

North Tyneside Authority Report to Cabinet 10 July 2017

Item 6(a)

2017/18 Financial Management
Report to 31 May 2017

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

PART 1

1.1 Executive Summary:

This report is the first monitoring report to Cabinet on the 2017/18 financial position. It is in a different format and begins to bring together financial and relevant performance information with the intention of explaining the current financial position in the context of the Policy priorities in the Our North Tyneside Plan. It provides the first indication of the potential revenue and capital position of the Authority at 31 March 2018.

At this stage in the financial year Cabinet will understand that there are aspects of the £18.338m 2017/18 savings programme still to be made in order to deliver the General Fund budget approved by Council on 16 February 2017. The report includes details from a number of sessions held across all services where senior management have worked to manage that financial risk, including what additional actions can be taken in line with the Authority's Efficiency Statement and the Creating a Brighter Future Programme.

The report also explains where the Authority continues to manage financial pressures. Like most local authorities, North Tyneside Council continues to feel financial pressures which were reported in the 2016/17 Outturn Report and manifest in 2017/18.

The report includes details of additional grants received by the Authority since the budget was set.

The report also advises Cabinet of the position so far on the 17/18 Schools budgets, planning for 2018/19 Schools funding and the forecast outturn for the Housing Revenue Account as at 31 May 2018.

Finally, the report provides an update on the 2017/18 Investment Plan including delivery so far this year along with details of variations and reprofiling of the Investment Plan which are presented to Cabinet for approval.

1.2 Recommendations:

It is recommended that Cabinet:

- (a) note the forecast budget monitoring position for the General Fund, Housing Revenue Account (HRA) and Schools' Finance as at 31 May 2017 (Annex 1.1-1.5);
- (b) approves the receipt of £0.201m new revenue grants;
- (c) note the Authority's Investment Plan spend of £2.399m to 31 May 2017 and the financing of the Plan to the end of the year (Annex 1.6); and
- (d) approve variations of £0.514m and reprogramming of £22.097m within the 2017 - 2020 Investment Plan (Annex 1.6).

1.3 Forward Plan:

Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 30 May 2017.

1.4 Authority plan and policy framework:

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

1.5 Information:

1.5.1 Financial Position

This report is the first monitoring report in a new format presented to Members on the Authority's 2017/18 financial position. It provides an early indication of the expected revenue and capital financial position of the Authority as at 31 March 2018.

The report covers:

- The forecast outturn of the Authority's General Fund and HRA revenue budget including management mitigations where issues have been identified.
- The delivery of 2017/18 approved budget savings plans.
- An update on the Capital Investment Plan including details of variations and reprogramming that are recommended for approval.
- An update and overview of current performance against the policy priorities in the 2016-2019 Our North Tyneside Council Plan as context for the financial position.

General Fund Revenue Account:

This is the first financial monitoring report of the year. The forecast overall pressure is estimated at £8.842m against an approved net budget of £152.360m. This is driven mainly by continued pressure in Health, Education, Care and Safeguarding (HECS) of £7.625m (2016/17 £6.868m). Included in this projection is £2.618m of pressures in Corporate Parenting and Placements and £3.361m in Social Care package provision within Adult Social Care Services, the drivers for these pressures continue from 2016/17 and arise from:

- Continued growth in demand in Adult and Children's Social Care Services;
- The timing of delivery of some aspects of the Creating a Brighter Future Programme to the extent that achievement of some savings may be at risk;
- Ongoing issues around agreeing adequate levels of contributions from the North Tyneside Clinical Commissioning Group for clients with health needs and to support social care;
- The impact of the National Living Wage on our care providers (and the consequential impact on our Commissioning costs).

The 2017/18 budget setting process made provision for many of the pressures identified during 2016/17, however, demand pressures have continued into 2017/18. Negotiations with care providers are at an early stage for 2017/18 in terms of the National Living Wage and at this early point in the year it is not yet possible to be sure that all the savings built into the Creating a Brighter Future Programme can be delivered. All Service Areas have held sessions over the course of May and June 2017 in order to develop further actions to mitigate the financial pressures and it is expected that the out-turn forecast will improve during the year as planned remedial actions begin to have an impact on spend and income. The forecast outturn does not at this stage take into account the additional funding for Adult Social Care announced as part of the Spring Budget on 8 March 2017. For 2017/18 this amounts to £4.579m, and work is currently in progress to determine the appropriate application of this funding.

Housing Revenue Account (HRA):

The HRA is forecast to have year-end balances at 31 March 2018 of £4.283m, which is £1.421m higher than budget. The higher than forecast balances are mainly as a result of higher opening balances due to the impact of the previous years' financial performance (£1.339m) but there is also an in-year estimated underspend of £0.082m due to pressure on income of £0.165m offset by, in the main, savings on contingencies and the bad debt provision.

School Funding:

The Annex to this report includes an update in respect of work in progress with regard to school funding (Section 1.5). There is an increase in the number of schools requesting deficit approval and at the time of writing this report ten schools have made requests compared to eight in 2016/17.

Investment Plan:

The 2017-2020 Investment Plan, as adjusted for proposed reprogramming, totals £199.667m (£97.503m 2017/18) and is detailed in Appendix 1. The Annex to this report also sets out in Section 1.6 delivery progress to date, planned delivery for 2017/18, reprogramming and other variations identified through the Investment Programme Governance process.

New Revenue Grants:

The following revenue grants have been received during April and May 2017:

Table 1: Revenue Grants Received during April and May 2017

Grant Provider	Grant	Purpose	2017/18 value £m
Sport England	Swim Local Pilot	Research re increased participation in swimming	0.147
DEFRA	Bathing Water Regulations 2013	Public information at bathing waters	0.002
Tyne & Wear Sport	Sportivate 17/18	Deliver sportivate activities under the SLA	0.005
Sport England	Community Sport Activation Fund	Support increase in sports participation amongst targeted groups through commissioning model	0.047
Total			0.201

1.5.2 Performance against Council Plan

The 2016-2019 Our North Tyneside Plan (Council Plan) sets out the overall vision and policy context within which the Financial Plan and Budget are set.

The 2016-2019 Our North Tyneside Plan has three key themes – Our People, Our Places and Our Economy. For each one there is a set of policy outcomes that the Authority is seeking to deliver as set out below.

Our People will:

- Be listened to, and involved, by responsive, enabling services.
- Be ready for school – giving our children and their families the best start in life.
- Be ready for work and life – with the skills and abilities to achieve their full potential, economic independence and meet the needs of local businesses.
- Be healthy and well – with the information, skills and opportunities to maintain and improve their health, well-being and independence.
- Be cared for and safeguarded if they become vulnerable.

Our Places will:

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

Our Economy will:

- Grow by building on our strengths, including our existing world class companies, and small and growing enterprises.
- Have the right skills and conditions to support investment, and create and sustain new good quality jobs and apprenticeships for working age people.

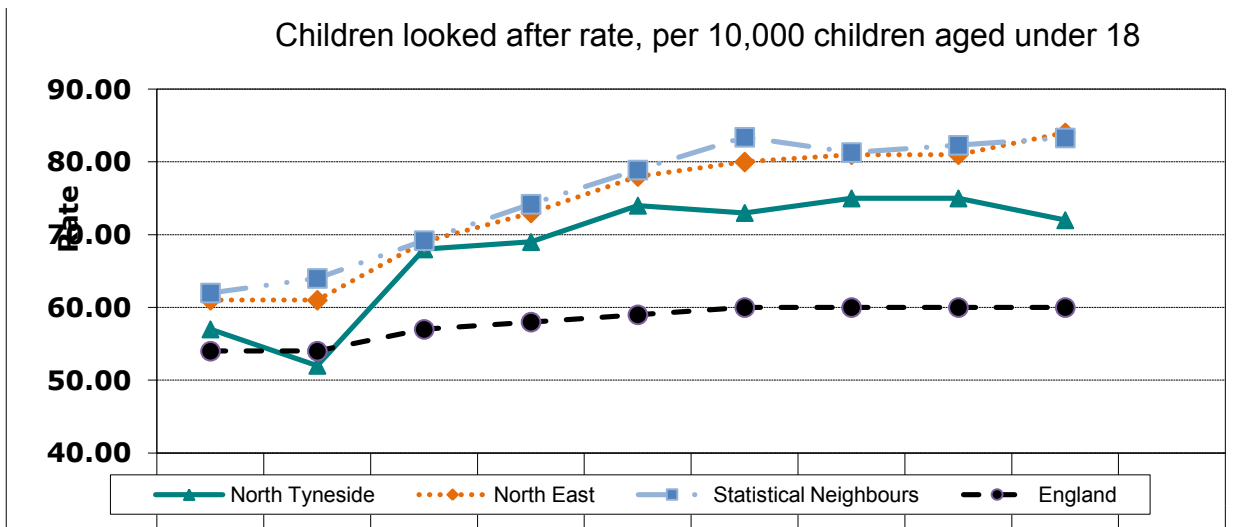
Current Progress

In Adult Social Care the focus remains on providing support which allows people to live independent lives by providing preventative services and keeping people living at home for as long as possible. There is an increase in short term placements to residential care and reablement in-house provision as a result of a lack of capacity in the local domiciliary care market and this is driving some of the cost pressure within Adult Social Care as highlighted in section 1.3 of the Annex to this report.

In Children's Services good progress continues to be made on engaging with children in the early years of life to ensure that they are ready for school. Safeguarding vulnerable children and maximising their educational attainment remain key priorities. The recently published Ofsted report following the review of Children's services put the service as joint 8th nationwide of the 136 authorities inspected under the new regime with a "good" rating overall and recognition of an excellent focus on seeking the views of children to shape services.

The levels of looked after children (LAC) and children who require supervision after leaving care continue to generate a significant financial pressure. In year data suggests that our LAC levels are reducing but there are a wide range of levels of care provided and current demand continues to drive financial pressure in 2017/18. The Authority is forecasting a pressure of £2.618m in corporate parenting and placements (2016/17, £2.525m). The new model for children has been designed in part to address the financial pressures and more details are set out in sections 1.2 and 1.3 of the Annex to this report. Although above the England rate, the North Tyneside LAC rate compares favourably with the rate for the North East and with our statistical neighbours (as shown in Table 2 below).

Table 2: Looked After Children comparators



HRA Impact

In Housing, the Authority is seeing some impact of welfare reform as the proportion of rent collected has fallen from 97.03% in 2015/16 to a position of 96.6% for 2016/17 which is expected to continue into 2017/18. We are also seeing pressure on void turnarounds from both a housing management and repair perspective with average re-let times in 2016/17 of 38.25 days, substantially increased from 29.39 days in 2015/16. This increase in turnaround times is driven by an increased number of transfers of older people moving from properties they have lived in for many years into the PFI sheltered housing as it has become available as part of the North Tyneside Living PFI Scheme. Often these residents have chosen not to be included in planned improvements in their areas to avoid the disruption to their lives. This has resulted in many of the properties requiring more substantial works than normal to meet the void standards before they can be re-let. The Authority continues to work with Kier to reduce the void turnaround times.

1.5.3 Investment Plan

An officer led review of the Investment plan has led to proposed reprogramming of £22.097m and variations of £0.514m of which more details are set out in section 1.6 of the Annex to this report. The revised Investment plan stands at £97.503m for 2017/18 and to the end of May 2017 spend of £2.399m had been incurred.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

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

Options 2

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

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

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

1.8 Appendices:

Annex: Financial Management Report to 31 May 2017
Appendix 1: 2017-2020 Investment Plan

1.9 Contact officers:

Janice Gillespie - Corporate Finance matters – Tel. (0191) 643 5701
Margaret Keith – Treasury Management matters – Tel. (0191) 643 5747
Cathy Davison - Investment Plan matters- Tel. (0191) 643 5727
Alison Campbell – Senior Business Partner – Tel. (0191) 643 7038
Darrell Campbell - Housing Revenue Account matters – Tel. (0191) 643 7052

1.10 Background information:

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

- (a) Revenue budget 2017/18
<http://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/Budget%20Book%20170427.pdf>
- (b) Investment Plan 2017-20
http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=567811
- (c) Reserves and Balances Policy
http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=567815

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

As this is a financial report, implications are covered in the body of the report. This report will also be presented to the Authority's Finance Sub-Committee at its meeting on 19 July 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

2.3.1 Internal Consultation

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

2.3.2 External Consultation / Engagement

The 2017/18 budget was completed after widespread consultation and community engagement in line with the Authority's approved Budget Engagement Strategy.

2.4 Human rights

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

2.5 Equalities and diversity

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

2.6 Risk management

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

2.7 Crime and disorder

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

2.8 Environment and sustainability

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

PART 3 - SIGN OFF

- Deputy Chief Executive
- Head of Service
- Mayor/Cabinet Member(s)

- Chief Finance Officer
- Monitoring Officer
- Head of Corporate Strategy

Cabinet – 10 July 2017
Agenda Item 6(a)

2017/18 Financial Management Report Annex

1 General Fund Revenue Forecast

1.1 The Authority's approved net revenue Budget of £152.360m is forecast to overspend by £8.842m. This budget is after £18.3m of budget savings as agreed at Council on 18 February 2017. Table 1 below sets out the variation summary across the General Fund.

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

	Gross Expenditure			Income			Net Expenditure		
	Budget	Forecast	Variance	Budget	Forecast	Variance	Budget	Forecast	Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Services to the Public									
Health, Education, Care & Safeguarding (HECS)	161.553	168.519	6.966	-88.589	-87.930	0.659	72.964	80.589	7.625
Commissioning & Investment	196.250	198.013	1.763	-176.983	-177.765	-0.782	19.267	20.248	0.981
Environment, Housing & Leisure (EHL)	73.169	75.077	1.908	-28.023	-28.602	-0.579	45.146	46.475	1.329
Total services to the public	430.972	441.609	10.637	-293.595	-294.297	-0.702	137.377	147.312	9.935
Support Services									
Chief Executive Office	0.576	0.579	0.003	-0.440	-0.440	0.000	0.136	0.139	0.003
Business & Econ Development	2.378	2.468	0.090	-0.771	-0.845	-0.074	1.607	1.623	0.016
Commercial & Bus Redesign	8.012	8.166	0.154	-5.467	-5.437	0.030	2.545	2.729	0.184
Corporate Strategy	2.351	2.474	0.123	-1.439	-1.439	0.000	0.912	1.035	0.123
Finance	79.085	78.959	-0.126	-77.848	-77.848	0.000	1.237	1.111	-0.126
Human Resources & Organisational Development	2.472	2.658	0.186	-2.187	-2.187	0.000	0.285	0.471	0.186
Law & Governance	4.232	4.451	0.219	-3.995	-4.034	-0.039	0.237	0.417	0.180
Total support services	99.106	99.755	0.649	-92.147	-92.230	-0.083	6.959	7.525	0.566
Central Items & Transfers To Reserves	17.193	15.534	-1.659	-9.169	-9.169	0.000	8.024	6.365	-1.659
Total Authority	547.271	556.898	9.627	-394.911	-395.696	-0.785	152.360	161.202	8.842

1.2 Delivery of Budgeted Savings proposals

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

Table 2: Year on Year savings since 2010 CSR

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

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

Table 3: Savings Tracker 2017/18

	Budgeted Saving	Forecast Saving	Forecast Variance
	£m	£m	£m
Health, Education, Care & Safeguarding	5.527	2.971	2.556
Commissioning & Investment	1.067	0.775	0.292
Environment, Housing & Leisure	1.578	0.847	0.731
Finance	0.191	0.191	0.000
Law & Governance	0.258	0.230	0.028
Human Resources & OD	0.185	0.171	0.014
Business & Econ Development	0.162	0.154	0.008
Commercial & Bus Redesign	0.235	0.235	0.000
Corporate Strategy	0.355	0.323	0.032
Non Service Budgets & Cross cutting	8.780	8.280	0.500
Total	18.338	14.177	4.161

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

The main areas of variation are:

HECS - £5.527m Saving Target, current £2.556m forecast variance

- £0.822m of the £0.868m savings remains to be secured of delivery within New Model for Children Budget proposals. The new model is being implemented in order to respond to the increasing demand, increasing recognition and expectation but also address cost pressures. Whilst there is a plan of changes to be made with a resulting impact on placement mix, it is too early to assume all of these will be delivered given current demographic pressures.

There are several elements to delivering the savings:

- Signs of Safety Practice Model which aims to ensure we can work collaboratively and in partnership with families and children. Five Senior Managers have attended a 5-day advanced training course and 130 staff have attended the 'Introduction Signs of Safety' training course with further training scheduled.
- Foster carer internal and external recruitment drive: The impact of the marketing approach is being seen by an increase in enquires with current indications that there will be a subsequent increase in the number of approved foster carers during the year.
- Maximising the use of our early help offer within the care planning process to reduce the need to take children into our care, and introducing new placement processes. In addition to this a programme of review of all looked after children continue resulting in part year savings in 2017/18, with an expected full year effect into 2018/19.
- Plans include developing new and alternative forms of care that support children nearer to home but also in a more cost effective way. The delivery of a new leaving care service at Mitford Gardens is in development, and the outcome of a bid for funding for a new 'Staying Close' service at Elm House is expected to be positive. The implementation of this service will further support the delivery of efficiencies against this target.
- Multi Agency Safeguarding Hub (MASH) provides a single point of access for referrals across partnerships. It improves coordination, efficiency and information sharing, introduces a triage and assessment process to help prevent cases escalating to safeguarding. Work is in progress to secure an appropriate location for the MASH.
- Pay Award and Pension Increase - £0.634m of savings included in the Budget to reflect the service finding its own element of the pay award are currently not forecast to be achieved. The Service is identifying how they will meet this

pressure through a review of working hours, managing vacancies and non-essential spend.

- ASC Pathway - All but £0.031m of the £0.884m savings have been identified following the review of the ASC pathway to carry out more personalised and proportionate assessments and offer more solutions to meet need based on existing community resources and an individual's own family and community networks.
- Specialist Housing - £0.240m of the £0.275m Specialist Housing solution remains to be secured due to the impact of the timing of solutions being in place. An officer working group continues to shape the housing growth plans to include specialist housing products and services for children and adults with additional needs, Looked after Children and older people, and continues to determine where acceleration of delivery may be possible to achieve the target savings.
- Extra Care - £0.100m saving from increased use of Extra Care remains to be secured. Crossgates in Battlehill is expected to be fully operational in July 2017 with Care providers working with Authority staff in the set up stages. There are currently 10 new residents expected to receive care with a total capacity of 47 available. The service is confident that the Authority will soon be able to reflect these savings resulting from this change within future forecasts.
- Disability Services - £0.350m. This proposal is about reviewing the internally provided residential care and respite services and the commissioned services from external suppliers provided to children with additional needs including approximately 170 children in the Borough who have a profound disability. To date these reviews have not as yet provided any savings that can be measured.
- £0.012m of the £0.050m savings target re DOLS (Deprivation of Liberty) assessments remains to be secured, when the final solution is implemented later this year.
- £0.247m of the £0.580m savings target in relation to services for 0-19s remains to be secured. The business case included a rebranding of the provision as a 'Ready for school, work and life' offer – which focused upon getting children school ready and their families able to work and participate in their community and in doing so supports the Creating a Brighter Future Together programme, the TOM principles and the Riverside/Chirton action plan. Delays in the transfer of childcare provision have impacted on achievable savings in year.
- Work is in progress to consider further actions in respect of £0.120m of the Carecall income target of £0.250m which is being forecast as unachievable at this stage. The actions include a targeted marketing campaign, discussion with our Health partners about the benefits that Carecall brings to them in terms of cost avoidance, and opportunities to promote the service to businesses. Additionally the service is reviewing the support provided to North Tyneside Living, the monitoring and response currently provided by care call is at no additional cost for some of the residents whilst others contribute, which is inequitable.

Commissioning & Investment £1.067m saving, £0.257m forecast variance

- £0.055m of a saving linked to a review of the Independent Review Officers (IRO) remains to be secured. This saving is dependent on the delivery of the new model for children which is expected to result in a reduction of cases and

remains subject to an on-going review.

- £0.020m of a £0.050m saving linked to increased business opportunities remains to be confirmed, opportunities for the delivery of additional services within and outside of the borough continues to be explored.
- £0.217m of savings included in the Budget to reflect the service finding its own element of the pay award and pension costs of which none is currently forecast to be achieved. The service is identifying how they will meet the additional costs through a review of working hours; the management of vacancies and non-essential spend.

Environment, Housing & Leisure £1.578m saving, £0.731m variance

- £0.531m of savings included in the Budget to reflect the service finding its own element of the pay award and pension costs of which none is currently forecast to be achieved. The service is identifying how they will meet the additional costs through a review of working hours; the management of vacancies and non-essential spend.
- £0.064m of a £0.070m savings target remains to be secured due to a lower forecast for bereavement income based on activity at the start of the year. Volumes of cremations so far this year are down on previous levels.
- £0.100m of a £0.200m target remains to be secured with regard to the implementation of the new approach to waste at the Recycling Centre from July 2017. It is anticipated that an improvement on this forecast can be achieved once the solution has been implemented at the Recycling Centre from July 2017 and the anticipated reduction in waste from traders is realised.
- £0.036m of a £0.211m saving relating to Howdon Community Centre remains to be secured. Negotiations regarding the lease of Howden Community Centre are in the process of being concluded and following that the saving is expected to be achieved in full.

Non Service Budgets and Cross Cutting savings £8.780m saving, £0.500m forecast variance

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

1.3 Service Commentaries

As well as the usual budget monitoring process between finance staff of budget managers, meetings are being held with Officers, Cabinet member for Finance, the Deputy Mayor and the relevant cabinet member to discuss the in-year finance and performance position for each head of service, and to discuss plans in progress to mitigate any pressures.

Health, Education, Care & Safeguarding (HECS)

HECS is forecast to overspend its £72.964m net expenditure budget by £7.625m (£6.868m in 2016/17) as shown in Table 4 below. The forecast overspend is caused mainly by over-commitments on third party payments within Adults Older People Services and Corporate Parenting and Placements within Children's Services alongside the timing of delivery of some of the CBF targets.

Table 4: Financial Summary for HECS

	2017/18 Budget £000	2017/18 Variance £000	Outturn 2016/17 £'000
Adults	49,753	3,631	4,497
Children, Young People & Learning	23,190	3,994	2,371
Public Health	21	0	0
TOTAL HECS	72,964	7,625	6,868

Adult Social Care

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

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

<i>Figures exclude Continuing Health Care which is administered on behalf of the CCG</i>	2017/18 Budget £000	2017/18 Variance £000	2016/17 Outturn £'000
Third party payments (mainly purchased care see Table 6)	65,628	2,803	7,492
Employees	14,395	650	(647)
Other costs – premises, supplies and transport	2,402	(50)	(5)
Fees and Sales (mainly client contributions)	(9,716)	(1,136)	(1,348)
Grants & contributions	(23,528)	1,392	(2,199)
Recharges, support services etc.	572	(28)	1,204
Total – Adults Social Care	49,753	3,631	4,497

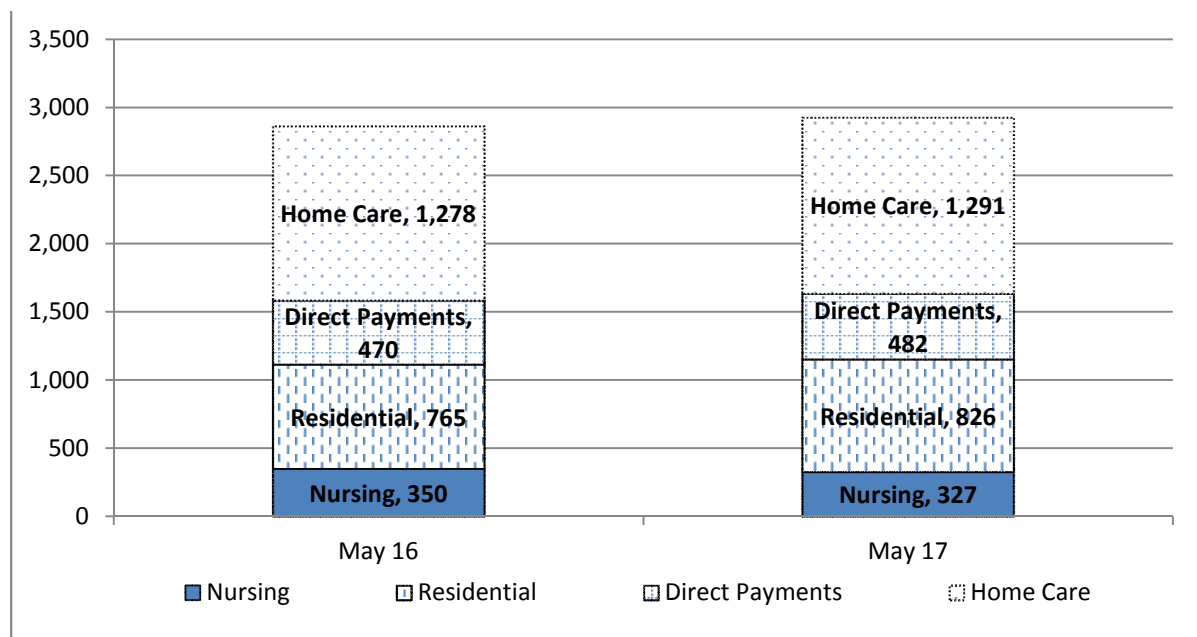
Table 6 below sets out further analysis of the £2.803m pressure in third party payments. This illustrates that services to older people generate the most cost pressure and particularly in increased residential care costs. The Adult Social Care teams work to deliver care packages which help clients retain independence and remain in their own home. However, residential care can be the better option for the Authority if the alternative is really substantial home care support.

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

Forecast Variance ASC 3 rd party payments					
Service	Learning Disability (LD) £000	Mental Health (MH) £000	Older People (OP) £000	Physical Disability (PD) £000	Total £000
Direct Payments	744	50	219	760	1,773
Home Care			-1,026		-1,026
Nursing	92	-105	180	-165	2
Other	-142	38	-1,548	-491	-2,143
Residential	-334	-437	4,926	42	4,197
Total	360	-454	2,751	146	2,803

In addition to pressure arising from the type of care package being provided, Table 7 illustrates an overall increase in placement type between May 2016 and May 2017, and shows that across the client groups there has been a net increase in placements in all types except nursing and the largest increase is in residential placements for Older People which is by far the largest client group and accounts for just over half of all third party spend in Adult Social Care.

Table 7 Number of placements – delivery



The service is also experiencing pressure within employee costs in respect of the £0.634m savings target described in section 1.2 above.

Fees and sales income, of which the majority share is client contribution income towards care costs, is £1.136m higher than budget although broadly in line with prior year (£10.812m in 16/17, £10.851m forecast for 17/18). With the exception of Carecall fee income, which is below target, and day care contributions where the variance is small, client contributions are significantly higher than budget with the largest variance in Residential (£0.690m of which £0.478m relates to Older People).

The forecast pressure in Grants and contributions includes a significant reduction of income from the CCG who are themselves under significant financial pressure (as set out in Table 8 below). Although overall Continuing Healthcare and S117 recharges are forecast to be above budget, all other areas are seeing the impact of actions by the CCG to ensure that as much cost as possible stays with the Authority, particularly for clients who have Learning Disability or Mental Health issues. Dialogue with the CCG continues at the most senior officer level in order to agree the funding position.

Children's Services

Children's Services are forecasting a pressure of against a net budget of £23.190m. Analysis of the variance across the service areas is shown in Table 8 below.

Table 8: Forecast Variation across Children's Services

Service Area	2017/18 Budget £'000	2017/18 Variance £'000	2016/17 Outturn £'000
Corporate Parenting and Placements	16,886	2,618	2,525
Early Help and Vulnerable Families	3,008	493	-147
Employment and Skills	598	164	95
Integrated Disability and Additional Needs Service	2,170	719	227
School Improvement	528	0	-329
Total Children, Young People & Learning	23,190	3,994	2,371

Corporate Parenting and Placements

The forecast pressure in Children's Services lies mainly within Corporate Parenting and Placements (£2.618m). This pressure includes £1.061m relating to budgeted efficiency savings for 2017/18 as outlined in section 1.2 above. There is a £0.123m pressure relating to a forecast shortfall in income from the CCG.

There is a pressure of £0.575m relating to the cost of agency staff covering vacant social work posts. The decision to pay a market supplement to social

workers is forecast to add £0.148m to the pressure but the successful recruitment of 8 new social workers will see a reduction in the dependency on agency and the service expects to see a reduction in the staff cost pressure over the course of the year. In the region of £0.805m of the pressure relates to additional demand pressures particularly at the high cost end of placements. Table 9 below illustrates the types and average costs of placements and shows a range of pressures across all placement types. The implementation of the new model for children as set out in section 1.2 is in place to deliver efficiencies and manage demand against these cost drivers.

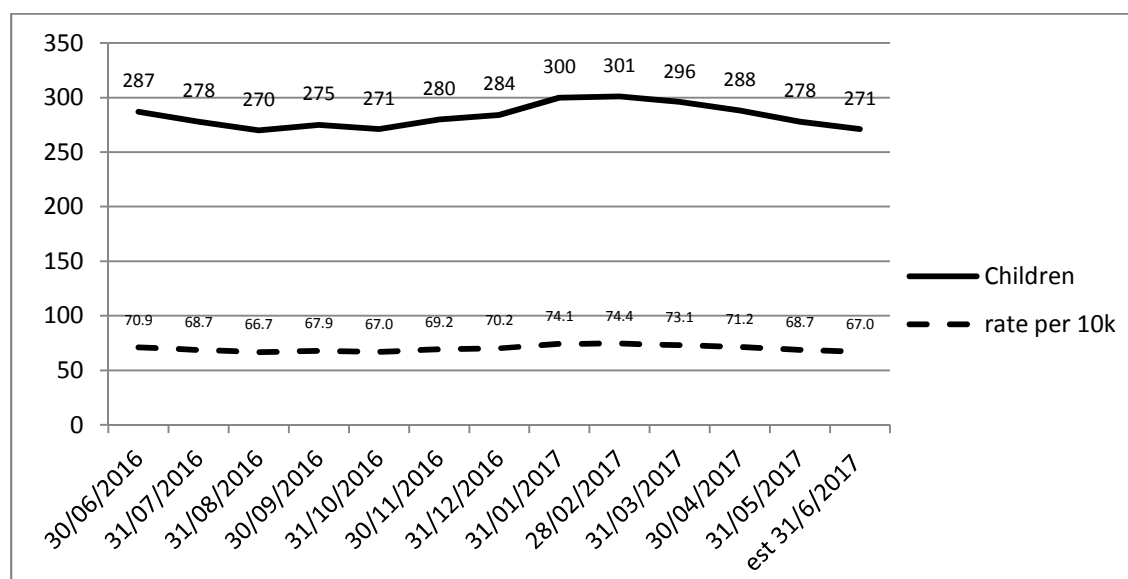
Table 9: Analysis of variation in Corporate Parenting and Placements

Placement Type	No of LAC at Apr 2016	No of LAC at Mar 2017	No of LAC at May 2017	Average Cost of Placement £m	Forecast Variance May 2017 £m	Outturn 2016/17 £m
External Residential	25	18	19	£0.200	£0.202	£2.263
External Fostering	26	32	34	£0.041	£0.518	£0.606
Internal Fostering	194	188	173	£0.016	£0.218	£0.209
Supported Residence	13	17	15	£0.046	£0.393	£0.315
Other *	33	42	39	Various	(£0.002)	£0.023
Total LAC	291	297	280		£1.452	£3.416
Leaving Care Post 18	68	63	56	Various	£0.160	£0.393
Special Guardianship Orders	120	140	142	Various	£0.216	£0.151
Contingencies – (in budget 2017/18)					£0.000	(£2.000)
CCG Income					£0.123	(£0.170)
Net placement costs					£1.828	£1.790
CAMHS (contract ended)					£0.000	£0.182
Additional staffing costs					£0.715	£0.703
Signs of Safety					£0.075	£0.000
One off contribution from Public Health					£0.000	(£0.150)
					£2.618	£2.525

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

The range of actions in place to deliver the new model for children are in place as set out in section 1.2. Table 10 below shows the current trend in the number of Looked After Children and the direction of travel is downwards. To date 25 reviews of placements have been completed with a programme of 50 reviews a month through to the autumn are planned.

Table 10: Number of Looked after Children



Early Help and Vulnerable Families

£0.247m of the predicted shortfall relates to the necessary delay in implementing the proposals for childcare settings as documented in section 1.2 above. In addition there is an estimated pressure of circa £0.206m in relation to a staffing requirement in Supporting Families following changes to implementation of 2016/17 proposals. Work progressing in respect of the development of community hubs and the wider council estate is anticipated to support resolution of the pressure.

Employment & Skills

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

Integrated Disability and Additional Needs Service

There is a £0.350m pressure in this service relating to savings targets as described in Section 1.2. In addition to this, the service also has a pressure relating to a shortfall in CCG income of £0.121m. The CCG are being pursued for their contribution to costs in line with their joint responsibilities for some more complex disability placements but until they have been confirmed the Authority is not assuming this income in this financial management report. The remaining pressure is made up of additional demand cost pressures and income targets for short break care not being achieved and staff cost pressures being offset by additional income generated by the Education Psychology Service.

The recently published Ofsted report following the review of Children's services puts the service as joint 8th nationwide of the 136 authorities

inspected under the new regime with a “good” rating overall and recognition for an excellent focus on seeking the views of children to shape services.

Public Health

The service area is forecasting that it will balance the budget to spend the £12.758m Public Health Grant and deliver all the savings planned for 2017/18 to match reductions in funding from the Department of Health. This funding is also reducing in the next two years and plans are in place to manage these reductions.

84 staff successfully transferred in from the Health Service on 1 April 2017 to deliver the school nurse and health visitor role as part of a wider Authority team.

Commissioning & Investment

Commissioning and Investment is forecasting a pressure of £0.981m as set out in Table 12. The main areas of pressure are within Facilities and Fair Access where, in addition to small expenditure pressures within the Cleaning and Catering services, there are demand pressures for the Home to School transport service. Property services is forecasting a pressure of £0.252m, this service is managed on the Authority’s behalf by Capita as part of the managed budget.

Table 12: Commissioning and Investment forecast variation

	2017/18 Budget £000	2017/18 Variance £000	2016/17 Outturn £'000
School Funding & Statutory staff costs	15,245	0	32
Commissioning Service	539	45	38
Child Protection Independent Assurance & Review	680	70	12
Facilities and Fair Access (including Home to School Transport)	507	544	225
Strategic Property & Investment	388	25	2
High Needs Special Educational Needs	-80	0	0
Property	1,843	252	63
Management & Support	143	20	9
Internal Audit & Risk	2	25	3
Procurement	0	0	98
Total Commissioning & Investment	19,267	981	482

Home to School Transport

Table 13 below sets out details of the cost and number of pupils accessing home to schools transport service provision during 2015/16 and 2016/17. Although the numbers of pupils being transported had a slight reduction between 2015/16 and 2016/17 and are not expected to increase in year, the

overspend in this area for the Authority is expected to increase to £0.450m because of increased pressure on the Discretionary Schools Grant which is no longer available to contribute towards supporting this service at the previous levels. As can be seen below much of the provision is statutory with the most significant level of expenditure being in respect of special schools. The Authority is using appropriate opportunities to review the level of provision given, particularly when other elements of a child's package are reviewed.

Table 13: Analysis of Home to School Transport

	Description	2015/16		2016/17	
		Net Exp. £	Pupil Nos.	Net Exp £	Pupil Nos.
Statutory	Bus Passes*	125,749	615	107,231	592
Statutory & Non Stat.	Post 16 Transport*	228,588	187	183,196	187
Statutory	Mainstream Schools	35,777	20	30,261	13
Statutory	SEN Resource Provision	282,394	133	301,771	90
Statutory	Special Schools	1,253,181	374	1,278,772	426
Statutory	Moorbridge PRU	43,068	26	45,391	18
Total		1,968,757	1,355	1,946,622	1,326
Budget		1,719,297		1,719,297	
Shortfall		249,460		227,325	
* Includes Voluntary Aided Bus Passes, Support for Low Income Families, Excess distance & Independent Travel arrangements & SEN					

Property

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

Environment, Housing & Leisure

Environmental, Housing and Leisure service is reporting a pressure of £1.329m as set out in Table 14 below.

Table14: Forecast Variation in Environment Housing and Leisure

	2017/18 Budget £000	2017/18 Variance £000	2016/17 Outturn £'000
Sport & Leisure	4,462	302	425
Arts Tourism & Heritage	1,960	73	96
Libraries and Community Centres	6,268	589	330
Security & Community Safety	249	129	121
Fleet/Facilities Management	459	-27	-567
Waste Strategy	11,891	233	30
Bereavement	-741	120	27
Street Environment	8,772	-145	-273
Head of Service & Resilience	287	35	-17
Street Lighting PFI	4,242	277	123
Consumer Protection & Building Control	980	29	32
Transport & Highways	5,009	-336	-77
Planning	216	39	-4
General Fund Housing	1,092	11	-19
TOTAL Environment Housing & Leisure	45,146	1,329	227

Sport & Leisure

The pressures being experienced in Sport and Leisure relate to premises costs and to employee costs for backfill and the service area's share of the savings required to meet the increase pay and pension costs. The premises costs (£0.132m) are energy and rates pressures which had historically been reported centrally.

Arts Tourism & Heritage

There continues to be a small (£0.024m) pressure arising from the Playhouse due to reduced Authority income and operational cost inflation. As with Sports and Leisure, the service is now reflecting its own energy and rates pressures (£0.034m) which had historically been recorded centrally.

Libraries & Community Centres

The majority of the pressures in this service area are premises related. The energy and rates pressure in this service area is £0.070m; rents £0.061m, cleaning £0.085m, PFI contract costs £0.149m and reduced income from room hire (£0.035m). Staffing costs are currently £0.094m higher than budget in part as a result of the pay award pressure described above and in section 1.2 of this Annex. In addition there are forecast overspends on the telephone/IT costs for the libraries (£0.043m).

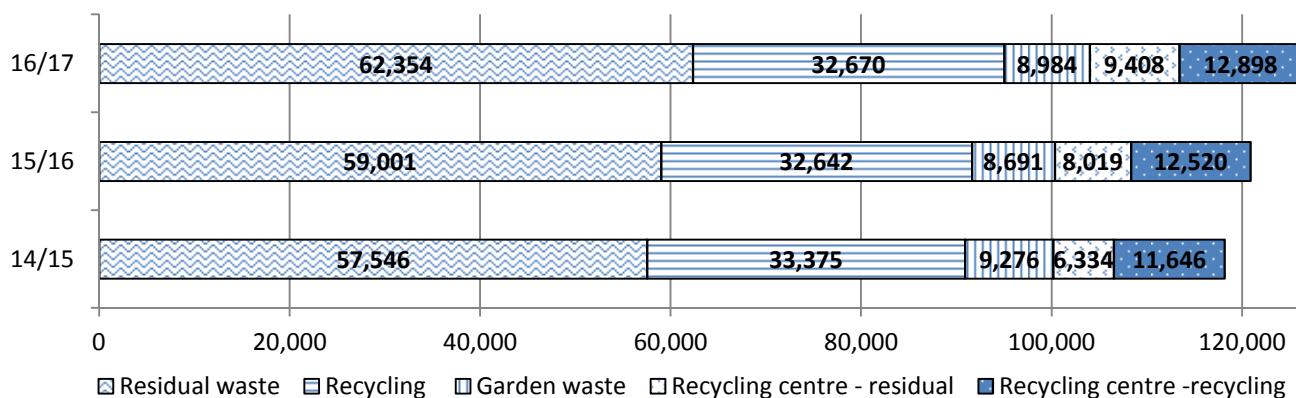
Security & Community Safety

The £0.129m pressure relates in the main to current forecast underachievement of income (£0.111m). The service intends to move to the White Swan Centre during 2017/18 and have identified additional income generating opportunities as a result of this move that it anticipates can be translated into additional income.

Waste

The growth of both housing across the Borough has put pressure on waste growth but the main area of growth in demand for the Authority comes from increased waste being presented at the Household Recycling Centre rather than from doorstep collections. Table 15 below illustrates the changes in waste volumes over the last three years.

Table 15: Waste Tonnage volumes '000s



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

The ban will apply to any vehicles over six metres long or two metres tall, as well as trailers over three metres in length. New signage will be installed to make it clear which vehicles are prohibited and which ones need permits. These actions are expected to result in a reduction in the cost pressure.

Bereavement

Bereavement income has not increased as much as was expected and predicted in the savings target allocated to it (See Section 1.2) and is £0.064m down against budget and the service is looking at ways to improve income levels. The service also has pay award savings pressures and pressures around security costs.

Street Environment

The Service has been successful in reducing its non-pay costs across street cleansing and Parks & Horticulture in order to contribute towards the pay award savings pressures in its own service area and across the service.

Street Lighting PFI

Electricity pressures of £0.100m and unitary charge inflation pressures of £0.258m are partially mitigated by PFI interest and one-off income for officer time of £0.080m. A review of all PFI models is in progress as part of the CBF programme in order to consider the opportunities for savings from lifecycle costs in order to mitigate pressures and deliver against the efficiency target.

Transport & Highways

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

Business & Economic Development

There is a small pressure as set out in Table 16 below which relate to the delivery of payroll savings. The service is looking to manage this through the management of vacancies and non-essential spend.

Table 16: Forecast Variation Business and Economic Development

	2017/18 Budget £000	2017/18 Variance £000	2016/17 Outturn £'000
Regeneration	499	-1	50
Business & Enterprise	932	20	-96
Resources & Performance	176	-3	-15
Total Business And Economic Development	1,607	16	-61

Commercial & Business Redesign

The main area of variation as shown in Table 17 below relate to cost pressures arising from a number of new systems and enhancements largely in the area of automated customer contacts and internet connectivity.

Table 17: Forecast Variation Commercial and Business Redesign

	2017/18 Budget £000	2017/18 Variance £000	2016/17 Outturn £'000
Head of Commercial & Business Redesign	3	48	-42
ICT Retained Services	557	-2	-10
ICT Client	1,985	138	272
Total Commercial and Business Redesign	2,545	184	220

Corporate Strategy

Corporate Strategy is forecasting an over-commitment of £0.123m as set out in Table 18 below. This is made up of staff cost pressures these will be managed through the year in part through opportunities to increase income, and through vacancy management.

Table 18: Forecast Variation Corporate Strategy

	2017/18 Budget £000	2017/18 Variance £000	2016/17 Outturn £'000
Corporate Strategy Management	131	9	7
Policy, Performance & Research	2	19	-143
Community and Voluntary Sector Liaison	453	6	-12
Marketing	128	46	125
Elected Mayor and Executive Support	1	6	-9
Children's Participation & Advocacy	197	37	23
Total Corporate Strategy	912	123	-9

Finance

The underspends in the Finance service as set out in Table 19 relate to the increase in the pension rebate estimated as due to the Local Authority from Engie under the contract, reduced audit fee and staff savings. Within Revenue & Benefits and Customer Service an estimated increase in bad debt provision of £0.124m has been made in respect of benefit overpayment recovery, a prudent provision at the early stage in the financial year.

Table 19: Forecast Variation Finance

	2017/18 Budget £000	2017/18 Variance £000	2016/17 Outturn £'000
Finance Service	1	-250	360
Revenue & Benefits and Customer Services	1,236	124	127
Total Finance	1,237	-126	487

Human Resources & Organisational Development

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

Table 20: Forecast Variance Human Resources and Organisational Development

	2017/18 Budget £000	2017/18 Variance £000	2016/17 Outturn £'000
Human Resources and Organisational Development and Total	285	186	191

Law & Governance

The overall pressures in Law and Governance of £0.180m are analysed in Table 21 below. The main pressure relates to Information Governance where additional staffing costs (£0.109m) are in place to deal with the Authority's response to the General Data Protection Regulation (GDPR) which will apply in the UK from 25 May 2018 and the implementation of data management systems to replace the Optech systems. The Government has confirmed that the UK's decision to leave the EU will not affect the commencement of the GDPR. There is also a forecast shortfall in land charges income of circa £0.027m.

Table 21: Forecast Variation Law and Governance

	2017/18 Budget £000	2017/18 Variance £000	2016/17 Outturn £'000
Customer, Governance and Registration	-89	32	18
Democratic and Electoral Services	2	32	46
Information Governance	27	136	117
Legal Services	4	-20	-69
North Tyneside Coroner	293	0	-69
Total Law and Governance	237	180	43

Central Budgets & Contingencies

The 2017/18 forecast outturn set out in Table 22 below reflects savings of circa £0.450m on interest charges from 2016/17 Investment Plan reprogramming and internal borrowing and assumes that £1.128m of contingencies not be drawn down (these pressures have been forecast within the Service figures reported above).

Cabinet will recall during 2016/17 significant in-year savings were achieved through the application of the Treasury Management Strategy. Additional savings were factored into budget setting for 2017/18 however the approach to Treasury Management is continually reviewed in order to minimise borrowing costs to the authority and maximise the opportunity to achieve in-year budget savings. That will be dependent on movements in interest rates which are monitored on a daily basis.

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

Table 22: Forecast Variation Central Budgets and Contingencies

	2017/18 Budget £000	2017/18 Variance £000	2016/17 Outturn £'000
Corporate & Democratic Core	15,608	-411	-137
Other Central Items – corporate accounting, contingencies and levies	-7,584	-1,248	-5,564
Total Central Items	8,024	-1,659	-5,701

1.4 School Finances

2017/18 School Budgets

At the time of writing, meetings are underway with those schools requesting approval to set a deficit budget. Ten schools have requested approval for their 2017/18 budgets, which is an increase from eight schools with approved deficit budgets for 2016/17. Once the initial meetings with schools have been completed, a Schools Forum sub-group will meet to add peer challenge to the approval process, with a report taken to the full Schools Forum on 12 July 2017. After this, formal approval will be considered by the relevant officers from the Authority.

Planning for 2018/19 Schools funding

As noted in previous budget monitoring reports, the Department for Education (DfE) did not introduce any enforced changes to local funding formulas for 2017/18. However a further consultation (stage 2) exercise has been completed by the DfE as part of its future plans to work towards a national funding formula for mainstream school funding. Both the Local Authority and Schools Forum submitted their responses by the required deadline. The Authority is still awaiting a response from the DfE following this consultation. There have been further requests from the DfE for additional baseline information from the Authority.

The Schools Forum is meeting on 12 July 2017 to begin the process of reviewing 2018/19 centrally retained budgets, with further meetings planned in the autumn term to discuss each element of the North Tyneside formula, subject to any further DfE guidance regarding the national funding formula. Updates will be provided to Cabinet as information becomes available from the DfE.

1.5 Housing Revenue Account (HRA)

The forecast set out in Table 23 below based on the results to May 2017 reflects balance or underspends across all areas except rental income where there is a forecast pressure of £0.174m largely as a result of higher void levels than forecast (£0.207m), particularly in Sheltered Housing. In addition, the income from temporary dispersed accommodation is projected to be slightly above budget (£0.052m), with income from furniture packs slightly down (£0.020m). All of the £0.873m of savings identified in 2017/18 budget approved by Cabinet are on target to be delivered in full.

Table 23: Forecast Variance Housing Revenue Account

	FULL YEAR - 2017/18			Variance 2016/17 £000
		Forecast Outturn		
	Full Year Budget £000	Actual £000	Variance £000	
<u>INCOME</u>				
Rental Income	-59,689	-59,515	174	-435
Other Rental Income - Shops & Offices etc.	-255	-254	1	-12
Interest on Balances	-30	-40	-10	-18
PFI Credits	-7,693	-7,693	-0	0
	-67,667	-67,502	165	-465
<u>EXPENDITURE</u>				
Capital Charges - Net Effect	13,848	13,822	-25	-634
HRA Management Costs	10,197	10,156	-41	-618
PFI Contract Costs	9,551	9,551	0	0
Repairs	11,481	11,479	-1	-24
Revenue Support to Capital Programme	6,771	6,771	0	-450
Contribution to Major Repairs Reserve – Depreciation	15,650	15,650	0	456
Contingencies, Bad debt Provision & Transitional Protection Payments	1,080	901	-180	-529
Pension Fund Deficit Funding	855	855	0	0
	69,432	69,185	-247	-1,800
	1,766	1,683	-82	-2,265
BALANCES BROUGHT FORWARD	-4,627	-5,966	-1,339	-787
BALANCES TO CARRY FORWARD	-2,861	-4,283	-1,421	-3,051

Voids

Total voids are actually below 16/17 levels overall so far this year but had been budgeted to improve more significantly following the completion of the North Tyneside Living Schemes. Stock handover was delayed but is now complete

and although the finite level of voids within sheltered stock is still high the trend does indicate that this position is now starting to improve. Tables 30-32 illustrate the movement in stock void levels for 17/18 compared to 16/17.

Table 24: All stock Voids debit as percentage of total debit

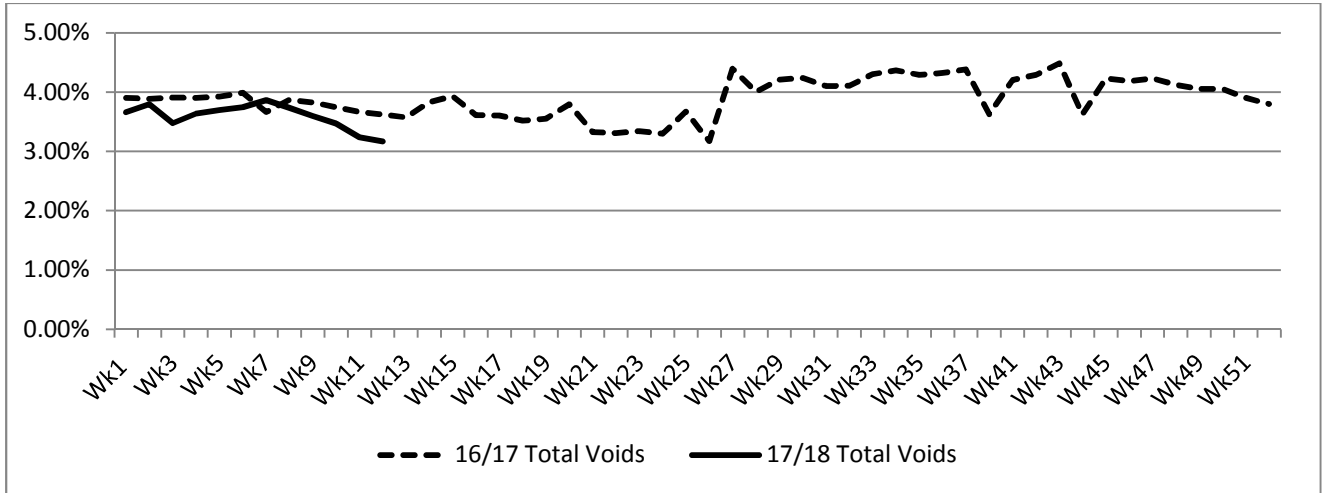


Table 25: General Stock Voids debit as percentage of total debit

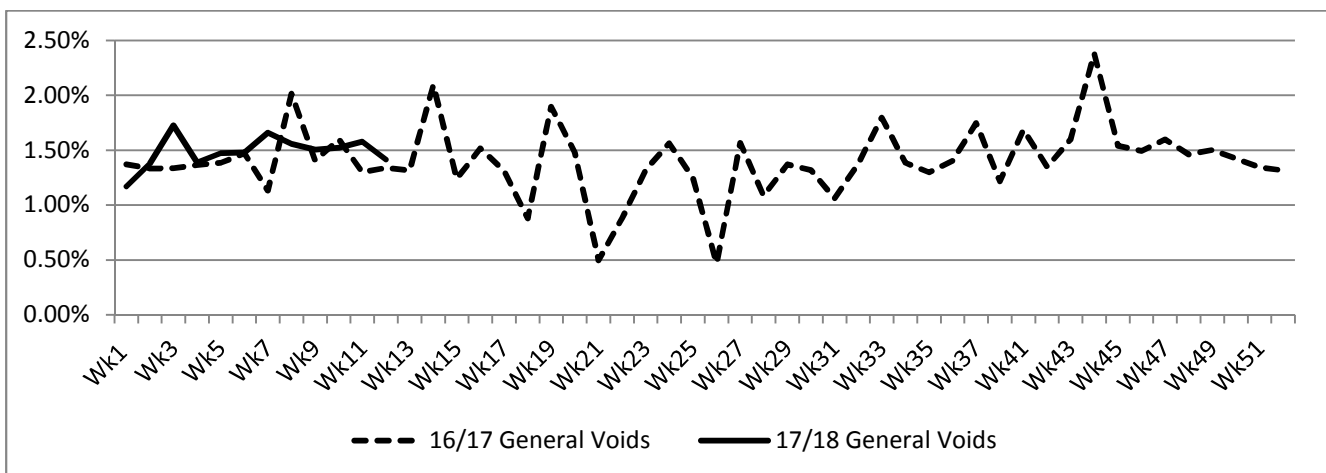
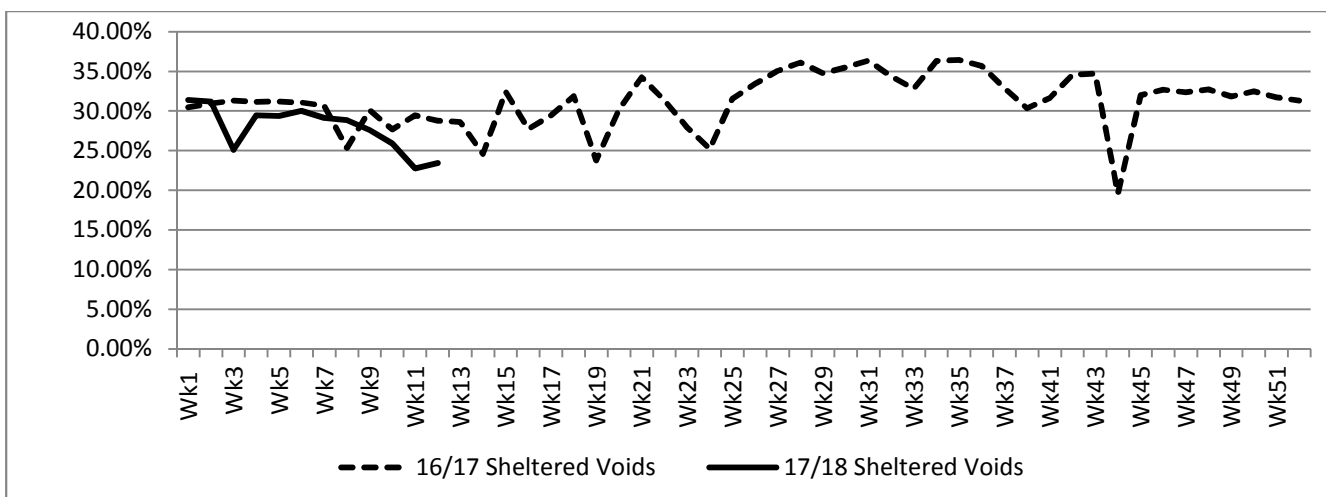


Table 26: Sheltered Stock Voids – debit as percentage of total debit



The net forecast underspend of £0.041m in HRA Management costs includes a pressure from the impact of Authority tax payable on higher level of voids (£0.235m), additional water rates commission income negotiated (£0.146m) and staff vacancies (£0.177m).

The £0.180m projected underspend on Contingencies, Bad debt provision and transitional protection payments includes an expected reduction in cost for transitional protection as a result of higher than budgeted voids in sheltered accommodation. There is a predicted reduction in bad debt provision (£0.130m) required based on a lower level of arrears than expected which will be monitored closely as the wider roll out Universal Credit commences. The go-live on full-service universal credit in North Tyneside is 19 February 2018 so the impact for 2017/18 is expected to be minimal. Currently only around 2,000 North Tyneside residents are on universal credit, many of whom were not previously entitled to Housing Benefit. During May, information indicated that only 191 Authority tenants were claiming universal credit, but of these 156 (82%) are in arrears, with average current arrears per tenant of £842, compared to average current tenant arrears of circa £310. This is a trend that has been seen across those authorities who are live with full service and remains a risk for the HRA in future years.

1.6 Review of Investment Plan - Position Statement

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

Affordable Homes New Build and Conversion Works

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

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

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

Housing Investment Work

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

- Kitchens and bathrooms to 605 homes;
- Heating upgrades to 600 homes;
- Boundary improvements to 830 homes;
- External decoration to 1,906 homes;
- Roof replacements to 292 homes;

- External Brickwork Repairs to 367 homes;
- Insulation / Structural works to 24 Non-traditional homes ; and,
- Infrastructure Projects to 7 locations.

Education Investment Works

- Delivery of an initial 26 priority condition related projects across the school estate;
- Priority Schools Building Programme (Off Balance Sheet) ;
 - The projects at both Whitehouse Primary School and Longbenton High School are now fully completed;
 - The new build projects for both Marden and John Spence High Schools have been completed. Demolition works are also complete on both sites;
 - The external works for Marden High School are scheduled for completion in August 2017;
 - The external works for John Spence High School are scheduled for completion in December 2017; and,
 - Cullercoats Primary School – this project is being delivered as part of Priority Schools Building Programme 2 (PSBP2). The preferred solution is to be a refurbishment programme rather than a new build. Detailed discussions are on-going with the Education Funding Agency (EFA) their appointed contractor and the school to finalise the scope of works. It is anticipated that the works will commence on site by the end of 2017.

Highways and Infrastructure Works

- Delivery of the LTP including the annual resurfacing programme and integrated transport projects;
- Completion of final phase of A1058 Coast Road major scheme (Norham Road Bridge);
- Completion of Central Promenade Reconstruction Scheme. Construction work commenced on site in February 2017;
- Completion of the A1056 Weetslade major highways scheme. Scheme is expected to be completed in June 2017;
- Approval of grant application for construction of the North Bank of Tyne highway improvements expected July with works to commence in August 2017; and,
- Completion of major drainage improvements at Monkseaton and Shiremoor

Regeneration Works

- Commence work on restoration of Spanish City Dome;
- Completion of hotel adjacent to the Dome planned to open on 24th July;
- The public realm work on Northern Promenade from Watts Slope to Rendezvous is also progressing on site and is due to be completed in late summer 2017;
- Swans – the next phase of works will cover feasibility works including upgrade of the Swans Quay and load out facilities plus further demolition works and Centre for innovation Phase 2 refurbishment.; and,

- Facilitate development solution for Tyne Brand site at the Fish Quay

Variations to the 2017-2020 Investment Plan

In addition to the regular investment programme monitor process Officers have carried out an in depth review of the Investment Plan in order to identify areas of reprogramming a result of this is are variation of £0.514m variations and reprogramming of £22.097m has also been identified.

Table 27 details the changes to the approved 3-year Investment Plan, as agreed at Authority on 16 February 2017.

Table 27: 2017 - 2020 Investment Plan changes identified

	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Approved Investment Plan – Authority 16 February 2017	106.952	48.888	30.833	186.673
Previously Approved Reprogramming				
Cabinet 12 June 2017	12.980	0	0	12.980
Approved Investment Plan – Cabinet 12 June 2017	119.932	48.888	30.833	199.653
April/May Reprogramming	(22.097)	21.764	0.333	0
April/May Variations	0.168	0.162	0.184	0.514
Revised Investment Plan	98.003	70.814	31.350	200.167

Details of changes to the 2017-2020 Investment Plan

Total variations to the end of May 2017 of £0.514m have been identified. The details of the changes are shown below:

- CO074 All Our Histories - Libraries £0.053m credit** – A bid for Arts Authority grant was unsuccessful. Bids received were far in excess of the funding available. Therefore the project is to be removed from the Investment Plan;
- BS026 Asset Planned Maintenance £0.051m** – A bid for funding for the Swim Local Pilot was approved for improvements to Waves Leisure Centre car park. Total capital grant awarded by Sport England is £0.051m which requires a match contribution of £0.040m to be met from the Asset Planned Maintenance budget;
- DV058 Swan Hunter Redevelopment £0.240m credit** – adjustment to reflect grant from Local Enterprise Partnership used in 2016/17;
- ED100 30 Hours Capital Grant £0.182m** - New grant awarded to support the delivery of 30 hours free childcare for working parents of 3 and 4-year-olds, building on the existing 15 hour universal entitlement;

- (e) **ED120 Basic Need Grant £0.346m** - The Education Funding Agency have confirmed Basic Need allocations for 2018/19 £0.162m and for 2019/20 £0.184m. The 2018/19 allocation has been added to **ED186 Backworth Park Primary** to support the project as planned;
- (f) **ED132 Schools Capital Allocation £0.216m credit** – North Tyneside will receive a Schools Capital Allocation of £3.396m for the financial year 2017/18. This reflects a reduction of £0.216m compared to the 3 year indicative allocations received from the Education Funding Agency in 2015;
- (g) **EV073 Coast Road Improvement Scheme £0.120m/ EV034 Local Transport Plan £0.120m credit** - adjustment to match the financing agreed with the Local Enterprise Partnership;
- (h) **HS004 Disabled Facilities Grant £0.101m credit** - Additional Better Care Fund grant of £0.109m has been included to reflect the final grant allocation for the year. The council contribution element of £0.210m is no longer required and has been transferred to contingencies. The 2018/19 council contribution of £0.210m has also been transferred to contingencies;
- (i) **GEN03 Contingencies £0.210m 2017/18 & £0.210m 2018/19** – This adjustment reflects the council contribution element transferred from Disabled Facilities Grant project as (h) above; and
- (j) **HS047 Trading Company Affordable £0.500m-** This funding is required for the purchase of homes on the open market providing value for money is demonstrated, in order to provide additional affordable homes within the borough. The funding is provided from the Section 106 Town and Country Planning Act 1990 commuted sums available for affordable housing. This is to ensure the programme of delivery of affordable homes is progressed in line with the Cabinet’s priorities.

An exercise has been undertaken to review all projects in the Investment Plan to align the budget profile with the project’s expected delivery. Total reprogramming to the end of May 2017 of £22.097m has been identified and is detailed in Table 28 below.

Table 28: Reprogramming by Project

	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
CO064 Social Care Information System	(0.265)	0.265	0	0
DV054 Coastal Regeneration	(1.581)	1.581	0	0
DV058 Swan Hunters Redevelopment	(5.673)	5.673	0	0
DV059 Pilot Fund to Tackle Empty Properties	(0.080)	0.080	0	0
DV063 Coastal Properties	(1.000)	1.000	0	0
DV064 Property Development	(2.000)	2.000	0	0
ED075 Devolved Formula Capital	(0.400)	0.400	0	0
ED186 Backworth Park Primary	0.753	(0.753)	0	0
EV076 Depot Delivery Project	(4.000)	4.000	0	0
EV082 North Bank of Tyne Infrastructure	(0.224)	0.224	0	0
EV083 Street Lighting LED	(0.283)	0.283	0	0
HS003 Private Sector Homes Renovation	(0.466)	0.133	0.333	0
HS005 Disabled Facilities Grant	(0.500)	0.500	0	0
HS046 Housing Private Landlord Refurbishment	(0.068)	0.068	0	0
HS049 Northumberland Square	(2.650)	2.650	0	0
IT026 ICT Citizen Interaction and Self Service	(0.160)	0.160	0	0
HS044 HRA New Build	(3.500)	3.500	0	0
Total Reprogramming	(22.097)	21.764	0.333	0

The impact of the changes detailed above on capital financing is shown in Table 29 below.

Table 29: Impact of variations on Capital financing

	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Approved Investment Plan – Cabinet 12 June 2017	119.932	48.888	30.833	199.653
Council Contribution	(12.129)	11.796	0.333	0
Grants and Contributions	(6.232)	6.562	0.184	0.514
Revenue Contribution	(0.068)	0.068	0	0
House Building Fund	(3.500)	3.500	0	0
Total Financing Variations	(21.929)	21.926	0.517	0.514
Revised Investment Plan	98.003	70.814	31.350	200.167

Capital Receipts – General Fund

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

The capital receipts requirement for 2017/18 approved by Council on 16 February 2017 was £Nil (£0.760m for 2017-20). Due to reprogramming from 2016/17 £0.110m receipts are now required for 2017/18 (£0.870m 2017-2020). To date £0.173m of capital receipts have been received in 2017/18, therefore the 2017/18 requirement has been met. Any receipts generated will be allocated against the future requirement as shown in table 30 below. The total revised requirement in the 2017-2020 Investment Plan is £0.697m.

Table 30: Capital Receipt Requirement – General Fund

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

Capital receipts – Housing Revenue Account

Housing Capital Receipts brought forward at 1 April 2017 were £5.501m. The Housing receipts are committed against projects included in the 2017-2020 Investment Plan. The approved Capital Receipt requirement for 2017/18 was £0.663m. This, together with the reprogramming reported to 12 June 2017 Cabinet, gives a requirement of £1.809m. To date, £0.902m receipts have been received in 2017/18 of which an element is to be pooled as part of the quarterly returns to Central Government. In total, subject to future pooling, this leaves a surplus balance of £4.594m to be carried forward to fund future years.

Table 31: Capital Receipt Requirement - Housing Revenue Account

	2017/18 £m	2018/19 £m	2019/20 £m	2017-20 £m
Requirement reported to 16 February 2017 Council	0.663	2.847	2.805	6.315
Reprogramming from 2016/17	1.146	0	0	1.146
Revised Requirement	1.809	2.847	2.805	7.461
Receipts Brought Forward	(5.501)	0	0	(5.501)
Receipts Received 2017/18	(0.902)	0	0	(0.902)
Receipts Pooled Central Government	0	0	0	0.000
Surplus Balance to fund future years (subject to further pooling)	(4.594)	2.847	2.805	1.058

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

Investment Plan Monitoring Position to 31 May 2017

Actual expenditure in the General Ledger was £2.399m (2.32%) of the total revised Investment Plan as at 31 May 2017.

Table 32: 2017/18 Total Investment Plan Budget & Expenditure to 31 May 2017

	2017/18 Revised Investment Plan £m	Actual Spend to 31 May 2017 £m	Spend as % of revised Investment Plan %
General Fund	73.024	1.398	1.91
Housing	24.979	1.001	4.01
TOTAL	98.003	2.399	2.45

Project Ref	Project Title	2017/18	2018/19	2019/20	Total	Funding Source	£000's
		£000's	£000's	£000's	£000's		
	GENERAL FUND						
	Great Place to live, work and visit						
BS026	Asset Planned Maintenance programme	1,371	1,500	1,500	4,371	Council Contribution Sport England Grant	4,320 51
DV054	Coastal Regeneration	14,106	2,331	0	16,437	Council Contribution Heritage Lottery Fund	13,487 2,950
DV058	Swan Hunters Redevelopment	4,916	5,673	0	10,589	Single Local Growth Fund (SLGF) Local Growth Fund (LGF) Council Contribution	6,250 1,260 3,079
DV059	Pilot Fund to Tackle Empty Properties	63	80	0	143	Council Contribution	143
DV060	Rosehill Regeneration	52	0	0	52	Council Contribution	52
DV062	St Mary's Lighthouse and Visitor Centre	35	1,852	481	2,368	Heritage Lottery Fund grant (HLF) Council Contribution	2,131 237
EV034	Local Transport Plan	4,634	1,817	0	6,451	Local Transport Plan (LTP) Grant DfT Pothole Grant DFT Incentive Grant GEO Wimpy Contribution NECA National Productivity Fund	6,105 191 126 29 0
EV054	Central Promenade Reconstruction Scheme	3,823	0	0	3,823	Council Contribution Environment Agency Grant Northumbrian Water Ltd	1,930 993 900
EV055	Surface Water Management Improvements	2,017	0	0	2,017	Council Contribution Environment Agency Grant	652 1,365
EV056	Additional Highways Maintenance	2,000	2,000	2,000	6,000	Council Contribution	6,000
EV073	A1058 Coast Road Improvements to junctions	3,391	0	0	3,391	NELEP Growth Deal Council Contribution LTP Grant	3,054 217 120
EV077	A1056/A189 Weetslade junction imp	1,352	0	0	1,352	Section 278	480

Project Ref	Project Title	2017/18	2018/19	2019/20	Total	Funding Source	£000's
		£000's	£000's	£000's	£000's		
						NELEP Growth Deal	872
EV078	A19 Employment Corridor access imp	2,967	0	0	2,967	NELEP Growth Deal Section 106	2,560 407
EV079	A191 Junction Improvements (Coach Lane & Tyne View Pa	153	0	0	153	NELEP Growth Deal Section 106	-47 200
EV080	Coast Road Cycle Route	943	0	0	943	Cycle City Ambition Fund	943
EV081	Cobalt Cycle Scheme	47	0	0	47	NELEP Growth Deal	47
EV082	North Bank of the Tyne Infrastructure	2,386	2,139	0	4,525	NELEP Growth Deal	4,525
GEN12	Local infrastructure projects	165	100	100	365	Council Contribution	365
HS049	Northumberland Square	1,199	3,650	1,000	5,849	Council contribution	5,849
HS046	Housing Private Landlord Refurbishment	90	68	0	158	Home and Communities Grant Revenue Contribution	46 112
HS047	Trading Company Affordable Homes Project	573	0	0	573	Section 106	573
EV083	Streelighting LED	1,447	507	0	1,954	Council contribution	1,954
DV063	Coastal Properties	1,771	1,000	0	2,771	Council contribution	2,771
DV064	Property Development	1,000	2,900	0	3,900	Council contribution	3,900
DV065	North Shields Fisherman's Heritage Project	75	0	0	75	External contributions Council Contribution	37 38
CO074	All Our Histories - Libraries IT	0	0	0	0	Arts Council grant	0
CO075	Skate/BMX Park - The Parks Sports Centre	179			179	SUEZ Communities Trust Section 106 Council Contribution	44 125 10
CO067	Weekly Collection Support Grant	62			62	Weekly Waste Grant	62

Project Ref	Project Title	2017/18 £000's	2018/19 £000's	2019/20 £000's	Total £000's	Funding Source	£000's
	Total Great Place to live, work and visit	50,817	25,617	5,081	81,515		81,515
	<u>Cared for, Safeguarding and Healthy</u>						
CO064	Social Care Information System	1,088	265	0	1,353	Department of Health grant Better Care Fund	1,142 211
HS003	Private Sector Homes Renovation	139	333	333	805	Council Contribution	805
HS004	Disabled Facility Grants	1,427	1,807	0	3,234	Council Contribution Better Care Fund	0 3,234
HS036	North Tyneside Warm Zone	100	42	0	142	Council Contribution	142
	Total Cared for, Safeguarding and Healthy	2,754	2,447	333	5,534		5,534
	<u>Corporate and Enabling</u>						
EV069	Vehicle Replacement	1,333	1,899	962	4,194	Council Contribution	4,194
EV076	Depot Delivery Project	4,432	9,252	0	13,684	Council contribution	13,684
GEN03	Contingency Provision	1,850	1,210	1,000	4,060	Council Contribution	4,060
IT020	ICT Strategy	1,387	1,000	1,000	3,387	Council Contribution	3,387
IT025	BDUK (Broadband)	21	75		96	Council Contribution	96
IT026	ICT citizen interaction and self serve	2,292	160	0	2,452	Council Contribution	2,452
	Total Corporate and Enabling	11,315	13,596	2,962	27,873		27,873
	<u>Ready for School and Work</u>						
ED075	Devolved Formula Capital	762	397	0	1,159	Education Funding Agency Council Contribution	683 476
ED120	Basic Need	243	0	184	427	Education Funding Agency	427

Project Ref	Project Title	2017/18 £000's	2018/19 £000's	2019/20 £000's	Total £000's	Funding Source	£000's
ED132	School Capital Allocation	3,396	0	0	3,396	Education Funding Agency	3,396
ED186	Backworth Park Primary - relocation and expansion	3,555	1,113	0	4,668	Section 106 Basic Need Grant Council Contribution Education Funding Agency	4,699 162 -196 3
ED100	30 Hours Capital Grant	182	0	0	182	Education Funding Agency	182
Total Ready for School and Work		8,138	1,510	184	9,832		9,832
TOTAL: GENERAL FUND		73,024	43,170	8,560	124,754		124,754
HOUSING							
Great Place to live, work and visit							
HS015	Refurbishment / Decent Homes	18,613	20,219	18,633	57,465	Revenue Contribution	16,909
HS017	Disabled Adaptations (HRA)	1,020	1,030	1,041	3,091	Capital Receipts	7,461
HS039	ICT Infrastructure Works	304	287	429	1,020	Major Repairs Reserve (MRR)	46,041
HS041	Housing PFI	708	0	0	708	House Building Fund	4,692
HS044	HRA New build	4,334	6,108	2,687	13,129	Dept of Health grant HCA Grant	160 150
Total: HOUSING		24,979	27,644	22,790	75,413		75,413
TOTAL INVESTMENT PLAN		98,003	70,814	31,350	200,167		200,167
GENERAL FUND							
	Council contribution	39,050	26,621	7,563	73,234		
	Capital Receipts	110	380	380	870		
	Revenue Contribution	44	68	0	112		
	Grants & Contributions	33,820	16,101	617	50,538		
		73,024	43,170	8,560	124,754		
HOUSING							
	Capital Receipts	1,809	2,847	2,805	7,461		
	Revenue Contribution	6,818	5,955	4,136	16,909		
	Contribution from Reserves (House Building Fund)	1,192	3,500	0	4,692		
	Grants & Contributions	310	0	0	310		
	Major Repairs Reserve	14,850	15,342	15,849	46,041		
		24,979	27,644	22,790	75,413		
		98,003	70,814	31,350	200,167		