectives.

In autumn 2013, following a restructure of the Senior Leadership Team and a change in political administration of the Authority this new team began a review of the partnership to consider the Authority's options and to ensure the right outcomes for the Borough.

It was accepted by both the Authority and Capita that changes to the contract were needed and significant work took place to undertake a full review of the strategic partnering arrangement. At its meeting on 11 July 2016, Cabinet approved, in line with the original contract, to accept a proposal from Capita that would lead to a variation in the contract to adjust responsibilities, costs, fees and savings assumptions tested in negotiation with officers.

The Deed of Variation was agreed in early 2017 and provided a firmer footing to secure the savings, strengthen the performance test, targeting the partnership more effectively to and align it with the policy direction set by the Elected Mayor and the Cabinet.

1.5.2 Scrutiny of the Partnership

Following the conclusion of the Deed of Variation coupled with the fact that the Technical Services Partnership was now in Year 5, the Committee agreed to include a review of the arrangement as part of its work programme for 2017/18. The Committee established a Study Group with the objective to being to see if the Authority and its residents were receiving the service specified at its inception and to gain a clearer understanding of the partnership and its operation.

The Committee presented the findings of its Study Group in a report to Cabinet on 26 November 2018.

The Study Group identified nine recommendations. These are outlined in **Appendix 1** to this report along with officer commentary and proposed responses.

1.6 **Decision options:**

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet may accept the recommendations set out in paragraph 1.2 above.

Option 2

Cabinet may not accept the recommendations set out in paragraph 1.2 above.

Option 3

Cabinet may accept, reject or amend any of the proposed responses at Appendix 1.

Option 1 is the recommended option.

1.7 **Reasons for recommended option:**

Option 1 is recommended to support recommendations made by the Study Group of Overview, Scrutiny and Policy Development Committee and to provide confidence that the strategic partnership arrangement with Capita to deliver technical services is appropriately accountable.

1.8 Appendices:

Appendix 1 Cabinet response to Overview and Scrutiny recommendations from Capita Sub-Group

1.9 Contact officers:

Colin MacDonald, Senior Manager, Technical and Regulatory Services, (0191) 643 6620
Sarah Heslop, Senior Manager (Contracts), (0191) 643 5456
Emma Simson, Legal Manager Commercial & Development, (0191) 643 5375
Claire Emmerson, Senior Manager Financial Strategy and Planning, Tel. (0191) 643 8109

1.10 Background information:

The following background paper/information has been used in the compilation of this report and are available at the office of the author:

(1) [Report to Cabinet 26 November 2018 'Report of the Capita Sub Group'](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

It is expected that all actions contained within this report can be delivered within existing budgets. Any elements that cannot be contained within existing budgets or have further financial implications will be brought to Council/Cabinet as appropriate for a decision prior to any expenditure being incurred or committed.

2.2 Legal

In accordance with Section 21B of the Local Government Act 2000, Cabinet is required to provide a response to the recommendations of the Overview, Scrutiny and Policy Development Committee within 2 months. In providing this response Cabinet is asked to state whether or not it accepts each recommendation and the reasons for this decision. Cabinet must also indicate what action, if any, it proposes to take.

The performance of the strategic partnership with Capita is underpinned by a contract as described within the report.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

Consultation has taken place the relevant Cabinet Members and the Senior Officer team to determine the responses to the recommendations.

2.3.2 External Consultation/Engagement

Consultation has taken place with the Senior Officer team from Capita to provide comment on the responses to the recommendations.

2.4 Human rights

There are no human rights issues directly arising from this report.

2.5 Equalities and diversity

There are no equality and diversity issues directly arising from this report.

2.6 Risk management

There are no risk management issues directly arising from this report.

2.7 Crime and disorder

There are no crime and disorder issues directly arising from this report.

2.8 Environment and sustainability

There are no environment and sustainability issues directly arising from this report.

PART 3 - SIGN OFF

- Chief Executive ☐
- Head(s) of Service ☐
- Mayor/Cabinet Member(s) ☐
- Chief Finance Officer ☐
- Monitoring Officer ☐
- Head of Corporate Strategy and Customer Service ☐

Cabinet Response to Overview and Scrutiny Recommendations Completed Action Plan

Capita Sub-Group Report

In accordance with Section 122 of the Local Government and Public Involvement in Health Act 2007, Cabinet are required to provide a response to the recommendations of the Overview and Scrutiny Committee within 2 months. In providing this response Cabinet are asked to state whether or not it accepts each recommendation and the reasons for this decision. Cabinet must also indicate what action, if any, it proposes to take.

Overview and Scrutiny Recommendation	Officer Commentary	Cabinet Decision	Action to be taken (if any) and timescale for completion
Recommendation 1 It is important that there is a need to have clear and greater understanding of the contract, with clear information accessible to all within the Authority and to residents.	The Partnership already produces information for Members and for residents about the services it provides. However, there is an opportunity to communicate the strategic delivery aspects and objectives.	Accept	A strategic action plan; with milestones will be included within the Technical Services Partnership Annual Service Plan 2019/20
Recommendation 2 To ensure comprehensive oversight by members that scrutiny be involved with the baseline exercises at years 5, 8 & 12 years.	In order to meet contractual requirements the Year 5 benchmarking exercise has already been undertaken. The Year 8 exercise is due in 2020/21.	Accept	Arrangements will be made for Scrutiny Members to have oversight prior to the commencement of the Year 8 benchmarking exercise during 2020/21.
Recommendation 3 That the outcome and plans of the Partnering Boards be formally reported to scrutiny committees to ensure comprehensive transparency into the partnership.	The key plan of the Partnering Board is the Annual Service Plan which is agreed prior to the commencement of each financial year. Outcomes and performance against this are monitored monthly by the Operational Partnership Board and quarterly by the Strategic Partnership Board during the year.	Accept	Once agreed, the Annual Service Plan will be reported to the Committee at the start of each financial year. Monitoring reports against the Annual Service Plan will be made available each quarter.

Overview and Scrutiny Recommendation	Officer Commentary	Cabinet Decision	Action to be taken (if any) and timescale for completion
<p>Recommendation 4 That Cabinet gives consideration to the increasing of enforcement throughout the Authority through an increased enforcement regime.</p>	<p>Additional resources have already been deployed on a pilot basis to tackle environmental crime and anti-social behaviour. An enforcement plan is currently being developed to improve the coordination of existing resources.</p>	<p>Accept</p>	<p>Evaluation of Environmental enforcement pilot to be undertaken by April 2019. Include a strategic action plan; with milestones; within the Technical Services Partnership Annual Service Plan 2019/20 that incorporate enforcement activities.</p>
<p>Recommendation 5 That Cabinet ensures that Council are informed of any changes to the North Tyneside Local Plan, as a consequence of any changes to the implementation of the Northumberland Local Plan.</p>	<p>Continuing discussions with Northumberland County Council colleagues suggest that the Northumberland Local Plan is not expected to lead to required changes to the North Tyneside Local Plan. Progress on the delivery of the Local Plan is formally monitored on an annual basis in consultation with the relevant Cabinet Members. That annual monitoring report is the point where any changes to the North Tyneside Local Plan would be formally reported to Cabinet.</p>	<p>Accept</p>	<p>The Annual Monitoring Report (AMR) on the Local Plan will be produced each February. Council will be informed where it has been identified that a review of the Local Plan is required.</p>
<p>Recommendation 6 That Cabinet considers options to how the Authority's partnership with Capita and its knowledge and experience in gaining an acceptable Local Plan could provide a further income stream by offering its expertise to other Local Authorities.</p>	<p>The Authority's partnership with Capita is already now working with a number of local authorities to provide expertise and capacity in support of the development of Local Plans. General capacity 'top up' services are also being provided and this area is being further developed.</p>	<p>Accept</p>	<p>No further action is required as recommendation has been addressed.</p>

Overview and Scrutiny Recommendation	Officer Commentary	Cabinet Decision	Action to be taken (if any) and timescale for completion
<p>Recommendation 7 That Cabinet ensure that the Strategic Partnership Board has oversight of any profit warnings and has appropriate risk and business continuity plans in place to ensure services will continue to be delivered if such circumstances that any of its partnership arrangements fall into possible liquidation.</p>	<p>A corporate risk has been raised for ongoing management regarding the stability of the Authority's key partnerships and supply chains (this includes Capita). There are also specific controls within the Technical Services Partnership delivery risk to ensure that annual financial checks are carried out.</p> <p>There is a contractual obligation to review Business Continuity Plans annually.</p>	Accept	<p>Monitoring of the identified risk is within the Authority's recognised corporate risk management framework and at the Strategic Partnership Board held quarterly.</p> <p>The Strategic Partnership Board ensures that Business Continuity is addressed as part of the annual review concluded by March 2019.</p>
<p>Recommendation 8 To demonstrate that transparent scrutiny, following the Strategic Partnering Board annual review, the information to be shared with the Overview Scrutiny & Policy Development Committee at the next scheduled meeting to enable all members to gain a better understanding of the operational value of the partnership.</p>	<p>This recommendation relates to the annual out-turn of the performance of the partnership which includes financial and service delivery which is reported to the Strategic Partnership Board in July each year.</p>	Accept	<p>The annual review will be reported to Committee at the next available meeting.</p>

Overview and Scrutiny Recommendation	Officer Commentary	Cabinet Decision	Action to be taken (if any) and timescale for completion
<p>Recommendation 9</p> <p>That Overview, Scrutiny & Policy Development Committee is presented with the base line results at year 5, 8 and year 12 of the contract to enable consideration of value for money, the meeting of Partnership Targets and ensure that there are no significant key performance indicator failures or material defaults under the terms of the contract.</p>	<p>In accordance with contractual requirements the Year 5 benchmarking exercise has already been undertaken. The outcomes are currently being assessed by the Strategic Partnership Board and are subject to sign-off. The Year 8 exercise is due in 2020/21.</p>	<p>Accept</p>	<p>Scrutiny Members will be presented with the outcome of the Year 5 benchmarking exercise once finalised.</p> <p>Similar arrangements will be made to present the outcome of the Year 8 and Year 12 benchmarking exercises (note that this links to the action relating to Recommendation 2).</p>

North Tyneside Council

Report to Cabinet

Date: 21 January 2019

ITEM 5(e)

Title: Equality and Diversity Policy

Portfolio(s): Deputy Mayor

Cabinet Member(s): Councillor Bruce Pickard

Report from Service Area:

Corporate Strategy

Responsible Officer:

Jacqueline Laughton
Head of Corporate Strategy and Customer Service

(Tel: (0191) 643 5724

Wards affected:

All wards

PART 1

1.1 Executive Summary:

On 15 October 2018 when Cabinet agreed an amendment to the Equality and Diversity Policy, it recognised that the policy was already under review and asked that the refreshed policy return to Cabinet in January 2019 following appropriate consultation. The consultation has been completed and amendments made to the policy.

In light of the policy review and in accordance with government guidance it was also timely to update the Authority's existing Corporate Equality Objectives. A review was undertaken by a working group, which included trade union representation. It sought to ensure that any proposed new equality objectives supported the implementation of the refreshed Equality and Diversity Policy and enabled the Authority to meet the aims of the 2010 Equality Act and Public Sector Equality Duty.

1.2 Recommendation(s):

It is recommended that Cabinet:

- (1) agree the refreshed Equality and Diversity Policy; and
- (2) agree the revised Corporate Equality Objectives.

1.3 Forward Plan:

Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 23 November 2018.

1.4 Council Plan and Policy Framework

North Tyneside Council's commitment to equality and diversity, as outlined in the proposed new policy, underpins all of the priorities in the Our North Tyneside Plan 2018-20.

1.5 Information:

1.5.1 Background

1.5.2 On 15 October 2018 Cabinet agreed to amend the Authority's Equality and Diversity Policy to include the International Holocaust Remembrance Alliance's (IHRA) definition of Antisemitism and its supporting guidelines.

1.5.3 Cabinet also recognised that the policy is subject to regular review to ensure it provides the guidance and assurance necessary for the Authority to meet its statutory obligations, and that a working group had begun to review the policy in August 2018. It was agreed that a report would be submitted to Cabinet in January 2019 to approve the refreshed policy following appropriate consultation.

1.5.4 Consultation

1.5.5 Consultation on the policy ran from 29 October 2018 until 25 November 2018. The following external groups were asked to participate: AgeUK, Youth Council, North Tyneside Carers Centre Young Carers Group, Church of England, Catholic Church, Muslim Groups, North East Sikh Service, a Jewish representative from Holocaust Memorial Committee, North Tyneside Disability Forum, North Tyneside Coalition of Disabled People, Learning Disability North East, North Tyneside Women's Voices, Barnardos, Peary House, Action on Hearing Loss, North Tyneside Carers Centre, Northern Pride, VODA and residents of the Borough.

1.5.6 Internally views were sought from: Overview, Scrutiny and Policy Development Committee, Corporate Equality Group, Senior Leadership Team, Staff Panel members, employees, Engie, Capita, Keir and trades unions.

1.5.7 The consultation was promoted internally through the intranet, Team News and the Staff Panel, and externally via the Authority's website and social media.

1.5.8 Consultation Findings

1.5.9 Thirty responses were received. These came from: Overview, Scrutiny and Policy Development Committee, Corporate Equality Group, Senior Leadership Team, employees, Unison, Kier, Youth Council, North Tyneside Carers Centre Young Carers Group, Representative Council of North East Jewry, North East Sikh Service, Northern Pride and AgeUK.

1.5.10 The feedback received was positive and informed both the amendments made to the policy (highlighted in Appendix 1) or the actions underpinning the proposed new Corporate Equality Objectives.

1.5.11 Corporate Equality Objectives

1.5.12 The Public Sector Equality Duty (PSED) requires local authorities to set and publish equality objectives 'at least every four years'. The Authority's current six equality objectives were agreed in 2016 (as listed in Appendix 2) and either have expired or are about to expire. The outcomes for four of the objectives are:

- a reduction in the prevalence of mothers' smoking at time of delivery by the 2018 target date
- an increase in the percentage of North Tyneside council employees feeling they are treated with fairness and respect, with the final target on track to be achieved by the deadline of January 2019
- an increase in the percentage of carers who are satisfied with social services, with the final target on track to be achieved the deadline of April 2019
- that the objective to undertake and act upon a cumulative impact of welfare reform was unable to progress due to the introduction of Universal Credit, which means the Authority no longer has access to the necessary claimant data.

1.5.13 The final two objectives, to increase submission by employees of their equality data on the Authority's Business Management System (BMS) and to increase employee take up of equality training, are not due to report until 2020.

1.5.14 Given the status of the current objectives, the requirements of the PSED and the review of the Equality and Diversity Policy, it is timely to update the Corporate Equality Objectives. The Corporate Equality Group established an officer working group, including trades union representation. It sought to:

- ensure that the objectives support the implementation of the refreshed Equality and Diversity Policy by the Authority and its partners
- incorporate the two equality objectives that are yet to report – those on equality training and employee data
- act in accordance with the guidance issued by the Government Equalities Office and Equality and Human Rights Commission (EHRC), which states equality objectives should:
 - enable local authorities to meet the aims of the Equality Act and Public Sector Equality Duty
 - reflect the most important equality challenges for an organisation
 - be based on good evidence
 - be specific, measurable, and published in a manner that is accessible to the public.

1.5.15 The following new objectives were developed and key actions identified:

Objective 1: Improve the Authority's Equality Impact Assessment (EIA).

Actions:

- Review, update and promote EIA guidance and documentation (including a process flow chart)
- Appoint new EIA 'champions' who will be trained and supported to help team members complete EIAs
- Develop and implement a plan for the re-introduction of a fit for purpose electronic system for EIAs.

Objective 2: Be a good employer and promote an inclusive workforce that feels valued.

Actions:

- Undertake and implement the findings from the staff and staff health needs surveys
- Develop and promote an annual equalities events calendar, encouraging employees to contribute to the development of the activities it delivers
- Ensure that the Authority's mental health first aid approach provides increased understanding of the issues associated with specific protected characteristics.

Objective 3: Ensure staff and elected members are kept informed about the requirements of the Public Sector Equality Duty.

Actions:

- Continue to develop and deliver a programme of equality training
- Develop a handbook to help staff consider and respond to the needs of customers and colleagues with specific protected characteristics.

Objective 4: Improve the collection and use both internal and external equality data.

Actions:

- Provide guidance on the appropriate and consistent collection of equality data (as defined in the Authority's Equality and Diversity Policy)
- Improve collection of staff equality data on BMS
- Use staff equality data to inform the development of initiatives to support the commitment made in the Equality and Diversity Policy to make our workforce more representative of the borough's population
- Use equality data to ensure service delivery and community engagement is well balanced and proportionate.

Objective 5: Ensure our buildings and communications are accessible.

Actions:

- Review and publish accessibility statements for all of our public buildings
- Review and act on the findings of our EIA in respect of Council communications

- Deliver any additional equality actions identified within our Customer Experience Strategy.

1.5.16 Implementation of the policy and objectives

Performance measures and full action plans will be developed for each of the equality objectives. These will inform service planning. Delivery of the objectives will enable implementation of the Equality and Diversity Policy.

The objectives will be reviewed every year and performance reported on an annual basis to Cabinet in the Annual Equality and Diversity Review.

Both the policy and the Annual Equality and Diversity Review will be published on the Authority's website, and promoted widely.

1.6 **Decision options:**

The following decision options are available for consideration by Cabinet:

Option 1

To approve the proposed Equality and Diversity Policy and Corporate Equality Objectives.

Option 2

To approve the proposed Equality and Diversity Policy, but not the Corporate Equality Objectives.

Option 3

To approve the Corporate Equality Objectives, but not the Equality and Diversity Policy.

Option 4

Not to approve the proposed Equality and Diversity Policy and Corporate Equality Objectives.

Option 5

To request changes to the Equality and Diversity Policy or Corporate Equality Objectives, prior to further consideration by Cabinet.

Option 1 is the recommended option.

1.7 **Reasons for recommended option:**

Option 1 is recommended for the following reasons:

The Authority's approach to equality and diversity underpins all of its key plans and policies. Approval of the recommended option will ensure the Authority has a current equality and diversity policy that reflects both current legislation and the context within which the Authority is operating.

The proposed Corporate Equality Objectives will enable implementation of the Equality and Diversity Policy and ensure compliance with the Public Sector Equality Duty.

1.8 Appendices:

Appendix 1: Equality Policy 2019

Appendix 2: Corporate Equality Objectives 2016

1.9 Contact officers:

Anne Foreman, Policy and Performance Manager, tel. (0191) 643 2225

1.10 Background information:

The following background papers/information has been used in the compilation of this report and is available at the office of the author:

- (1) [Cabinet Report Equality and Diversity Policy – 15 October 2018](#)
- (2) [Equality Act 2010: Guidance](#) Government Equalities Office and Equality and Human Rights Commission – updated 16 June 2015
- (3) [Equality Impact Assessment on the Equality and Diversity Policy](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

The costs of delivery are included in existing service budgets and no additional costs are anticipated.

2.2 Legal

The draft policy states the Authority's commitment to equality and diversity and to compliance with the requirements of the Equality Act 2010 and Public Sector Equality Duty provided by that Act.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

As outlined in section 1.5.6 consultation was undertaken with Overview, Scrutiny and Policy Development Committee, Corporate Equality Group, Senior Leadership Team, Staff Panel members, employees, Engie, Capita, Kier and trades unions. The opportunity to comment on the draft policy was promoted internally through the intranet, Team News, the Staff Panel, and externally via the Authority's website and social media.

Responses were received from Overview, Scrutiny and Policy Development Committee, Corporate Equality Group, Senior Leadership Team, employees, Unison and Kier.

2.3.2 External Consultation/Engagement

As outlined in section 1.5.5, the following groups were invited to take part in the consultation: AgeUK, Youth Council, Young Carers Group, Church of England, Catholic Church, Muslim Groups, North East Sikh Service, a Jewish representative from Holocaust Memorial Committee, North Tyneside Disability Forum, North Tyneside Coalition of Disabled People, Learning Disability North East, North Tyneside Women's Voices, Barnardos, Peary House, Action on Hearing Loss, North Tyneside Carers Centre, Northern Pride, VODA and residents via the Engagement Hub. The consultation was promoted on the Authority's website and social media.

Responses were received from North Tyneside Youth Council, North Tyneside Carers Centre Young Carers Group, a representative of the Council of North East Jewry, the North East Sikh Service, Northern Pride and AgeUK.

2.4 Human rights

The 2010 Equality Act created a legal framework to protect the rights of individuals and advance equality of opportunity for all. The human characteristics protected by the Act are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation. The Act is therefore of particular pertinence to the Human Rights of freedom of thought, belief and religion; freedom of expression; the right to marry; and protection from discrimination.

2.5 Equalities and diversity

The refreshed policy provides the framework for work undertaken by the Authority to meet its duties under the Equality Act 2010 and Public Sector Equality Duty, and to fulfil its commitment that North Tyneside is a place where people feel safe and no one experiences discrimination or disadvantage because of their characteristics, background or personal circumstances.

The policy demonstrates the Authority's commitment to equality and diversity as a leading local employer, service provider and commissioner. It also makes clear the responsibility that everyone who represents North Tyneside Council or who delivers services on the Authority's behalf has for its implementation.

The draft policy was developed following the completion of the equality impact assessment contained in the background papers listed in section 1.10 of this report.

2.6 Risk management

The effectiveness of the Authority's equality and diversity processes are monitored every quarter as part of North Tyneside Council's risk management processes and are reported via the Corporate Strategic Risk Register.

2.7 Crime and disorder

There are no crime and disorder implications arising directly from this report. However the draft policy does affirm the Authority's commitment to equality and diversity and highlights that the Authority will not tolerate discrimination, harassment or victimisation on any grounds.

2.8 Environment and sustainability

There are no environment and sustainability implications arising directly from this report.

PART 3 - SIGN OFF

- Chief Executive ☐ x
- Head(s) of Service ☐ x
- Mayor/Cabinet Member(s) ☐ x
- Chief Finance Officer ☐ x
- Monitoring Officer ☐ x
- Head of Corporate Strategy and Customer Service ☐ x

Appendix 1: Draft Equality and Diversity Policy 2019

Draft Equality and Diversity Policy

1. Purpose

This policy sets out how North Tyneside Council seeks to:

- ensure compliance with the 2010 Equality Act and Public Sector Equality Duty, and thereby
- achieve its aim that North Tyneside is a place where people feel safe and no one experiences discrimination or disadvantage because of their [characteristics](#), background or personal circumstances.

2. Accountability

The policy is the executive responsibility of Cabinet, and sits within the Human Resources portfolio held by the Deputy Mayor, and with the Chief Executive

Oversight of the policy, its implementation and monitoring rests with Senior Leadership Team, supported by [Corporate Equality Group](#) (whose members include representatives from service areas, trades unions and our Strategic Partners) and which is chaired by a member of the Senior Leadership Team.

However, equality affects and involves everyone and as individuals we are all responsible for own actions and efforts.

3. Legal and policy framework

The content of the policy is determined by the following:

- The [2010 Equality Act](#)
- The [Public Sector Equality Duty](#)
- Codes of practice published by the [Equality and Human Rights Commission](#).

As one of the borough's leading service providers and employers, North Tyneside Council is committed to developing the borough to be an inclusive place in which to live, work, visit and invest to achieve the ambitions of the [Our North Tyneside Plan](#).

4. Our commitments

To achieve our purpose (as set out in section1) North Tyneside Council will:

- proactively embed equality and diversity considerations in everything we do and challenge others to do the same
- meet all our legal equality duties under the [2010 Equality Act](#), the [Public Sector Equality Duty](#) and follow codes of practice published by the [Equality and Human Rights Commission](#)
- not tolerate discrimination, harassment and victimisation on any grounds. This includes all forms of hatred including anti- Semitism as defined by the [International Holocaust](#)

[Remembrance Alliance \(IHRA\) definition and supporting guidance](#), racism, **sexism, ageism,** Islamophobia, homophobia and transphobia (this is not an exhaustive list)

- publish our equality objectives, equality data¹ and report progress in [our Annual Equality and Diversity Review](#)
- undertake and implement the actions from [Equality Impact Assessments](#) on significant decisions, policies, plans, practices and procedures
- ensure people with protected characteristics feel listened to and have the opportunity to be involved in making decisions about our services
- build understanding amongst residents, employees, partners and elected members of the needs of different protected groups across North Tyneside
- take account of, and respond to, the needs of residents and customers with protected characteristics when delivering our services
- create an environment where elected members, employees, residents and visitors are confident to be themselves
- strive to make our workforce more representative of the borough's population and the residents it serves, by ensuring equal access to jobs, training and career progression
- **require** others providing services on our behalf follow our approach to equality.

5. Equality and Diversity in Employment

This section applies to all employees and people seeking work with us. **As outlined in our [Employment and Skills Strategy](#),** as a local employer we have a key role to play in tackling inequality and discrimination. We aim to positively promote equality of opportunity through all of our employment policies and practices: including recruitment, terms and conditions, learning and development, promotion and when ending employment.

We will:

¹ [Equality data](#)

Where we ask employees and service users to provide us with personal information, this will only be used to improve access to and the quality of the services we provide.

Collecting equality information helps us to:

- understand the needs of our residents
- design policies and services which are effective and meet those needs
- demonstrate compliance with the 2010 Equality Act, the Public Sector Equality Duty and other statutory duties
- measure more effectively how we are improving as an employer and a service provider.

We will only collect information when it is relevant and will be used by managers to develop an understanding of take up and need. While employees and service users are encouraged to provide equality information, it is their choice whether or not to answer all the questions. Confidential information will be handled in accordance with the strict controls of the General Data Protection Regulation (GDPR) 2016 and the information gathered will be used to inform North Tyneside Council policy and planning, and to report on performance.

- provide equality of opportunity to all applicants and prospective applicants through fair recruitment and selection procedures
- recognise that people with particular protected characteristics, including people with disabilities or from BME communities, may experience discrimination in employment, and therefore seek to take positive and proportionate action to recruit and retain employees from such groups, while taking into consideration the duty to appoint on merit
- make reasonable adjustments to enable the employment and redeployment of employees with disabilities
- annually publish gender pay gap data and any other pay gap data required by law
- use the information and feedback we collect to understand more about, and respond to, employee's experience of working for North Tyneside Council
- ensure that all employees are considered for promotion on the basis of their merits, abilities and skill, and are given equal opportunities to progress within the Authority
- create an appropriate balance between work and home commitments to maximise equal opportunities for all
- wherever possible, give employees the training and development opportunities needed to attain their full potential to the benefit of North Tyneside Council and themselves
- ensure that all employees undertake equality training so that they understand its importance in the work place and in service delivery and know how to challenge any inappropriate behaviour
- develop an anti-discriminatory and supportive culture where employees are aware of their rights and enjoy working for North Tyneside Council
- respond to any allegations of discrimination, victimisation or harassment through appropriate internal processes, including our [disciplinary](#) procedures.

6. Equality and Diversity in Service Provision

We and our strategic partners will seek to provide appropriate, accessible and effective services and facilities to all current and potential service users.

We will:

- use our equality impact assessment process to help us challenge, review, monitor and improve our services, working practices and resource allocation
- use a range of channels to enable service users to access our services independently and appropriately
- ensure that the information we provide can be read or received and understood by the people for whom it is intended
- ensure that all buildings, facilities and services used by our customers are welcoming and accessible
- work with our partners to tackle any discrimination affecting groups within our communities

- use the equality data we collect to identify and take action to address the needs of under represented groups, those who are disadvantaged or have particular needs due to their characteristics
- involve residents in shaping our services through inclusive engagement and consultation.

7. Equality and Diversity in Procurement and Commissioning

We will ensure that our procurement and commissioning practices (as set out in our [Procurement Strategy and Social Value Priorities](#)) fulfil our equality duties by ensuring that:

- contractors, suppliers, and strategic and commissioned partners:
 - are aware of the authority's position on equality, we will include a commitment to equality in tender specifications
 - have an equality policy that is compliant with national and European public procurement legislation and understand their obligation to provide services that are free from discrimination, harassment or victimisation.
- our selection and tendering processes address and include equality considerations
- our contract monitoring processes are inclusive of equalities considerations
- relevant employees receive guidance on equality issues for procurement.

8. Our responsibilities

Equality, and the implementation of this policy, is the responsibility of all elected members, employees and everyone who represents North Tyneside Council or delivers services on its behalf (including our Strategic Partners – Engie, Capita and Keir). More specifically:

8.1 Everyone

We all have a personal responsibility to:

- ensure our equality training and awareness is up to date
- treat our colleagues and customers with dignity and respect
- promote and deliver equality in the workplace and in serving local communities
- behave in a way that supports this policy and is compliant with relevant legislation and codes of practice
- report, and if you consider it safe to do so, challenge any discriminatory behaviour or practices you encounter in the course of your work.

8.2 As Elected Members

Elected members have a responsibility to:

- lead the equality and diversity agenda of North Tyneside Council
- represent and provide leadership for all groups and communities across North Tyneside
- provide a scrutiny role
- demonstrate '[due regard](#)' to the equality implications of the decisions they make.

8.3 As Leaders and Managers

Leaders and managers are also responsible for ensuring the implementation of this policy in their service areas via their service planning process, this includes ensuring:

- the identification and elimination of discriminatory practices
- equality objectives and improvement actions identified in the Annual Equality and Diversity Review are included in service plans and progress is monitored to achieve timely delivery
- processes are in place to systematically collect and report equality performance management data
- effective equality impact assessment of significant decisions, policies, plans, practices and procedures is undertaken
- service delivery demonstrates due regard to the needs of people with protected characteristics
- employees are fully aware of their individual equality responsibilities, and those of the organisation, under the 2010 Equality Act.

8.4 As Trades Unions

Unions have a responsibility to:

- represent the views and concerns of their members on equality and diversity issues
- challenge and address any incidents of discrimination within workforce membership
- support the continuous improvement of equality policy and practice.

8.5 Strategic Partners

Our Strategic Partners have a responsibility to:

- ensure compliance with the 2010 Equality Act and delivery of the Public Sector Equality Duty
- demonstrate 'due regard' to the equality implications of the decisions they make
- support North Tyneside Council to achieve the purpose of this policy – including active participation in the work of the Corporate Equality Group.

8.6 Partnership Boards

The Partnership Boards at which North Tyneside Council is represented are expected to:

- ensure compliance with the 2010 Equality Act
- demonstrate 'due regard' to the equality implications of the decisions they make
- support North Tyneside Council to achieve the purpose of this policy.

8.7 Volunteers and other partners

Volunteers and other partners (defined as those who work alongside the Authority but are not commissioned) are expected to:

- ensure compliance with the 2010 Equality Act
- support North Tyneside Council to achieve the purpose of this policy.

9. Governance, implementation and monitoring

As set out in Sections 2 and 3 above, this policy is an executive responsibility of Cabinet, and sits within the Human Resources portfolio held by the Deputy Mayor.

Oversight of the policy, its implementation and monitoring rests with Senior Leadership Team, supported by Corporate Equality Group and which is chaired by a member of the Senior Leadership Team.

We assess and monitor our progress against the purpose of this policy by:

- regular reports to the Cabinet Champion for Equality and Diversity and the Senior Leadership Team (as set out in the Appendix)
- the activity of Corporate Equality Group, which leads the equality work of the organisation and co-ordinates a range of activities to help North Tyneside Council fulfil its equality duties in accordance with the requirements of the 2010 Equality Act and Public Sector Equality Duty
- the inclusion and delivery of actions within our service plans that contribute to the achievement of the commitments made in this policy and the corporate equality objectives and service actions identified in the Annual Equality and Diversity Review
- our equality impact assessment process to ensure we properly consider the potential impact of Cabinet and Full Council decisions on protected groups
- the identification of the equality and engagement implications of the decisions recommended in our Cabinet and Full Council reports
- publication of equality data as required by government, including Gender Pay Gap reporting
- dealing with any complaints² of discrimination, harassment and victimisation, seriously, promptly and confidentially and ensuring that any person who feels they have suffered any form of discrimination by North Tyneside Council is given guidance in making a [complaint](#)
- managing any potential equality risks through our Risk Management Process
- publication on our website of our Annual Equality and Diversity Review, which reports progress reports against our Corporate Equality Objectives and service equality actions and is evaluated by the Equality and Human Rights Commission to check accessibility and compliance with the 2010 Equality Act and Public Sector Equality Duty

Review

This policy will be reviewed every two years and the outcome of the review will be reported to Cabinet. However we will be guided by the EHRC if any new guidance or legislation is produced before the next review date.

The next review will be undertaken by December 2020.

² In relation to specific types of complaints:

- employee complaints - should an employee have any complaint in respect of their treatment in relation to this policy, this should be taken up through internal processes, such as our disciplinary processes
- public complaints - information on how to make a complaint can be found in our libraries, leisure centres, customer first buildings and Quadrant headquarters or [here](#)
- complaints about the behaviour of an Elected Member - information on how to make a complaint about an Elected Member who has not acted in accordance with the Members Code of Conduct can be found [here](#).

Appendix to Equality and Diversity Policy – Governance Timetable

	September	October	November	December	January	February	March	April	May	June	July	August
Corporate Equality Group (every 2 months)	Meets		Review equality policy (every 2 years), CEG TOR corporate equality objectives and equality calendar.		Update on Annual Review theme and service actions		Meets		Draft new Annual Review		Meets	
SLT				Update on policy, TOR, objectives, prior to Cabinet	Ensure equality objectives agreed by Cabinet are reflected in service plans					New Annual Review, for sign off prior to Cabinet		
Deputy Mayor				Update on policy and objectives							New Annual Review	
Cabinet					Policy review outcome (every 2 years) and objectives						New Annual Review	
ECJF					Policy review outcome (every 2 years) and objectives						New Annual Review	

Appendix 2: 2016 Corporate Equality Objectives

Corporate Equality Objectives	Progress	Deadline
1. Good employer: Increase the proportion of North Tyneside Council staff agreeing in the Staff Survey that "I am treated with fairness and respect" to 75% by January 2019.	On track: Increased to 71% in 2017 and is on track.	Jan 2019
2. BMS: To better communicate to the workforce how equality data is processed, stored and used in order to ensure a minimum 50% of the workforce provide equality data for each of the equality characteristics listed on the Business Management System (BMS) by March 2020.	On track: A project and key performance indicators have been developed with Engie and are being monitored by the Authority.	March 2020
3. Equality Training: <ul style="list-style-type: none"> 80% of staff up to date by March 2020 100% of managers up to date by March 2020 	On track: <ul style="list-style-type: none"> % of staff who are up to date with their E&D training (3 yearly refresher) = 55% % of managers who have completed E&D training (3 yearly refresher) = 48.8% 	March 2020
4. Smoking prevalence: To improve (reduce) the percentage of mothers smoking at time of delivery to be in line with the England rates by 1% by March 2018 and a further 1% by December 2018, as measured by the National Smoking Status at Time of Delivery return (SATOD).	Achieved: Smoking prevalence at time of delivery for North Tyneside decreased from 12.2% in 2016/17 to 11.3% in 2017/18 and Q1 of 2018/19 (latest data) to 8.2% . The corresponding figures for England were 10.7%, 10.8% and 10.4%	October 2018
5. Cumulative Impact of Welfare Reform: Pilot the collection of data on the equality characteristics of residents impacted by welfare reform initiatives, in order to assess the feasibility of undertaking a cumulative impact assessment as individual reforms are implemented.	Unable to progress: The pilot was completed and found that it would be feasible to undertake a cumulative impact assessment as individual reforms are implemented, however the introduction of Universal Credit has	April 2019

	meant the Authority no longer has access to data claimants' equality data as this is held by DWP.	
6. Carers: Increase the overall satisfaction of carers with social services from 43.4% (2014/15) to 47% (2018/19)	On track: By 2016/17 satisfaction with social care services had increased to 45.5%.	April 2019

North Tyneside Council

Report to Cabinet

Date: 21st January 2019

ITEM 5(f)

Title: Step up to Social Work Regional Programme (cohort 6)

Portfolio(s): Children, Young People and Learning

Cabinet Member(s): Councillor Peter Earley

Report from Service

Area: Health, Education, Care and Safeguarding

Responsible Officer: Jacqui Old, Director of Children's and Adult Services (Tel: (0191) 643 7006)

Wards affected: All

PART 1

1.1 Executive Summary:

In July 2018 the Department for Education (DfE) confirmed its intention to run a sixth cohort of the Step Up To Social Work programme ('the Programme'), starting in January 2020. The 12 North East local authorities submitted a bid to the DfE to take part in cohort 6 by accommodating 54 funded students across the region, with North Tyneside Council ('the Authority') acting as the lead authority for the project on behalf of all of the 12 North East Local Authorities. The Authority has received written letters of intent from the other 11 North East local authorities, confirming their commitment to take part in the Programme and accept their agreed number of students as identified in the bid. The Authority, acting as the lead authority has now received written confirmation from the DfE that the bid has been successful.

The Programme provides an accelerated entry route into social work for high-achieving graduates and career changers. The Programme is delivered through the development of a bespoke work based 14 month postgraduate diploma programme, delivered by the 12 local authorities working in a regional partnership and contracting with a higher education institution. The 12 Local Authorities have been successful in securing a grant from the DfE to deliver this accelerated route into social work since 2015 and this will be the regions third cohort that would have been supported through this programme.

Step Up to Social Work is funded via a "Social Work Programme Grant Agreement" - circa £1.9m which is allocated to the Authority, as the lead authority for the North East partnership.

This report seeks Cabinet approval for North Tyneside Council to act as the lead authority for, and to accept and administer the funding for the Programme on behalf of, the North East partnership and to then implement the Programme in line with the DfE's funding requirements, once received. In addition, the report seeks approval from Cabinet for the Head of Health, Education, Care and Safeguarding in consultation with the Senior Manager Legal Services and Information Governance and the Head of Resources to have delegated authority to deal with all financial and delivery aspects of this programme on behalf of the Authority.

1.2 Recommendation(s):

It is recommended that Cabinet:

- (1) agree, as lead authority, to accept funding from the DfE in respect of the Programme submission made on behalf of the 12 local authorities detailed in this report; and
- (2) authorise the Director of Children's and Adults in consultation with the Senior Manager Legal Services and Information Governance and the Head of Resources to manage all financial and delivery aspects of the Programme on behalf of the 12 North East local authorities.

1.3 Forward Plan:

Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 14th December 2018.

1.4 Council Plan and Policy Framework

This report relates to the following priority in the 2018/20 Our North Tyneside Plan:

Our People - will be cared for, protected and supported and be healthy and well

1.5 Information:

1.5.1 Background

In January 2016 the Department for Education (DfE) confirmed its intention to run a sixth cohort of the Step Up To Social Work programme, starting in January 2020. All twelve of the North East authorities submitted a bid to the DfE to take part in cohort 6 by accommodating 54 funded students across the region, with North Tyneside Council ('the Authority') acting as the lead authority for the project on behalf of all of the 12 North East Local Authorities. The 12 North East Authorities are North Tyneside Council, South Tyneside Council, Sunderland City Council, Newcastle City Council, Northumberland County Council, Gateshead Council, Durham County Council, Darlington Borough Council, Middlesbrough Borough Council, Hartlepool Borough Council, Redcar and Cleveland Council and Stockton on Tees Council (the LA's). The Authority, acting as the lead authority has now received written confirmation from the DfE that the bid has been successful.

1.5.2 The Programme provides an accelerated entry route into social work for high-achieving graduates and career changers. The Programme is delivered through the development of a bespoke work based 14 month postgraduate diploma programme, delivered by the 12 local authorities working in a regional partnership and a contracting process involving a higher education institution. Award of the diploma enables candidates to apply for registration as a qualified social worker. The scheme targets high calibre individuals who already have experience of working with children and young people and who want to train as social workers.

1.5.3 The 12 Local Authorities have been successful in securing grants from the DfE to deliver this accelerated route into social work since 2015 and this will be the regions third cohort. A previous paper was brought to Cabinet on 10th July 2017 to approve North Tyneside Council as the lead authority for Cohort 5. Since 2015 the region has supported a total of 80 students to undertake the Step Up to Social Work programme. Evaluation of cohort 4

showed an average 80% conversion rate to social worker posts on completion of the programme and very positive views about the quality of the training. Cohort 5 students are currently still on programme and due to complete in June 2019.

1.5.4 The Step up to Social Work Programme complements the DfE's reform programme and its commitment to raising the quality of social work practice, with a particular focus on the practice of child and family social workers undertaking statutory social work. Regionally, the programme helps address and support the recruitment and retention issues facing all authorities within the region as it provides a pipeline of new social workers to the profession. The majority of students from the previous cohorts did secure permanent posts within authorities in the region.

1.5.5 As lead authority for the North East region, the Authority will appoint a Project Coordinator to manage the delivery and administrative tasks of the Project.

1.5.6 Step Up to Social Work is funded via a "Social Work Programme Grant Agreement" which is allocated through the Authority, as the lead authority for the North East partnership. To enable the North East partnership to implement the Step Up To Social Work programme the DfE will provide the following funding:

- £19,833 per trainee to deliver a bursary to each trainee.
- £1,750 per trainee to cover the supervision and support that hosting authorities provide during the programme.
- £11,667 per trainee to allow the local authorities to procure the course from their chosen Higher Education Institute
- £38,000 to the North East partnership for establishing and administering the regional partnership of local authorities and their selected Higher Education Institute provider. These funds will cover the cost of a project coordinator post to oversee the programme.
- £10,000 to the North East partnership for making delivery arrangements with the Higher Education institute provider. These funds will remain with North Tyneside as the lead authority and for procuring the Higher Education provider on behalf of the 12 LAs.
- £5,000 one off payment to the North East Partnership for hosting 54 candidates. This will be split across each LA for their contribution to the partnership.

1.5.7 The proposed timescales for the implementation are as follows (may be subject to changes from the DfE):

Application window opens for interested candidates	February 2019
Application window closes	End of March/early April 2019
Regional Partners to undertake the assessment centre	May/June 2019
Successful applicants invited to confirm place on course	From June 2019
Step Up to Social Work Programme starts	January 2020
Step Up to Social Work Programme ends	March 2021

1.5.8 North East partnership consists of the following local authorities and associated number of placements that they are each able to support:

Local authority	Number of placements offered
Darlington	6
Durham	5
Gateshead	3
Hartlepool	2
Middlesbrough	6
Newcastle	6
Northumberland	4
North Tyneside	4
Redcar and Cleveland	4
South Tyneside	4
Sunderland	6
Stockton	4
TOTAL	54

This report seeks Cabinet approval for North Tyneside Council to act as the lead authority for the Programme on behalf of the North East partnership and to implement the programme in line with the DfE.

In addition, the report seeks approval from Cabinet for the Head of Health, Education, Care and Safeguarding in consultation with the Senior Manager Legal Services and Information Governance and the Head of Resources to have delegated authority to deal with all financial and delivery aspects of this programme on behalf of the Authority.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet approve the implementation of the Programme in accordance with the recommendations at paragraph 1.2.

Option 2

Cabinet does not approve the implementation of the Programme in accordance with the recommendations at paragraph 1.2 and request Officers to consider other options.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

If Cabinet approves the recommended option, the Authority will commence implementation of the Programme in line with the Department for Education's Grant Funding Agreement.

If the preferred option is not approved, the Authority will be unable to undertake the proposed implementation of the Programme on behalf of the 12 local authorities.

1.8 Appendices:

Appendix: North East Step Up to Social Work Cohort 6 – application form

1.9 Contact officers::

Jacqui Old, Director of Children's and Adults Services, tel. (0191) 643 7006.

Julie Firth, Assistant Director of Children's Services, tel. (0191) 643 7356.

Louise Robson, Senior Manager (Organisation and Workforce Development), tel.07813 763602.

Claire Emmerson, Senior Manager Financial Planning and Strategy, tel. (0191) 643 8109

1.10 Background information:

The following background papers have been used in the compilation of this report and are available at the offices of the Authority.

[Equality Impact Assessment Step Up To Social Work](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

The Programme is funded via a "Social Work Programme Grant Agreement". Funding payments will be made on a monthly basis, in arrears, and will be made to the Authority as the lead authority. The Authority will then transfer funds to each local authority to ensure the funds are applied correctly and in line with the grant agreement. The total funds to deliver the North East partnership are circa £1.853m.

As the lead authority the Authority will receive £0.096m. Of this, £0.010m is received for the work involved in acting as lead authority and in particular for arranging the procurement of the higher education institution and the balance is to finance the bursary payment to the students and the support and supervision costs of the four students accepted by the authority onto the programme.

The authority has received written confirmation from the DfE on the grant allocation as outlined in section 1.5.5.

2.2 Legal

The Authority has in place a Neutral Vendor Agreement with Bloom (formerly NEPRO). This agreement was procured in compliance with the Public Contracts Regulations 2015. The Agreement enables the Authority to contract with Bloom, and for Bloom to engage with a higher education institution to deliver the required project. The Authority's contractual relationship is with Bloom, and it is Bloom that will have the contractual relationship with the higher education institution. Thought will be given to ensure that the requirements of the DfE in respect of the funding, filter through this contractual chain, to ensure compliance by the higher education institution.

In order to engage with a Project Co-ordinator, the Authority will advertise and recruit into the Project Co-ordinator role. This will cover the period of 1st March 2019 to 31st April 2021. It has been ensured that the Project Co-ordinator role will be delivered within the financial envelope of the DfE funding.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

The Senior Management Team for social care have been consulted on the proposed implementation plan for the Programme.

The Head of Resources has been engaged on the implementation plan for the Programme.

2.3.2 External Consultation/Engagement

The Associate Directors of Children's Services and The Regional Workforce Development Group have been consulted and engaged on the Programme for the North East region.

2.4 Human rights

The proposal within this report does not have any direct implications in respect of the Human Rights Act 1998.

2.5 Equalities and diversity

An Equality Impact Assessment has been carried out on the promotion of the programme. There are no adverse equalities or diversity issues arising from this report.

2.6 Risk management

A key risk to the Authority will be in relation to capacity and resources across the partnership to coordinate and manage the programme. This risk will be managed as part of the Authority's operational risk management process.

2.7 Crime and disorder

There are no crime and disorder implications directly arising from this report.

2.8 Environment and sustainability

There are no environment and sustainability implications directly arising from this report.

PART 3 - SIGN OFF

- | | |
|---|--|
| • Chief Executive | <input checked="checked" type="checkbox"/> |
| • Head(s) of Service | <input checked="checked" type="checkbox"/> |
| • Mayor/Cabinet Member(s) | <input checked="checked" type="checkbox"/> |
| • Chief Finance Officer | <input checked="checked" type="checkbox"/> |
| • Monitoring Officer | <input checked="checked" type="checkbox"/> |
| • Head of Corporate Strategy and Customer Service | <input checked="checked" type="checkbox"/> |

Step Up to Social Work cohort 6 – application form

Please complete and return this annex by **5 October 2018** to
Socialworkreform.SG@education.gov.uk

Full name of local authority/Trust acting as lead for Regional Partnership	North Tyneside Council
Point of contact within your local authority for this programme	Name: Louise Robson Address: Quadrant Silverlink North Cobalt Business Park North Tyneside Postcode: NE27 0BY Phone: (0191) 643 5043 Email: Louise.Robson@northtyneside.gov.uk

1. Do you have letters of commitment from all of the local authorities in your proposed partnership (<i>please scan and submit</i>)? Yes/No and how many?	Yes	12
List of local authorities in your regional partnership	Name / e-mail address of lead contact in LA	Number of candidates LA wishes to train
Darlington	Paige Thomason paige.thomason@darlington.gov.uk	6
Durham	Glynis Baron glynis.baron@durham.gov.uk	5
Gateshead	Catherine Hardman catherine.hardman@gateshead.gov.uk	3
Hartlepool	Leigh Keeble leigh.keeble@hartlepool.gov.uk	2
Middlesbrough	Suzy Kitching suzy_kitching@middlesbrough.gov.uk	6
Newcastle	John Brown King john.brownking@newcastle.gov.uk	6
North Tyneside	Louise Robson louise.robson@northtyneside.gov.uk	4
Northumberland	Tracey Horseman tracey.horseman@northumbria-healthcare.nhs.uk	4
Redcar & Cleveland	Louise Walker louise.walker@redcar-cleveland.gov.uk	4
South Tyneside	Lisa henderson lisa.henderson@southtyneside.gov.uk	4
Stockton	Liz Colman elizabeth.colman@stockton.gov.uk	4
Sunderland	Catherine Witt catherine.witt@togetherforchildren.org.uk	6
Total number of candidates your RP wishes to train:		54

<p>2. Which HEI(s) have you contacted about offering <i>Step Up to Social Work</i>?</p> <p>(Name / contact for HEI(s))</p>	<p>Manchester Met University</p> <p>Contact:</p> <p>Andrea Collins Principal Lecturer</p> <p>Head of Undergraduate and Qualifying Programmes, Dept Social Care and Social Work, Manchester Metropolitan University, Brooks Building, Bonsall Street, Manchester M15 6GX</p> <p>Tel. 0161 247 2534</p> <p>Email a.collins@mmu.ac.uk</p>
<p>Can you indicate at what phase this contact is at with the HEI(s)?</p>	<p>MMU are our current provider for cohort 5. Should the North East Regional Partnership be successful in our bid we would look to continue this arrangement where possible.</p>
<p>3. Are you at a stage where the HEI has confirmed they are willing to train the number of candidates desired by the RP? – If yes, please provide evidence of HEI commitment and number of students agreed to train</p>	<p>Yes – letter of commitment attached.</p>

<p>4. Describe your proposed programme for Step Up including:</p> <ul style="list-style-type: none"> • how the course will address the Chief Social Workers' Knowledge and Skills Statements in both academic and practice delivery; • How the design, delivery and governance of Step Up will be employer led (what elements of social work practice, theory, evidence and research will be included); • how a focus on statutory child and family social work will be balanced with the need for students to gain understanding of issues across all social work; • academic quality assurance mechanisms; • how you will ensure regulatory approval so that graduates can go on to register as a social worker; • Has this been validated with HCPC-evidence required. <p>(max 750 words)</p>	<p>KSS: In partnership with our chosen HEI, the practice curriculum will be written to address the Knowledge and Skills for Social Work as published by the Chief Social Worker. Assessment of candidates' practice will be undertaken by the Practice Assessment Panel (PAP). The PAP will comprise of Practice Educators from each local authority and staff from the HEI. This panel will assess the placement portfolios which provide evidence from the student and practice educator that the student has met the Knowledge and Skills requirements of the placement.</p> <p>Employer led: The North East Cohort 6 bid includes a Steering group, with a representative from each Local Authority plus the HEI provider.</p> <p>The steering group is responsible for all decisions around the Step Up to Social Work Programme within the North East. It is strongly supported by the North East Directors of Children and Adult Services and reports will be fed into the appropriate Directors Group on a regular basis. The group will also link to the North East Workforce Development Group so it is shaped by the demands of local authorities as well as initiatives coming out of central government such as the assessment and accreditation process for child and family practitioners.</p> <p>Wider understanding: The course will be delivered via a mix of online, and face to face academic sessions supported by direct practice in a local authority.</p> <p>Placements will be provided in Adult Services (70 days) and Children's Services (100 days).</p> <p>It is expected that students will engage in a formal review of their progress with their personal tutors. These reviews should look at how well the student is meeting the Knowledge and Skills requirements. These meetings will be pivotal in providing opportunities for the students to holistically reflect on all dimensions of their learning on the programme.</p>
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	<p>Academic QA: All the local authorities in the Regional Partnership are involved in training and assessing their Practice Educators to meet the Practice Educator standards.</p> <p>The HEI provider meets academic QA standards. The Steering Group includes a representative from the HEI and is involved in QA processes, for example meetings with student representatives during the programme.</p> <p>Regulatory approval: The Step Up to Social Work Programme within the North East Region will include a 14 month fast track course where participants are hosted within local authority social work for the entire period. This gives participants the chance to learn in-depth about the nature of statutory social work in a single local authority, as a result increasing their job-readiness.</p> <p>HCPC validation: The regional partnership aims to provide a programme in which practice and theory are integrated and support each other.</p> <p>The HEI provider has extensive experience in social work training including the Step Up programme and continues to meet HEI validation requirements.</p> <p>Placements and Practice Educator support within the local authorities meet the required standards. Local authorities are keen that they recruit students that would go on to complete the ASYE within their local authorities and stay with them for some time after qualification. They are committed to finding placements of the highest quality for students and supporting their learning in the best possible manner.</p>
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<p>5. What specific actions you intend to take in order to advertise and promote C6, including how you will target more BAME and male applicants</p> <p>(max 250 words)</p>	<p>The regional jobs portal (https://www.northeastjobs.org.uk/) will be used to advertise cohort 6 across the region.</p> <p>In addition each participating Local Authority will advertise and promote cohort 6 internally and to any relevant partner organisations.</p> <p>This promotion of the programme will again include HEIs in the region; statutory / voluntary / community settings where potential applicants may be working in associated roles and for whom the bursary may provide a valuable additional opportunity to progress into social work.</p> <p>These approaches were used in cohorts 4 and 5 and resulted in a high number of applications and a relatively diverse range of applicants going through to assessment centre stage, and subsequently taking part in to the programme.</p>
<p>6. Please provide details of proposed placement arrangements for <i>Step Up to Social Work</i> participants - i.e. type of placement and the experience gained from it. As a minimum you need to offer at least one statutory placement, with aspirations for two where possible. Please include details of the support mechanisms for students whilst on placement. Where any local authority in your partnership is rated “inadequate” by Ofsted, please detail additional measures you will take to provide assurance that students are properly supported and that they have opportunity to observe good practice</p> <p>(max 250 words)</p>	<p>We intend to offer two statutory placements. The longer 100-day placement on a 4-day a week basis in front line children’s social work teams. With the shorter 70 day placement in Adult Services.</p> <p>At the beginning of each placement, Practice Educators will be encouraged to attend briefings, led by the chosen HEI, which informs them about the distinctive nature of the Step up programme. This covers the aim of helping students to link theory and practice and where there are tasks for the student to help them to do this. This will also cover the need for students to be assessed against the Knowledge and Skills, embedding these elements with practitioners as well as students.</p> <p>This approach has been used in previous cohorts in the North East and there is evidence from research report into the value and effectiveness of cohort 4 in the region that students across all the participating local authorities were very positive about</p>

	<p>their placement experiences. As a result gaining a realistic understanding of what child and family social work entails.</p> <p>Where a local authority is rated as inadequate, the approach described above enables Practice Educators and students to understand and observe good practice. Additional support will include:</p> <ul style="list-style-type: none"> • Ensuring the availability of appropriately qualified and experienced Practice Educators • Opportunities to discuss and share good practice with students hosted by other local authorities • Support from a locally based independent tutor • Monitoring of progress by the appropriate member of the partnership steering group
<p>7. Please confirm the specific actions that will be taken to ensure LAs and HEIs will have the resources available to process applications in the period February - August 2019 and conduct checks in the period May/June 2019. This might include people, rooms, requirements for the support contractor, etc.</p> <p>(max 250 words)</p>	<p>All local authorities in the Regional Partnership have the approval of their Senior Managers.</p> <p>Local authorities have committed the time required by the Regional Partnership to support the programme and each local authority has a named lead on the Partnership Steering Group.</p> <p>Senior Managers have agreed to the active participation in the Partnership Steering Group by the Leads in the knowledge of the scale of the task ahead.</p> <p>Commitment from the Directors of Children's Services, Assistant Directors as well as Workforce Leads and Principal Social Workers is clear. The Partnership has identified the time required by Local Authority staff to support the programme and Senior Managers have agreed to participation in the knowledge of the staff time required to support the programme.</p> <p>Local authorities are committed to the Partnership to allocate and provide rooms and resources for assessment centres. Once dates and times are</p>

	<p>arranged each local authority is committed to seeking Practitioners, Managers and Service Users to attend these days.</p> <p>Named Leads as well as Practitioners and Managers are committed to working with the Regional Partnership on a no cost basis as part of their agreement to taking part in the Step up programme.</p> <p>Representatives from our chosen HEI will be expected to attend the dates of the Regional Partnership Steering Group and play a pro-active role in the sifting of applications as well as the interviewing and assessment of applicants.</p>
<p>8. Where your regional partnership is also involved in a teaching partnership, do you have separate accounting procedures in place to differentiate funding streams?</p>	<p>Yes – funds are held in separate local authorities ensuring complete transparency of accounting.</p>
<p>9. Please confirm that your regional partnership will commit to the timescales laid out in Annex D of this letter?</p>	<p>Yes</p>