



Cabinet

North Tyneside Council

2 June 2017

Monday, 12 June 2017 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 8 May 2017 (previously circulated).	

Continued overleaf

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Contact Officer(s) –
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Agenda Item	Page(s)
4. Report of the Young Mayor	
To receive a verbal report on the latest activities of the Young Mayor and Young Cabinet.	
5. Reports from Scrutiny Committees	
(a) To consider any reports submitted by the Overview, Scrutiny and Policy Development Committee or any of its Sub-Committees.	
6. Presentation - Investment Programme Board Annual Report 2015/16	
7. Key (and non-key) Decisions	
(a) 2016/17 Provisional Financial Outturn Report (All Wards)	5-74
To consider a report setting out details in respect of the provisional outturn for the General Fund, Housing Revenue Account, School balances position, the financial and delivery aspects of the Investment Plan and the delivery of the Treasury Management Strategy for the financial year 2016/17.	
(b) Cabinet Response to Scrutiny Report on Collection Fund Reporting (All Wards)	75-78
To consider a report which responds to the recommendations of the Finance Sub-committee in relation to future reporting of the Collection Fund as part of the Financial Monitoring Report to Cabinet.	
(c) Review of Childcare (All Wards)	79-92
To consider a report which outlines the outcomes of the Authority's review of Childcare Riverside and Childcare Oaktrees, including the results of the publication consultation exercise.	
(d) Regionalising Adoption Proposals (All Wards)	93-102
To consider a report which outlines the proposals for the continued development of the Adopt NE Regional Adoption Agency.	
(e) Cabinet Response to Overview, Scrutiny and Policy Development Report on Elective Home Education (All Wards)	103-110
To consider a report which responds to the recommendations included in the Overview, Scrutiny and Policy Development Report into Elective Home Education.	

Agenda Item	Page(s)
<p>(f) Cabinet Response to Overview, Scrutiny and Policy Development Report on Business Support (All Wards)</p> <p>To consider a report which responds to the recommendations of the Economic Prosperity Sub-committee's study into the support for young businesses in North Tyneside.</p>	<p>111-123</p>
<p>(g) The Apprenticeship Levy (All Wards)</p> <p>To consider a report which outlines the apprenticeship levy, the key issues and progress so far.</p>	<p>124-130</p>
<p>(h) Adoption of the North Tyneside Local Plan (All Wards)</p> <p>To consider a report seeking Cabinet recommendation for full Council to adopt the North Tyneside Local Plan and North Tyneside Local Plan Policies Map, following submission of the Local Plan to the Secretary of State in June 2016 and the Examination in Public by an independent Planning Inspector.</p> <p>(The appendices to the report have been circulated under separate cover to Cabinet Members. They can be viewed on the Council's website at the following link: North Tyneside Local Plan - Appendices)</p>	<p>131-140</p>
<p>(i) Report of the Local Government Ombudsman – Planning Matter (All Wards)</p> <p>To consider a report of the Local Government Ombudsman in relation to a Planning matter.</p>	<p>141-158</p>

Date and Time of Next Meeting(s)

Monday 10 July 2017 at 4.00pm

Circulated to Members of the Cabinet:

N Redfearn (Elected Mayor)
Councillor C Burdis
Councillor E Darke
Councillor R Glendon
Councillor I Grayson
Councillor M Hall
Councillor J Harrison
Councillor B Pickard (Deputy Mayor)
Councillor J Stirling

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

Oscar Daniel, Young Mayor
Alma Caldwell, Age UK
Mark Adams, North Tyneside Clinical Commissioning Group
Roger Layton, North Tyneside Joint Trade Union Committee
Sharon Scott, Northern Area Commander, Northumbria Police
David Robinson, Voluntary and Community Sector
David Hodgson, Business Representative

North Tyneside Council Report to Cabinet Date: 12 June 2017

ITEM 7(a)

2016/17 Provisional Finance
Outturn Report

Portfolios: Elected Mayor Finance and Resources	Cabinet Member: Norma Redfearn Councillor Ray Glindon
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Report from Service Area

Finance

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Responsible Officer: Janice Gillespie, Head of Finance **Tel:** 643 5701

Wards affected: All

PART 1

1.1 Purpose:

1.1.1 This report, and the supporting Annex 1 and its Appendices, set out details in respect of the provisional outturn for the General Fund, Housing Revenue Account, School balances position, the financial and delivery aspects of the Investment Plan and the delivery of the Treasury Management Strategy for the financial year 2016/17.

1.1.2 The purpose of this report is therefore to:

- (a) Advise Cabinet of the provisional 2016/17 outturn for the General Fund, Housing Revenue Account and Schools Finance (Annex 1, Sections 2, 3 and 4) together with a financial overview of the year (Annex 1, Section 1);
- (b) Advise Cabinet of decisions made under the Reserves and Balances Policy (Annex 1, Paragraphs 1.4, 1.10 to 1.16, Table 1 and Appendix P);
- (c) Inform Cabinet of the Authority's Investment Plan spend during 2016/17, and the financing put in place (Annex 1, Section 5);
- (d) Seek Cabinet approval for approval of further reprogramming of £12.980m within the Investment Plan (Annex 1, Section 5, Paragraph 5.8 and Appendix N);
- (e) Advise Cabinet of the Council's Treasury Management performance (Annex 1, Section 6); and

- (f) Advise Cabinet of the performance of both Capital and Treasury Management Prudential Indicators (Annex 1 Section 7).
- (g) Seek Cabinet approval for the receipt of the new revenue grants (Annex 1, Section 2, Paragraph 2.13, Table 3 and Appendix O);

1.2 Recommendations:

1.2.1 It is recommended that Cabinet:

- (a) Notes the provisional 2016/17 outturn for the General Fund, Housing Revenue Account and Schools Finance (Annex 1, Sections 2, 3 and 4) together with a financial overview of the year (Annex 1, Section 1);
- (b) Notes the decisions made under the Reserves and Balances Policy (Annex 1, Paragraphs 1.10 to 1.12, Table 1 and Appendix P);
- (c) Notes the Authority's Investment Plan spend during 2016/17, and the financing put in place (Annex 1, Section 5);
- (d) Approves further reprogramming of £12.980m within the Investment Plan (Annex 1, Section 5, Paragraph 5.8 and Appendix N);
- (e) Notes the Council's Treasury Management performance (Annex 1, Section 6); and,
- (f) Notes the performance against the Capital and Treasury prudential indicators (Annex 1 Section 7).

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 20 February 2017.

1.4 Council plan and policy framework.

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

1.5 Information - Executive Summary

1.5.1 Annex 1 to this report sets out the provisional outturn for 2016/17 for the General Fund, the Housing Revenue Account, Schools Finances and the Investment Plan. It also provides a summary position on the achievement of the Treasury Management Strategy during the year together with the associated Prudential Indicators for capital and treasury.

1.5.2 **General Fund Revenue Budget:** The forecast outturn reported to Cabinet at 13 March 2017 was an overspend of £2.698m arising mostly from costs due to increased demand for Social Care Services in both Adults and Childrens. Actions taken to manage this position have resulted in a much improved final outturn

position of £0.426m overspend. Included in the 2016/17 budget was the planned use of the Strategic Reserve of £2.001m. The final use of the Strategic Reserve is £4.727m, this includes the budgeted use of £2.001m and £2.726m to balance the outturn (this includes £2.3m to meet the in-year costs of the Living Wage as reported throughout 2016/17). (Annex 1 Paragraph 1.4, 1.10 and Table 1)

- 1.5.3 Reserves, Balances and Provisions:** As part of the 2016/17 final accounts, amounts have been set aside as provision and reserves for known liabilities and uncertainties that still remain in future years.
- 1.5.4 Housing Revenue Account:** The Housing Revenue Account has year-end balances of £5.966m, which is £3.051m above budget.
- 1.5.6 School Finances:** School balances have decreased from £6.982m to £4.986m, these balances include a significant amount of committed funds and the permitted carry forward of grants for the remainder of the academic year.
- 1.5.7 Investment Plan:** The final capital expenditure for the year was £61.690m, with a recommendation noted above for Cabinet to approve reprogramming of £12.980m into 2017/18.
- 1.5.8 Treasury Management:** The Authority has acted prudently during the year, confirming that the security of the Authority's resources is of greater importance than returns on investments. The level of investments at 31 March 2017 was £5.200m. The level of borrowing (excluding PFI) was £436.897m.

1.6 Decision options:

Option 1

Cabinet can agree the recommendations as set out in Section 1.2 of this report.

Option 2

Cabinet can disagree with all or some of the individual recommendations set out in section 1.2 of the report.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

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 Council Plan and Budget. Reprogramming of the Investment Plan will ensure that the delivery and financing of the Plan is balanced over the medium term.

1.8 Appendices:

Annex 1	2016/17 Provisional Finance Outturn Report
Appendix A	Chief Executive's Office
Appendix B	Business and Economic Development
Appendix C	Commercial and Business Redesign
Appendix D	Corporate Strategy
Appendix E	Finance

Appendix F	Human Resources and Organisational Development
Appendix G	Law and Governance
Appendix H	Health, Education, Care & Safeguarding
Appendix I	Commissioning and Investment
Appendix J	Environment, Housing and Leisure
Appendix K	Corporate Items
Appendix L	Housing Revenue Account (HRA)
Appendix M	Investment Plan Financing Summary
Appendix N	Investment Plan outturn
Appendix O	In year Grant changes
Appendix P	Earmarked reserves and balances at 31 March 2017
Appendix Q	Glossary of Terms

1.9 Contact officers:

Janice Gillespie - Corporate Finance Matters - Tel 643 5701

Cathy Davison – Investment Plan and Corporate Finance matters - Tel 643 5727

Margaret Keith –Treasury Management matters - Tel 643 5747

Alison Campbell – Senior Business Partner - Tel 643 7038

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 2016/17 (P).

<http://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/2016-17%20Revenue%20Control%20Budget.pdf>

(b) Approved Investment Plan 2016-19 (P).

http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=564424

(c) Council Reserves and Balances Policy (P).

http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=564080

(d) Investment Programme Board – End of year report 2016/17

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 and Annex 1. This report will also be presented to the Authority's Finance Sub-Committee at its meeting on 21 June 2017.

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

Internal consultation

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

Community engagement

The 2016/17 budget was completed after widespread consultation in line with the Authority's approved Budget Engagement Strategy. Appendix E of the 2016/17 Financial Planning and Budget Process report to Council on 4 February 2016 provides details of the consultation

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

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

2016/17 Provisional Finance Outturn Report

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Appendix P	Earmarked reserves and balances as at 31 March 2017
Appendix Q	Glossary of Terms

Section 1.0 Executive Summary
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Summary

- 1.1 The Authority's audited Statement of Accounts (the Accounts) for 2016/17 will be presented to full Council for discussion and approval at the end of September 2017. The Accounts are a statutory document which set out the Authority's financial position and performance for the year in a series of formal accounts prepared according to a specific statutory and regulatory framework.
- 1.2 Successive changes to local government accounting practice have made the Accounts a very technical document. As in previous years, we are taking the opportunity to set out the Authority's financial performance in an outturn report. This reflects the Authority's structure and is set out on a similar basis to the financial management reports presented to Cabinet throughout the year. This report is also the end-point of the Authority's financial management process for the financial year 2016/17.
- 1.3 The figures contained in this report are provisional until the completion of the Accounts. In accordance with legislation the draft Accounts will be "certified" by the Chief Finance Officer by 30 June 2017 and the audited Accounts will be approved by full Council by 30 September 2017.
- 1.4 The net effect on General Fund revenue, after taking into account all year end transactions and transfers to and from reserves, is an over spend of £0.426m (which is 0.28% of the net revenue budget) after a £2.3m contribution from Strategic Reserve in respect of Living Wage costs. It is proposed that this amount is transferred from the Authority's Strategic Reserve. After this final transfer, the General Fund Revenue Account will show spend on budget for 2016/17, with a closing balance on the Strategic Reserve of £13,930m.
- 1.5 The Housing Revenue Account has a year-end balance of £5.966m, which represents an improvement against the budget of £3.051m. This improvement is as a result of an in year improvement against budget of £2.265m (this represents 3.30% of the gross budget) and an increase in brought forward balances of £0.787m. Further details are given in Section 3 in this Annex and **Appendix L**.
- 1.6 School balances have reduced from £6.982m at the start of the financial year to £4.986m at 31 March 2017. Whilst some individual school balances have increased, the value of individual school deficits has increased which contributes to the reduction in overall balances.
- 1.7 The initial approved Investment Plan for 2016/17 was £91.871m. Variations and reprogramming of £17.635m credit were approved by Cabinet during 2016/17 to give a revised Investment Plan of £74.236m. Capital expenditure for the year was £61.690m (83.1% of the plan), a variation of £12.546m (credit). This outturn includes further reprogramming of £12.980m (credit) as shown in Section 5 and **Appendix N**.

Strategic Management of the Council's Budget

1.8 Whilst statutorily the Authority's budget and Accounts must be prepared by individual financial years, the pressures and opportunities that the Authority faces often extend across several accounting years. Decisions taken in one year will be felt in subsequent periods. One of the benefits of the Authority's regular budget monitoring process is that issues can be identified early in the year and action taken to address them. The outcomes of these actions can then inform both budget setting and final accounts preparation. Budget setting, budget management and final accounts can therefore be seen as related parts of a continuous process of financial management by the Authority. This part of the report sets out some of the key strategic issues managed by the Authority during 2016/17.

General Fund

1.9 The budget for 2016/17 was approved by full Council at its meeting of 18 February 2016. The net General Fund revenue budget was set at £153.945m including Creating a Brighter Future (CBF) savings of £15.737m.

1.10 The Monitoring report up to 31 January 2017 projected an overspend of £2.698m after a transfer of £2.3m from the Strategic Reserve for the anticipated impact of the Living Wage. The final position is an overspend of £0.426m requiring a total transfer of £2.726m the Strategic Reserve to balance the outturn position.

Creating a Brighter Future (CBF) Programme

1.11 The budget for 2016/17 included savings of £15.737m, from the delivery of projects/actions included as part of the CBF Programme. The scale of the financial challenge for the year meant that wide ranging efficiencies and service reconfiguration were required to be implemented during 2016/17. These CBF savings have been monitored as part of the overall financial position of the Authority, and regular updates of progress shared with the Mayor and Cabinet members and also reported to Cabinet as part of the bi-monthly Financial Management reports.

Redundancies

1.12 As part of the closure of the 2016/17 accounts an additional contribution to reserves of £1.215m has been set aside to meet the estimated costs of redundancies during 2017/18 that may arise during the implementation of the CBF programme agreed as part of the 2017/20 Budget and Financial Plan Process on 18 February 2017.

Treasury Management

1.13 There has been a small increase in the level of actual external borrowing (excluding PFI) from £434.752m at 31 March 2016 to £436.897 at 31 March 2017. The level of internal funding remains high at £77.639m at 31 March

2017 (£78.666m at 31 March 2016) as we have continued the approach to maximising the opportunity of short term borrowing rates to minimise cost.

Reserves

- 1.14 Included in the 2016-17 budget was the proposed use of £2.100m of the Strategic Reserve. In addition, as part of the planning process for 2016-17 the risks associated with the implementation of the National Living Wage in terms of impact on the costs of Social Care contracts were acknowledged and reserve backed. Those costs have materialised during 2016-17 and an estimated use of £2.300m of the Strategic Reserve to fund these costs has been reported throughout the year. The final outturn position includes the use of £2.726m of the Strategic Reserve; this includes the £2.300m previously reported for Living Wage cost pressures. These cost pressures have been built into future years budget and financial plans.
- 1.15 The overall movement in reserves as shown in Appendix P. This shows a reduction in Balances of £0.417m arising from the reduction in schools balances of £1.996m and an increase in Housing Revenue Account balance by £1.579m as set out in Section 4 of this Annex. The movement in un-earmarked reserves of the General fund is a small increase of £0.056m to £37.867m and the movement in respect of grant reserves is a reduction of £3.407m.
- 1.16 The movement in the HRA reserves and grant balances shows an increase of £5.163m the main movement being in respect of the Housing PFI Reserve and the House building fund.

Forward Planning

- 1.14 It is important that information within this report continues to be taken into account as part of the financial planning process for future years. The main issues identified in 2016/17 that have ongoing implications that require consideration in forward financial planning are:
- CBF Programme – ongoing savings;
 - Demand led pressures - in areas such as Looked after Children and Adult Social Care remain for future years;
 - National Living Wage pressures
 - Reduced income from the NHS largely as a result of the on going deficit position of the North Tyneside Clinical Commissioning Group (NTCCG) and;
 - Use of Reserves.
- 1.15 Changes in accounting regulations mean that for the year ending 31 March 18 each authority must publish its accounts by 31 May, a month earlier than is currently required. Work is underway to ensure that the Authority is able to meet the new requirements and reports have been taken to SLT and Audit Committee outlining progress to date and changes that need to be implemented to achieve this. Progress will continue to be reported to Cabinet as part of the Financial Management reports.

Section 2.0
General Fund Income and Expenditure

2.1 This section of the report details the provisional outturn figures, as at 31 March 2017, for Services compared to budget. Table 1 below summarises the position with more detailed explanations provided in paragraphs 2.2 to 2.13. The detailed **Appendices (A - K)** set out variations by Service Area.

Table 1: 2016/17 General Fund Revenue provisional outturn summary to 31 March 2017

		Full Year Budget	Provisional Outturn	Provisional Outturn Variance Mar 2017	Forecast Outturn Variance Jan 2017
	Appendix	£m	£m	£m	£m
Services					
Chief Executive Office	A	0.514	0.493	-0.021	0.012
Business and Economic Development	B	1.531	1.470	-0.061	-0.076
Commercial and Business Redesign	C	6.846	7.066	0.220	0.127
Corporate Strategy	D	1.723	1.714	-0.009	0.013
Finance	E	3.746	4.233	0.487	0.818
Human Resources and Organisational Development	F	2.277	2.468	0.191	0.160
Law and Governance	G	3.014	3.057	0.043	0.085
Health, Education, Care and Safeguarding	H	64.912	71.780	6.868	7.830
Commissioning and Investment	I	24.471	24.953	0.482	0.536
Environment, Housing and Leisure	J	39.575	39.802	0.227	0.782
Central Items	K	9.076	3.375	-5.701	-5.289
Sub Total - Service- Approved Budget		157.685	160.411	2.726	4.998
Support Services		-1.739	-1.739	0.000	0.000
Budget use of the Strategic Reserve		-2.001	-2.001	0.000	0.000
Net forecast pressure/(surplus) after planned use of the Strategic Reserve		153.945	156.671	2.726	4.998
Use of the Strategic Reserve		0	-2.726	-2.726	-2.300
Net Final outturn		153.945	153.945	0.000	2.698

2.2 The main variations are set out in detail below.

2.3 The **Commercial and Business Redesign** service is showing an over spend of £0.220m (January 2017 forecast, over spend of £0.127m). This is comprised of an over spend on ICT supplies and services relating mainly to the provision of automated customer contacts and internet connectivity. The outturn position has

worsened due to the outcome of commercial discussions with ENGIE and a reallocation of staff costs previously charged to capital projects.

This is detailed in **Appendix C**.

- 2.5 The service area for **Finance** is showing an overspend of £0.487m (January 2017 over spend £0.818m). This is mainly due to a net overspend of £0.360m in the Finance Service resulting largely from the Business Partnership CEI target and an adverse variance in the bad debt provision of £0.127m in Revenues and Benefits. The improvement in the position since January is as a result of confirmation of year end commercial discussions with ENGIE.

Full details are shown in **Appendix E**

- 2.6 The service area for **Human Resources and Organisational Development** is showing an over spend of £0.191m (January 2017 forecast, over spend of £0.160m). This is mainly due to additional staff costs arising from the support being provided to transformation projects and costs of staff transferred back to the Authority from ENGIE. The higher outturn variance is due to cost reductions relating to ENGIE as a result of a buy back savings agreement.

Details are shown in **Appendix F**.

- 2.8 The **Health, Education, Care and Safeguarding** Service is showing an overall over spend of £6.868m (January 2017 forecast, over spend of £7.830m). The final year-end position and variance analysis is attached as **Appendix H** to this report.

Despite the improvement in the last months of the year, the Service has ended 2016/17 with a significant overspend. 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 such as cost increases resulting from the National Living Wage and reduced income from the NHS largely as a result of the ongoing deficit position of the North Tyneside Clinical Commissioning Group (NTCCG).

The overall position has improved by £0.962m since the January report. The improvement has been as a result of additional client contributions income mainly in relation to clients who have a deferred payment arrangement against the value of their property (£0.417m). In addition, expenditure in Public Health has been lower than forecasted which has allowed a further £0.200m to be made available to support services within Health Education, Care and Safeguarding which meet Public Health outcomes. The School Improvement Service has improved by £0.207m, having generated additional income and made further savings in staff. Wellbeing, Governance and Transformation has reduced its non pay expenditure to offset pressures across the Service (£0.200m). This has been offset by a further increase in Looked After Children's placement costs as numbers of children continue to rise towards April 2015 levels (£0.164m).

A full breakdown of this service's position is shown in **Appendix H**.

ANNEX 1

Services for adults with a Learning Disability or Mental Health need are showing a pressure of £3.832m in 2016/17. This area has been subject to historic demand led pressure and is forecasting new, external placement costs totalling £1.700m across 2015/16 and 2016/17 as a result of transition cases and clients discharged from long stay hospitals under the Winterbourne guidelines. A contingency budget of £1.000m has been applied to offset this. There were additional cost pressures of £1.900m as a result of care fee increases brought about by the new National Living Wage. A contingency budget of £0.500m has been applied to mitigate this.

After applying contingency budget of £2.000m there continues to be a significant pressure of £2.525m in the area of Corporate Parenting and Placements as reported throughout 2016/17. This Service Area captures a spectrum of provision to meet each individual child's needs, ranging from adoption, foster care, our own North Tyneside residential provision to the most costly individual placements made out of borough. There has been an increase in child protection work in excess of 20% which is in line with increases seen across the country. Savings targets of £0.886m have been applied to this Service Area. The position has worsened by £0.164m since the last report as a result of additional staffing costs of £0.203m, partially mitigated by overall net savings across placements costs of £0.039m.

The overall number of Looked After Children (LAC) had fallen over the course of the year compared to those in April 2016 but towards the end of the year numbers rose again despite the best efforts of the service to meet needs by a range of alternative interventions. The Service has been continually reviewing these placements and has been working hard to reduce costs and find suitable alternatives, however many children are at critical stages in their education and it is often not appropriate to disrupt settled arrangements.

Table 2 below provides more detail on the movements in numbers of LAC and the associated costs;

Table 2: Movement in numbers of LAC giving rise to increased costs

Placement Type	No of LAC at Apr 2016	No of LAC at Jan 2017	No of LAC at Mar 2017	Average Cost of Placement £m	Pressure at Jan 2017 £m	Outturn at Mar 2017 £m
External Residential	25	15	18	£0.167	£2.527	£2.263
External Fostering	26	29	32	£0.041	£0.591	£0.606
Internal Fostering	194	189	188	£0.016	£0.190	£0.209
Supported Residence	13	10	17	£0.071	£0.326	£0.315
Other *	33	44	42	Various	(£0.043)	£0.023
Total LAC	291	287	297		£3.591	£3.416
Leaving Care Post 18	68	53	63	Various	£0.390	£0.393
Special Guardianship Orders	79	90	92	Various	£0.158	£0.151
Contingencies					(£2.000)	(£2.000)
CCG Income					(£0.170)	(£0.170)
Assumed savings					(£0.135)	£0
Net					£1.834	£1.790

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

The overall over-spend of £2.525m, includes the following items in addition to the placement overspend of £1.790m outlined above;

- A payment of £0.182m to support the Child and Adolescent Mental Health Service (CAMHS). The Council has served notice to end this contribution in 2017/18
- Additional costs of £0.703m arising from an increased need to use agency staff to cover vacancies within Social Work teams and Senior Management
- A one-off contribution of £0.150m from the ring-fenced Public Health grant supporting activity in line with Public Health outcomes.

Services for older people and younger adults with a physical disability are showing an overspend of £1.209m. This has improved by £0.397m since the January report. This Service Area has been subject to significant care fee increases as a result of the National Living Wage with additional costs of circa £1.7m in 2016/17. A contingency budget of £0.500m has been applied to partially mitigate the impact of the National Living Wage increases. There has also been a reduction in NHS income supporting these clients of £0.232m as the NTCCG implements its recovery plan. Additional costs are partially offset by continued effective demand management with older people being supported to remain at home where possible.

The reduction in the reported over spend is due mainly to an increase in client contributions, particularly in relation to clients with deferred payment arrangements.

This Service Area was planning to deliver savings of £1.175m however an income target of £0.900m in relation to the management of Continuing Healthcare on behalf of the NTCCG has not been achieved.

There are also overspends within the following service areas:-

- £0.227m within Integrated Disability and Additional Needs due to a £0.079m staffing overspend, £0.074m overspend on service user packages and £0.074m income target shortfall.
- Employment and Skills is showing an overspend of £0.095m due to a shortfall of grant income to meet historic targets for contributions to service overheads.
- Integrated Services is showing an overspend of £0.096m. There are overspends within Loan Equipment and Adaptations totalling £0.485m and reduced NHS income of £0.100m as a result of the NTCCG implementing its Financial Recovery Plan. Overspends have been substantially offset by staffing savings across the service.

Over spends above within Health, Education, Care and Safeguarding have been partially offset by under spends in Early Help and Vulnerable Families, School Improvement, Wellbeing, Governance and Transformation, Gateway and Adult Safeguarding.

The Public Health Service budget is a ring-fenced grant. Cumulative under spends of £0.127m have been carried forward into 2017/18, which are earmarked to fund the outstanding costs associated with the transfer of the Health Visiting and School Nursing service from Northumbria Healthcare Foundation Trust.

2.9 **Commissioning and Investment** service is reporting an over spend of £0.482m (January 2017, over spend of £0.536m).

Facilities and Fair Access is showing an overspend of £0.225m this includes a overspend of £0.083m for the Cleaning Service which transferred back to the Authority from Capita in the later part of 2016/17. Home to School Transport is showing a overspend of £0.226m. Work will continue in 2017/18 to restructure routes to reduce costs in addition to exploring alternative ways to deliver these services. These overspends are partially offset by an improved performance from the Catering Service.

Property related overspend are £0.063m where rental income from operational buildings and, to a lesser degree, from the Commercial Estate have not been achieved. Capita manage the commercial estate on behalf of the Authority as part of their wider portfolio.

There is an overspend of £0.098m in Procurement relating to rebate income and staffing costs in Commissioning of £0.038m. School Funding and Statutory Staff Costs is showing an overspend of £0.032m largely as a result of de-delegated trades union facility time and maternity costs.

A full analysis is included as part of **Appendix I**.

2.10 **Environment, Housing and Leisure** is reporting an over spend of £0.227m (January 2017 forecast, overspend of £0.782m). Across the entire service overspends have been incurred due to energy and rates costs now being absorbed within service areas totalling £0.574m, of which £0.384m relates to the PFI street-lighting scheme. In addition the service has absorbed a significant proportion of a £0.800m savings target attached to the implantation of the Electronic Document Records Management System (EDRMS).

- Sport and Leisure (£0.425m overspend) has experienced significant cost pressures due to sickness absence levels requiring increased backfill costs, and there has been an underachievement in income generation, predominantly around indoor and gym facilities, increased contributions from Public Health and additional grant income have mitigated some of the reduction in income;
- Arts Tourism & Heritage (£0.096m overspend) a significant part of the overspend (£0.070m) relates to the Mouth of the Tyne Festival achieving lower than anticipated ticket sales, plus there an overspend in respect of the Playhouse theatre linked to utility costs and operator inflation (£0.051m).;
- Libraries and Community Centres (£0.330m overspend) there have been a combination of issues around building cleaning costs, ICT costs and the above mentioned energy and rates issues which make up the bulk of the overspend.

- Security & Community Safety (£0.121m overspend) – the main issue driving this outcome is an unachieved income target;
- Fleet / Facilities Management (£0.567m underspend) –The capital vehicle replacement programme has led to large reductions in costs around maintenance & repairs;
- Street Environment (£0.273m underspend) - the management of vacancies across the service and lower Street Cleansing and Parks & Horticultural costs have resulted in the significant underspend;
- Streetlighting PFI (£0.123m overspend) – There has been an ongoing issue in relation to energy cost pressures (£0.384m). This has been partially offset by a favourable outcome of negotiations with SSE over disputed payments leading to lower than anticipated costs in relation to the PFI contract. In addition, a review of the PFI model and in year assumptions has resulted in a transfer from specific PFI reserves. This overall position has improved since the January report by £0.433m.
- Bereavement service (£0.027m overspend), came in slightly over budget as it fell £0.036m short of hitting the additional income target set as part of the budget savings. It was difficult to accurately predict the likely outturn following the reopening of the Blyth Crematorium which was shut due to a fire during 2015-16.

There have been ongoing commercial negotiations taking place in-year around the Technical Package which resulted in a Deed of Variation being agreed and signed in March 2017. Transport and Highways achieved a £0.077m under spend mainly due to increased income from parking services (£0.761m), these significant additional sums were offset by increased costs in providing parking services (£0.275m), reduced highways frontline fees (£0.155m) and bad debt provision linked to Streetworks (£0.370m)

The full analysis is included as part of **Appendix J**.

Non Delegated Budgets

2.11 There is an under spend on Central Items of £5.701m (January 2017 forecast, under spend of £5.289m). This is due to a combination of factors with the main issues outlined below;

- (a) A saving in Minimum Revenue Provision (MRP) of £0.769m primarily as a result of re-programming during 2015/16;
- (b) A saving of £5.410m in relation to interest charges reflecting 2015/16 reprogramming, the level of temporary borrowing currently held and the continuation of internal borrowing. This has improved by £0.330m since the January report;
- (c) £1.640m overspend arising mainly from savings from the Customer Journey project which were not achieved in full during 2016/17; and,
- (d) An uncommitted contingency budget of £0.702m

Further details are shown in **Appendix K**.

2.13 The following table shows the grant received from various organisations. Cabinet is requested to approve receipt of these grants. Further details are shown in **Appendix O**. Any new capital grants are reflected in **Appendix N**.

Table 3: 2016/17 Revenue Grants awarded in February and March 2017

Service	Amount £m
Environment, Housing and Leisure	0.010
Finance	0.004
Total	0.014

Section 3.0 Housing Revenue Account Income and Expenditure

- 3.1 This section of the report provides an update on the financial position for the Authority's Housing Revenue Account (HRA). The provisional year-end position and variance analysis for March 2017 is attached as **Appendix L** to this report.
- 3.2 On the 14 January 2016 the Cabinet approved the HRA budget for 2016/17. This included an average reduction in housing rents of 1.0% in line with the Government's 4-year proposed reduction to social rents introduced under the Welfare Reform and Work Act 2016; this replaced the previous 10-year rent policy only introduced in 2014-15 assuming rent increases of Consumer Prices Index (CPI) plus 1% per annum.
- 3.3 The HRA started the year with what was £0.787m higher than anticipated opening balances i.e. £4.388m as opposed to the budgeted figure of £3.601m, and the final in-year position was £2.265m better than budgeted.
- 3.4 The main significant variations against budget were:
- Increased rental income from general needs stock (£0.158m) and significantly increased service charge income (£0.288m);
 - Interest charges relating to HRA debt were significantly reduced by continuing to take advantage of low interest rates, by maximising in-year temporary borrowing and moving any long-term re-financing to late in the year. In addition increased debt set aside achieved from RTB sales in the previous year reduced the need for re-financing resulting in total interest savings of £0.610m. In addition some small savings were achieved in Debt Management Expenses (DME) (£0.028m);
 - Bad debt provision was under-spent by £0.335m in-year, so that although arrears increased significantly in-year the level of write-offs continued to be lower than in previous years, which reduced the overall in-year provision required to top up the overall provision on the HRA Balance Sheet;
 - There were under-spends on Management Contingency (£0.090m) and Transitional Protection budgets (£0.104m), linked mainly to the delayed delivery of the North Tyneside Living project;
 - Depreciation was £0.456m over budget due to the impact of the non-dwelling assets charge which cannot be reversed unlike the HRA dwelling charge; this increased charge was offset by reducing Revenue Contributions we make to finance Capital spend (£0.450m);
 - Significant under spends across a range of Management cost centres (£0.618m) reflecting a range of issues including:- increased Council Tax Void payments (£0.184m) mainly due to PFI delays & increased legal costs relating to disrepair claims (£0.080m); offset by - savings in energy costs relating to PFI scheme delays (£0.198m), contingencies for pay award & NI increases (£0.227m); staff vacancies across the service (£0.256m); reduced internal staff recharges linked to centralised services (£0.054m); and a range of various under-spends across a range of other cost centres including training, postage, consultancy, general office expenses and other non-pay items (£0.147m).

North Tyneside Living PFI Scheme – the project has seen the construction of 10 new build sites and refurbishment and remodelling of a further 16 properties virtually completed by March 2017. There have been a range of issues across

the project due to the complexity of some of the works and complications with statutory services, however, works have moved on and we have seen the completion of all schemes bar a few snagging issues by the end of March 2017. The Authority receiving PFI credits totalling £7.693m, with total actual expenditure of £9.509m representing in-year total Unitary charge payments (£6.552m), contribution to PFI Reserve (£3.113m), Interest on Reserve (£0.199m), Contract Monitoring Costs (£0.088m) and Other Contributions of £0.045m. The balance on the reserve (£13.364m) acts to smooth longer-term expenditure and interest flows.

3.5 Impact of Welfare Reform

We continue to monitor closely the impact of the Government's Welfare Reforms which, to-date have been impacted by what became known as the "bedroom tax". This policy currently affects 2,044 tenants on Housing Benefit, of whom 1,010 are in arrears totalling £0.335m which is actually £0.057m down from the previous year. Overall current arrears have increased by £0.076m to £2.025m. Former tenant arrears have also increased by £0.203m to £1.549m. These anticipated increases in arrears result from more tenants now receiving benefits on a backdated monthly basis rather than fortnightly. There is also an impact from housing benefit being paid directly to tenants rather than being collected internally via the benefits system. These changes to-date have been mitigated by the increased bad debt provision that has been provided in the budget over the past few years. We will continue to monitor the continued impact of the bedroom tax and the impact of Universal Credit (UC) as the roll-out starts to gather pace impacting some of our tenants in the Borough and also from residents who have moved into the area who were already on UC.

3.6 House-building Fund (HBF)

This fund was set up in 2012/13 as agreed by full Council, to help fund the cost of new build housing and environmental works. The opening balance on the fund was £3.859m of which £3.621m was allocated to help finance the Housing Investment Plan in 2016/17. Due to re-programming this sum has not been drawn down in year, and will be carried forward against the 2017/18 plan. In addition, a further contribution of £1.071m has been made to the fund as per 2016/17 budget. Hence, the closing balance on the HBF for 2016/17 totals £4.930m of which £4.692m is earmarked to finance the 2017/18 Investment Plan, with the balance available for future identified need. It should be noted that, as agreed in the 2015-16 and 2016-17 budgets, the contributions to the HBF will cease after 2016-17 as identified in the HRA 30-Year Business Plan.

Section 4.0 Schools Finance
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- 4.1 Schools have concluded their 2016/17 accounts closure exercise in line with the local Scheme for Financing Schools and the Authority's closure timetable. Collective school balances in North Tyneside maintained schools reduced from £6.982m at the start of the financial year to £4.986m by 31 March 2017. This is the balance reported in the Authority's statutory accounts and is before any commitments are taken into account.
- 4.2 As well as school balances reducing overall, some individual schools continue to face significant financial challenges. During the year, the Authority and Schools Forum paid particular attention to those schools with approved deficit budgets. There were eight schools with a deficit approval for 2016/17; Longbenton Community College, Marden High, Monkseaton High, Norham High, Seaton Burn College, Whitley Bay High, Ivy Road Primary and Fordley Primary.
- 4.3 Schools Forum and senior officers worked closely with these eight schools during the year, which contributed to improved outturn figures compared to the approved deficit budgets. Schools Forum approved the distribution of £0.197m "headroom" funding. This is funding set aside through de-delegation within the Dedicated Schools Grant (DSG) to assist schools in financial difficulty.
- 4.4 In addition, one of the schools with deficit approval (Monkseaton High) was eligible to receive an allocation from the Falling Rolls fund. In total four schools received a share of this fund. Balliol Primary, Redesdale Primary and Wellfield Middle also met the required criteria for this funding. There was a balance of £0.050m brought forward from 2015/16 which was added to the 2016/17 budget making a total available to allocate of £0.300m. Schools Forum agreed to allocate only £0.200m, with the remaining £0.100m being carried forward to 2017/18.
- 4.5 Table 4 below shows the financial position for the eight schools with approved deficit budgets, including the additional DSG support (headroom and falling rolls) allocated in the year. Draft outturn figures saw an improvement compared to the approved budget for six of the eight schools. Officers continue to work with the schools to manage the deficit position moving forward.

Table 4: Schools with approved deficit budgets

School	2016/17 Approved budget £m	Additional financial allocation £m	2016/17draft outturn £m
Fordley Primary	-0.067	0	-0.071
Ivy Road Primary	-0.061	0.010	-0.028
Longbenton Community College	-0.742	0.029	-0.514
Marden High	-0.315	0	-0.360
Monkseaton High	-1.726	0.194	-1.309
Norham High	-0.932	0.044	-0.828
Seaton Burn College	-0.556	0.027	-0.484
Whitley Bay High	-0.410	0.018	-0.347

- 4.6 As in previous years, the details of these balances will be reported to the Department for Education (DfE) through the Consistent Finance reporting (CFR) return. This return will be co-ordinated by the Local Authority and submitted by the deadline in July 2017. The CFR data is then used to pre-populate part of the Section 251 return that is submitted to the DfE by the end of August 2017 and verified in September. Full details of each individual school's balance will then be reported to Cabinet.
- 4.7 Overall, and after allowing school allocations, the DSG in 2016/17 of £129.527m (after removing Academies) overspent by £0.471m. This was mainly due to High Needs and Early years areas experiencing financial pressures, some of which were due to overspends brought forward from 2015/16. As the DSG is a ring-fenced grant, any under or overspends are carried forward into the next financial year in order to be addressed within the following year's ring-fenced grant. This DSG overspend has therefore been carried forward into 2017/18.

Section 5.0 Investment Plan Expenditure and Financing
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- 5.1 The Investment Plan represents the Authority's capital investment programme in projects across all service areas, including General Fund and HRA activities.
- 5.2 Delivery of the Investment Plan year by year, through both physical on site development and capital spend, is key to the successful attainment of the Authority's objectives.

2016/17 Capital Expenditure

- 5.3 The initial 2016/17 Investment Plan budget was £91.871m (£67.012m General Fund and £24.859m Housing). Further variations to the Plan and reprogramming were agreed by Cabinet during the year as part of the Financial Monitoring process to give an approved plan at the year-end of £74.236m (£50.838m General Fund and £23.398m Housing). Table 5 below summarises these changes.

Table 5: 2016/17 Investment Plan – Summary of changes to budget

	£m
Investment Plan approved by Council – 18 February 2016	91.871
Reprogramming from 2015/16	13.634
Reprogramming to 2017/18 and future years	-34.435
Other variations (net)	3.166
Revised Investment Plan approved by Cabinet – 13 March 2017	74.236

- 5.4 Actual capital expenditure in 2016/17 totalled £61.690m (£65.995m in 2015/16), comprising General Fund expenditure of £40.905m and £20.785m on Housing Schemes.
- 5.5 Not all of the expenditure relates to the creation or improvement of fixed assets for the Authority. £2.498m relates to spend on other items, with £1.307m for share capital, £0.796m spent on Disabled Facilities grants, £0.154m Homeless payments and £0.140m on a loan.
- 5.6 Table 6 below compares the actual capital expenditure with the revised budget for the year, as well as the actual spend for 2015/16.

Table 6: Comparison of Capital Expenditure to Revised budget for 2016/17

Actual Capital Expenditure 2015/16 £m		Revised Capital budget 2016/17 £m	Actual Capital Expenditure 2016/17 £m	Variation from budget over (+) / under (-) £m
38.877	General Fund	50.838	40.905	-9.933
27.118	Housing	23.398	20.785	-2.613
65.995	Total	74.236	61.690	-12.546

- 5.7 Included within the appendices is further information on the Investment Plan and activities in the year. **Appendix M** shows the final expenditure, and how that expenditure was financed, with **Appendix N** showing a comparison of expenditure against budget for each individual project. The reasons for these variations have been analysed as reprogramming and other variations.
- 5.8 Across all capital projects, further reprogramming of £12.980m has been identified and it is requested that Cabinet approve the carry forward of this amount into the 2017/18 Investment Plan. A detailed breakdown of this amount is included in **Appendix N**.
- 5.9 The major achievements delivered as part of the capital investment programme in 2016/17 include:
- (a) Completion of projects including housing new build projects at Bedford Avenue and West Farm Avenue Wallsend, completion of 13 new affordable homes at Reed Avenue, Camperdown, phase 1 A1058 Coast Road (Beach Road), Wallsend Customer First Centre changing places facility, improvement works at Souter Park, Watts slope toilets and remodelling of Northern Promenade entrance, various projects as part of the Asset Planned Maintenance programme, improvement works to the schools estate (DDA improvements, roof replacements, replacement curtain walling, electrical rewires etc.) , highway improvement works, surface water management schemes, energy efficiency measures to homes as part of the North Tyneside Warm Zones project, replacement of refuse collection, street sweeping and grounds maintenance vehicles, ICT refresh;
 - (b) In addition there are a number of projects underway including the Spanish City Dome, Lower Central Promenade reconstruction, public realm works at Northern Promenade, new Backworth Park Primary school, surface water management schemes, highways works on A1058 Coast Road, Weetslade junction improvements and Holystone roundabout.

Further details can be found in the Investment Programme Board end of year report which will be presented to this Cabinet and is included as a background paper to this report.

Capital Financing

- 5.10 Local authorities can finance capital expenditure from a variety of sources: grants; external contributions; capital receipts; borrowing; and contributions from revenue. This section of the report considers how the Investment Plan has been financed.
- 5.11 Under the Prudential System for capital financing, the Authority can decide to borrow to fund capital expenditure, known as prudential (or unsupported) borrowing. There are associated revenue costs (interest and Minimum Revenue Provision (MRP)) which must be met from the Authority's own resources, i.e. funded by Council Tax payers. MRP is a charge included in the Authority's accounts that effectively spreads the cost of capital expenditure over a period that generally equates to the period in which the asset is used. When deciding whether to take out additional borrowing, the Authority must consider whether the investment Plan is affordable, sustainable and prudent.
- 5.12 When determining how to finance the Authority-funded element of the Investment Plan, the Authority's MRP Policy is used to maximise the effectiveness of borrowing in relation to individual schemes in the Investment Plan. Those schemes with longer asset lives (e.g. major building works) are financed using prudential borrowing, thereby spreading the MRP charges over a longer period, whilst those with shorter asset lives (e.g. equipment) are financed using capital receipts where receipts are available.
- 5.13 The total capital expenditure of £61.690m has been financed as shown in Table 7 below.

Table 7: 2016/17 Capital Financing

	2016/17 Capital Financing £m
<u>Council Contribution</u>	
Prudential (Unsupported) Borrowing – General Fund	16.197
Capital Receipts -General Fund	0.413
Capital Receipts – HRA	0.161
Direct Revenue Funding - General Fund	0.081
Direct Revenue Funding – HRA	5.459
Major Repairs Allowance	14.280
	36.591
<u>External funding</u>	
Specific Government Grants	11.134
Capital Grants and Contributions	13.965
	25.099
	61.690

- 5.14 Total Prudential borrowing for the General Fund was £16.197m.
- 5.15 The original General Fund capital receipts requirement for 2016/17 was £0.523m. During the year £0.413m of capital receipts were generated and have

been used in the financing of 2016/17 spend. The remaining requirement of £0.110 m will be carried forward into 2017/18.

5.16 For Housing, capital receipts of £5.710m were received during 2016/17, of which £1.891m were pooled and paid across to central government leaving a balance of £3.819m available for financing. This balance plus the brought forward receipts of £4.475m gave an available balance of £8.294m. Of this £0.161m was used to finance 2016/17 capital spend and £2.633m was set aside to repay debt leaving a balance of £5.500m to be carried forward into 2017/18.

5.17 Table 8 below shows the movement in capital receipts during 2016/17 including receipts received during 2016/17 (identified in paragraphs 5.15 and 5.16 above), receipts brought forward at 1 April 2016, receipts used to finance the 2016/17 Investment Plan, receipts set aside to repay debt and receipts carried forward at 31 March 2017.

Table 8: Movement in Capital Receipts during 2016/17

	Receipts brought forward 1 April 2016 £m	Net Useable Receipts received £m	Receipts used for financing £m	Receipts set aside for repayment of debt £m	Receipts carried forward 31 March 2017 £m
General Fund	0	0.413	-0.413	0	0
Housing	4.475	3.819	-0.161	-2.633	5.500
Total	4.475	4.232	-0.574	-2.633	5.500

5.18 The Authority also received £11.134m of funding through specific Government grants. These grants included:

- £3.827m Schools Capital Maintenance;
- £0.182m Schools Basic Need;
- £0.598m Schools Devolved Capital;
- £2.700m Local Transport Plan;
- £1.131m Better Care Fund (including Disabled Facilities grant);
- £1.035m Environment Agency (Surface Water and Central Lower Promenade);
- £0.695m Community Capacity;
- £0.448m Cycle City Improvement Fund £0.448m; and,
- £0.368m Housing Assistive Technology.

5.19 Capital Grants and Contributions of £13.965m used in the year included:

- £9.554m North East Local Enterprise Partnership (NELEP) Growth Deal;
- £2.119m Coastal Communities Fund;
- £1.356m Section 106 contributions and,
- £0.624m Heritage Lottery Fund

5.20 As required, under self financing for Housing, there is a Major Repairs Allowance calculated and used to finance ongoing works to Council Dwellings.

This contribution is financed from within the HRA (i.e. it is self financed) and so appears as part of the Authority's contribution shown in Table 7 above.

5.21 An analysis of the overall capital financing is also shown in **Appendix M**.

International Financial Reporting Standards (IFRS) adjustments to Capital Expenditure in 2016/17

5.22 Under IFRS any expenditure incurred relating to PFI schemes and finance leases is classed as capital expenditure and the resulting assets are added to the Authority's balance sheet.

5.23 During 2016/17 spend of £0.247m was incurred under the street lighting PFI contract. In addition, costs of £19.184m were incurred on the North Tyneside Living Housing PFI scheme.

Section 6: Treasury Management

- 6.1 The Authority is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2016/17. This section of the report meets the requirements of both the CIPFA Code of Practice on Treasury Management in the Public Services and the CIPFA Prudential Code for Capital Finance in Local Authorities.
- 6.2 The primary reporting requirements of the Code are as follows:
- a) Forecast the likely activity for the forthcoming year (in the Annual Treasury Management Strategy Report);
 - b) A mid – year review report; and
 - c) Review actual activity for the preceding year, including a summary of performance.
- 6.3 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Authority’s policies previously approved by members.

Treasury Position as at 31 March 2017

- 6.4 The Authority’s debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities.

- 6.5 The Authority's debt and investment position at the beginning and the end of 2016/17 is shown in Table 9 below:

Table 9: Treasury Management Position

	31 March 2017 Principal £m	Rate/Return %	31 March 2016 Principal £m	Rate/Return %
Fixed Rate Funding:				
-*PWLB long - term	191.000	4.32	208.850	4.69
(HRA-Self Financing)	128.193	3.49	128.193	3.49
-Market **(LOBO's)	20.000	4.35	20.000	4.35
-Temporary	97.704	0.49	77.709	0.66
Total External Debt	436.897		434.752	
Investments:				
- In-house	(5.200)	0.10	(14.200)	0.25
Total Investments	(5.200)		(14.200)	
Net Position	431.697		420.552	

*Public Works Loan Board

**Lender Option Borrower Option

Performance Measurement

- 6.6 One of the key requirements in the Treasury Management Code was the formal introduction of performance measurement relating to investments, debt and capital financing activities. Whilst investment performance criteria have been well developed and universally accepted, debt performance indicators continue to be a more problematic area with the traditional average portfolio rate of interest acting as the main guide, as incorporated in Table 9 above.

The Strategy for 2016/17

- 6.7 The expectation for interest rates within the strategy for 2016/17 anticipated a low but rising Bank Rate, starting in quarter 1 of 2017, and gradual rises in both medium and longer term fixed borrowing rates during 2016/17. Variable or short-term rates were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

- 6.8 In this scenario, the treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and reduce counterparty risk.
- 6.9 During 2016/17 there was major volatility in PWLB rates falling during quarters 1 and 2 to reach historically very low levels in July and August 2016, before rising significantly during quarter 3, and then partially easing back towards the end of the year.

The Economy and Interest Rates

- 6.10 Two major events had a significant influence on financial markets in the 2016/17 financial year were the UK European Union (EU) referendum on 23 June and the election of President Trump in the United States of America (USA) on 9 November. The first event had an immediate impact in terms of market expectations of when the first increase in Bank Rate would happen, pushing it back from quarter 3 2018 to quarter 4 2019. At its 4 August meeting, the Monetary Policy Committee (MPC) cut Bank Rate from 0.50% to 0.25% and the Bank of England's Inflation Report produced forecasts warning of concern to economic activity in the UK, which would cause economic growth to fall almost to zero in the second half of 2016. The MPC also warned that it would be considering cutting Bank Rate again towards the end of 2016 in order to support growth. In addition, it restarted quantitative easing with purchases of £60bn of gilts and £10bn of corporate bonds, and also introduced the Term Funding Scheme whereby potentially £100bn of low cost financing was made available to banks.
- 6.11 UK economic growth was better than expected in the six months following the Brexit vote, but this began to ease in early 2017 as inflation has risen above the MPC's 2% target as the depreciation of sterling has begun to impact on consumer prices. This meant that the MPC did not cut Bank Rate again. There are seen to be on-going risks to growth given the uncertainty surrounding the Brexit negotiating process.

Borrowing Rates in 2016/17

- 6.12 Table 10 to this report shows the PWLB maturity borrowing rates for a selection of maturity periods, the high and low points in rates, the average rates and individual rates at the start and end of the financial year.

Table 10: PWLB Borrowing Rates 2016/17 for 1 to 50 years

	1Year %	5 Year %	10 Year %	25 Year %	50 Year %
01/04/2016	1.13	1.62	2.31	3.14	2.95
31/03/2017	0.83	1.24	1.60	1.80	2.07
LOW	0.76	0.95	1.42	2.08	1.87
DATE	20/12/16	10/08/16	10/08/16	12/08/16	30/08/16
HIGH	1.20	1.80	2.51	3.28	3.08
DATE	27/04/16	27/04/16	27/04/16	27/04/16	27/04/16
Average	0.93	1.36	2.01	2.72	2.49

Borrowing Outturn for 2016/17

6.13 Replacement of long-term borrowing was undertaken during the year for the Housing Revenue Account (HRA) as detailed in Table 11 below

Table 11: Replacement HRA PWLB Loans 2016/17

Principal £m	Interest Rate %	Start Date	Maturity Date
3.575	1.98	23 March 2017	10 September 2026
3.575	2.70	23 March 2017	28 September 2046

6.14 Due to investment risk, both counterparty and low investment returns, no long-term General Fund borrowing was undertaken during the year as advantage was taken of internal borrowing and low rate short term borrowing. General Fund short term borrowing outstanding at 31 March 2017 was £77.218 million. The HRA also took advantage of low rate short term borrowing with a balance of £20.486 million outstanding at 31 March 2017.

6.15 Maturing long – term loans of £25m were repaid in 2016/17 as detailed in Table 12 below:

Table 12: Maturing Long Term Loans repaid during 2016/17

Principal £m	Interest Rate %	Date Repaid
10.000	2.710	16 May 2016
5.000	10.375	4 August 2016
10.000	1.960	19 August 2016

6.16 Maturing short – term loans of £77.488 million were repaid in 2016/17 with an average rate of 0.66%.

6.17 Short term savings were achieved during the year by internally financing new capital expenditure and replacing maturing debt by running down existing cash balances, which were only earning minimal rates of interest due to the fact that the Bank Rate was reduce from 0.50% to 0.25% in August 2016. Lower cash balances also meant lower counterparty risk on the investment portfolio.

6.18 No rescheduling of debt was carried out during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

Investment Rates in 2016/17

6.19 After the EU referendum, Bank Rate was cut from 0.50% to 0.25% on 4 August and remained at that level for the rest of the year. Market expectations as to the timing of the start of the monetary tightening started the year at quarter 3 2018, but then moved back to around the end of 2019 in early August before finishing the year back at quarter 3 2018. Deposit rates continued into the start of 2016/17 at previous low levels but then fell during the first two quarters and fell even further after the 4 August MPC meeting resulting in a large tranche of low

cost financing being made available to the banking sector by the Bank of England. Rates made a weak recovery towards the end of 2016 but then fell to fresh lows in March 2017.

6.20 Table 13 below shows the money market investment rates for the year.

Table 13: Money Market Investment Rates for 2016/17.

	7 Day %	1 Month %	3 Month %	6 Month %	1 Year %
01/04/16	0.363	0.386	0.463	0.614	0.877
31/03/17	0.111	0.132	0.212	0.366	0.593
HIGH	0.369	0.391	0.467	0.622	0.902
LOW	0.107	0.129	0.212	0.366	0.590
Average	0.200	0.220	0.315	0.462	0.702

Investment Outturn for 2016/17

6.21 The Authority's investment policy is governed by Communities and Local Government (CLG) guidance, which was implemented in the annual Investment Strategy approved by the Council on 18 February 2016. The policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

6.22 The investment activity during the year conformed to the approved strategy, and the Authority had no liquidity difficulties. The treasury management team on a daily basis carefully monitor credit ratings.

Section 7: Prudential Indicators

Introduction

- 7.1 The Local Government Act 2003 requires the Authority to adopt the CIPFA Prudential Code and produce prudential indicators. Each indicator either summarises the expected capital activity or introduces limits upon that activity, and reflects the outcome of the Authority's underlying capital appraisal systems.
- 7.2 Within this overall prudential framework there is an impact on the Authority's treasury management activity as it will directly impact on borrowing and investment activity. Section 6 above provides a review of the Authority's activity during 2016/17.
- 7.3 The Prudential Code requires the following matters to be taken into account when setting or revising the prudential indicators:
- a) Service Objectives – e.g. strategic planning for the Authority
 - b) Stewardship of assets – e.g. asset management strategy
 - c) Value for money – e.g. options appraisal
 - d) Prudence and sustainability – e.g. implications of external borrowing
 - e) Affordability – e.g. impact on Council Tax
 - f) Practicality – e.g. achievability of the forward plan
- 7.4 Matters of affordability and prudence are primary roles for the Prudential Code.
- 7.5 The revenue consequences of capital expenditure, particularly unsupported capital expenditure, must to be paid for from the Authority's resources.
- 7.6 Capital expenditure can be paid for through capital receipts, grants etc, but if these resources are insufficient then any residual capital expenditure will add to the Authority's borrowing need.
- 7.7 The key risks to the plans are that the level of external funding has been estimated in some projects and therefore may change. Similarly some estimates for other sources of funding, such as capital receipt levels, may change as capital receipts are reliant on an active property market.
- 7.8 In total there are fifteen prudential indicators, covering:
- Affordability;
 - Prudence;
 - Capital expenditure;
 - External debt; and
 - Treasury management.

- 7.9 Prudential indicators are required to be set by full Council as part of the Financial Planning and Budget process. Any revisions must be reported through the financial management process.
- 7.10 The prudential indicators for the forthcoming and future years must be set before the beginning of the forthcoming year. They may be revised at any time, following due processes and must be reviewed, and revised if necessary, for the current year when the prudential indicators are set for the following year.
- 7.11 The following part of the report shows the actual 2016/17 Prudential Indicators at year-end compared to the estimated indicators approved by Cabinet in the September Financial Monitoring report on 14 November 2016.

Prudential Indicators for Affordability

Ratio of financing costs to net revenue stream

- 7.12 This indicator shows the annual total cost of financing capital investments (that have been made over time) as a percentage of the Authority's total spend for both General Fund and the HRA.
- 7.13 The actual figures for 2016/17 are set out in Table 15 below together with the estimated 2016/17 position at September 2016 and the 2015/16 final figure:

Table 14: Ratio of Financing Costs to Net Revenue Stream

	2015/16	2016/17	2016/17
	Actual.	Estimate	Actual
General Fund	14.55%	13.67%	12.35%
HRA	21.49%	27.46%	25.21%

- 7.14 The above indicator reflects costs for all borrowing, both supported and unsupported. It also includes the financing costs of PFI schemes (including the North Tyneside Living PFI scheme) and finance leases. To enhance the information available for decision-making we have also provided a local indicator to show the percentage of the budget that is spent on unsupported borrowing. This is shown in Table 15 below:

Table 15: Ratio of Financing Costs for prudential (unsupported) borrowing to Net Revenue Stream

	2015/16	2016/17	2016/17
	Actual	Estimate	Actual
General Fund	8.20%	7.83%	7.61%
HRA	4.74%	6.22%	5.98%

Incremental impact of new capital investment decisions on council tax and housing rents

7.15 This indicator represents the incremental impact of new capital investment decisions, approved as part of 2016/17 budget setting, on the annual Council Tax (Band D) and weekly housing rents.

Table 16: Incremental impact of new 2016/17 capital investment decisions on Council Tax (Band D) and weekly housing rents

	General Fund	HRA
estimate	£2.26	(£1.08)
actual	£0.08	(£2.39)

7.16 These figures are notional and in practice the incremental costs of borrowing for the capital programme are incorporated into the calculations for the revenue budget build up along with all other proposed budget increases and savings, and are considered as part of an overall package of affordability.

Prudential Indicators for Prudence

7.17 A key indicator of prudence is that, over the medium term, gross debt will only be used for a capital purpose. Under the Code the underlying need to borrow for a capital purpose is measured by the Capital Financing Requirement (CFR). Following changes to the CIPFA Prudential Code gross debt includes external borrowing and also other liabilities including PFI schemes and Finance Leases.

Gross debt and Capital Financing Requirement (CFR)

7.18 This key indicator shows that gross debt does not exceed the total CFR at 31 March 2017.

Table 17: Gross external debt less than CFR

	2016/17 Actual £m
Gross External Borrowing	436.897
Other Liabilities (including PFI and Finance Leases)	127.335
Total Gross debt	564.232
Capital Financing requirement	639.853

Prudential Indicators for Capital Expenditure**Capital expenditure**

7.19 This indicator reflects the actual level of capital spend shown in section 5 above.

Table 18: Capital Expenditure

	2015/16	2016/17	2016/17
	Actual £m	Estimate £m	Actual £m
General Fund	38.877	54.379	40.905
HRA	27.119	23.268	20.785
Total	65.995	77.647	61.690

Capital Financing Requirement (CFR)

7.20 The CFR can be understood as the Authority's underlying need to borrow money long term for a capital purpose. The underlying need is the expenditure remaining to be financed after allowing for capital funding from capital receipts, grants, third party contributions and revenue contributions. It reflects the cumulative amount of borrowing required for capital purposes less the annual Minimum Revenue Provision (MRP) (the amount set aside to repay debt).

7.21 In accordance with best professional practice the Authority does not associate borrowing with particular items or types of expenditure. The Authority has a number of daily cashflows, both positive and negative, and manages its Treasury position in terms of its borrowing and investments in accordance with the approved Treasury Management Strategy. In day to day cash management no distinction can be made between revenue cash and capital cash. Over the long term external borrowing may only be incurred for capital purposes.

7.22 The CFR has been calculated in line with the methodology required by the relevant statutory instrument and Prudential Code guidance. It incorporates the actual borrowing impacts of the Authority's capital projects, PFI programmes and Finance Leases.

Table 19: Capital Financing Requirement

	2015/16 Actual £m	2016/17 Estimate £m	2016/17 Actual £m
General Fund	290.338	303.224	295.726
HRA	331.240	348.970	344.127
Total	621.578	652.194	639.853

7.23 The above indicator shows the total borrowing requirement, both supported and unsupported. To enhance the information available for decision-making we have provided a local indicator to show the Capital Financing Requirement for unsupported borrowing. This is shown in Table 20 below:

Table 20: Capital Financing Requirement for Unsupported Borrowing

	2015/16 Actual £m	2016/17 Estimate £m	2016/17 Actual £m
General Fund	142.176	158.372	150.906
HRA	38.396	35.636	35.636
Total	180.572	194.008	186.542

Prudential Indicators for External Debt

Authorised limit for total external debt

7.24 For the purposes of this indicator the authorised limit for external debt is defined as the authorised limit for borrowing plus the authorised limit for other long term liabilities.

7.25 The authorised limit represents the maximum amount the Authority may borrow at any point in time in the year. It has to be set at a level the Authority considers is “prudent” and has to be consistent with the plans for capital expenditure and financing.

7.26 This limit is based on the estimate of the most likely, but not worse case, scenario with additional headroom to allow for operational management, for example unusual cash movements.

7.27 The following limits were set by full Council as part of the budget setting process.

Table 21: Authorised Limit for External Debt

	2016/17 £m
Borrowing	1,080.000
Other Long Term Liabilities	160.000
Total	1,240.000

7.28 The Authorised Limit for External Debt was not breached during 2016/17.

Operational Boundary for total external debt

- 7.29 The operational boundary represents a key management tool for in year monitoring by the Chief Finance Officer. Within the operational boundary, figures for borrowing and other long term liabilities are identified separately.

Table 22: Operational Boundary for External Debt

	2016/17 £m
Borrowing	540.000
Other Long Term Liabilities	140.000
Total	680.000

- 7.30 Actual borrowing remained within the Operational Boundary during 2016/17.

HRA limit on indebtedness

- 7.31 Under the reforms of housing finance the Government published *Limits on Indebtedness Determination 2012* which set out the maximum amount of housing debt the Authority could have outstanding at any one time. The limit for North Tyneside was £290.824m. The HRA Capital Financing Requirement excluding the North Tyneside Living PFI scheme should be within the cap set. The table below confirms that the HRA adjusted debt at 31 March 2017 is lower than the cap set.

Table 23: HRA limit on indebtedness

	2016/17 Estimate £m	2016/17 Actual £m
Gross HRA capital financing requirement	348.970	344.127
Less HRA PFI schemes	78.660	77.250
Adjusted HRA capital financing requirement	270.310	266.877
HRA limit on indebtedness	290.824	290.824

Prudential Indicators for Treasury ManagementAdoption of the CIPFA Code of Practice for Treasury Management

- 7.32 The Authority has an integrated Treasury Management Strategy and has adopted the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. North Tyneside Council has, at any point in time, a number of cash flows, both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved Treasury Management Strategy and Practices.

Upper limits on interest rate exposure 2016/17

- 7.33 Full Council set an upper limit on its fixed interest rate exposures for 2016/17 of 100% of its net outstanding principal sums. Borrowing remained within this limit during 2016/17.

- 7.34 Full Council set an upper limit on its variable interest rate exposures for 2016/17 of 50% of its net outstanding principal sums. Borrowing remained within this limit during 2016/17.
- 7.35 Upper and lower limits for the maturity structure of the Authority's borrowings were set as shown in Table 24 below. Borrowing remained within these limits during 2016/17.

Table 24: Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate

	Upper Limit	Lower Limit
Under 12 months	50%	0%
12 months to 2 years	50%	0%
2 years to 5 years	50%	0%
5 years to 10 years	75%	0%
10 years to 20 years	100%	25%
20 years to 30 years	100%	25%
30 years to 40 years	100%	25%
40 years to 50 years	100%	25%

- 7.36 Full Council agreed the indicator for exposure of investments in excess of 364 days at no more than 25% of the portfolio. Investments were within this limit during 2016/17.

BUDGET MONITORING 2016/17 - OUTTURN AS AT 31 MARCH 2017

	Expenditure			Income			Total Net			Comments	Variance Jan 17 £000
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance		
	£000	£000	£000	£000	£000	£000	£000	£000	£000		
CONTROLLABLE ITEMS											
Chief Executive	236	274	38	0	0	0	236	274	38		35
Deputy Chief Executive	278	219	-59	0	0	0	278	219	-59	There are savings in salary costs in addition to savings on supplies and services	-23
Total Controllable Items	514	493	-21	0	0	0	514	493	-21		12
Capital Charges	0	0	0	0	0	0	0	0	0		0
Total Chief Executive	514	493	-21	0	0	0	514	493	-21		12

BUDGET MONITORING 2016/17 - OUTTURN AS AT 31 MARCH 2017

	Expenditure			Income			Total Net			Comments	Variance Jan 17 £000
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance		
	£000	£000	£000	£000	£000	£000	£000	£000	£000		
CONTROLLABLE ITEMS											
Regeneration	729	935	206	-375	-531	-156	354	404	50	Additional revenue expenditure was identified within capital codes and has been transferred to Regeneration.	-19
Business & Enterprise	1,209	1,192	-17	-308	-387	-79	901	805	-96	The underspend is attributable to a reduced marketing expenditure in Business Development.	-51
Resources & Performance	153	136	-17	-2	0	2	151	136	-15		-6
Total Controllable Items	2,091	2,263	172	-685	-918	-233	1,406	1,345	-61		-76
Capital Charges	125	125	0	0	0	0	125	125	0		0
Total Business and Economic Development	2,216	2,388	172	-685	-918	-233	1,531	1,470	-61		-76

BUDGET MONITORING 2016/17 - OUTTURN AT 31 MARCH 2017

	Expenditure			Income			Total Net			Comments	Variance Jan 17 £000
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance		
	£000	£000	£000	£000	£000	£000	£000	£000	£000		
CONTROLLABLE ITEMS											
Head of Commercial & Business Redesign	550	695	145	-270	-457	-187	280	238	-42		-23
ICT	5,246	5,670	424	-97	-259	134	5,149	5,411	262	There are supplies and services overpends relating to a number of new systems and enhancements largely in the areas of automated customer contacts and internet connectivity. The movement since the January report relates to the result of commercial negotiations with ENGIE around broadband costs and as a result of a reduction of staff costs capitalised in relation to development projects.	150
Total Controllable Items	5,796	6,365	569	-367	-716	-53	5,429	5,649	220		127
Capital Charges	1,417	1,417	0	0	0	0	1,417	1,417	0		
Total Commercial and Business Redesign	7,213	7,782	569	-367	-716	-53	6,846	7,066	220		127

BUDGET MONITORING 2016/17 - OUTTURN AS AT 31 MARCH 2017

	Expenditure			Income			Total Net			Comments	Variance Jan 17 £000
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance		
	£000	£000	£000	£000	£000	£000	£000	£000	£000		
CONTROLLABLE ITEMS											
Corporate Strategy Management	132	139	7	0	0	0	132	139	7		6
Policy, Performance & Research	920	791	-129	-248	-262	-14	672	529	-143	There is an increased level of vacancies and savings on supplies and services	-71
Community and Voluntary Sector Liaison	569	629	60	0	-72	-72	569	557	-12		17
Marketing	354	453	99	-441	-415	26	-87	38	125	There is an overspend due to a shortfall against an advertising income budget where the income target has passed back to the Authority from Capita during the year.	58
Elected Mayor and Executive Support	218	213	-5	0	-4	-4	218	209	-9		-8
Children's Participation & Advocacy	335	402	67	-116	-160	-44	219	242	23		11
Total Controllable Items	2,528	2,627	99	-805	-913	-108	1,723	1,714	-9		13
Capital Charges	0	0	0	0	0	0	0	0	0		
Total Corporate Strategy	2,528	2,627	99	-805	-913	-108	1,723	1,714	-9		13

BUDGET MONITORING 2016/17 - OUTTURN AS AT 31 MARCH 2017

	Expenditure			Income			Total Net			Comments	Variance Jan 17 £000
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance		
	£000	£000	£000	£000	£000	£000	£000	£000	£000		
CONTROLLABLE ITEMS											
Finance Service	2,052	2,436	384	-101	-125	-24	1,951	2,311	360	The overspend relates to an additional savings target outside the contract arrangement in respect of the Business Partnership which has not been achieved in full. The movement since January relates to the result of the finalisation of commercial discussions with ENGIE around pay award costs and income sharing arrangements at year end.	640
Total Customer Services (Pre Contract)	0	0	0	0	0	0	0	0	0		0
TOTAL Customer Services (Partner)	0	0	0	0	0	0	0	0	0		0
TOTAL Customer Services Revenue & Benefits and Customer Services	81,326	79,617	-1,709	-79,564	-77,728	1,836	1,762	1,889	127	The overspend arises from the bad debt provision which has reduced since the January report.	178
TOTAL CONTROLLABLE ITEMS	83,378	82,053	-1,325	-79,665	-77,853	1,812	3,713	4,200	487		818
Capital Charges	33	33	0	0	0	0	33	33	0		0
TOTAL FINANCE	83,411	82,086	-1,325	-79,665	-77,853	1,812	3,746	4,233	487		818

BUDGET MONITORING 2016/17 - OUTTURN AS AT 31 MARCH 2017

	Expenditure			Income			Total Net			Comments	Variance Jan 17 £000
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance		
	£000	£000	£000	£000	£000	£000	£000	£000	£000		
CONTROLLABLE ITEMS											
Human Resources & Organisational Development	2,301	3,179	878	-24	-711	-687	2,277	2,468	191	The net overspend result from currently unfunded additional HR staff who are supporting transformation projects (£54k). There are also additional costs arising from Maternity Cover £0.011m, staff transferring back to North Tyneside Council from ENGIE £0.039m, additional hours £0.034m, apprentices £0.009m, buyback transfer and vacancies being below budgeted levels £0.030m	160
Total Controllable Items	2,301	3,179	878	-24	-711	-687	2,277	2,468	191		160
Capital Charges	0	0	0	0	0	0	0	0	0		0
Total Human Resources & Organisational Development	2,301	3,179	878	-24	-711	-687	2,277	2,468	191		160

BUDGET MONITORING 2016/17 - OUTTURN AS AT 31 MARCH 2017

	Expenditure			Income			Total Net			Comments	Variance Jan 17 £000
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance		
	£000	£000	£000	£000	£000	£000	£000	£000	£000		
CONTROLLABLE ITEMS											
Governance	1,565	1,637	72	-164	-153	11	1,401	1,484	83	Overspend due to staff vacancy targets not being achieved	44
Legal Services	968	1,011	43	-259	-384	-125	709	627	-82	NECA Income exceeded targets and savings on supplies and services.	-25
Information Governance	40	91	51	0	0	0	40	91	51	Overspend due to staff vacancy targets not being achieved	51
Statutory Services	1,400	1,837	437	-536	-982	-446	864	855	-9		15
Total Controllable Items	3,973	4,576	603	-959	-1,519	-560	3,014	3,057	43		85
Capital Charges	0	0	0	0	0	0	0	0	0		0
Total Law & Governance	3,973	4,576	603	-959	-1,519	-560	3,014	3,057	43		85

BUDGET MONITORING 2016/17 - OUTTURN AS AT 31 MARCH 2017

CONTROLLABLE ITEMS	Expenditure			Income			Total Net			Comments	Variance Jan 17 £000
	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000		
Corporate Parenting and Placements	15,907	19,500	3,593	-262	-1,330	-1,068	15,645	18,170	2,525	There is an overspend of £2.525m after the allocation of the contingency budget of £2m. This is further broken down to External Placements £0.093m, in-house fostering £0.209m, Independent Fostering £0.606m, Independent Living and Supported Residence for LAC £0.315m, Care Leavers Team £0.393m, Special Guardianship £0.151m, NTC Children's Homes £0.040m, Children and Adolescent Mental Health Services £0.182m, Preventative and Safeguarding Management staffing £0.390m and Social Work Staffing Teams £0.313m, offset by a net surplus in the Adoption Service of £0.017m, and additional funding from the Public Health grant of £0.150m. The variance reflects an allocation of the £0.800m EDRMS efficiency target. The service has seen budget reductions of £0.886m under TOM11 in relation to CBF targets. At 31st March 2017, there were 18 external residential placements, and 32 placements with Independent Fostering Agencies.	2,361
Early Help and Vulnerable Families	5,444	5,664	220	-3,687	-4,054	-367	1,757	1,610	-147	The service has experienced budget reductions in 2016/17 of £1.055m in relation to CBF savings in TOM06. Due to the decision for Children's Centres to remain open during 2016/17, and an extension to childcare provision, there was an overall shortfall in achieving CBF savings to the value of £0.117m. This has been partly mitigated by achieving £0.064m of the Payments by Results element of the Troubled Families Grant, whereby the service has worked successfully with 80 families. In addition, the service has received an additional £0.200m from the ringfenced Public Health Grant in relation to the integration of health services within the 0-19 Service Locality Teams.	88

BUDGET MONITORING 2016/17 - OUTTURN AS AT 31 MARCH 2017

CONTROLLABLE ITEMS	Expenditure			Income			Total Net			Comments	Variance Jan 17 £000
	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000		
Employment and Skills	4,830	4,821	-9	-4,194	-4,090	104	636	731	95	Many services have historically been funded by specific individual grants, mainly from the Department for Education and it was appropriate to ensure that these grants made a contribution to service overheads. There is a residual income expectation of £0.164m relating to these contributions that has not been achieved and contributes to the outturn position in this area. This shortfall in comeone has been partly offset by a reduction in a regional hub contract payment of £0.027m and an increased in other areas of income. CBF savings of £250k under TOM12 have been met in this service area.	114
Integrated Disability and Additional Needs Service	3,303	3,974	671	-1,012	-1,456	-444	2,291	2,518	227	There is a £0.079m forecast staffing overspend , £0.074m overspend on service user packages and £0.074m income target shortfall. Movement of £0.044m reduction in overspend from January reporting primarily relates to confirmation of final take-up of service user packages.	271
School Improvement	13,333	13,336	3	-13,320	-13,652	-332	13	-316	-329	The underspend in this area primarily relate to staffing (£0.367m), offset by £0.034m overspend on Education ICT Broadband costs. Movement of £0.207m savings since previous reporting relates to further staff savings (£0.060m), reduction in Education ICT Broadband costs (£0.030m), increased income generation (£0.103m) and savings on non-essential spend.	-122
Wellbeing, Governance & Transformation	16,987	16,871	-116	-15,859	-16,100	-241	1,128	771	-357	This area includes central management, administration and business transformation functions including the Care and Connect service. The under spend is mainly within the Planning and Business Transformation cost centre. Improvement is due to planned spend not going ahead in order to offset anticipated overspends in other areas of the service.	-157

BUDGET MONITORING 2016/17 - OUTTURN AS AT 31 MARCH 2017

CONTROLLABLE ITEMS	Expenditure			Income			Total Net			Comments	Variance Jan 17 £000
	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000		
Learning Disability and Mental Health Services	27,137	30,420	3,283	-8,797	-8,248	549	18,340	22,172	3,832	<p>This area includes all externally commissioned services for adults under 65 years with a learning disability or mental health need. It also includes the specialist care management teams. The service faced demand led pressure within Learning Disabilities and services for people with Autism with new placements arising in 2015/16 and 2016/17 totalling £1.700m. A contingency budget of £1.000m has been applied to offset this. New placements are for young people transitioning into adult services and for adults who may have been previously living with parents or other unpaid carers. They also include new services required for people coming out into the community after a long stay in hospital.</p> <p>The service has also been significantly affected by care fee increases estimated at £1.900m as a result of the introduction of the National Living Wage. This has been partially mitigated by growth of £0.500m allocated through the budget setting process. There is a smaller additional pressure relating expenditure around Deprivation of Liberty costs of £0.102m as referrals remain at a high level. CBF savings targets of £2.450m have been allocated to this service area under TOM04, TOM09 and TOM10.</p>	3,886

BUDGET MONITORING 2016/17 - OUTTURN AS AT 31 MARCH 2017

CONTROLLABLE ITEMS	Expenditure			Income			Total Net			Comments	Variance Jan 17 £000
	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000		
Older People and Physical Disability Services	36,416	41,126	4,710	-18,229	-21,730	-3,501	18,187	19,396	1,209	This service area includes all externally commissioned services for adults 65 years and over and for adults under 65 years who have a physical or sensory disability. It also includes Care Coordination, Support Planning & Brokerage and the hospital based Reablement Discharge Team. This service area has been impacted by care fee increases as a result of the National Living Wage with additional costs of £1.700m in 2016/17. An amount of £0.500m of growth funding was allocated as part of the budget setting process. There have also been reductions in CCG income totalling £0.232m. CBF savings of £1.175m have been allocated to this service area under TOM04 and TOM09. An income target of £0.900m in relation to the management of continuing healthcare on behalf of the CCG has not been achieved in year. The improvement in the over spend since the January report is due mainly to additional client contributions particularly in relation to deferred payment arrangements.	1,606
Integrated Services	10,047	9,004	-1,043	-7,796	-6,657	1,139	2,251	2,347	96	This service area includes the in-house Reablement Support Team, Cedars, Loan Equipment and Adaptations, Transport, Carecall and in-house Learning Disability services. There is an overspend in Loan Equipment and Adaptations of £0.485m and a shortfall of North Tyneside Clinical Commissioning Group income of £0.100m. These overspends have been offset in part by staffing savings across the service area. CBF targets of £1.133m have been applied under TOM04, TOM05, TOM09 and TOM10. The movement from the January position is due to additional Carecall income, an improved position in Adaptations and reduced expenditure on taxi contracts.	160

BUDGET MONITORING 2016/17 - OUTTURN AS AT 31 MARCH 2017

CONTROLLABLE ITEMS	Expenditure			Income			Total Net			Comments	Variance Jan 17 £000
	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000		
Gateway	3,949	4,241	292	-556	-1,085	-529	3,393	3,156	-237	This service area includes the Gateway service and former supporting people contracts. The position relates to the remainder of the one off carry forward of grant funding from 2015/16 which is supporting pressures across Health, Education Care and Safeguarding. The change in position since the January report relates to a reallocation of former supporting people contracts.	-364
Safeguarding Adults	367	325	-42	-24	-28	-4	343	297	-46		-13
Public Health	12,996	13,251	255	-13,080	-13,335	-255	-84	-84	0		0
Total Controllable Items	150,716	162,533	11,817	-86,816	-91,765	-4,949	63,900	70,768	6,868		7,830
Capital Charges	1,012	1,012	0	0	0	0	1,012	1,012	0		0
TOTAL HEALTH, EDUCATION, CARE AND SAFEGUARDING	151,728	163,545	11,817	-86,816	-91,765	-4,949	64,912	71,780	6,868	0	7,830

BUDGET MONITORING 2016/17 - OUTTURN AS AT 31 MARCH 2017

CONTROLLABLE ITEMS	Expenditure			Income			Total Net			Comments	Variance Jan 17 £000
	Budget £000	Outturn £000	Variance £000	Budget £000	Outturn £000	Variance £000	Budget £000	Outturn £000	Variance £000		
School Funding & statutory staff costs	121,272	119,825	-1,447	-118,939	-117,460	1,479	2,333	2,365	32		36
Commissioning Service	1,318	1,584	266	-571	-799	-228	747	785	38		56
Child Protection independent assurance and review	721	823	102	-37	-127	-90	684	696	12		0
Facilities and Fair Access	11,060	12,731	1,671	-11,857	-13,303	-1,446	-797	-572	225	£0.226m overspend relates to Home to School Transport. . Cleaning Services have transferred to this Service Area from Property with effect from August 2016 and a overspend of £0.083m.in included in this service area. These overspends have been offset by £0.066m saving on Catering Services and a small saving of £0.018m on Access Services.	191
Strategic Property and Investment	5,351	5,873	522	-4,953	-5,473	-520	398	400	2		0
High needs Special Educational Needs	17,845	19,314	1,469	-17,845	-19,314	-1,469	0	0	0		0

BUDGET MONITORING 2016/17 - OUTTURN AS AT 31 MARCH 2017

CONTROLLABLE ITEMS	Expenditure			Income			Total Net			Comments	Variance Jan 17 £000
	Budget £000	Outturn £000	Variance £000	Budget £000	Outturn £000	Variance £000	Budget £000	Outturn £000	Variance £000		
Property	8,941	9,651	710	-2,819	-3,466	-647	6,122	6,185	63	The majority of property related overspends are linked to operational buildings (rentals) with a smaller element linked to Commercial Estate. Capita manage the commercial estate on behalf of the Authority as part of their wider portfolio.	179
Commissioning & Investment Management & support	134	153	19	0	-10	-10	134	143	9		0
Internal Audit & Risk	572	590	18	-95	-110	-15	477	480	3		0
Procurement	425	468	43	-158	-103	55	267	365	98	The overpend relates to a shortfall on Procurement Rebate income.	74
TOTAL CONTROLLABLE ITEMS	167,639	171,012	3,373	-157,274	-160,165	-2,891	10,365	10,847	482		536
Capital Charges	14,106	14,106	0	0	0	0	14,106	14,106	0		0
TOTAL COMMISSIONING & INVESTMENT	181,745	185,118	3,373	-157,274	-160,165	-2,891	24,471	24,953	482		536

BUDGET MONITORING 2016/17 - FORECAST OUTTURN AS AT 30 MARCH 2017

	Expenditure			Income			Total Net			Comments	Variance Jan 17 £000
	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000		
Environment, Housing and Leisure											
Sport & Leisure	7,525	8,135	610	-5,795	-5,980	-185	1,730	2,155	425	Overspends against energy and rates budgets across a range of premises are reflected in operational budgets (£0.146m). The outturn variance also reflects the allocation of the £0.800m EDRMS efficiency target as well as increased backfill cover costs being incurred for sickness absence. The variance change from January reflects lower income generated than expected across the Indoor Facilities.	281
Arts Tourism & Heritage	1,538	1,872	334	-396	-634	-238	1,142	1,238	96	The forecast variance reflects a shortfall on income from the Mouth of the Tyne Festival (£0.070m). Utility and operator inflation cost pressures and reduced income around the Playhouse theatre (£0.051m). These income shortfalls have been partially offset by reduced spend within the Museums budgets, and that fact that no additional revenue contribution being required for the Playhouse.	101
Libraries & Community Centres	7,531	7,988	457	-2,486	-2,613	-127	5,045	5,375	330	The outturn variance reflects cost overspends in the following areas; Building Cleaning (£0.065m) & Libraries Telephones/ICT/Computer Costs (£0.067m), as well as energy and rates costs (£0.058m), PFI Contract Costs (£0.088m) and other Employee/operational expenditure costs across the service (£0.052m). The change in variance from January reflects increased income received & lower expenditure incurred. The forecast variance also reflects the allocation of the £0.800m EDRMS efficiency target.	419
Security & Community Safety	932	952	20	-809	-708	101	123	244	121	The net overspend relates to: Security related expenditure (CCTV lines (£0.015m) and underachievement of income £0.112m). Various minor underspends across Security and Community Safety totalling £0.006m slightly mitigate the overspend.	124

BUDGET MONITORING 2016/17 - FORECAST OUTTURN AS AT 30 MARCH 2017

	Expenditure			Income			Total Net			Comments	Variance Jan 17 £000
	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000		
Fleet/Facilities Management	3,298	2,918	-380	-3,861	-4,048	-187	-563	-1,130	-567	The Transport Account outturn resulted in a net surplus, which reflects reduced vehicle maintenance expenditure in conjunction with the Capital programme of replacement vehicles.	-555
Waste Strategy	11,437	12,023	586	-1,644	-2,200	-556	9,793	9,823	30		107
Bereavement	1,269	1,260	-9	-2,108	-2,072	36	-839	-812	27		74
Street Environment	9,128	9,013	-115	-1,559	-1,717	-158	7,569	7,296	-273	The service achieved a net underspend, associated with lower non pay costs incurred across Street Cleansing & Parks and Horticulture as well as the management of vacancies across the whole service. The outturn variance also reflects the allocation of the £0.800m EDRMS efficiency target. The variance change from the last period reflects lower actual expenditure around non pay expenditure across the service.	-110
Head of Service and Resilience	281	200	-81	-185	-121	64	96	79	-17		23

BUDGET MONITORING 2016/17 - FORECAST OUTTURN AS AT 30 MARCH 2017

	Expenditure			Income			Total Net			Comments	Variance Jan 17 £000
	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000		
Street Lighting PFI	5,030	5,573	543	-1,701	-2,121	-420	3,329	3,452	123	The outturn variance reflects significant overspend pressures in relation to electricity within this service (£0.384m). Disputed charges and costs previously assumed to be owed to SSE are now resolved, resulting in lower costs being incurred by the Council. The variance change from the last outturn reflects the net impact following the satisfactory outcome in the SSE disputed charges, lower electricity supply usage and increased contributions from the specific PFI reserve.	556
Consumer Protection & Building Control	2,035	3,525	1,490	-1,576	-3,034	-1,458	459	491	32		11
Transport and Highways	5,162	6,183	1,021	-5,269	-6,367	-1,098	-107	-184	-77	The under-spend is mainly due to an over achievement in income across On Street Parking, Off Street Parking and Fixed Penalty Notices (£0.761m). However this was partially offset by increased parking running costs (£0.275m), reduced income from frontline fees (£0.155m) and a provision made for Bad Debts within Streetworks (£0.370m)	-261
Planning	888	1,250	362	-857	-1,223	-366	31	27	-4		27
General Fund Housing	1,272	1,999	727	-232	-978	-746	1,040	1,021	-19		-15
Total Controllable Items	57,326	62,891	5,565	-28,478	-33,816	-5,338	28,848	29,075	227		782
Total Environment, Housing and Leisure	68,509	74,074	5,565	-28,934	-34,272	-5,338	39,575	39,802	227		782

BUDGET MONITORING 2016/17 - FORECAST OUTTURN AS AT 31 MARCH 2017

CONTROLLABLE ITEMS	Expenditure			Income			Total Net			Comments	Variance Jan 17 £000
	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000	Budget £000	Actual £000	Variance £000		
Corporate and Democratic Core	12,368	12,306	-62	-916	-991	-75	11,452	11,315	-137	Saving relates to Net underspend on pension fund contribution	-138
Other Central Items - Corporate Accounting, Contingencies and Levies	6,916	6,338	-578	-11,293	-16,279	-4,986	-4,377	-9,941	-5,564	<p>Savings relating to:</p> <ul style="list-style-type: none"> • £0.769m credit on MRP due to re-programming of 2015/16 capital spend • £5.410m credit on interest charges, this reflects 2015/16 re-programming, the level of temporary borrowing currently held and the continuation of internal borrowing. This is after delivery of TOM13. • £0.702m unallocated contingency • £0.250m Kier Dividend • £0.126m Service Development • £0.348m Other income generation including S31 Grants for Small Business Rate Relief, NNDR Revaluations and Collection Fund adjustments. • £0.153m Corporate Pay Awards and NI Increases budget (spend shown within services) • £0.055m Provision for Bad Debt <p>Pressures relating to:</p> <ul style="list-style-type: none"> • £1.640m unachieved CBF targets in relation to TOM01, management savings, local ownership and cross cutting income • £0.565m Increased contribution to Redundancy Reserve 	-5,151
Total Controllable Items	19,284	18,644	-640	-12,209	-17,270	-5,061	7,075	1,374	-5,701		-5,289
Capital Charges	0	0	0	0	0	0	0	0	0		0
TOTAL CORPORATE AND DEMOCRATIC CORE	19,284	18,644	-640	-12,209	-17,270	-5,061	7,075	1,374	-5,701		-5,289

BUDGET MONITORING 2016/17 - FORECAST OUTTURN AS AT 31 MARCH 2017

	FULL YEAR - 2016/17			Comments	Variance
	Forecast Outturn		Variance £000		Jan 2017
	Full Year Budget £000	Actual £000			£000
INCOME					
Rental Income - Dwellings, Direct Access Units & Garages	-60,066	-60,501	-435	Final position overall rental income £0.435m above budget, with general needs and temporary accommodation rental income down on January estimate but still well above budget (£0.158m), reflecting a number of factors including new build sales completions in 2016-17 countering overall RTB sales. Service charge income came in significantly better than budget overall but again slightly down on January forecast (£0.288m), with garage rents showing a small reduction in projected income against budget overall (£0.011m).	-597
Other Rental Income - Shops & Offices etc.	-242	-254	-12		-19
Interest on Balances	-30	-48	-18		-10
PFI Credits	-7,693	-7,693	-0		0
	-68,031	-68,496	-465		-626
EXPENDITURE					
Capital Charges - Net Effect	13,570	12,936	-634	Interest savings achieved due to current Treasury Management Strategy of utilising low temporary interest rates, and undertaking any long-term re-financing as late in the financial year as possible. Plus additional debt set aside realised in 2015-16 due to level of RTB sales, when added to 2016-17 budgeted set aside meant that the first loan maturity of circa £5.400m did not need re-financing at all, saving over an estimated £0.100m in interest charges per annum alone. Total Interest savings of £0.610m, DME costs realising saving estimated at £0.028m, with minor additional cost on net premiums and discounts (£0.004m).	-550
HRA Management Costs	10,133	9,515	-618	Significant change in forecast variance due to range of factors. Increased Council Tax void costs (£0.184m up by £0.125m), now that final bills received along with prior year credit and debit adjustments, linked to timescale for delivery of the North Tyneside Living project, along with a sharp rise in legal costs linked to disrepair claims (£0.080m) represents main cost pressures. Improvement in position relates to: reduction in energy costs linked to North Tyneside Living schemes (£0.198m), staff vacancies and contingency for pay award and NI increases (£0.227m), vacancy savings across the service (£0.256m), Internal Staff recharges for centralised teams reflecting vacancies (£0.054m) Range of other underspends across the service reflecting reductions in costs for training, postage, consultancy, general office expenses and other non-pay expenditure (£0.147m).	61
PFI Contract Costs	9,509	9,509	0		0
Repairs	11,481	11,457	-24		-5
Revenue Support to Capital Programme	5,909	5,459	-450	Underspend reflects treatment of Non-Dwelling Asset Depreciation in the accounts, which is part of the transitional arrangements linked to self-financing. This offsets the overspend on Depreciation below which includes the actual charging of Non-Dwelling Asset Depreciation which cannot be reversed out of the account.	0
Contribution to Housebuilding Fund	1,071	1,071	0		0
Contribution to Major Repairs Reserve - Depreciation	15,171	15,627	456	The overspend is a technical adjustment down to the treatment of Non-Dwelling Asset Depreciation in the accounts, this is offset by a reduced revenue contribution to support capital as shown above.	0
Contingencies, Bad debt Provision & Transitional Protection Payments	1,017	488	-529	Contingency provision not required (£0.090m), along with significantly reduced call on Bad Debt Provision in-year due to delays in welfare reform roll-out (£0.335m) and Transitional Rent Protection not all being required in-year (£0.104m) due to North Tyneside Living delays in completion and hence filling tenancies.	-230
Pension Fund Deficit Funding	855	855	0		0
	68,717	66,917	-1,800		-724
	686	-1,579	-2,265		-1,350
BALANCES BROUGHT FORWARD	-3,601	-4,388	-787		-787
BALANCES TO CARRY FORWARD	-2,915	-5,966	-3,051		-2,137

2016/17 INVESTMENT PLAN OUTTURN VARIATIONS

		Gross			(Under)/Over	Funding	Balance to
		Expenditure	Budget	Variance	spend	Adjustment	Reprogramme
		£000	£000	£000	£000	£000	£000
<u>GENERAL FUND</u>							
BS026	Asset Planned Maintenance Programme	2,060	1,755	305	0	125	180
BS028	Wallsend CFC - Changing Places Facility	61	61	0	0	0	0
CO061	Churchill / Souter Parks	188	187	1	1	0	0
CO062	Contact Centre Automation Project	39	39	0	0	0	0
CO064	Social Care Information system	353	706	-353	0	0	-353
CO067	Weekly Collection Support Grant	0	62	-62	0	0	-62
CO073	Housing & Technology for People with Learning Difficulties	238	238	-0	0	-0	0
DV051	Carbon Emmissions & Energy Consumption Fund	11	15	-4	-4	0	-0
DV053	Safer Stronger Communities Fund	0	75	-75	0	-75	0
DV054	Coastal Regeneration	5,750	6,475	-725	0	7	-732
DV058	Swan Hunter Redevelopment	2,386	3,306	-920	0	159	-1,079
DV059	Investment Fund to Tackle Empty Properties in the City	4	145	-141	0	2	-143
DV060	Rosehill Regeneration	160	212	-52	0	0	-52
DV063	Coastal Properties - Whisky Bends & The Avenue	29	220	-191	0	0	-191
ED075	Devolved Formula Capital	659	1,135	-476	0	97	-573
ED120	Basic Need	182	333	-151	0	-74	-76
ED132	School Capital Allocation	3,903	3,853	50	0	50	0
ED186	Backworth Park Primary	49	74	-25	0	0	-25
EV034	Local Transport Plan	2,736	3,410	-674	0	37	-711
EV054	Central Promenade Reconstruction Scheme	127	250	-123	0	0	-123
EV055	Surface Water Management	1,943	2,634	-691	0	38	-729
EV056	Additional Highways Maintenance	2,007	2,007	-0	-0	0	0
EV069	Vehicle replacement	2,229	2,353	-124	0	0	-124
EV073	A1058 Coast Road Improvements to Junctions	2,427	3,730	-1,303	0	0	-1,303
EV076	Depot Rationalisation	466	1,200	-734	0	75	-809
EV077	A1056/A189 Weetslade Junction Imps	2,985	3,857	-872	0	0	-872
EV078	A19 Employment Corridor Access Imps	1,871	1,661	210	0	0	210
EV079	A191 Coach Lane & Tyne Park Junction Imps	1,319	1,472	-153	0	0	-153
EV080	Coast Road Cycle Route	448	1,391	-943	0	0	-943

		Gross			(Under)/Over	Funding	Balance to
		Expenditure	Budget	Variance	spend	Adjustment	Reprogramme
EV081	Cobalt Cycle Route	536	583	-47	0	0	-47
EV082	North Bank of Tyne Infrastructure	176	0	176	0	176	0
GEN12	Community Led projects	57	149	-92	-17	0	-75
HS004	Disabled Facility Grants	796	1,307	-511	0	0	-511
HS036	North Tyneside - Warm Zones	100	100	-0	-0	0	-0
HS046	Housing Private Landlord Refurbishment Schemes	1	159	-158	0	0	-158
HS047	Trading Company Affordable Homes	1,307	1,380	-73	0	0	-73
HS049	Northumberland Square	81	280	-199	0	0	-199
IT020	ICT Strategy	972	1,059	-87	0	0	-87
IT024	Electronic Document and Records Management	466	487	-21	-21	0	0
IT025	BDUK (Broadband)	480	467	13	0	0	13
IT026	ICT Citizen Interaction and Self Serve	1,301	1,933	-632	21	0	-652
		40,905	50,760	-9,855	-20	617	-10,451
GEN03	Contingency Provision	0	78	-78	21	0	-99
		40,905	50,838	-9,933	0	617	-10,550
<u>HRA</u>							
HS015	Refurbishment / Decent Homes Improvements	17,896	18,265	-369	-56	0	-314
HS017	Disabled Adaptations	1,091	1,089	2	2	0	0
HS039	Integrated Housing Computer System	82	102	-20	0	0	-20
HS041	Housing PFI	676	1,384	-708	0	0	-708
HS044	HRA New Build	1,040	2,558	-1,518	-130	0	-1,388
		20,785	23,398	-2,613	-183	0	-2,430
Total		61,690	74,236	-12,546	-183	617	-12,980

Grant Paying Body	Name of Grant	Purpose of Grant	2016/17 Allocation (£000)	Date of Approval eg Cabinet / Section 151 Officer etc
Finance				
DCLG	Dispatching letter to named ratepayers grant	The grant makes payments to recompense authority costs incurred for dispatching letters associated with the 2017 business rates revaluation.	3	07/02/2017
DWP	Housing benefit Review Programme grant	Housing benefit Review Programme	1	14/02/2017
Environment Housing and Leisure				
Streetgames UK Ltd	Doorstep Sports Club	Provide/deliver a provision of services to the Doorstep Sports Club programme	9	21/02/2017
DCLG	Letting Agents Transparency and Redress Schemes	Used by Trading Standards to monitor Private landlords	1	Feb 2017
GENERAL FUND REVENUE			14	

	Purpose of Reserve	Opening Balance 1 April 2016	Cont To	Cont From	Closing Balance 31 March 2017
		£000	£000	£000	£000
General					
Insurance Reserve	Risks covered by the reserve include fire, employer and third party liability, contract guarantee bonds, motor cars, personal accident and other general risks	-5,182	-2,710	1,009	-6,883
Fish Quay Properties	Ringfenced reserve required by grant provider such that any surplus rental income must be used for this area	-236	0	236	0
Private Landlord Lease to Let Scheme	Reserve set aside to modernise private landlord properties for future lettings	-19	-101	6	-114
Street Lighting	Set up to equalise cash flows relating to the Council's street lighting PFI scheme	-652	-31	345	-338
North Shields Christmas Market	The Xmas Market runs annually at a 'cost neutral' basis. The balance handed over & now retained in NTC's accounts acts as a contingency for the market (given that the market event is run for the community). If the event makes a loss, the balance/funding held is used to meet the expense. Similarly, if the event makes a profit, the balance will increase. It is expected that the annual event runs on a 'cost neutral' basis for some time to come	0	-5	0	-5
DFT - Severe Weather Recovery Team	Funding of repairs following Severe Weather, Integrated Transport measures and Capital Highway maintenance schemes	-159	0	159	0
DEFRA - Sustainable Drainage System	Setting Up of Sustainable Drainage System in line with Flood and Water Management Act 2010	-24	0	24	0
Wallsend Festival	The Wallsend Festival runs annually at a 'cost neutral' basis. The balance handed over & now retained in NTC's accounts acts as a contingency for the festival (given that the festival is run for the community). If the event makes a loss, the balance/funding held is used to meet the expense. Similarly, if the event makes a profit, the balance will increase. It is expected that the annual event runs on a 'cost neutral' basis for some time to come	0	-9	0	-9
Discretionary Housing Payments	Provides discretionary extra payments to housing benefit recipients who are encountering difficulties in paying their rent	-56	0	56	0
Better Care Fund	Better Care Fund (CCG) monies to be used for training to improve Homecare Services	-68	0	68	0
Redundancy Reserve	Reserve to meet the expected cost of redundancies arising from the Change Programme	-1,980	-1,215	1,695	-1,500
Support for Change Programme	Reserve to support the implementation of the Change Programme	-4,194	0	0	-4,194
Activities for NTC Residents	Reserve created for activities for residents	-3	0	3	0
Affordable Homes	Carry forward of budget to continue to develop initiatives and create the requisite delivery mechanisms to help achieve Cabinet's ambition to enable delivery of 3,000 affordable homes in the Borough over the next 10 years	-40	0	29	-11
Site Delivery Fund	This reserve is for a grant received in 2014/15 from DCLG for Site Delivery and is used to accelerate the delivery of new housing across the borough	-16	0	16	0
Capacity Funding	This is a grant received in 2014/15 from DCLG for Capacity Funding towards the feasibility of the redevelopment of Murton Gap for Housing, with spend commencing in 2015/16	-451	0	414	-37
DCLG - New Burdens Funding	Planning applications for Brownfield sites	0	-15	0	-15
DCLG - Self Build	Works associated with the self build and custom build register	0	-15		-15
Local Plan Reserve	This reserve has been established (along with a provision) for a Trading Standards Legal Case which is scheduled to take place in 2015/16	-120	-45	146	-19
Training Reserve	This reserve will be used to supplement and support the delivery of the Corporate Training Plan in 2015/16	-100	0	0	-100
Welfare Reform	Grant funding from central government to meet the ongoing cost of implementing welfare reform	-71	-93	84	-80
Grant Reserves under £100k	Consists of a number of small reserves individually under £100k to be carried forward and used in 2015/16, e.g. Initial Teacher Training, Independent Support - Parent Partnership	-125	-246	83	-288
Education PFI Reserve	Established to provide a mechanism which takes account of project cashflows over a 30-year period to enable the yearly equalisation of the additional costs of the PFI schools	-1,777	-90	77	-1,790
Hackney Carriages & Private Hire Reserve	A ring fenced reserve set up at the request of the Hackney Carriages and Private Hire Trade representatives whereby any surplus from fees is reinvested in the service	-160	-6	75	-91
Building Control Reserve	The reserve has been set up to assist in complying with the accounting requirements of the Building (Local Authority Charges) regulations 2010	-126	-22	1	-147
Feasibility Study Reserve	Set up to fund feasibility studies of potential capital schemes	-71	-160	6	-225
Strategic Reserve	Established to address future potential significant external pressures on the Council's budget	-15,210	-2,854	4,134	-13,930
Dudley/Shiremoor Joint Service Centre PFI Reserve	Established to provide a mechanism which takes account of project cashflows over a 25-year period to enable the yearly equalisation of the additional costs of the Joint Service Centre	-1,994	-237	60	-2,171

	Purpose of Reserve	Opening Balance 1 April 2016	Cont To	Cont From	Closing Balance 31 March 2017
		£000	£000	£000	£000
Schools PFI Lifecycle Costs	Established to provide a mechanism to reflect the costs of replacing items of equipment over the life of the PFI contract	-2,444	-264	246	-2,462
CLG Bond Bank	This reserve is used to underwrite the deposit required when renting a property and therefore enabling people (over 18) who are homeless or have a housing need to access private lettings	-40	0	0	-40
Dudley PFI Lifecycle Costs	Established to provide a mechanism to reflect the costs of replacing items of equipment over the life of the PFI contract	-294	-50	32	-312
Promenade Recovery Fund	To provide repair work to the borough's promenades following tidal surge damage	-11	-19	0	-30
Smokehouses Fish Quay Sinking Fund	Sinking Fund re Smokehouses - North Shields Fish Quay	0	-2	0	-2
Dockmasters Fish Quay Sinking Fund	Sinking Fund re Dockmasters - North Shields Fish Quay	0	-2	0	-2
Union Quay/Working Above Shops Sinking Fund	Sinking Fund re Union Quay - North Shields Fish Quay	0	-6	0	-6
Vita House Fish Quay Sinking Fund	Sinking Fund re Vita House	0	-2	0	-2
Barracks Building Fish Quay Sinking Fund	Sinking Fund re Barracks Building	0	-2	0	-2
North Shields Business Centre Sinking Fund	Sinking Fund re Business Centre	0	-3	0	-3
Salisbury House North Shields Sinking Fund	Sinking Fund re Salisbury House	0	-9	0	-9
131 Bedford Street	Sinking Fund re 131 Bedford Street	0	-109	0	-109
Stag Line Building	Fish Quay Reserve - Stag Line Building	0	-2	0	-2
Smokehouses Reserve	Fish Quay Reserve - Smokehouses	0	-51	0	-51
Service Improvement Fund	Support fund established to facilitate the delivery of the major change programme that is required to ensure we continue to provide the services that our people need. The fund also provides Cabinet with the flexibility to make service improvement choices based on feedback from the residents and other key stakeholders	-249	0	8	-241
Waste Procurement Reserve	A reserve established to manage the future costs of waste provision	-434	0	0	-434
Fenwick Eccles Maintenance	Ground maintenance cost of the Fenwick Eccles site to be utilised over 5 years	-106	0	106	0
Pow Dene Reserve	Fish Quay Reserve - Pow Dene	0	-130	0	-130
Dockmasters Reserve	Fish Quay Reserve - Dockmasters	0	-15	0	-15
Union Quay Reserve	Fish Quay Reserve - Union Quay Reserve	0	-21	0	-21
Local Safeguarding Board	To hold the balance of contributions from various partners and income generated from the LSCB charging policy (in relation to training) on behalf of the LSCB	-22	-15	7	-30
Vita House Reserve	Fish Quay Reserve - Vita House reserve	0	-31	0	-31
Ballards Smoke House Reserve	Fish Quay Reserve - Ballards Smoke House	0	0	0	0
Barracks Building Reserve	Fish Quay Reserve - Barracks Building	0	-36	0	-36
Whitley Bay CFC PFI Reserve	Established to provide a mechanism which takes account of project cashflows over a 25-year period to enable the yearly equalisation of the additional costs of the Customer First Centre	-1,176	-410	0	-1,586
Coast Road Improvement Works	Lynn Road bus lane income (PCNs) set aside for capital financing	0	-103	0	-103
Whitley Bay CFC PFI Lifecycle Costs	Established to provide a mechanism to reflect the costs of replacing items of equipment over the life of the PFI contract	-129	-46	0	-175
Apprenticeships	To support the further development of the Council's apprenticeship and training programme, with a particular focus on working with the business partners Cofely GDF Suez and Capita Symonds	-70	0	0	-70
Major Repairs Reserve (MRR)	Reserve that is used for new capital investment in Housing Revenue Account assets	-1,685	-1,346	800	-2,231
Internal Refurbishment Reserve	A furniture reserve to fund a rolling programme of refurbishments to the Direct Access Units and Dispersed Units	-154	0	9	-145
HRA Solar PV Green Fund	To support the provision of energy efficiency measures on council dwellings	-364	-96	0	-460
HRA Solar PV Risk Fund	This reserve is used to provide compensation payments due to the removal of Solar Panels on Right to Buy properties	-102	0	42	-60
Older Peoples Homes for the Future PFI Reserve	Set up to equalise cash flows relating to the Council's North Tyneside Living PFI scheme	-10,251	-3,113	0	-13,364
New Build	Established to support the provision of New Build Council Housing	-3,859	-1,071	0	-4,930
Housing PFI Lifecycle Costs	Established to provide a mechanism to reflect the costs of replacing items of equipment over the life of the PFI contract	-1,479	-753	0	-2,232

	Purpose of Reserve	Opening Balance 1 April 2016	Cont To	Cont From	Closing Balance 31 March 2017
		£000	£000	£000	£000
Surplus on RTB Admin Costs	Reserve created to recognise additional administration payments over and above those required to fund RTB administration costs over the previous two years, have been set aside to supplement financing available for the Housing Investment Plan.	-297	-77	0	-374
HRA Solar PV Maintenance	Maintenance of solar PV systems on new build council dwellings	0	-3	0	-3
Repairs Options Post 2019	To assist with Repairs Offer Options post 2019	0	-100		-100
	Sub Total - General Reserves	-56,000	-15,741	9,976	-61,765
Grants					
Social Care Grant	To fund the requirements under local reform guidelines in relation to advocacy, information and signposting and deprivation of liberty	-72	0	72	0
Transformation Challenge	Transformation Challenge Fund Reserve Grant - the project develops a single point for people of North Tyneside to access advice and information, adult and children's social care services and secondary mental health services.	-1,000	0	1,000	0
Heat Network Delivery Grant	Used to cover/support the local authority to identify and evaluate opportunities to develop new heating & cooling networks as per the Dept. of Energy and Climate Change funding	-81	0	20	-61
Step up to Social Work Grant	A programme to provide accelerated entry route into social work for high achieving graduates and career changers	-21	-58	21	-58
Public Health Grant	Department of Health ring-fenced grant made available to local authorities to allow them to discharge their new public health responsibilities	-255	-127	255	-127
Education Funding Agency	The reserve consists of £103k in respect of 16-19 Bursary Fund and £367k for Special Education Needs (SEN). The 16-19 Bursary Fund aims to ensure that every young person participates and benefits from a place in 16-19 training. The SEN element of the reserve is intended to develop special educational needs and disability implementation and services	-502	-436	502	-436
Syrian Refugee Grant	The reserve is for the Syrian Refugee Relocation Programme and will be used for spend in-line with this programme. The grant will be spent over the 5 years of the programme, but will be added to/ reduced as the next wave of refugees enter our Borough, with their 5 years of funding starting from this point	0	-44	0	-44
Tackling Troubled Families	Grant reserve to support the delivery of outcomes for families with complex and multiple needs	-57	-160	57	-160
Fraud & Error Reduction Grant	Provides financial incentives to Local Authorities who reduce fraud and error in their housing benefit cases	-110	0	0	-110
Assessed & Supported Year in Employment	The Assessed and Supported Year in Employment (ASYE) is designed to help newly qualified social workers develop their skills, knowledge and capability, and strengthen their professional confidence. It provides them with access to regular and focused support during their first year of employment in social work	0	-13	0	-13
North East Social Work Alliance	Development of a North East Social Work Alliance website providing a comprehensive one stop resource for everything to do with social work education within the region	0	-15	0	-15
DEFRA - Lead Local Flood Authority	Reserve established to assist with the funding of the Authority's duties as a Lead Local Flood Authority, for example the preparation and maintenance of a strategy for local flood risk management in the Borough	-57	0	57	0
Transparency Code Set-Up Grant	The Local Government Transparency Code 2015 sets out the minimum data and information that all local authorities must publish, the frequency it should be published and how it should be published. This reserve has been established to fund the costs associated with the Transparency Code	-21	0	21	0
Statutory Notices for the 21st Century Grant	The Authority has been chosen to pilot innovative ways of improving statutory notices. This reserve holds grant funding from DCLG to pilot ways of bringing statutory notices into the 21st century	-45	0	45	0
Surface Water Management Improvements	Flood Prevention schemes	0	-200	0	-200
Training & Development	School-centred initial teacher training (SCITT) - Networks of schools that have been approved to run school-centred courses are known as SCITTs. They provide practical, hands-on teacher training, delivered by experienced, practising teachers based in their own school or a school in their network. SCITT courses generally last one year, and many include a postgraduate certificate in education (PGCE) and/or Master's-level credits. Training as part of a SCITT gives you the opportunity to learn 'on the job'. You will benefit from working and learning every day in a school and getting an immediate insight into what teaching involves.	-78	-61	78	-61
Skills Funding Agency Grant	Designed to help people of different ages and backgrounds to get a new skill, reconnect with learning, follow a new interest.	-125	-46	125	-46
Dedicated Schools Grant	This Grant is a ring-fenced specific grant and must be used in support of the Schools Budget as financed in the School Finance (England) Regulations 2008	-643	0	643	0

	Purpose of Reserve	Opening Balance 1 April 2016	Cont To	Cont From	Closing Balance 31 March 2017
		£000	£000	£000	£000
New Homes Bonus	Encourages the delivery of affordable sustainable housing	-672	0	672	0
Preventing Repossession Fund	To offer assistance to individuals to avoid repossession of their property	-99	0	31	-68
Home Crime Prevention	To reduce the instances of burglaries in the home	-1	0	1	0
Neighbourhood Planning Front Runners	Funding to support Neighbourhood Plan for Fish Quay	-26	0	26	0
Weekly Waste Collection	Weekly waste collection support scheme	-1,262	-170	999	-433
LAA Performance Grant	To support local authorities in England towards expenditure lawfully incurred	-75	0	64	-11
Big Society Community Investment Fund	Funding is for new burdens arising from the community right to bid and community right to challenge legislation	-16	0	16	0
High Street Innovation Fund	Development of new models for prosperous and diverse high streets	-20	0	0	-20
Business Support Scheme (Flood Relief)	The Business Support Scheme is available to support small and medium sized businesses which were affected by the impacts of flooding	-30	0	30	0
	Sub Total of Grant Reserves	-5,268	-1,330	4,735	-1,863
	Total all Reserves	-61,268	-17,071	14,711	-63,628

Balances					
General Fund Balances		-6,604	0	0	-6,604
School Balances		-6,982	0	1,996	-4,986
Housing Revenue Account		-4,388	-1,579	0	-5,967
Sub-total		-17,974	-1,579	1,996	-17,557
Total Reserves and Balances		-79,242	-18,650	16,707	-81,185

Glossary of Terms

Accounts Payable	The computerised system used to pay money to an outside body for goods and services received.
Accrual	The recording of transactions when they take place not when payment is made.
Actual	The cost of a unit, item or service.
Budget	A plan of expected expenditure and income over a set period of time for example the Council's revenue budget covers a financial year.
Budget Holder	A nominated officer in a Service who has responsibility for the control and monitoring of a particular budget.
Budget Manager	A nominated officer in a Service who has responsibility for the control and monitoring of the budgets within a service area.
Budget Monitoring	The analysis and reporting of expenditure/ income against budget. Budget monitoring is carried out by Budget Holders and by the Finance Service on a monthly basis.
Budgetary Control	The use of budget monitoring information to manage the budget and bring spend in on target for the year.
Capital Financing Requirement (CFR)	The amount the Council needs to borrow in order to deliver its Capital Expenditure plans.
CBF	Creating a Brighter Future Programme.
CLG	Department for Communities and Local Government.
Cost Centre	A code created in General Ledger to record expenditure and income for a particular activity. For example a library a school.
Consumer Price Index (CPI)	The index designed as a macro-economic measure of consumer price inflation. The official measure is calculated each month by

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	taking a sample of goods and services that a typical household might buy, including food, heating, household goods and travel costs. It forms the basis for the Government's inflation target which the Bank of England's Monetary Policy Committee is required to achieve.
Credit Rating	This is a scoring system that lenders issue people with to determine how credit worthy they are.
DfE	Department for Education.
DWP	Department for Work and Pensions.
Fees and Charges	Income arising from the provision of a service.
Financial Regulations	Rules which set out the financial policies of the Council and help to ensure that the assets of the Authority are protected and properly deployed.
Financial Year	1 April to 31 March.
Forecast Out-turn	A prediction of the final income and expenditure based at the year end.
General Ledger (GL)	The prime financial record for the Authority. The General Ledger records all the expenditure incurred and all the income generated by the Council.
IFRS	International Financial Reporting Standards.
Journal Transfer	A journal transfer is used to correct miscoded transactions or to allocate costs/income within or across Directorates.
LGPS	Local Government Pension Scheme.
Long term	A period of one year or more.
Maturity	The date when an investment is repaid or the period covered by a fixed term investment.
Non essential spend	Any expenditure that is not for "life or limb" services.
Outturn	The final expenditure and income position on

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	a cost centre at year-end.
PFI	Private Finance Initiative.
Profiling	A method by which budgets are profiled to reflect patterns of spend.
Projections	A forecast of expenditure and income to the year-end based on known commitments and trends.
Prudential Borrowing	See Unsupported Borrowing
Public Works Loan Board (PWLB)	Part of the Government's Debt Management Office, making long-term funds available to local authorities on prescribed terms and conditions. The PWLB is normally the cheapest source of long-term borrowing for local authorities.
Revenue Expenditure	Expenditure on the day-to-day running costs of a service for example employees or transport.
Reprogramming	Refers to changes to the timing of projects in the Investment Plan between years
Service Area	Groups of related cost centres.
Short-term	A period of less than one year.
SLT	Senior Leadership Team.
Subjective	A subjective shows the type of expenditure incurred for example employees. A subjective can be used to record the type of income generated, for example rent and fees.
Supported Borrowing	This is borrowing to fund expenditure in the capital plan where the annual financing costs of such borrowing is supported by government through formula grant. No new supported borrowing has been awarded since 2009/10.
Suspense Account	A cost centre used when costs or income are not readily identifiable. The account is used temporarily until additional information on the transaction can be found.

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Unsupported Borrowing	This relates to borrowing to fund expenditure where the annual financing costs have to be met from the Council's own revenue resources. This is also known as Prudential borrowing.
Variance	The difference between budgeted expenditure and income compared to actual expenditure and income.
Virement	A transfer of budgets from one area of the budget to another.

North Tyneside Council Report to Cabinet Date: 12 June 2017

ITEM 7(b)
Title: Cabinet Response
to Scrutiny Report on
Collection Fund
Reporting

Portfolio(s): Finance

Cabinet Member(s): Councillor R
Glindon

Report from Service

Area: Finance

Responsible Officer: Janice Gillespie Head of Finance

Tel: (0191) 643 5701

Wards affected: All

PART 1

1.1 Executive Summary:

The purpose of this report is to seek Cabinet's approval to the proposed response to the recommendations of the Finance Sub-committee in relation to future reporting of the Collection Fund as part of the Financial Monitoring Report to Cabinet

In accordance with Section 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 two months. In providing this response Cabinet is asked to state whether or not it accepts each recommendation. Cabinet must also indicate what action if any, it proposes to take.

1.2 Recommendation(s):

It is recommended that Cabinet agree to the recommendation from the Finance Sub-committee as set out in paragraph 1.5.5.

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 15 May 2017

1.4 Council Plan and Policy Framework

This report supports all priorities in the Our North Tyneside Plan.

1.5 Information:

- 1.5.1 At its meeting on 22 February 2017, the Finance Sub-committee considered a report on the current monitoring of the Collection Fund and made recommendations for future reporting to Cabinet. The Sub-committee noted that the Collection Fund is the statutory name for the ring-fenced account for Council Tax and Business Rates and forms a separate statement in the statutory accounts at the year end.

1.5.2 The Sub-committee was advised of the following key elements of monitoring undertaken throughout the financial year:

- Monthly Statistics completed for both Council Tax and Non-Domestic Rates (NNDR) setting out the position in terms of the debit raised and cash collected.
- The Collection Fund is also monitored as part of the Business Partnership KPIs and reported of the Partnership OPB and SLT Corporate Score Card.
- Monthly Review of NNDR position against the NNDR1.
- Annual Review of the Council Tax base.

1.5.5 The Sub-committee agreed that the following recommendation be submitted to Cabinet:

“That as part of the Financial Monitoring report to Cabinet for the September position and the outturn position an update is given on the forecast outturn for Council Tax and Business Rates”

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet accepts the recommendation set out in paragraph 1.2 above:

Option 2

Cabinet does not accept the recommendation set out in paragraph 1.2 above, and provides an alternative response to the Finance Sub-committee at the meeting.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Option 1 is recommended in order to improve transparency of the in-year position with regard to the Collection Fund which provides the Resources (funding) used to fund the General Fund net budget.

1.8 Appendices:

None

1.9 Contact officers:

Janice Gillespie Head of Finance, (0191) 643 5701
Joanne Holmes, Democratic Support Officer (0191) 643 5316

1.10 Background information:

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

- (1) http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=568705

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

There are no direct financial implications as a result of implementing the proposed recommendation.

2.2 Legal

There are no direct legal implications for the Authority arising from this report. 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 two months. In providing this response Cabinet is asked to state whether or not it accepts each recommendation. Cabinet must also indicate what action if any, it proposes to take.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

The Sub-committee made the recommendations on the basis of information provided from Officers of the Finance Department.

2.4 Human rights

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

2.5 Equalities and diversity

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

2.6 Risk management

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

2.7 Crime and disorder

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

2.8 Environment and sustainability

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

PART 3 - SIGN OFF

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

North Tyneside Council

Report to Cabinet

Date: 12th June 2017

ITEM 7(c)

Title: Review of Childcare

Portfolio(s): Children, Young People and Learning

Cabinet Member(s): Cllr Ian Grayson

Report from Service

Area: Children, Young People and Learning

Responsible Officer: Jacqui Old Head of Education, Care and Safeguarding Tel: (0191) 643 7317

Wards affected: All

PART 1

1.1 Executive Summary:

The report informs Cabinet of the outcomes of the Authority's review of Childcare Riverside and Childcare Oaktrees, including the results of the public consultation exercise. The report makes recommendations for Cabinet's consideration following the public consultation. The report also makes recommendations that the Authority consult on the location of the Wallsend Children's Centre offer.

1.2 Recommendation(s):

It is recommended that Cabinet:

- (1) note the findings of the consultation process;
- (2) agree to implement the proposals set out in 1.5.13 – 1.5.20;
- (3) authorise the Head of Education, Care and Safeguarding to inform the relevant parties of Cabinet's decision in respect of the Childcare Review;
- (4) delegate authority to the Head of Education, Care and Safeguarding in consultation with the Head of Law and Governance and the Head of Human Resources and Organisational Development to take all necessary steps arising from the consultation with the Trade Unions and staff to implement the proposals set out in 1.5.13 - 15.20; and
- (5) delegate authority to the Head of Education, Care and Safeguarding in consultation with the Head of Law and Governance and the Head of Human Resources and Organisational Development to take all necessary steps to implement the Childcare Review and Wallsend Children's Centre review proposals as agreed.

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 2nd May 2017.

1.4 Council Plan and Policy Framework

This report links to the Our North Tyneside Plan through the priority placed upon Our People

- Our People will “Be ready for school – giving our children and their families the best start in life”

1.5 Information:

Childcare Review

- 1.5.1 The Authority has undertaken a phased review of its childcare provision over the past 3 years. The aim of the review is to ensure all children get the best possible start in life and that the Authority’s resources are focussed on the children in greatest need. The Authority has a legal duty to ensure there is sufficient childcare for working families who want or need it and to meet the Government’s funded childcare entitlements. Childcare includes all nursery, childminder, out of school and playgroup provision. Nationally many authorities do not directly deliver childcare but ensure there are sufficient childcare places delivered by private, voluntary and independent childcare providers. The Authority has worked successfully with the childcare sector during the course of the review to continue strengthening the Borough’s childcare offer.
- 1.5.2 The Authority’s Early Years Improvement Team has actively supported the childcare sector to secure high quality provision. The quality of childcare is high with the majority of providers judged to be ‘good’ or ‘outstanding’ by Ofsted.
- 1.5.3 The Authority has also worked to increase childcare and early education provision in the borough. Since March 2016 five new private, voluntary or independent sector providers have opened in the borough. One primary school in the south east of the borough has opened a nursery class with wraparound provision available and a further two primary schools are planning to open school nurseries in the south east during the 2017/18 academic year. The borough has a diverse, high quality childcare sector able to meet the needs of families in the borough.
- 1.5.4 The Authority must save £18 million during 2017/18 as it faces continuing Government cuts in funding. The Authority’s two childcare settings operate at a net cost to the Authority (the net 2016/17 budget figures were £266,000 for Childcare Riverside and £280,000 for Childcare Oaktrees). This is no longer sustainable in the current financial climate and the Authority’s policy is to focus its reduced resources upon the most vulnerable children and families, where it will have the greatest impact.
- 1.5.5 The Authority commenced the review of childcare in February 2015. This initial phase resulted in the transfer of the Authority’s childcare provision at Wideopen to Greenfields Primary School and the Authority’s childcare provision at Killingworth to Bailey Green Primary School in September 2015.

- 1.5.6 A second phase of the Childcare Review commenced in December 2015, which considered the six remaining childcare settings and made a series of recommendations regarding their future. In March 2016 Cabinet decided to withdraw from childcare provision at four of its settings. Childcare Shiremoor and Childcare Wallsend ceased operation in September 2016. Childcare Denbigh and Childcare Battle Hill ceased operation in December 2016, following additional consultation with families. The Authority worked with families to ensure all children were able to access suitable alternative childcare provision.
- 1.5.7 In March 2016 Cabinet decided to review the childcare market in the south east of the borough, before any decision was taken regarding the future of Childcare Riverside and Childcare Oaktrees. The Authority found that there is sufficient private, voluntary and independent childcare available to ensure families who currently pay for additional childcare can access alternative provision.
- 1.5.8 The Authority's analysis has identified a distinct childcare need within the Riverside and Chirton wards. These localities experience consistently high levels of eligibility for the Government funded 2 year old childcare offer, which is aimed at the most deprived 40% of children. At present Childcare Riverside and Childcare Oaktrees are currently the only providers of Government funded 2 year old places in these wards.
- 1.5.9 If the Authority withdraws from the delivery of Government funded 2 year old offer places at Childcare Riverside and Childcare Oaktrees, there is no alternative provision available locally at present. The Authority does not have any assurances that alternative providers would deliver additional 2 year old offer capacity in the locality within the timescale. Families who experience deprivation face barriers in accessing 2 year old places outside their immediate locality, which can deter some families from taking their 2 year old entitlement. This could impact negatively upon the school readiness of some of the borough's most vulnerable children. The Authority have therefore concluded that there is a continuing need for the Authority to provide Government funded childcare places for residents of Riverside and Chirton wards, with an emphasis on 2 year old places.
- 1.5.10 The Authority has developed a new childcare model to secure sufficient Government funded childcare places to meet the needs of disadvantaged families in the locality. The proposals support the Authority's commitment to targeting resources at those in greatest need and building school readiness. The proposals are also consistent with the relevant legislation and national policy agenda, which states that local authorities should only directly provide childcare if the private, voluntary and independent childcare sector cannot meet demand.
- 1.5.11 The Childcare Review proposals were included in the draft budget proposals that were agreed for submission to Full Council at Cabinet's meeting on the 25th January 2017. The draft proposals were presented to Full Council on the 2nd February 2017 and agreed by Full Council on the 18th February 2017.
- 1.5.12 The Authority recognises that childcare is an important and sensitive issue for families and communities, therefore a public consultation exercise was implemented between 17th January 2017 and 16th February 2017, to allow members of the public to give their views on the proposed remodelling of the Authority's childcare offer in the South East of the Borough.

Proposed Remodelling of the Childcare Offer in the South East

1.5.13 The proposal is that a new 'Ready for School Centre' Model will be established that will combine Childcare Riverside and Childcare Oaktrees and operate out of the Riverside Centre. The Ready for School Centre will support families experiencing deprivation to enable their children to achieve North Tyneside's Ready for School entitlement, which is set out in Annex A. The Ready for School Centre will offer fewer spaces than the Authority's current Riverside and Oaktrees childcare provision, as it will focus on the needs of the most vulnerable children in the local area. Additional demand for 3 and 4 year old places will be met by local schools and private, voluntary and independent sector providers. Additional demand for 0-2 year places, including 2 year old offer places will be met through alternative private, voluntary and independent sector providers and the Authority will also continue to work with the sector to build additional capacity in the South West of the borough.

1.5.14 The proposed Ready for School Centre will:

- provide Government funded childcare places, with a particular focus on the 2 year old offer. 32 places would be available for Government funded 2 year olds with additional capacity for either 8 two years olds or 16 three and four year olds depending on local need
- build upon the successful Oaktrees Model and offer families a family support package, which builds the capacity of parents / carers to support their child's development and school readiness through the integrated locality teams
- offer sessional childcare between 8:45 and 11:45, Monday to Friday during term time only
- be integrated with local schools to ensure children make a successful transition into school at the appropriate juncture.

1.5.15 Families whose childcare needs are not met by the proposed Ready for School Model will be supported to find alternative childcare provision ahead of September 2017.

1.5.16 The new model is based on a revised staffing structure, which will result in a reduction in staffing and a change in job descriptions and person specifications. The number of staff will reduce from 40 posts to 11 posts of which 9 will be part time and term time only.

1.5.17 A new staffing model would be implemented from September 2017, which would comprise:

- 1 Nursery Manager (Grade 6, 21 hours a week, term time only contract)
- 1 Deputy Manager(Grade 5, 17.5 hours a week, term time only contract)
- 9 Ready for School Officers (Grade 4, 17.5 hours a week, term time only contract)

1.5.18 The Ready for School Centre will augment North Tyneside's strong and growing network of school nurseries, daycare nurseries, childminders, out of school clubs and playgroups,

which will ensure the Authority continues to meet its childcare sufficiency duties now and in the future.

Riverside Out of School Club

1.5.19 The current Riverside Out of School childcare provision delivers term time care, beyond the school day, for local children attending Waterville Primary School and Riverside Primary School. It also offers school holiday provision, which attracts children from across the Borough. The provision currently operates at a cost of £27,000 to the Authority. Management arrangements are delivered through the current Childcare Riverside management structure. The proposed Ready for School Centre Model will impact on the ability of the Authority to maintain the current Out of School provision delivered at the Riverside Centre. The proposed Ready for School Model will not provide the requisite level of management oversight to ensure the quality of provision in the long term. Appointing a separate manager would not be financially sustainable. If Cabinet pursues the Ready for School Centre, the proposal is that the Authority will withdraw from the direct provision of Out of School childcare at the Riverside Centre on Friday 20th October 2017. The Authority will work with local schools and support families to find alternative provision, with extra support available to families with additional needs.

Proposed Consultation on the Future of Children' Centre Provision in Wallsend

1.5.20 The Authority is proposing to consult on the future location of the Wallsend Children's Centre offer. The children's centre offer supports families across the south west of the borough and is particularly important for the most vulnerable families. Provision is currently delivered through the Wallsend Children's Centre building on North Road, Wallsend. However the location and condition of the Children's Centre premises are not consistent with the Authority's ambition to deliver high quality provision that is accessible and meets the expectations of families. The Children's Centre building is set back from the commercial centre of Wallsend and experiences limited passing footfall. The design of the building is not conducive to delivering modern family support and building maintenance issues have resulted in extended periods of disruption to service provision in the past year. The Authority will consult on options for delivering a more convenient and accessible offer, which is better able to meet the expectations of families, while maintaining the existing level of provision. The focus of the public consultation will be limited to the location of provision, as the existing range and quality of the children's centre offer will continue. The consultation will explore opportunities to locate the Children's Centre offer in a more convenient and accessible setting for families with young families.

Public Consultation on the Proposed Ready for School Model

1.5.21 The Authority understands that childcare is of the utmost importance to families with young children, therefore the views of parents and carers affected by the Childcare Review have been sought.

1.5.22 A consultation exercise on the current Childcare Review proposals was launched on 17th January 2017 and concluded on the 16th February 2017. The consultation comprised:

- 3 'Drop in' sessions held at Oaktrees and the Riverside Centre
- An email address for comments and questions
- A Frequently Asked Questions document
- 2 meetings for local head teachers
- Briefings for Ward Members
- Briefing to North Tyneside's Childcare Network
- Email to local childcare providers
- Information on the Authority's website
- Responses to enquiries made to Elected Members

1.5.23 A total of 11 individuals took the opportunity to provide feedback during the consultation period. Local schools also provided feedback on the proposals and were broadly supportive of the Ready for School Model.

Main Messages from the Childcare Review Consultation

1.5.24 The Childcare Review consultation identified the following key issues:

- The value placed on the wider family support offered by staff at Childcare Oaktrees, particularly for vulnerable families
- Accessibility of childcare provision for some families, if Childcare Oaktrees is integrated within the Riverside Centre
- The importance of directing resources towards working families
- The importance of out of school provision for working parents / carers
- Quality of care provided by the Authority's childcare provision, particularly for those with additional needs
- The new pattern of childcare under the proposed Ready for School Centre Model
- The future of the Oaktrees building.

1.5.25 The Authority has sought to address the issues raised during the consultation and will continue to do so in the future.

Future of Oaktrees Building

1.5.26 The future of the Oaktrees premises would be considered by the Authority's Strategic Property Group. The Authority will seek an alternative use for the site in accordance with its policies and procedures.

Quality of care (including for those families with additional needs)

- 1.5.27 The Ready for School Centre will offer high quality childcare that meets the Early Years Foundation Stage Framework. This national framework sets standards for the learning, development and care of children from birth to 5 years. The Centre will also be subject to the Special Educational Needs Code of Practice, ensuring children with additional educational needs receive the appropriate support and care. The proposed Centre will also build upon the current Oaktrees Model of integrated support for vulnerable families. The Centre's location within the Riverside Centre building will enable the family support offer to draw upon the expertise of Health Visitors and the Family Partners. This will ensure some of the borough's most deprived children are able to access high quality childcare and integrated family support, which builds their school readiness. The integrated family support will be particularly beneficial for children with additional needs.
- 1.5.28 Families whose childcare needs cannot be met through the Ready for School Centre Model will be supported to access high quality childcare at an alternative provider. All registered childcare providers are subject to Ofsted inspection and are required to deliver the Government's Early Years Foundation Stage Framework. All settings are subject to the Special Educational Needs Code of Practice and are required to have arrangements in place to support children with special educational needs. Staff members in all registered childcare settings are trained to create a safe and stimulating environment for children in their care, including First Aid training. All staff members in childcare providers are also subject to Disclosure and Barring Service checks.
- 1.5.29 The majority of providers across every childcare category (i.e. school nursery, daycare nurseries, playgroups, out of school clubs and childminders) are currently delivering childcare that is rated 'good' or 'outstanding' by Ofsted. This means families will be able to access a commensurate childcare offer at an alternative provider in the Borough, if the Ready for School Centre does not meet their needs.
- 1.5.30 The needs of each child and family are different, which is why it is vital that the Borough offers a diverse childcare offer to families. The Authority know that some of the main issues families consider when selecting childcare are accessibility, affordability, quality, flexibility of provision and compatibility with the childcare arrangements of siblings. The Borough has a sustainable mix of childcare types and providers, which will ensure families have a range of high quality childcare options. It is a familial decision regarding which childcare type and setting best meets their needs and circumstances.

Focus on Working Families

- 1.5.31 The Authority will continue to work with childcare providers to deliver its statutory duty to ensure sufficient childcare places exist for working families. In the current context of significant Government funding reductions, the Authority's policy is to focus resources on the most vulnerable children and their families. The Authority will support families to find appropriate alternative childcare if the Ready for School Centre does not meet their needs. The Authority has ensured all families affected by earlier phases of the Childcare Review were able to secure alternative provision.

Pattern of Care

- 1.5.32 The Ready for School Centre Model is designed to meet the needs of deprived families in targeted communities, who only require the Government funded childcare offer. This is

consistent with the duties placed upon the Authority regarding the sufficiency of Government funded childcare places and the direct delivery of childcare. The Centre will offer childcare provision five mornings a week, between 8:45am and 11:45am, during term time only. This mirrors the Government funded childcare offer, which is 15 hours a week for 38 weeks per year. The new model addresses the needs of vulnerable local families and is also financially sustainable. This is consistent with the Authority's Targeted Operating Model and Creating A Brighter Future programme. The cost of providing full daycare contributes to the financial unsustainability of the existing childcare model. The revised pattern of care will enable the model to be funded through the Government childcare entitlements, which will ensure financial sustainability by 2018/19. The Authority are confident there is sufficient alternative provision to meet the needs of families who require a more flexible pattern of care, or who pay for an element of / or all their childcare provision.

Out of School Provision

1.5.33 The current Riverside Out of School provision will not be viable if the Ready for School Centre is delivered. The Authority will work with local providers and providers across the wider borough to ensure families have access to Out of School provision during term time and school holidays. The Authority's provision will cease operations on Friday 20th October 2017. The Authority recognises the importance of out of school provision, particularly to working parents / carers and will support families to find alternative provision. Additional support will be made available to vulnerable families and the small number of children with disabilities that currently utilise the holiday provision, to ensure their needs are met. An information event will be held for families to find out about the proposals and to access support, information and guidance.

Accessibility of the Ready for School Centre

1.5.34 The Authority recognises that locating the Ready for School Centre within the Riverside Centre could result in some families having to travel further to access their Government funded childcare offer. The majority of families currently using the Authority's provision to access their Government funded childcare entitlement live within 1 mile of the proposed Ready for School Centre. Families do not have to take their Government funded childcare offer at the proposed Ready for School Centre and for a minority of families, alternative providers may prove more convenient. The Authority will also continue to work with local schools and the wider childcare sector to encourage the 2 year old offer to be offered at new locations.

Role of Local Schools

1.5.35 The local primary schools are broadly supportive of the Ready for School Centre proposals and offered to work closely to support the transition of children from the Centre to school nursery or reception. The schools recognised the value of the existing integrated support model for families offered by Childcare Oaktrees, which will be further enhanced under the Ready for School Centre proposals. Local schools suggested that they could provide places for local 3 and 4 year olds whose needs could not be met under the revised model.

Actions Arising From Consultation

- 1.5.36 Support will be made available to all families affected by the proposals, in order to minimise disruption to children and families, this will include web based information and a dedicated phone line. Additional support from a specialist team will be provided to vulnerable families.
- 1.5.37 The Authority will engage with local providers to ensure families are able to access alternative provision, including families utilising Riverside Out of School Club.

Final Recommendation

- 1.5.38 The Authority has a duty to ensure there are sufficient childcare places for working families and to meet statutory entitlements. As a result of effective partnership working between the Authority and childcare providers, the Borough has developed a vibrant, diverse and high quality childcare offer. There are sufficient places and a sustainable mix of childcare across North Tyneside as a whole.
- 1.5.39 The Authority's analysis of childcare in the south east of the Borough has identified a specific childcare need amongst disadvantaged and vulnerable families within the Riverside and Chirton wards, who require Government funded childcare places, particularly the 2 year old offer. The Authority believes that the wider childcare sector is unlikely to meet this demand in the short term, if the Authority were to withdraw its entire provision at Childcare Riverside and Childcare Oaktrees.
- 1.5.40 In the current financial climate the Authority's existing childcare model is financially unsustainable and operates at a significant cost to the Authority. A new model that will secure sufficient childcare for vulnerable families in the Riverside and Chirton wards is required.
- 1.5.41 The Authority proposes to deliver a Ready for School Centre that will focus resources on meeting the needs of the most deprived 2, 3 and 4 year old children in the targeted localities. This will secure sufficient Government funded childcare places in the locality, particularly for the 2 year old offer. This will support the school readiness of some of the most vulnerable children in North Tyneside, through a package of integrated family support.
- 1.5.42 The Authority's success in growing and diversifying the Borough's childcare sector means that families currently using the Authority's childcare, whose needs will not be met under the proposed model, will be able to access a commensurate offer at an alternative provider. We will offer support to families to ensure children secure appropriate childcare. The Authority will continue to work with providers to ensure there is a diversity of childcare options available to families in the Borough.
- 1.5.43 Riverside Out of School Club will cease operations on Friday 20th October 2017. Families using the club will be offered support, guidance and advice to find alternative provision. Additional support will be made available to families with additional needs.
- 1.5.44 The Authority will consult with families and stakeholders regarding the opportunity to improve the accessibility of the Wallsend Children's Centre offer, while maintaining the existing range and quality of the offer.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Agree to implement the Childcare Review recommendations as set out in the recommendations at paragraph 1.2.

Option 2

Not approve the recommended model and ask Officers to undertake further work.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

1.7.1 Option 1 is recommended for the following reasons:

- All children will have access to high quality childcare as part of the Authority's commitment to ensuring they are ready for school
- The Authority's resources will be focussed on the most vulnerable children
- There will continue to be sufficient Government funded childcare places to meet the needs of the most vulnerable 2, 3 and 4 year olds
- Maximum value for money will be achieved for taxpayers
- The Authority will continue to meet its sufficiency duties
- The Authority will ensure the Wallsend Children's Centre Offer meets the needs of local families.

1.8 Appendices:

Appendix 1: Ready for School Entitlement

1.9 Contact officers:

Jacqui Old, Head of Health, Education, Care and Safeguarding, tel. (0191) 643 7317
Jill Baker, Senior Manager Early Help and Vulnerable Families, tel. (0191) 643 6462
Mark Taylor, Strategic Commissioning Manager, tel. (0191) 643 8755
Alison Campbell, Strategic Business Partner, tel. (0191) 643 7038
Dave Brown, Democratic Services Manager tel. (0191) 643 5358

1.10 Background information:

The following report was used in the compilation of this report:

- Childcare Review Cabinet Report March 2016 [Link](#)
- Childcare Sufficiency Report 2016 [Link](#)
- Childcare Review Equality Impact Assessment

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

2.1.1 The Childcare Review proposals form part of the Authority's budget for 2017/18. The current proposals would generate savings of £318,000 in 2017/18, if delivered according to the proposed timescales. If the proposals did not go ahead the Authority would be required to make savings of a commensurate amount across its services, which would cost around £45,000 a month. The Oaktrees building would be vacated and its future would be considered by the Authority's Strategic Property Group.

2.2 Legal

2.2.1 Section 6 of the Childcare Act 2006 places a duty on the Authority to secure sufficient childcare for working parents.

2.2.2 Appropriate consultation will take place with the Trade Unions and employees following Cabinet's decision, if the creation of a Ready for School Centre is approved.

2.2.3 In accordance with the Local Government Act 2000 and the regulations made under that Act in relation to responsibility for functions and responsibilities, Cabinet is responsible for determining this matter.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

Briefings have been provided to Cabinet Members, Ward Members and the Senior Leadership Team. The Authority's childcare staff were informed of the proposals in advance of the public consultation process. The Authority's childcare staff will be engaged in a full consultation process, subject to Cabinet's decision.

2.3.2 External Consultation / Engagement

The Authority carried out a comprehensive public consultation in the summer of 2015, regarding the first phase of the Childcare Review and the transfer of childcare at Wideopen and Killingworth to schools. It carried out a further consultation exercise on the phase 2 proposals between 8th December 2015 and 22nd January 2016.

Consultation on the Ready for School Centre proposals took place between 16th January 2016 and 16th February 2017. The consultation comprised:

- 3 'Drop in' sessions held at Oaktrees and the Riverside Centre.
- An email address for comments and questions.
- Regular Frequently Asked Questions document.
- 2 meetings for local head teachers
- Briefings for Ward Members.
- Briefing to North Tyneside's Childcare Network
- Email to local childcare providers
- Information on the Authority's website

Private, voluntary and community sector daycare nursery providers were also informed of the consultation proposals.

The main issues arising from the consultation are set out in 1.5.24:

2.3.3 Actions Arising From Consultation

- See 1.5.38 to 1.5.44 for details of the actions arising from the consultation.

2.4 Human rights

There are no direct human rights implications arising directly from this report.

2.5 Equalities and diversity

An Equality Impact Assessment, which is available upon request, has been carried out on the proposals and appropriate actions identified.

2.6 Risk management

Risks have been mitigated through detailed project planning and effective partnership working. The Authority has a track record of successfully delivering changes to the Authority's childcare offer and has supported families through this process.

2.7 Crime and disorder

There are no crime and disorder implications arising from the report.

2.8 Environment and sustainability

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

PART 3 - SIGN OFF

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

By the time children are aged 4 years, they should be on a school roll and when they enter Reception class, they must be ready to learn. It is the role of their parents/carers to ensure that the following entitlements are met so they are 'ready for school'. Children with additional needs and disabilities will be supported to reach their best possible individual outcomes through a person centred approach.

Children should be:

Language Development and Communication Skills	Attitude and Dispositions	Social Competence and Self Esteem	Emotional Wellbeing	Physical Wellbeing
<ul style="list-style-type: none"> • talked with appropriately • read to and actively engaged with high quality books, songs and rhymes • able to play and talk with peers and adults • listened to and encouraged to express themselves • dummy free 	<ul style="list-style-type: none"> • able to explore, investigate and discover things for themselves • treated with respect and through that learn to respect others and be encouraged to respect others • given opportunities to go to new places, have new experiences and experience the world around them • consulted about and encouraged to make choices 	<ul style="list-style-type: none"> • given consistent boundaries and praise • given chances to experience success • given opportunities for creative self expression • learning independence 	<ul style="list-style-type: none"> • receiving physical warmth and love from adults and other key people in their lives • aware of set boundaries which focus on the behaviour not the child 	<ul style="list-style-type: none"> • able to move freely on his/her own and control their movements • able to care for themselves and make their needs known • toilet trained • getting enough sleep/rest • living in a safe clean and smoke free home • fully up to date with immunisations • adequately nourished • physically active

North Tyneside Council

Report to Cabinet

Date: 12 June 2017

ITEM 7(d)

Title: Regionalising
Adoption Proposals

Portfolio(s): Children, Young People and Learning

Cabinet Member: Councillor Ian Grayson

Report from Service Area: Health, Education and Safeguarding

Responsible Officer: Jacqui Old, Head of Health, Education, Care and Safeguarding Tel 0191 643 7317

Wards affected: All

PART 1

1.1 Executive Summary:

North Tyneside Council currently operates a registered Adoption Agency as part of its core Children's Services offer and has done so for a number of years. The Agency was inspected as part of the recent Ofsted Inspection of Children's Services in March 2017 and the Agency was commended as a strong service.

National concerns about the length of time that some children waited to be adopted led, in 2015, to the Department for Education (DfE) requiring that by 2020 adoption services should no longer be delivered by individual Local Authorities but delivered on a regional basis and in partnership with Voluntary Adoption Agencies (VAA's)

To comply with this national requirement, North Tyneside has worked with four other Local Authorities - Newcastle City Council, Northumberland County Council, South Tyneside Council and Gateshead Council and four voluntary agencies - After Adoption, Barnardos, ARC NE and Durham Family Welfare to scope and define an appropriate Regional Adoption Agency (RAA) delivery model.

This report outlines the development work undertaken to date and, in particular, the preferred delivery model – the formation of a Joint Venture Company known under the working title of "Adopt NE".

Adopt NE delivery model requires approval by Cabinet of each of the participating Local Authorities.

Subject to approval, Adopt NE will be operational by Summer 2018. It is intended to deliver better outcomes for the children of North Tyneside by making it easier to find the best forever family for the child by no longer competing with our neighbouring Local Authorities and Voluntary Adoption Agencies and also improving the support available for families who have already adopted.

1.2 Recommendation(s):

It is recommended that Cabinet:

1. support in principle the outline proposals for the continued development of the Adopt NE Regional Adoption Agency and use of a local authority owned Joint Venture Company (JVCo) as the preferred business model option for Adopt NE, subject to a full business case providing an analysis of all the available options being presented to Cabinet in late Summer/Autumn 2017 from which a final decision of the model to adopt can be made; and
2. authorise the Head of Health, Education, Care and Safeguarding in consultation with the Cabinet Member for Children, Young People and Learning, the Head of Law and Governance and the Head of Finance to participate in and contribute to the development of the proposals associated with the RAA.

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 13 February 2017.

1.4 Council Plan and Policy Framework

The 2014/18 Our North Tyneside Plan does not contain any specific reference to the regionalisation of adoption services, this development has been required by national Government. However, the proposed participation of North Tyneside Council in the formation of a Regional Adoption Agency is entirely consistent with the ONT priorities to ensure that children and young people are ready for school, ready for work and life, healthy and well and cared for and safeguarded.

The ONT states that 'Our people will'

- Be listened to, and involved by responsive, enabling services
- 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, wellbeing and independence
- Be cared for and safeguarded if they become vulnerable

There will be no changes in the current day to day delivery of adoption services to children for whom the Authority is responsible prior to any decision about the RAA. If the Adopt NE proposals are accepted, it is anticipated that it will have a positive impact upon relevant children and young people, prospective adopters, current adopters, staff, the Authority and stakeholders.

An Equality Impact Assessment (EIA) will be undertaken as part of the development of the Regional Adoption Agency in early autumn of 2017 and submitted to Cabinet.

1.5 Information:

1.5.1 Background

The development of RAA proposals is part of the national adoption agenda set out in the Department for Education (DfE) paper 'Regionalising Adoption' in June 2015. These proposals were further developed in the paper 'Adoption; A Vision for Change' published in March 2016.

The Government in these papers has stated that it is seeking to address a number of challenges in adoption as follows:

- **Inefficiencies in the delivery of adoption services in England:** there are too many adoption agencies (LAs and Voluntary Adoption Agencies (VAAs)) chasing a limited market and not utilising economies of scale. In 2015 there were over 180 different adoption agencies, which dealt with around 5000 adopted children.
- **Matching of children:** this process is taking too long and hard to place children particularly are not being matched quickly enough. In 2015 around 3000 children nationally with adoption placement orders were still waiting for 'forever families', despite there being enough approved adopters across the country.
- **Recruitment concerns:** while the numbers of adopters recruited recently has increased, concerns remain about the capability of some adopters to take on harder to place children.
- **Adoption Support challenges:** adoption support is still not being provided consistently or strategically with local authorities not providing or purchasing provision of high enough quality to support the long term needs of adoptive families.

In order to address these challenges, the Government suggested a coming together of networks (mainly geographical) of local authorities and VAAs to form regional adoption services, utilising economies of scale, mutual learning and expertise from the VAA sector.

At this stage the DfE has not prescriptive about what the proposals for Adopt NE should look like, other than that they must involve the voluntary sector in all aspects of the planning stage and the final delivery model, and should be more than simple consortium arrangements. To date, DfE has accepted expressions of interest from over 80% of England's local authorities and over 95% of England's VAAs.

In November 2015, Newcastle City Council submitted an expression of interest on behalf of Newcastle City Council, Northumberland County Council, North Tyneside Council, South Tyneside Council and Gateshead Council, and 4 VAA's - After Adoption, Barnardos, ARC NE and Durham Family Welfare (DFW). The proposal was approved by DfE as a "Scope and Define" project.

The Scope and Define phase will be split into 3 stages – mobilisation, service design and options appraisal.

Mobilisation Stage (Feb - Jun 2016)

- Identify and mobilise project manager and work stream leads
- Establish programme organisation and governance requirements
- Develop timetable for service design across work streams
- Create stakeholder engagement and communications plans

.Service Design Stage (Jun 16 – Apr 17):

- Review current service delivery pathways and identify best practice processes
- Baseline data on costs and demands across agencies
- Stakeholder engagement – staff, trustees, elected members, support services, children, adopters, unions and partners.

Options Appraisal (Apr – Sept 17)

- Financial analysis
- Options review and development of proposal
- Provision of an outline transition plan (high level business case).

Delivery strategy for the “Scope and Define” Phase

Funding and practical support from the DfE is being provided, initially until the end of March/April 2018, with the clear possibility of further funding.

A Project Board was established to carry out an options appraisal on a number of potential delivery models for regional adoption services. The Project Board includes representation from all 5 local authorities and the 4 VAAs.

The Project Board has agreed the following vision and high level objectives:

Our vision:

- Excellent adoption services that transform children’s and families’ lives for the better

Our objectives:

- To place all children in a timely way in high quality, successful, life-long adoptive placements which meet all of their needs.
- Families and prospective adopters receive a high quality experience no matter where they live.
- Adoptive children and families receive the support they need for as long as they need it.
- Skilled and dedicated staff are proud to work for the service.
- Objectives are achieved by working together in a spirit of collaboration, openness and co-production.

1.5.2 The Potential Delivery Models

The potential delivery models, which the DfE asked the Project Board to consider, are summarised below:

Model 1: a single local authority hosting on behalf of a number of local authorities

- the RAA would be run like a shared service with a host authority;
- the affected local authority staff would be TUPE transferred or seconded to the host authority;
- the local authorities would commission the RAA directly without the need for a formal procurement process, where the governance and control was shared between all local authorities; and
- Services could be sub-contracted from VAA/other providers.

Model 2: Joint Venture Company between local authorities

- The RAA would be jointly owned by each local authority – the percentage of ownership may vary depending on size of the authority;
- the affected local authority staff would be TUPE transfer to the JVCo

- LA's could contract with the JVCo to provide specified adoption services without a procurement requirement;
- VAA cannot be an owner – procurement and tax rules mean it must be fully owned by one or more LA's; and
- VAA's could be involved in governance in a 'non-executive' capacity.

Model 3: Joint Venture between VAA's and LA's

- New organisation cannot make a profit, therefore must be either a charity or have very clear provisions regarding profit in its constitutional documents;
- If it is jointly owned, ideally LA and VAA staff will be TUPE transferred or seconded;
- Degree of LA control is variable depending on ownership shares;
- If there is external ownership, procurement rules may have an impact e.g. LA's may have to openly tender for external partners; and
- Great potential for innovation in services, flexibilities that come from being an independent organization

Model 4: Commissioning RAA.

- This model is based around the principle of commissioner/provider split where a group of LA's commission an RAA entity which handles family finding, matching and adopter support but does not recruit adopters;
- Adopters are recruited into an adopter pool by the LA's and VAA's;
- A key feature is that the family finding and matching process carried out by the RAA is 'blind' so decisions are not influenced by which LA or VAA recruits an adopter;
- The RAA can be a Joint Venture (JV) between the LA's or a JV which also has VAA ownership – this would probably mean a procurement exercise would be necessary;
- LA staff may transfer to the RAA to deliver family finding, matching and support services – but the RAA could also commission most services back from the LA's and the VAA's; and
- No VAA staff would TUPE transfer.

Model 5: Outsourcing to existing VAAs

- The VAAs would own the new RAA
- Staff (LA and VAA) possibly TUPE transferred or seconded;
A Board of Directors or Board of Trustees (for a charity) would be established – could take LA representative; and
- Risks/challenges around potential required working capital/up front investment
Model could sub-contract services from other VAA's/providers.

1.5.3 Consultation

In October 2016, two consultation sessions for staff likely to be affected by the RAA proposals took place. These were useful forums for staff to engage with the process, ask questions, and make design suggestions for the RAA model. Further staff engagement days took place in February 2017.

Consultation with children and young people took place in December 2016 and in February 2017.

Comments from participants stressed that more support and resources should be available to improve life story work.

The young people expressed that life story work should be carried out as early as possible and should be revisited regularly so that children and young people are given as much information as is appropriate for their age/ stage/ level of maturity.

Some participants felt that all professionals involved should contribute to life story work, rather than one worker. However, some felt that they should have all of their information at an earlier stage. There were a significant number of young people that highlighted the need for parents to be heavily supported, possibly by the RAA, as it was recognised that parents can find it difficult to tell their children tough information and are likely to require support on the practicalities and emotional adversities of this. Some also added that the RAA should take an active role in ensuring that parents are providing their child with life story work and birth family history

Many expressed that support is needed for birth parents to ensure contact arrangements are maintained, flexible and reviewed on a regular basis. Many of the young people communicated that support for sibling contact was extremely poor and that this needs to be improved; where sibling contact is not in place, young people should still be updated with respect to how their birth siblings' are.

One young person felt that birth parents should be able to send presents in addition to contact letters. Many of the young people agreed that this would be dependent on the individual needs of the adopted child involved. Some young people highlighted that the RAA should ensure that effective support is provided to birth parents to aid them to; provide life story information, maintain contact, understand the removal of their children, improve their own situations and prevent the removal of subsequent children. It was felt that this support would need to be ongoing rather than a one off event.

1.5.4 The preferred model

On 15 November 2016, the Project Board met and identified, subject to formal partner agreement, a preferred option involving the formation of a local authority owned joint venture company (Model 2).

The main strength of this option was that it was felt to provide the necessary degree of control and management of risk for participating local authorities whilst maintaining the flexibility to innovate and commission activity from VAA's. With regard to the latter the procurement position is more favourable as certain exemptions are afforded if the RAA is local authority controlled and the essential part of the RAA activity is with the controlling local authorities.

It is intended that the Adopt NE proposals will meet the requirements placed upon the Authority to develop a new form of service to deliver statutory adoption functions.

1.5.5 How will the project be measured and evaluated?

Further detailed work will be undertaken develop the project and a full business case will be provided to Cabinet in due course. The business case will set out in particular the potential impact on the Authority in relation to budget allocation, staffing issues including pension's treatment and asset allocations.

Whilst the Project Board have identified a preferred model of delivery, Officers have noted that a full detailed analysis of all the available options is still required to ensure that the model chosen is the best fit and most economically viable.

The Authority has requested that when the Project Board submits the business case in the Autumn 2017 for consideration by each Council that a full analysis of all the available options is provided. This will allow a comparison to be made between the available options before a final decision is taken on which model to adopt.

In relation to the adoption performance, the Adopt NE performance management framework will be developed fully in the next phase of the project and will seek to capture a range of data both qualitative and quantitative that enables delivery to focus on the outcomes we achieve for adopted children and their families. This data will focus on the following:

- Reduce the number of days in each part of the child's journey and develop a proactive and responsive permanency service within each LA. This will be mapped across existing ALB data collected;
- Improved speed of adoption for children under two;
- Timeliness of placement through foster to adoption;
- Focus on early identification of 'harder to place' children to maximise opportunities for identifying potential adopters;
- Improve the standard of CPRs addressing the lifelong significance of these reports;
- Meet DfE standards for achieving permanence for children across frontline workforce;
- Measure placement stability over time of early placement models and benchmark to national data/research findings;
- Quantify financial impact over time of the efficiencies achieved in Looked After Children budgets, focussing on the impact of each LA's individual budgets;
- Learning from disruptions and breakdowns; and
- Continued qualitative evaluations from adopted children, birth families and adoptive parents.

1.5.6 Timescales

The project is on track to deliver the RAA as a trading entity by April 2018, assuming go-ahead and sign-off by the main stakeholders.

1.6 **Decision options:**

Option 1

1. To support in principle the outline proposals for the continued development of the Adopt NE Regional Adoption Agency and use of a local authority owned Joint Venture Company (JVCo) as the preferred business model option for Adopt NE (Model 2), subject to a full business case providing an analysis of all the available options being presented to Cabinet in late Summer/Autumn 2017 from which a final decision of the model to adopt can be made; and
2. To authorise the Head of Health, Education, Care and Safeguarding in consultation with the Cabinet Member for Children, Young People and Learning, the Head of Law and Governance and the Head of Finance to participate in and contribute to the development of the proposals associated with the RAA.

Option 2

1. Not to pursue the proposed Regional Adoption Model as outlined in the report and request officers to consider alternative arrangements and to report back accordingly.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

1. The recommendation proposed supports the work and initial conclusions of the Project Group whilst requiring a full and detailed explanation and analysis of the available options to be provided the Cabinet when it is requested to make a final decision of the model to adopt.

1.8 Appendices:

None

1.9 Contact officers:

William Kidd – Senior Manager, Looked After Children and Leaving Care – 0191 643 8933

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

At this stage all development work on the project is being funded by the DFE with a small amount of work being done in kind by each Authority. Funding available to develop the proposal has been agreed from the DfE until end of March 2018.

The direct financial implications of this proposal are not known at this time. More detailed work is required to be undertaken to develop a business case to assess the robustness of the current preferred option. The business case will set out in particular the potential impact on the Authority in respect of finance, human resources and assets and will be brought back to Cabinet late summer/early autumn for further consideration

2.2 Legal

Further detailed work will be undertaken to develop a business case to assess the robustness of the preferred option as well as all the other available options. The business case will set out in particular the potential impact on the Authority in relation to budget allocation, staffing issues and asset allocation of all the options that are available.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

Since the initial development of the RAA, there has been consultation with senior managers across Childrens Services, at Senior Leadership Team and Corporate Parenting Committee and directly with the Cabinet Member for Children, Young People and Learning.

2.3.2 External Consultation/Engagement

As this is an external project involving frequent engagement with relevant partners, supported and progressed by DfE, there has been consistent development work with the 4 other local authorities and 4 Voluntary Adoption Agencies. This includes consultation with relevant staff, unions, children and young people (as per paragraph 1.5.3), prospective and existing adopters.

2.4 Human rights

The development of Adopt NE has no negative impact on human rights.

2.5 Equalities and diversity

The development of Adopt NE has no perceived negative impact on equality and diversity. However, a detailed EIA will be developed in the next two months which will be updated throughout the development and implementation of the NE Adopt project

2.6 Risk management

A full Risk Assessment of all financial, legal, human resource and operational delivery issues will be undertaken as part of the next stage of the project and reported back to Cabinet in autumn 2017. This Risk Assessment will be fully compliant with the Authority's decision making risk management guidance.

A risk register will be maintained as part of regular project management practice with mitigating actions identified to ensure the likelihood and impact of risks is managed proactively.

An interim assessment of key risks is set out below.

Risk 1: Disruption during the period of transition and managers/staff becoming focussed on the change process rather than service delivery may lead to delays in plans for children.

Mitigation: Thorough and effective transition planning agreed with service managers and flexibility to enable service delivery priorities to be managed.

Plans are to reduce the workload on LA adoption managers and staff, by moving the work to the RAA, thereby enabling them to maintain direct service provision. Early appointment of a Chief Officer to the RAA will support transition planning.

Risk 2: Adopters and adoptive children may lose confidence during the change process resulting in the potential for fractured relationships and breakdown in service delivery

Mitigation: Communications planning and involvement of adopters and adoptive children and young people throughout the process. Service monitoring during transition to ensure no impact on service delivery.

Risk 3: ICT system change may impact on service information, governance and records. Potential impacts include loss of personal information, delays in processes, safeguarding risk and cost of information security failures, undermining confidence in the new service and reputational damage.

Mitigation: ICT lead officer's involvement and collaboration in planning and developing appropriate solutions. Detailed information gathering and analysis prior to service implementation will reduce potential confusion and error.

North Tyneside is also moving to a new data system called Liquid Logic in early 2018 which should interface well with the work of the RAA and its access to data and information

Risk 4: Potential for fragmentation and loss of good working relationships with child care teams in authorities and disrupted links with health, education and other services.

Mitigation: Engagement of child care teams in the project and specific input into service specification and process changes to ensure links are maintained.

Engagement with all partner agencies, service providers and ensuring robust systems are in place to maintain ongoing relationships into the future.

Risk 5: Set up and running costs may be underestimated leading to unforeseen liabilities for partners and/or the new RAA.

Mitigation: Financial analysis and modeling involving expert advice will be included in the financial and transition plans. Sufficient time will be allocated to these activities and engagement of all partners in agreeing proposals to ensure estimates are understood by all and are as accurate as possible.

2.7 Crime and disorder

The development of Adopt NE has no negative impact on crime and disorder.

2.8 Environment and sustainability

The development of Adopt NE has no negative impact on environment and sustainability. Regionalising adoption services is likely to have a positive impact by reducing the need for staff to travel across the NE as staff will be better distributed across the areas covered.

PART 3 - SIGN OFF

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

North Tyneside Council Report to Cabinet Member

Date: 12 June 2017

ITEM 7(e)

**Title: Cabinet Response to
Overview, Scrutiny and
Policy Development Report
on Elective Home Education**

**Portfolio(s): Children Young People &
Learning**

Cabinet Member(s): Cllr Ian Grayson

**Report from Service
Area:**

Attendance & Placement Service

Responsible Officer:

**Mark Longstaff
Head of Commissioning and Investment**

Tel : 0191 643 8089

**Report from Service
Area:**

Commissioning and Investment

PART 1

1.1 Executive Summary:

The purpose of this report is to seek Cabinet approval to the proposed response to the recommendations included in the Overview, Scrutiny and Policy Development Report into Elective Home Education.

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 Report into Elective Home Education within two months.

In providing this response, Cabinet is asked to state whether or not it accepts each of the recommendations and the reasons for this decision. Cabinet must also indicate what action, if any, it proposes to take.

1.2 Recommendation(s):

It is recommended that Cabinet agree the proposed responses to the recommendations from the Overview, Scrutiny and Policy Development Sub Group in relation to its study into Elective Home Education Report, as shown in Appendix 1 of 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 12th May 2017.

1.4 Council Plan and Policy Framework

The report supports the 'Our People' theme in the 'Our North Tyneside Plan' in particular

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.

1.5 Information:

1.5.1 At a meeting in July 2016, the Children, Education and Skills Sub Committee received a report which set out background information in relation to Elective Home Education.

1.5.2 Members of the Sub Committee had expressed some concerns as to the Authority's ability to check the quality of education being received by those outside of the formal school process. As the Attendance and Placement Team was due to review North Tyneside's policy on Elective Home Education, it was agreed that a review be undertaken to look at the current practices and Local Authority role in relation to home educating.

1.5.3 Following consideration of background information in relation to Elective Home Education, the Sub Group agreed the following remit at the beginning of the study:

- What are the key motivations for parents wanting to home educate their children?
- Is the increased demand on school places impacting on the number of parents that choose to home school?
- Do parents feel supported by the local authority in their choice? Do they require additional assistance?
- Should the government be lobbied to change the law to permit local authority's access to elective home educated children?
- To advise the officer team on the Authority's policy statement on home education and what networks could be established to reassure Members that all children being home educated were known about.

1.5.4 The Sub Group met with officers in the Attendance and Placement Team to gather information on the role that the Authority has in relation to Elective Home Education and the powers available to the Authority in ensuring an appropriate education is provided. The Sub Group also obtained information relating to why parents choose home education and the latest figures.

1.5.5 Cabinet has a statutory duty to respond to the recommendations of the Overview & Scrutiny Report into Elective Home Education within two months. In providing this response, Cabinet is asked to state whether or not it accepts each of the recommendations and the reasons for this decision. Cabinet must also indicate what action, if any, it proposes to take.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet accepts the recommendations set out in paragraph 1.2

Option 2

Cabinet does not accept the recommendations set out in paragraph 1.2, and provides an alternative response to the report at the meeting.

1.7 Reasons for recommended option:

Option 1 is recommended in order to improve and develop support for those families who are currently or are considering home educating their children.

1.8 Appendices:

Appendix 1: Cabinet Response to Overview, Scrutiny and Policy Development Committee Recommendations, Completed Action Plan

1.9 Contact officers:

Barbara Patterson, Senior Manager (Facilities and Fair Access) 0191 643 8340
Rob Moffatt, Operational Manager, (Attendance & Placement) 0191 643 8387

1.10 Background information:

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

- (1) Overview, Scrutiny and Policy Development Report: Elective Home Education March 2017

http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=568584

- (2) Elective Home Education – Guidelines for Local Authorities

http://www.gov.uk/government/uploads/system/attachment_data/file/288135/guidelines_for_las_on_elective_home_educationsecondrevise2_0.pdf

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

It is anticipated that actions can be completed within existing resources.

2.2 Legal

There are no direct legal implications for the Authority arising from this report.

In accordance with Section 21B of the Local Government Act 2000, Cabinet is required to provide a response to the recommendations of the Elective Home Education Sub Group in relation to its study into Elective Home Education with in North Tyneside within two 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.

Currently, Local Authorities have no statutory duties in relation to the monitoring of the quality of home education on a routinely basis, and also in regards to current legislation, parents are under no legal duty to respond to informal enquires into the education they are providing. However under Section 437(1) of the Education Act 1996 the Local Authority can intervene if it appears suitable education is not being provided, but there is no clear definition of what constitutes 'suitable' education.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

The Sub Group consulted with officers of the Authority as follows:

Barbara Patterson, Senior Manager (Facilities and Fair Access)
Rob Moffatt, Operational Manager, (Attendance & Placement)
Linda Sadler, Attendance Officer (Attendance & Placement)

2.3.2 External Consultation/Engagement

In preparation of the report the Sub Group consulted with the Elective Home Education community, although only one family responded to the opportunity to participate with the study however they did provide a valuable insight into home education.

2.4 Human rights

There are no specific human rights implications arising from this report.

2.5 Equalities and diversity

There are no specific equalities and diversity implications arising from this report

2.6 Risk management

There are no specific risk management implications arising from this report.

2.7 Crime and disorder

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

2.8 Environment and sustainability

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

PART 3 - SIGN OFF

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

**Cabinet Response to Overview, Scrutiny and Policy Development Committee Recommendations
Completed Action Plan**

Elective Home Education

In accordance with Section 21B of the Local Government Act 2000, Cabinet are required to provide a response to the recommendations of the Overview, Scrutiny and Policy Development Committee within two 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, Scrutiny and Policy Development Committee Recommendation	Officer Commentary	Cabinet Decision (Accept or reject)	Action to be taken (if any) and timescale for completion
<p>Recommendation 1: The Mayor write to the Minister for Education asking for a change to the law which would give local authorities guaranteed access to children being home educated and provide a clear definition of a 'suitable' and 'efficient' education, along with some minimum educational standards and also encourages other Leaders, Elected Mayors and Executive Members for Education at other Local Authorities to do the same.</p>	<p>Officers agree with this recommendation</p>	<p>Accept</p>	<p>The Mayor to write to the Minister by 1 September 2017</p>
<p>Recommendation 2: Cabinet ask officers in the Attendance and Placement Team to establish a 'notice board' page on the relevant section of the Council's website to allow parents to share advice and tips in relation to elective home education.</p>	<p>The Attendance and Placement Team will work with Officers in ICT to establish a "notice board" for Officers to post information to support parents in relation to elective home education.</p>	<p>Accept</p>	<p>The Attendance and Placement team will arrange a meeting to discuss and prepare an implementation plan. To be online by 1 October 2017</p>

<p>Recommendation 3: Officers in the Attendance and Placement Team liaise with schools to explore the possibility of offering, for a small cost, surplus text books and equipment to electively home educating parents.</p>	<p>The Attendance and Placement Team will contact schools to encourage them to make such books and equipment available to parents who electively home educate. Information on how parents can collect these items directly from schools will be posted on the new "notice board". Any charges would be arranged between the school and the parent.</p>	<p>Accept</p>	<p>The Attendance and Placement Team will update schools at Head teacher Briefing by 31 October 2017</p>
<p>Recommendation 4: Cabinet ask officers in the Attendance and Placement Team to review (and establish a continuous review process) all forms of written correspondence with parents electively home educating to ensure that material is clear, jargon free and demonstrates mutual respect.</p>	<p>The Attendance and Placement Team will review all written correspondence as recommended.</p>	<p>Accept</p>	<p>This action is ongoing. The Attendance and Placement Team will maintain regular contact with EHE parents and seek to consult on any new documentation before it is put into use, ensuring it is jargon free and clear whilst demonstrating mutual respect.</p>
<p>Recommendation 5: Cabinet ask officers in the Attendance and Placement Team to review the consultation processes currently in place, with a view to increasing the feedback the authority gets from electively home educating parents</p>	<p>The Attendance and Placement Team will review the consultation process in place as recommended.</p>	<p>Accept</p>	<p>The Attendance and Placement Team will review the consultation process in place by 1 November 2017.</p>

<p>Recommendation 6: Cabinet ask officers in the Attendance and Placement Team to arrange for information on inoculations to be sent to all electively home educating parents on an annual basis.</p>	<p>The Attendance and Placement Team will ensure this information is made available to all parents.</p>	<p>Accept</p>	<p>The Attendance and Placement Team will ensure this information is made available to all parents.</p> <p>The team will investigate timescales and work with colleagues to ensure this information is shared in a timely manner by 31 August 2017.</p>
<p>Recommendation 7: Cabinet ask officers in the Attendance and Placement Team to liaise with colleagues in Public Health to ensure that all public health messages sent out via schools are also circulated to families that are home educating.</p>	<p>The Attendance and Placement Team will ensure this information is made available to all parents.</p>	<p>Accept</p>	<p>The team will investigate timescales and work with colleagues to ensure this information is shared in a timely manner by 31 August 2017.</p>
<p>Recommendation 8: Cabinet ask officers in the Attendance and Placement Team to write to all schools in the borough to establish whether a buddying system is already in place and if not to enquire if schools would consider such a system in future especially in circumstances of home educated young people returning to school.</p>	<p>The Attendance and Placement Team will contact each school regarding a buddying system for children returning to school from home education.</p>	<p>Accept</p>	<p>The Attendance and Placement Team will contact each school regarding a buddying system for children returning to school from home education.</p> <p>This will be included in the Head teacher Briefing noted in Recommendation 3.</p>

North Tyneside Council

Report to Cabinet

Date: 12 June 2017

ITEM 7(f)

Title: Cabinet Response
to Scrutiny Report on
Business Support

Portfolio(s): Inward Investment – Job
Creation, Business Support

Cabinet Member(s): Councillor
B Pickard

Report from Service Area: Business and Economic Development

Responsible Officer: Paul Buie, Head of Business and
Economic Development (Tel: (0191)
6436402)

Wards affected: All

PART 1

1.1 Executive Summary:

The purpose of this report is to seek Cabinet's approval to the proposed response to the recommendations of the Economic Prosperity Sub-Committee's study, on behalf of the Overview, Scrutiny and Policy Development Committee into the support for young businesses in North Tyneside.

In accordance with Section 21B of the Local Government Act 2000, Cabinet is required to provide a response to the recommendations of the Business Support Sub-Group within two months. In providing this response Cabinet is asked to state whether or not it accepts each recommendation. Cabinet must also indicate what action, if any, it proposes to take.

1.2 Recommendation(s):

It is recommended that Cabinet agree the proposed responses to the recommendations from the Business Support Sub Group, as shown in Appendix 1 of 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 12 May 2017.

1.4 Council Plan and Policy Framework

The report seeks to contribute to the Council's Our North Tyneside Plan which states that "our economy will grow by building on our strengths, including our existing world-class companies and small and growing businesses."

1.5 Information:

- 1.5.1 In September 2016 the Economic Prosperity Sub-Committee approved the appointment of the Business Support Sub Group to:
- a) examine the range of support available to start up businesses;
 - b) examine the sustainability of new businesses in their 3rd and 4th years;
 - c) consider whether providing extended and enhanced support for businesses in their 3rd and 4th years would reduce the likelihood of businesses failing and consequently have a positive impact on the local economy; and
 - d) formulate recommendations as to how existing support might be enhanced or how additional services might be developed to improve the success rate of start up businesses. Any recommendations to be supported with an assessment of the financial implications.
- 1.5.2 Having completed its investigation, the sub group prepared a report and a series of recommendations. These were considered by the Economic Prosperity Sub-Committee at its meeting on 15 March 2017 when it agreed the final report.
- 1.5.3 The Overview, Scrutiny and Policy Development Committee received the report on 3 April 2017 and approved the recommendations for submission to Cabinet.
- 1.5.3 Cabinet received the report and recommendations on 10 April 2017.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet accepts the recommendation set out in paragraph 1.2 above.

Option 2

Cabinet does not accept the recommendation set out in paragraph 1.2 above, and provides an alternative response to the Overview, Scrutiny and Policy Development Committee at the meeting.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Option 1 is recommended to improve and develop the support to business in North Tyneside.

1.8 Appendices:

'Appendix 1: Cabinet Response to Overview, Scrutiny and Policy Development Committee Report: Business Support

1.9 Contact officers:

Sean Collier, Senior Manager Business and Enterprise, (0191) 643 6409
Alison Mitchell, Internal Assurance and Risk Management, (0191) 643 5720
Kevin McDonald, Group Assurance Manager, (0191) 643 5738
Marc Oldham, Senior Auditor, (0191) 643 5711
Victoria Soulsby, Senior Risk Adviser, (0191) 643 5871
Andrew Scott, Senior Client Manager, Revenues, Benefits and Customer Services, (0191) 643 7150
Alison Campbell, Senior Business Partner, Finance (0191) 643 7038

1.10 Background information:

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

Overview, Scrutiny and Policy Development Committee Report: Business Support

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

It is anticipated that the majority of the actions proposed in this report can be completed within existing budgets.

Recommendation 3 proposes that the authority take appropriate action to mitigate against the risk of funding for business support programmes delivered in North Tyneside being withdrawn and not replaced by alternative funding from the UK Government. An overarching corporate risk is being monitored in respect of the impact from Brexit for North Tyneside. The risk was raised as part of the Council's risk management process continues to be updated and reported to Cabinet with the last update endorsed by Cabinet on 8 May 2017.

Recommendation 5 proposes that Cabinet give consideration to ways in which the Council can enhance access to finance by micro and small businesses in North Tyneside, including the possible use of revolving funds and the promotion of crowd funding schemes. The North East Jeremie Fund is scheduled to launch in early summer 2017 with £120m of additional loan and equity funds for businesses. A review of any gaps in this service will take place once the details of this fund have been confirmed.

Recommendation 7 proposes that, if the proposed evaluation of the levels and nature of demand among SMEs for commercial property in North Tyneside determines there is evidence of a significant shortfall in small and medium sized industrial units or office space shows substantial unmet demand, Cabinet give consideration to investing in the refurbishment of surplus property to provide more small incubator units and the provision of small and medium industrial units aimed at start up and growing businesses.

If there is any requirement for additional funding to implement any of the recommendations then a further report will be brought back to Cabinet with detailed financial implications before any funds are 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 two 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.

2.3 Consultation/community engagement

The Sub Group which undertook this work on behalf of the Overview, Scrutiny and Policy Development Committee met with relevant council officers, representative of the local business community and providers and commissioners of business support services. Full details are listed in the Overview, Scrutiny and Policy Development Committee Report: Business Support.

2.4 Human rights

There are no direct issues relating to human rights arising from this report.

2.5 Equalities and diversity

There are no direct issues relating to equalities and diversity arising from this report.

2.6 Risk management

There are no direct issues relating to risk arising from this report.

2.7 Crime and disorder

There are no direct issues relating to crime and disorder arising from this report.

2.8 Environment and sustainability

There are no direct issues relating to environment and sustainability arising from this report.

PART 3 - SIGN OFF

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

**Cabinet Response to Overview and Scrutiny Recommendations
Completed Action Plan**

Business Support Sub Group

In accordance with Section 21B of the Local Government Act 2000, Cabinet is required to provide a response to the recommendations of the Overview and Scrutiny 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.

Overview and Scrutiny Recommendation	Officer Commentary	Cabinet Decision (Accept or reject)	Action to be taken (if any) and timescale for completion
<p>Recommendation 1 Cabinet requests the Council's Business and Enterprise Team to signpost SME's to the Growth Hub, record and analyse substantive interactions between the Council and SME's and review the Local Enterprise Partnership's (LEP) list of scale up businesses to identify any unknown businesses requiring support.</p>	<p>The Business and Enterprise Team signpost SMEs to the Growth Hub where appropriate but there are currently no arrangements to record or analyse substantive interactions with any local authorities. The LEP is considering a funding proposal to add this service to the Growth Hub from Autumn 2017.</p> <p>The LEP supplied a list of scale-up businesses in May 2017 and this is currently being reviewed for additional business support.</p>	<p>Accept</p>	<p>Senior Manager for Business and Enterprise to continue to work with the LEP through the Local Authority / LEP Network Group. Changes to operational procedures will be considered as they arise and the Senior Manager will report back to the Head of Business & Economic Development.</p> <p>Senior Manager for Business and Enterprise to contact all North Tyneside businesses on the LEP scale-up list offering the support of the Business and Enterprise Team by end July 2017.</p>
<p>Recommendation 2 Cabinet should seek to maintain the Council's investment in the provision of business support for start up businesses through programmes such as the work currently delivered through the Business Factory.</p>	<p>The approved budget for 2017/18 includes provision for the Business Factory services which are 50% funded by European Regional Development Funds (ERDF). The ERDF project is scheduled for completion in March 2019.</p>	<p>Accept</p>	<p>Noted</p>

<p>Recommendation 3 Cabinet, through its risk management processes, continue to monitor the likely impact of Brexit on European funding for business support and take appropriate action to mitigate against the risk of funding for business support programmes delivered in North Tyneside being withdrawn and not replaced by alternative funding from the UK Government.</p>	<p>There is an overarching corporate risk in respect of the impact from Brexit for North Tyneside. The risk was raised in November 2016, and as part of the Council's risk management process has been updated by risk owners (both the relevant member of SLT and Cabinet Member) and agreed by SLT on 28 March 2017 before being endorsed by Cabinet on 8 May 2017. The latest review will also be presented to Audit Committee on 24 May to provide assurance that the corporate risks within the Council are being managed effectively.</p> <p>The risk detail includes a number of controls to help mitigate the impact of this risk and potential loss of funding.</p> <p>The risk will continue to be managed along with all other corporate risks as part of the Council's normal risk management process.</p>	<p>Accept</p>	<p>Noted</p>
<p>Recommendation 4 The Elected Mayor and Cabinet Members, in conjunction with local Members of Parliament, the North East Local Enterprise Partnership and the local business community, take every opportunity to lobby the Government for continuing</p>	<p>The North East Combined Authority (NECA) Economic Directors Group has tasked the LA EU Engagement Group with producing a paper to consider post European funding mechanisms. It is anticipated that this will be a substantial piece of work to enable local government</p>	<p>Accept</p>	<p>Head of Business and Economic Development to report progress to the Elected Mayor and Cabinet Member for Economic Development by September 2017.</p>

<p>investment to replace the European funded business support programmes following the withdrawal of the UK from the European Union.</p>	<p>partners to lobby Government in the most effective way that will take into consideration the papers that have already been produced by the LGA and the Industrial Alliance.</p>		
<p>Recommendation 5 Cabinet give consideration to ways in which the Council can enhance access to finance by micro and small businesses in North Tyneside, including the possible use of revolving funds and the promotion of crowd funding schemes.</p>	<p>The North East Jeremie Fund is scheduled to launch in early summer 2017 with £120m of additional loan and equity funds for businesses. A review of any gaps in this service should take place once the details of this fund have been confirmed.</p>	<p>Accept</p>	<p>Senior Manager for Business and Enterprise to conduct a review of financial support available to SMEs in North Tyneside and report the findings to the Head of Business and Economic Development and Cabinet Member for Economic Development by September 2017.</p>
<p>Recommendation 6 Cabinet ask officers to undertake an evaluation of the levels and nature of demand among SMEs for commercial property in North Tyneside to determine whether there is evidence of a significant shortfall in small and medium sized industrial units or office space.</p>	<p>An evaluation of the demand for commercial property has been commissioned and will report the findings by the end of June 2017.</p>	<p>Accept</p>	<p>Noted</p>
<p>Recommendation 7 If the evaluation shows substantial unmet demand, Cabinet give consideration to investing in the refurbishment of surplus property to provide more small incubator units and the provision of small and medium industrial units aimed at start up and growing businesses.</p>	<p>Cabinet approved an Industrial Estate Strategy for the Council's portfolio of industrial properties on 8th September 2014. This Strategy involved the disposal of identified industrial assets with the capital receipts raised being allocated to fund improvements to the Council's remaining industrial stock.</p> <p>The phase 1 refurbishment of the former Swan Hunter offices was</p>	<p>Accept</p>	<p>Senior Manager for Business and Enterprise and Head of Business and Economic Development to consider findings and report proposals to the Cabinet Member for Economic Development by the end of July 2017.</p>

	<p>completed in 2016 and launched as the Swans Centre for Innovation. This project was part of the regeneration of the Swans Enterprise Zone and brought two floors of additional incubator units to the market. Phase 1 is now fully let and the Business and Economic Development Team are undertaking feasibility studies to convert the remaining three floors of the building.</p> <p>An evaluation of the wider demand for commercial property has been commissioned and will report the findings by the end of June 2017.</p>		
<p>Recommendation 8 The Economic Prosperity Sub-Committee monitor the detailed proposals to emerge from the Government in relation to the 100% Business Rates Retention Scheme and consider undertaking an in-depth investigation to consider its impact on the future shape of business support services.</p>	<p>The detailed proposals for the Business Rates Retention Scheme have not yet been received by local authorities.</p>	<p>Accept</p>	<p>Noted</p>
<p>Recommendation 9 Cabinet ask the Heads of Finance and Business and Economic Development to consider the possibility of incorporating promotional material relating to the Business Factory and other</p>	<p>An A5 business support leaflet can be included without impacting on postal costs.</p>	<p>Accept</p>	<p>Head of Business and Economic Development to liaise with Head of Finance to ensure an appropriate business support leaflet is included with the annual business rate bills for 2018/19. The business support leaflet must be finalised by the end of January</p>

business support services with business rate bills.			2018.
<p>Recommendation 10 In reviewing the Council’s procurement strategy, Cabinet give further consideration to how trade with local small businesses might continue to be encouraged by measures such as:</p> <p>a) simplifying the processes through which companies are required to quote or tender for the supply of goods and services to the Council;</p> <p>b) providing further training and support for local businesses on how to quote or tender for the supply of goods and services to the Council; and</p> <p>c) reviewing and refining how social value is evaluated within procurement exercises so that the process derives economic benefits for the people and communities of North Tyneside</p>	<p>The 2013-17 Procurement Strategy set out a specific initiative to support local business, called “Supply North Tyneside”. As part of this initiative, we have examined what else could practically be done by the Council, its strategic business partner, Engie, and our other partners (Capita and Kier) to support local businesses and help them identify, bid for and win public sector contracts. The proportion of Council spend value with suppliers in the travel to work area (TTWA) has increased from 34% in 2011/12 to 54% in 2016/17. The number of suppliers in the TTWA has increased from 24% in 2011/12 to 43% in 2016/17. Kier and Capita have assisted the initiative by working with their supply chains to increase spend with local suppliers, and local spend information is reported into the Kier Strategic Partnering Board.</p> <p>A significant amount of time has been spent in helping local firms in the construction and social care areas understand opportunities and bid for Council work, as this is where the significant amount of our spend goes.</p>	Accept	<p>As previously mentioned, work will continue to support local businesses trading with the Council. The areas identified in the recommendations are subject to periodic review, but specific targets have been set in the 2017-20 Procurement Strategy improvement plan. It is anticipated the targets will be completed within the 2017/18 financial year, and include:</p> <ul style="list-style-type: none"> • Review of ‘Quick Quotes’ <ul style="list-style-type: none"> ○ Gather data on how NEPO’s Quick Quotes is operating in practice within North Tyneside, and evaluate how successful this initiative has been in encouraging local supply. ○ Assess what else, if anything, could be done to improve the effectiveness of Quick Quotes within North Tyneside. • A ‘one-stop’ document – supply opportunities with the Council, and with our partners <ul style="list-style-type: none"> ○ Develop a ‘one stop’ document to hold, in a single place, all the necessary detail and documentation that any supplier might need if they wanted to do business with

	<p>The Council has long had a commitment to pay suppliers promptly. In 2016/17, over 97% of the Council's suppliers were paid within 14 days. Ahead of legislative changes, the Authority also mandated changes to its terms and conditions meaning that prompt payment was also cascaded through the supply chain. Our partners have helped to ensure prompt payment to local businesses within our extended supply chain, and in particular Kier have changed their national terms and conditions to pay suppliers within 30 days. As there is a significant amount of work subcontracted locally, this is of great benefit to local suppliers.</p> <p>Other improvements have included; simplifying administrative requirements; reviewing financial thresholds at the time of every tender and making sure that these are appropriate to the size of the contract (so smaller businesses are not precluded by thresholds which are unaffordable); reviewing and reducing insurance levels where appropriate; and supplier training events.</p> <p>These initiatives will continue to be a key element of the new</p>		<p>the Authority. This will also include details of how to do business with other major partners, such as Kier North Tyneside and Capita, whose suppliers are in turn part of the extended supply chain of North Tyneside Council.</p> <ul style="list-style-type: none"> • Development Programme for Suppliers (SMEs and VCS) <ul style="list-style-type: none"> ○ Review and evaluate what is currently available via the Authority and NEPO. How is this training perceived by local businesses? Is it meeting their needs? What more or differently could be done? ○ Develop a structured programme of training, based on feedback received directly by Procurement team, and from the wider Procurement Community, and via Trade and VCS groups. ○ Request the Business and Enterprise team and promote the development programme through their engagement activity. • Procurement Engagement with Business Forums <ul style="list-style-type: none"> ○ Propose a regular 'procurement' update to
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	<p>Procurement Strategy (2017-20) and will build upon the work supporting local business completed so far. The Strategy will be supported by an improvement plan that sets out a programme of further development, and includes a number of targets that cover the recommendations made. The targets are not solely 'task and finish' items as the areas concerned are subject to continuous or periodic developmental review.</p> <p>A detailed review of the Council's approach to social value was commenced in the summer of 2016 and is nearing completion. Engagement on a proposed new Social Value policy is currently underway with the business community and our partners in the voluntary and community sector. Once engagement is concluded the revised Social Value policy will be included in the forthcoming Procurement Strategy 2017-20.</p>		<p>appropriate meetings between the Business and Enterprise team and the North Tyneside Business Forum. Using the expertise of the Business and Enterprise team utilise the meetings with North Tyneside Business forum as a conduit to reach the other trade bodies, such as Chamber of Trade groups; North East Chamber of Commerce and the Federation of Small Businesses.</p> <ul style="list-style-type: none"> ○ Evaluate how we engage and obtain feedback with suppliers and trade organisations – would establishment of market workshops help suppliers to understand our business and shape the market according to need? <ul style="list-style-type: none"> ● Local Supply – Travel to Work Area and SMEs <ul style="list-style-type: none"> ○ Continue to gather data on the volume and value of contracts won by suppliers in the 'Travel to Work Area' and analyse and evaluate the results – what is this telling us? ○ We will need to develop and refine our data on SMEs within our supply chain.
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			<ul style="list-style-type: none"> ○ It would help us to further understand our supply chain, including our local supply chain, by developing our knowledge base on SME suppliers. Again, in future, changes in European and national procurement law are also likely to require this data to be gathered on a consistent basis between local authorities and published in one place. • Social Value <ul style="list-style-type: none"> ○ Finalise testing our newly developed social value priorities, and our social value answer template, with a wider sample of suppliers. ○ Develop an approach to test the effectiveness of the revised priorities, and implement that approach in-year. This approach will assess whether our social value policy is delivering on the outcomes expected. ○ Report results of the evaluation on a quarterly basis to the Head of Commissioning and Investment.
<p>Recommendation 11 Cabinet to ask the Head of</p>	<p>A simple guide with contact details can be provided for staff outside of</p>	<p>Accept</p>	<p>Head of Business and Economic Development to review the business</p>

<p>Business and Economic Development to work with the Senior Leadership Team to ensure those officers who work to support business have a good understanding of what support is available.</p>	<p>the Business and Economic Development Service interacting with businesses.</p>		<p>support information available and working with SLT, ensure staff working with businesses have access to improved information through email and intranet by the end of September 2017.</p>
<p>Recommendation 12 Cabinet work with the North Tyneside Business Forum to develop and strengthen business to business networks and peer support in North Tyneside.</p>	<p>The Business Forum regularly provides a business representative at Cabinet and meets with the Elected Mayor and Cabinet Member to undertake an annual review. The Business Forum was also consulted on the development of the Procurement Strategy.</p> <p>The Business and Enterprise Team has recently launched the Aspire Programme where large established businesses work with new high growth businesses to share advice, knowledge and contacts.</p> <p>The Business Factory project officers worked in partnership with the Business Forum to develop a new range of consultancy services for SMEs.</p>	<p>Accept</p>	<p>Noted</p>

North Tyneside Council

Report to Cabinet

Date: 12 June 2017

ITEM 7(g)

Title: Apprenticeship Levy

Portfolio(s): Human Resources

Cabinet Member(s): Councillor B
Pickard

Report from Service

Area: Human Resources and Organisation Development

Responsible Officer: Alison Lazazzera (Tel: (0191)
64325012)

Wards affected: All

PART 1

1.1 Executive Summary:

The apprenticeship levy came into force on 7th April 2017. The Government intends the purpose of the levy to fund new apprenticeships and drive up the quality and quantity of apprenticeships across those employers who have an annual pay bill greater than £3m. The Government is moving to control of apprenticeship funding being put in the hands of employers through the Digital Apprenticeship Service. The levy will be charged at a rate of 0.5% of an employer's pay bill. Each employer will receive an allowance of £15,000 to offset against their levy payment.

The Authority's liability to pay the levy this year equates to circa £500,000 (this figure will vary year on year depending upon the pay bill). These funds are placed in an online digital account for the Authority to use to pay for the training and assessment costs for its apprentices. If the Authority does not utilise these funds set aside in the digital account within a 24 month period the money is transferred to Central Government.

In addition to the above, the Government has placed a new duty on the public sector, including this Authority, to ensure that at least 2.3% of the Authority's workforce are apprentices. This target can be met from either new or existing employees.

The Senior Leadership Team have considered how best to meet the target and maximise the Levy within the current challenges of service redesign and reductions in the Authority's workforce by considering:

- in relation to the current workforce, to "up skill" to either a higher level standard or a significantly different area of expertise in order to support succession planning; and/or
- new apprenticeship posts coming into teams.

For 2017/18 period circa 89 new apprenticeship opportunities have been identified. The Authority has therefore met the target of 66 for 2017/18.

In relation to the Community Schools, a number are in the process of considering how to move forward with the appointment of apprentices and are exploring enhancing the skills and/or experience of existing staff, whilst others are exploring the option of engaging new apprentices as employees.

In order to access the digital account the Authority is required to sign the Skills Funding Agency's Funding Agreement that sets out the terms for use of the Apprenticeship Service by the Employer and the obligations by which the Employer agrees to be bound.

This report seeks approval from Cabinet for the Head of Human Resources and Organisation Development, in consultation with the Head of Law and Governance to have delegated authority to sign this agreement and to deal with all aspects of the apprenticeship levy on behalf of the Authority.

1.2 Recommendation(s):

It is recommended that Cabinet:

- (1) authorises the Head of Human Resources and Organisation Development, in consultation with the Head of Law and Governance, to sign the Skills Funding Agency (SFA) agreement in order to access the Authority's digital account held by the Digital Apprenticeship Service; and
- (2) authorises the Head of Human Resources and Organisation Development in consultation with the Head of Finance and the Head of Law and Governance to deal with:
 - a. all aspects of the apprenticeship levy, including the appointment of training providers in accordance with the Authority's Constitution and Standing Orders in relation to Contracts; and
 - b. access to the Authority's digital account held by the Digital Apprenticeship Service on behalf of the Authority.

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 2 May 2017.

1.4 Council Plan and Policy Framework

This report relates to the following priorities in the 2016-19 Our North Tyneside Plan:

Our people – will be ready for work and life – with the skills and abilities to achieve their full potential, economic independence;

Our Economy will create and sustain new, good-quality jobs and apprenticeships for working-age people

1.5 Information:

1.5.1 Background

The apprenticeship levy came into force on 7th April 2017 as part of the Finance Act 2016. The Government intends the purpose of the levy to fund new apprenticeships and

drive up the quality and quantity of apprenticeships across those employers who have an annual pay bill of over £3m.

1.5.2 The key issues that arise from the implementation of the Levy are:

- UK employers with an annual pay bill of more than £3 million are liable to pay the levy at a rate of 0.5% of pay bill, paid through the Pay As You Earn (PAYE) system. A £15k allowance will be provided by Government to off set the levy liability. This allowance will be paid into the authority's digital account to support training costs of apprentices.
- Community Schools within North Tyneside are a part of the 0.5% and the Authority will work with them to transfer this levy onto these schools and manage their spend as well as its own. This is estimated to be circa £77k for community schools. Community schools have been informed by Officers of the developments in relation to the Levy and are working with finance teams to agree a framework of how this will operate. Non community schools will have their own apprenticeship levy accounts where appropriate and will benefit from the £15,000 de minimus on their individual payrolls which means that the impact is smaller and nil for many non community schools.
- Apprenticeship target/duty for public sector bodies – an annual target of 2.3% of the workforce is to be made up of apprentices. This target can include new employees and the current workforce. The Authority's overall target will be circa 85 of which 66 will be employed directly by the Authority and 19 will be community school based. The Levy can only be used to pay for training and assessment costs and is capped depending upon each individual apprenticeship framework/standard. The maximum funding bands start at £3k and goes up to £27k per apprenticeship standard/framework which covers the duration of the apprenticeship. The Levy cannot be used to pay for apprenticeship wages.
- Levy will be able to be used for students studying lower qualifications (this means graduates could undertake a lower level apprenticeship) provided the training will allow them to acquire substantive new skills.
- New Apprenticeship Standards will replace the current apprenticeship frameworks by 2020. These standards will have caps in terms of the maximum that can be paid per person for training for the apprenticeship.
- In recruiting 16-18 year olds, the Government will provide extra funding (£1k per person) to employers and training providers and an additional cash payment will be made to training providers equal to 20% of the funding band maximum.
- The Government will also provide £1k to employers and training providers who take on 19-24 year old care leavers or those with an Educational Health Plan.
- The Authority can only use approved training providers. The Authority's Adult Learning Alliance is an approved training provider and will be the utilised as the Authority's provider, where appropriate. This will enable the Authority to use the levy and retain the funds within the organisation.

The Authority's progress so far

The Senior Leadership Team have considered how best to meet the target and maximise the Levy within the current challenges of service redesign and reductions in the Authority's workforce by considering:

- in relation to the current workforce, to "up skill" to either a higher level standard or a significantly different area of expertise in order to support succession planning; and/or
- new apprenticeship posts coming into teams.

For 2017/18 period circa 89 new apprenticeship opportunities have been identified. The Authority has therefore met the target of 66 for 2017/18.

The Authority is now progressing towards recruiting new apprentices for a September 2017 start and making arrangements with approved training providers for existing staff moving on to an apprenticeship.

In relation to the Community Schools, a number are in the process of considering how to move forward with the appointment of apprentices and are exploring enhancing the skills and/or experience of existing staff, whilst others are exploring the option of engaging new apprentices as employees.

A number of Community Schools are looking at working with other school employers (Foundation Trust, Voluntary Aided Faith & Academy Schools who are not affected by the Apprenticeship Levy) by supporting with receiving an apprentice on 'placement' and re-funding the Community School for the associated costs. Conversations are also ongoing with the North Tyneside Learning Trust regarding their apprenticeship programme and consideration of coordinated approaches regarding recruitment and placement.

In order to access the digital account the Authority is required to sign the Skills Funding Agency Agreement that sets out the terms for use of the Digital Apprenticeship Service by the Authority and the obligations by which the Authority agrees to be bound.

In addition, in order to comply with Authority's policy and procedures (e.g. procurement guidelines) this report also seeks Cabinet approval for the Head of Human Resources and Organisation Development to be given delegated authority to deal with all aspects of the apprenticeship levy, including the engagement of training providers, on behalf of the Authority moving forward. This will ensure the Authority is able to progress the programme within a timely and efficient manner.

1.1 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet may approve the implementation of the apprenticeship levy and programme in accordance with paragraph 1.2.

Option 2

Cabinet may not approve the implementation of the actions as requested in accordance with paragraph 1.2 and request officers to examine other options.

Option 1 is the recommended option.

1.2 Reasons for recommended option:

Option 1 is recommended for the following reasons:

If Cabinet approves the recommended option, the Authority will be able to progress with the apprenticeship programme and will commence immediately to ensure the Authority meets the duty placed upon it by the Government.

If the preferred option is not approved, the Authority will be unable to meet its new duty.

1.3 Appendices:

There are no appendices

1.4 Contact officers:

Alison Lazazzera, Head of Human Resources and Organisation Development, tel. (0191) 643 5012

Louise Robson, Senior Manager (Workforce and Organisation Development), tel (0191) 6435043

Tina Adams, Workforce Programme Adviser, Tel (091) 643 4326

Alison Campbell, Senior Business Partner (Finance), tel. (0191) 643 7038

1.5 Background information:

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

- (1) EIA for the Workforce Strategy 2015 – 2018
- (2) Various government papers linked to the implementation of the Apprenticeship Levy

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

The annual apprenticeship levy required by the Authority is 0.5% of the pay bill. Provision for this at £0.5m was built into the 2017/18 Budget approved by Council. The levy will be paid monthly into the Council's digital account.

The Community Schools within North Tyneside are deemed by Her Majesty's Revenues and Customs Inland to be part of the Authority and cannot claim exemption via the £3m de minimus ruling. The payrolls for non community schools will be split where this makes sense and where this allows the schools to claim exemption under the de minimus rules.

The Authority will therefore need to consider the best way to transfer this levy onto these schools and manage the spend. This is estimated to be circa £77K for the community schools and £30k for non community schools.

Should the Authority, or the community schools, not use their allocated levy within 24 months these funds will be transferred to Central Government.

2.2 Legal

The apprenticeship levy was introduced by Sections 98 to 121 of the Finance Act 2016 and is payable by employers through PAYE, alongside income tax and National Insurance Contributions with effect from 6 April 2017.

Regulations for the payment, collection and recovery of apprenticeship levy were made on 15 March 2017 and amend the Income Tax (Pay as you Earn) Regulations 2003.

The levy is payable by public authorities, and intermediaries contracting to supply workers to them.

An employer is not permitted to recover the levy charge from payments made to a worker.

The rate of the levy is 0.5% of the pay bill for a tax year less an annual allowance of £15,000 (meaning that the levy is 0.5% of pay bills over £3 million in the relevant tax year).

Local authorities are responsible for the levy relating to local authority schools; for other schools, the governing body is liable. If a school changes category during the year, both employers benefit from the whole annual allowance.

2.3 Consultation/community engagement

2.3.1 Internal Consultation – Lead members, Senior Leadership Team, Trade Unions, School Head Teachers and Council Managers have been briefed on the apprenticeship levy and the implications for the Council /Schools.

2.3.2 External Consultation/Engagement – there is no requirement for external consultation or engagement.

2.4 Human rights

The proposals within this report do not have direct impact in respect of the Apprenticeship levy and target.

2.5 Equalities and diversity

There are no adverse equalities or diversity issues arising from this report. This report is covered under the EIA for the Workforce Strategy 2015 – 2018.

2.6 Risk management

A key risk to the Authority will be in relation to capacity and resources to coordinate and manage the Apprenticeship Levy. 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 arising from this report.

PART 3 - SIGN OFF

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

North Tyneside Council

Report to Cabinet

Date: 12 June 2017

ITEM 7(h)

Title: Adoption of the
North Tyneside Local
Plan

Portfolio(s): Housing and Transport

Cabinet Member(s): Cllr. John Harrison

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 Wards

PART 1

1.1 Executive Summary:

The purpose of this report is to seek Cabinet recommendation for full Council to adopt the North Tyneside Local Plan and North Tyneside Local Plan Policies Map, following submission of the Local Plan to the Secretary of State in June 2016 and completion of an Examination in Public by an independent Planning Inspector.

The Report of the Planning Inspector concludes that, with recommended Main Modifications, the North Tyneside Local Plan is sound and capable of adoption.

The Planning Inspector concluded that consultation in preparation of the Local Plan was effective and the policies and proposals of the Local Plan are in accordance with the National Planning Policy Framework.

Cabinet and full Council previously approved the Draft Local Plan in October 2015. At this time full Council agreed publication of the Local Plan Pre-submission Draft for consultation and authorised its submission to the Secretary of State. Consultation on the Pre-submission Draft took place in November and December 2015. With a number of Minor (also known as Additional) Modifications identified following consultation the Local Plan was submitted to the Secretary of State in June 2016.

Following appointment of a Planning Inspector in June 2016, examination hearings were held in November and December 2016. A further consultation was held on proposed Main Modifications between January and March 2017, which were considered by the Planning Inspector in preparation of his final Report and recommendations to the Authority.

The Local Plan Pre-submission Draft including recommended Main Modifications would be adopted as the North Tyneside Local Plan.

1.2 Recommendation(s):

It is recommended that Cabinet:

- (1) note the recommendations of the independent Inspector in his Report to the Authority to make Main Modifications to the Local Plan;
- (2) refer the Local Plan with Main Modifications and Minor Modifications to the meeting of the Council on 20 July 2017;
- (3) recommend that Council authorise publication of the Local Plan Adoption Statement;
- (4) recommend that Council adopt the Local Plan and the Local Plan Policies Map including the Main and Minor Modifications; and
- (5) note, subject to the adoption of the Local Plan by Council, that Cabinet will receive the Authority Monitoring Report of the Local Plan annually commencing in January 2018.

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 15 May 2017.

1.4 Council Plan and Policy Framework

The Local Development Scheme sets out the timetable for the production of the Authority's Local Plan and its other supporting documents. Collectively, these are key mechanisms to delivering a number of the objectives of the Council Plan "Our North Tyneside Plan 2016-19", including:

- Our people will be listened to, and involved by responsive, enabling services;
- Our places will be great places to live, and attract others to visit or work here;
- Our economy will grow by building on our strengths and having the right skills and conditions to support investment; and
- Our partners include police, fire and rescue, NHS, the voluntary sector, schools and businesses.

As a development plan for the Authority, the Local Plan is part of the Authority's Policy Framework and as such is subject to the Budget and Policy Framework Procedure Rules. The Local Plan must also be prepared in accordance with The Town and Country Planning (Local Planning) (England) Regulations 2012.

1.5 Information:

1.5.1 Background

1.5.2 The North Tyneside Local Plan will provide a full replacement to the current Unitary Development Plan (UDP) adopted in 2002. The UDP is out of date and there is a pressing need to introduce an up to date replacement Local Plan as soon as possible in order to give the Authority:

- Greater control over local decisions on future development;
- The ability to be proactive in accommodating growth and plan for the delivery of supporting infrastructure; and
- A robust framework through which the objectives of the Council Plan can be delivered.

- 1.5.3 The Local Plan sets out a number of strategic priorities in line with the Council Plan, specifically aimed at enabling economic growth and regeneration, whilst providing a place where people have active healthy and quality lives. The Local Plan sets out a range of policies which, in the order they appear in the Local Plan, include:
- Climate change mitigation and adaptation;
 - The protection of the Green Belt within North Tyneside;
 - Improving health and wellbeing, including specific policy for t/he assessment of health impacts of hot food takeaways;
 - Creation of about 700 new jobs per year, supported by identification of strategic employment locations along the River Tyne North Bank, the A19 corridor, Weetslade (Indigo Park), Balliol East and West, Gosforth Business Park and Whitley Road;
 - Identification of Wallsend, North Shields and the Coastal area as a focus for new retail, leisure, office and tourist development;
 - Delivery of an average of 790 dwellings per year to meet housing needs identified in accordance with national planning policy and guidance;
 - The identification of sufficient land to meet the Borough's housing needs, including the strategic housing allocations of Murton Gap and Killingworth Moor and developable brownfield land across the Borough;
 - A target of 25% of new homes built to be affordable homes;
 - The introduction of minimum space and accessibility standards for new housing;
 - Protecting and enhancing built and natural assets such as open spaces, designated ecological sites, listed buildings and conservation areas;
 - A coherent and positive strategy to manage and resolve issues of flood risk and surface water drainage issues;
 - Supporting the level of growth required with the necessary infrastructure such as roads, public transport, pedestrian and cycle routes, health, education, open space, community and cultural facilities; and,
 - Specific strategies for the regeneration and development of North Shields, the Coast and Wallsend and also the North West Communities.

Preparation of the North Tyneside Local Plan

- 1.5.4 Preparation of the Local Plan as a new development plan for North Tyneside has been ongoing since 2013 with publication of the Local Plan Consultation Draft in November of 2013. This was followed by a further Consultation Draft in February 2015.
- 1.5.5 Cabinet, on 12 October 2015, considered the recommendations of Overview and Scrutiny Committee and agreed to refer the North Tyneside Local Plan Pre-submission Draft to the Council for approval for formal public consultation and submission of the Local Plan to the Secretary of State.
- 1.5.6 The Council approved the Local Plan Pre-submission Draft on 20 October 2015 for public consultation and authorised the Head of Environment, Housing and Leisure in consultation with the Cabinet Member for Housing and Transport, the Deputy Mayor and the Head of Law and Governance to make Minor Modifications to the Local Plan and submit the Local Plan and Minor Modifications to the Secretary of State for examination by an independent Inspector.
- 1.5.7 The North Tyneside Local Plan Pre-submission Draft was subsequently published in November 2015 for a six week consultation. Responses received at that time were considered by the Local Plan Steering Group and a range of Minor Modifications were agreed under the authorisation provided by the Council. The North Tyneside Local Plan Pre-submission Draft and Minor Modifications were submitted to the Secretary of State on 30 June 2016.

Examination of the North Tyneside Local Plan

- 1.5.8 Following submission to the Secretary of State an independent Planning Inspector was appointed to consider the soundness of the Local Plan in relation to its legal compliance, its conformity with National Planning Policy Framework and whether its policies and proposals were suitably justified and effective in relation to the evidence available.
- 1.5.9 To consider the submitted Local Plan the independent Planning Inspector held an Examination in Public. The examination hearings were held between 8 November 2016 and 7 December 2016. Following the conclusion of the Examination in Public a number of Main Modifications were identified to ensure the Inspector could find the Local Plan sound. Main Modifications can be required for a number of reasons, including:
- To respond to new or emerging evidence, changes to national legislation and policy;
 - To update key data on matters like housing and employment delivery to reflect the latest information, and
 - To correct typographical errors, or errors with images and maps.
- 1.5.10 A schedule of proposed Main Modifications to the Local Plan was published for consultation between 23 January 2017 and 8 March 2017.
- 1.5.11 Responses received to consultation on Main Modifications were submitted to the Inspector on 27 March 2017 to enable the Inspector to complete his Report on the Examination of the North Tyneside Local Plan.

The Inspector's Report and recommended Main Modifications to the Local Plan

- 1.5.12 The Inspector's report (Appendix 1) including recommended Main Modifications (Appendix 2) was published on the 15 May 2017 in accordance with Section 20(8) of the Planning and Compulsory Purchase Act and Regulation 25 and 35 of the Town and Country Planning (Local Planning) (England) Regulations 2012.
- 1.5.13 The Report recognises that the Local Plan seeks to secure sustainable development through a combination of growth, investment and regeneration to meet the identified development needs of the Borough whilst simultaneously protecting Green Belt and significant areas of identified green infrastructure.
- 1.5.14 The Inspector confirms that the Authority has complied with its Duty to Co-operate with neighbouring authorities in preparing the plan. Additionally he concludes that the preparation of the Plan meets the legal requirements having been:
- Prepared in accordance with the Authority's Local Development Scheme and Statement of Community Involvement; and
 - Adequate Sustainability Appraisal and a Habitat Regulations Assessment has been carried out on the policies and proposals of the Plan.
- 1.5.15 The recommended Main Modifications include and can be summarised as:
- Revised housing requirement based on the full objective assessment of need reflecting the latest 2014 based projections (as published in February and July 2016);
 - Revised housing trajectory to provide a stepped delivery profile that would significantly boost housing supply whilst ensuring a realistic five year housing land supply position on adoption;
 - Additional clarification in policy as to what actions would be triggered in the event that a deliverable five year supply cannot be demonstrated;
 - Modifications to various policies to provide for necessary clarity or flexibility to ensure they would be justified and effective; and

- Modifications to various policies to ensure consistency with national policy, including recent Written Ministerial Statements and the Government's Planning Practice Guidance.

1.5.16 The Inspector's report concludes that with the recommended Main Modifications set out in the Appendix to the Report the North Tyneside Local Plan satisfies the requirements of Section 20(5) of the 2004 Planning and Compulsory Purchase Act and meets the requirements for soundness in the National Planning Policy Framework.

Minor (also known as Additional) Modifications to the Local Plan

1.5.17 In addition to the schedule of Main Modifications recommended by the Planning Inspector, further Minor Modifications have also been made to the Pre-submission draft. Minor Modifications were agreed, prior to submission of the Local Plan to the Secretary of State in June 2016, in accordance with the authorisation provided by full Council to the Head of Environment, Leisure and Housing to make such changes.

Adoption of the Local Plan

1.5.18 If the Council Meeting agrees to adopt the Local Plan on 20 July 2017 and the North Tyneside Local Plan Policies Map, it would replace in full the Unitary Development Plan 2002. The Local Plan would provide a strategy, detailed policies and specific sites for delivering objectively assessed development needs over the plan period to 2032. As such the North Tyneside Local Plan would provide a comprehensive planning framework without the need for additional Development Plan Documents.

1.5.19 However, further supporting Supplementary Development Plan documents and preparation of a Community Infrastructure Levy will provide supporting guidance to the consideration of policy and in meeting the priorities of the Authority. The preparation of these additional documents is programmed in the Authority's Local Development Scheme, which was last updated by Cabinet in October 2016.

Next Steps

1.5.20 Subject to adoption of the Local Plan the Authority will progress with ensuring the effective implementation and delivery of policies within the Local Plan. Specifically, from 20 July 2017:

- Determination of Planning Applications will be informed by consideration of the adopted Local Plan 2017, replacing in full the Unitary Development Plan 2002.
- Masterplans for the Strategic Allocations of Murton Gap and Killingworth Moor, which will form the basis against which planning applications are to be considered, will be considered by Cabinet later in 2017. The Masterplans will ensure the positive benefits that can be achieved from the development of each strategic site for the Borough and surrounding community are achieved, and that delivery of homes at each site can be progressed quickly alongside appropriate provision of new infrastructure. Masterplan preparation will include engagement with ward members and local communities.
- Monitoring of all policies and proposals will be undertaken in accordance with the Local Plan Implementation and Monitoring Framework.
- An Authority Monitoring Report will be reported to Cabinet annually to advise on progress against each Local Plan policy, identify any issues in delivery and instigate appropriate action where required to ensure continued delivery of the aims and objectives of the Local Plan.
- Preparation of a Community Infrastructure Levy and review of the Planning Obligations Supplementary Planning Document (SPD) will be progressed in 2017 to ensure appropriate mechanisms are in place to fund the infrastructure required

to support development. During 2017 work will also progress to update the Design Quality SPD and Local Register of Parks and Buildings SPD to ensure conformity with the new Local Plan.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Agree with the recommendations as set out at paragraph 1.2 of this report.

Option 2

Decline to approve the recommendations in paragraph 1.2 of this Report and request the Head of Environment, Leisure and Housing in consultation with the Cabinet Member for Housing and Transport and the Head of Law and Governance to review the proposed adoption version Local Plan.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

- It will enable the Local Plan to proceed to a Council Meeting for adoption and provide the Authority with an up to date Local Plan that has been considered as sound, with recommended Main Modifications, by an independent Planning Inspector appointed by the Secretary of State. All Main Modifications are necessary for the Plan to be considered sound and therefore capable of adoption.
- The Local Plan is based on relevant and up to date evidence and addresses the strategic priorities for planning in North Tyneside in accordance with the National Planning Policy Framework (NPPF) and national planning guidance;
- The level of growth proposed is considered to be realistic and best matches the Authority's growth aspirations and meets the requirements of NPPF in delivering the Borough's Objectively Assessed Needs for Housing;
- Establishing an agreed plan for adequate housing delivery to meet identified needs provides the Authority with greater control over which sites are released for development;
- Failure to proceed with the adoption version Local Plan could lead to significant delay in the introduction of the Local Plan for North Tyneside. Delay in introduction of the Local Plan would severely impact the Authority's ability to effectively manage future speculative planning applications. This would make it harder to protect the sites that the Council value and make adequate delivery of appropriate infrastructure including for transport, education, health, open space and affordable homes harder. Any significant delay would require revised evidence of housing needs that is likely to result in a need for further consultation and examination.

1.8 Appendices:

Appendix 1: Inspector's Report on the Examination of the North Tyneside Local Plan

Appendix 2: Appendix to the Inspector's Report containing the Main Modifications

Appendix 3: Schedule of Minor Modifications

Appendix 4: The North Tyneside Local Plan 2017 adoption version

Appendix 5: The North Tyneside Local Plan Policies Map adoption version

Appendix 6: Sustainability Appraisal Adoption Statement

Appendix 7: North Tyneside Local Plan Adoption Statement

Appendix 8: Policies Map Modifications Schedule

1.9 Contact officers:

Jackie Palmer, Planning Manager (0191 643 6336)
Martin Craddock, Principal Planning Officer (0191 643 6329)
Catherine Lyons, Regulatory Services Manager (0191 643 7780)
Alison Campbell, Senior Business Partner (0191 643 7038)

1.10 Background information:

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

1. [Planning and Compulsory Purchase Act 2004.](#)
2. [Planning Act 2008.](#)
3. [Localism Act 2011](#)
4. [Town & Country Planning \(Local Planning\)\(England\) Regulations 2012.](#)
5. [The Environmental Assessment of Plans and Programmes Regulations 2004](#)
6. [National Planning Policy Framework 2012.](#)
7. [National Planning Guidance \(2014\)](#)
8. [Our North Tyneside Plan 2014-18](#)
9. [Local Plan Consultation Draft, November 2013](#)
10. [Local Plan Consultation Draft, November 2015](#)
11. [Cabinet Report October 12 2015: Local Plan Pre-Submission Draft \(Main Report\)](#)
12. [Cabinet Report October 12 2015: Supplementary Report](#)
13. [Council Report October 20 2015: North Tyneside Local Plan Pre-Submission Draft 2015 \(Main Report\) including Appendix 3 & 4](#)
14. [Council Report October 20 2015: Supplementary Report](#)
15. [Urgent Decision January 23rd 2017 North Tyneside Local Plan Main Modifications 2017](#)
16. [Local Plan Proposed Main Modifications Response Schedule](#)
17. [Local Plan Examination News Webpage](#)
18. [Local Plan Core Document and Evidence Base Library](#)
19. [North Tyneside Statement of Community Involvement 2013](#)
20. [Equality Impact Assessment 2016 – North Tyneside Local Plan Pre-submission Draft](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

This report represents the final stage in adoption of the Local Plan. The staff, printing, and other costs to produce the Local Plan have been met from within existing Authority revenue budgets and the inspection was funded from reserves provided for that purpose. No further funding is required to enable adoption of the Local Plan unless Cabinet or Council seeks further review of proposed policies, which might result in a requirement for additional consultation and examination.

The Development Plan is part of the Authority's Policy Framework and subject to the Policy Framework Procedure Rules. The Local Plan represents a longer term vision for North Tyneside and areas within the Borough and as such is necessary. Any costs that might rise as a result of the implementation of the Local Plan will be considered through the financial planning process at the appropriate time.

2.2 Legal

The Planning and Compulsory Purchase Act 2004 (as amended by the Localism Act 2011) and associated Regulations require the Authority to keep under review matters affecting planning and development, and to make any necessary changes to Local Development Documents.

The Local Plan forms part of the Authority's Policy Framework and is required to be formulated and progressed in compliance with the requirements of the Policy Framework Procedure Rules at section 4.7 of the Authority's Constitution.

The mechanism for consideration and approval of the Development Plan has included consultation and consideration of the proposals at various stages by Cabinet, the Overview, Scrutiny and Policy Development Committee and by full Council prior to submission to the Secretary of State and consideration by an independent Planning Inspector appointed by the Secretary of State. It now requires approval and formal adoption by a Council Meeting.

The saved UDP policies (2002) remain the Borough's adopted development plan until replaced on the date of the Council Meeting that agreed to adopt the North Tyneside Local Plan.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

In preparing the North Tyneside Local Plan, consultation with relevant Officers was undertaken. This included the Senior Leadership Team, officers in the Regeneration Team, Highways Traffic and Rights of Way Management, Planning Development Management, Housing Strategy, Consumer Protection, Arts Tourism and Heritage and the Town Centre Manager.

In accordance with the Cabinet resolution (July 2015), the Local Plan Steering Group was formally established in July 2015 and has met regularly through 2015, 2016 and 2017. The Steering Group comprises the Deputy Mayor, the Cabinet Member for Housing and Transport and the Head of Environment, Housing and Leisure and is supported by a cross-departmental team of officers. The Steering Group has been fully engaged in understanding the evidence base, advising on key issues as they emerge, considering Minor and Main Modifications to the Local Plan and ensuring the delivery of the Local Plan remains on track in accordance with the adopted Local Development Scheme.

2.3.2 External Consultation/Engagement

The Planning Inspector's Report concludes specifically that the Authority has taken a thorough but proportionate approach to engagement on the Local Plan, which has ensured residents and stakeholder with an interest in the Plan have been able to respond to the consultations.

The North Tyneside Local Plan has evolved through three formal and extensive engagement periods with local communities and key stakeholders, an Examination in Public attended by a range of participants from the local community, development industry and agencies, and further formal consultation on Main Modifications. The first formal consultation was between November 2013 and January 2014 (which were

considered by Overview, Scrutiny and Policy Development Committee in December 2014 and Cabinet in January 2015).

As part of the Consultation Draft 2013 the planning team attended and presented information about the Local Plan at formal Community Conversation events in each of the 20 wards in North Tyneside – in addition to public drop-ins at town centres and local libraries.

For the two consultations undertaken in 2015, in February and then in November, members of the Council's senior leadership team, including the Chief Executive, Deputy Chief Executive and Heads of Service attended drop in events to be available to listen and discuss the proposals first hand with residents.

Overall some 279,000 full colour summary information leaflets and maps have been distributed to households since the Plan was consulted upon in November 2013 whilst use of the Authority's social media networks such as Twitter and Facebook which have over 5,500 followers. In total over 10,000 comments were made by nearly 2,000 respondents to the Local Plan throughout its preparation in addition to hundreds of residents attending public events.

An ongoing constructive dialogue has been maintained with the adjoining local authorities of Northumberland County Council and Newcastle City Council in accordance with the duty to co-operate and with key infrastructure providers in the preparation of the draft Infrastructure Delivery Plan.

2.4 Human rights

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

2.5 Equalities and diversity

There are no direct implications arising from this report. The policies and proposals of the Local Plan have been subject to Equality Impact Assessment.

2.6 Risk management

The risks associated with Local Plan preparation and engagement have previously been assessed. The risks identified have been added to the relevant risk register. They will be managed using the Authority's risk management process.

These include:

- changes in Authority priorities and available resources;
- capacity of external agencies and bodies to contribute to document preparation, especially with supporting evidence;
- the nature of representations received on emerging Local Development Documents;
- the views of the Planning Inspectorate in holding Examinations into Development Plan Documents; and
- changes in the law or National Planning Policy.

If there is a delay to the agreed work programme, culminating in adoption of the Local Plan:

- desired development may be delayed or abandoned due to further uncertainty;
- coordination of development and infrastructure would be more difficult; and
- Public and other stakeholders may lose confidence in the plan making process.

2.7 Crime and disorder

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

2.8 Environment and sustainability

Promoting sustainable development is an explicit requirement of any development planning document. The policies and proposals of the Local Plan have been the subject of formal Sustainability Appraisal and Appropriate Assessment with a Sustainability Appraisal Adoption Statement, in accordance with The Environmental Assessment of Plans and Programmes Regulations 2004.

PART 3 - SIGN OFF

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

North Tyneside Council

Report to Cabinet

Date: 12 June 2017

ITEM 7(i)

Title: Report of the Local Government Ombudsman

Portfolio(s): Housing and Transport

Cabinet Member(s): Councillor John Harrison

Report from Service

Area: Law and Governance

Responsible Officer: Vivienne Geary, Head of Law and Governance

Tel: 0191 643 5339

Wards affected: All

PART 1

1.1 Executive Summary:

The Local Government Ombudsman (LGO) has issued a report dated 20 March 2017 finding maladministration causing injustice as a result of the Authority's delay in deciding planning applications for a development and below acceptable administrative standards in communicating with residents about that development. However the LGO did acknowledge that the Authority and the Developer acted reasonably and proportionately in trying to mitigate further the impact of the redevelopment. Despite doing a great deal of work to listen and respond to residents, it was in communicating its position in writing that the Authority did not meet satisfactory administrative standards.

As recommended by the LGO the Authority have acknowledged this injustice and written to apologise to all of the residents affected, and paid £100 compensation to those 8 residents and an additional payment of £100 to Ms X, the lead complainant, for the time and trouble spent pursuing the complaint.

1.2 Recommendation(s):

It is recommended that Cabinet:

- (1) note the findings and recommendation of the LGO as described in this report and set out in the LGO's report at Appendix 1; and
- (2) note the actions taken by the Authority to comply with the recommendations of the LGO's report, as set out in 1.5.3 and 1.5.4 of 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 10 April 2017.

1.4 Council Plan and Policy Framework

This report relates to the following priority in the 2016-19 Our North Tyneside Plan:

Our places will

- Be great places to live, and attract others to visit or work here
- Offer a good choice of quality housing appropriate to need, including affordable homes
- Provide a clean, green, healthy, attractive and safe environment
- Have an effective transport and physical infrastructure - including our roads, cycleways, pavements, street lighting, drainage and public transport

1.5 Information:

1.5.1 Background

The details of this complaint and the findings of the LGO investigator are set out in full in Appendix 1.

Ms X represents a group of residents who complained that the Authority failed to respond adequately to their concerns about a development near their homes and to site issues and breaches of planning control during the building work and refused to compensate them. The residents say these events caused them severe disruption, distress, worry and inconvenience.

The Authority wanted to increase and modernise specialist housing in its area and entered into a legal agreement with a developer to carry out the works on its behalf. One part of the agreement set out steps for minimising the impact of demolition and construction works to the residents. These steps included limiting working hours on the site, keeping the site access and its approaches clear and taking measures to prevent dust escaping from the site. The agreement also provided for weekly liaison meetings which were to include a Council representative and for monthly and quarterly board meetings.

Following a meeting held by the Authority with the Developer and residents, the residents raised concerns about noise, dust, dirt, construction traffic and access issues. The Council granted conditional planning permission for the development subject to conditions to minimise the residents' concerns as set out in Appendix 1 paragraphs 14 and 15. The relevant conditions are referred to as Condition S in Appendix 1.

The development took about 12 months to complete and during this time the residents complained about noise and dirt and about deliveries outside of the agreed times causing a disruption to their lives. 7 months into the project the residents submitted a formal complaint to the Authority.

The developer did not discharge Condition S before work started on site and did not apply to discharge Condition S until after the Planning Permission was granted. Once submitted the LGO considered that there was unnecessary delay in reaching decisions at this stage. The LGO has found fault as until Condition S was discharged the residents could not know whether the Developer was complying with the conditions the Authority had imposed to protect them.

The planning enforcement service is not proactive in so far as sites are not regularly monitored as a matter of course. One complaint was made directly to planning

enforcement and this was responded to quickly with a site visit and follow up communication (no fault found).

As the Authority was aware of the residents concerns about the site the LGO found fault and injustice in that the Authority did not write to the residents informing them about the role of Planning Enforcement Officers. The Authority considered the Developer's staff on site best placed to deal with residents concerns effectively because the Council cannot take formal planning enforcement action against itself. Punitive measures would have been more effectively enforced through the development contract in place.

The Authority accepts that there was a delay in making changes to a junction at the site and the LGO found that the Authority did not keep residents updated, which was poor communication.

Residents attended a meeting called by the Developer and the Authority to explain in detail alternative access to the site and the Authority believed the residents fully understood its reasons. At the meeting the Authority and the Developer also set out what they could do to mitigate early deliveries. Whilst the Authority did a great deal to listen and respond to residents, the LGO believed the Authority should have followed up this communication in writing to the residents.

A resident responded to an offer of car washing by including their car registration. However, as the resident did not confirm they wanted to follow this up the Authority did not make further contact. The LGO found that this was another example of poor communication and the Authority should have followed this contact up. The Authority also did not write to residents to advise them of the use of dumper trucks.

Whilst it was clear that the Authority did a great deal to listen to the residents and the LGO found no fault in the Authority's response to the majority of issues raised by the residents, there were some important points raised around the Authority's written communication following productive discussions and actions.

1.5.2 Findings

The findings of the LGO are summarised between paragraphs 56 and 58 in Appendix 1 as follows:

"Building work is locally disruptive. It is also temporary. The Site presented specific difficulties given its access from the road. And, the Council recognised the impact of the building work on local people in granting conditional planning permission. However, without adequate information and effective communication the Residents were let down by the Council. The Council, as LPA, failed to make a timely decision on Permission Two, although work had started on Site, and then failed to secure and formally approve the Condition S schemes. This created uncertainty for the Residents: they cannot know if and how timely approval of the Permission Two and/or those schemes may have helped address their concerns.

On balance, in not giving the Residents clear written information, I find the Council did not adequately communicate with them during redevelopment. The Council knew the redevelopment would be disruptive for the Residents. If the Council had explained its position, giving reasons for its access and delivery arrangements, this may have prevented or reduced some of the Residents' complaints. Poor communication also put Ms X to avoidable time and trouble pursuing Residents' concerns.

However, the Council and Developer acted reasonably and proportionately in trying to mitigate further the impact of the redevelopment. It was, in communicating its position to Residents, that it failed to meet satisfactory administrative standards.”

1.5.3 Recommendations

The LGO investigator has found maladministration and injustice against the Authority for delay in deciding planning applications and below acceptable standards of communication despite the LGO finding no fault with the majority of issues raised and the work done to listen and deal with residents. The LGO has made the following recommendations, as set out under paragraph 59 of Appendix 1:

- write to each Resident (including Ms X) to apologise for its poor written communication during the building work and to include a specific apology to the Resident providing a car registration number;
- pay each Resident (including Ms X) £100 in recognition of the uncertainty about what difference formal approval of Condition S schemes and clear written information may have had on them during the building work;
- pay Ms X a £100 in recognition of her avoidable time and trouble in pursuing the complaint; and
- consider if other residents of the Road ought also receive the apology and compensation referred to in the first and second bullet points to this paragraph

1.5.4 Actions taken

As recommended by the LGO the Authority has carried out the following actions:

- An apology has been sent out to all 8 residents for the Authority’s poor written communication during building work, a specific apology has been sent to one resident who had replied to an offer of car washing which wasn’t followed up
- £100 compensation has been paid to all 8 residents in recognition of the uncertainty about what difference formal approval of Condition S schemes and clear written information may have had on them during the building work
- £100 additional compensation has been paid to Ms X, the lead complainant in recognition of her time and trouble in pursuing the complaint

1.5.5 Officer Comments

The Officer Team did a lot of work with the residents to meet, discuss and address the residents’ concerns through the development and we are disappointed that the LGO found we could have done more.

In a wider context, it must be pointed out that the LGO has found no fault with the majority of issues raised throughout the complaint but officers accept there were some important points raised about following up the good work with residents via written communication.

Over the 3 year delivery programme the Authority completed 10 new build schemes and refurbished a further 16 schemes and decanted and recanted around 1,000 tenants. During the work there were very few complaints and a great deal of positive feedback despite the complicated nature of the programme and works.

The Orchard itself was always going to be one of the most difficult schemes, due to the site being very tight and having limited access, hence significant effort went into liaising with residents and managing the works.

This case has been reviewed and letters are now sent to residents when a development granted planning permission has been revised to remind local residents that they can contact planning enforcement should they consider planning conditions are being breached when works are underway.

Measures are also being considered to improve the drafting of conditions, the quality and timeliness of information submitted to discharge them and how quickly submissions are responded to, in particular where specialist support is required to consider technical information.

Payment has been made to all the affected residents in line with the recommendation, alongside a further letter of apology.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet is requested to note the findings of the report (Appendix 1), its recommendation and actions taken to address the LGO's recommendation.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

To comply with the recommendations of the LGO.

1.8 Appendices:

Appendix 1: The Ombudsman's final decision report,

1.9 Contact officers:

Phil Scott, Head of Environment, Housing and Leisure, tel. (0191) 643 7295
Yvette Monaghan, Senior Manager Customer, Member, Governor and Registration, tel. (0191) 643 5361
Alison Campbell, Senior Business Partner, tel. (0191) 643 7038

1.10 Background information:

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

LGO's final decision report (attached at Appendix 1).

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

The total of £900 compensation has been met equally from within Planning and Housing budgets.

2.2 Legal

Where the LGO reports that injustice has been caused to a person aggrieved in consequence of maladministration, the report must be laid before the Authority who has a duty to consider the report and, within the period of three months beginning with the date on which the report was received, or such longer period as the LGO may agree in writing, to notify the LGO of the action which the Authority has taken or proposes to take.

In accordance with the Local Government Act 2000 and the Regulations made under that Act, Cabinet is responsible for considering this report.

2.3 Consultation/community engagement

Officers in Planning and Housing have been consulted about the actions identified to address the LGO's recommendation.

2.4 Human rights

There are no Human Rights implications arising as a result of this report.

2.5 Equalities and diversity

There are no equality and diversity implications arising as a result of this report.

2.6 Risk management

There are no risk management implications arising as a result of this report.

2.7 Crime and disorder

There are no crime and disorder implications arising as a result of this report.

2.8 Environment and sustainability

There are no environment and sustainability implications arising as a result of this report.

PART 3 - SIGN OFF

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

Complaint reference:
15 015 284

Complaint against:
North Tyneside Metropolitan Borough Council

The Ombudsman's final decision

Summary: The Council delayed deciding planning applications for development. It also fell below acceptable administrative standards in communicating with residents about that development. This caused uncertainty and put one resident to avoidable time and trouble. The Council should apologise and pay the residents £100 compensation.

The complaint

1. Ms X represents a group of residents ('the Residents'). The Residents say the Council failed to respond adequately to their concerns about development near their homes; and to problems and breaches of planning control during the building work. The Residents say these events caused them severe disruption, distress, worry and inconvenience. And, while the Council accepts their unique circumstances, it is wrongly refusing to compensate them.

What I have investigated

2. I have investigated the Residents' complaint about what happened during the building work. I have not investigated the Residents' complaint about events before the building work started. These events include Residents' contact with Council officers and others before the development received planning permission; and the Council's decision to grant that planning permission. My reasons for not investigating these matters are at paragraphs 33 and 34 of this statement.

The Ombudsman's role and powers

3. We investigate complaints about 'maladministration' and 'service failure'. In this statement, I have used the word fault to refer to these. We cannot question whether a council's decision is right or wrong simply because the complainant disagrees with it. We must consider whether there was fault in the way the decision was reached. We must also consider whether any fault has had an adverse impact on the people making the complaint. I refer to this as 'injustice'. If there has been fault which caused an injustice, we may suggest a remedy. (*Local Government Act 1974, sections 26(1), 26A(1) and 34(3)*)
4. We may investigate matters coming to our attention during an investigation, if we consider that a member of the public who has not complained may have suffered an injustice as a result. (*Local Government Act 1974, section 26D and 34E, as amended*)
5. If we are satisfied with a council's actions or proposed actions, we can complete our investigation and issue a decision statement. (*Local Government Act 1974, section 30(1B) and 34H(i)*)

-
6. We cannot investigate late complaints unless we decide there are good reasons. Late complaints are when someone takes more than 12 months to complain to us about something a council has done. (*Local Government Act 1974, sections 26B and 34D*)

How I considered this complaint

7. I have:
- considered the written complaint sent by Ms X;
 - talked to Ms X and asked for and considered further information provided by Ms X about the complaint, which includes correspondence between the Residents and the Council;
 - considered planning information on the Council's website relevant to the development;
 - viewed the development site and surrounding area on the internet;
 - asked for the Council's comments on the complaint and considered its response and supporting information; and
 - shared drafts of this statement with Ms X and the Council and considered their responses, which included further supporting information from the Council.

What I found

Background

8. The Residents' homes, most of which do not have off street parking, have access to/from a narrow cul de sac ('the Road'). The Road is a public highway and so anyone may use it, although a legal order limits parking on the Road to resident permit holders. Most of the Residents have parking permits and park on one side of the Road so cars may move, in single file, along the Road.
9. The Council owns property ('the Site') providing specialist housing and whose only access is from the Road. The Road gives access to another community building ('Building C') and the Council says people use the Road to drop off and collect children from a nearby school ('the School'). When traffic can only move one way along the Road, local congestion may occur as people, including the Residents, try to turn in and out of the Road.
10. The Council, as local housing authority, wanted to increase and modernise specialist housing in its area, including redeveloping the Site. To carry out the project, the Council signed a legal agreement with a company ('the Company'). One part of the agreement set out steps for minimising the impact of demolition and construction work ('the Schedule'). These steps included limiting working hours on the Site; keeping the Site access and its approaches clear; and taking measures to prevent dust escaping from the Site. The Schedule also provides for weekly liaison meetings, which are to include a Council representative. The Council says it and the Company are responsible for ensuring the Site developer ('the Developer') complies with the Schedule. And, a Council officer ('Officer B') made regular visits to the Site during the building work.
11. The Council also held monthly and quarterly board meetings for the overall housing project. The Council produced evidence of these meetings in responding to a draft of this statement and an example monthly progress report from the Developer.

-
12. The Council and the Company held a meeting to show local people proposals for redeveloping the Site. The Company then applied to the Council for planning permission. The application says people at the meeting had concerns about how building work would affect them and their homes and had asked about compensation. (Ms X says Officer B had previously suggested the Council might pay residents compensation.) Peoples' concerns included noise, dust and dirt coming from the Site; and the impact of construction traffic on the Road. In response, the application says:
- there are discussions about construction parking with the owner of Building C and with the School;
 - where possible, it will minimize disruption to traffic during construction;
 - Council road officers are considering possible changes to the junction giving access to and from the Road ('the Junction');
 - as far as possible, it will minimize dust and noise from the Site; and
 - there is no proposal to pay compensation.
13. The Council, as local planning authority, considered the application. In assessing the application, the planning officer's report identifies peoples' concerns about dust, dirt and noise during building work. The report says planning conditions can reduce these impacts by controlling hours of work and dust and mud on the Site. The report also says Council road engineers asked for a planning condition to control lorry routing to and from the Site. On peoples' existing difficulties getting in and out of the Road at the Junction (see paragraph 12), the Report says "the Council is trying to resolve these issues outside of the planning process."
14. The Council granted conditional planning permission for the Site ('Permission One'). Permission One includes 'Condition W', which limits working hours on the Site to 08:00 to 18:00 Monday to Friday and 08:00 to 14:00 Saturday. (These working hours are also in the Schedule (see paragraph 10).)
15. Permission One also includes conditions about schemes:
- for the storage of materials on the Site,
 - for access to the Site by builder and contractor vehicles,
 - for suppressing dust and preventing mud and debris leaving the Site, and
 - showing proposed routes for heavy goods vehicles (HGVs) to and from the Site, including road signs.
- These conditions needed to be 'discharged' before work started on the Site. (To discharge conditions, the planning applicant puts proposed schemes to the local planning authority for its approval. The authority should decide applications to discharge conditions within four weeks.) In this statement, these four schemes and conditions on the Site are, both individually and collectively, 'Condition S'.
16. The Council says it considered using land other than the Road for access and deliveries to the Site, producing evidence of contract with those responsible for Building C and the School. The Council says those running Building C did not consider its use was compatible with access/use for the building work. The Council also says it accepted it was not appropriate to use School land because of the safety risks. The Council also produced evidence to show that other nearby land ('the Land') held human remains. National guidance needed an archaeological evaluation of such land before using it. The Council gave other

reasons for not using the Land. These reasons included the impact access and deliveries from the Land would have on the health and safety of those occupying the Site during stage one of the building work.

Redevelopment of the Site

17. Much time passed before the Council was ready to start work on Site. The redevelopment was to take place in two stages, allowing occupation of the specialist housing throughout the work. Officer B wrote to local residents saying work would soon start on the Site. The letter invited local people to a meeting ('the Meeting') to discuss the work and potential impact of construction traffic on the Road. There are no written notes of the Meeting but the Residents and Council agree they discussed deliveries to the Site. The Residents say the Council and Developer agreed there would be no deliveries before 09:00am; and that deliveries would be by smaller vehicles, not HGVs. The Council says the Developer agreed to ask its suppliers (about 30 different contractors), where possible, to not deliver until 09:00 and not to use vehicles larger than 7.5 tons. The Council says the Developer made clear it could not guarantee all contractors would comply.
18. The Council accepts the Residents asked for 'yellow box' markings at the Junction. The Council's engineers advised that 'keep clear' markings were more appropriate and in line with relevant Government guidance. (The Council installed road markings 'as a goodwill gesture' about six months after the Meeting.)
19. The Council says the Developer sent Residents contact details for its Site manager and other staff; and Residents had Officer B's details. The Council says Residents were first to contact the Developer's Site staff about any problems.
20. Work started on the Site. Around the same time, the Company applied to the Council, as local planning authority ('LPA'), to change Permission One. The proposed changes affected the design of the approved building. After about six months, the Council approved the changes and issued a further planning permission ('Permission Two') repeating Conditions W and S (see paragraphs 14 and 15). A few weeks later, the Company applied to discharge Condition S to Permission Two. The Council approved the schemes and discharged Condition S five months later; and after completion of the redevelopment.
21. Overall, the work took about 12 months to complete and the built development is in line with Permission Two.
22. Throughout these 12 months, the Residents say noise and dirt from the Site disrupted their lives. And, there were frequent deliveries to the Site before both 09:00am and 08:00am. The Residents also say large and noisy vehicles made deliveries to the Site resulting in access and parking problems along the Road. The Residents say this caused them worry and stress for their safety and damage to their homes and cars. (There was damage to one Resident's property: repaired by the Developer to the Resident's satisfaction.)
23. Four months after work started on the Site, the Residents' decided the disruption and stress was so severe, they would ask the Council for compensation (see paragraph 12). Ms X wrote to the Council outlining Residents' concerns. The Developer and Officer B met with the Residents. There are no contemporaneous notes of this meeting. Ms X says Officer B told her the Council did not pay compensation for distress and disruption during building work. Ms X also says Officer B agreed to visit Residents' homes to discuss their individual concerns but failed to do so. The Developer also offered to clean Residents' cars and windows.

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- The Residents say they found the offer inadequate to compensate for their disruption and stress. And, the one Resident accepting the offer did not receive the cleaning services. The Council says none of the Residents accepted the offer.
24. Ms X continued to write to the Council, and met with a councillor. And, about seven months after the start of building work, the Council considered the Residents' concerns under its complaints procedure.
25. In those seven months, the Council says there were many talks, meetings, telephone calls and emails between its officers, the Company and the Developer about Residents' concerns and complaints. The Council says those involved sought to deal with issues as they arose and on site, or by telephone. But, the Council produced some written evidence showing how it followed up some Residents' complaints. The Council says on one occasion there was a week's delay responding to a Resident's telephone messages because Officer B was on leave. Officer B apologised to the Resident for the delay and any inconvenience caused. And, the Council says it has reminded officers to update their voicemail messages before going on leave.
26. The Council also says it and the Developer further considered possible use of the Land. And, about eight weeks after work started (and for the following four months), they were in contact with the landowner. This led to some use of the Land during stage two of the work.
27. In the correspondence that followed Ms X's formal complaint, the Residents' position, in summary, is the Council:
- seriously let them down in failing to recognise the extent of the disruption and distress;
 - has not, by apologising, properly addressed that disruption and stress, which merits compensation;
 - has not kept its promises about delivery vehicles and delivery times (and car and window cleaning);
 - should have used the Land much sooner than it did; and
 - failed to communicate effectively with them.
28. The Council's position, in summary, is:
- to recognise the disruption, stress and inconvenience experienced by the Residents;
 - to apologise if Officer B had been unclear but Officer B recalled discussions about reducing and mitigating construction traffic but not offering compensation;
 - a meeting of its project board (see paragraph 11) had considered paying the Residents' compensation but did not find it justified by the circumstances. (The Council offered to review this decision if Residents advised how much compensation they sought: I have no evidence the Residents responded);
 - to accept construction traffic has affected Residents and their homes despite steps to mitigate that impact;
 - to admit access along the Road has been difficult but most contractors complied with the Developer's policies on delivery times and vehicle size;
 - to apologise for times when managing delivery times and lorry sizes was not successful;

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- the 50 to 60 workers on the Site usually parked considerately, away from the Road. (There was some inappropriate parking on Building C land.);
 - two independent inspections under the ‘considerate constructors scheme’ found no significant concerns at the Site; and
 - in future, officers will take notes at public meetings to avoid misunderstandings and ensure agreed actions take place.
29. The Council also says, as the Road has parking controls, its Civil Enforcement Officers (CEOs) visit at least once a day. And, CEOs increase their visits if they regularly find problems. The CEOs for the Road, have no knowledge of significant parking issues during the works. And, for the 18 months covering the 12 months of work on the Site, CEOs issued one penalty charge notice for a failure to comply with controls.
30. During the complaint correspondence, the Council gave Ms X details of Condition W and told her to report breaches to its planning enforcement officer. About six weeks later, seeing an HGV before 08:00, Ms X reported a breach of Condition W. An enforcement officer went to the Site the same day. The officer found no breach as the HGV had stopped on the adjoining road and the Site delivery took place at 08:00. The officer passed this information to Ms X. (Council planning enforcement officers made no other visits to the Site.)

Assessment

Introduction

31. The Council’s proposals for redeveloping the Site date back several years, as do the Residents’ concerns about the impact of that redevelopment. I have considered the background to the redevelopment where earlier events are relevant to the building work that led to Ms X’s complaint.
32. The Council accepts it shares responsibility, with the Company, for ensuring the Developer complied with the Schedule. And, the project board included representatives from the Council, Company and Developer. I have therefore taken account of the actions of the Council, Company and Developer in considering this complaint.

Planning: Permissions One and Two

33. A key concern for the Residents was use of the Road as access to the Site. I recognise the Road is a narrow cul de sac used for on-street parking. And yet, it is a public highway and so open to all traffic. And, the Road is the only vehicular access to the Site.
34. The time for the Council to consider use of the Road was before granting planning permission to redevelop the Site. The Council’s road engineers and planning officers identified a need for a Condition S scheme about access and deliveries to the Site. But, Permission One, which the Council granted some years before Ms X complained, does not ban use of the Road. A complaint about how the Council reached that planning decision is therefore a late complaint (see paragraph 6). I find no grounds now to justify an investigation into that planning decision.
35. I recognise the Council issued Permission Two within 12 months of Ms X’s complaint to us. And yet, Permission One had fixed, in principle, the redevelopment proposals. And, I see nothing in the changes made by Permission Two, which repeated Conditions S and W, to suggest they substantively affected construction traffic. (But, see paragraphs 36 and 37.)

Planning: Condition S

36. Permissions One and Two included Condition S. Condition S covered areas of concern to Residents. And, the Council's reason for imposing Condition S was to safeguard living conditions for local people. However, the evidence shows work started on the Site before discharge of Condition S. And, the Company did not apply to discharge Condition S, which controlled both Permissions One and Two, until after the grant of Permission Two. The Council can provide no evidence to show what steps it took to secure submission of the Condition S schemes.
37. The Council also did not explain why, later, it then needed five months to discharge Condition S (or six months to approve Permission Two). I was concerned at the example these delays set locally. It does not help peoples' confidence in planning if a council does not efficiently and properly handle planning applications where it is an owner/service provider. In issuing a draft of this statement, I therefore invited the Council to provide evidence to show it received and accepted Condition S schemes around the start of work on Site. And, any evidence it held to show those schemes were in place during the redevelopment.
38. In response, the Council explained why it took five months to discharge Condition S. And, the Council says it told the Developer its proposals for most of Condition S were acceptable about 10 weeks after receiving the discharge application. However, it took the Council 16 weeks to ask the Developer for information it needed to decide whether to discharge the remaining part of Condition S. I find avoidable and unreasonable delay in these decisions: there is fault here.
39. The Council also explained its enforcement officers react to complaints about nuisance from construction sites. So, here, receipt of complaints could suggest the Condition S measures were not in place. However, the Council says it was actively dealing with complaints under the contractual arrangements for the Site work. And, planning enforcement was unlikely to be the most suitable way to resolve complaints about the Site. I recognise the Council's contractual position and yet, it continued to have a role as the LPA. I remain unsatisfied the Council, as LPA, met acceptable administrative standards in dealing with Condition S. I find fault here.
40. Because of the reason for Condition S, I find the faults I have identified at paragraphs 38 and 39 are likely to have caused the Residents injustice. Until Condition S was discharged, people could not know whether the Developer was complying with schemes the LPA considered necessary to protect their amenities. And, they could not report any breach of Condition S to the LPA's enforcement officers (see also paragraph 42). In reaching this view, I have taken into account the LPA's enforcement officers were not monitoring the Site (see paragraph 30); and the Council's contractual position.

Planning: enforcement

41. The evidence shows the LPA received one report of a breach of planning control on the Site. An officer carried out a timely and proportionate investigation in line with the Council's enforcement policy. There is no fault here. (See also paragraph 30.)
42. However, I have seen no evidence to suggest that, before the Council's complaint responses, it had made the Resident's aware they could contact its planning enforcement team about the Site. Given the Residents' longstanding concerns about the impact of the work, on balance, I consider the Council should, given them written information about the role of planning enforcement officers. The

Council ought reasonably have made such information available before work started. In response, the Council says it considered the Developer's Site staff best placed to deal with Residents' concerns effectively and face to face (see paragraphs 19 and 25). I recognise the benefits of this approach. And yet, on balance, I still find the Council at fault in delaying to tell Residents about its planning enforcement role.

43. With clear information about the Council's role as LPA, Residents may have reported more breaches. And, enforcement officers may have considered and responded to Residents concerns differently to those responsible for the Site redevelopment. Residents were denied this opportunity for a significant part of the work. This is injustice.

The Junction

44. The Council accepts there was delay in making changes to the Junction. However, Residents' concerns about the Junction existed before redevelopment of the Site. The redevelopment did not change nor intensify use of the Site. So, any extra traffic affecting the Junction would be limited to the building work. The time to consider any such added impact, was before granting Permission One. I have already explained why I am not investigating that decision (see paragraphs 33 and 34).
45. But, the evidence shows the Council was aware of Residents' concerns about the Junction when granting Permission One. And, the Council took action to meet those concerns (see paragraphs 13 and 18). On balance, I do not find the Council at fault in not addressing existing issues at the Junction before starting the redevelopment. And, its apologies adequately address the time taken to change the Junction. However, I am concerned the Council did not keep Residents updated, in writing, about proposals for the Junction. This is poor communication.

The redevelopment: alternative access

46. A key concern for the Residents is the Council's approach to securing an alternative access to the Site. I have already addressed the status of the Road (see paragraph 8). And, the Council has the same rights as any landowner to use a public highway to access its property. The Council also provided evidence of its contact with those responsible for Building C and the School and explained why use of their land was not possible and/or suitable. I find the Council's actions and explanation relevant and reasonable.
47. The Council also gives reasons, including evidence about human remains, to explain its decision not to use the Land for access at the start of the work. On balance, I find the Council's reasons relevant and sustainable. However, I recognise the Residents' frustration when the Council used the Land during stage two of the redevelopment. And yet, some of the Council's reasons for not using the Land did not apply to the stage two work.
48. Overall and on balance, I do not find fault in the Council not securing alternative access to the Site throughout the redevelopment. And, the CEO information does not suggest any noticeable increase in parking problems on the Road during the building work (see paragraph 29). But, the Council did not write to the Residents about either the outcome of discussions for using Building C or the School or; its reasons for not using the Land during stage one. In response to the draft statement, the Council said it believed Residents understood its reasons, which it presented at the Meeting. But, I thank the Council for now recognising the benefits of putting this information in writing to the Residents. The point was

important to them and, on balance, good communication here needed written explanations.

The redevelopment: working hours mitigation

49. Condition W and the Schedule allowed work to start at 08:00 Monday to Saturday. But, at the Meeting, the Developer agreed to try to set back deliveries to 09:00am. Ms X produced written evidence to show the Developer ordered staff to 'strictly adhere' to Site policies (after 9am deliveries; and no articulated lorries on the Road). However, there is no doubt some deliveries took place before both 09:00am and 08:00am. And yet, overall, I find the Council and Developer took suitable and proportionate action to minimise the impact of deliveries for the Residents. And, on balance, the Council's apologies adequately address any injustice caused by deliveries taking place before 09:00am. But, it would have been good practice for the Council to write to the Residents, after the Meeting, to make clear what it, and the Developer, could and would do about delivery hours.

The redevelopment: dirt, dust and cleaning

50. Dirt, debris and noise is expected from construction sites. But, the Residents and the Council present differing views as the extent of such issues on the Site. I have seen no copy of the Condition S for storage of material on the Site. But, I do have the 'considerate constructors' reports (see paragraph 28). These reports do not suggest storage on Site or the approaches to the Site were unsatisfactory. Overall and on balance, I do not find the available evidence shows fault here.
51. I have seen the Developer's letter offering window cleaning and car washing services to Residents. The Council says no Resident responded: one Resident says they did respond but heard nothing further. I therefore found inconsistency here on issuing a draft of this statement. In response, the Council has provided the four replies received by the Developer about its offer. On balance, I consider the inconsistency arises from the reply that includes a Resident's car registration number. I recognise this reply does not include 'yes', and yet, providing a car registration number suggests that Resident wanted to accept the Developer's offer. Further contact, at least, ought reasonably have been made with that resident to clarify if they did or did not want to take up the offer. On balance, I find a further communication problem here.

The redevelopment: vehicle size

52. Permissions One and Two and the Schedule do not limit the size of vehicles using the Road. The offer to limit vehicles to 7.5 tons comes from the Meeting. The evidence suggests the Developer sought to unload larger vehicles away from the Road. However, towards the end of stage two, the Residents found the frequency and noise of dumper trucks on the Road unsatisfactory. The dumper trucks were removing material from the Site during landscaping work. On balance, I do not find fault in the use of dumper trucks. However, again, it would have been helpful to have written to the Residents about use of dumper trucks along the Road during landscaping works.

Communication

53. In considering the Residents concerns, I have made several comments about communication (see paragraphs 42, 45, 48, 49, 51 and 52). The Council and Developer knew the width and use of the Road would present challenges in accessing the Site. And, the Council and Developer took steps, for example, holding the Meeting, to engage with Residents in recognition of these difficulties. But, overall, on the evidence before me, I find the Council failed to adequately

and clearly (in writing) keep the Residents informed about and during building work on the Site.

54. In particular, the Residents lacked information about the Council's role as LPA in enforcing Permission Two, including Conditions S and W. And, while meetings are useful, not all those affected may be able to attend. The lack of written information may also increase the risk of misunderstandings. I am, therefore, pleased to note the Council will in future make notes of similar meetings. Ideally, the Council should share such notes with those attending and that provide their name and address.
55. On balance, given both the circumstances and available evidence here, I do not find the Council's communications with Residents met acceptable administrative standards. And, given the Residents' longstanding concerns about the impact of building work on the Site, I find this caused them avoidable distress and worry. There is injustice here.

Summary

56. Building work is locally disruptive. It is also temporary. The Site presented specific difficulties given its access from the Road. And, the Council recognised the impact of the building work on local people in granting conditional planning permission. However, without adequate information and effective communication the Residents were let down by the Council. The Council, as LPA, failed to make a timely decision on Permission Two, although work had started on Site, and then failed to secure and formally approve the Condition S schemes. This created uncertainty for the Residents: they cannot know if and how timely approval of the Permission Two and/or those schemes may have helped address their concerns.
57. On balance, in not giving the Residents clear written information, I find the Council did not adequately communicate with them during redevelopment. The Council knew the redevelopment would be disruptive for the Residents. If the Council had explained its position, giving reasons for its access and delivery arrangements, this may have prevented or reduced some of the Residents' complaints. Poor communication also put Ms X to avoidable time and trouble pursuing Residents' concerns.
58. However, the Council and Developer acted reasonably and proportionately in trying to mitigate further the impact of the redevelopment. It was, in communicating its position to Residents, that it failed to meet satisfactory administrative standards.

Agreed action

59. I have found fault causing injustice. To put this right, the Council agreed to:
- write to each Resident (including Ms X) to apologise for its poor written communication during the building work and to include a specific apology to the Resident providing a car registration number (see paragraphs 23 and 51);
 - pay each Resident (including Ms X) £100 in recognition of the uncertainty about what difference formal approved of Condition S schemes and clear written information may have had on them during the building work;
 - pay Ms X a £100 in recognition of her avoidable time and trouble in pursuing the complaint; and

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- consider if other residents of the Road ought also receive the apology and compensation referred to in the first and second bullet points to this paragraph (see paragraph 4).

Final decision

60. I completed my investigation finding fault causing injustice in the Council's communication with the Residents and its delay in deciding planning applications.

Investigator's decision on behalf of the Ombudsman