

# North Tyneside Council Report to Cabinet Date: 12 June 2017

## ITEM 7(a)

2016/17 Provisional Finance  
Outturn Report

<b>Portfolios:</b> Elected Mayor Finance and Resources	<b>Cabinet Member:</b> 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
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Appendix L	Housing Revenue Account (HRA)
Appendix M	Investment Plan Financing Summary
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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](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](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  x
- Head of Service  x
- Mayor/Cabinet Member(s)  x
- Chief Finance Officer  x
- Monitoring Officer  x
- Head of Corporate Strategy  x

# 2016/17 Provisional Finance Outturn Report

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<b>Section 1.0</b> <b>Executive Summary</b>
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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.

<b>Section 2.0</b> <b>General Fund Income and Expenditure</b>
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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
<b>Services</b>					
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
<b>Sub Total - Service- Approved Budget</b>		<b>157.685</b>	<b>160.411</b>	<b>2.726</b>	<b>4.998</b>
Support Services		-1.739	-1.739	0.000	0.000
Budget use of the Strategic Reserve		<b>-2.001</b>	<b>-2.001</b>	<b>0.000</b>	<b>0.000</b>
<b>Net forecast pressure/(surplus) after planned use of the Strategic Reserve</b>		<b>153.945</b>	<b>156.671</b>	<b>2.726</b>	<b>4.998</b>
<b>Use of the Strategic Reserve</b>		<b>0</b>	<b>-2.726</b>	<b>-2.726</b>	<b>-2.300</b>
<b>Net Final outturn</b>		<b>153.945</b>	<b>153.945</b>	<b>0.000</b>	<b>2.698</b>

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
<b>Total LAC</b>	<b>291</b>	<b>287</b>	<b>297</b>		<b>£3.591</b>	<b>£3.416</b>
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
<b>Net</b>					<b>£1.834</b>	<b>£1.790</b>

\*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**

<b>Service</b>	<b>Amount £m</b>
Environment, Housing and Leisure	0.010
Finance	0.004
<b>Total</b>	<b>0.014</b>

<b>Section 3.0</b> <b>Housing Revenue Account Income and Expenditure</b>
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- 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.

<b>Section 4.0</b> <b>Schools Finance</b>
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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.

<b>Section 5.0</b> <b>Investment Plan Expenditure and Financing</b>
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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:
- 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;
  - 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**

	<b>2016/17 Capital Financing £m</b>
<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**

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

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**

	<b>31 March 2017 Principal £m</b>	<b>Rate/Return %</b>	<b>31 March 2016 Principal £m</b>	<b>Rate/Return %</b>
<b>Fixed Rate Funding:</b>				
-*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
<b>Total External Debt</b>	<b>436.897</b>		<b>434.752</b>	
<b>Investments:</b>				
- In-house	(5.200)	0.10	(14.200)	0.25
<b>Total Investments</b>	<b>(5.200)</b>		<b>(14.200)</b>	
<b>Net Position</b>	<b>431.697</b>		<b>420.552</b>	

\*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**

	<b>1Year %</b>	<b>5 Year %</b>	<b>10 Year %</b>	<b>25 Year %</b>	<b>50 Year %</b>
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**

<b>Principal £m</b>	<b>Interest Rate %</b>	<b>Start Date</b>	<b>Maturity Date</b>
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**

<b>Principal £m</b>	<b>Interest Rate %</b>	<b>Date Repaid</b>
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.**

	<b>7 Day %</b>	<b>1 Month %</b>	<b>3 Month %</b>	<b>6 Month %</b>	<b>1 Year %</b>
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
<b>Total</b>	<b>65.995</b>	<b>77.647</b>	<b>61.690</b>

**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
<b>Total</b>	<b>621.578</b>	<b>652.194</b>	<b>639.853</b>

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
<b>Total</b>	<b>180.572</b>	<b>194.008</b>	<b>186.542</b>

### 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
<b>Total</b>	<b>1,240.000</b>

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
<b>Total</b>	<b>680.000</b>

- 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 Management**Adoption 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		
<b>CONTROLLABLE ITEMS</b>											
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
<b>Total Controllable Items</b>	<b>514</b>	<b>493</b>	<b>-21</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>514</b>	<b>493</b>	<b>-21</b>		<b>12</b>
Capital Charges	0	0	0	0	0	0	0	0	0		0
<b>Total Chief Executive</b>	<b>514</b>	<b>493</b>	<b>-21</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>514</b>	<b>493</b>	<b>-21</b>		<b>12</b>



## 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		
<b>CONTROLLABLE ITEMS</b>											
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
<b>Total Controllable Items</b>	<b>2,091</b>	<b>2,263</b>	<b>172</b>	<b>-685</b>	<b>-918</b>	<b>-233</b>	<b>1,406</b>	<b>1,345</b>	<b>-61</b>		<b>-76</b>
Capital Charges	125	125	0	0	0	0	125	125	0		0
<b>Total Business and Economic Development</b>	<b>2,216</b>	<b>2,388</b>	<b>172</b>	<b>-685</b>	<b>-918</b>	<b>-233</b>	<b>1,531</b>	<b>1,470</b>	<b>-61</b>		<b>-76</b>

## 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		
<b>CONTROLLABLE ITEMS</b>											
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
<b>Total Controllable Items</b>	<b>5,796</b>	<b>6,365</b>	<b>569</b>	<b>-367</b>	<b>-716</b>	<b>-53</b>	<b>5,429</b>	<b>5,649</b>	<b>220</b>		<b>127</b>
Capital Charges	1,417	1,417	0	0	0	0	1,417	1,417	0		
<b>Total Commercial and Business Redesign</b>	<b>7,213</b>	<b>7,782</b>	<b>569</b>	<b>-367</b>	<b>-716</b>	<b>-53</b>	<b>6,846</b>	<b>7,066</b>	<b>220</b>		<b>127</b>

## 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		
<b>CONTROLLABLE ITEMS</b>											
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
<b>Total Controllable Items</b>	<b>2,528</b>	<b>2,627</b>	<b>99</b>	<b>-805</b>	<b>-913</b>	<b>-108</b>	<b>1,723</b>	<b>1,714</b>	<b>-9</b>		<b>13</b>
Capital Charges	0	0	0	0	0	0	0	0	0		
<b>Total Corporate Strategy</b>	<b>2,528</b>	<b>2,627</b>	<b>99</b>	<b>-805</b>	<b>-913</b>	<b>-108</b>	<b>1,723</b>	<b>1,714</b>	<b>-9</b>		<b>13</b>

## 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		
<b>CONTROLLABLE ITEMS</b>											
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
<b>TOTAL CONTROLLABLE ITEMS</b>	<b>83,378</b>	<b>82,053</b>	<b>-1,325</b>	<b>-79,665</b>	<b>-77,853</b>	<b>1,812</b>	<b>3,713</b>	<b>4,200</b>	<b>487</b>		<b>818</b>
Capital Charges	33	33	0	0	0	0	33	33	0		0
<b>TOTAL FINANCE</b>	<b>83,411</b>	<b>82,086</b>	<b>-1,325</b>	<b>-79,665</b>	<b>-77,853</b>	<b>1,812</b>	<b>3,746</b>	<b>4,233</b>	<b>487</b>		<b>818</b>

## 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		
<b>CONTROLLABLE ITEMS</b>											
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
<b>Total Controllable Items</b>	<b>2,301</b>	<b>3,179</b>	<b>878</b>	<b>-24</b>	<b>-711</b>	<b>-687</b>	<b>2,277</b>	<b>2,468</b>	<b>191</b>		<b>160</b>
Capital Charges	0	0	0	0	0	0	0	0	0		0
<b>Total Human Resources &amp; Organisational Development</b>	<b>2,301</b>	<b>3,179</b>	<b>878</b>	<b>-24</b>	<b>-711</b>	<b>-687</b>	<b>2,277</b>	<b>2,468</b>	<b>191</b>		<b>160</b>

## 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		
<b>CONTROLLABLE ITEMS</b>											
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
<b>Total Controllable Items</b>	<b>3,973</b>	<b>4,576</b>	<b>603</b>	<b>-959</b>	<b>-1,519</b>	<b>-560</b>	<b>3,014</b>	<b>3,057</b>	<b>43</b>		<b>85</b>
Capital Charges	0	0	0	0	0	0	0	0	0		0
<b>Total Law &amp; Governance</b>	<b>3,973</b>	<b>4,576</b>	<b>603</b>	<b>-959</b>	<b>-1,519</b>	<b>-560</b>	<b>3,014</b>	<b>3,057</b>	<b>43</b>		<b>85</b>

## 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
<b>Total Controllable Items</b>	<b>150,716</b>	<b>162,533</b>	<b>11,817</b>	<b>-86,816</b>	<b>-91,765</b>	<b>-4,949</b>	<b>63,900</b>	<b>70,768</b>	<b>6,868</b>		<b>7,830</b>
Capital Charges	1,012	1,012	0	0	0	0	1,012	1,012	0		0
<b>TOTAL HEALTH, EDUCATION, CARE AND SAFEGUARDING</b>	<b>151,728</b>	<b>163,545</b>	<b>11,817</b>	<b>-86,816</b>	<b>-91,765</b>	<b>-4,949</b>	<b>64,912</b>	<b>71,780</b>	<b>6,868</b>	0	<b>7,830</b>

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
<b>TOTAL CONTROLLABLE ITEMS</b>	<b>167,639</b>	<b>171,012</b>	<b>3,373</b>	<b>-157,274</b>	<b>-160,165</b>	<b>-2,891</b>	<b>10,365</b>	<b>10,847</b>	<b>482</b>		<b>536</b>
Capital Charges	14,106	14,106	0	0	0	0	14,106	14,106	0		0
<b>TOTAL COMMISSIONING &amp; INVESTMENT</b>	<b>181,745</b>	<b>185,118</b>	<b>3,373</b>	<b>-157,274</b>	<b>-160,165</b>	<b>-2,891</b>	<b>24,471</b>	<b>24,953</b>	<b>482</b>		<b>536</b>

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		
<b>Environment, Housing and Leisure</b>											
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
<b>Total Controllable Items</b>	<b>57,326</b>	<b>62,891</b>	<b>5,565</b>	<b>-28,478</b>	<b>-33,816</b>	<b>-5,338</b>	<b>28,848</b>	<b>29,075</b>	<b>227</b>		<b>782</b>
<b>Total Environment, Housing and Leisure</b>	<b>68,509</b>	<b>74,074</b>	<b>5,565</b>	<b>-28,934</b>	<b>-34,272</b>	<b>-5,338</b>	<b>39,575</b>	<b>39,802</b>	<b>227</b>		<b>782</b>



## 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><b>Savings relating to:</b></p> <ul style="list-style-type: none"> <li>• £0.769m credit on MRP due to re-programming of 2015/16 capital spend</li> <li>• £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.</li> <li>• £0.702m unallocated contingency</li> <li>• £0.250m Kier Dividend</li> <li>• £0.126m Service Development</li> <li>• £0.348m Other income generation including S31 Grants for Small Business Rate Relief, NNDR Revaluations and Collection Fund adjustments.</li> <li>• £0.153m Corporate Pay Awards and NI Increases budget (spend shown within services)</li> <li>• £0.055m Provision for Bad Debt</li> </ul> <p><b>Pressures relating to:</b></p> <ul style="list-style-type: none"> <li>• £1.640m unachieved CBF targets in relation to TOM01, management savings, local ownership and cross cutting income</li> <li>• £0.565m Increased contribution to Redundancy Reserve</li> </ul>	-5,151
<b>Total Controllable Items</b>	<b>19,284</b>	<b>18,644</b>	<b>-640</b>	<b>-12,209</b>	<b>-17,270</b>	<b>-5,061</b>	<b>7,075</b>	<b>1,374</b>	<b>-5,701</b>		<b>-5,289</b>
Capital Charges	0	0	0	0	0	0	0	0	0		0
<b>TOTAL CORPORATE AND DEMOCRATIC CORE</b>	<b>19,284</b>	<b>18,644</b>	<b>-640</b>	<b>-12,209</b>	<b>-17,270</b>	<b>-5,061</b>	<b>7,075</b>	<b>1,374</b>	<b>-5,701</b>		<b>-5,289</b>

## 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
<b>INCOME</b>					
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
	<b>-68,031</b>	<b>-68,496</b>	<b>-465</b>		<b>-626</b>
<b>EXPENDITURE</b>					
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
	<b>68,717</b>	<b>66,917</b>	<b>-1,800</b>		<b>-724</b>
	<b>686</b>	<b>-1,579</b>	<b>-2,265</b>		<b>-1,350</b>
<b>BALANCES BROUGHT FORWARD</b>	<b>-3,601</b>	<b>-4,388</b>	<b>-787</b>		<b>-787</b>
<b>BALANCES TO CARRY FORWARD</b>	<b>-2,915</b>	<b>-5,966</b>	<b>-3,051</b>		<b>-2,137</b>

	<b>Actual Gross Expenditure £000</b>	<b>Financing</b>					<b>Total Financing £000</b>
		<b>Unsupported Borrowing £000</b>	<b>Capital Receipts £000</b>	<b>Government Grants £000</b>	<b>Grants &amp; Contributions £000</b>	<b>Revenue Funding £000</b>	
<b>General Fund</b>	<b>40,905</b>	-16,197	-413	-10,327	-13,887	-81	<b>-40,905</b>
<b>Housing (HRA)</b>	<b>20,785</b>	0	-161	-807	-14,358	-5,459	<b>-20,785</b>
<b>Total</b>	<b>61,690</b>	-16,197	-574	-11,134	-28,245	-5,540	<b>-61,690</b>

**2016/17 INVESTMENT PLAN OUTTURN VARIATIONS**

		<b>Gross</b>			<b>(Under)/Over</b>	<b>Funding</b>	<b>Balance to</b>
		<b>Expenditure</b>	<b>Budget</b>	<b>Variance</b>	<b>spend</b>	<b>Adjustment</b>	<b>Reprogramme</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b><u>GENERAL FUND</u></b>							
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 Centre	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

		<b>Gross</b>			<b>(Under)/Over</b>	<b>Funding</b>	<b>Balance to</b>
		<b>Expenditure</b>	<b>Budget</b>	<b>Variance</b>	<b>spend</b>	<b>Adjustment</b>	<b>Reprogramme</b>
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 Sche	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 Managemen	466	487	-21	-21	0	0
IT025	BDUK (Broadband)	480	467	13	0	0	13
IT026	ICT Citizen Interation and Self Serve	1,301	1,933	-632	21	0	-652
		<b>40,905</b>	<b>50,760</b>	<b>-9,855</b>	<b>-20</b>	<b>617</b>	<b>-10,451</b>
GEN03	Contingency Provision	0	78	-78	21	0	-99
		<b>40,905</b>	<b>50,838</b>	<b>-9,933</b>	<b>0</b>	<b>617</b>	<b>-10,550</b>
<b><u>HRA</u></b>							
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
		<b>20,785</b>	<b>23,398</b>	<b>-2,613</b>	<b>-183</b>	<b>0</b>	<b>-2,430</b>
<b>Total</b>		<b>61,690</b>	<b>74,236</b>	<b>-12,546</b>	<b>-183</b>	<b>617</b>	<b>-12,980</b>

Grant Paying Body	Name of Grant	Purpose of Grant	2016/17 Allocation (£000)	Date of Approval eg Cabinet / Section 151 Officer etc
<b>Finance</b>				
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
<b>Environment Housing and Leisure</b>				
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
<b>GENERAL FUND REVENUE</b>			<u>14</u>	

	<b>Purpose of Reserve</b>	<b>Opening Balance 1 April 2016</b>	<b>Cont To</b>	<b>Cont From</b>	<b>Closing Balance 31 March 2017</b>
		£000	£000	£000	£000
<b>General</b>					
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

	<b>Purpose of Reserve</b>	<b>Opening Balance 1 April 2016</b>	<b>Cont To</b>	<b>Cont From</b>	<b>Closing Balance 31 March 2017</b>
		£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



	<b>Purpose of Reserve</b>	<b>Opening Balance 1 April 2016</b>	<b>Cont To</b>	<b>Cont From</b>	<b>Closing Balance 31 March 2017</b>
		£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
	<b>Sub Total - General Reserves</b>	-56,000	-15,741	9,976	-61,765
<b>Grants</b>					
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

	<b>Purpose of Reserve</b>	<b>Opening Balance 1 April 2016</b>	<b>Cont To</b>	<b>Cont From</b>	<b>Closing Balance 31 March 2017</b>
		£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
	<b>Sub Total of Grant Reserves</b>	-5,268	-1,330	4,735	-1,863
	<b>Total all Reserves</b>	-61,268	-17,071	14,711	-63,628

<b>Balances</b>					
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

## APPENDIX Q

	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

	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.

## APPENDIX Q

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.