Cabinet – 11 Sept 2017
Agenda Item 6(a)

2017/18 Financial Management Report Annex

SECTION 1 GENERAL FUND

General Fund Revenue Forecast

1.0 The Authority's approved net revenue Budget of £152.360m is forecast to overspend by £7.025m (May £8.842m). This position reflects £18.338m of budget savings as agreed at Council on 16 February 2017. Table 1 below sets out the variation summary across the General Fund.

Table 1: 2017/18 General Fund Revenue Forecast Outturn as at 31 July 2017

	Gross Expenditure			Income			Net Expenditure			May 17
	Budget	Forecast	Variance	Budget	Forecast	Variance	Budget	Forecast	Variance	Variance
	£m	£m	£m	£m	£m	£m	**£m**	**£m**	**£m**	**£m**
Health, Education, Care & Safeguarding HECS)	161.291	168.305	7.014	-88.327	-88.395	-0.068	**72.964**	**80.172**	**7.208**	**7.625**
Commissioning & Investment	196.071	198.418	2.347	-176.781	-178.143	-1.362	**19.290**	**20.275**	**0.985**	**0.981**
Environment, Housing & Leisure (EHL)	73.090	75.128	2.038	-27.945	-28.721	-0.776	**45.145**	**46.407**	**1.262**	**1.329**
Chief Executive Office	0.576	0.579	0.003	-0.440	-0.440	0.000	**0.136**	**0.139**	**0.003**	**0.003**
Business & Econ Development	2.378	2.465	0.087	-0.771	-0.842	-0.071	**1.607**	**1.623**	**0.016**	**0.016**
Commercial & Bus Redesign	8.012	8.412	0.400	-5.471	-5.700	-0.229	**2.541**	**2.712**	**0.171**	**0.184**
Corporate Strategy	2.351	2.482	0.131	-1.451	-1.460	-0.009	**0.900**	**1.022**	**0.122**	**0.123**
Finance	80.569	81.398	0.829	-79.332	-80.200	-0.868	**1.237**	**1.198**	**-0.039**	**-0.126**
Human Resources & Organisational Development	2.449	2.691	0.242	-2.187	-2.243	-0.056	**0.262**	**0.448**	**0.186**	**0.186**
Law & Governance	4.232	4.438	0.206	-3.995	-4.025	-0.030	**0.237**	**0.413**	**0.176**	**0.180**
Central Items & Transfers To Reserves	17.043	14.322	-2.721	-9.002	-9.346	-0.344	**8.041**	**4.976**	**-3.065**	**-1.659**
Total Authority	**548.062**	**558.638**	**10.576**	**-395.702**	**-399.515**	**-3.813**	**152.360**	**159.385**	**7.025**	**8.842**

The Improved Better Care Fund (IBCF) Grant

1.2 The Chancellor announced additional support for Adult Social Care in the Spring Budget statement on 3 March 2017. This announcement was after the Authority's budget had been set on 16 February 2017. This additional funding is being distributed and managed as part of the Better Care Fund. The amount for North Tyneside for 2017/18 is £4.579m. The Better Care Fund Agreement between the North Tyneside Clinical Commissioning Group (CCG) and the Authority is yet to be finalised and will include the specific allocation of this funding. Authority has therefore, not included this grant within the budget position pending agreement with the CCG. The grant conditions determine that the funding should contribute to;

- Meeting Adult Social Care needs;
- Reducing pressures on the NHS, including supporting more people to be discharged from hospital when they are ready;
- Ensuring the local social care provider market is supported.

The Improved Better Care Fund Grant is in addition to the social care precept funding raised by increased Council Tax.

Delivery of Budgeted Savings proposals

1.3 The combined budget savings of £18.338m in 2017/18 approved by Council in February 2017 brings the total savings the Authority has had to find in the seven years following the 2010 Comprehensive Spending Review (CSR) to £109.9m.

Table 2: Year on Year savings since 2010 CSR

Year	**£'m**
2011/12	16.169
2012/13	16.739
2013/14	12.240
2014/15	16.552
2015/16	14.158
2016/17	15.737
2017/18	18.338
Total Savings	**109.933**

1.4 In tracking progress (as set out in Table 3) made against each individual saving proposal, £14.847m, which is 81.0% (May £14.177m and 77.5%) of the £18.338m is currently forecast to be delivered in 2017/18. This leaves £3.491m to be secured (May £4.161m). At this stage in the year a prudent approach is taken to reporting efficiency savings, and they will only be reported in the forecast position when the impact can be seen flowing into the financial ledger system.

Table 3: Savings Tracker 2017/18

	Budgeted Saving £m	Forecast Saving £m	Forecast Variance £m	Forecast Variance at May £m
Health, Education, Care & Safeguarding	5.527	3.649	**1.878**	2.556
Commissioning & Investment	1.067	0.775	**0.292**	0.292
Environment, Housing & Leisure	1.578	0.847	**0.731**	0.731
Finance	0.191	0.191	**0.000**	0.000
Law & Governance	0.258	0.228	**0.030**	0.028
Human Resources & OD	0.185	0.162	**0.023**	0.014
Business & Econ Development	0.162	0.158	**0.004**	0.008
Commercial & Bus Redesign	0.235	0.235	**0.000**	0.000
Corporate Strategy	0.355	0.322	**0.033**	0.032
Non Service Budgets & Cross cutting	8.780	8.280	**0.500**	0.500
Total	18.338	14.847	**3.491**	4.161

The governance structure of the CBF programme includes a monthly review of progress at the CBF Board. In addition, in-year finance and performance progress meetings are being held between officers, the Cabinet Member for Finance, the Deputy Mayor and the relevant Cabinet members to consider progress and actions being taken to deliver savings.

1.5 The main areas of variation are:

HECS - £5.527m Savings Target, current £1.878m forecast variance (May £2.556m)

- £0.310m of the £0.868m savings remains to be secured of delivery within New Model for Children Budget proposals (May £0.822m). The new model is being implemented in order to respond to the increasing demand, increasing recognition and expectation but also to address cost pressures. Whilst there is a plan of changes to be made with a resulting impact on placement mix, it is too early to assume all of these will be delivered given current demographic pressures. The improved position in relation to this target has been achieved by reducing the costs of external placements through a range of alternative provision. Two children have returned home with appropriate support. One child has been moved from external residential care to an in-house fostering placement and one child has been stepped down to an interim placement pending a transfer to the new service at Mitford Gardens.

- Pay Award and Pension Increase - £0.323m of savings included in the Budget to reflect the service finding its own element of the pay award are currently not secured (May £0.634m). The Service continues to work towards identifying how they will meet this remaining pressure through a review of working hours, managing vacancies and non-essential spend.

- ASC Pathway - All but £0.031m (May £0.031m) of the £0.884m savings have been identified following the review of the ASC pathway to carry out more personalised and proportionate assessments and offer more solutions to meet need based on existing community resources and an individual's own family and community networks. The balance is expected to be achieved in year through the management of vacancies but at this stage in the year it has not been assumed.

- Specialist Housing - £0.240m of the £0.275m Specialist Housing solution remains to be secured due to the impact of the timing of solutions being in place (May £0.240m). An officer working group continues to shape the housing growth plans to include specialist housing products and services for children and adults with additional needs, Looked After Children and older people, and continues to determine where acceleration of delivery may be possible to achieve the target savings.

- Extra Care – the £0.100m saving from increased use of Extra Care is now assumed to be secured in full leaving a nil variance (May, £0.100m variance). Crossgates in Battlehill is now operational with 25 of 47 tenancies confirmed as of the beginning of August 2017. Care providers have been working closely with Authority staff in the set up stages and there is evidence of reduced package costs for these clients.

- Disability Services - £0.350m (May £0.350m). This proposal is about reviewing the internally provided residential care and respite services and the commissioned services from external suppliers provided to children with additional needs including approximately 170 children in the Borough who have a profound disability. To date these reviews have not as yet provided any savings that can be measured directly into budgets.

- £0.012m of the £0.050m savings target re DOLS (Deprivation of Liberty) assessments remains to be secured (£0.012m at May), when the new solution is fully is implemented later this year.

- £0.247m of the £0.580m savings target in relation to services for 0-19s remains to be secured (£0.247m at May). The business case included a rebranding of the provision as a 'Ready for school, work and life' offer – which focused upon getting children school ready and their families able to work and participate in their community and in doing so supports the Creating a Brighter Future Together programme, the TOM principles and the Riverside/Chirton action plan. Delays in the transfer of childcare provision have impacted on achievable savings in year. This has been partially mitigated in year by additional Troubled Families Grant.

- Work is in progress to consider further actions in respect of £0.165m of the Carecall income target of £0.250m which is being forecast as not being secured at this stage (£0.120m at May). The actions include a targeted marketing campaign, discussion with our Health partners about the benefits that Carecall brings to them in terms of cost avoidance, and opportunities to promote the service to businesses. Additionally the service is reviewing the support provided to North Tyneside Living as the monitoring and response currently provided by Carecall is at no additional cost for some of the residents whilst others contribute, which is inequitable.

- A target of a £0.200m relating to a revised homecare model is now being forecasted as not being secured at this stage (May, fully achieved). This is due to delays in identifying an appropriate training partner and issues raised by providers around scheduling of visits. The service is working hard to bring this project back on track but in the interests of prudent forecasting this saving is currently forecasted as unachieved.

Commissioning & Investment £1.067m saving, £0.257m forecast variance (£0.292m at May)

- £0.040m is yet to be identified of a £0.133m saving relating to restructuring the Commissioning Team. The service is continuing to review its non-essential spend and team structure.

- £0.217m of savings included in the Budget to reflect the service finding its own element of the pay award and pension costs of which none is currently forecast to be achieved (£0.217m at May). The service continues to work to identify how they will meet the additional costs through a review of working hours, the management of vacancies and by reducing non-essential spend.

Environment, Housing & Leisure £1.578m saving, £0.731m variance (£0.731m at May)

- £0.531m of savings included in the Budget to reflect the service finding its own element of the pay award and pension costs of which none is currently forecast to be achieved (£0.531m at May). The service continues to work to identify how they will meet the additional costs through a review of working hours, the management of vacancies and by reducing non-essential spend.

- £0.064m of a £0.070m savings target relating to bereavement income remains to be secured. Volumes of cremations so far this year are slightly up on 2016/17 levels at 677 by the end of July 2017 compared to 659 at July 2016 however, at this stage in the year savings are not considered to be certain (£0.064m at May).

- £0.100m of a £0.200m target remains to be secured with regard to the implementation of the new approach to waste introduced at the Recycling Centre from July 2017 (£0.100m at May). This is expected to reduce waste from traders resulting in disposal cost savings and results will be carefully monitored.

- £0.036m of a £0.211m saving relating to Howdon Community Centre remains to be secured (£0.036m at May). Negotiations regarding the lease of Howden Community Centre are in the process of being concluded and following that the saving is expected to be achieved in full.

Non Service Budgets and Cross Cutting savings £8.780m saving, £0.500m forecast variance (£0.500m at May)

The £0.500m saving yet to be delivered is linked to the project in respect of procurement savings (£0.500m at May). A detailed review of the procurement of services and the Authority's spend with suppliers is underway. The expectation is that a schedule of options will follow that will deliver the target level of saving. As the exercise has not yet been completed it is considered prudent to assume at this stage that the savings will not be achieved.

2016-17 Savings Targets not yet achieved

1.6 Savings targets of £1.273m relating to 2016/17 schemes are still not met. The largest item within this is a target of £0.900m relating to taking on the management of Continuing Healthcare (CHC) from the North Tyneside Clinical Commissioning Group. The HECS service is continuing to analyse and understand the data in relation to this work and is working with NHS partners to deliver CHC in a cost effective manner. There remains a significant risk this saving will not be secured and will be required to be reconsidered as part of the 2018/19 financial planning and budget process.

Service Commentaries

1.7 As well as the usual budget monitoring process between finance staff and budget managers, meetings have being held with Officers, Cabinet Member for Finance, the Deputy Mayor and the relevant cabinet member to discuss the in-year finance and performance position with each Head of Service and their senior team, and to discuss plans in progress to mitigate any pressures.

Health, Education, Care & Safeguarding (HECS)

1.8 HECS is forecast to overspend its £72.964m net expenditure budget by £7.208m (£7.625 at May) as shown in Table 4 below. The forecast overspend is caused mainly by over-commitments on third party payments within Older People Services, services for clients with a learning disability and Corporate Parenting and Placements within Children's Services alongside the timing of delivery of some of the CBF targets.

Table 4: Financial Summary for HECS

	2017/18 Budget £000	July Variance £000	May Variance £'000	Movement £'000
Adults	49,753	**4,030**	3,631	399
Children, Young People & Learning	23,190	**3,178**	3,994	-816
Public Health	21	**0**	0	0
TOTAL HECS	**72,964**	**7,208**	**7,625**	**-417**

Adult Social Care

1.9 The Adult Social Care services are forecasting a pressure of £4,030m at the end of July (£3.631m at May). The pressure is largely driven by the cost of provision of care packages, the vast majority of which is delivered by external organisations and so can be seen as a pressure in third party payments as illustrated in Table 5 below.

Table 5: Analysis of Variation across Adults Social Care spend/income type

Figures exclude Continuing Health Care which is administered on behalf of the CCG	**2017/18 Budget £000**	**July Variance £000**	**May Variance £'000**	**Movement £'000**
Third party payments (mainly purchased care see Table 6)	65,628	**3,653**	2,803	850
Employees	14,395	**193**	650	(457)
Other costs – premises, supplies and transport	2,402	**(128)**	(50)	(78)
Fees and Sales (mainly client contributions)	(9,716)	**(957)**	(1,136)	179
Grants & contributions	(23,528)	**1,106**	1,392	(286)
Recharges, support services etc.	572	**163**	(28)	191
Total – Adults Social Care	**49,753**	**4,030**	3,631	**399**

1.10 Table 6 below sets out further analysis of the £3.653m pressure in third party payments. This illustrates that pressures are being experienced within services for older people and services for people with a learning disability. There has been an overall increase in the forecast for third party payments of £0.850m since the May report. This has partly been as a result of two complex clients with costly care packages coming out of Continuing Healthcare (CHC) with additional costs of £0.418m falling to the Authority. In addition, there have been significant backdated payments in relation to two clients which had not been previously forecasted (£0.317m). There has also been an increase in forecasted care fee inflation costs totalling £0.284m arising from negotiations on fee increases with providers. This increase in cost pressure has been partially offset by a reduced growth forecast within Learning Disabilities (£0.228m).

Note the analysis below has been developed since the May report to show Homecare and Extra Care together and to split out Independent Supported Living (ISL) services.

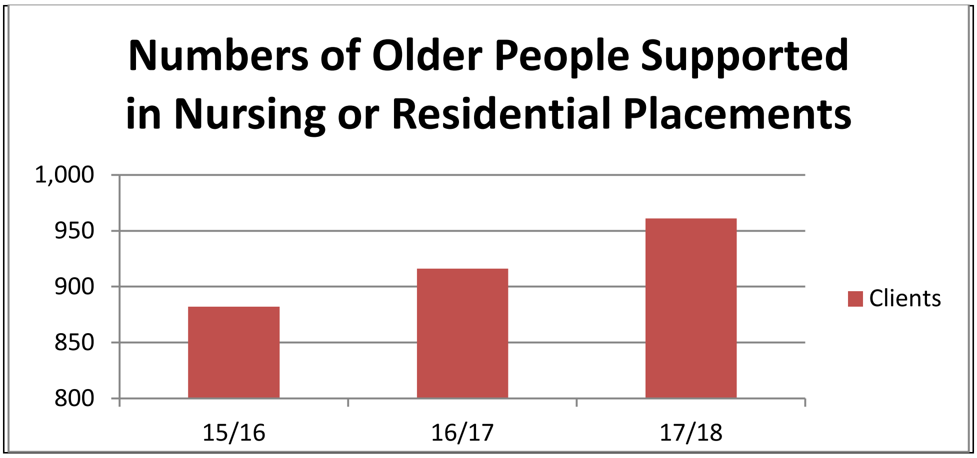
Table 6: Analysis by type of service provision/client type - 3rd party pressure variance

Forecast <u>Variance</u> ASC 3rd party payments					
Service	**Learning Disability (LD) £000**	**Mental Health (MH) £000**	**Older People (OP) £000**	**Physical Disability (PD) £000**	**Total £000**
Direct Payments	839	47	235	790	1,911
Home Care/Extra Care			2,185		2,185
Nursing	86	-89	-100	-154	-257
Other	1,318	-100	-779	57	496
Residential	85	-429	760	267	683
ISL	-615	173	-682	-241	-1,365
Total July Forecast	**1,713**	**-398**	**1,619**	**719**	**3,653**
Direct Payments	744	50	219	760	1,773
Home Care/Extra Care			2,236		2,236
Nursing	92	-105	180	-165	2
Other	827	-153	-278	-221	175
Residential	-334	-437	1,076	42	347
ISL	-969	191	-682	-270	-1,730
Total May Forecast	**360**	**-454**	**2,751**	**146**	**2,803**
Direct Payments	95	-3	16	30	138
Home Care			-51		-51
Nursing	-6	16	-280	11	-259
Other	491	53	-501	278	321
Residential	419	8	-316	225	336
ISL	354	-18	0	29	365
Total movement	**1,353**	**56**	**-1,132**	**573**	850

Services for Older People

1.11 Adult Social Care continues to suffer from demographic pressures principally within services for older people and services for people with a learning disability. The table below shows the rise in clients over 65 in nursing and residential placements since 2015/16.

Table 7: Changes in numbers of older people in nursing and residential placements



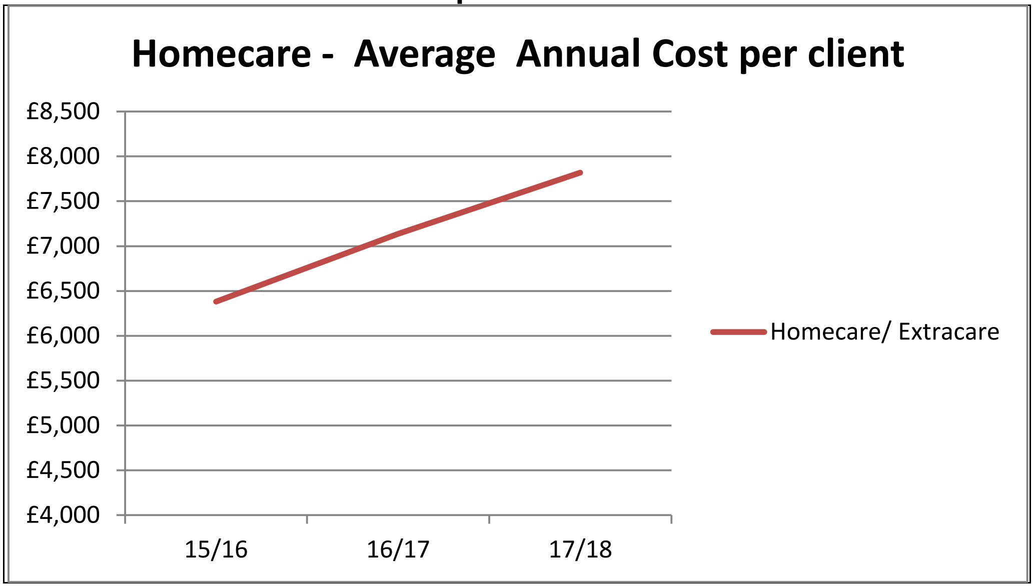
1.12 The numbers of Older People receiving homecare services has not shown the same trend although numbers in 2017/18 so far are slightly up (1.6%) on 2016/17. The static profile is likely to be due to the lack of capacity in the homecare market as providers struggle to recruit sufficient carers. This, in turn, is contributing to the additional short term and ultimately long term residential placements shown above.

Table 8: Changes in the Number of Older People with Homecare Services

	2015/16	2016/17	2017/18
Number of Older People with a homecare package	1318	1243	1263

1.13 The average cost of a homecare package is however increasing as an aging population with higher levels of need require more intense support. The graph below shows an increase of 22.5% since 2015/16 of which only 5% is due to price inflation on the hourly rate of homecare.

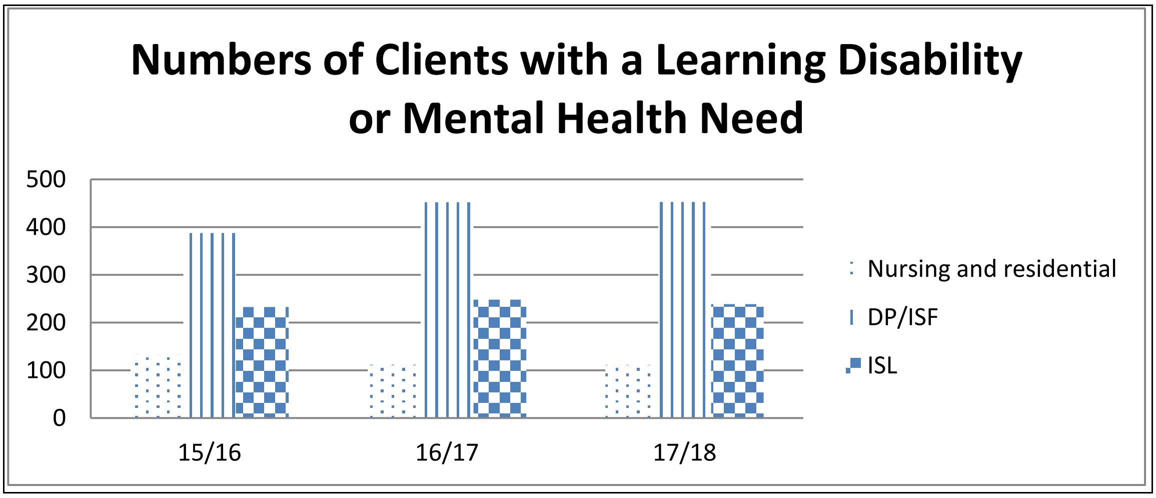
Table 9 Trend in Annual Cost per Older Person of Homecare Services



Services for People with a Learning Disability

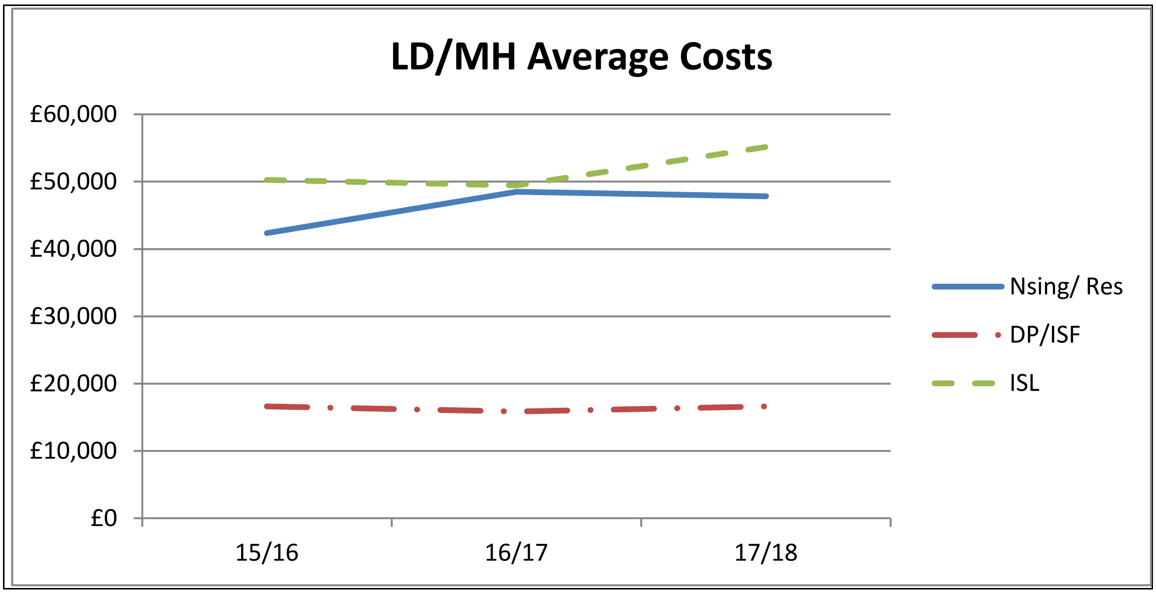
1.14 Total numbers of clients within services have been relatively static (Table 9) with a small decrease in residential services and ISLs offset by an increase in numbers with a direct payment (DP) or Individual Service Fund (ISF – this is a fund held by a provider for an individual client to provide services on a more flexible and tailored basis for that client).

Table 9: Changes in numbers of clients receiving services



1.15 Average annual costs per client in for DPs and ISFs have been steady however there has been an increase in average ISL costs and a decrease in residential care average annual costs. The increase in ISL unit costs is 9.8% since 2015/16 and is explained by increases in care fees due largely to National Living Wage rises. These trends are illustrated in Table 10 below. The reduction in residential care has been due to a change in the client base with some clients moving from residential services to an ISL service.

Table 10: Changes in average Annual costs of packages for Clients with a Learning Disability or Mental Health Need.



1.16 The service is experiencing a reducing pressure within employee costs in respect of the remaining savings target relating to absorbing pay pressures described in section 1.3 above. The significant reduction in overspend within employees shown in Table 5 above is largely due to the settling out of major restructures.

1.17 Fees and sales income, of which the majority share is client contribution income towards care costs, is £0.957m over budget but the forecast has been reduced by £0.197m since the May report based on actual rates of income being generated. The reduction relates mainly to Homecare contributions and Carecall fees.

1.18 The forecast pressure in Grants and Contributions has reduced since the May report by £0.286m. The improvement in the position is due to the completion of the first set of quarterly recharges for individual clients with s117 or a jointly funded package. Actual recharges have been built into the forecast and these were higher than originally estimated.

1.19 The overall forecast continues to reflect a significant reduction of income from the CCG who are themselves under significant financial pressure. Although overall Continuing Healthcare and S117 recharges are forecast to be above budget, all other areas are seeing the impact of actions by the CCG to ensure that as much cost as possible stays with the Authority, particularly for clients who have Learning Disability or Mental Health issues. Dialogue with the CCG continues at the most senior officer level in order to agree the funding position.

Children's Services

1.20 Children's Services are forecasting a pressure of £3.178m (May, £3.994m) against a net budget of £23.190m. Analysis of the variance across the service areas is shown in Table 11 below.

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Table11: Forecast Variation across Children's Services

Service Area	2017/18 Budget £'000	July Variance £'000	May Variance £'000	Movement £'000
Corporate Parenting and Placements	16,886	**2,168**	**2,618**	-450
Early Help and Vulnerable Families	3,008	**155**	**493**	-338
Employment and Skills	598	**164**	**164**	0
Integrated Disability and Additional Needs Service	2,170	**691**	**719**	-28
School Improvement	528	**0**	**0**	0
Total Children, Young People & Learning	**23,190**	**3,178**	**3,994**	**-816**

Corporate Parenting and Placements

1.21 The forecast pressure in Children's Services remains mainly within Corporate Parenting and Placements (£2.168m in July and £2.618m at May). This pressure includes £0.548m relating to budgeted efficiency savings for 2017/18 as outlined in section 1.2 above (£1.061m at May).

There is a pressure of £0.176m relating to the cost of agency staff covering vacant social work posts. The decision to pay a market supplement to social workers is forecast to add £0.148m to the pressure. The successful recruitment of 11 new social workers has seen a reduction in the dependency on agency, and has resulted in a decrease in the staff cost pressure compared to that reported in May.

In the region of £1.258m of the pressure relates to additional demand pressures particularly at the high cost end of placements, of which £0.512m has been estimated as the potential additional cost of moving to a revised model of means testing Special Guardianship Orders. Table 12 below illustrates the types and average costs of placements and shows a range of pressures across all placement types. The implementation of the new model for children as set out in section 1.2 is in place to deliver efficiencies and manage demand against these cost drivers. In addition, the service has now secured CCG income towards a Section 117 Mental Health Aftercare external residential placement, reducing the previously reported pressure by £0.170k.

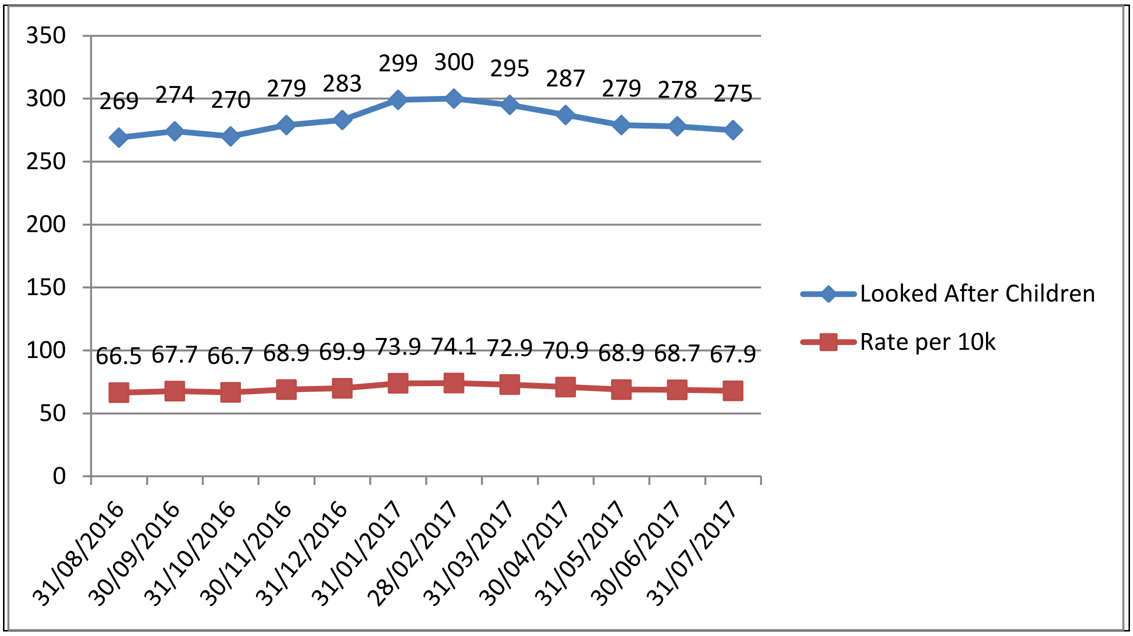
Table 12: Analysis of variation in Corporate Parenting and Placements

Placement Type	No of LAC at Apr 2016	No of LAC at Mar 2017	No of LAC at May 2017	No of LAC at July 2017	Average Cost of Placement £m	Forecast Variance July 2017 £m	Forecast Variance May 2017 £m
External Residential	25	18	19	15	£0.200	**(£0.338)**	£0.202
External Fostering	26	32	34	29	£0.041	**£0.429**	£0.518
Internal Fostering	194	188	173	178	£0.016	**£0.172**	£0.218
Supported Residence	13	17	15	18	£0.046	**£0.393**	£0.393
Other *	33	42	39	35	Various	**(£0.048)**	(£0.002)
Total LAC	**291**	**295**	**279**	**275**		**£0.608**	£1.452
Leaving Care Post 18	68	63	56	57	Various	**£0.173**	£0.160
Special Guardianship Orders	120	140	142	152	Various	**£0.742**	£0.216
CCG Income						£0.000	£0.123
Net placement costs						**£1.523**	£1.828
Additional staffing costs						**£0.470**	£0.715
Signs of Safety and Dartington						**£0.175**	£0.075
						£2.168	£2.618

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

1.22 The range of actions to deliver the new model for children are progressing and Table 13 below shows the current trend in the number of Looked After Children and the direction of travel is downwards. To date 66 reviews of placements have been completed, with a planned programme of reviews through to the autumn.

Table 13: Number of Looked after Children



Early Help and Vulnerable Families

1.23 £0.247m of the predicted shortfall relates to the necessary delay in implementing the proposals for childcare settings as previously highlighted in section 1.2 above. In addition there is an estimated pressure of circa £0.186m in relation to a staffing requirement in Supporting Families following changes to implementation of 2016/17 proposals. Work progressing in respect of the development of community hubs and the wider council estate is anticipated to support resolution of the pressure. The pressure has been partly mitigated by drawing down the full allocation of Troubled Families grant income for families already attached to the programme, and generating additional grant funding following achievement of outcomes for families. This has improved the position by £0.278m. In addition, further savings have been achieved in relation to delays in filling vacant posts.

The service currently has one young person placed in a Young Offenders Institution whilst on remand, which is estimated to cost approximately £16k. The Authority only receive a small grant of £1k towards this type of placement, however historically, North Tyneside have experienced low numbers of Remand placements.

Employment & Skills

1.24 An historical income pressure remains from when services were funded by specific individual grants, mainly from the Department of Education, and it was appropriate that these grants make a contribution to overheads. The service is working through options to mitigate this pressure.

Integrated Disability and Additional Needs Service

1.25 There is a £0.350m pressure in this service relating to savings targets as described in Section 1.2. In addition to this, the service also has a pressure relating to a shortfall in CCG income of £0.089m. The CCG are being pursued for their contribution to costs in line with their joint responsibilities for some more complex disability placements but until they have been confirmed the Authority is not assuming this income in this financial management report. The remaining pressure is made up of additional demand cost pressures and income targets for short break care not being achieved and staff cost pressures being offset by additional income generated by the Education Psychology Service.

Public Health

1.26 The service area is forecasting that it will balance the budget to spend the £12.758m Public Health Grant and deliver all the savings planned for 2017/18 to match reductions in funding from the Department of Health. This funding is also reducing in the next two years and plans are in place to manage these reductions. 84 staff successfully transferred in from the Health Service on 1 April 2017 to deliver the school nurse and health visitor role as part of a wider Authority team.

Commissioning & Investment

1.27 Commissioning and Investment is forecasting a pressure of £0.985m as set out in Table 14 below. This is a slight worsening compared to the May position of £0.981m. The main areas of pressure remains within Facilities and Fair Access where, in addition to small expenditure pressures within the Cleaning and Catering services, there are demand pressures for the Home to School transport service. Property services is forecasting a pressure of £0.114m (May £0.252m), this service is managed on the Authority's behalf by Capita as part of the managed budget.

Table 14: Commissioning and Investment forecast variation

	2017/18 Budget £000	**2017/18 July Variance £000**	**2017/18 May Variance £'000**	**Movement £000's**
School Funding & Statutory staff costs	15,245	**0**	0	0
Commissioning Service	539	**45**	45	0
Child Protection Independent Assurance & Review	680	**70**	70	0
Facilities and Fair Access (including Home to School Transport)	507	**545**	544	1
Strategic Property & Investment	388	**25**	25	0
High Needs Special Educational Needs	-80	**0**	0	0
Property	1,843	**255**	252	3
Management & Support	143	**20**	20	0
Internal Audit & Risk	2	**25**	25	0
Procurement	0	**0**	0	0
Total Commissioning & Investment	**19,267**	**985**	981	**4**

Home to School Transport

1.28 Table 15 below sets out details of the cost and number of pupils accessing home to schools transport service provision during 2016/17 and forecasted to access the service in 2017/18. Although the numbers of pupils being transported had a slight reduction between 2015/16 and 2016/17 and are not expected to increase in year, the overspend in this area for the Authority is expected to increase to £0.450m because of increased pressure on the Discretionary Schools Grant which is no longer available to contribute towards supporting this service at the previous levels. As can be seen below much of the provision is statutory with the most significant level of expenditure being in respect of special schools. The Authority is using appropriate opportunities to review the level of provision given, particularly when other elements of a child's package are reviewed.

Table 15: Analysis of Home to School Transport

		Forecast 17/18		**2016/17**	
	Description	Net Exp. £	**Pupil Nos.**	Net Exp £	**Pupil Nos.**
Statutory	Bus Passes*	113,437	**592**	107,231	**592**
Statutory & Non Stat.	Post 16 Transport*	203,712	**190**	183,196	**187**
Statutory	Mainstream Schools	47,841	**9**	30,261	**13**
Statutory	SEN Resource Provision	310,170	**107**	301,771	**90**
Statutory	Special Schools	1,443,989	**415**	1,278,772	**426**
Statutory	Moorbridge PRU	50,238	**17**	45,391	**18**
Total		2,169,387	**1,202**	1,946,622	**1,326**
Budget		1,719,387		1,719,297	
Shortfall		450,000		227,325	
* Includes Voluntary Aided Bus Passes, Support for Low Income Families, Excess distance & Independent Travel arrangements & SEN					

Property

1.29 Although there is an overspend predicted in this managed budget, following the deed of variation with Capita, signed in March 2017, the Authority now has assurance that Capita will deliver the savings and the service within the managed budget envelope overall. This means that the pressure within Property in the Commissioning & Investment service is compensated for by an under spend within the services provided by Capita for the Authority within

Environment, Housing & Leisure. The movement since the May report is due to an adjustment to bring the Capita managed budget lined into balance overall.

Environment, Housing & Leisure

1.30 Environmental, Housing and Leisure service is reporting a pressure of £1.262m as set out in Table 16 below (May £1.329m).

Table16: Forecast Variation in Environment Housing and Leisure

	2017/18 Budget £000	**July 2017/18 Variance £000**	**May 2017/18 Variance £'000**	**Movement £'000**
Sport & Leisure	4,462	**313**	302	11
Arts Tourism & Heritage	1,960	**76**	73	3
Libraries and Community Centres	6,268	**507**	589	-82
Security & Community Safety	249	**141**	129	12
Fleet/Facilities Management	459	**-141**	-27	-114
Waste Strategy	11,891	**169**	233	-64
Bereavement	-741	**133**	120	13
Street Environment	8,772	**0**	-145	145
Head of Service & Resilience	287	**33**	35	-2
Street Lighting PFI	4,242	**277**	277	0
Consumer Protection & Building Control	980	**29**	29	0
Transport & Highways	5,009	**-327**	-336	9
Planning	216	**43**	39	4
General Fund Housing	1,092	**9**	11	-2
TOTAL Environment Housing & Leisure	**45,146**	**1,262**	1,329	**-67**

Sport & Leisure

1.31 The pressures being experienced in Sport and Leisure relate to premises costs and to employee costs for backfill and the service area's share of the savings required to meet the increase pay and pension costs. The premises costs (£0.150m) are energy and rates pressures which had historically been reported centrally.

Arts Tourism & Heritage

1.32 There continues to be a small (£0.034m) pressure arising from the Playhouse due to reduced Authority income and operational cost inflation. As with Sports and Leisure, the service is now reflecting its own energy and rates pressures (£0.031m) which had historically been recorded centrally.

Libraries & Community Centres

1.33 The majority of the pressures in this service area are premises related. The energy and rates pressure in this service area is £0.082m; cleaning £0.076m, PFI contract costs £0.149m. Staffing costs are currently £0.070m higher than budget in part as a result of the pay award pressure described above and in section 1.2 of this Annex. In addition, there are forecast overspends on the telephone/IT costs for the libraries (£0.039m), and pressures linked to the proposed transfers of Howdon and Shiremoor Community Centres (£0.123m). The improvement since the May report is mainly due to the in-year element of a business rates rebate for the John Willie Sams Centre £0.031m), a reduction in expenditure associated with the transfer of Shiremoor Community Centre to Moorbridge Pupil Referral Unit (£0.032m) and additional staffing vacancies (£0.018m).

Security & Community Safety

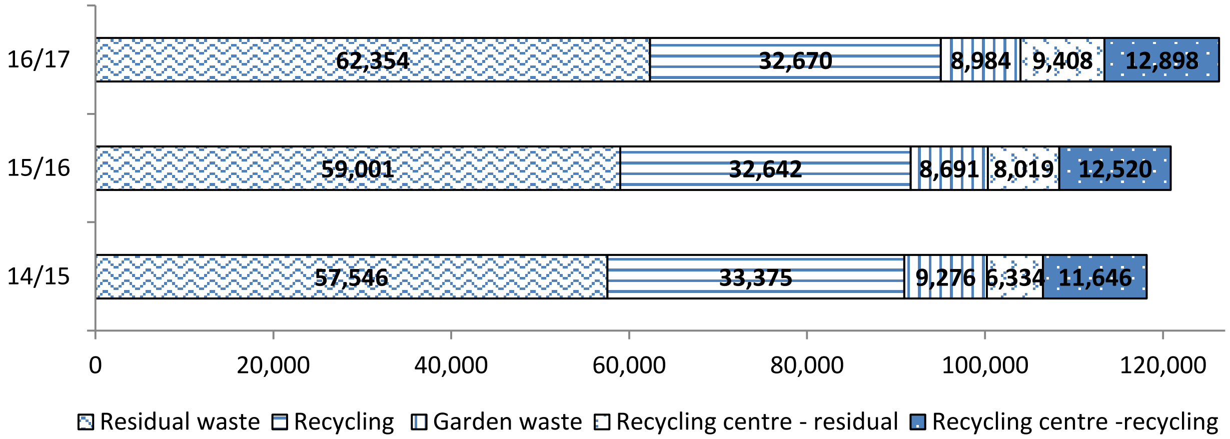
1.34 The £0.141m pressure relates in the main to current forecast underachievement of income (£0.121m). The service intends to move to the White Swan Centre during 2017/18 and have identified additional income generating opportunities as a result of this move which are anticipated will improve this position.

Waste

1.35 The pressure in Waste has reduced from £0.233m in the May report to £0.169m in July largely as a result of a reduced transport costs forecast following a review.

1.36 The growth of both housing across the Borough has put pressure on waste growth but the main area of growth in demand for the Authority comes from increased waste being presented at the Household Recycling Centre rather than from doorstep collections. Table 17 below illustrates the changes in waste volumes over the last three years.

Table 17: Waste Tonnage volumes '000s



1.37 In response to this increase in volume, the Authority has made changes at its Household Waste Recycling Centre (HWRC) in North Shields, to ensure the on-going safety and sustainability of the site. The Authority has introduced a ban on very large vehicles such as 'Luton' vans, tippers, minibuses, and long trailers, in response to concerns about site safety and the suspected misuse of the site by commercial operators. The ban is one of several measures being phased in to ensure the facility continues to run safely, and to reduce costs. A permit scheme for specified vehicles will also be introduced in the autumn, along with charges for non-household waste.

The ban applies to any vehicles over six metres long or two metres tall, as well as trailers over three metres in length. New signage will be installed to make it clear which vehicles are prohibited and which ones need permits. These actions are expected to result in a reduction in the cost pressure.
The ban came in on 01/07/17 and we are still waiting to see what effect this will have on the waste at HWRC, before we can then make a more accurate forecast of total tonnages for 2017/18. There was a reduction in tonnages of circa 7-8% in June 2017 compared to June last year, but this may have been due to publicity regarding the changes.

Bereavement

1.38 Bereavement income has not increased as much as was expected and predicted in the savings target allocated to it (See Section 1.2) and is £0.092m down against budget and the service is looking at ways to improve income levels. The service also has pay award savings pressures and pressures around security costs of £0.041m.

Street Environment and Fleet Service Areas

1.39 The Service has been successful in reducing its non-pay costs across street cleansing and Parks & Horticulture in order to contribute towards the pay award savings pressures in its own service area and across the service. The apparent worsening of the position from £0.146m under spent in the May report to the current balanced position is mainly due to a reallocation of a Transport related savings target to this service area. A corresponding improvement can be seen within the Fleet service area from £0.027m under spent in May to £0.141m under spent at July.

Street Lighting PFI

1.40 Electricity pressures of £0.100m and unitary charge inflation pressures of £0.257m are partially mitigated by PFI interest and one-off income for officer time of £0.080m. A review of all PFI models is in progress as part of the CBF programme in order to consider the opportunities for savings from lifecycle costs in order to mitigate pressures and deliver against the efficiency target.

Transport & Highways

1.41 The underspend is mainly due an overachievement of income relating to parking (£0.522m) offset partially by increased parking running costs of £0.216m. This service area, along with Consumer Protection and Building Control and Planning within Environment, Housing & Leisure and Property within Commissioning & Investment form the managed budget. Capita, as our Technical Partner, is responsible for delivering savings and a balanced budget in total across these areas.

Business & Economic Development

1.42 There is a small pressure as set out in Table 18 below which relate to the delivery of payroll savings. The service is looking to manage this through the management of vacancies and non-essential spends.

Table 18: Forecast Variation Business and Economic Development

	2017/18 Budget £000	**July 2017/18 Variance £000**	**May 2017/18 Variance £'000**	**Movement £'000**
Regeneration	499	**1**	-1	2
Business & Enterprise	932	**18**	20	-2
Resources & Performance	176	**-3**	-3	0
Total Business And Economic Development	**1,607**	**16**	**16**	**0**

Commercial & Business Redesign

1.43 The main area of variation as shown in Table 19 below relate to cost pressures arising from a number of new systems and enhancements largely in the area of automated customer contacts and internet connectivity.

Table 19: Forecast Variation Commercial and Business Redesign

	2017/18 Budget £000	July 2017/18 Variance £000	May 2017/18 Variance £'000	Movement £'000
Head of Commercial & Business Redesign	3	**15**	48	-33
ICT Retained Services	557	**5**	-2	7
ICT Client	1,985	**151**	138	13
Total Commercial and Business Redesign	**2,545**	**171**	**184**	**-13**

Corporate Strategy

1.43 Corporate Strategy is forecasting an over-commitment of £0.122m as set out in Table 20 below. This is made up of staff cost pressures these will be managed through the year in part through opportunities to increase income, and through vacancy management**.**

Table 20: Forecast Variation Corporate Strategy

	2017/18 Budget £000	July 2017/18 Variance £000	May 2017/18 Variance £'000	Movemen t £'000
Corporate Strategy Management	131	**9**	9	0
Policy, Performance & Research	2	**18**	19	-1
Community and Voluntary Sector Liaison	453	**7**	6	1
Marketing	128	**48**	46	2
Elected Mayor and Executive Support	1	**4**	6	-2
Children's Participation & Advocacy	197	**36**	37	-1
Total Corporate Strategy	**912**	**122**	123	**-1**

Finance

1.44 The underspends in the Finance service as set out in Table 21 relate to the increase in the pension rebate estimated as due to the Local Authority from Engie under the contract, reduced audit fee and staff savings. Within Revenue & Benefits and Customer Service an estimated increase in bad debt provision of £0.124m has been made in respect of benefit overpayment recovery, a prudent provision at the early stage in the financial year.

Table 21: Forecast Variation Finance

	2017/18 Budget £000	July 2017/18 Variance £000	May 2017/18 Variance £'000	Movement £'000
Finance Service	2	-250	-250	0
Revenue & Benefits and Customer Services	1,235	211	124	87
Total Finance	**1,237**	**-39**	**-126**	**87**

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Human Resources & Organisational Development

1.45 The pressure relates to the additional HR staff supporting the transformation projects.

Table 22: Forecast Variance Human Resources and Organisational Development

	2017/18 Budget £000	July 2017/18 Variance £000	May 2017/18 Variance £'000	Movement £'000
Human Resources and Organisational Development and Total	**285**	**186**	**186**	**0**

Law & Governance

1.46 The overall pressures in Law and Governance of £0.176m are analysed in Table 23 below. The main pressure relates to Information Governance where additional staffing costs (£0.100m) are in place to deal with the Authority's response to the General Data Protection Regulation (GDPR) which will apply in the UK from 25 May 2018 and the implementation of data management systems to replace the Optech systems. The Government has confirmed that the UK's decision to leave the EU will not affect the commencement of the GDPR. There is also a forecast shortfall in schools SLA income in relation to Governor Services (£0.033m) and in relation to land charges income of circa £0.027m.

Table 23: Forecast Variation Law and Governance

	2017/18 Budget £000	July 2017/18 Variance £000	May 2017/18 Variance £'000	Movemen t £'000
Customer, Governance and Registration	-89	77	32	45
Democratic and Electoral Services	2	29	32	-3
Information Governance	27	100	136	-36
Legal Services	4	-17	-20	3
North Tyneside Coroner	293	-13	0	-13
Total Law and Governance	**237**	**176**	180	**-4**

Central Budgets & Contingencies

1.47 The 2017/18 forecast outturn set out in Table 24 below reflects savings of circa £1.347m (increased from £0.450m in May) on interest charges and a revised forecast resulting in an under spend of £0.167m in relation to MRP. These savings result from 2016/17 Investment Plan reprogramming and internal borrowing. Cabinet will recall during 2016/17 significant in-year savings were achieved through the application of the Treasury Management Strategy. Additional savings were factored into budget setting for 2017/18 however the approach to Treasury Management is continually reviewed in order to minimise borrowing costs to the authority and maximise the opportunity to achieve in-year budget savings. That will be dependent on movements in interest rates which are monitored on a daily basis.

1.48 The assumption that £1.428m of contingencies and Service Improvement Fund not be drawn down continues (these pressures have been forecast within the Service figures reported above). A backdated rates rebate of £0.344m relating to the John Willie Sams Centre has been agreed and is shown here.

1.49 Included in Central items is the budgeted saving on Procurement activity £0.500m which is currently being forecast as a pressure. As highlighted previously a detailed review of the procurement of services and the Authority's spend with suppliers is underway. The expectation is that a schedule of options will follow that will deliver the target level of saving. As the exercise has not yet been completed it is considered prudent to assume at this stage the saving will not be achieved. There are also pressures totalling £0.130m relating to the bad debt provision and to payments relating to NECA and the LEP.

Table 24: Forecast Variation Central Budgets and Contingencies

	2017/18 Budget £000	July 2017/18 Variance £000	May 2017/18 Variance £'000	Movement £'000
Corporate & Democratic Core	15,608	-411	-411	0
Other Central Items – corporate accounting, contingencies and levies	-7,584	-2,654	-1,248	-1.406
Total Central Items	**8,024**	**-3,065**	**-1,659**	**-1.406**

1.50 The following table shows an additional grant received during June 2017. Cabinet is requested to approve receipt of this grant.

Table 25: 2017/18 Revenue Grants awarded in June and July 2017

Service	Description	Amount £m
Health, Education, Care and Safeguarding	Step up to Social Work Grant from the Department for Education to support the training of social workers	0.325

1.51 Notification was received in July 2017 that a bid for £0.837m to the Children's Social Care Innovation Programme had been successful. This grant is to support the establishment of the new service to be operated from Elm House. At the date of writing however, the Authority is waiting to receive the formal grant offer letter with the full terms and conditions of the grant and as such expects to request formal approval for the receipt of this grant in the next monitoring report.

SECTION 2 SCHOOLS FINANCE

2017/18 School Budgets

2.0 Initial meetings with schools seeking deficit approval have now been completed. Ten schools requested approval for their 2017/18 budgets, an increase from eight schools in 2016/17. Meetings have also been held with the Schools Forum sub-group to add peer challenge to the approval process and subsequently a report was taken to the full Schools Forum on 12 July 2017. Discussions have been held internally between the Head of Finance and the Head of Health, Education, Care and Safeguarding and a further round of reviews will be held with each school in deficit early in the Autumn term to ensure all appropriate steps have been taken to improve each school's position prior to formally approving deficit arrangements.

Planning for 2018/19 Schools funding

2.1 As noted in previous budget monitoring reports, the Department for Education (DfE) did not introduce any enforced changes to local funding formulas for 2017/18. However a further consultation (stage 2) exercise has been completed by the DfE as part of its future plans to work towards a national funding formula for mainstream school funding. Both the Local Authority and Schools Forum submitted their responses by the required deadline. The Government has since announced that Local Authorities will continue to set a local formula for distribution of funding to schools in 2018/19 and 2019/20. Initial operational guidance was issued on 4 August 2017 with further guidance expected in September.

2.2 The Schools Forum met on 12 July 2017 to begin the process of reviewing 2018/19 centrally retained budgets, with further meetings planned in the autumn term to discuss each element of the North Tyneside formula. The latest DfE announcement on future funding was made after the Schools Forum meeting on 12 July 2017. Updates on these announcements will be discussed at the next meeting scheduled for 13 September 2017, along with the DfE's latest consultation responses if available. Updates will be provided to Cabinet as information becomes available from the DfE.

Announcement on Additional Funding for Schools

2.3 On 17 July 2017, the Secretary of State for Education announced £1.3 billion of funding nationally for schools over two years for 2018/19 and 2019/20. The National Funding Formula will be introduced in 2018/19 to set indicative budgets for individual schools but Local Authorities will continue to set schools' funding locally in 2018/19 and 2018/20. The DfE has committed to publishing more detailed guidance in September 2017 and until this is received it is not possible to identify the specific implications for schools in North Tyneside.

SECTION 3 HOUSING REVENUE ACCOUNT

Forecast Outturn

4.0 The forecast set out in Table 26 below based on the results to July 2017 reflects balance or underspends across all areas except HRA Management costs where there is a small pressure £0.019m and rental income where there is also a small forecast pressure of £0.055m reflecting an improving position. This pressure exists largely as a result of higher void levels than forecast (£0.147m), particularly in Sheltered Housing. In addition, the income from temporary dispersed accommodation is projected to be slightly above budget (£0.067m), whilst service charge income (including furniture packs) is now slightly better than budget (£0.025m). All of the £0.873m of savings identified in 2017/18 budget approved by Cabinet are on target to be delivered in full.

Table 26: Forecast Variance Housing Revenue Account

	FULL YEAR - 2017/18			Variance	Movement
		July Forecast Outturn			
	Full Year Budget £000	Forecast £000	Variance £000	May 2017/18 £000	£'000
INCOME					
Rental Income	-59,689	-59,634	**55**	-59,515	-119
Other Rental Income, Shops etc.	-255	-254	**1**	-254	0
Interest on Balances	-30	-40	**-10**	-40	0
PFI Credits	-7,693	-7,693	**-0**	-7,693	0
	-67,667	**-67,621**	**46**	-67,502	-119
EXPENDITURE					
Capital Charges - Net Effect	13,848	13,822	**-25**	13,822	0
HRA Management Costs	10,197	10,216	**19**	10,156	60
PFI Contract Costs	9,551	9,551	**0**	9,551	0
Repairs	11,481	11,479	**-1**	11,479	0
Revenue Support to Capital Programme	6,771	6,771	**0**	6,771	0
Contribution to Major Repairs Reserve – Depreciation	15,650	15,650	**0**	15,650	0
Contingencies, Bad debt Provision & Transitional Protection Payments	1,080	861	**-220**	901	-40
Pension Fund Deficit Funding	855	855	**0**	855	0
	69,432	**69,205**	**-227**	69,185	20
	1,766	**1,584**	**-181**	1,683	99
BALANCES BROUGHT FORWARD	**-4,627**	**-5,966**	**-1,339**	-5,966	0
BALANCES TO CARRY FORWARD	**-2,861**	**-4,382**	**-1,520**	-4,283	-99

3.1 **Empty homes**

In terms of the impact of empty homes on the financial picture to date empty homes are actually below 16/17 levels overall so far this year but had been budgeted to improve more significantly following the completion of the North Tyneside Living Schemes. Stock handover was delayed but is now complete and although the level of empty homes within sheltered stock is still high the trend does indicate that this position is now starting to improve. Tables 27-29 illustrate the movement in stock void levels for 17/18 compared to 16/17.

Table 27: All stock Empty homes debit as percentage of total debit

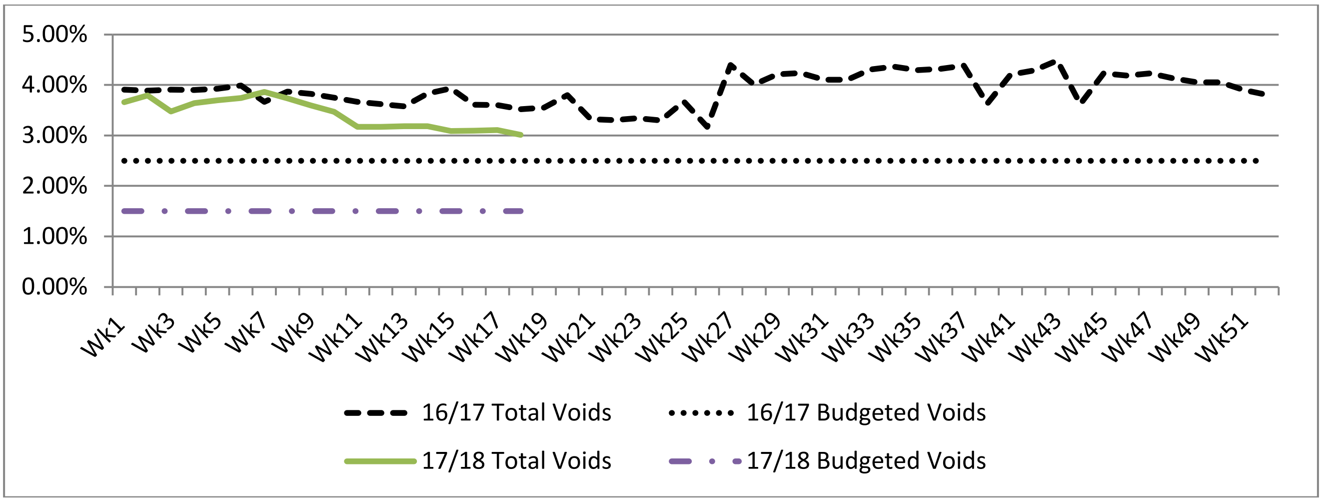


Table 28: General Stock Empty homes debit as percentage of total debit

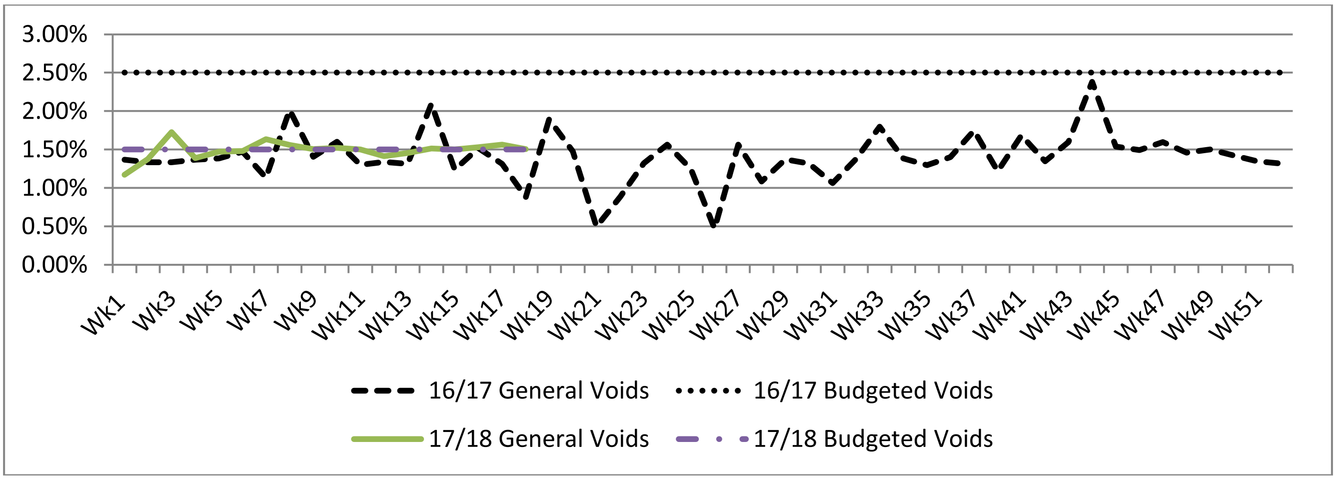
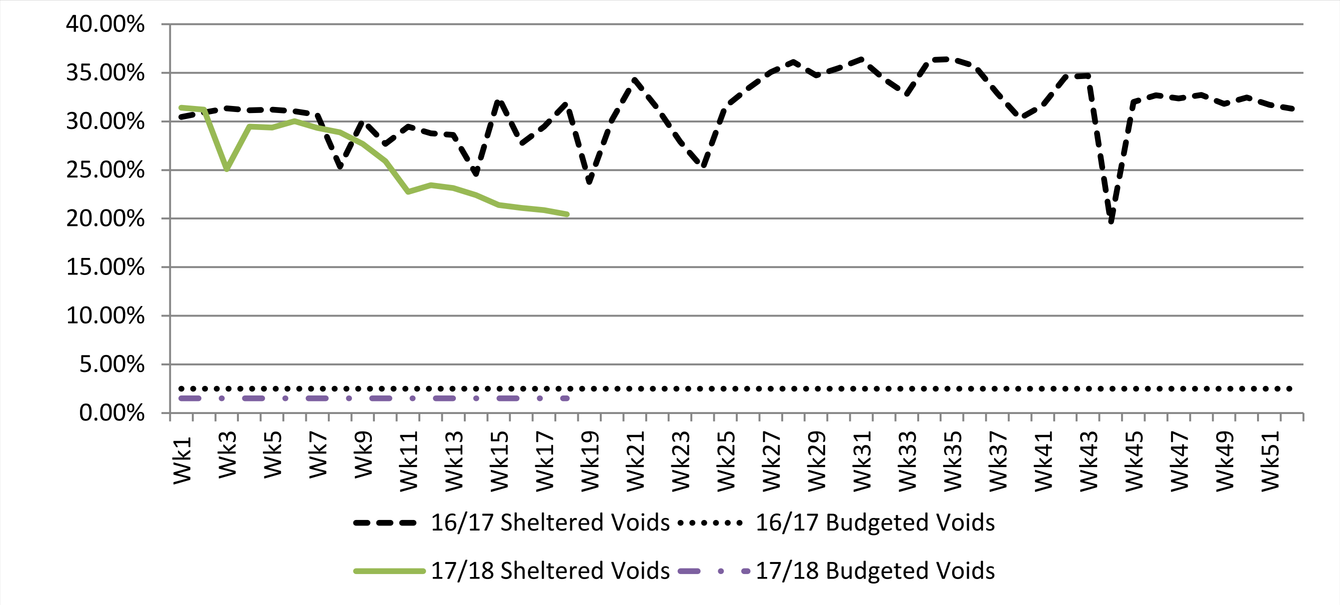


Table 29: Sheltered Stock Empty homes – debit as percentage of total debit



The net forecast overspend of £0.019m in HRA Management costs includes a pressure from the impact of Authority tax payable on higher level of empty homes (£0.235m), additional water rates commission income negotiated (£0.166m) and staff vacancies (£0.164m), plus potential pressures around broadband costs for sheltered accommodation £0.059m).

The £0.220m projected underspend on Contingencies, Bad debt provision and transitional protection payments includes an expected reduction in cost for transitional protection as a result of higher than budgeted empty homes in sheltered accommodation. There is a predicted reduction in bad debt provision (£0.150m) required based on a lower level of arrears than expected which will be monitored closely as the wider roll out Universal Credit commences. The go-live on full-service universal credit in North Tyneside is 19 February 2018 so the impact for 2017/18 is expected to be minimal. Currently only around 2,000 North Tyneside residents are on universal credit, many of whom were not previously entitled to Housing Benefit. At the end of July there were 238 Authority tenants claiming universal credit, of these 204 (86%) are in arrears, with average current arrears per tenant of £795, compared to average current tenant arrears of circa £325. This is a trend that has been seen across those authorities who are live with full service and remains a risk for the HRA in future years.

3.2 Right to Buy (RTB) Trends

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

Table 30 – RTB Trends and Financial Impact

	Sales assumed by self-financing	Actual RTB Sales	Additional RTB Sales above budget assumptions	Estimated lost rent per annum (£000)	Capital Receipts (£000)
2012-13	**40**	**85**	**45**	**315**	**3,477**
2013-14	**47**	**122**	**75**	**457**	**4,957**
2014-15	**53**	**100**	**47**	**397**	**3,938**
2015-16	**55**	**135**	**80**	**577**	**5,548**
2016-17	**55**	**136**	**81**	**557**	**5,632**
2017-18 (Apr-Jun)	**14**	**34**	**20**	**151**	**1,503**
	250	**578**	**328**	**2,303**	**23,552**

In the same period (2012-2018) we have built just over 130 new homes through the HRA, which has helped mitigate a portion of the revenue loss from the 578 sales estimated, but in essence the HRA has lost £2.3m in rental income from the annual rent over this period.

In terms of the total Capital Receipts from the sales of these properties over the last 5 years (£23.552m), the Authority is required to pay a proportion over to Government (£8.326m) but is allowed to keep a proportion to cover administration costs (£0.753m). The Authority can also retain some proceeds to cover the additional debt burden from the extra sales (£8.507m), plus the Local Authority share of the “pooled” assumption (£3.425m). Any sum left over is called the “retained” receipt (£2.570m) and this must be used purely for new build housing, under the “one-for-one” policy. As can be seen from the figures above the Authority has sold an “additional” 328 properties in 5 years and only replaced circa 130, so the policy intention of “one-for-one” replacement is currently not being achieved in North Tyneside.

SECTION 4 INVESTMENT PLAN

Review of Investment Plan - Position Statement

4.0 The Authority's Investment Plan represents the capital investment in projects across all service areas. Some of the key highlights of the Investment Plan due to be delivered during 2017/18 are summarised below:

Affordable Homes New Build and Conversion Works

4.1 There are currently 3 projects that will complete during 2017/18, namely:

- The construction of 20 new affordable units in Dudley, on the former Dudley & Weetslade Club site. Work is due for completion in March 2018;
- The construction of 6 new affordable units in Seaton Burn on the old Chapelville sheltered unit site. Work is due for completion in October 2017; and,
- The conversion of Perth Gardens into 7 new affordable units. Work is due for completion in March 2018.

In addition to the above there will be a number of other schemes progressed through the design, planning and procurement process during 2017/18 that will subsequently complete in future financial years.

Housing Investment Work

4.2 The Housing Capital delivery programme will see the following works delivered across the Borough during 2017/18:

- Kitchens and bathrooms to 605 homes;
- Heating upgrades to 600 homes;
- Boundary improvements to 830 homes;
- External decoration to 1,906 homes;
- Roof replacements to 292 homes;
- External Brickwork Repairs to 367 homes;
- Insulation / Structural works to 24 Non-traditional homes ; and,
- Infrastructure Projects to 7 locations.

Education Investment Works

4.3 The delivery of the Investment in schools will see the following works delivered over 2017/18:

- Delivery of an initial 26 priority condition related projects across the school estate;
- Priority Schools Building Programme (Off Balance Sheet) ;The projects at both Whitehouse Primary School and Longbenton High School are now fully completed;
- The new build projects for both Marden and John Spence High Schools have been completed. Demolition works are also complete on both sites;

- The external works for Marden High School are scheduled for completion in August 2017;
- The external works for John Spence High School are scheduled for completion in December 2017; and,
- Cullercoats Primary School – this project is being delivered as part of Priority Schools Building Programme 2 (PSBP2). The preferred solution is to be a refurbishment programme rather than a new build. Detailed discussions are on-going with the Education Funding Agency (EFA) their appointed contractor and the school to finalise the scope of works. It is anticipated that the works will commence on site by the end of 2017.

Highways and Infrastructure Works

4.4 The main Highways, Infrastructure works include:

- Delivery of the LTP including the annual resurfacing programme and integrated transport projects;
- Completion of final phase of A1058 Coast Road major scheme (Norham Road Bridge);
- Completion of Central Promenade Reconstruction Scheme. Construction work commenced on site in February 2017;
- A1056 Weetslade major highways scheme was completed in July 2017;
- Construction of the North Bank of the Tyne highway improvements from August 2017; and
- Completion of major drainage improvements at Monkseaton and Shiremoor.

Regeneration Works

4.5 Regeneration Works for 2107/18 include:

- works are continuing with the restoration of Spanish City Dome;
- Hotel and restaurant adjacent to the Dome opened in July;
- The public realm work on Northern Promenade from Watts Slope to Rendezvous is also progressing on site and is due to be completed in late summer 2017;
- Swans – the next phase of works will cover feasibility works including upgrade of the Swans Quay and load out facilities plus further demolition works and Centre for innovation Phase 2 refurbishment; and,
- Facilitate development solution for Tyne Brand site at the Fish Quay

Variations to the 2017-20 Investment Plan

4.6 As part of the regular investment programme monitoring £1.308m variations have been identified.

Table 31 details the changes to the approved 3-year Investment Plan, as agreed at Council on 16 February 2017.

Table 31: 2017 - 20 Investment Plan changes identified

	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Approved Investment Plan – Council 16 February 2017	**106.952**	**48.888**	**30.833**	**186.673**
Previously Approved Reprogramming				
Cabinet 12 June 2017	12.980	0	0	12.980
Cabinet 10 July 2017	(21.929)	21.926	0.517	0.514
Approved Investment Plan – Cabinet 10 July 2017	**98.003**	**70.814**	**31.350**	**200.167**
June/July Variations	1.316	(0.008)	0	1.308
Revised Investment Plan	**99.319**	**70.806**	**31.350**	**201.475**

Details of changes to the 2017-2020 Investment Plan

4.7 The details of the main changes are shown below:

(a) **HS047 Trading Company Affordable Homes £1.000m** – Additional funding is required for the purchase of homes on the open market. The funding is provided from the Section 106 Town and Country Planning Act 1990 commuted sums available for affordable housing. This is to ensure the programme of delivery of affordable homes is progressed in line with the Cabinet's priorities;

(b) **EV056 Roads and Pavements £0.346m -** the Authority has been awarded £0.619m from the National Productivity Investment Fund for 2017/18. Allocations have been made of £0.146m for upgrading of Urban Traffic Management and Control systems and £0.200m for improvements to footways. The balance of £0.273m will be used to reduce the council contribution required for this project; and,

(c) **EV082 North Bank of Tyne Infrastructure - £0.046m credit** – This budget has been reduced following the removal of the Park Road closure from the final scheme proposal.

4.8 The impact of the changes detailed above on capital financing is shown in Table 32 below.

Table 32: Impact of variations on Capital financing

	2017/18 £m	**2018/19 £m**	**2019/20 £m**	**Total £m**
Approved Investment Plan – Cabinet 10 July 2017	**98.003**	**70.814**	**31.350**	**200.167**
Council Contribution	(0.273)	0	0	(0.273)
Grants and Contributions	1.589	(0.008)	0	1.581

Total Financing Variations	**1.316**	**(0.008)**	**0**	**1.308**
Revised Investment Plan	**99.319**	**70.806**	**31.350**	**201.475**

Capital Receipts – General Fund

4.9 There were no General Fund Capital Receipts brought forward at 1 April 2017. All receipts received in 2016/17 were applied to finance capital expenditure.

The capital receipts requirement for 2017/18 approved by Council on 16 February 2017 was £Nil (£0.760m for 2017-20). Due to reprogramming from 2016/17 £0.110m receipts are now required for 2017/18 (£0.870m 2017-20). To date £0.173m of capital receipts have been received in 2017/18, therefore the 2017/18 requirement has been met. Any receipts generated will be allocated against the future requirement as shown in table 33 below. The total revised requirement in the 2017-2020 Investment Plan is £0.697m.

Table 33: Capital Receipt Requirement – General Fund

	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Requirement reported to 16 February 2017 Council	0.000	0.380	0.380	0.760
Reprogramming from 2016/17	0.110	0	0	0.110
Revised Requirement	**0.110**	**0.380**	**0.380**	**0.870**
Useable Receipts Received 2017/18	(0.110)	(0.063)	0	(0.173)
Balance to be generated	**0.000**	**0.317**	**0.380**	**0.697**

Capital receipts – Housing Revenue Account

4.10 Housing Capital Receipts brought forward at 1 April 2017 were £5.501m. The Housing receipts are committed against projects included in the 2017-20 Investment Plan. The approved Capital Receipt requirement for 2017/18 was £0.663m. This, together with the reprogramming reported to 12 June 2017 Cabinet, gives a requirement of £1.809m. To date, £2.045m receipts have been received in 2017/18 of which £0.468m has been pooled as part of the quarterly returns to Central Government. In total, subject to future pooling, this leaves a surplus balance of £5.269m to be carried forward to fund future years.

Table 34: Capital Receipt Requirement - Housing Revenue Account

	2017/18 £m	2018/19 £m	2019/20 £m	2017-20 £m
Requirement reported to 16 February 2017 Council	0.663	2.847	2.805	6.315
Reprogramming from 2016/17	1.146	0	0	1.146
Revised Requirement	**1.809**	**2.847**	**2.805**	**7.461**
Receipts Brought Forward	(5.501)	0	0	(5.501)
Receipts Received 2017/18	(2.045)	0	0	(2.045)
Receipts Pooled Central Government	0.468	0	0	0.468

Surplus Balance to fund future years (subject to further pooling)	**(5.269)**	**2.847**	**2.805**	**0.383**

The final figure for useable receipts and pooled receipts in year will depend on the final number of Right to Buy properties sold during 2017/18.

Investment Plan Monitoring Position to 31 July 2017

4.11 Actual expenditure in the General Ledger was £14.295m, or 14.39% (May £2.399m and 2.32%) of the total revised Investment Plan as at 31 July 2017. The spend is in line with the profiled budgets to the end of July 2017.

Table 35: 2017/18 Total Investment Plan Budget & Expenditure to 31 July 2017

	2017/18 Revised Investment Plan £m	Actual Spend to 31 July 2017 £m	Spend as % of revised Investment Plan %
General Fund	74.340	9.773	13.15
Housing	24.979	4.522	18.10
TOTAL	**99.319**	**14.295**	**14.39**