



# Cabinet

**North Tyneside Council**

31 August 2018

**Monday, 10 September 2018** Room 0.02, Ground Floor, Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside **commencing at 6.00pm.**

<b>Agenda Item</b>	<b>Page(s)</b>
<b>1. Apologies for Absence</b>	
To receive apologies for absence from the meeting.	
<b>2. To Receive any Declarations of Interest and Notification of any Dispensations Granted</b>	
You are invited to <b>declare</b> any registerable and/or non-registerable interests in matters appearing on the agenda, and the nature of that interest.	
You are also invited to <b>disclose</b> any dispensation in relation to any registerable and/or non-registerable interests that have been granted to you in respect of any matters appearing on the agenda.	
Please complete the Declarations of Interests card available at the meeting and return it to the Democratic Services Officer before leaving the meeting.	
<b>3. Minutes</b>	
To confirm the minutes of the meeting held on 30 July 2018 (previously circulated).	

**Continued overleaf**

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

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

<b>Agenda Item</b>	<b>Page(s)</b>
4. <b>Report of the Young Mayor</b>	
To receive a verbal report on the latest activities of the Young Mayor and Young Cabinet.	
5. <b>Key (and non-key) Decisions</b>	
(a) <b>Tender for the supply of Frozen Foods (All Wards)</b>	4-7
To seek approval to commence a procurement exercise for the supply of frozen foods.	
(b) <b>Advice and Information Services (All Wards)</b>	8-13
To seek approval to commence a procurement exercise to secure advice and information services for residents of North Tyneside.	
(c) <b>Data and Analytics Solution (All Wards)</b>	14-19
To seek approval to proceed with a procurement exercise to secure a data and analytics solution for the Authority.	
(d) <b>The Hartley Cove to River Tyne Coastal Defence Strategy (All Wards)</b>	20-40
To seek approval for an updated coastal defence strategy which sets out the Authority's long term approach for managing coastal defences.	
(e) <b>2018/19 Financial Management Report to 31 July 2018 (All Wards)</b>	41-90
To receive the second budget monitoring report for the current financial year which reflects the forecast financial position to 31 July 2018.	
(f) <b>2019-23 Budget and Financial Plan (All Wards)</b>	91-108
To consider the initial report outlining the proposed 2019-2023 financial planning and budget process, including information on the key decision milestones and budget engagement strategy to be adopted as part of the 2019-2023 financial planning and budget process.	
(g) <b>Council Tax Support Scheme 2019/20 (All Wards)</b>	109-123
To consider what changes, if any, should be made to the Council Tax Support Scheme for 2019/20 so that a public consultation exercise can be undertaken on any proposed changes to the Scheme if necessary.	
(h) <b>Regional Adoption Agency (All Wards)</b>	124-172
To consider a report providing an update on the progress of the development of the proposals of the Regional Adoption Agency.	

**Agenda  
Item**

**Page(s)**

(i) **Complaints Service Report 2017-18 (All Wards)**

173-201

To consider a report providing an overview of the Authority's closed complaints for the year 1 April 2017 - 31 March 2018 and to ensure compliance with the requirement to publish a report on complaints under the relevant statutory complaint legislation.

(6) **Date and Time of Next Meeting(s)**

Monday 15 October 2018 at 6.00pm

**Circulated to Members of Cabinet: -**

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

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

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

# North Tyneside Council

## Report to Cabinet

### Date: 10 September 2018

### ITEM 5(a)

Title: Tender for the supply of frozen foods

Portfolio(s): Children, Young People and Learning  
Finance and Resources

Cabinet Member(s): Councillor Peter Earley  
Councillor Ray Glindon

Report from Service Area: Commissioning and Investment

Responsible Officer: Mark Longstaff, Head of Commissioning and Investment (Tel: 0191 643 8089)

Wards affected: All

## PART 1

### 1.1 Executive Summary:

The purpose of this report is to seek approval to carry out a tendering exercise for the supply of frozen foods.

In accordance with the Authority's Contract Standing Orders this report requests approval to proceed with a procurement exercise as the estimated potential value of the goods will exceed £500,000.

### 1.2 Recommendation(s):

It is recommended that Cabinet authorise the Head of Commissioning and Investment in consultation with the Head of Finance, the Senior Manager Legal Services and Information Governance, the Cabinet Member for Children, Young People and Learning, and the Cabinet Member for Finance and Resources, to undertake a procurement exercise for the provision of frozen food and award a contract for the provision of frozen food to a provider whose tender is the most economically advantageous to the Authority.

### 1.3 Forward Plan:

Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 02 August 2018.

### 1.4 Council Plan and Policy Framework

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

Council Plan Theme – Our People.



Our people will be supported to live healthier, longer lives.

## **1.5 Information:**

### **1.5.1 Background**

The Authority currently operates a very successful catering service that provides in excess of 2 million high quality, nutritional, healthy school meals per year. The service also provides a community meals service and operates other catering outlets. Following a procurement exercise in March/April 2017, the Authority had in place various contractual arrangements for food service delivery.

The procurement exercise was split into lots for:

- groceries (school catering)
- frozen food (school catering) and
- delivery of general provisions to High Borran Outdoor Activity Centre.

A contract was in place with one provider for all lots.

Since the commencement of the contract in September 2017, the Supplier repeatedly failed to deliver the standard of services required under Contract 2 (frozen food).

Following the repeated contractual failings, the Authority and the Supplier mutually agreed to the termination of the frozen food Contract on 24th November 2017.

An alternative supplier was appointed for a year to allow an appropriate procurement exercise to be undertaken. This procurement seeks to secure a new contract for the supply of frozen food once the interim arrangement comes to an end in November 2018.

## **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 the report.

### Option 2

Cabinet may not approve the recommendations as set out at paragraph 1.2.

Option 1 is the recommended option.

## **1.7 Reasons for recommended option:**

Option 1 is the recommended option as this will allow a procurement exercise to commence immediately and will mean the Authority is ready to award a new contract to start upon expiry of the existing contract. This will ensure continuity of service provision and increase opportunities to secure better value from the market.

If Option 1 is not approved, this will mean that the Authority will not be able to enter into a new arrangement with effect from November 2018 and delivery of services to supply school meals and community meals will be affected.

## 1.8 Appendices:

The report contains no appendices.

## 1.9 Contact officers:

Barbara Patterson	Senior Manager (Facilities and Fair Access)	643 8340
Paul Suttie	Operational Manager - Facilities	643 8344
Alison Campbell	Senior Business Partner	643 7038
Mark Perry	Procurement and Contracts Officer	643 5656

## 1.10 Background information:

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

(1) [Contract Standing Orders](#) – North Tyneside Council website

## PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

### 2.1 Finance and other resources

There is provision for the purchase of these goods in the Authority's revenue budget within Catering Services. It is envisaged that the new contract will allow us to maximise value for money for this service.

The Contract for frozen foods will be for a period of 4 years (3 years plus the option to extend for an additional year).

The estimated value of the contract over a 4 year period is £3 million. This is based on current volumes and prices.

### 2.2 Legal

Given that the value of the contract as a whole exceeds the threshold of £500,000 this procurement exercise requires Cabinet approval.

Any procurement process will be undertaken in accordance within the Authority's Contract Standing Orders, EU, and UK public procurement legislation.

A contract will be awarded to the tenderer who represents best value to the Authority.

If Cabinet agree to the recommendations contained in this report, a further delegated officer decision will need to be taken by the Head of Commissioning and Investment prior to the award of the contract to the selected provider. Twenty-eight days' notice on the Forward Plan of the delegated officer decision must be given and a record of the decision taken together with the report to the officer making the decision will be produced and published on the Authority's website (unless the matter for decision involved exempt or confidential information in accordance with Part 1 of the Schedule 12A to the Local Government Act 1972).

## 2.3 Consultation/community engagement

2.3.1 Internal Consultation with Procurement and Catering Services lead Officer

2.3.2 External Consultation/Engagement

Not applicable

## 2.4 Human rights

There are no human rights implications arising from this report.

## 2.5 Equalities and diversity

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

## 2.6 Risk management

There are no specific risks arising from this report. Health & Safety matters will be addressed as part of the Tender assessment

## 2.7 Crime and disorder

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

## 2.8 Environment and sustainability

Specific details will be sought in the tender exercise to establish bidders' Environmental and Sustainability practices and policies.

## PART 3 - SIGN OFF

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

# North Tyneside Council

## Report to Cabinet

### Date: 10 September 2018

### ITEM 5(b)

Title:  
Advice and Information

Portfolio(s): **Community Safety and  
Engagement**  
**Finance and Resources**

Cabinet Member(s): **Councillor Carole  
Burdis**  
**Councillor Ray  
Glindon**

Report from Service Area: **Commissioning and Investment**

Responsible Officer: **Mark Longstaff, Head of Commissioning and Investment** Tel: (0191) 643 8089

Wards affected: **All**

## PART 1

### 1.1 Executive Summary:

The purpose of the report is to seek approval to commence a procurement exercise to secure advice and information services for residents of North Tyneside. It seeks approval to undertake a procurement exercise to secure the most advantageous tender in accordance with European procurement rules. Cabinet's authority is required to proceed as the estimated potential contract value of the contract will exceed £500,000.

### 1.2 Recommendation(s):

It is recommended that Cabinet:

1. agree to undertake a procurement exercise to secure advice and information services (for residents of North Tyneside) for the next three years commencing on the 1<sup>st</sup> April 2019 with an option of two further one year extensions; and
2. authorise the Head of Commissioning and Investment in consultation with the Cabinet Member for Community Safety and Engagement, the Cabinet Member for Finance and Resources, the Senior Manager – Legal Services and Information Governance and the Head of Finance to undertake a procurement exercise to identify a contractor for the above purposes in accordance with all procurement rules.

### 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 22 June 2018.

## 1.4 Council Plan and Policy Framework

This report relates to delivering the Our North Tyneside Plan 2018-2020 and in particular ensuring that Our People:

- Be ready for work and life – with the right skills and abilities to achieve their full potential, economic independence and meet business needs
- Be healthy and well – with the information, skills and opportunities to maintain and improve their health, well-being and independence, especially if they are carers
- Be cared for, protected and supported if they become vulnerable including if they become homeless
- Be encouraged and enabled to, when-ever possible, be more independent, to volunteer and to do more for themselves and their local communities.

## 1.5 Information:

### 1.5.1 Background

1.5.2 In 2013 the Authority undertook a procurement exercise that resulted in the contract for Advice and Information Services being awarded to Citizen's Advice Bureau (CAB) North Tyneside from the 1<sup>st</sup> April 2014. The initial contract was for three years. This contract has been extended for a further two years and will expire on 31 March 2019. Therefore a further procurement exercise now needs to be undertaken.

1.5.3 The proposed new contract will be for a duration of three years with an option to extend for two further one year periods. To comply with the Authority's Contract Standing Orders Cabinet approval to commence the procurement exercise is needed.

1.5.4 Last year this service helped residents by helping to secure over £2.7 million of debt write off and almost £5.8 million of income and benefit gains. At a time of economic hardship this makes a significant difference to the lives of residents of North Tyneside. In addition the service assisted with over 52,000 advice issues.

1.5.5 This service is an important part of the Authority's work to tackle deprivation and is closely linked to the Elected Mayor's Welfare Reform Task Force.

1.5.6 It is anticipated that the proposed new service will start on the 1<sup>st</sup> April 2019 and will initially be for 3 years duration.

## 1.6 Decision options:

The following decision options are available for consideration by Cabinet:

### Option 1

Cabinet may choose not to approve the recommendations in paragraph 1.2 and decide not to re-procure the service;

### Option 2

Cabinet may choose to approve the recommendations in paragraph 1.2;

### Option 3

Cabinet may choose not to approve the recommendations in paragraph 1.2 and decide to deliver this support in a different way

Option 2 is the recommended option

### **1.7 Reasons for recommended option:**

Option 2 is recommended for the following reasons:

This service has helped residents deal with millions of pounds of debt, giving trusted advice and information to residents, including helping residents to navigate through the welfare reform changes. Without this service many North Tyneside residents would not receive support with helping them to address and manage their debts, or have access to confidential and trusted advice.

### **1.8 Appendices:**

Appendix 1: Procurement timetable

### **1.9 Contact officers:**

Felicity Shoesmith, Community & Voluntary Sector Liaison Manager tel: (0191) 643 7071  
Judith Robson, Procurement & Contracts Officer tel: (0191) 643 5660  
Alison Campbell, Finance Business Manager tel: (0191) 643 7038

### **1.10 Background information:**

Service Requirement – Advice and Information Services for Residents of North Tyneside, September 2013 and other contractual documentation from the 2013 procurement.

<https://my.northtyneside.gov.uk/meeting/21475>

The Joint Strategic Needs Assessment 2017:

<https://my.northtyneside.gov.uk/category/605/joint-strategic-needs-assessment-jsna>

Information on Universal Credit reforms:

<https://my.northtyneside.gov.uk/category/505/universal-credit>

## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and other resources**

It is anticipated that the current budget for working with the community and voluntary services will be sufficient to continue to fund this service. If future costs are not containable within current budgets this will be reported to Council / Cabinet, as appropriate, at the time, for a decision before any additional expenditure is incurred.

### **2.2 Legal**

As the predicted value of the contract exceeds £500,000, this procurement process requires Cabinet approval. The proposed procurement process will be undertaken in compliance with the Council's Contract Standing Orders and EU and UK public procurement requirements.

Contracting arrangements will be upon terms agreed by the Senior Manager – Legal Services and Information Governance.

If Cabinet agree to the recommendations contained in this report, a further delegated officer decision will need to be taken by the Head of Commissioning and Investment, in consultation with the Cabinet Member for Community Strategy and Engagement, the Cabinet Member for Finance and Resources, the Senior Manager – Legal Services and Information Governance and the Head of Finance prior to the award of the contract to the selected provider. Twenty-eight days' notice on the Forward Plan of the delegated officer decision must be given and a record of the decision taken together with the report to the officer making the decision will be produced and published on the Authority's website (unless the matter for decision involved exempt or confidential information in accordance with Part 1 of the Schedule 12A to the Local Government Act 1972).

## **2.3 Consultation/community engagement**

### **2.3.1 Internal Consultation**

Consultation has taken place with the Cabinet Member for Community Engagement and other relevant council officers.

### **2.3.2 External Consultation/Engagement**

The current contract is regularly monitored. Information from the monitoring of the current contract will inform the new service specification which sets out the range of support the Authority wants to procure.

## **2.4 Human rights**

There are no human rights implications directly arising from this report

## **2.5 Equalities and diversity**

Tenders will include information on how any successful organisation will ensure that any service complies with the requirements of the Equality Act 2010 and the Public Sector Equality Duty.

## **2.6 Risk management**

There are no risk management implications directly arising from this report

## **2.7 Crime and disorder**

There are no crime and disorder issues arising from this report

## **2.8 Environment and sustainability**

There are no environmental or sustainability issues directly arising from this report

### **PART 3 - SIGN OFF**

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



## NORTH TYNESIDE COUNCIL

### TIMETABLE of EVENTS (EU OPEN PROCEDURE)

- |     |   |   |
|-----|---|---|
| 1.  | Cabinet decision<br><br><i>(Subject to Cabinet Decision)</i>      | Monday 10th September 2018                |
| 2.  | All tender documentation ready                                    | Monday 24th September 2018                |
| 3.  | Advertise (OJEU & NEPO Portal)                                    | Monday 24th September 2018                |
| 4.  | Publish tender doc's  | Monday 24th September 2018                |
| 5.  | Submit Forward Plan Template                                      | Friday 19 <sup>th</sup> October 2018      |
| 6.  | Tender Closing Date (min 40 days)                                 | Noon Monday 5 <sup>th</sup> November 2018 |
| 7.  | Tender Opening  | (PM) Monday 5 <sup>th</sup> November 2018 |
| 8.  | Tender Evaluation (allow 2 weeks)                                 | ** 16 <sup>th</sup> November 2018         |
| 9.  | Submit Cabinet Style Report                                       | ** 16 <sup>th</sup> November 2018         |
| 10. | Legal Publish Decision Making Record<br>(Including 5 day call in) | ** 23rd November 2018                     |
| 10. | Advise of Award & Regret<br>(Standstill period – 10 days)         | ** 30 <sup>th</sup> November 2018         |
| 10. | Contract Award  | ** Friday 14 <sup>th</sup> December 2018  |

**\*\* Estimated dates.**

# North Tyneside Council

## Report to Cabinet

### Date: 10 September 2018

#### ITEM 5(c)

Title: Data and Analytics Solution

Portfolio(s): Deputy Mayor

Cabinet Member(s): Councillor Bruce Pickard

Report from Service Area: Corporate Strategy

Responsible Officer: Jacqueline Laughton, Head of Corporate Strategy

Tel: (0191) 643 7070

Wards affected: All

## PART 1

### 1.1 Executive Summary:

- 1.1.1 The Authority's Digital Strategy, written in 2015, highlighted the need for investment in data and analytics technology, in order to achieve the Authority's aims and vision to exploit the intelligence data held to better inform policy choices and target services effectively and efficiently. The Digital Strategy concluded a lot of the data extraction within the Authority was being carried out manually using spreadsheets, which was very slow, contained inaccuracies and the data was kept in silos; therefore it was not able to inform the wider picture to support decision making and was fairly inflexible.
- 1.1.2 In 2017, following extensive research into the market of data and analytics, the Authority carried out a trial of a data and analytics solution. This trial demonstrated that a data and analytics solution can improve the accuracy and timeliness of performance reporting, as well as providing the capability to draw together data from across the Authority's Services to present in a single report and in doing so has exceeded expectations. The trial has been particularly successful in social care with both Children's and Adults Services benefiting from the ability to extract, analyse and produce reports directly from the new social care systems providing officers with automated reports and real time intelligence on caseloads. Social Care Managers/Officers are able to self-serve for their team's performance information, which is in line with the council's Target Operating Model.
- 1.1.3 The trial further demonstrated that a data and analytics solution can play a key role in supporting successful Ofsted Inspections. The trial also showed that a data and analytics solution can assist in drawing together data from a wide variety of systems, both internally to the Authority and from our wider Partners to build up a rich picture of demand and where resources need to be targeted. This proved to be a notable success with regards to the national Troubled Families Programme.
- 1.1.4 As the potential total contract value will exceed £500,000 and given the success of the trial and proven business efficiencies, this report requests approval to proceed with a

procurement exercise to secure a data and analytics solution in accordance with the Authority's Contract Standing Orders and Financial Regulations.

## **1.2 Recommendations:**

It is recommended that Cabinet delegate authority to the Head of Corporate Strategy in consultation with the Senior Manager – Legal Services and Information Governance, Head of Finance and the Deputy Mayor:

(1) to undertake a procurement exercise to identify a contractor to provide a data and analytical solution for the Authority in accordance with the Authority's Contract Standing Orders and the Public Contract Regulations 2015 including authority to:

- (i) approve the specification and procurement documentation; and
- (ii) approve the evaluation criteria;

(2) following the procurement exercise, to award a three year contract to the winning tenderer on terms approved by the Senior Manager – Legal Services and Information Governance.

## **1.3 Forward Plan:**

It has not been practicable to give twenty eight days' notice of this report because it has become clear that a full procurement exercise is required to identify a long term solution to maintain the current level of service.

## **1.4 Council Plan and Policy Framework**

This report relates to the overarching aim of the 2018/20 Our North Tyneside Plan that the Authority works better for residents.

## **1.5 Information:**

### Background

1.5.1 Cabinet are aware of the numerous national reports which have been published on how Local Government should be legally maximising the benefits of the data it holds, in order to redesign services in order for them to work better for residents. This includes being mindful of and fully complying with its obligations under the General Data Protection Regulation and the Data Protection Act 2018.

1.5.2 This often means focusing on creating new insights in order to help decision makers to make services more effective and or efficient.

1.5.3 However achieving this potential has been challenging for numerous reasons, which are not unique to North Tyneside Council. A recent independent report highlighted that "most councils are only just starting to get to grips with all the data they have, and all the ways they could use it to make improvements".

1.5.4 The Local Government Association (LGA) has said that "silos of data are widespread in local government and, whilst they support their primary functions successfully, opportunities have been missed because data between councils (and even within councils) are often incompatible for connection, sharing and wider re-use for other purpose".

1.5.5 Finally there is an efficiency angle, as research suggests that an advanced spreadsheet user can spend up to 9 hours per week repeating effort when data sources are updated. This reflects the view in the North Tyneside Digital Strategy which states how “currently, the Council does its extraction of data on which to operate essentially by hand, using surveys, documents and spreadsheets. Not only is this costly in itself, it is likely to be slow, after the fact and inaccurate”.

#### North Tyneside approach

1.5.6 The North Tyneside Digital Strategy, written in 2015, benchmarked the Authority against a Data Maturity Model. It described how, for the Council to meet its objectives, it would “need to invest in the information infrastructures that underlay the more mature approach”. In this context, Cabinet considered, at its meeting on 9 May 2016, a report which highlighted the need for the Authority to access new tooling to support the delivery of the organisation’s priorities.

1.5.7 Officers have carried out research on the development of new tooling in the market place and held discussions with other local authorities across the country. The market place continues to evolve with new providers entering the market or existing providers significantly enhancing their product. This evolving market place led to the Authority testing a data and analytics solution.

1.5.8 The trial of a data and analytics solution demonstrated that such a system can assist in removing data silos, reducing repetitive work through automation, can support the self-serve agenda and provided advanced analytical techniques to gain new insights from the data that the Authority holds. Data quality issues and the level of officer time involved to produce reports can be greatly reduced.

1.5.9 The trial further demonstrated that the standard and timeliness of performance reporting across the organisation can be improved and provide more flexibility in reporting. This will ensure greater insights into performance data for the services as well as significant savings in officer time and an improved analytics function for high level performance information. A data and analytics platform can play a pivotal role in producing the monthly performance reports to the Senior Leadership Team drawing together data from across Local Authority Services to present in a single report, as well as supporting the production of the Our North Tyneside Plan Performance Report, Ward Profiles, Borough Profiles to support the North of Tyne development work.

1.5.10 A data and analytics solution can play a key role in supporting successful Ofsted Inspections. The Authority’s use of performance information in supporting vulnerable children was praised within the inspection report, which gave the Local Authority and overall “Good” rating. A data and analytics solution can also be utilised as a reporting tool from the Social Care Systems supporting Adult Social Care and Children’s Social Care.

1.5.11 The trial has shown that the Authority can develop a single reporting mechanism for the Troubled Family project. This allows the Authority to combine many disparate data sets from across silos, within the Local Authority and from our Partners, in order to create the data necessary for supporting successful outcomes for families. A recent presentation of our methodology and analysis tool to the Ministry of Housing, Communities and Local Government resulted in them raising the Local Authority’s data maturity from “immature” to “Advanced”.

- 1.5.12 A data and analytics solution enables the Authority to carry out advanced analytics that have not previously been possible, including regression analysis on research projects including the National Child Measurement Programme and the annual Residents Survey, providing new insights into intelligence data held by the Authority. The trial has shown the Authority it can extract data direct from social media to better understand what residents and visitors are saying about services. In addition, the solution has shown the Authority can automate the extraction of data direct from websites such as the Office of National Statistics, negating the officer time to manually download, cleanse and analyse the data, as well as assuring that the data is the latest available.
- 1.5.13 During the trial the Authority has demonstrated it can make great strides to maximise the effectiveness of intelligence data within the organisation and highlighted opportunities to drive further improvements and create opportunities across the organisation. Work to develop predictive models has begun based on existing data, for example the data from the annual Residents' Survey was used to develop a view on which services had a positive impact on residents' mental health. Predictive analytics can be used to identify residents at risk of needing care and tenants who are more likely to run into rent arrears.
- 1.5.14 There are further plans to drive efficiencies using a data and analytics solution by using such a tool to extract and analyse performance data from other council systems including Northgate for Housing data and the new Sport and Leisure and Libraries Systems when they are implemented later in 2018/19.
- 1.5.15 This report seeks Cabinet's approval to conduct a procurement exercise on behalf of the Authority to procure a data and analytics solution to deliver the aims and objectives of the organisation. However, in recognition of how dynamic the market place currently is, the discussions with the Deputy Mayor, as lead member for ICT, have focused on the need to ensure that Authority retains flexibility to review the contract on an annual basis should the procured solution does not meet future requirements or a new provider enters the market.

## **1.6 Decision options:**

The following decision options are available for consideration by Cabinet

### Option 1

To approve the recommendations set out in 1.2

### Option 2

Not approve the recommendations set out in section 1.2

Option 1 is the recommended option.

## **1.7 Reasons for recommended option:**

Option 1 is recommended for the following reasons:

If Cabinet approves the recommended option, the procurement will commence as soon as possible to ensure the Authority is able to process large amounts of data to inform policy choices and target services effectively and efficiently.

## **1.8 Appendices:**

No appendix.

## **1.9 Contact officers:**

Craig Anderson - Senior Manager, Policy, Performance and Research, tel. (0191 643 5621

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

## **1.10 Background information:**

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

- (1) CAB183/05/16 Customer Journey and Digital Strategy Delivery – Systems Procurement (All Wards) 9 May 2016 Cabinet  
[http://www.northtyneside.gov.uk/pls/portal/NTC\\_PSCM.PSCM\\_Web.download?p\\_ID=565342](http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=565342)

## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and other resources**

This will be funded through the Change Reserve whilst the Authority ascertains what the full benefit of any future investment will be.

### **2.2 Legal**

As the predicted value of the contract exceeds £500,000, this procurement process requires Cabinet approval. The proposed procurement process will be undertaken in compliance with the Council's Contract Standing Orders and EU and UK public procurement requirements.

Contracting arrangements will be upon terms agreed by the Senior Manager – Legal Services and Information Governance.

If Cabinet agree to the recommendations contained in this report, a further delegated officer decision will need to be taken by the Head of Corporate Strategy, in consultation with the Deputy Mayor, the Senior Manager – Legal Services and Information Governance and the Head of Finance prior to the award of the contract to the selected provider. Twenty-eight days' notice on the Forward Plan of the delegated officer decision must be given and a record of the decision taken together with the report to the officer making the decision will be produced and published on the Authority's website (unless the matter for decision involved exempt or confidential information in accordance with Part 1 of the Schedule 12A to the Local Government Act 1972).

### **2.3 Consultation/community engagement**

#### **2.3.1 Internal Consultation**

The Acting Chief Executive, Deputy Mayor, Head of Finance, Head of Corporate Strategy and representatives from procurement and Law and Governance have been consulted on this proposal.

### 2.3.2 External Consultation/Engagement

No external consultation has been considered necessary.

## 2.4 Human rights

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

## 2.5 Equalities and diversity

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

## 2.6 Risk management

The risk to the authority is that if the decision is taken not to proceed with the proposed procurement exercise the tangible improvements identified by the trial of the data and analytics solution would not be achieved including the extraction and processing of social care data for the Authority. The Authority would be unable to deliver on the recommendations detailed in the Authority's Digital Strategy.

## 2.7 Crime and disorder

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

## 2.8 Environment and sustainability

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

## PART 3 - SIGN OFF

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

# North Tyneside Council

## Report to Cabinet

### Date: 10 September 2018

#### ITEM 5(d)

Title: Hartley Cove to the River Tyne Coastal Strategy

Portfolio: Environment and Transport

Cabinet Member:

Councillor Carl Johnson

#### Report from Service

Area:

Environment, Housing and Leisure

Responsible Officer:

Phil Scott, Head of Environment, Housing and Leisure

Tel: (0191) 643 7299

Wards affected:

All

### PART 1

#### 1.1 Executive Summary:

North Tyneside has a fantastic coast which is a significant asset that makes our borough a great place to live, work and visit. We have a duty to look after it and the Authority is designated as a coastal protection authority which means that we have specific responsibilities to manage coastal erosion locally and in line with national adopted policies and guidance.

The purpose of this report is to seek Cabinet approval for an updated coastal defence strategy. There is a requirement from Department for Environment, Food and Rural Affairs (Defra) that coastal protection authorities produce a strategy setting out how their coastal defence assets will be managed.

Our first coastal defence strategy was approved by Cabinet in 2007 and since then some key infrastructure work has taken place to manage coastal erosion much of which has been supported by external funding.

The Strategy now requires updating to reflect the latest national guidance and to take account of the work that we have already delivered. The proposed Strategy has been shaped through consultation and includes six strategic objectives that mirror the national policy aimed at protecting property, infrastructure and maintaining access to assets along the coast.

The Authority is currently in the process of successfully delivering a huge coastal regeneration programme to ensure the coast is even more attractive to visitors, residents and business. However we need to also ensure the coastal defence responsibilities we have are delivered too and the recent completion of the Central Lower Promenade is a great example of doing that and at the same time delivering on the ambitions set out in the Whitley Bay Seafront Master Plan and the Our North Tyneside Plan.



## **1.2 Recommendation:**

It is recommended that Cabinet approves the Hartley Cove to River Tyne Coastal Strategy, as set out in Appendix 2, which sets out the Authority's long term approach for managing coastal defences.

## **1.3 Forward Plan:**

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

## **1.4 Council Plan and Policy Framework**

This report is relevant to the following priorities set out in the 'Our North Tyneside' Council Plan 2018-20:

- Provide a clean, green, healthy, attractive, safe and sustainable environment
- Have effective transport and physical infrastructure

## **1.5 Information:**

### **1.5.1 Background**

North Tyneside's Coastal Strategy (the Strategy) was first published in 2007, in line with good practice, and now requires updating. This set out how the Authority manages coastal defences along its coastline, a distance of around 10km. The Environment Agency (EA) manages national flood defence on behalf of the Department for Environment, Food and Rural Affairs (Defra). Although not a statutory requirement, there is an expectation that local authorities making bids to the EA for grant funding for coastal schemes have a coastal strategy in place. Under the Coast Protection Act 1949 the Authority, as a coast protection authority, has a statutory duty to manage coastal erosion having regard to the national flood and coastal erosion strategies.

The current Strategy has enabled the Authority to manage its coastline effectively and has facilitated numerous successful EA grants resulting in the delivery of various coastal defence schemes. This has included:

- Full refurbishment of Cullercoats Piers
- Full reconstruction of Central Lower Promenade
- New sea defences at Trinity Road (access to St Mary's headland)
- Dune protection schemes at Tynemouth Longsands
- Repairs to Southern Promenade sea wall (grant bid currently awaiting a decision from the EA which is expected to be positive).

### **1.5.2 Strategy Review and Update**

The proposed new Strategy has been developed in accordance with national guidance from the EA. Consultation with key stakeholders such as the North East Coastal Group and various local interest groups have helped to shape the Strategy.

The proposed Strategy is based on six strategic objectives which mirror national coastal defence policy. These are:

- to protect lives, homes and property from flooding and/or erosion;

- to prevent loss, damage or disruption to infrastructure;
- to maintain access to the coast for tourism and leisure, including access points, car parking, promenades and cycle networks;
- to protect commercial assets and use of the coast;
- to maintain or improve the quality of environmentally designated sites, including promoting biodiversity and maintaining conservation value; and
- to maintain the conservation value of and access to historic assets on the coast.

The Strategy complements the work undertaken by the North Tyneside Surface Water & Drainage Partnership which follows similar aims and objectives but from a surface water management perspective.

The Strategy divides the North Tyneside coastline into subsections known as policy units. Each policy unit has its own recommended maintenance and management approach. This will often be “hold the line” which means maintaining the existing sea defence infrastructure in its current form. Occasionally, where there are no major assets at risk from coastal flooding, the policy will be “managed retreat” which means allowing the coast to naturally erode in a managed way.

The full proposed Strategy is a large technical document. An executive summary is provided at Appendix 1 and the full Strategy is provided at Appendix 2 to this report (which can be viewed online on the following page of the Authority’s website: <https://my.northtyneside.gov.uk/meeting/21475>).

## 1.5 Decision options:

The following decision options are available for consideration by Cabinet:

### Option 1

Cabinet accepts the recommendation set out in paragraph 1.2 above.

### Option 2

Cabinet does not accept the recommendation set out in paragraph 1.2 above.

## 1.6 Reasons for recommended option:

Option 1 is recommended in order to have a Coastal Strategy in place to enable the effective management of the Authority’s coastal defence assets and support the Authority’s ability to secure grant funding through future bids.

## 1.7 Appendices:

Appendix 1 Executive Summary – Hartley Cove to the River Tyne Coastal Strategy (final draft for approval)

Appendix 2 Hartley Cove to the River Tyne Coastal Strategy – full strategy (final draft for approval)

## 1.8 Contact officers:

Mark Newlands, Highways and Infrastructure Manager, tel. (0191) 643 6129  
Richard Blackburn, Infrastructure Team Leader (Capita), tel. 0775 3437377  
Colin MacDonald, Senior Manager, Technical and Regulatory Services,  
tel. (0191) 643 6620  
Alison Campbell, Senior Business Partner, tel. 0191 643 7038

## 1.9 Background information:

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

- (1) North Tyneside Coastal Strategy (existing strategy approved in 2007)  
<https://my.northtyneside.gov.uk/category/674/coastal-strategy>
- (2) Northumberland and North Tyneside Shoreline Management Plan 2 – Scottish Border to River Tyne  
<https://northeastcoastalgroup.wordpress.com/links/north-east-smp2/>
- (3) Coast Protection Act 1949  
<http://www.legislation.gov.uk/ukpga/Geo6/12-13-14/74>
- (4) National Flood and Coastal Erosion Risk Management Strategy for England produced by Defra  
<https://www.gov.uk/government/publications/national-flood-and-coastal-erosion-risk-management-strategy-for-england>

## PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

### 2.1 Finance and other resources

The Strategy provides a framework to assist with future funding decisions over the next ten years. It is envisaged that all actions within the proposed strategy can be delivered within existing budgets (the Local Transport Plan capital budget and Technical Services Partnership managed budget) or using specific external grant funding, where applicable. Any expenditure which cannot be contained within existing budgets will be reported to Council / Cabinet, as appropriate for a decision before any expenditure is incurred or committed.

### 2.2 Legal

Under the Coast Protection Act 1949 the Authority has a statutory duty to manage coastal erosion.

As stated in the report, there is no statutory requirement for the Authority to have a Coastal Strategy but the Authority has the power to publish such a Strategy. The approval of the Strategy is a Cabinet function by virtue of the Local Government Act 2000 which states that unless there is a provision to the contrary in legislation, all decisions to be taken by an Authority operating with executive arrangements should be taken by the Executive (Cabinet).

### 2.3 Consultation / community engagement

Community engagement will be central to any construction projects that emerge from the Strategy.

The development of the Strategy included consultation with key stakeholders. This was done through a series of public events held at Cullercoats Community Centre. The public and other stakeholders such as the EA were invited to comment on the draft Strategy. The lead Cabinet Member was also involved. The comments and input received were then used to shape a final draft Strategy which was subsequently published on the Authority's website. Consultees were notified about this by letter. No further comments were received so the Strategy has progressed to the Cabinet approval stage.

### 2.4 Human rights

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

### 2.5 Equalities and diversity

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

### 2.6 Risk management

The risks associated with matters in this report will be managed in accordance with the risk management protocols for managing coastal assets.

### 2.7 Crime and disorder

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

### 2.8 Environment and sustainability

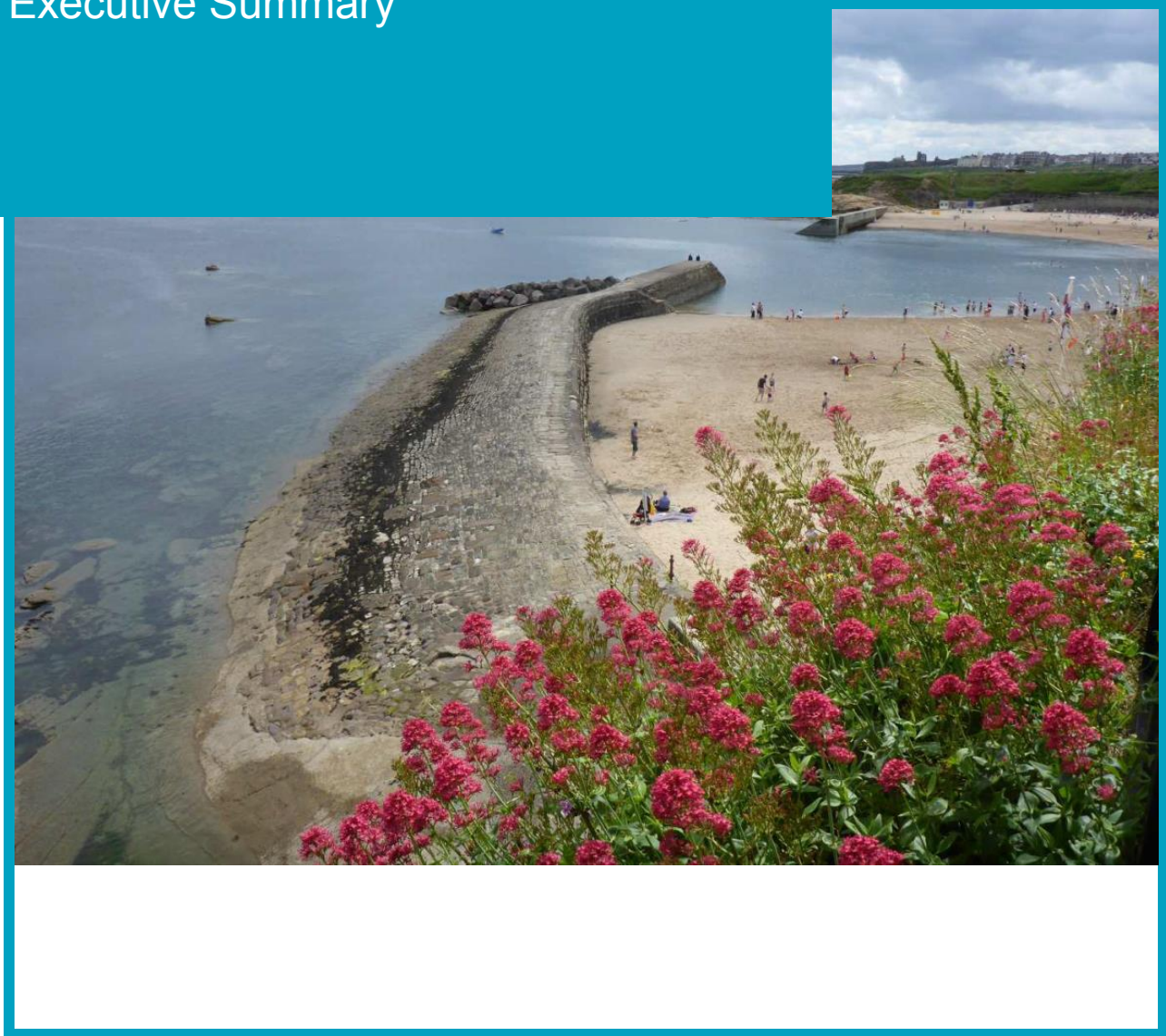
There are no environment and sustainability implications directly arising from this report. However, any future coastal construction schemes will fully consider the environment and the use of sustainable construction techniques.

## PART 3 - SIGN OFF

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

Hartley Cove to the River Tyne Coastal Strategy

Executive Summary



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# 1. Structure of Technical Reports

- 1.1.1 The Coastal Strategy developed for the North Tyneside coastline, between Hartley Cove and the River Tyne, sets out the Council's priorities for the management of coastal defences.
- 1.1.2 The Strategy is presented as a series of reports and a number of supporting Appendices.

Technical Report No.	Title
1	Executive Summary
2	Background
3	Coastal Processes
4	Existing Defences and Historical Expenditure
5	Strategic Environmental Assessment - Environmental Report
6	Options Development and Economic Assessment
7	Monitoring
8	Risk Assessments
9	Public Consultation and Stakeholder Involvement
10	Glossary
Appendices	Title
Appendix A	Habitat Regulations Assessment
Appendix B	Water Framework Directive Assessment
Appendix C	Non-Technical Summary for the Strategic Environmental Assessment
Appendix D	Strategic Environmental Assessment Scoping Report

## 2. Introduction and Background

### 2.1 Introduction

- 2.1.1 This strategy sets out how the Council will manage coastal defences over a ten-year period. It examines the problems, sets objectives, and identifies and appraises options to manage the coastline in accordance with national best practice guidance (including the Flood and Coastal Erosion Risk Management Appraisal Guidance, FCERM-AG).

### 2.2 Background

- 2.2.1 The Council's first coastal strategy was completed in 2007, following the publication of the first round of regional Shoreline Management Plans (SMPs). That strategy enabled the Authority to manage its coastline effectively and has facilitated numerous successful grants resulting in the delivery of various coastal defence schemes. This has included:

- Full refurbishment of Cullercoats Piers
- Full reconstruction of Central Lower Promenade
- New sea defences at Trinity Road (access to St Mary's headland)
- Dune protection schemes at Tynemouth Longsands
- Repairs to Southern Promenade sea wall (grant bid currently awaiting a decision from the EA which is expected to be positive).

This new strategy, which has been shaped through consultation, reflects the latest national guidance, and takes into account the work that Authority has delivered.

- 2.2.2 The Strategy coastline is approximately 10km long and stretches from Hartley Cove in the north to the Fish Quay on the north bank of the River Tyne. The shoreline consists of rocky headlands interspersed with sandy foreshore, the majority of which is currently defended. The 2007 strategy split the coastline into five management units. For consistency with the 2009 regional Shoreline Management Plan (termed SMP2), this strategy instead divides the coastline into four management areas (MAs) as shown in Table 2.1 below.

**Table 2-1 Comparison of the 2007 strategy's management units with the management areas (MAs) used in this strategy and the regional SMP2**

SMP (first version)	Original Strategy	SMP2
Seaton Sluice to St Mary's Lighthouse MU 44	Hartley Cove to St Mary's Lighthouse MU 44*	MA24 - Seaton Sluice to Curry's Point
St Mary's Lighthouse to Whitley	St Mary's Lighthouse to Whitley Sands MU 45	MA25 - Curry's Point to Brown's



SMP (first version)	Original Strategy	SMP2
Sands MU 45		Point
Whitley Sands to Whitley Bay MU 46	Whitley Sands to Whitley Bay MU 46 Hold the Line	
Whitley Bay to Tynemouth North Pier MU 47	Cullercoats to Tynemouth North Pier MU 47	MA26 - Brown's Point to Tynemouth North Pier
Tynemouth North Pier to Tynemouth North Bank MU 48	Tynemouth North Pier to Fish Quay MU 48**	MA27 - Tynemouth North Pier to Fish Quay

2.2.3 The MAs are described in general below:

- **MA24 – Hartley Cove to Curry's Point:** this is a sea cliff frontage with a rock shore platform. Defences exist at Hartley Cove and St. Mary's Island with the remainder of the frontage being undefended and eroding.
- **MA25 – Curry's Point to Brown's Point:** this frontage is defended for most of its length by concrete or masonry seawalls and a short section of rock armour revetment. There is also one short section of undefended cliff.
- **MA26 – Brown's Point to Tynemouth North Pier:** this frontage consists of three bays; Cullercoats Bay, Tynemouth Longsands and King Edward's Bay. Cullercoats Bay is mainly defended. Tynemouth Longsands has defences to the north and south and managed dunes towards the centre. King Edward's Bay and the adjacent cliffs are heavily defended. Tynemouth North Pier is a massive masonry structure that is the outer navigation structure to the River Tyne and provides protection to both North and South Tyneside and is maintained by the Port of Tyne Authority.
- **MA27 – Tynemouth North Pier to the Fish Quay:** this frontage extends from Tynemouth North Pier southward and westward to the Fish Quay at North Shields, an estuarine environment. The frontage is defended by a number of different defences including concrete and masonry seawalls, a masonry groyne, rock armour and quay walls.

2.2.4 The main urban areas along the frontage are Tynemouth, Cullercoats and Whitley Bay. The beaches are popular for leisure and tourism activities, including water sports, walking and entertainment. The beach at Longsands is particularly used for sporting activities including local, national and international events. Brown's Bay is a popular location for scuba diving. Tourism accounts for more than 20% of all employment in the coastal zone.

- 2.2.5 The coastline is part of an area with several forms of protected status for nature. It is within the Northumbria Coast 'Ramsar Site' (a site defined under the international Convention on Wetlands, known as the Ramsar Convention) and Special Protection Area (SPA), and forms part of the Northumberland Shore Site of Special Scientific Interest (SSSI) and the Tynemouth to Seaton Sluice SSSI. The sites are designated for both nature conservation and earth science heritage values. There are a number of Biodiversity Action Plan (BAP) habitats within the area including: rocky shore and island; maritime cliffs and slopes; saltmarsh and mudflat; and sand dunes.
- 2.2.6 There are four conservation areas within the strategy area: St Mary's Island, Whitley Bay; Cullercoats; Tynemouth; and North Shields Fish Quay. There is a number of Grade I and II listed buildings within the area. The Priory at Tynemouth is a Scheduled Ancient Monument.
- 2.2.7 The River Tyne is used commercially for shipbuilding, offshore fabrication, fishing and port related industries, as well as regular passenger services and exports to northern Europe.
- 2.2.8 The strategic objectives of this strategy, which were set following consultation, are:
- To protect lives, homes and property from flooding and/or erosion;
  - To prevent loss, damage or disruption to infrastructure;
  - To maintain access to the coast for tourism and leisure, including access points, car parking, promenades and cycle networks;
  - To protect commercial assets and use of the coast;
  - To maintain or improve the quality of environmentally designated sites, including promoting biodiversity and maintaining conservation value; and,
  - To maintain the conservation value of and access to historic assets on the coast.

## 3. The Problem

3.1.1 The plan shape of the shoreline is maintained by the rocky headlands and shore platforms in conjunction with the extensive hard defences. In terms of shoreline erosion, there is little volume of sediment transport alongshore owing to both limited supply and the barriers to sediment movement posed by the rocky headlands. If the coast was left undefended, erosion of the bays would be likely to continue, with the headlands remaining relatively stable, i.e. the bays would become more pronounced and extend further inland.

3.1.2 Issues identified in the 2007 strategy and SMP2 include:

- Outflanking of existing defences caused by erosion of the undefended adjacent coastline, for example at the causeway leading to St Mary's Island and at the southern end of the Trinity Road seawall;
- Some existing defences are in poor condition and are suffering from toe scour (damage caused at the outside base of a structure linked to water damage to the foundations) and need to be reconstructed/replaced, for example Bear's Back seawall;
- Beaches may be narrowing and coastal squeeze occurring in front of hard defences, which will need to be managed;
- The geological features at Hartley Cove and St. Mary's Island are being eroded; and,
- Flooding occurs in the Fish Quay area.

## 4. Coastal Processes

4.1.1 Erosion rates for the Strategy coastline were derived from a review of Ordnance Survey (OS) mapping and aerial photography. High and low water marks and cliff lines were digitised and comparisons made using Geographic Information System (GIS) software to calculate historic erosion rates. These were then used to produce estimated erosion contours for the Strategy timeline utilising the methodology from the 2007 Strategy. Additionally, topographic surveys and beach profiles were analysed to assess changes in beach cross-sectional shape, volume, contour positions and sediment movement.

4.1.2 The predicted erosion rates for the Strategy are shown in Table 4-1 below. The 0.3m erosion rate is applicable to lengths of coastline with softer geology, e.g. Whitley Bay cliffs and the 0.15m rate is applicable to lengths with harder geology, which are more resistant to erosion.

**Table 4-1 Predicted erosion rates**

Years from now	Total erosion distance (m) based on historical erosion rate of 0.3m/yr	Total erosion distance (m) based on historical erosion rate of 0.15m/yr
10	3	2
20	9	4
30	17	8
40	27	14
50	40	20
60	56	28
70	74	37
80	95	48
90	119	59
100	145	72

4.1.3 Tide levels and extreme water levels were assessed for the Strategy and updated levels were produced as shown in Tables 4-2 and 4-3 below.

**Table 4-2 Comparison of extreme water levels at North Shields**

Return Periods (years)	Sunderland Coastal Monitoring (Scott Wilson 2003)	EA CFB Study (2011)	NTSLF (2014)
1	-	3.20	3.16
2	-	3.27	3.25

Return Periods (years)	Sunderland Coastal Monitoring (Scott Wilson 2003)	EA CFB Study (2011)	NTSLF (2014)
5	3.32	3.38	3.37
10	3.38	3.46	3.46
20	3.44	3.55	-
25	-	3.58	3.55
50	3.51	3.67	-
75	-	3.72	3.67
100	3.57	3.76	-
150	-	3.82	3.76
200	3.62	3.87	-
250	3.64	3.90	3.85
300	-	3.92	3.91
500	-	4.00	-
1000	3.79	4.11	3.97

**Table 4-3 Comparison of predicted tide levels at North Shields**

Tidal States	Coastal Strategy Plan (2007)	NTLSF (2014)
Highest Astronomical Tide	3.1	3.13
Mean High Water Springs	2.4	2.52
Mean High Water Neaps	1.3	1.48
Mean Sea Level	0.3	-
Mean Low Water Neaps	-0.8	-0.70
Mean Low Water Springs	-1.9	-1.87
Lowest Astronomical Tide	-2.7	-2.60

- 4.1.4 Further analysis of offshore and nearshore wave climate was undertaken and results from various studies were assessed to provide estimates of joint probability of waves and water levels for use in the Strategy.
- 4.1.5 Results for water levels, waves and flood risk assessments were also updated by taking into account the conditions that prevailed during the December 2013 storm surge events.

## 5. Options Considered

- 5.1.1 A long list of options considered technically suitable for providing flood and erosion risk management for the Strategy frontage was drawn up. This utilised information from both the 2007 Strategy and SMP2. The long list options were appraised to high level economic, technical, social and environmental factors to select a shortlist of options for each Management Area. Whether an option was considered further was dependent on its performance against these factors and whether or not there were any immediately obvious reasons why an option would not be practicable.
- 5.1.2 The options considered fall under four generic categories of:
- **No Active Intervention** (NAI)
  - **Hold The Line** (HTL),
  - **Managed Realignment** (MR)
  - **Advance The Line** (ATL).
- 5.1.3 Assessment of the shortlisted options considered detailed technical, economic and environmental issues and led to the identification of a preferred option for each MA.

## 6. Strategic Delivery Plan

- 6.1.1 Within each of the four Management Areas the lengths of coastline have been further sub-divided into policy units to give a total of fifteen different units. The preferred strategic approach for the Strategy differs for the various policy units depending on economic, technical, social and environmental factors. In many cases the economic case does not support policies other than No Active Intervention (NAI) as the estimated cost for undertaking works is higher than the calculated benefits for the area. However, in some areas the policy may be driven by other reasons, such as protection of environmental sites.
- 6.1.2 With reference to the preferred options identified, a list of possible schemes for the ten-year period of the strategy has been prepared. Not all schemes may be delivered since, as noted previously, schemes may not all have a positive benefit to cost ratio (BCR) and are likely to require sources of partnership funding if they are to be implemented. Whether all schemes can be implemented therefore depends on the availability of funding.
- 6.1.3 Possible schemes are identified for policy units where the preferred option is either Maintain or Managed Realignment. Where the preferred option is No Active Intervention (NAI) this refers to ongoing maintenance works rather than a standalone scheme.
- 6.1.4 The possible specific schemes identified are summarised below. Larger projects (eg sea wall refurbishment) will normally be dependent on successful capital grant funding bids to the Environment Agency. Small day to day maintenance repairs will be funded through the Authority's revenue coastal repair budgets:
- **PU25.1 Curry's Point to Trinity Road** (Hold the Line: Maintain) – This PU consists of undefended cliffs to the north and a sea wall to the south of St Mary's headland. The intention would be to undertake small scale repairs to the sea wall when required
  - **PU25.2 Trinity Road to Briardene Burn** (Managed Realignment) – this PU is largely undefended, except for a short length of defences adjacent to Trinity Road seawall and defences at the mouth of the Burn. Therefore, the suggested works in this PU are for the existing defences to be re-configured as the cliffs erode, to avoid the defences being outflanked
  - **PU25.3 Briardene Burn to Table Rocks** (Hold the Line: Maintain) – this PU includes the Central Promenade scheme for which works were delivered by the Authority in March 2018. Therefore, the anticipated cost for the scheme are included in the Strategy plan. There is also a scheme suggested for the replacement of the Southern Promenade defences to occur at a later date
  - **PU25.4 Table Rocks to Brown's Point** (Hold the Line: Maintain) – This PU mainly consists of the Brown's Bay sea wall which will be maintained through localised repairs when required

- **PU26.2 Cullercoats** (Hold the Line: Maintain) – this PU includes the piers and the defences around the bay including the lifeboat station and The Brae. Works include for replacement of existing defences at the expiry of their useful lifespan, but does not include for construction of any new or upgraded defences
- **PU26.4 Tynemouth Longsands** (Hold the Line; Maintain) – This PU consists of a long undefended beach with hard defences at each end. Schemes would be repairs to the north sea wall, open air pool wall and access boardwalks
- **PU26.6 King Edward’s Bay** (Hold the Line: Maintain) – this PU includes the Sea Banks seawall and includes for replacement of the existing defences, but not construction of any additional defences
- **26.8 Tynemouth North Pier** (Hold the Line: Maintain) – this PU covers the north pier of the River Tyne estuary. The asset is maintained by the Port of Tyne. In view of this, North Tyneside Council will not be required to undertake any works over the lifetime of the Strategy but the PU has been included for completeness
- **PU27.2 Tynemouth** (Hold the Line: Maintain) – this PU includes the defences along the north bank of the Tyne and the Fish Quay. Existing defences will be maintained and replaced as necessary

6.1.5 Table 6-1 sets out the proposed Strategy Plan, including estimated expenditure by scheme for each PU for ten years of strategy implementation. The map at Annex A illustrates the preferred approach for each PU and the notional total expenditure over the ten years of the strategy.



**Table 6-1 Strategy Plan Summary – notional expenditure**

PU	Scheme	Year 1 2018	Year 2 2019	Year 3 2020	Year 4 2021	Year 5 2022	Year 6 2023	Year 7 2024	Year 8 2025	Year 9 2026	Year 10 2027	10-year Total
25.1 Curry's Point to Trinity Road	Hold the line by maintenance	£21,000	£21,000	£21,000	£21,000	£21,000	£21,000	£21,000	£21,000	£21,000	£21,000	£210,000
25.2 Trinity Road to Briardene Burn	Managed Realignment	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil*
25.3 Briardene Burn to Table Rocks	Hold the line: Specific scheme	£1,339,200	£71,000	£71,000	£71,000	£71,000	£71,000	£71,000	£71,000	£71,000	£71,000	£1,978,200
25.4 Table Rocks to Brown's Point	Hold the line by maintenance	£6,500	£6,500	£6,500	£6,500	£6,500	£6,500	£6,500	£6,500	£6,500	£6,500	£65,000
26.2 Cullercoats Bay	Hold the line: Specific scheme	£36,000	£36,000	£36,000	£36,000	£36,000	£36,000	£36,000	£36,000	£36,000	£36,000	£360,000
26.4 Tynemouth Longsands	Hold the line by maintenance	£24,000	£24,000	£24,000	£24,000	£24,000	£24,000	£24,000	£24,000	£24,000	£24,000	£240,000
26.6 King Edward's Bay	Hold the line: Specific scheme	£13,000	£13,000	£13,000	£13,000	£13,000	£13,000	£13,000	£13,000	£13,000	£13,000	£130,000
26.8 Tynemouth North Pier**	Hold the line by maintenance	£11,000	£11,000	£11,000	£11,000	£11,000	£11,000	£11,000	£11,000	£11,000	£11,000	£110,000
27.2 Tynemouth	Hold the line: Specific scheme	£31,000	£31,000	£31,000	£31,000	£31,000	£31,000	£31,000	£31,000	£31,000	£31,000	£310,000
											<b>Total</b>	<b>£3,403,200</b>

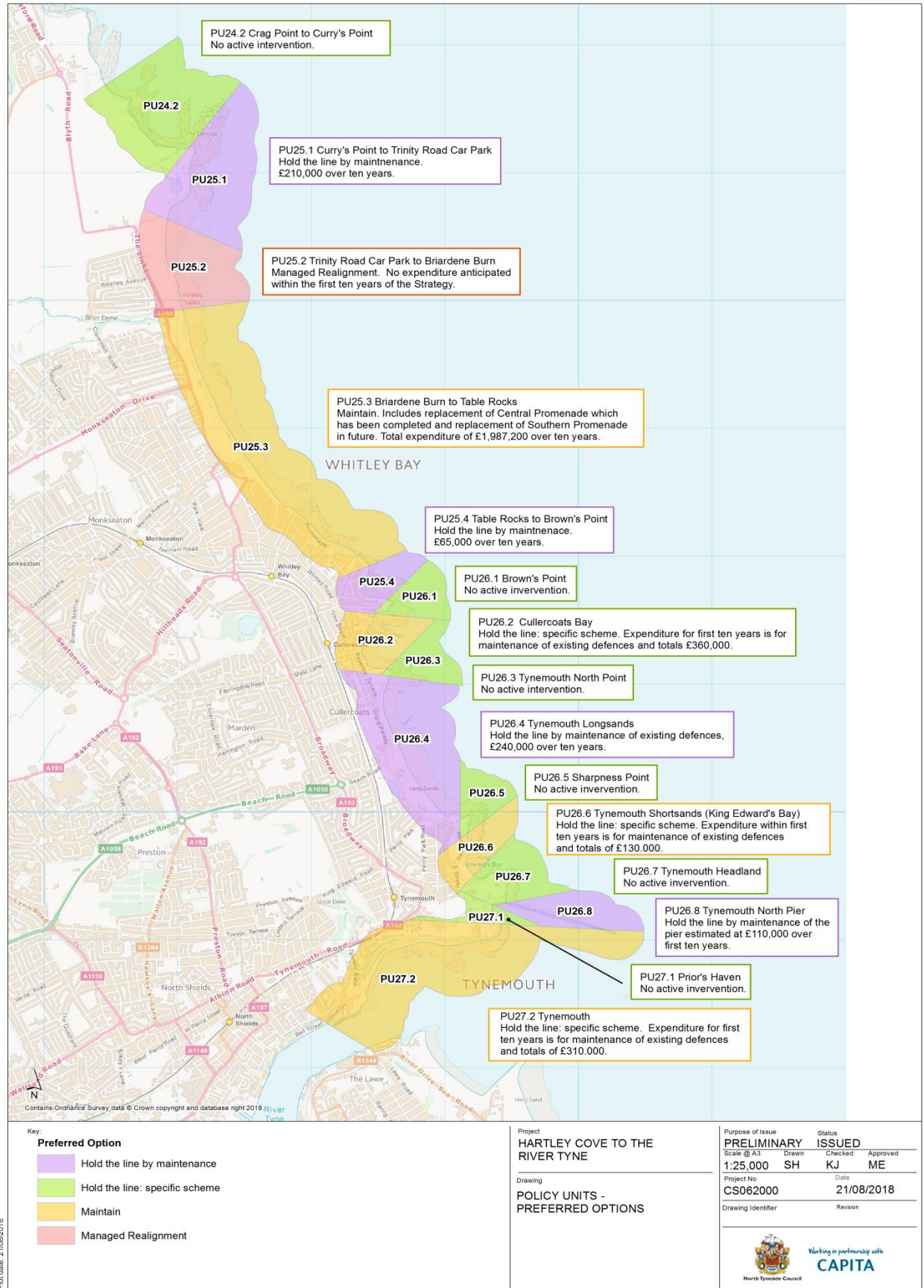
\*No expenditure anticipated in the first ten years of the Strategy

\*\*Asset maintained by Port of Tyne



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**CAPITA**

## Annex A: Plan showing preferred options



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# North Tyneside Council Report to Cabinet 10 September 2018

## Item 5(e)

Title: 2018/19 Financial  
Management Report to 31  
July 2018

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

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### PART 1

#### 1.1 Executive Summary:

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

At this stage in the financial year, Cabinet will understand that there are still aspects of the £10.143m 2018/19 savings programme to be met in order to deliver the General Fund budget approved by Council on 15 February 2018. A number of sessions have already been held by senior management to give early consideration as to the actions required to manage the financial risk identified for 2018/19, including what additional actions can be taken in line with the Authority's Efficiency Statement and the Creating a Brighter Future Programme. Cabinet have also had sessions with senior management to discuss the pressures and potential remedial actions. Like most local authorities, North Tyneside Council continues to face financial pressures which were reported in the 2017/18 Outturn Report and continue into 2018/19.

The report includes details of £0.122m additional grants received by the Authority in June and July 2018. The report also advises Cabinet of the position so far on the 2018/19 Schools budgets, planning for 2019/20 Schools funding and the forecast outturn for the Housing Revenue Account as at 31 July 2018.

Finally, the report provides an update on the 2018/19 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) notes the forecast budget monitoring position for the General Fund, Schools' Finance and Housing Revenue Account (HRA) and as at 31 July 2018 (Annex sections 1, 4 and 5);
- (b) approves the receipt of £0.122m new revenue grants;
- (c) notes the Authority's Investment Plan spend of £16.098m to 31 July 2018 and the financing of the Plan to the end of the year (Annex Section 6); and
- (d) approves variations of £4.251m within the 2018 - 2021 Investment Plan of which £4.111m relates to 2018/19 and £0.164m reprogramming between 2019/20 and 2020/21 (Annex Section 6).

## **1.3 Forward Plan:**

Twenty eight days' notice of this report has been given and it first appeared on the Forward Plan that was published on 20 April 2018.

## **1.4 Authority plan and policy framework:**

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

## **1.5 Information:**

### **1.5.1 Financial Position**

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

The report covers:

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

### **General Fund Revenue Account:**

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

The forecast overall pressure is estimated at £3.826m against the approved net budget. This is driven mainly by continued pressure in Children's Services of £3.924m and Adult Services of £3.167m, partly mitigated by the contingency balances that were created as part of the 2018/19 Budget setting process and are held centrally to reflect the on-going pressures in social care being felt locally and nationally.

Included in this projection is £3.199m of pressures in Corporate Parenting and Placements, £2.706m in Wellbeing and Assessment and £1.367m in Disability & Mental Health. The drivers for these pressures continue from 2017/18 and arise from:

- Continued pressure in Adult and Children's Social Care Services due to increased life expectancy meaning people with learning and physical disabilities are living longer and often with multiple complex issues. Although the service manages demand as effectively as possible to ensure that the most intensive services are targeted at those with the greatest need, this can only contain, or at best slightly reduce, the overall size of the population in receipt of the services. However, the average cost of these services has risen due to the increased average complexity of the needs of those clients;
- The timing of delivery of some aspects of the Creating a Brighter Future Programme to the extent that achievement of some savings may not yet be achieved;
- 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; and
- Negotiations with care providers to assess the impact of the National Living Wage and the consequential impact on our commissioning costs are at an early stage for 2018/19.

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

### **Housing Revenue Account (HRA):**

The HRA is forecast to have year-end balances at 31 March 2019 of £4.559m, which are £1.889m higher than the budget which was set at £2.670m. The higher than forecast balances are mainly as a result of higher opening balances due to the impact of the previous year's financial performance (£1.443m) but there is also an in-year estimated underspend of (£0.446m), against an in-year budget of £1.970m, due to additional income of (£0.458m) partially offset by additional expenditure of £0.012m, mainly for HRA management costs.

Universal Credit was fully implemented across North Tyneside on 2 May 2018. As of July 2018, 769 North Tyneside Homes tenants have moved on to Universal Credit and a team is working proactively with tenants to minimise arrears. This position will be closely monitored as the year progresses to identify any adverse impacts on the budget position.

### **School Funding:**

The Annex to this report includes an update in respect of work in progress with regard to school funding (Section 4). 9 schools have been given deficit approval for 2018/19 (10 in 2017/18). Further work is on-going with Beacon Hill school to agree the appropriate level of funding required.

## **Investment Plan:**

The 2018-2021 Investment Plan, as adjusted for proposed reprogramming, totals £178.507m (£82.396m 2018/19) and is detailed in the Annex report, table 6.7.1. The Annex to this report also sets out in Section 6 delivery progress to date, planned delivery for 2018/19, reprogramming and other variations identified through the Investment Programme Governance process.

## **New Revenue Grants:**

£0.122m of new revenue grants have been received during June and July 2018, further details are set out in the Annex report table 3.12.1.

### 1.5.2 Performance against Council Plan

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

#### **Our People will:**

- Be listened to so that their experience helps the Council work better for residents.
- Be ready for school – giving our children and their families the best start in life.
- Be ready for work and life – with the skills and abilities to achieve their full potential, economic independence and meet the needs of local businesses.
- Be healthy and well – with the information, skills and opportunities to maintain and improve their health, well-being and independence.
- Be cared for, protected and supported if they become vulnerable.
- Be encouraged and enabled to, whenever possible, be more independent, to volunteer and to do more for themselves and their local communities.

#### **Our Places will:**

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



## Our Economy will:

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

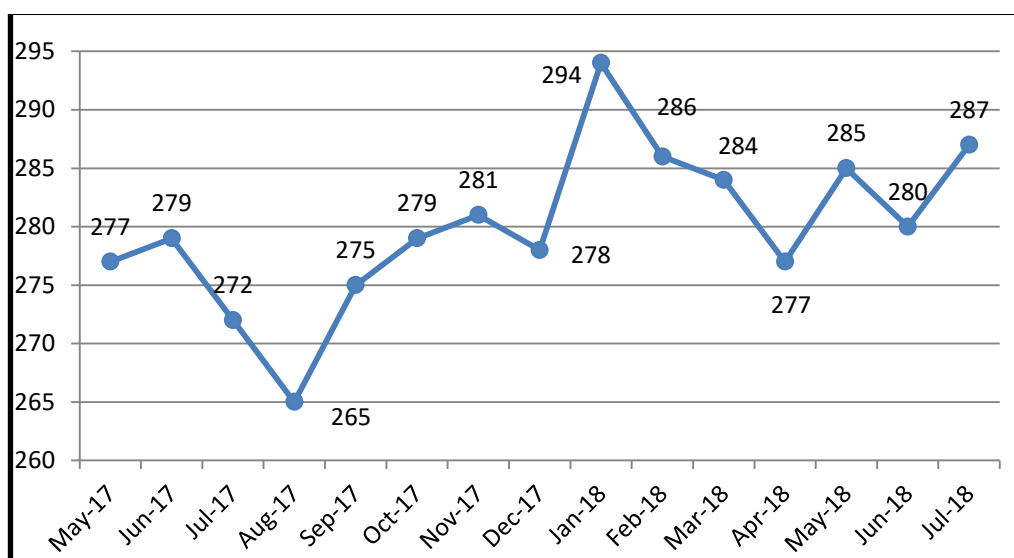
The Authority has plans in place to deliver all elements of the Council Plan and performance against these plans is carefully monitored. The area under most financial pressure is Health Education Care and Safeguarding.

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

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.

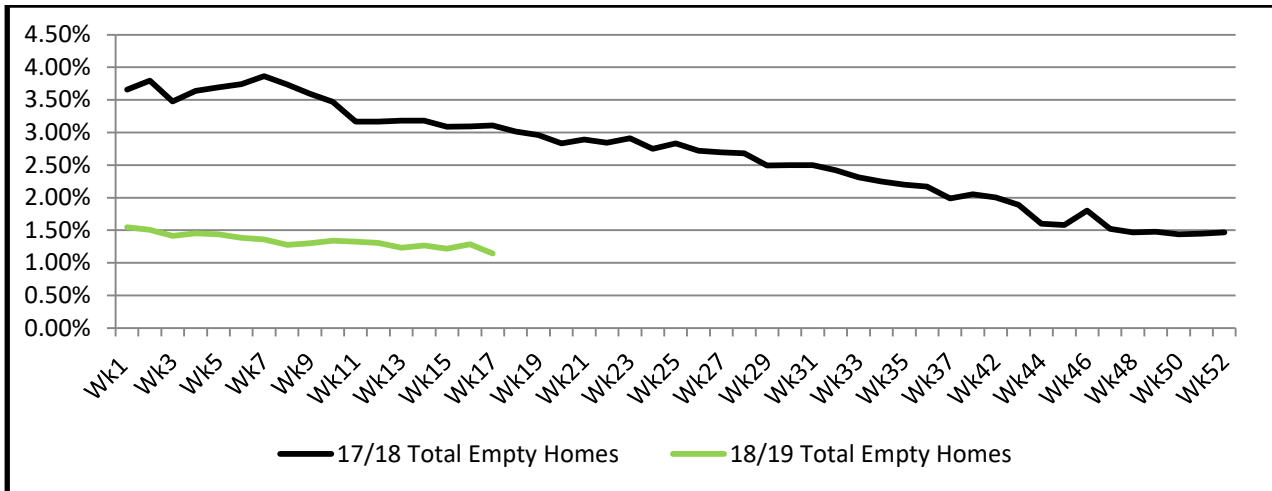
The levels of looked after children (LAC) and children who require supervision after leaving care continue to generate a significant financial pressure. In year data suggests that our LAC levels, whilst fluctuating are, on average, relatively stable (as per Table 2 below) but there are a wide range of levels of care provided, with more complex and therefore expensive cases now being faced. Current demand continues to drive financial pressure in 2018/19. The Authority is forecasting a pressure of £3.199m in Corporate Parenting and Placements (2017/18, £3.817m). The new model for children has been designed in part to address the financial pressures and more details are set out in sections 2 and 3 of the Annex to this report. Future reports will bring additional analysis of costing per "bed night" by placement type.

**Table 2: Looked After Children comparators at each month end**



### 1.5.3 HRA

In terms of the impact of empty homes on the financial picture to date, rates are below 2017/18 levels overall so far this year and this continues the trend over the last couple of years for empty home rates following the completion of the North Tyneside Living Schemes. Numbers of empty homes continue to reduce both in sheltered and General Needs stock.



### 1.5.4 Investment Plan

An officer led review of the Investment plan has resulted in proposals for reprogramming of £0.164m from 2019/20 into 2020/21 and variations of £4.251m (£4.111m in 2018/19) of which more details are set out in Section 6 of the Annex to this report. The revised Investment plan stands at £82.396m for 2018/19 and to the end of July 2018 spend of £16.098m had been incurred which represents 19.54% of the revised plan. This is the highest percentage and the highest actual spend reported in July Budget Monitoring reports for the last 5 years and reflects an improvement in delivery against the phased plan.

### 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 July 2018  
Appendix 1: 2018-2021 Investment Plan

## **1.9 Contact officers:**

Janice Gillespie – Corporate Finance matters – Tel. (0191) 643 5701  
Claire Emmerson – Corporate Finance matters – Tel. (0191) 643 8109  
Alison Campbell – Senior Business Partner – Tel. (0191) 643 7038  
David Dunford – Business Partner – Tel. (0191) 643 7027  
Cathy Davison – Investment Plan matters- Tel. (0191) 643 5727  
Margaret Keith –Treasury Management matters – Tel. (0191) 643 5747  
Darrell Campbell – Housing Revenue Account matters – Tel. (0191) 643 7052

## **1.10 Background information:**

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

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

## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and other resources**

As this is a financial report, implications are covered in the body of the report. This report will also be presented to the Authority's Finance Sub-Committee at its meeting on 18 Sept 2018.

### **2.2 Legal**

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

### **2.3 Consultation/community engagement**

#### **2.3.1 Internal Consultation**

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

### 2.3.2 External Consultation / Engagement

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

### 2.4 Human rights

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

### 2.5 Equalities and diversity

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

### 2.6 Risk management

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

### 2.7 Crime and disorder

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

### 2.8 Environment and sustainability

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

## PART 3 - SIGN OFF

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

# 2018/19 Financial Management Report Annex

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### **SECTION 1 - GENERAL FUND SUMMARY**

#### **1 General Fund Revenue Forecast**

- 1.1 The Authority's approved net revenue Budget of £154.726m is forecast to overspend by £3.826m. This is an improvement of £1.767m on the previous report taken to Cabinet in July 2018 of £5.593m. The budget includes £10.143m of budget savings as agreed at Council on 15 February 2018. The table in 1.2 below sets out the variation summary across the General Fund.

**Table: 1.2 2018/19 General Fund Revenue Forecast Outturn as at 31<sup>st</sup> July 2018**

	Gross Expenditure			Income			Net Expenditure			Forecast Variance May 2018
	Budget	Forecast	Variance	Budget	Forecast	Variance	Budget	Forecast	Variance	
Services	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Health, Education, Care and Safeguarding	168.597	176.430	7.833	(104.762)	(105.504)	(0.742)	63.835	70.926	7.091	7.121
Commissioning and Investment	199.624	202.676	3.052	(181.284)	(184.143)	(2.859)	18.340	18.533	0.193	0.203
Environment, Housing and Leisure	68.946	70.353	1.407	(28.655)	(29.722)	(1.067)	40.291	40.631	0.340	0.650
Chief Executive Office	0.533	0.501	(0.032)	(0.447)	(0.447)	0.000	0.086	0.054	(0.032)	0.028
Business and Economic Development	2.096	1.966	(0.130)	(0.905)	(0.938)	(0.033)	1.191	1.028	(0.163)	0.011
Commercial and Business Redesign	6.864	6.950	0.086	(5.436)	(5.364)	0.072	1.428	1.586	0.158	0.113
Corporate Strategy	2.140	2.277	0.137	(1.500)	(1.513)	(0.013)	0.640	0.764	0.124	0.131
Finance	69.648	70.721	1.073	(70.412)	(71.026)	(0.614)	(0.764)	(0.305)	0.459	0.458
Human Resources and Organisational Development	2.129	2.415	0.286	(2.248)	(2.480)	(0.232)	(0.119)	(0.065)	0.054	0.056
Law and Governance	3.617	3.866	0.249	(3.727)	(3.762)	(0.035)	(0.110)	0.104	0.214	0.169
Central Items	21.718	17.384	(4.334)	(11.650)	(11.928)	(0.278)	10.068	5.456	(4.612)	(3.347)
Support Services	19.840	19.840	0.000	0.000	0.000	0.000	19.840	19.840	0.000	0.000
<b>Total Authority</b>	<b>565.752</b>	<b>575.379</b>	<b>9.627</b>	<b>(411.026)</b>	<b>(416.827)</b>	<b>(5.801)</b>	<b>154.726</b>	<b>158.552</b>	<b>3.826</b>	<b>5.593</b>

## **SECTION 2 - DELIVERY OF BUDGET SAVINGS PROPOSALS**

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

### **2.2 Table: Year on Year savings since 2010 CSR**

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

2.3 Although the vast majority of the ambitious 2017/18 savings target of £18.338m was delivered during 2017/18, there are £1.111m of savings from 2017/18 that remained to be delivered in 2018/19, taking the overall savings target for 2018/19 to £11.254m. Progress is tracked against each saving proposal and £6.526m, equating to 58% of the overall target, is already forecast to be saved (May, £6.369m representing 57% of the target). The table below shows the delivery by Service;

### **2.4 Table: Creating a Brighter Future (CBF) savings at July 2018**

<b>Service</b>	<b>Savings Target £m</b>	<b>Assumed in Forecast £m</b>	<b>To Be Delivered at July £m</b>	<b>% Achieved</b>	<b>Assumed in Forecast at May £m</b>
Business & Economic Development	0.121	0.121	0.000	100%	0.121
Central Items	3.870	0.950	2.920	25%	0.887
Commercial & Business Redesign	0.060	0.060	0.000	100%	0.060
Commissioning & Investment	0.519	0.466	0.053	90%	0.474
Corporate Strategy	0.160	0.160	0.000	100%	0.160
Environment, Housing & Leisure	1.158	1.138	0.020	98%	1.138
Finance	0.305	0.265	0.040	87%	0.305
Health, Education, Care and Safeguarding (HECS)	4.920	3.231	1.689	66%	3.144
HR & Organisational Development	0.025	0.025	0.000	100%	0.025
Law & Governance	0.116	0.110	0.006	95%	0.110
<b>Total savings</b>	<b>11.254</b>	<b>6.526</b>	<b>4.728</b>	<b>58%</b>	<b>6.369</b>



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

### Central Items

- 2.6 The £2.920m of savings targets which are currently forecast as non-delivered within Central Items are the cross-cutting targets for Procurement Savings (£1.407m 2018/19 plus £0.500m from 2017/18) under the Maximising Resources Business Case and Management Savings (£1.013m) under Fit for Purpose – How we are Organised.
- 2.7 Progress has been made against the Procurement targets of £2.000m with £0.093m identified while a further £0.587m of firm proposals (increased from £0.441m reported in May) continue to be investigated and monitored but not yet forecasted as achieved at this stage in the year. These proposals include community equipment, catering expenditure, spend on voice and data services, spend on an IT system used within Reablement and external homecare provision, purchase card spend and high cost placements. The 2017/18 cross-cutting savings in procurement are being managed alongside the 2018/19 target but are forecast as not yet achieved at this stage in the year. Work continues, in conjunction with our partner Capita, to identify remaining savings.
- 2.8 To date a total of £1.487m in relation to Management Savings have been secured. Continued reshaping of the Senior Leadership Team (SLT) is expected to make a further contribution to the target. Heads of Service have a range of plans that are currently in development to address the remaining balance to be achieved. These plans include consideration of the opportunities arising from devolution and regional joint working in regard to the provision of children’s social care services, consideration of the arrangements in place to manage our major contracts and delivery of our Transformation and ICT requirements.

### Commissioning and Investment

- 2.9 The Service has made good progress and delivered 90% of its target at July 2018 however £0.053m remains to be delivered. Work continues to look at options to at least secure the remaining balance.
- 2.10 The 2017/18 saving in relation to the reduction of an Independent Review Officer post within Commissioning and Investment was contingent on the workload around Looked After Children’s placements reducing. This target is now forecasted to be partially met by a 0.5 FTE vacancy and the sharing of a post with a neighbouring local authority. The service will continue to monitor closely staff caseloads as well as looking at further opportunities to bridge the remaining gap.

## Environment, Housing and Leisure

- 2.11 The Service is forecasting to deliver 98% of its £1.158m target at this stage in the year. The remaining £0.020m relates to Christmas lights sponsorship and the Service continues to explore all avenues to deliver this in advance of the festive season.

## Finance

- 2.12 Although forecasted as fully achieved in the May report, slippage against the target relating to changes to the Customer Services operating model of £0.040m is now reported. Discussions are on-going with our partner ENGIE to implement these required changes.

## Health Education, Care and Safeguarding

- 2.13 The Service is forecasting to deliver £3.231m (66%) of its targets at this stage in the year. Projects around Public Health contracts, reductions in block contracts and staffing restructures in Integrated Services are all complete.
- 2.14 A total of £0.281m of the target of £1.713m savings relating to achieving income within the People Wellbeing Services Business Case is currently assumed not yet to be achieved. Income has been agreed in relation to a grant for the Partners in Practice work and for work associated with the Alternative Delivery Model (ADM) project. The Service is working hard to identify the balance. Further income is anticipated from the ADM project as currently the funding agreement covers the period to December 2018.
- 2.15 In addition, an amount of £0.300m relating to banding of care home fees is currently shown as not yet achieved as the negotiation of fee rates for 2018/19 has met with significant challenge from the care providers. A commitment has been made to reset the negotiations by taking time to fully consider the financial challenges faced by the sector. As a consequence, this saving is shown as not yet achieved pending further discussions.
- 2.16 The 2017/18 savings targets relating to HECS have been subsumed within the normal budget monitoring processes. In relation to the Children with Disabilities target, work has been on-going to develop a revised plan to achieve these savings and a report will be taken to a future Cabinet outlining these proposals. The saving is currently being reported as not yet achieved until Cabinet approval is achieved for the revised plan.
- 2.17 The service is continuing to take a prudent view around savings to be delivered against care provision and its related income as these are delivered over the course of the year by on-going robust review and management actions rather than as a one-off activity with a discrete start and end date as in, for example, a staffing restructure. Amber-rated projects around Health Funding, Children's Placements, Customer Demand Pathway, Direct Payments and Client Charging are all on track in terms of management actions and the Service is reasonably confident of delivering fully against targets in cash terms in due course. However, at this stage in the year, these savings continue to be assumed at 50% delivery while careful monitoring of actual results proceeds and this makes up the balance of the savings shortfall.

## SECTION 3 – SERVICE COMMENTARIES

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

### **3.2 Health, Education, Care & Safeguarding (HECS)**

3.2.1 HECS is forecasting an over-commitment against its £63.835m net controllable expenditure budget by £7.091m. This forecast position excludes the application of contingency budgets set aside in Central Items for demand-led pressures in adult services of £1.800m and within children's services of £2.616m.

#### **3.2.2 Table: Financial Summary for HECS**

	<b>Budget (£m)</b>	<b>Forecast (£m)</b>	<b>Variance July (£m)</b>	<b>Variance May (£m)</b>
Corporate Parenting and Placements	13.953	17.152	3.199	3.644
Early Help and Vulnerable Families	2.202	2.295	0.093	(0.220)
Employment and Skills	0.601	0.601	0.000	0.066
Integrated Disability and Additional Needs Service	1.993	2.631	0.638	0.514
School Improvement	0.051	0.045	(0.006)	(0.089)
Wellbeing, Governance & Transformation	2.265	1.782	(0.483)	(0.394)
Disability & Mental Health	28.341	29.708	1.367	1.483
Wellbeing & Assessment	11.296	14.002	2.706	2.523
Integrated Services	2.679	2.377	(0.302)	(0.276)
Business Assurance	0.435	0.314	(0.121)	(0.130)
Public Health	0.019	0.019	0.000	0.000
<b>Total HECS</b>	<b>63.835</b>	<b>70.926</b>	<b>7.091</b>	<b>7.121</b>

#### **Main budget pressures across HECS**

3.2.3 In addition to its normal complex budget management, the Service has been required to deal with a combination of demand-led pressures and national policy changes. There have been upward pressures on care providers' fees partially

resulting from the National Living Wage and reduced income from the NHS largely due to the on-going financial challenges faced by the North Tyneside Clinical Commissioning Group (NTCCG).

3.2.4 The main factor behind the significant overspend is third party payments in relation to fees for care homes and community-based packages for adults. This was foreseen and, as part of the 2018/19 budget setting process, contingencies were created and these are currently held centrally. In addition, there remains significant pressure within Corporate Parenting and Placements in relation to care provision for Looked After Children (LAC) and Care Leavers despite the overall numbers of LAC stabilising and showing a reduction from the recent January 2018 high (see 3.2.20 below). This has combined with the on-going pressures in the workforce arising from staff retention costs and recruitment costs. As indicated in section 2, the Service is making progress in delivering another demanding set of savings projects but the 2018/19 total of £1.133m and 2017/18 total of £0.556m targets which are, as yet, not yet achieved are contributing to the overall overspend position.

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

**3.2.5 Table: Summary of Factors Driving the Overspend within HECS**

Sub-service	Savings still to be delivered 2018/19 £m	Savings still to be delivered 2017/18 £m	Demand Pressures £m	CCG Income £m	Other income (mainly client income) £m	Staff £m	Other £m	Total £m
Adult Services	0.730	0.109	2.403	1.311	(0.706)	(0.135)	(0.545)	3.167
Children's Services	0.403	0.447	2.601	0.070	0.000	0.418	(0.015)	3.924
<b>Total</b>	<b>1.133</b>	<b>0.556</b>	<b>5.004</b>	<b>1.381</b>	<b>(0.706)</b>	<b>0.283</b>	<b>(0.560)</b>	<b>7.091</b>

### Adult Services

3.2.6 In Adults the £3.167m pressure relates to £0.839m of, as yet, not fully delivered CBF targets mostly from 2018/19 but with a small element relating to the prior year in addition to circa £1.3m of pressures from CCG income around the s256 mental health agreement and reducing contributions for jointly funded packages. The balance relates to demand pressures foreseen by Cabinet partially offset by other income which is mainly client contributions. This pressure is backed by £1.8m of contingencies held centrally.

In common with most local authorities, North Tyneside has seen costs within adult social care continue to rise as the success story of longer lifespans means there are many more people with significant care and support needs arising from a mixture of physical health and mental health conditions including dementia and frailty in old age. In addition to older people, younger adults with learning

disabilities and physical disabilities are also living longer, often with multiple complex issues.

3.2.7 In order to manage this demand as effectively as possible and ensure that the most intensive services are targeted at those in the greatest need, the Service has been going through transformation to embed an asset-based approach that focuses on enhancing an individual's strengths and informal support networks to maximise their independence. This has had the impact of containing the overall size of the population in receipt of services with a cost to the Authority, but the average cost of those services has increased due to the increased average complexity of the needs of those clients.

3.2.8 Demand-led pressures (excluding those which form part of savings targets as yet not achieved outlined in 2.13 to 2.16) total £2.403m above budget. These are analysed into the following service types;

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

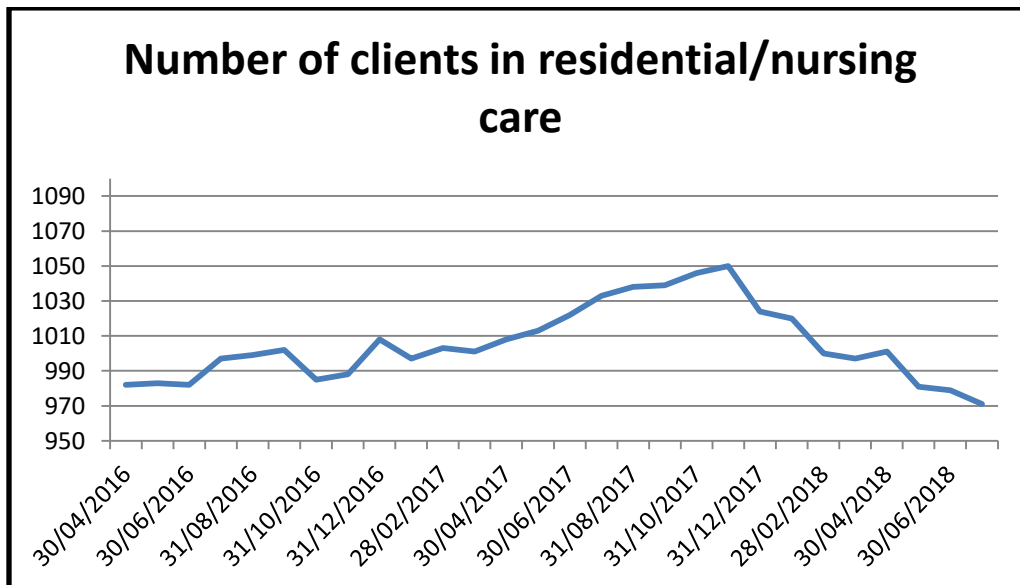
Type of Service	Demand-led Pressure £m
Residential and Nursing care	1.280
Homecare and Extra Care	0.932
Other Community-Based Care	0.191
<b>Total</b>	<b>2.403</b>

Residential and Nursing Care

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

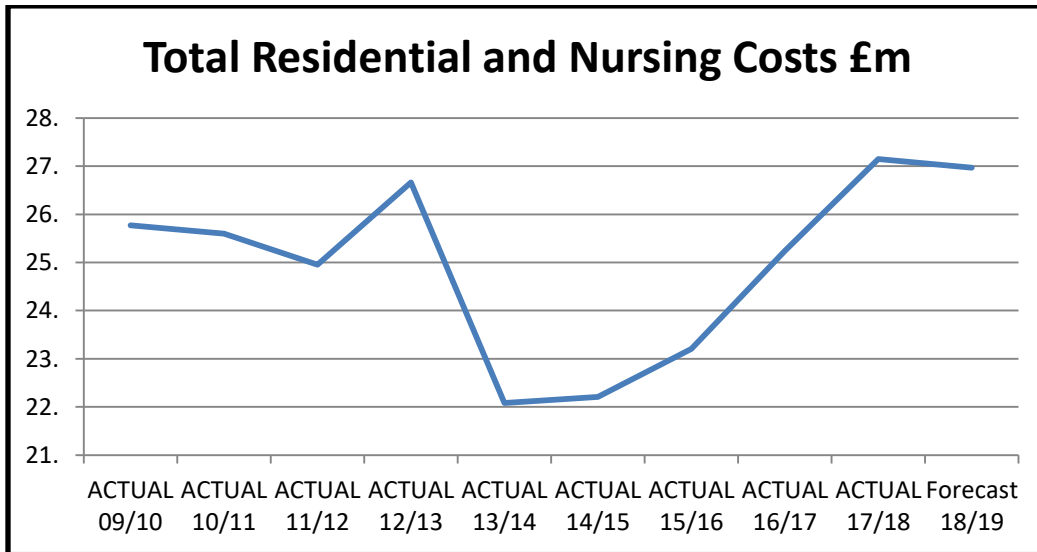
3.2.10 This approach is having a positive impact on the numbers of placements overall with the Service demonstrating a downward trend in the numbers of clients since the recent peak in November 2017 as indicated in Chart 3.2.11 below. The number of clients placed at November 2017 was 1050 which has dropped to 971 at the end of July 2018.

### 3.2.11 Chart: Trend of numbers of Clients in residential and nursing care



3.2.12 The cost of residential and nursing care is now falling despite forecasted fee increases resulting mainly from the rising National Living Wage which rose by 4.4% in April 2018 (see Chart 3.2.13). However, these costs are still showing a pressure of £1.280m when forecast forward at current levels of provision. The Service anticipates further reductions in the level of residential and nursing care as alternative forms of provision of services are identified for short-term placements. Services such as reablement, community based intermediate care and extra care are being deployed effectively to reduce admissions to long term residential care. The service is having a focused review of all short-term placements with support from colleagues from sheltered accommodation and with a view to maximising the appropriate use of assistive technology to identify exit plans for those people needing to move on from short-term residential placements. Forecasts are prudently set at current levels of placements with no assumption of a continuing reducing trend.

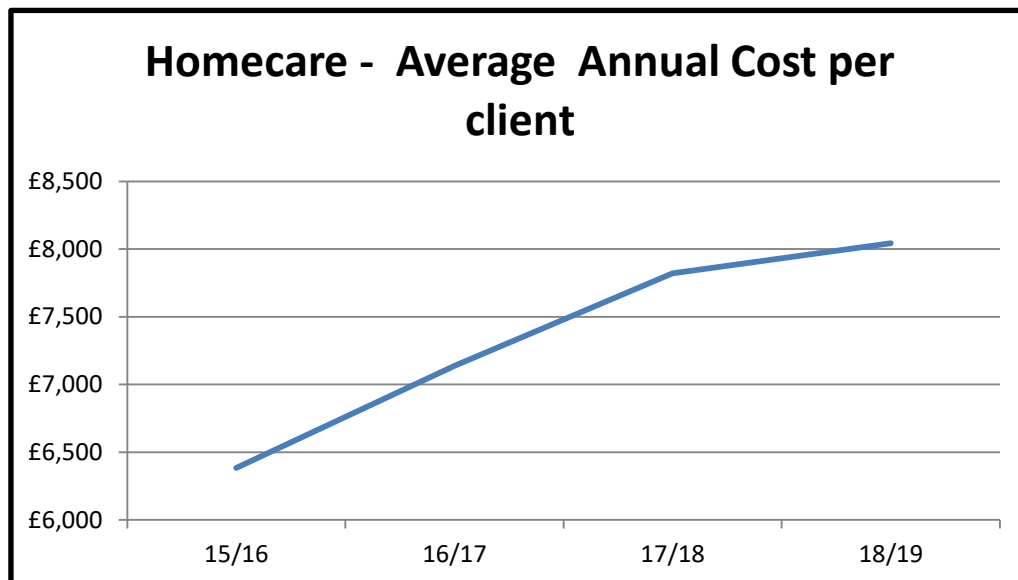
**3.2.13 Chart: Movement in Total Residential and Nursing Costs since 2009/10**



Homecare and Extra Care

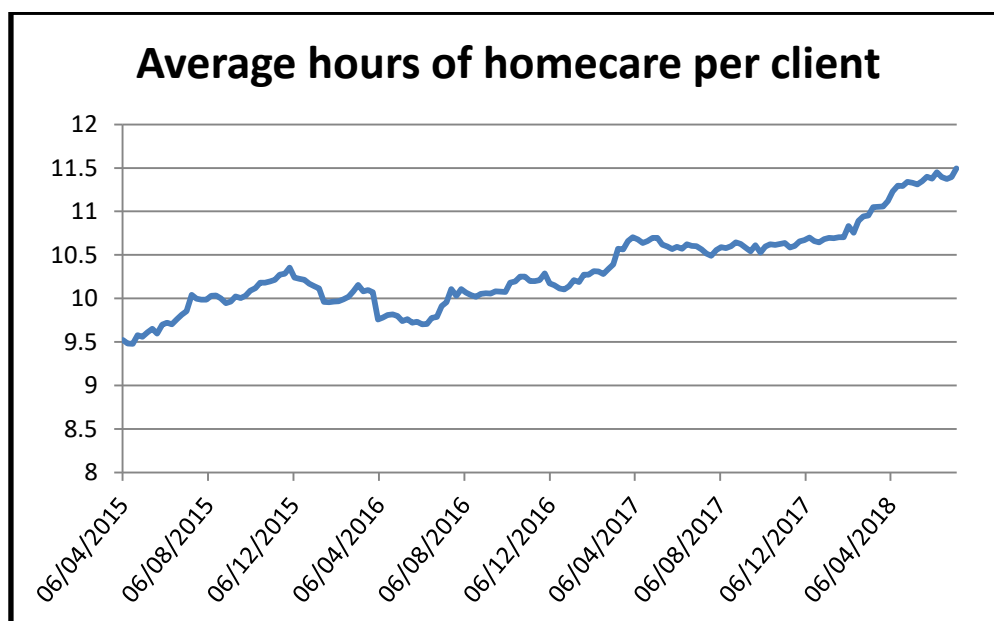
3.2.14 The reducing levels of residential and nursing care must be viewed in the context of increasing provision of hours per client of homecare and extra care. As reported during 2017/18, the Authority, in line with the national picture has seen an increase in the average cost of homecare as more intense support for an aging population results in higher average package costs as indicated by the chart below.

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



3.2.14 The number of hours provided per client has increased by 21% since April 2015 from 9.5 hours on average to 11.5 hours indicating a significant increase in the levels of need which are now being supported in the community rather than in a residential setting. This is illustrated in Chart 3.2.15 below.

3.2.15 **Chart: Average number of hours provided per client**



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

CCG Income

3.2.17 There is a pressure in relation to CCG income of £1.311m within adult services budget areas. This mainly relates to the CCG decision to remove a contribution to Mental Health Resettlement which funds vital infrastructure for a cohort of clients and their successors who have enduring, complex mental health conditions and who, at one time, would have been permanently supported in a health setting. The Service is prudently forecasting a loss of income of £0.831m in relation to this issue but is taking advice in its pursuit of the full funding amount of £1.2m. The remainder of the income issue relates to shared care income for clients with a significant health need where the CCG is continuing to seek to withdraw funding support by proposing that existing NHS commissioned services will meet needs. The Authority is robustly challenging this on a case by case basis where it is identified that a client has significant health needs. However, if a client has not been assessed as fully meeting the threshold for continuing healthcare, there are currently no clear statutory guidelines outlining the CCG's responsibility. New national guidance around jointly funded cases is expected in October 2018 and the Authority is continuing to discuss these issues with the CCG.



## Other

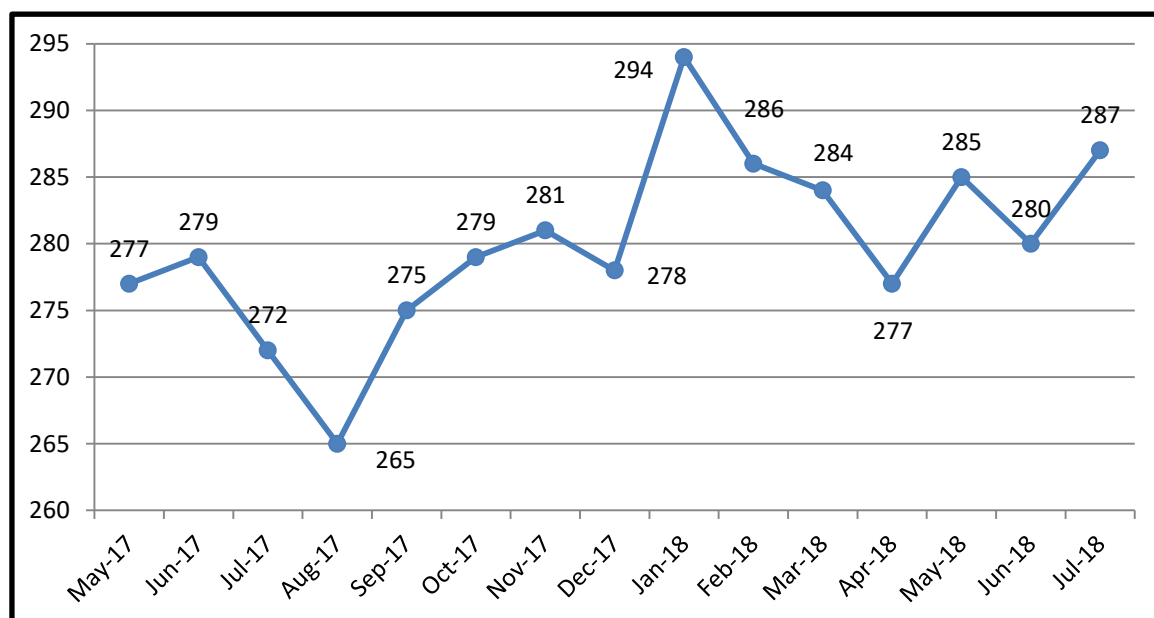
3.2.18 The pressure in placement costs and CCG income is being partially mitigated by other income, principally client contributions of £0.706m and underspends in other areas amounting to £0.544m. This is comprised mainly of unspent transformation budgets within Wellbeing, Governance and Transformation (£0.394m) and underspending budgets in Integrated Services, partly in relation to client transport where a range of approaches have successfully managed costs down.

## **Children's Services**

3.2.19 In Children's services the £3.924m pressure relates to ongoing demand pressures of £2.601m mainly in Corporate Parenting and Placements, which were foreseen by Cabinet and backed by £2.616m of contingencies held centrally, £0.850m of, as yet, not fully delivered CBF targets mostly from 18/19 and the balance made up mainly of staffing pressures.

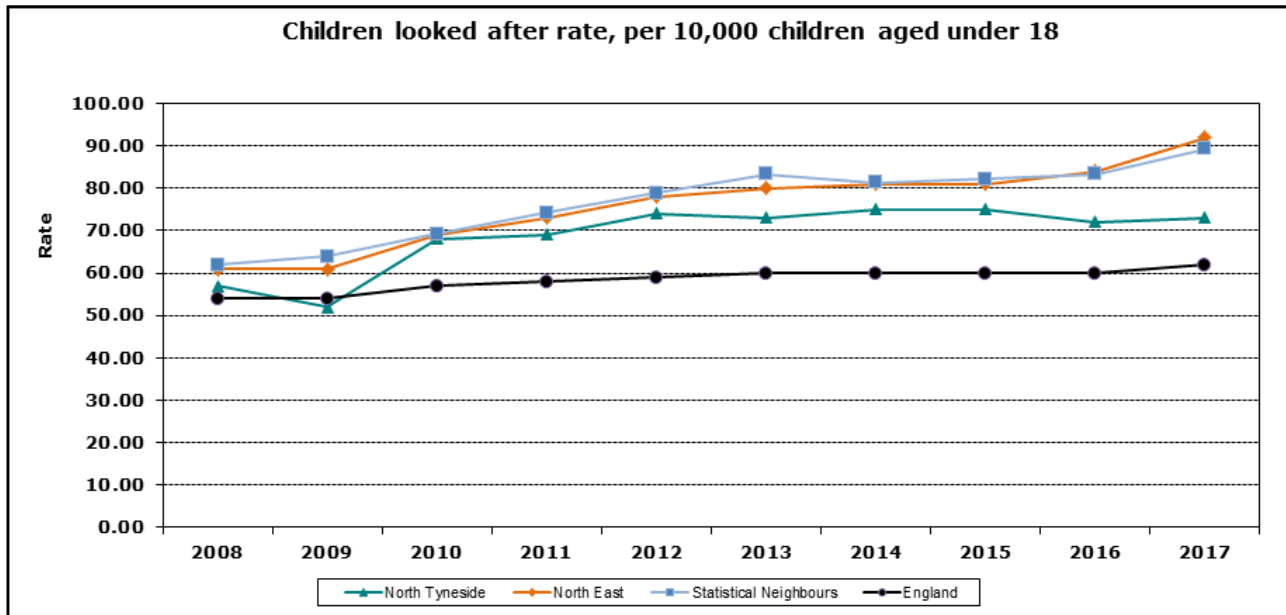
Corporate Parenting and Placements continues to experience pressure with a demand-led over commitment against budget of £2.601m (May, £2.796m). Over recent years, there has been an increase nationally in demand for children's residential placements but with no corresponding increase in central government funded provision. In North Tyneside over the last few years the overall number of Looked After Children has mirrored the increases felt nationally but is now lower than the peak in January 2018 as demonstrated in chart 3.2.20 below:

### 3.2.20 Looked after Children numbers at each month end



3.2.21 The most recent available national comparators from 2016/17, as demonstrated by the chart below, shows that North Tyneside, although above the England average, performs well within the North East region in relation to the rates of LAC. Updated national figures for 2017/18 will be available in the autumn.

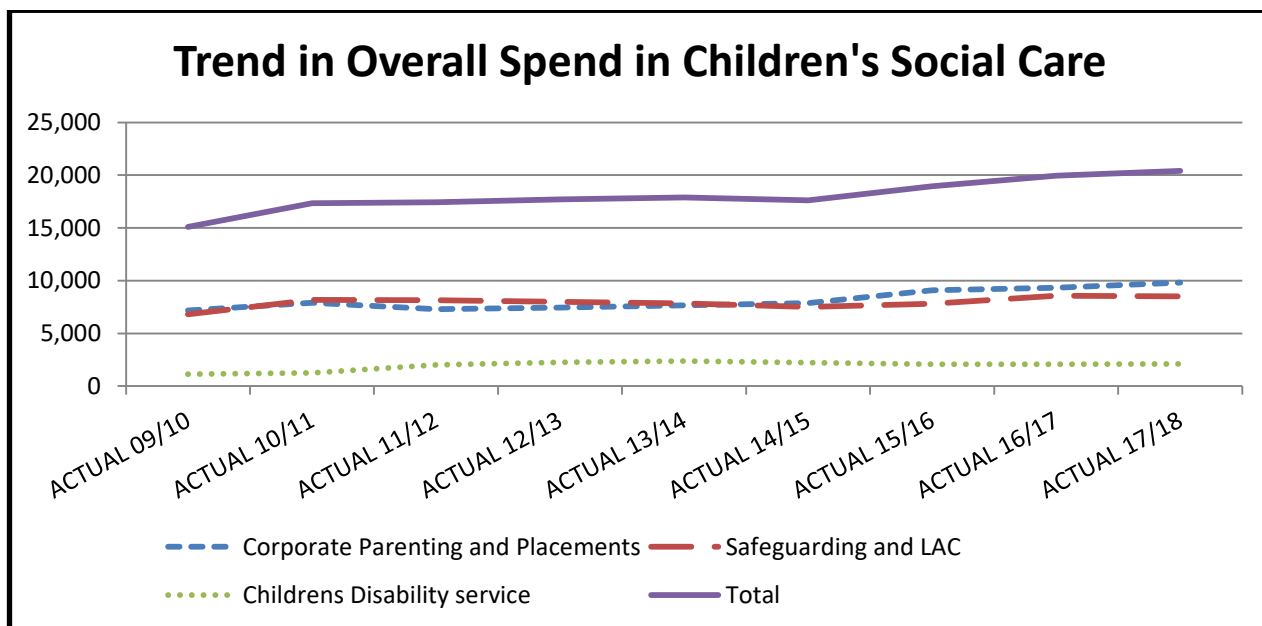
### 3.2.22 Chart: Comparative Performance in Rates of LAC per 10,000 Children under 18



3.2.23 Although the number of placements has not increased, the placement mix has changed significantly. Placements for adolescents (particularly males) with a combination of risks including aggressive behaviour, offending, substance use and sexualised behaviour are increasingly difficult to source. This has resulted in the use of more costly bespoke individual placements, where it is not suitable to place young people in group environments.

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

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



Staffing pressures

3.2.26 Cabinet are aware of the particular challenges faced nationally across the children's social care sector and this has led to staffing costs being overspent by a net £0.418m through the necessary use of agency workers and market supplement payments.

### 3.3 Commissioning & Investment

3.3.1 Commissioning and Investment is forecasting an over-commitment of £0.193m as set out in 3.3.2 below. This compares favourably to the May position of £0.203m.

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

	<b>Budget (£m)</b>	<b>Forecast (£m)</b>	<b>Variance July (£m)</b>	<b>Variance May (£m)</b>
School Funding & Statutory Staff Costs	15.341	15.341	0.000	0.000
Commissioning Service	0.405	0.405	0.000	0.000
Child Protection Independent Assurance and Review	0.672	0.687	0.015	0.030
Facilities and Fair Access	0.095	0.199	0.104	0.100
Strategic Property and Investment	0.359	0.404	0.045	0.044
High Needs Special Educational Needs	0.000	0.000	0.000	0.000
Property	1.395	1.424	0.029	0.029
Commissioning & Investment Management & Support	0.152	0.152	0.000	0.000
Internal Audit & Risk	(0.038)	(0.038)	0.000	0.000
Procurement	(0.041)	(0.041)	0.000	0.000
<b>Total Commissioning &amp; Investment</b>	<b>18.340</b>	<b>18.533</b>	<b>0.193</b>	<b>0.203</b>

3.3.3 The main budget pressures across Commissioning and Investment relate to Facilities and Fair Access where there is a £0.060m overspend within Catering Services due mainly to inflationary pressures. There has been a 2.7% increase in the specific Consumer Price Index for food and beverages which, on an annual spend of £2.2m, equates to a pressures of £0.060m across the Service. There are also pressures in Cleaning of £0.040m and within Home to School Transport of £0.024m partially offset by staffing savings of £0.020m.

3.3.4 There are staffing pressures affecting Strategic Property and Investment where a savings target of £0.045m relating to management savings remains not yet achieved (see 2.10 above). Within Child Protection Independent Assurance and Review, a 2017/18 savings target is being partially met in year by retaining a part time vacancy and sharing a post with Northumberland County Council. A small residual pressure remains. The Service will continue to monitor staff caseloads closely as well as looking at other opportunities to reduce costs further and permanently deliver this saving.

3.3.5 Within Property there is a small remaining pressure residing with the Council which relates to areas outside the management agreement with Capita. The majority of this pressure is caused by a pressure of £0.020m due to costs of preventing and managing vandalism relating to the Sir G.B. Hunter Memorial Hospital site recently vacated by the NHS.

### 3.4 Environment, Housing & Leisure

3.4.1 Environment, Housing and Leisure Service is reporting a pressure of £0.340m against the £40.291m budget, as set out in Table 3.4.2 below. This pressure is after the mitigating impact of £0.400m additional income relating to a change to VAT status within Sports & Leisure. The forecast position has improved by £0.310m from the last reported position of £0.650m in May.

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

	<b>Budget (£m)</b>	<b>Forecast (£m)</b>	<b>Variance July (£m)</b>	<b>Variance May (£m)</b>
Sport & Leisure	3.113	3.161	0.048	0.179
Arts Tourism & Heritage	1.675	1.761	0.086	0.102
Libraries & Community Centres	5.025	5.220	0.195	0.362
Security & Community Safety	0.176	0.203	0.027	0.027
Fleet/Facilities Management	0.587	0.512	(0.075)	(0.075)
Waste Strategy	11.147	11.112	(0.035)	(0.045)
Bereavement	(0.761)	(0.791)	(0.030)	(0.013)
Street Environment	7.825	7.894	0.069	0.062
Head of Service and Resilience	0.110	0.143	0.033	0.029
Street Lighting PFI	4.294	4.294	0.000	0.000
Consumer Protection & Building Control	0.779	0.780	0.001	0.001
Transport and Highways	5.320	5.332	0.012	0.012
Planning	0.108	0.108	0.000	0.000
General Fund Housing	0.893	0.902	0.009	0.009
<b>Total EHL</b>	<b>40.291</b>	<b>40.631</b>	<b>0.340</b>	<b>0.650</b>

3.4.3 The main factors driving the pressure across EHL as a whole are premises-related energy and rates costs (£0.299m) and staffing pressures (£0.196m) relating to prudent estimates made where minimum staffing levels are a safety imperative. In addition, there are a range of miscellaneous operational pressures

across the service areas described in the paragraphs below. These pressures are being partially offset by additional income, including £0.400m resulting from the change in VAT treatment for part of the Sport and Leisure's income, as reported in the May report and outlined in 3.4.7 below.

- 3.4.4 The movement from the last position reported to Cabinet is mainly due to a review of PFI forecasts, which has resulted in additional inflationary cost pressures of £0.220m being met from specific PFI reserves created for that purpose. In addition, there has been a further increase in actual income generated, mainly for Sport and Leisure, related to the VAT treatment previously reported.

### **Libraries & Community Centres**

- 3.4.5 The previous report included a forecast pressure relating to PFI additional costs for Libraries and Community Centres, a review of PFI costs and the available PFI reserve has resulted in this pressure being removed.
- 3.4.6 Libraries & Community Centres are also forecasting energy and rates pressures of £0.072m, with employee and income pressures making up the balance of the overspend. The Service is reviewing all areas of discretionary spend with a view to mitigating these pressures. The Libraries and Community Centres service area is on track to deliver the CBF savings associated with the reduced opening hours.

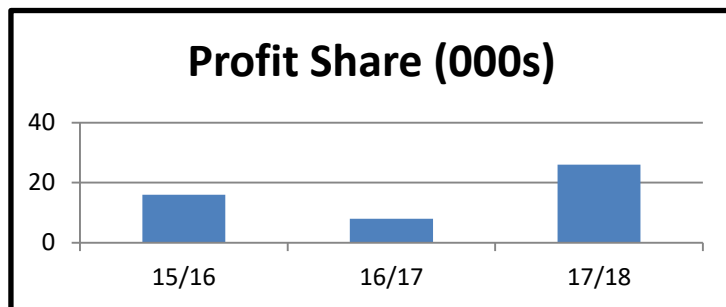
### **Sport & Leisure**

- 3.4.7 Sports & Leisure income is now treated as non-business for VAT purposes and a VAT element is no longer payable to Her Majesty's Revenue and Customs (HMRC). This is expected to increase the amount of income received by the service by approximately £0.400m, based on current forecast take-up levels on indoor activities and gym memberships. Any permanent budget change required is currently under consideration and will be reported in the Financial Management Report to Cabinet in November.
- 3.4.8 There are operational premises pressures, mainly relating to energy and rates of £0.180m. As previously reported the service is working with colleagues in Asset Management to explore further schemes to enhance control of energy and water usage and reduce costs. There are other operational non-pay expenditure pressures totalling £0.050m relating to supplies and services across the various sites.

### **Arts, Tourism & Heritage**

- 3.4.9 There continues to be a £0.066m pressure arising from The Playhouse due to reduced Authority income and operational cost inflation. This is expected to be offset later in the year once the profit share for the Council is known. In addition, the service continues to reflect energy and rates pressures of £0.047m, which are being partially offset by managing available discretionary spend. In addition, the Service is focused on maximising income generation linked to the events programme.

### 3.4.10 Profit Shares at Playhouse 2015/16 to 2017/18



### Security & Community Safety

3.4.11 The service is continuing to reflect a small net pressure of £0.027m, though it is still expecting to see an improved income stream once settled into the new location at the White Swan Centre together with the new investment in CCTV.

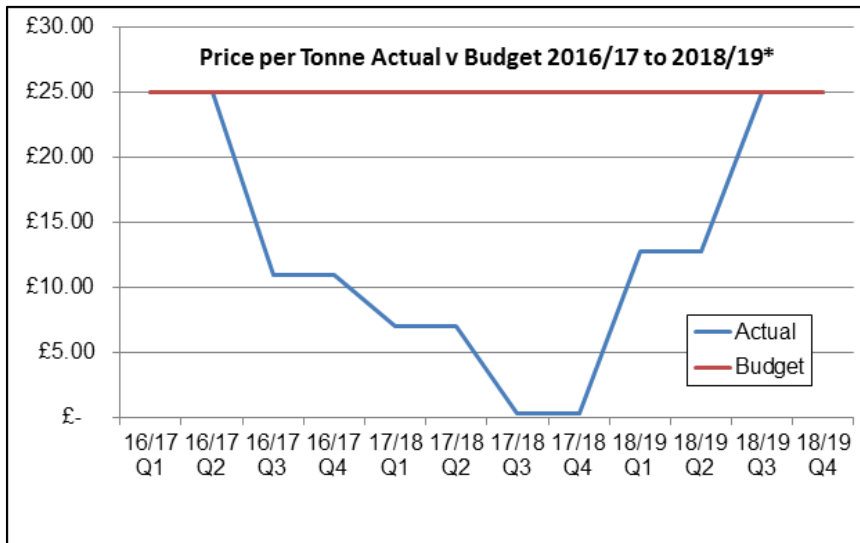
### Street Environment

3.4.12 The net £0.069m pressure mainly an on-going shortfall against income targets of £0.044m (mainly at the Rising Sun where there is a historical shortfall on room hire and restaurant income) plus other operational pressures from grounds maintenance, offset by expected operational savings, mainly in street cleansing. The remaining net pressure is expected to be further reduced over the year through continued management of discretionary spend.

### Waste Strategy

3.4.13 Waste Strategy is forecasting a small underspend for 2018/19 of £0.035m. The Service is currently expecting the first year costs of introducing the alternate weekly collections and expanding garden waste collection will be met within this forecast.  
As the waste market can be volatile, the Service's forecast is based on prudent assumptions, including expecting an increase of disposal rates for the second half of the year based on anticipated unfavourable market conditions.

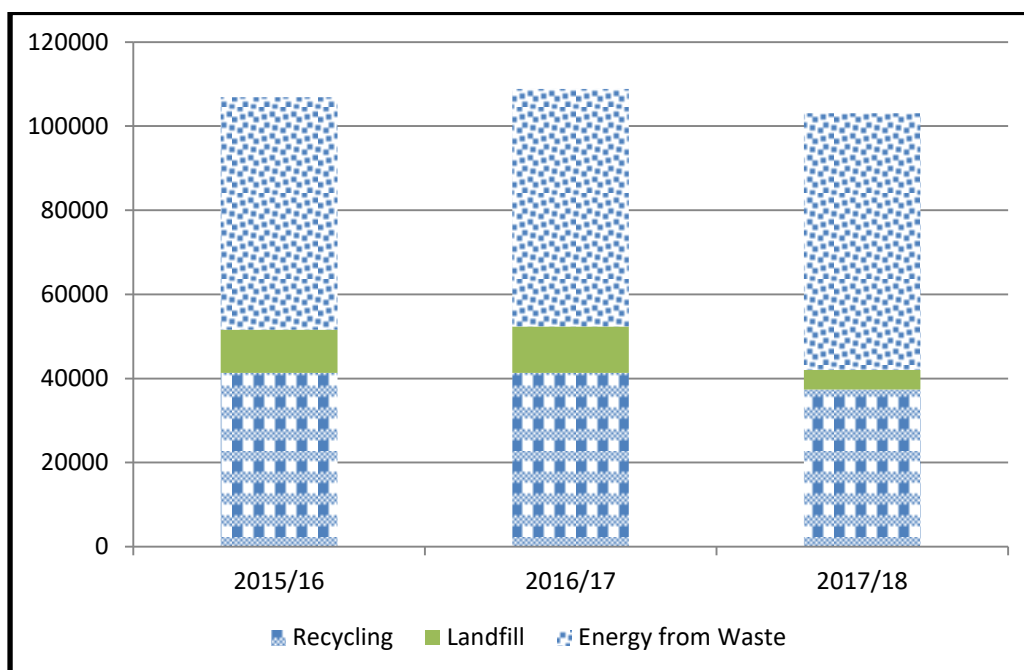
### 3.4.14 Price per Tonne Fluctuations



- 3.4.15 The volume changes between the different methods of waste disposal, as shown in 3.4.17 below, can be volatile and have an impact on costs. The Authority sent the lowest tonnage for decades to landfill during 2017/18 partly as a result of less waste coming through the household waste recycling centre (HWRC) but also because a larger proportion of waste was sent to the Energy from Waste (EfW) plant.
- 3.4.16 The impact of the new arrangements for alternative weekly collections from August 2018 and the full year impact of the changes introduced at the HWRC in 2017/18 will be carefully monitored as part of ensuring the environmental and financial benefits are secured.



### 3.4.17 Tonnage



### Fleet Services/Facilities Management

3.4.18 Fleet Services continue to underspend against budget. As previously reported the forecast increased financing costs, resulting from the continued investment in refreshing the fleet, are offset by reductions in maintenance costs from running newer and more efficient vehicles. This includes employee savings within the maintenance function and other related operational costs. Fleet management continue to explore the potential of providing additional services to external bodies.

### 3.5 Business & Economic Development

3.5.1 This Service is now forecasting an underspend of £0.163m as shown in the table below. There have been significant reductions in the Swans site operational costs since 2017/18 with further reductions of £0.174m identified since the May 2018 position mainly in relation to security costs. Income is being forecasted prudently due to uncertainty over the level of berthing fees. Berthing income will continue to be a closely monitored aspect of the Swans site operations.

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

	Budget (£m)	Forecast (£m)	Variance July (£m)	Variance May (£m)
Regeneration	0.344	0.200	(0.144)	0.017
Business & Enterprise	0.795	0.803	0.008	(0.005)
Resources & Performance	0.052	0.025	(0.027)	(0.001)
<b>Total Business &amp; Economic Development</b>	<b>1.191</b>	<b>1.028</b>	<b>(0.163)</b>	<b>0.011</b>

### 3.6 Commercial & Business Redesign

3.6.1 This Service is showing an expected overspend of £0.158m (May £0.113m) as shown in table 3.6.2 below. The largest contributor to this is £0.090m on staff pressures. The Service is planning to manage this during the year as staff continue to be allocated to rechargeable projects. However, at this stage forecasts are on a prudent basis. The worsened position is due to higher than anticipated IT costs of £0.064m previously forming part of a capital investment project now coming to the end of a four year contract and becoming chargeable to revenue. This impact has been partially offset by staff savings.

#### 3.6.2 **Table: Forecast Variation Commercial and Business Redesign**

	<b>Budget (£m)</b>	<b>Forecast (£m)</b>	<b>Variance July (£m)</b>	<b>Variance May (£m)</b>
Head of Commercial & Business Redesign	(0.132)	(0.038)	0.094	0.113
ICT	1.560	1.624	0.064	0.000
<b>Total Commercial and Business Redesign</b>	<b>1.428</b>	<b>1.586</b>	<b>0.158</b>	<b>0.113</b>

### 3.7 Corporate Strategy

3.7.1 Corporate Strategy is forecasting an over-commitment of £0.124m as set out in Table 3.7.3 below (May, £0.131m). This over-commitment is primarily staffing cost pressure where resources are in place to support the organisation through the changes arising from the implementation of the Creating a Brighter Future programme and resources supporting work in respect of devolution. Consideration is being given to this on-going support and funding opportunities that will arise following the implementation of devolution in addition to the requirements to deliver the change programme.

3.7.2 The overall staffing pressures are partially offset by reductions in grant payments to third parties. The Service area is looking to manage some of the pressures through the year by focused vacancy management and identifying opportunities to increase income and reduce non-essential spend.

### 3.7.3 Table: Forecast Variation Corporate Strategy

	<b>Budget (£m)</b>	<b>Forecast (£m)</b>	<b>Variance July (£m)</b>	<b>Variance May (£m)</b>
Corporate Strategy Management	0.078	0.094	0.016	0.008
Policy, Performance & Research	(0.172)	(0.136)	0.036	0.011
Community and Voluntary Sector Liaison	0.438	0.434	(0.004)	0.005
Marketing	0.122	0.185	0.063	0.100
Elected Mayor and Executive Support	(0.005)	0.000	0.005	0.005
Children's Participation & Advocacy	0.179	0.187	0.008	0.002
<b>Total Corporate Strategy</b>	<b>0.640</b>	<b>0.764</b>	<b>0.124</b>	<b>0.131</b>

### 3.8 Finance including Revenues & Benefits and Customer Services

3.8.1 The forecast pressure of £0.459m in the Finance Service as set out in the table below relates to Revenues & Benefits and Customer Services. There are three main causes of this pressure which are detailed below. At this early stage in the year, a prudent estimate of the position is being reported.

#### 3.8.2 Table: Forecast Variation Finance

	<b>Budget (£m)</b>	<b>Forecast (£m)</b>	<b>Variance July (£m)</b>	<b>Variance May (£m)</b>
Finance Service	(0.485)	(0.485)	0.000	0.000
Revenue & Benefits and Customer Services	(0.279)	0.180	0.459	0.458
<b>Total Finance</b>	<b>(0.764)</b>	<b>(0.305)</b>	<b>0.459</b>	<b>0.458</b>

#### Revenues and Benefits

3.8.3 In the early part of the financial year a prudent assessment of the impact of the move to Universal Credit on the Benefits position has been made, in particular in relation to overpayment recovery (£0.329m)

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

### 3.9 Human Resources & Organisational Development

3.9.1 The pressure relates mainly to a savings target which was applied to budgets for staff, which originally transferred out to the Authority's business partner and were subsequently transferred back in.

#### 3.9.2 **Table: Forecast Variance Human Resources and Organisational Development**

	<b>Budget (£m)</b>	<b>Forecast (£m)</b>	<b>Variance July (£m)</b>	<b>Variance May (£m)</b>
Human Resources & Organisational Development	(0.119)	(0.065)	0.054	0.056

### 3.10 Law & Governance

3.10.1 Law & Governance is forecasting an overspend of £0.214m. The underlying issue is a staffing pressure of £0.183m with a small pressure in supplies and services of £0.010m and a forecast under achievement of income in Registrars of £0.021m.

#### 3.10.2 **Table: Forecast Variation Law and Governance**

	<b>Budget (£m)</b>	<b>Forecast (£m)</b>	<b>Variance July (£m)</b>	<b>Variance May (£m)</b>
Customer, Governance & Registration	(0.391)	(0.357)	0.034	0.053
Democratic & Electoral Services	(0.076)	(0.072)	0.004	0.016
Information Governance	0.270	0.269	(0.001)	0.021
Legal Services	(0.206)	(0.026)	0.180	0.066
North Tyneside Coroner	0.293	0.290	(0.003)	0.013
<b>Total Law and Governance</b>	<b>(0.110)</b>	<b>0.104</b>	<b>0.214</b>	<b>0.169</b>

3.10.3 The Service has transferred Governor Services to the HECS Service and merged customer and member liaison teams into the Information Governance section, reducing expected costs for the year. These service redesigns are currently subject to further review, which has the potential to have a financial impact. In addition there is a requirement to use legal locums to cover seven vacant posts and capacity requirements at an additional cost of £0.164m. There are posts within the Courier Service which are unfunded, following a decision to retain the service after an original savings proposal to delete the posts in 2016/17 (£0.050m).

### 3.11 Central Budgets & Contingencies

3.11.1 The 2018/19 forecast outturn set out in Table 3.11.2 below reflects an underspend of £4.612m on central budgets (May, underspend of £3.347m).

#### 3.11.2 **Table: Forecast Variation Central Budgets and Contingencies**

	<b>Budget (£m)</b>	<b>Forecast (£m)</b>	<b>Variance July (£m)</b>	<b>Variance May (£m)</b>
Corporate & Democratic Core	9.545	9.370	(0.175)	(0.175)
Other Central Items	0.523	(3.914)	(4.437)	(3.172)
<b>Total Central Items</b>	<b>10.068</b>	<b>5.456</b>	<b>(4.612)</b>	<b>(3.347)</b>

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

3.11.4 Within Other Central Items there are several areas where spend and income is forecast to deviate from the budget. A forecast underspend of £1.500m against external interest charges in the May forecast has increased to £2.358m in July reflecting the impact of consideration of the level of internal borrowing and temporary borrowing to be maintained over the course of the year, and reprogramming within the Investment Plan. In addition, there is a new anticipated credit balance on Minimum Revenue Provision charges of £0.369m reflecting the reprogramming of the Investment Plan at year end in 2017/18.

3.11.5 There is £0.204m of additional income forecast relating to recharges to services for costs of borrowing to finance investment in new vehicles and other assets being higher than originally planned. As part of the budget setting process for 2018/19 contingency budgets were created and held corporately for demand pressures within Adult Services (£1.800m) and Children's Services (£2.616m). The demand pressures are shown within the HECS service and the Central budget within Other Central Items is shown as underspent to offset this pressure. This continues to be monitored and any proposed permanent allocation of contingency would be reported to Cabinet for their expressed decision.

3.11.6 These underspends are partially offset by forecast pressures relating to the £2.420m of savings pressure relating to in year targets (See Section 2.6 to 2.8) and the £0.500m forecast pressure relating to the 2017/18 Procurement saving. These savings targets are held corporately and coded out as savings are identified and it is anticipated that this pressure will reduce as we move through the year.

### 3.12 New Revenue Grants

3.12.1 The following revenue grants have been received during June and July 2018:

<b>Service</b>	<b>Grant Provider</b>	<b>Grant</b>	<b>Purpose</b>	<b>2018/19 value £m</b>
HECS	Sunderland CCG	Northern Cancer Alliance Transformation Fund Locality Posts	To fund 2 Band 4 roles within Locality Teams	0.057
HECS	UNITAS	Summer Arts College	To fund the Local Authority's running of a Summer Arts Programme through its Programme Provider in North Tyneside	0.009
C&I	Department for Education	S31 Extension of the Role of Virtual School Heads to Certain previously Looked After Children Implementation Grant	To support Local Authorities meet their duty to appoint a Virtual School Head for previously looked-after children and make information and advice available.	0.035
C&I	National Children's Bureau	Independent Support Parent Partnership	To provide parents and young people with timely and appropriate support through the Education Health and Care assessment and planning process	0.011
EHL	Department for Transport	Bikeability	To increase the provision of cycle training for children attending compulsory education and to train National Standard Instructors	0.004
EHL	Department for Environment Food & Rural Affairs	Lead Local Flood Authority Grant – Sustainable Drainage Systems	Lead Local Flood Authority to undertake duties as set out in Schedule 3 of the Flood Water Management Act 2010	0.006
<b>Total</b>				<b>0.122</b>

## **SECTION 4 - SCHOOLS FINANCE**

### **Update on the 2018/19 Position**

- 4.1 As reported to Cabinet in May, as part of schools' budget setting processes for 2018/19, ten schools indicated that they needed the Authority's approval to set a deficit budget.
- 4.2 All schools requesting deficit approval met with the Head of Finance and the Director of Children's and Adult Services or their representatives by the end of June 2018 to ensure all appropriate steps had been taken to improve each school's position prior to formally approving deficit arrangements. Further work has been on-going with individual schools to ensure that the requested deficit is at the appropriate level. Requested values have changed since the May report for two schools (Monkseaton High and Percy Main Priory) and the revised values are shown below. At the time of writing, further work is on-going with Beacon Hill to establish the appropriate level of funding required.

### **4.3 Table: Schools seeking deficit approval for 2018/19**

<b>School</b>	<b>Outturn Balance 2017/18 £m</b>	<b>Deficit Approval Sought 2018/19 £m</b>
Backworth Park Primary	0.000	(0.071)
Ivy Road Primary	(0.123)	(0.278)
Percy Main Primary	0.001	(0.086)
Monkseaton Middle	0.034	(0.088)
Marden High	(0.429)	(0.646)
Norham High	(1.168)	(1.549)
Longbenton High	(0.916)	(1.702)
Monkseaton High	(2.464)	(3.652)
Whitley Bay High	(0.516)	(0.393)
Beacon Hill	0.315	(0.204)
<b>Total</b>	<b>(5.266)</b>	<b>(8.669)</b>

- 4.4 Additional governance arrangements and monitoring meetings have been put in place with the relevant schools. School Improvement, HR and Finance officers will continue to meet with Head Teachers and Governing Body representatives to monitor the specific requirements of each individual school's deficit approval.
- 4.5 The total deficit balance value requested is £8.669m compared to £6.212m in 2017/18.
- 4.6 The deficit position is significantly driven by surplus capacity. A programme of work is in progress with schools to consider further actions required to address the longer term approach to financial planning in North Tyneside. The programme is focussing on three new work streams and is also consolidating work on two existing projects. The workstreams are:-

- Financial review and analysis;
- Planning and modelling;
- Tools for schools;
- Keeping Children and Young People in school
- Closing the Gap.

4.7 Schools Forum is regularly updated on progress in relation to these work streams.

4.8 Details of the pay award for teachers, payable from September 2018, were announced by Government in July 2018. This involves uplifts to the minima and maxima at 3.5% for the main pay range, 2% for the upper pay range and 1.5% for the leadership pay range. These new pay rates have been built into the school's budget monitoring tool and will be forecasted in the first set of monitoring with schools for 2018/19 which takes place in September 2018 and will be reported to Cabinet in due course. Government also announced that a grant will be paid by the Department for Education to all schools to offset the impact of the pay award. At the time of writing this report, details of the mechanism for allocating this grant have not been published. When further information is made available, an analysis of the impact of the pay award and associated grant will be completed for North Tyneside Schools.

### **Planning for 2019/20 Schools Funding**

4.9 Further announcements on School Funding for 2019/20 and beyond were made during July 2018 with the widely anticipated confirmation that the full implementation of the new National Funding Formula has been pushed back a further year to 2021/22 at the earliest. Local Authorities will therefore continue to set funding allocation formulae at a local level in 2019/20 and 2020/21.

4.10 Schools Forum met on 12 July 2018 to begin the process of reviewing 2018/19 centrally retained budgets, with further meetings planned in September and December 2018 to discuss each element of the North Tyneside formula. Further minor Ministerial changes to the National Funding Formula could be announced before the autumn. Updates on any announcements will be discussed at the next School Forum meeting scheduled for 26 September 2018 and will be provided to Cabinet as information becomes available from the Department for Education.



## **SECTION 5 - HOUSING REVENUE ACCOUNT**

### **Forecast Outturn**

5.1 The forecast set out in Table 5.2 below is based on the results to July 2018 and reflects a largely balanced position. Rental income continues to perform well against budget due to the reduction in the number of empty homes being maintained with expectations that, if the trend continues, this position will improve further before the end of the year. In addition, the income from temporary dispersed accommodation continues to trend above budget (£0.084m), whilst service charge income, including furniture packs, is also maintaining a positive trend linked to the improving position on empty homes (£0.121m). All of the £0.858m of savings identified in the 2018/19 budget approved by Cabinet are on target to be delivered in full.

### **5.2 Table: Forecast Variance Housing Revenue Account**

	FULL YEAR - 2018/19			Variance
	Full Year Budget £m	Forecast Outturn		May 2018 £m
		Actual £m	July 2018 Variance £m	
<b><u>INCOME</u></b>				
Rental Income	(58.960)	(59.410)	(0.450)	(0.331)
Other Rental Income - Shops & Offices etc.	(0.260)	(0.268)	(0.008)	(0.008)
Interest on Balances	(0.030)	(0.030)	0.000	0.000
PFI Credits	(7.693)	(7.693)	0.000	0.000
	<b>(66.943)</b>	<b>(67.401)</b>	<b>(0.458)</b>	<b>(0.339)</b>
<b><u>EXPENDITURE</u></b>				
Capital Charges - Net Effect	12.093	12.095	0.002	0.002
HRA Management Costs	12.338	12.348	0.010	0.043
PFI Contract Costs	9.597	9.597	0.000	0.000
Repairs	11.478	11.478	0.000	0.000
Revenue Support to Capital Programme	9.570	9.570	0.000	0.000
Contribution to Major Repairs Reserve – Depreciation	11.972	11.972	0.000	0.000
Contingencies, Bad debt Provision & Transitional Protection Payments	1.010	1.010	0.000	0.000
Pension Fund Deficit Funding	0.855	0.855	0.000	0.000
	<b>68.913</b>	<b>68.925</b>	<b>0.012</b>	<b>0.045</b>
	<b>1.970</b>	<b>1.524</b>	<b>(0.446)</b>	<b>(0.294)</b>
<b>BALANCES BROUGHT FORWARD</b>	<b>(4.640)</b>	<b>(6.083)</b>	<b>(1.443)</b>	<b>(1.443)</b>
<b>BALANCES TO CARRY FORWARD</b>	<b>(2.670)</b>	<b>(4.559)</b>	<b>(1.889)</b>	<b>(1.737)</b>

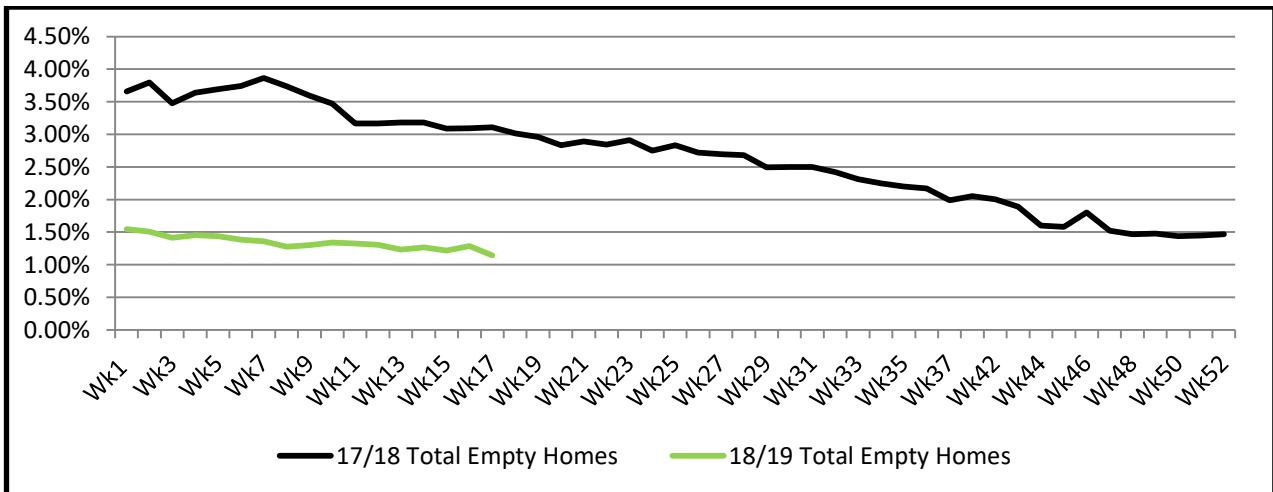
5.3 Universal Credit was fully implemented across North Tyneside on 2 May 2018. The Authority continues to work with residents to provide ICT support to help

them make applications and to provide personal budget support to help residents manage their household finances. At the time of writing, 769 North Tyneside Homes tenants have moved on to Universal Credit and a team is working proactively with tenants to minimise arrears. This will be closely monitored as the year progresses to identify any adverse impacts on the budget position.

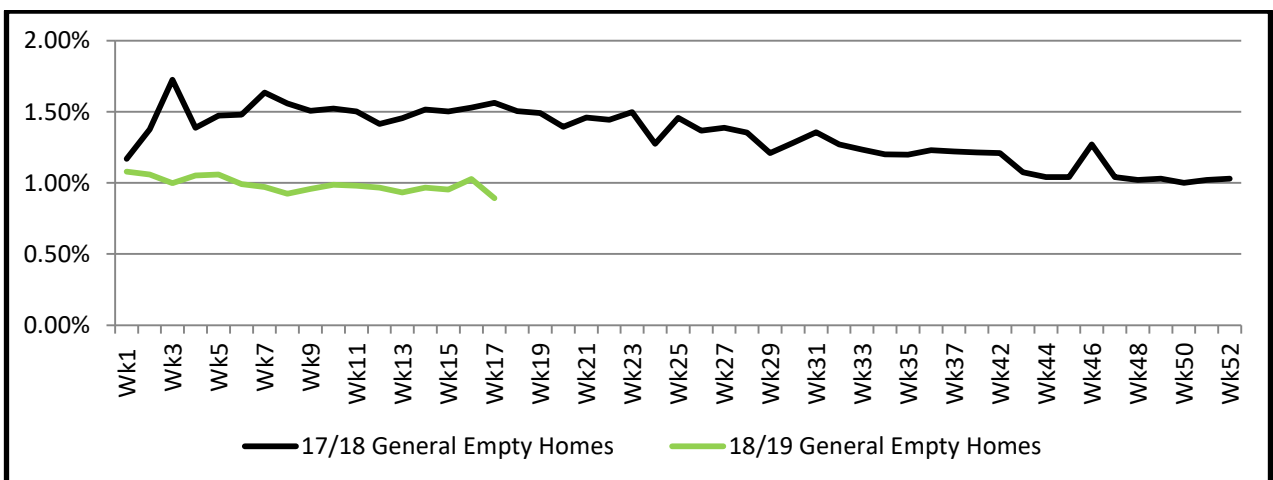
### Empty homes

5.4 In terms of the impact of empty homes on the financial picture to date, rates are below 2017/18 levels overall so far this year and this positive performance continues the trend over the last couple of years following the completion of the North Tyneside Living Schemes. As a result, income forecasts are again exceeding budget projections. Tables 5.5 to 5.7 illustrate the movement in levels of empty homes for 2018/19 compared to 2017/18.

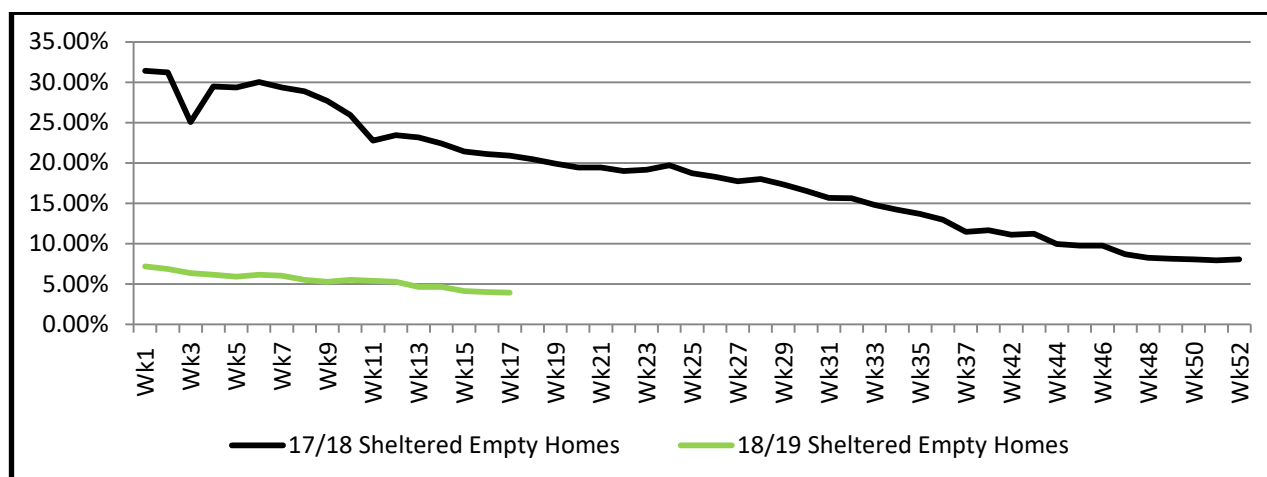
### 5.5 Table: All stock Empty homes as a percentage of total homes



### 5.6 Table: General Stock Empty homes as a percentage of total homes



## 5.7 Table: Sheltered Stock Empty homes as a percentage of total homes



## Right to Buy (RTB) Trends

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

## 5.9 Table: RTB Trends and Financial Impact

	<u>Sales assumed by self-financing</u>	<u>Actual RTB Sales</u>	<u>Additional RTB Sales above Budget assumptions</u>	<u>Estimated lost rent per annum (£m)</u>	<u>Capital Receipts (£m)</u>
<b>2012-13</b>	<b>40</b>	<b>85</b>	<b>45</b>	<b>0.315</b>	<b>3.477</b>
<b>2013-14</b>	<b>47</b>	<b>122</b>	<b>75</b>	<b>0.457</b>	<b>4.957</b>
<b>2014-15</b>	<b>53</b>	<b>100</b>	<b>47</b>	<b>0.397</b>	<b>3.938</b>
<b>2015-16</b>	<b>55</b>	<b>135</b>	<b>80</b>	<b>0.577</b>	<b>5.548</b>
<b>2016-17</b>	<b>55</b>	<b>136</b>	<b>81</b>	<b>0.557</b>	<b>5.632</b>
<b>2017-18</b>	<b>56</b>	<b>158</b>	<b>102</b>	<b>0.630</b>	<b>7.758</b>
<b>2018-19 YTD</b>	<b>18</b>	<b>55</b>	<b>37</b>	<b>0.214</b>	<b>2.642</b>
	<b>324</b>	<b>791</b>	<b>467</b>	<b>3.147</b>	<b>33.952</b>

5.10 In the period (2012-2018), the Authority has built over 130 new homes through the HRA, which has helped mitigate a portion of the revenue loss from the 736 sales in the same period. However, the cumulative impact on HRA annual rental income from RTB over this period is circa £3m.

## **SECTION 6 - INVESTMENT PLAN**

### **Review of Investment Plan - Position Statement**

6.1 The Authority's Investment Plan represents the capital investment in projects across all Service areas. The vast majority of the 50+ projects are currently on target to deliver on time and on budget. Some of the key highlights of the Investment Plan due to be delivered during 2018/19 are summarised below:

### **Affordable Homes New Build and Conversion Works**

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

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

### **Housing Investment Work**

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

### **Education Investment Works**

- 6.4 Capital investment in schools will see the following works delivered during 2018/19:
- Delivery of the priority condition related projects across the school estate as part of the schools condition investment programme;
  - Priority Schools Building Programme 2 (PSBP2)(Off Balance Sheet);
  - Cullercoats Primary School – this project is being delivered as part of PSBP2 as a heavy refurbishment programme rather than a new build. Discussions have now been finalised between the Education and Skills Funding Agency (ESFA), the appointed contractor, Kier North East, and the school. The enabling works commenced end of May 2018 and the main contract commenced in June 2018. It is expected that the works programme will conclude early 2020; and

- Backworth Park Primary School - relocation to a new site to accommodate local increase in pupil population as a consequence of existing and newly approved residential developments. Project is on track for completion summer 2018.

## Highways and Infrastructure Works

6.5 The main Highways & Infrastructure works include:

- Delivery of the LTP including the annual resurfacing programme and integrated transport projects;
- Completion of Central Promenade Reconstruction Scheme;
- Final phase of A1058 Coast Road major scheme (Norham Road Bridge) completed August 2018;
- Completion of the North Bank of Tyne highway improvements;
- Commencement of construction on the A189 Salters Lane major highways scheme; and
- Completion of Briar Vale major drainage improvements which will be the final phase of surface water works at Murton Gap.

## Regeneration Works

6.6 Regeneration Works for 2018/19 include:

- The Spanish City was officially opened on 21 July 2018 with 16,000 people visiting over the weekend. The Spanish City started operating on 23 July. Public feedback has been overwhelmingly positive;
- Empress Gardens is complete and open to the public from 21st July 2018;
- High Point development – the new show home was officially opened by the Mayor on 5 June 2018 and two promotional launch events took place on 22 and 23 June 2018;
- Forest Hall – improvements to include: footpath widening and resurfacing, replacement street lighting, introduction of trees, reconfiguration of parking arrangements, improvements to Station Road and Forest Hall Road Junction and refreshing street furniture; and
- Swans – the next phase of works will cover feasibility and upgrade of the Swans Quay and load out facilities plus further asbestos removal, demolition works and Centre for Innovation (CFI) Phase 2 and 3 refurbishment.

## Variations to the 2018-21 Investment Plan

6.7 As part of the regular investment programme monitoring £4.251m variations have been identified.

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

### 6.7.1 Table: 2018 - 21 Investment Plan changes identified

	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
<b>Approved Investment Plan – Council 15 February 2018</b>	<b>84.059</b>	<b>43.216</b>	<b>32.073</b>	<b>159.348</b>
<b>Previously Approved Reprogramming/Variations</b>				
Cabinet 12 March 2018	0.709	0	0	0.709
Cabinet 29 May 2018	8.130	0	0	8.130
Cabinet 30 July 2018	(14.613)	15.582	5.100	6.069
<b>Approved Investment Plan</b>	<b>78.285</b>	<b>58.798</b>	<b>37.173</b>	<b>174.256</b>
<b>June/July Variations</b>				
Reprogramming	4.111	0.047	0.093	4.251
	0	(0.164)	0.164	0
<b>Total Variations</b>	<b>4.111</b>	<b>(0.117)</b>	<b>0.257</b>	<b>4.251</b>
<b>Revised Investment Plan</b>	<b>82.396</b>	<b>58.681</b>	<b>37.430</b>	<b>178.507</b>

6.8 The details of the main elements of the £4.251m variations are shown below. The revised 2018-21 Investment Plan is attached as **Appendix 1**:

- (a) **BS026 Asset Planned Maintenance £0.115m** – Section 106 funding £0.040m has been secured to contribute towards the renewal of the car park at East Palmersville Pavilion. An application to the War Memorials Trust for grant funding of £0.075m is also currently being considered, to contribute towards the refurbishment of First and Second World War Memorials to align with the 100 year centenary. The works need to commence in advance of the Trust’s announcement, therefore £0.075m is to be allocated from contingencies;
- (b) **ED075 Devolved Formula Capital £0.579m** – The Education and Skills Funding Agency have recently announced the funding allocated from 2018/19’s Devolved Formula Capital for Local Authority Maintained Schools;
- (c) **DV054 Coastal Regeneration £0.285m** – We are currently working through the final accounts for the recent development and this will be reported as part of the next financial management report. We anticipate additional costs due to issues around lead paint, grouting and final fit out costs associated with the provision of a “turn-key” operation. Two contingency allocations towards the cost of Spanish City Dome equipment £0.250m and the final resurfacing of Spanish City Car Park £0.035m have been made during July;
- (d) **HS051 Private Sector Empty Homes Programme £0.233m** – Homes England grant ‘Shared Ownership and Affordable Homes Programme 16-21’ has been secured to support the delivery of 15 long term empty homes affordable units over a three year period;
- (e) **HS050 HRA Construction Project £3.000m** –The use of up to £3.000m of HRA PFI Reserves has been approved under the Use of Reserves policy to finance the purchase of new repairs and construction fleet vehicles;

- (f) **CO076 Lockey Park Environmental Improvements £0.049m** – Section 106 funding has been allocated to provide environmental improvements at Lockey Park including works to improve the point of entry, measures to prevent unauthorised vehicle access and improvements to planting ;
- (g) **EV087 Air Quality Early Measures £0.350m** – An allocation of £0.350m from the Tyneside authorities working group joint funding bid to support Air Quality Early Measures.; and
- (h) **GEN03 Contingencies Drawdown (£0.360m)** – allocation to Coastal Regeneration £0.250m for Spanish City equipment, £0.035m for the resurfacing of Spanish City Car Park and an allocation of £0.075m to BS026 asset planned maintenance for War Memorials Improvements.

6.09 The impact of the changes detailed above on capital financing is shown in Table 6.09.1 below.

#### 6.09.1 Table: Impact of variations on Capital Financing

	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
<b>Approved Investment Plan – Cabinet 30 July 2018</b>	<b>78.285</b>	<b>58.798</b>	<b>37.173</b>	<b>174.256</b>
Council Contribution	0.000	(0.164)	0.164	0.000
Grants and Contributions	1.111	0.047	0.093	1.251
HRA Contribution from Reserves	3.000	0.000	0.000	3.000
<b>Total Financing Variations</b>	<b>4.111</b>	<b>(0.117)</b>	<b>0.257</b>	<b>4.251</b>
<b>Revised Investment Plan</b>	<b>82.396</b>	<b>58.681</b>	<b>37.430</b>	<b>178.507</b>

#### Capital Receipts – General Fund

6.10 There were no General Fund Capital Receipts brought forward at 1 April 2018. All receipts received in 2017/18 were either applied to finance capital expenditure or to pay off debt. The capital receipts requirement for 2018/19 approved by Council on 15 February 2018 was £Nil (£1.080m for 2018-21). To date £0.085m capital receipts have been received in 2018/19. The receipts position is shown in Table 6.10.1 below.

#### 6.10.1 Table: Capital Receipt Requirement – General Fund

	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
Requirement reported to 15 February 2018 Council	0.000	1.080	0.000	1.080
Reprogramming from 2017/18	0	0	0	0
<b>Revised requirement</b>	<b>0.000</b>	<b>1.080</b>	<b>0.000</b>	<b>1.080</b>
Receipts Brought Forward	0.000	(0.085)	0	0.000
Useable Receipts received 2018/19	0.085	0	0	0.085
<b>Balance to be generated</b>	<b>(0.085)</b>	<b>0.995</b>	<b>0.000</b>	<b>0.995</b>

## Capital receipts – Housing Revenue Account

6.11 Housing Capital Receipts brought forward at 1 April 2018 were £7.014m. The Housing receipts are committed against projects included in the 2018-21 Investment Plan. The approved Capital Receipt requirement for 2018/19 was £2.261m. This, together with the reprogramming of £1.482m credit reported to Cabinet meeting on 29 May 2018 and 30 July 2018 Cabinet, gives a revised requirement of £0.779m. To date, £2.845m receipts have been received in 2018/19 of which £0.468m has been pooled as part of the quarterly returns to Central Government. In total, subject to future pooling, this leaves a surplus balance of £8.612m to be carried forward to fund future years.

### 6.11.1 Table: Capital Receipt Requirement - Housing Revenue Account

	2018/19 £m	2019/20 £m	2020/21 £m	2018-21 £m
Requirement reported to 15 February 2018 Council	2.261	4.763	1.367	8.361
Reprogramming from 2017/18	0.518	0	0	0.518
Reprogramming 2018/19	(2.000)	2.000	0	0.000
<b>Revised Requirement</b>	<b>0.779</b>	<b>6.763</b>	<b>1.367</b>	<b>8.909</b>
Receipts Brought Forward	(7.014)	(8.612)	(1.849)	(7.014)
Receipts Received 2018/19	(2.845)	0	0	(2.845)
Receipts Pooled Central Government	0.468	0	0	0.468
<b>Surplus Balance to fund future years (subject to further pooling)</b>	<b>(8.612)</b>	<b>(1.849)</b>	<b>(0.482)</b>	<b>(0.482)</b>

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

### Investment Plan Monitoring Position to 31 July 2018

6.12 Actual expenditure in the General Ledger was £16.098m, 19.54% of the total revised Investment Plan at 31 July 2018.

### 6.12.1 Table: Total Investment Plan Budget & Expenditure to 31 July 2018

	2018/19 Revised Investment Plan £m	Actual Spend to 31 July 2018 £m	Spend as % of revised Investment Plan %
General Fund	52.194	12.007	23.00%
Housing	30.202	4.091	13.55%
<b>TOTAL</b>	<b>82.396</b>	<b>16.098</b>	<b>19.54%</b>



Project Ref	Project Title	2018/19 £000's	2019/20 £000's	2020/21 £000's	Total £000's	Funding Source	£000's
	<b><u>GENERAL FUND</u></b>						
	<b><u>Great Place to live, work and visit</u></b>						
BS026	Asset Planned Maintenance programme	1,626	1,500	1,500	4,626	Council Contribution Section 106	4,586 40
CO067	Weekly Waste Grant	25	0	0	25	Weekly Waste Grant	25
CO075	Park - The Parks Sports Centre	55		0	55	Council Contribution Section 106	10 45
CO076	Lockey Park Environmental and Play Improvements	49	0	0	49	Section 106	49
DV054	Coastal Regeneration	3,598	0	0	3,598	Council Contribution Heritage Lottery Fund	2,993 605
DV058	Swan Hunters Redevelopment	2,067	5,407	3,154	10,628	Single Local Growth Fund (SLGF) LGF (LEP) Council Contribution	7,365 0 3,263
DV060	Rosehill Regeneration	24	0	0	24	Council Contribution	24
DV062	St Mary's Lighthouse and Visitor Centre	35	1,852	481	2,368	Heritage Lottery Fund grant (HLF) Council Contribution	2,131 237
DV070	Forest Hall regeneration	500	0	0	500	Council Contribution	500
EV034	Local Transport Plan	4,072	85	0	4,072	Local Transport Plan (LTP) Grant Local Transport Plan (LTP) Grant ITA	2,301 958

Project Ref	Project Title	2018/19	2019/20	2020/21	Total	Funding Source	
		£000's	£000's	£000's	£000's		£000's
						Public Transport Element DfT Pothole Grant Dft Incentive Grant Private Developer Contribution	28 199 578 8
EV054	Central Promenade Reconstruction	846	0	0	846	Council Contribution	846
EV055	Surface Water Management Improvements	1,082	0	0	1,082	Environment Agency Grant Council Contribution	433 649
EV056	Additional Highways Maintenance	2,000	2,000	2,000	6,000	Council Contribution	6,000
EV073	A1058 Coast Road Improvements to junctions	1,082	0	0	1,082	NELEP Growth Deal Local Transport Plan (LTP) Council Contribution	745 120 217
EV077	A1056/A189 Weetslade Junction Improvements	101	0	0	101	NELEP Growth Deal	101
EV078	A19 Employment Corridor Access Imp	39	0	0	39	Private Developer (Duke of N'land)	39
EV079	A191 Junction Improvements (Coach Lane)	78	0	0	78	Section 106	78
EV080	Coast Road Cycle Route	231	0	0	231	Cycle City Ambition Fund	231
EV082	North Bank of the Tyne Infrastructure	3,422	0	0	3,422	NELEP Growth Deal	3,422
EV084	A189 Improvements Haddricks Mill to West Moor	3,474	2,000		5,474	DfT National Productivity Investment Fund (NPIF) Section 106 Section 106/278	3,663 57 1,754

Project Ref	Project Title	2018/19	2019/20	2020/21	Total	Funding Source	£000's
		£000's	£000's	£000's	£000's		
EV085	England Coast Path (St Mary's)	25	0	0	25	Natural England	25
EV086	Clean Bus Technology Fund	1,206	0	0	1,206	Department of Transport	1,206
EV087	Air Quality Early Measures Fund	350	0	0	350	DEFRA - Air Quality Grant	350
GEN12	Local infrastructure projects	252	100	100	452	Council Contribution Section 106 External Contribution	384 58 10
HS051	Private Sector Empty Homes Programme	243	524	524	1,291	Council Contribution Revenue Contribution Homes and Communities Grant	900 112 279
EV083	Streelighting LED	531	0	0	531	Council contribution	531
DV064	Council Property Investment	358	0	0	358	Council contribution	358
DV066	Investment in North Tyneside Trading Company	5,253	5,045	0	10,298	Council contribution Section 106	9,849 449
DV065	North Shields Fisherman's Heritage Project	9	0	0	9	External Contribution	9
HS052	Killingworth Moor Infrastructure	0	3,560	5,340	8,900	Housing Infrastructure Funding	8,900
	<b>Total Great Place to live, work and visit</b>	<b>32,633</b>	<b>21,988</b>	<b>13,099</b>	<b>67,720</b>		<b>67,720</b>
	<b><u>Cared for, Safeguarding and Healthy</u></b>						
CO064	Social Care Information System	385	87	0	385	Department of Health grant	370

Project Ref	Project Title	2018/19	2019/20	2020/21	Total	Funding Source	
		£000's	£000's	£000's	£000's		£000's
						NHS Contribution	15
HS004	Disabled Facility Grants	1,280	1,060	0	2,340	Better Care Fund	2,340
HS036	North Tyneside Warm Zone	42	0	0	42	Council Contribution	42
	<b>Total Cared for, Safeguarding and Healthy</b>	<b>1,707</b>	<b>1,060</b>	<b>0</b>	<b>2,767</b>		<b>2,767</b>
	<b><u>Corporate and Enabling</u></b>						
EV069	Vehicle Replacement	2,029	962	500	3,491	Council Contribution	3,491
EV076	Operational Depot Accommodation review	3,467	5,295	1,895	10,657	Council contribution	10,657
GEN03	Contingency Provision	2,365	2,620	500	5,485	Council Contribution	5,485
IT020	ICT Strategy	1,025	1,000	1,000	3,025	Council Contribution	3,025
IT025	BDUK (Broadband)	76	0	0	76	Council Contribution	76
IT026	ICT citizen interaction and self serve	1,152	114	0	1,266	Council Contribution	1,266
	<b>Total Corporate and Enabling</b>	<b>10,114</b>	<b>9,991</b>	<b>3,895</b>	<b>24,000</b>		<b>24,000</b>
	<b><u>Ready for School and Work</u></b>						
ED075	Devolved Formula Capital	1,239	0	0	1,239	Education Funding Agency Section 106	1,215 24
ED100	30 Hours Capital Grant	75	88	0	75	Education Funding Agency	75

Project Ref	Project Title	2018/19	2019/20	2020/21	Total	Funding Source	£000's
		£000's	£000's	£000's	£000's		
ED120	Basic Need	253	184	0	437	Education Funding Agency Section 106	187 250
ED132	School Capital Allocation	3,769	0	0	3,769	Education Funding Agency	3,769
ED186	Backworth Park Primary - relocation and expansion	1,984	0	0	1,984	Section 106 Basic Need Grant Council Contribution Education Funding Agency	4,193 162 -2,374 3
ED187	Healthy Pupils Capital Fund	253	0	0	253	Education Funding Agency	253
ED188	Special Education Needs and Disabilities Fund	167	167	166	500	Education Funding Agency	500
	<b>Total Ready for School and Work</b>	<b>7,740</b>	<b>351</b>	<b>166</b>	<b>8,257</b>		<b>8,257</b>
	<b>TOTAL: GENERAL FUND</b>	<b>52,194</b>	<b>33,390</b>	<b>17,160</b>	<b>102,744</b>		<b>102,744</b>
	<b>HOUSING</b>						
	<b>Great Place to live, work and visit</b>						
HS015	Refurbishment / Decent Homes	20,443	18,960	17,576	56,979	Revenue Contribution	21,785
HS017	Disabled Adaptations (HRA)	1,030	1,041	1,051	3,122	Capital Receipts	8,909
HS039	ICT Infrastructure Works	112	105	106	323	Major Repairs Reserve (MRR)	37,799
HS041	Housing PFI	470	0	0	470	House Building Fund	4,270
HS044	HRA New build	3,697	4,985	1,537	10,219	HRA Reserves	3,000
HS050	Construction project	4,450	200	0	4,650		
	<b>Total: HOUSING</b>	<b>30,202</b>	<b>25,291</b>	<b>20,270</b>	<b>75,763</b>		<b>75,763</b>
	<b>TOTAL INVESTMENT PLAN</b>	<b>82,396</b>	<b>58,681</b>	<b>37,430</b>	<b>178,507</b>		<b>178,507</b>
			89				

Project Ref	Project Title	2018/19	2019/20	2020/21	Total	Funding Source	
		£000's	£000's	£000's	£000's		£000's

<b>FINANCING</b>				
<b>GENERAL FUND</b>				
Unsupported Borrowing	23,021	19,363	9,551	51,935
Capital Receipts	0	1,080	0	1,080
Revenue Contribution	112	0	0	112
Grants & Contributions	29,061	12,947	7,609	49,617
	<u>52,194</u>	<u>33,390</u>	<u>17,160</u>	<u>102,744</u>
<b>HOUSING</b>				
Capital Receipts	779	6,763	1,367	8,909
Revenue Contribution	9,570	6,136	6,079	21,785
HRA Reserves	3,000	0	0	3,000
Contribution from Reserves (House Building Fund)	4,270	0	0	4,270
Grants & Contributions	0	0	0	0
Major Repairs Reserve	12,583	12,392	12,824	37,799
	<u>30,202</u>	<u>25,291</u>	<u>20,270</u>	<u>75,763</u>
	<u>82,396</u>	<u>58,681</u>	<u>37,430</u>	<u>178,507</u>

# North Tyneside Council Report to Cabinet Date: 10 September 2018

## ITEM 5(f)

Title: 2019-2023 Financial Planning and Budget Process incorporating the Associated Engagement Strategy

**Portfolio(s):** Elected Mayor  
Deputy Mayor  
Finance and Resources  
Community Safety and Engagement

**Cabinet Member(s):** Norma Redfearn  
Councillor Pickard  
Councillor Glindon  
Councillor Burdis

**Report from Service Area:** Finance

**Responsible Officer:** Janice Gillespie, Head of Finance

**Tel:** (0191) 643 5701

**Wards affected:** All

## PART 1

### 1.1 Executive Summary:

This is the initial report to Cabinet outlining the process to be adopted for the Authority's Financial Planning and Budget process for 2019/20 year as part of the proposed framework for the four years 2019/20 to 2022/23. Further reports will follow as part of the process of setting the Authority's Budget for the financial year 2019/20. The next report to Cabinet will be on 26 November 2018, which will outline the initial Cabinet Budget proposals.

This report sets out information in relation to:

- The proposed 2019-2023 Financial Planning and Budget Process, including information on the key decision milestones. This will include:
  - A review of the Medium Term Financial Strategy (MTFS) including the Efficiency Statement
  - Development of the detailed General Fund and Housing Revenue Account 2019/20 Budgets
  - An update of the Investment Plan and the Treasury Management Strategy; and
- Budget Engagement Strategy to be adopted as part of the 2019-2023 Financial Planning and Budget process.

### 1.2 Recommendation

It is recommended that Cabinet:

- (a) Approve the proposed outline 2019-2023 Financial Planning and Budget Process, which incorporates the key decision milestones and dates as set out at Appendix A to this report;
- (b) Approve the Budget Engagement Strategy as part of the 2019-2023 Financial Planning and Budget Process as set out at Appendix B to this report;

### **1.3 Forward Plan:**

Twenty eight days' notice of this report has been given and it first appeared on the Forward Plan that was published on 3 August 2018.

### **1.4 Information**

#### Council Plan and Policy Framework

- 1.4.1 The Budget and Policy Framework Procedure Rules are set out in Part 4.7 of the Authority's Constitution. The Budget is guided by paragraph 4.7.3 covering the process for the preparation, consideration and final approval of the Authority's budget. The constitutional requirements for preparing, considering and approving the Budget drive the timetable for the Financial Planning and Budget process.
- 1.4.2 The development of the Budget will follow the same timetable as in previous years and this timetable is set out at Appendix A to this report. The Financial Planning and Budget process is a fundamental part of the overall governance and assurance framework of the Authority. This in turn provides assurance that the Budget is considered as part of preparing the Annual Governance Statement to Council each year.
- 1.4.3 The priorities in the updated Our North Tyneside Plan will provide the strategic policy framework within which budget resources will be allocated for 2019-2023.

#### Background

- 1.4.4 The financial outlook for local government and public services as a whole remains challenging. Local government has faced significant funding reductions and these are likely to continue into the future. In the first Spring Statement presented to Parliament on 13 March 2018 the Chancellor highlighted recent upturns in economic estimates but the statement also had undertones of caution needed for the years to come. Public Sector Net Borrowing was forecast to reduce at a steeper rate signalling further years of austerity. The Autumn Budget will include details of an overall path for Government spend for 2020 and beyond and a detailed Spending Review is planned for 2019.
- 1.4.5 Medium term financial planning remains difficult and is prepared against the continuing funding cuts for local government coupled with welfare reform and with increased demand for social care and other unfunded pressures arising from pay and price inflation. There are indications that many authorities are overspending against budgets for both Adults and Children's Services in order to meet increasing cost due to the increased complexity of service users' needs. These pressures are evident in our own authority and we need to explore new financial and organisational initiatives to meet this significant challenge.
- 1.4.6 In the March 2017 Budget, the Government said that it would publish a Green Paper on social care during the summer of 2017 to allow a public consultation to be held. This publication which was to set out proposals to ensure that the care and support system is



sustainable in the long term was then to be delayed till just before the 2018 Parliamentary summer recess. More recently the paper has been delayed again and Government now intends to publish a Social Care Green Paper in the autumn around the same time as the NHS Plan. There will also be a review of the current functioning and structure of the Better Care Fund to make sure that it supports the plan.

- 1.4.7 The Fair Funding review is scheduled for implementation from April 2020 alongside a move to 75% Business Rates Retention (BRR). There is no certainty as to future local government allocations beyond this point and there is no clarity on how funding will be distributed at this stage. There are significant risks to the Council's funding depending on the principles agreed for fair funding distribution and how the move to 75% BRR is implemented.
- 1.4.8 The current Medium Term Financial Plan (MTFP) covers the period to the end of 2019/20. Whilst there is a great deal of financial uncertainty, recommended practice suggests that due consideration is given not only to the short term but to how the authority will continue to finance its activities in the medium term. It is therefore recommended at this stage that the MTFP covers the four year period 2019/20 to 2022/23 which takes plans to the end of the current four year confirmed settlement in 2019/20 plus a further 3 years.

## **1.5 Background**

### Council Plan 2018-2021

- 1.5.1 The current Council Plan (the "Our North Tyneside Plan") was approved by Council on 15 February 2018. The Plan, which is developed through the North Tyneside Strategic Partnership, sets out the overall vision and policy context within which the Financial Plan and Budget proposals are set. It provides a clear strategic framework for the Authority and its partners to operate within. The Plan also provides the strategic policy context for all financial decisions and delivery of services as well the operational change programme "Creating a Brighter Future". This programme is designed to reshape services to ensure that the outcomes in the Council Plan can be delivered within the resources allocated through the financial planning and budget setting process.
- 1.5.2 The Our North Tyneside plan is focused on ensuring that the Authority works better for our residents.

The plan has three key themes – Our People, Our Places and Our Economy. These themes are based on the Mayor's priorities for her second term. The Plan includes descriptions of how the organisation will support people to access high quality education, deliver regeneration projects across the borough and ensure that North Tyneside is business friendly. The outcomes of the three themes are set out below:

#### **Our People will:**

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

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

#### **Our Places will:**

- Be great places to live by focusing on what is important to local people, such as by tackling the derelict properties that are blighting some of our neighbourhoods.
- Offer a good choice of quality housing appropriate to need, including affordable homes that will be available to buy or rent.
- Benefit from the completion of the North Tyneside Living project and by North Tyneside Council's housing stock being decent, well managed and its potential use maximised.
- Provide a clean, green, healthy, attractive, safe and sustainable environment. This will involve creating a cycle friendly borough, investing in energy efficiency schemes and by encouraging more recycling.
- Have an effective transport and physical infrastructure - including our roads, pavements, street lighting, drainage and public transport.
- Continue to be regenerated in Wallsend and Whitley Bay, through effective public, private and community partnerships, while ambitious plans will be developed for North Shields, Forest Hall and Killingworth.
- Be a thriving place of choice for visitors through the promotion of our award winning parks, beaches, festivals and seasonal activities.

#### **Our Economy will:**

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

1.5.3 It is these key policy priorities that form the direction of resource allocation when developing the Budget and Financial Plan.

#### Review of the Medium Term Financial Strategy (MTFS)

1.5.4 The MTFS is a key part of the Authority's Budget and Policy Framework which aims to ensure that the authority has the financial capacity and capability to achieve its strategic aims with due consideration to the long term financial sustainability of the organisation.

1.5.5 As part of the 2019-23 Financial Planning Process a further review of the MTFS will be carried out. It is proposed this will set out the following:

- Analysis of the current financial situation, which includes the main sources of income, the main financial commitments and the levels of reserves currently held.
- Provision of a longer term financial "vision" for the authority which is consistent with the overall strategic aims, and

- A set of actions that set out how the financial vision is to be achieved with appropriate timescales that can be integrated into the medium and short term financial plans.

1.5.6 As 2019/20 is the final year of the current Efficiency Statement the intention is that the Statement will be reviewed as part of this process and integrated into the overarching financial strategy.

1.5.7 The Authority has previously agreed a set of principles as part of the process to develop the Financial Plan and budget. These are set out below and will also be refreshed as part of the update to the Financial Strategy:

- 1) The overall financial strategy will be to ensure that the Authority's resources are directed to achieving the Council Plan and associated outcomes. The Authority's Strategy will be reviewed on at least an annual basis.
- 2) Overall Authority spending should be contained within original estimates. If, following monthly revenue monitoring, service budgets are projected to exceed original estimates, plans should be prepared setting out the actions required to ensure spending at the end of the year does not exceed original estimates.
- 3) The Authority will maintain its General Fund Balance at a minimum level of £6.8m at the end of each year, subject to a risk assessment as part of the annual budget setting process.
- 4) The Authority will aim to balance its revenue budget over the period of the MTFP without reliance on the use of the General Fund Balance.
- 5) The Authority will plan for any changes to specific grants/interim funding/Financial Settlement/Legislation.
- 6) The Authority will maintain earmarked reserves for specific purposes which are consistent with achieving its key priorities. The use and level of earmarked reserves will be reviewed at least annually.
- 7) The Authority will continue to improve its approach to efficiency, commissioning and procurement to ensure value for money and minimise the impact of budget savings on priority services as well as effectively managing the programme of change.
- 8) Opportunities for working in collaboration and partnership and for different ways of working will be identified and developed where this will support the delivery of the Authority's outcomes and improve service efficiency and delivery. This will include the use of well-being powers, development of trading opportunities and different business models and the sourcing and securing of external funding.
- 9) The Authority will consider the use of prudential borrowing to support capital investment to deliver the Council Plan and will ensure that the full costs of borrowing are taken into account when investment decisions are taken.
- 10) The Authority will aim to promote and stimulate strong and sustainable economic growth leading to well-being and prosperity for residents and communities and this will be supported by a planned approach to strategic investment managed through the Authority's Investment programme.

- 11) The Authority will continue to review strategic assets to maximise the potential to release value for strategic re-investment and to ensure that the asset requirements are aligned to the delivery of services across the borough.
- 12) The Authority recognises the impact of increases in council tax levels and fees and charges on our residents, many of whom are struggling on relatively low income and low wealth and will therefore balance the need for increases against the delivery of the Our North Tyneside Plan and demand for services. This will include the consistent application of an agreed fees and charges policy.
- 13) The Authority will continue to consider business risk in all decision making process and, alongside this, ensure resources are aligned to reduce any material financial risk to the Authority.
- 14) The Authority will continue to review the Treasury Management Strategy and the efficient management of debt on an annual basis with an on-going focus of delivering safe stewardship.

### Housing Revenue Account

- 1.5.8 The HRA continues to face significant challenges, as Government legislation continues to embed and develop with potential implications for housing i.e. the Welfare Reform and Work Act 2016, and the Housing and Planning Act 2016. The Authority has continued with the implementation of the Government's policy to reduce rent by 1% for 2019/20 (final of 4 years) as enacted in the Welfare Reform and Work Act 2016 for all housing stock including PFI sheltered accommodation homes. The Authority is also facing the impact of the continued roll-out of Universal Credit and other welfare reforms.
- 1.5.9 These challenges continue to be considered as part of the updating of the 30-year plan which aims to ensure the long-term viability of the HRA in line with the policy direction of the Mayor and Cabinet and the needs of tenants. For the purposes of the current Financial Planning and Budget process a four-year revenue plan will be updated and presented in line with the approach adopted for the General Fund.

### Investment, Prudential Borrowing and Treasury Management

- 1.5.10 The Authority's capital investment plans are set out in the Investment Programme, with the latest approved programme covering the period between the 2018/19 and 2020/21 financial years. The effective use of capital resources, including asset management, is fundamental to the Authority achieving its medium and long term strategic objectives. Capital investment has a significant impact upon the local economy and helps to ensure that the Authority can continue to provide the best possible services and outcomes within North Tyneside.
- 1.5.11 Any capital investment decision will have implications for the revenue budget. The revenue costs over the lifetime of each proposed capital project are considered when the project is being developed to ensure that the impact can be incorporated within the Authority's financial plans and to demonstrate that the capital investment is affordable. Revenue implications may include the costs associated with supporting additional borrowing as well as any changes to the running costs associated with the asset or wider benefits to the Authority such as the delivery of on-going revenue budget savings or additional income through the generation of business rates, Authority tax or energy revenues.

- 1.5.12 The 2019/23 Financial Plan and Budget process will include a review of the current plan and the Investment Strategy with a view to the development of a five-year Investment Programme for the period 2019/20 to 2023/24.
- 1.5.13 The Authority continues to explore external funding possibilities when developing capital projects to minimise the borrowing requirement as far as possible. Within the MTFs, assumptions have been made around the level of external funding in the future but detailed work programmes will not be committed to until the allocations have been confirmed. Projects and investment plans may therefore be re-prioritised depending on the availability of external funding and alignment with the policy direction of the Elected Mayor and Cabinet.
- 1.5.14 The generation of capital receipts can help to provide resources to support additional capital investment or can help to reduce the borrowing requirement and therefore the cost to the revenue budget. The availability of capital receipts has also reduced in recent years as a result of the property market. Currently no capital receipts have been included within the MTFP projections. If additional capital receipts are generated during the year this provides the Authority with the flexibility to consider the introduction of additional projects to the capital programme or the ability to reduce the borrowing requirement.
- 1.5.15 The Treasury Management Strategy will be reviewed in light of the refreshed Investment Plan, and the overall MTFP for both the General Fund and the HRA.

#### Update on developing the 2019-23 General Fund Financial Plan

- 1.5.16 Whilst decisions around Budget setting are approved on an annual basis, the Authority must demonstrate robust medium-term financial and resource planning. The recent report from the External Auditors recommended that a longer term view of financial planning is taken and best practice suggests between 3-5 years as a reasonable financial planning period.
- 1.5.17 Despite the level of uncertainty with regard to Local Government Funding beyond 2019/20, a four year financial plan is in development. This reflects, as far as possible, known pressures and changes but is based on assumptions in Local Government funding.
- 1.5.18 Local authorities are legally obliged to set a balanced budget each year, and to ensure that they have sufficient reserves to cover any unexpected events. To legally balance the budget the authority must make spending plans that match the estimated funding available over that time. The gap between available funds and planned net expenditure is referred to as the “funding gap” or efficiency requirement. In essence the funding gap is the best estimate of additional resources, be those reductions in expenditure or increases in income, needed to cover rising cost pressures and demand for services alongside a reduced amount of funding from Central Government and, to a lesser extent, other external sources.
- 1.5.19 Although there is a great deal of uncertainty, overall it is estimated currently that the Authority will need to close a gap of £52.871m by 2022/23. This funding gap is summarised in Table 1 below. The figures included below do not include any assumptions on Council Tax increases in the period of the plan.

**Table 1: 2019-2023 Indicative Financial Plan**

	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
Estimated General Fund Base Budget	152.360	154.726	149.970	150.101	150.756
Estimated Growth / Pressures	12.509	15.946	14.564	8.652	9.798
Estimated Resources / Carry Forward General Fund Base Budget	154.726	149.970	150.101	150.756	150.815
<b>Funding Gap / Efficiencies</b>	<b>10.143</b>	<b>20.702</b>	<b>14.433</b>	<b>7.997</b>	<b>9.739</b>
<b>Cumulative Funding Gap/Efficiencies</b>	<b>10.143</b>	<b>20.702</b>	<b>35.135</b>	<b>43.132</b>	<b>52.871</b>

### Financial Sustainability

- 1.5.20 As part of the update of the MTFs and the MTFP full consideration will be given to the Authority's Reserves and Balances Policy and level of reserves to ensure that there is adequate protection against unforeseen events. Within the existing statutory and regulatory framework, it is the responsibility of the Head of Finance (in her role as Chief Finance Officer) to advise the Authority about the level of reserves that it should hold and to ensure that there are clear protocols for their establishment and use.
- 1.5.21 The Authority, acting on the advice of the Chief Finance Officer, must make its own judgments on the level of reserves and balances taking into account all the relevant local circumstances. These include the operational and financial risks, and the arrangements in place to manage them, including adequate and effective systems of internal control. The duties of the Chief Finance Officer in relation to the level of reserves are covered by the legislative framework described in 1.4.1 above. Under the Local Government Act 2003, the Chief Finance Officer must report to the full Council on the adequacy of reserves (section 27) and reserve transactions must be taken account of within the required budget monitoring arrangements (section 28).
- 1.5.22 Setting the level of reserves is just one of several related decisions in the formulation of the financial strategy and the budget for a particular year. This is carried out as part of the Authority's Financial Planning and Budget Process. Account is taken of the key financial assumptions underpinning the budget alongside consideration of the Authority's financial management arrangements. In addition to the cash flow requirements of the Authority the following factors are considered:
- The treatment of inflation and interest rates;
  - Estimates of the level and timing of capital receipts;
  - The treatment of demand led pressures;
  - The treatment of planned efficiency savings / productivity gains;
  - The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital investment developments;
  - The availability of other funds to deal with major contingencies and the adequacy of provisions; and,
  - The general financial and economic climate in which the Authority operates.

1.5.23 Reserves are reviewed during the financial year and table 2 below shows the estimated use, following review of all revenue reserves over the period to March 2023.

**Table 2: General Fund Reserves Summary 2018/19 to 2022/23**

Reserves Summary	Closing Balance 31/03/18 £m	Net Contribution(to) / From Reserves					Total
		2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	
General Fund Balances	(6.804)	0.000	0.000	0.000	0.000	0.000	(6.804)
General Fund Reserves	(46.065)	6.689	(0.811)	(0.962)	(0.263)	(0.213)	(41.625)
General Fund Grants	(2.765)	1.497	0.080	0.080	0.080	0.080	(0.948)
<b>Total Reserves</b>	<b>(55.634)</b>	<b>8.186</b>	<b>(0.731)</b>	<b>(0.882)</b>	<b>(0.183)</b>	<b>(0.133)</b>	<b>(49.377)</b>

1.5.24 In assessing the adequacy of reserves, consideration is given to the level of un-earmarked reserves available for the management of financial risk to the Authority. Table 3 below sets out the level of un-earmarked general fund reserves held at the end of the 2018/19 financial year and the forecast position at 31 March 2023 as a proportion of Gross Expenditure budget and General Fund net revenue budget. There is anticipated use of the Redundancy Reserve and the Support Change Reserve over the period of the MTFP leaving the Strategic Reserve as the only material un-earmarked reserve. Table 3 below sets out the level of un-earmarked reserves as a proportion of the estimated gross and net budget over the period of the financial plan.

**Table 3: Reserves comparison for 2018/19 against North Tyneside Gross Expenditure and net General Fund budget**

	2017/18 Balance £m	Forecast 2022/23 Balance £m
Strategic Reserve	14.473	14.473
Support Change fund Reserve	4.019	0.000
Redundancy Reserve	3.151	0.000
<b>Total Usable Reserves</b>	<b>21.643</b>	<b>14.473</b>
Gross Expenditure Budget	351.801	359.804
Reserves as a % of Gross Expenditure Budget	6.15%	4.02%
General Fund Net Revenue Budget	154.726	158.242
Usable Reserves as a % of General Fund Net Revenue Budget	13.99%	9.15%

1.5.25 There are many factors involved when considering appropriate levels of reserves which can need to be assessed by each local authority individually. Included in the 2017-18 Annual Completion report from the External Auditor was a comparison across the LA7

region of levels of balances. This indicated that un-earmarked reserves within North Tyneside are lower than most in the region.

- 1.5.26 The Chief Finance Officer considers that these reserve levels are just adequate, particularly when considered against the degree of uncertainty surrounding Local Government Finance. She also considers that the Strategic Reserve should be sustained at least at this level over the period of the four year medium term financial plan.

#### Equality and Diversity Considerations

- 1.5.27 The Authority has specific responsibilities under the Equality Act 2010 and Public Sector Equality Duty. Part of this is to ensure that the potential effects of decisions on those protected by the Equalities legislation are considered prior to any decision being made. In this Authority we will continually monitor the effect of our budget setting process and decision-making by using Equality Impact Assessments.
- 1.5.28 Full impact assessments will be included in all proposals for inclusion with the initial Budget proposals in November 2018 in order to be available to Cabinet when it further considers the Financial Plan and Budget proposals on 26 November 2018. An Equality Impact Assessment is also carried out on the proposed Council Plan and Budget Engagement Strategy.

#### 2019/20 Financial Planning and Budget Process Timetable of Key Decision Milestones

- 1.5.29 Key aspects of the 2019/20 Financial Planning and Budget process timetable are set out at Appendix A to this report. This highlights key decision milestones in the process.
- 1.5.30 The Elected Mayor and Cabinet are responsible for formulating the Authority's Budget. The Cabinet Member for Finance and Resources, in close consultation with the Elected Mayor, has been nominated as the lead Cabinet Member for the overarching 2019-2023 Financial Planning and Budget Process. The Head of Finance will be the project sponsor.

#### The Budget Engagement Strategy

- 1.5.31 Through its overarching corporate Engagement Strategy approved by Cabinet on 14 September 2015, the Authority is committed to being a resident-focused and listening Authority and encourages residents and other stakeholders to help to shape its decision-making. Engagement with residents takes place throughout the year and the information gathered will be used to inform the Council Plan, Financial Planning and Budget process. There will also be specific engagement activities as part of the budget setting process where residents and other key stakeholders will be able to be involved.
- 1.5.32 The programme of the engagement activity will ensure that all stakeholders are informed about the Council Plan and Budget proposals, given an opportunity to be listened to and comment on the proposals, and receive feedback on outcomes from the engagement. The feedback from the engagement activities will form part of reports to Cabinet and Council to support decision-making.
- 1.5.33 Details of the Budget Engagement Strategy for 2019/20 are set out at Appendix B to this report.



## **1.6 Decision options:**

- 1.6.1 The Authority's Constitution and Budget and Policy Framework Procedure Rules set out the stages to be completed in relation to agreeing the Budget of the Authority. There are no other options available in relation to this. The Budget Engagement Strategy forms part of the 2019-2023 Financial Planning and Budget Process.
- 1.6.2 Cabinet is referred to the legal requirements as stated in paragraph 2.2 of this report.

## **1.7 Reasons for recommended option:**

- 1.7.1 The reasons for the recommendations are mainly legal in nature, as stated in paragraphs 2.1 and 2.2 of this report.

## **1.8. Appendices:**

Appendix A – 2019/20 Financial Planning and Budget Process: Timetable of Key Milestones

Appendix B – 2019/20 Budget Engagement Strategy

## **1.9. Contact officers:**

Janice Gillespie, Head of Finance  
Tel No 643 5701

Claire Emmerson, Senior Manager Financial Strategy and Planning  
Tel No 643 8109

Jacqueline Laughton, Head of Corporate Strategy  
Tel No 643 7070

## **Background information:**

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

- (a) Authority's Constitution and Budget and Policy Framework Procedure Rules

[http://www.northtyneside.gov.uk/pls/portal/NTC\\_PSCM.PSCM\\_Web.download?p\\_ID=566296](http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=566296)

N.B. The Budget and Policy Framework can be found at part 4.7 of the Constitution.

- (b) 2018-2021 Our North Tyneside Plan

[Our North Tyneside Plan 2018-2021 | North Tyneside Council](#)

- (c) Treasury Management Strategy

<https://my.northtyneside.gov.uk/sites/default/files/meeting/related-documents/cabinet%20report%20%20council%20taxbase%20for%2024%201%202018.pdf>

(Annex 1)

## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and other resources**

- 2.1.1 The financial implications arising from the outcomes of this report will be appraised as part of the decisions made as to what will be included in the Authority's 2019-2023 Financial Plan, incorporating the 2019/20 Budget Setting process. Decisions on the budget in relation to the General Fund, Housing Revenue Account, school's funding and the Investment Plan need to be made within the overall context of the resources available to the Authority and within the legal framework for setting budgets. The Authority will need to examine closely the links with key funding partners and their proposed financial plans, including an assessment of the impact of any grant fall-out over the proposed four-year resource planning period.
- 2.1.2 Cabinet and Council need to have due regard to the Chief Finance Officer's advice in relation to the levels of reserves and balances proposed as part of the four-year financial plan for 2019-2023 in accordance with the Authority's Reserves and Balances Policy most recently agreed by Council on 15 February 2018.
- 2.1.3 The only direct financial implications arising from this report will be any residual costs arising from support for engagement activity. These costs will be met from existing budgets.
- 2.1.4 The Budget Engagement Strategy for 2019/20 will, in part, help to inform decisions about what will be included in the four-year Financial Plan for 2019-2023.

### **2.2 Legal**

- 2.2.1 The Local Government Finance Act 1992 requires the Authority to set a balanced budget in the context of the resources available, including central government grants, business rates and council tax income.
- 2.2.2 The Local Government Act 2003 imposes duties on local authorities in relation to budget setting. The Act requires that, when an authority is deciding its annual budget and council tax level, members and officers must take into account a report from the Chief Finance Officer on the robustness of the budget and the adequacy of the authority's financial reserves. The Government has a back-up power to impose a minimum level of reserves on an authority that it considers to be making inadequate provisions.
- 2.2.3 The Council has agreed that the Council Plan is part of the policy framework (as a "local choice" plan) and as such it must be agreed in accordance with the rules of procedure relating to the Budget and Policy Framework (Part 4.7 of the Authority's Constitution).
- 2.2.4 The 2019-2023 Financial Planning and Budget process has been prepared to comply with the time-scales required within the Budget and Policy Framework Procedure Rules contained within the Authority's Constitution. Decision making in relation to the Housing Revenue Account is the responsibility of Cabinet, in accordance with section 9D of the Local Government Act 2000 (as amended).

### **2.3 Consultation/community engagement**

- 2.3.1 Internal consultation

Consultation has been carried out with the Elected Mayor, Deputy Mayor, and the Cabinet Member for Finance and Resources, the Cabinet Member for Community Safety and Engagement, the Chief Executive and the Senior Leadership Team. At the appropriate stage in the process, and the Budget proposals will be scrutinised as set down in the Authority's Constitution and Budget and Policy Framework Procedure Rules.

### 2.3.2 External consultation / engagement

The Budget Engagement Strategy for 2019/20 as outlined in this report sets out the process by which residents and other stakeholders will be involved in the consultation on the 2019/20 Budget as part of the 2019-2023 Financial Planning and Budget Process.

## 2.4 Human rights

All actions and spending contained within the Budget are fully compliant with national and international Human Rights Law. This will be detailed as part of the Financial Plan and Budget at the appropriate stage in the process. For example, Article 10 of the European Convention on Human Rights guarantees freedom of expression, including the freedom to 'hold opinions and to receive and impart information and ideas'. Article 8 of the Convention guarantees the right to respect for private and family life.

## 2.5 Equalities and diversity

In undertaking the process for the Budget the Authority's aim will at all times be to secure compliance with its responsibilities under the Equality Act 2010 and in particular the Public Sector Equality Duty under that Act.

To achieve this we will be taking a phased approach:

- An Equality Impact Assessment will be carried out on the proposals for the Budget Engagement. The aim will be to remove or minimize any disadvantage for people wishing to take part in the engagement programme. We will make direct contact with groups representing persons with protected characteristics under the Equality Act 2010 to encourage participation and provide engagement in a manner that will meet their needs. Appendix B outlines the approach we are taking.
- The outcome of any decisions made following engagement activity will be subject to further Equality Impact Assessment.

## 2.6 Risk management

Individual projects within the Budget are subject to full risk reviews. For larger projects, individual project risk registers are / will be established as part of the Authority's agreed approach to project management. Risks will be entered into the appropriate Service or Corporate / Strategic Risk Register(s) and will be subject to ongoing management to reduce the likelihood and impact of each risk.

## 2.7 Crime and disorder

- 2.7.1 Individual proposals within this report do not themselves have direct implications for crime and disorder. However, ultimately decisions may be made and considered as part of the overall Financial Planning and Budget process, as set down in this report.

These will be detailed as part of reporting the Budget at the appropriate stage in the process.

- 2.7.2 Under the 1998 Crime and Disorder Act, local authorities have a statutory duty to work with partners on the reduction of crime and disorder. This is fulfilled through the Safer North Tyneside partnership within the framework of the North Tyneside Strategic Partnership.

## 2.8 Environment and sustainability

The proposals within this report do not themselves have direct implications in relation to the environment and sustainability. However, ultimately decisions may be made and considered as part of the overall Financial Planning and Budget process of the Authority, as set down in this report. These will be detailed as part of the Budget at the appropriate stage in the process.

### PART 3 - SIGN OFF

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

## Appendix A

### 2019-2023 Financial Planning and Budget Process

#### Timetable of Key Milestones for 2019/20

<b>Date / Meeting</b>	<b>Detail</b>
10 September 2018 <b>Cabinet</b>	Cabinet approves the 2019-2023 Financial Planning and Budget process, incorporating the associated Engagement Strategy.
10 September 2018 <b>Cabinet</b>	Cabinet agrees the 2019/20 Council Tax Support Scheme for consultation
10 September 2018 to 29 October 2018	Public Consultation period on the 2019/20 Local Council Tax Support Scheme.
26 November 2018 <b>Cabinet</b>	Cabinet considers its 2019-2023 initial budget proposals in relation to General Fund, Schools, Housing Revenue Account & North Tyneside Investment Plan for 2019-2023
26 November 2018 <b>Cabinet</b>	Cabinet considers the outcomes of the consultation on the 2019/20 Council Tax Support Scheme and proposes a scheme for Council to consider on 17 January 2019.
27 November 2018	Notice of Objection Process for the 2019/20 Budget Commences.
27 November 2018	Budget and Council Plan Engagement process begins. Ends in January 2019.
December 2018 <b>Scrutiny Process</b>	Scrutiny of the 2019-2023 Financial Planning and Budget Process.
Mid December 2018	Estimated timing of the 2019/20 Provisional Local Government Finance Settlement.
14 January 2019 <b>Overview, Scrutiny and Policy Development Committee</b>	Overview, Scrutiny and Policy Development Committee consider the results of their review of the 2019-2023 Financial Planning and Budget and Council Plan process.
17 January 2019 <b>Council</b>	Council considers the proposed 2019/20 Local Council Tax Support Scheme from Cabinet and agrees or amends the scheme for 2019/20.
21 January 2019	Annual Housing Rent Reduction for 2019/20 approved

<b>Cabinet</b>	by Cabinet.
21 January 2019 <b>Cabinet</b>	Cabinet considers its budget proposals for 2019-2023 in relation to General Fund Revenue, Schools & North Tyneside Council Investment Plan for 2019-2021, taking into account feedback received as part of Budget Engagement.
21 January 2019 <b>Cabinet</b>	2019/20 Council Taxbase agreed by Cabinet.
7 February 2019 <b>Council</b>	Cabinet submits to the Council its estimates of amounts for the 2019-2023 Financial Plan and 2019/20 Budget & council tax levels
21 February 2019 <b>Council</b>	Reconvened Council meeting to consider Cabinet's estimates of amounts for the 2019-2023 Financial Planning and Budget process and council tax levels. Consideration of any Notices of Objection.
25 February 2019 (if required) <b>Cabinet</b>	Cabinet Meeting to consider any objections to Cabinet's Budget and Council plan proposals.
5 March 2019 (if required) <b>Council</b>	Council meeting to agree the general fund revenue budget for 2019/20; the council tax level for 2019/20 & the North Tyneside Investment Plan for 2019-2021

### **2019/20 Council Plan and Budget Engagement Strategy**

North Tyneside Council is committed to giving residents and other key stakeholders an opportunity to be involved in helping to shape decision-making in relation to the Financial Planning and Budget process.

The Authority's overall approach to engagement ensures that the public have opportunities to have their say throughout the year, through a series of different methods.

Between July and September 2018, there has been the annual programme of engagement out-and-about around the borough via the Big Community Conversation. This involves speaking to people to proactively gather qualitative feedback from people about their experiences as a resident and a customer of North Tyneside Council and their suggestions for future improvement.

The programme incorporates visits to each ward, as well as ensuring there is adequate targeting to provide opportunities for those with specific equalities characteristics to be involved. As in previous years, the feedback from this programme and other engagement activity throughout the year will inform Cabinet's initial budget proposals process leading in November 2018.

Specific engagement on Cabinet's initial budget proposals starts on 27 November 2018 and is to be completed in advance of Cabinet 21 January 2019.

#### **Target audiences**

The engagement strategy will ensure opportunities to reach different sectors of the population through a targeted approach.

As with all engagement the Authority is committed to ensuring that residents with protected characteristics, as set out in the 2010 Equality Act, are able to participate. Further information on this aspect of the engagement approach can be found in the Equality Impact Assessment on the Budget Engagement Strategy, which is available on request.

External audiences are:

- residents of North Tyneside (including the Residents Panel)
- service users
- children and young people
- older people
- North Tyneside Strategic Partnership
- business community (including the Chambers of Trade, Cobalt and Silverlink Business Association, the Federation of Small Business (FSB) and the North East Chamber of Commerce (NECC) and North Tyneside Business Forum)

- schools (including the Schools Forum, School Governors and the Head Teacher Convenors)
- voluntary and community sector (including faith groups)
- carers

Internal audiences are :

- Elected Members
- Staff
- Strategic Partners (Kier, Engie and Capita)
- Trade Unions

### **Timescales**

Engagement on the budget proposals will commence on 27 November 2018 and run up until January 2019.

### **Approach**

Our approach will aim for maximum reach by offering a range of different opportunities for people to have their say. In line with the principles contained in the Council's corporate engagement strategy, these opportunities will be

- Inclusive: making sure that everyone will be able to engage in the process
- Clear: Be clear on our aims of each engagement activity from the outset, and the extent to which residents can be involved.
- Integrated: ensuring that engagement activities are joined up with the relevant decision-making processes.
- Tailored: aiming to better understand our audience and use different methods appropriately to enable and encourage them to be involved.
- Feedback: giving feedback, through agreed channels, when we have completed our activity.
- Timely: ensuring that we give, where we can, sufficient notice to make opportunities available to all.

We will engage on the budget proposals via

- an online survey via the Authority's website [www.northynteside.gov.uk](http://www.northynteside.gov.uk)
- face to face engagement events with specific groups and audiences as set out above

Opportunities for people and organisations to be involved in the budget engagement process will be widely publicised.



# North Tyneside Council Report to Cabinet Date: 10 September 2018

## ITEM 5(g)

Title: Council Tax Support  
Scheme 2019/20

Portfolio(s): Elected Mayor

Finance and Resources

Cabinet Member(s): Norma Redfearn

Councillor Ray  
Glindon

Report from Service Area: Finance

Responsible Officer: Janice Gillespie, Head of Finance Tel: (0191) 643 5701

Wards affected: All

### PART 1

#### 1.1 Executive Summary:

Under the Local Government Finance Act 1992 (as amended), the Authority is required to consider whether to revise its Council Tax Support (CTS) Scheme for the forthcoming financial year. This is a means tested Scheme provided to help support people on low income to meet their Council Tax liability.

Any proposed revision of the Scheme must be consulted on. In addition to the option to retain the current CTS Scheme, there are two options available for changing the Scheme as set out in paragraph 1.6 below. Cabinet is asked to consider what changes, if any, should be made to the CTS Scheme for 2019/20 so that a public consultation exercise can be undertaken on any proposed changes to the CTS Scheme if necessary. Outcomes of any consultation will be brought back to Cabinet later in the year to enable a decision to be taken by Cabinet on what proposed changes, if any, to the CTS Scheme should be presented to Council for approval on 17 January 2019.

#### 1.2 Recommendation(s):

1.2.1 It is recommended that Cabinet:-

1. Consider the options for the Scheme for 2019/20 set out in paragraph 1.6 of this report and if changes to the Council Tax Support Scheme are proposed, authorise the Head of Finance to undertake consultation between September 2018 and November 2018 on all, or some, of the options for a revision of the Council Tax Support Scheme; and
2. If there is consultation on any proposed revision to the Council Tax Support scheme consider the consultation responses at a further meeting of Cabinet on 28 November

2018 and determine what revision of the Council Tax Support Scheme Cabinet would propose to Council on 17 January 2019.

### **1.3 Forward plan:**

1.3.1 Twenty eight days notice of this report has been given and it first appeared on the forward plan that was published on 22 June 2018.

### **1.4 Council plan and policy framework**

1.4.1 This report links directly to the priority 'our People will - Be cared for, protected and supported' in the 'Our North Tyneside Plan 2018 -2020'.

### **1.5.0 Information**

1.5.1 The Local Government Finance Act 1992 states 'For each financial year, each billing authority must consider whether to revise its Scheme or replace it with another Scheme'. The Authority 'must make any revision to its Scheme, or any replacement no later than 31 March in the financial year preceding that for which the revision or replacement Scheme is to have effect'.

1.5.2 The legislation states that if any revision to a Scheme, or any replacement Scheme, has the effect of reducing or removing a reduction to which a claimant is entitled, then the revision or replacement must include consideration as to whether it is appropriate to introduce transitional provision relating to that reduction or removal as the Authority thinks fit.

1.5.3 The current Council Tax Support Scheme (CTS) is a means tested support which, to promote simplicity, generally follows the Housing Benefit rules around entitlement. From April 2018 maximum support for working age claimants was reduced from 87.5% to 85% of the claimant's liability for Council Tax. Pensionable age claimants receive support based on 100% of their Council Tax liability as prescribed under national rules. In working out a claimant's entitlement to CTS, their income is compared against an 'Applicable Amount' which is based on the claimant's circumstances. Where income is below the Applicable Amount the claimant receives the maximum support; where income is above the Applicable Amount maximum entitlement is reduced by 20% of the amount of the claimant's income that is above the Applicable Amount.

1.5.4 Any changes proposed to the Scheme must be subject to consultation, although the level and period of consultation will depend on the proposed level of change to the Scheme. As part of that consultation the Authority should, before revising its Scheme:

- a) consult any major precepting authority which has power to issue a precept to it,
- b) publish a draft Scheme in such manner as it thinks fit, and
- c) consult such other persons as it considers are likely to have an interest in the operation of the Scheme.

The final decision on the implementation of any revised CTS Scheme is a matter for Council. Any revision to the CTS Scheme that Cabinet recommends will be considered by Council on 17 January 2019.

1.5.5 As at 30 June 2018 there were 18,511 claimants receiving CTS. This is split between pensioner claims totalling 8,362 (45%) and working age claims 10,149 (55%). The majority of CTS claimants live in a band A property. At around the same time last year

the case load was 19,129 split between 8,761 (46%) pensionable age and 10,368 (54%) working age. The caseload has reduced each year since the Scheme was first introduced in 2013/14 as more people move into employment, as claimants' incomes increase, or they no longer qualify for support.

1.5.6 The forecast cost of the Scheme for 2018/19 is currently around £14.7m.

### **Collection Rates**

1.5.7 There has been minimal reaction to the Scheme since it was introduced in April 2013.

1.5.8 Table 1 (In year collection rate) shows the in-year collection of Council Tax since 2012/13 and how from 2013/14 the reductions to support and additional charges raised for empty property discount changes has impacted on collection rates. Additionally the general effects of a difficult economic climate caused by the impacts of welfare reforms have also had some impact on in year collection.

Table 1 – In year collection rate

Financial Year	In Year Collection Rate
2012/13	96.9%
2013/14	96.5%
2014/15	96.4%
2015/16	96.6%
2016/17	96.5%
2017/18	96.3%

1.5.9 For those Council Tax payers who default on payment the Authority can collect £3.75 per week by attachment to benefits once a liability order has been obtained. However the minimal level of Council Tax that residents on Council Tax Support now have to contribute is at a point where it cannot be collected in year by an attachment once a liability is in place and now takes collection into the following financial year. This has the effect of delaying collection for the following years Council Tax. There is currently £1.9million Council Tax debt to be collected by attachment to state benefits which cannot be attached until the previous year's Council Tax debt is collected. Adding to this by increasing the contribution will only compound this issue.

1.5.10 As Council Tax Support is a local Scheme, all Billing Authorities are able to make a Scheme that they consider best supports their residents taking into consideration the finances available to the Authority. Table 2 (Regional Schemes) shows the current Schemes that are in place in our regional Billing Authorities and the in year collection rate for 2016/17 and 2017/18.

Table 2- Regional Schemes

Authority	Current 2018 maximum support	In year collection rate 2017/18	In year collection rate 2016/17
Northumberland	100%	98.0%	97.9%
*Newcastle	85%	96.9%	96.9%
Durham	100%	96.8%	96.7%
North Tyneside	85%	96.3%	96.5%
Sunderland	91.5%	95.9%	95.8%

Gateshead	91.5%	95.8%	95.8%
Stockton	80%	95.8%	96.3%
Hartlepool	80%	95.7%	95.3%
Darlington	80%	95.6%	95.8%
South Tyneside	**70% to85%	95.6%	96.0%
Redcar & Cleveland	80%	94.2%	94.0%
Middlesbrough	80%	92.8%	92.5%

\*From 2018/19 Newcastle Council have introduced a banded Scheme and we will not know the full impact that has on in year collection until next financial year.

\*\*South Tyneside Council's two tiered approach provides those claimants who are entitled to a disability benefit or have a child under 5 in the household to claim a maximum of 85% of Council Tax Support. All other claimants can claim a maximum of 70%.

### Options for the Scheme for 2019/20

1.5.11 Universal Credit was rolled out in North Tyneside at the beginning of May 2018 and this is still very new so the Authority has not seen the full effects on residents and whether this will impact on Council Tax collection. Whilst a number of options to change elements of the Scheme have been considered and modelled, without fully understanding the underlying affect of Universal Credit these were not considered appropriate at this time. However due to budgetary pressures two options reducing the maximum percentage of support available for working age claimants have been modelled and are provided in Table 3 (Reduced levels of Council Tax Support for working age claimants). As both pass on a greater amount of Council Tax liability to the claimant this will have the effect of reducing the cost of the Scheme and, as such, provide savings to the Authority.

1.5.12 Table 3 shows the financial effect on both the claimant and savings to the Authority if the maximum level of Council Tax Support was reduced for working age claimants to 82.5% or 80% from its current 85%. Figures are based on the current level of Council Tax.

Table 3 – Reduced levels of Council Tax Support for working age claimants

% Level of Support	*Weekly Amount that claimants in a Band A property would pay		Weekly increase for the claimant		Reduction in cost of Scheme	Approximate Savings after 85% collection rate applied
	Couple	Single	Single	Couple		
85% (Current)	£3.28	£2.46				
82.5%	£3.83	£2.87	£0.55	£0.41	£237,000	£201,450
80%	£4.38	£3.29	£1.10	£0.83	£474,000	£402,900

\* Higher banded properties will pay more than is quoted above. Any increase in Council Tax will also increase the amount claimants will pay.

### 1.6 Proposed CTS Scheme Options for consideration:

1.6.1 This report invites Cabinet to consider the Schemes set out in paragraphs 1.6.2 to 1.6.4 of the report and to determine which of the options, if any, should be consulted on.

- 1.6.2 **Scheme 1** – Keep the current level of Council Tax Support available at 85% for working age claimants.
- 1.6.3 **Scheme 2** – Reduce the maximum level of Council Tax Support available from 85% to 82.5% for working age claimants.
- 1.6.4 **Scheme 3** – Reduce the maximum level of Council Tax Support available from 85% to 80% for working age claimants.
- 1.6.5 Estimated cost of Schemes 1 to 3 above is provided below in Table 4 (Estimated cost of Schemes).

Table 4 – Estimated cost of Schemes

	<b>Scheme 1 (Current Scheme)</b> current level of CTS of 85% for working age claimants	<b>Scheme 2</b> Reduce maximum CTS from 85% to 82.5% for working age claimants	<b>Scheme 3</b> Reduce maximum CTS from 85% to 80% for working age claimants
Current forecast cost of Scheme as at June 2018 (forecast for 2019/20)	£14,706,050	£14,706,050	£14,706,050
Estimated potential savings for 2019/20 due to implementing different options		(£237,000)	(£474,000)
Adjustment to reflect assumption of 85% collection rate (based on previous years collection rates)		£35,550	£71,100
<b>Total forecast cost of Scheme for 2019/20</b>	<b>£14,706,050</b>	<b>£14,504,600</b>	<b>£14,303,150</b>
Deduct cost applicable to Fire and	(£1,633,842)	(£1,611,461)	(£1,589,079)

Police Authorities (11.11%)			
Cost of Scheme to North Tyneside Council	<b>£13,072,208</b>	<b>£12,893,139</b>	<b>£12,714,071</b>
Change for North Tyneside	<b>0</b>	<b>(£179,069)</b>	<b>(£358,137)</b>

## **Decision**

### Option 1

To agree to keep the current level of support for working age and make no changes to the Scheme for 2019/20.

### Option 2

Authorise the Head of Finance to undertake consultation between September 2018 and November 2018 on all/some Schemes as considered appropriate by Cabinet. Schemes are set out in 1.6.

### Option 3

Refer the matter back to officers for the consideration of an alternative CTS Scheme.

Option 1 is the recommended option.

## **1.7 Reasons for recommended option:**

1.7.1 Option 1 is recommended for the following reasons:

1.7.2 The Scheme has been revised for the last three financial years and the minimum contribution for working age claimants has increased from 7% to 15%. In a climate of welfare benefit changes and freezing of working age state benefits the increases that has taken place has put a greater burden on low income working age residents. Council Tax Support claimants are likely to find further increases more difficult to make.

1.7.3 The continued increase in contribution along with the general increases in Council Tax has now meant that in year collection via attachment to benefits cannot be achieved and is becoming more difficult to collect. Keeping the current % contribution would not add a greater burden to in year collection.

1.7.4 The affects of Universal Credit on residents and the collection of Council Tax are still to be known and further understanding of this is required before implementing reductions in support to ensure that the Scheme we offer meets the needs of residents and remains affordable for the Authority.

## **1.8 Appendices:**

- Appendix 1 – Timetable of consultation
- Appendix 2 – Equality Impact Assessment

## 1.9 Contact officers:

Janice Gillespie – Head of Finance Tel. (0191) 6435701

Andrew Scott – Senior Client Manager Revenues, Benefits and Customer Services,  
Tel. (0191) 643 7150

Tracy Hunter – Client Manager Revenues, Benefits and Customer Services,  
Tel. (0191) 643 7228

## 1.10 Background information:

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

- [Council Report 18 January 2018 - Council Tax Support 2018-19](#)
- [Local Government Finance Act 1992](#)
- [Local Government Finance Act 2012](#)

## PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

### 2.1. Finance and Other Resources

2.1.1 The detailed financial implications of the different options of change to the CTS are covered in Table 4.

2.1.2 In summary, the Scheme is implemented through a discount on the Council Tax liability for eligible claimants, thereby reducing the amount of Council Tax collectable by the Authority. Based on current claimants and cost projections for the options for changes to the Scheme under consideration, Table 4 estimates that for 2019/20 there could be a saving for the Authority of circa £0.179m under Scheme 2, £0.358m under Scheme 3 assuming no change to the rate of Council Tax.

2.1.3 The overall cost of the Scheme will reduce if the number of claimants continues to fall or entitlements reduce. It is not possible to provide a more accurate forecast as entitlement depends upon the detail of individual claims.

### 2.2 Legal

2.2.1 The Local Government Finance Act 1992 (the 1992 Act) was amended by the Local Government Finance Act 2012 in that each Local Authority had to have in place by 31 January 2013, and each subsequent year, a Council Tax Reduction Scheme (referred to as a Council Tax Support Scheme by this Authority) to replace the previous support arrangements.

2.2.2 Schedule 1A of the 1992 Act sets out the steps that must be taken before revising or replacing a Council Tax Reduction Scheme, namely, consultation on, and publication of the draft revised or replacement Scheme.

2.2.3 As referred to in the body of the report, the Authority is also required by virtue of Schedule 1A of the 1992 Act each year to determine if the Scheme should be revised or replaced. Consultation will be undertaken on any proposed changes suggested by Cabinet similar to the consultation undertaken for the 2018/19 CTS Scheme.

2.2.4 Section 67 of the 1992 Act specifies the functions that can be discharged only by the Authority as a whole. Included in those functions is the ability to make or revise a Council Tax Support Scheme.

## **2.3 Consultation/community engagement**

2.3.1 This report is seeking direction from Cabinet as to whether it wishes to recommend a revision to the current Council Tax Support Scheme to Council on 17 January 2019 or for the current CTS Scheme to remain in place. If a proposed revision of the CTS is to be proposed, public consultation on such a revision will be undertaken between September 2018 to November 2018. Should it be required, a timetable of engagement is included at Appendix 1 which includes using a partner organisation to collect consultation feedback on the proposals.

## **2.4 Human rights**

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

## **2.5 Equalities and diversity**

2.5.1 An Equality Impact Assessment (EIA) has been carried out on the Schemes considered. The EIA is included as Appendix 2 to this report.

2.5.2 There is an acknowledgement in the EIA that any option to change the Scheme that is proposed will have a negative impact on working age claimants, but it is acknowledged that there are actions that could be taken that may reduce or remove this.

2.5.3 Other potential negative impacts around communications for some claimants with protected characteristics were noted in the EIA. However should any of the options be proposed by Cabinet and accepted by Full Council, a communication plan would be developed to help mitigate against this.

## **2.6 Risk management**

2.6.1 The Scheme options are based on the current scheme and as such there will be no system administration support risks from a system perspective.

2.6.2 A consultation exercise will be carried out on proposals made by Cabinet and this should mitigate the risk of a legal challenge.

## **2.7 Crime and disorder**

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

## **2.8 Environment and sustainability**

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



### **PART 3 - SIGN OFF**

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

## Appendix 1

### Timetable of engagement for Council Tax Support Scheme 2019-20

<b>Type of engagement</b>	<b>Date</b>
Staff communication	From 11 <sup>th</sup> September 2018
Members newsletter	September/October 2018 newsletter
Public consultation – working with customer services as well as Community and Voluntary partner.	September to November 2018
Private landlords (Private landlords forum members) - Email invitation to take part in consultation.	September to November 2018
Registered Social landlords -Email invitation to take part in consultation.	September to November 2018

## **Appendix 2 – Equality Impact Assessment for Council Tax Support Scheme 2019-20** **Equality Impact Assessment (EIA)**

The separate EIA guidance notes outline what should be included for each section. Please read them before you begin. If you have any queries, contact your Corporate Equality Group rep, or the Engagement Team on 643 2828.

### **1. Author, service area, date**

Tracy Hunter, Finance

### **2. Who else has been involved in writing this EIA?**

Andrew Scott, Client Manager Revenues, Benefits and Customer Service

### **3. What proposal is this EIA assessing?**

The review of the Council Tax Support Scheme for 2019-20

### **4. What is the purpose of your proposal and what is it expected to achieve?**

To carry out the annual review the Council Tax Support Scheme and to consider the options of revising the maximum level of support for working age claimants. This will help inform Cabinet consider what change to the Scheme, if any, they may want to propose to Council on 17 January 2019. The following options are being considered:

**Scheme 1** - Keep the current level of Maximum Council Tax Support that working age claimants can claim which is 85% of their Council Tax liability.

**Scheme 2** - Reduce the Maximum Council Tax Support that working age claimants can claim from 85% to 82.5% of their Council Tax liability.

**Scheme 3** - Reduce the Maximum Council Tax Support that working age claimants can claim from 85% to 80% of their Council Tax liability.

**5. Is there any relevance to the aims of the public sector equality duty? Write your answers in the table**

Aim	Yes, No, or N/A	Details if 'yes'
Eliminate unlawful discrimination, victimisation and harassment	N/A	
Advance equality of opportunity between people who share a protected characteristic and those who do not	Yes	By considering the different characteristics and needs of people in the scheme, in order to ensure that the scheme is fair to all claimants.
Foster good relations between people who share a protected characteristic and those who do not	N/A	

**6. Analysis by characteristic Write your answers in the table**

Protected characteristic	Potential positive or negative impact?	Explanation and evidence
All protected characteristics	Yes	<p><b><u>Scheme 1</u></b> This is the current scheme which provides support to working age claimants of up to a maximum of 85% of the Council Tax liability.</p> <p><b><u>Scheme 2 and 3</u></b></p> <p>The changes proposed under:</p> <ul style="list-style-type: none"> <li>• Scheme 2 (reduce the maximum Council Tax Support available to working age claimants to 82.5%), and</li> </ul>

		<ul style="list-style-type: none"> <li>Scheme 3 (reduce the maximum Council Tax Support available to working age claimants to 80%), will both impact negatively on working age claimants only as working age claimants will be able to claim less entitlement. Working age claimants will be expected to contribute more to their Council Tax liability than pensionable age CTS claimants.</li> </ul>
Age	Yes	Schemes 2 and 3 are more favourable and therefore more positive towards pensionable age claimants as is the current scheme as each scheme allows up to 100% CTS for pensionable age CTS claimants. Allowing pensionable age claimants to claim up to a maximum support of 100% is prescribed by Government.
Disability	Yes	Potential negative impacts around consulting and communicating the change to claimants.
Gender	No	
Gender reassignment	No	
Marriage and civil partnership status	No	
Pregnancy and maternity	No	
Race	Yes	Potential negative impact around consulting and communicating the change to claimants.
Religion or belief	No	
Sexual orientation	No	

**7. Have you carried out any engagement in relation to this proposal? If so, what?**

- Engagement around consulting residents on the scheme options will start if Cabinet considers they may want to propose changes to the Scheme.
- Discussion with LMB, Head of Finance and Cabinet member has taken place.

**8. Is there any information you don't have that you need to find?**

No

**9. What actions are already in place, or will be taken, to remove or reduce potential negative impacts? (add more lines to the table if you need to) *Write your answers in the table***

<b>Action</b>	<b>Responsibility</b>	<b>Timescale</b>
The current Discretionary Support Scheme can be used to support people in exceptional circumstances	Andrew Scott/ Cabinet Member for Finance and Resources	In place
Engagement Strategy to consult on changes if Cabinet consider that they may want to consider changes to the scheme.	Andrew Scott/ Tracy Hunter	Mid September through to November
Communication Strategy will be developed if changes are proposed by Cabinet and Council accept these. Any change agreed by Council will take effect from April 2019.	Andrew Scott/ Tracy Hunter	From 17 January 2019

**10. Are there any potential negative impacts that cannot be removed or reduced? If so, why is this?**

Government funding reductions to North Tyneside continue to be significant and this will impact on the amount of funding available for the CTS Scheme.

Prescribed regulations ensure that pensioners must have entitlement based on 100% and this has an impact on the amount of funding remaining for working age claimants.

**11. Based on your conclusions from this assessment, what are your next steps?**

Cabinet will hear a report on 10 September 2018. From this, Cabinet will decide whether they want to consider making proposals to Council on 17 January 2019. If Cabinet do want to consider proposing changes to Council a consultation exercise will be carried out on those changes and outcomes from the consultation will then be reported to Cabinet on 26 November 2018. Cabinet will consider the outcomes and the funding available to it and propose a revision if it feels appropriate to Council 17 January 2019 who will consider the proposal and either accept the proposed revision or not.

**12. How will the impact of this proposal be monitored after it is introduced?**

The number of claimants claiming is monitored and compared against the previous year's trends. The caseload is reducing but should any significant change be identified this and claimant's characteristics will be investigated.

**13. When will this EIA be reviewed?**

The EIA is carried out at the annual review unless no changes are proposed as part of the next review.

# North Tyneside Council Report to Cabinet 10 September 2018

**ITEM 5(h)**  
**Regional Adoption  
Agency**

**Portfolio(s):** Children, Young People and Learning

**Cabinet Member(s):** Councillor P Earley

**Report from Service Area:** Health, Education and Safeguarding

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

**Wards affected:** All Wards

## **PART 1**

### **1.1 Executive Summary:**

Cabinet previously considered this issue in June 2016, and most recently in April 2018.

The development of a Regional Adoption Agency (RAA) for the North East is subject to approval of the Cabinets of each of the participating local authorities: Gateshead MBC, Newcastle City Council, North Tyneside Council, Northumberland County Council and South Tyneside Council (the Constituent Councils).

This report provides an update to Cabinet on the progress of the development of the proposals of the RAA. It is proposed that North Tyneside Council will act as the host authority for the RAA with the other participating authorities delegating their adoption functions, pursuant to the Local Government Act 2000, to North Tyneside Council.

### **1.2 Recommendation(s):**

Cabinet is recommended to:

1. Note the progress and in particular the outcome of public consultation, with respect to the proposal for the adoption services of Gateshead MBC, Newcastle City Council, North Tyneside Council, Northumberland County Council and South Tyneside Council to be combined to create a Regional Adoption Agency;
2. Note the Business Case associated with the delivery of the RAA and the associated funding arrangements in relation to the local authority hosted model, set out at Appendix 1;
3. Agree that the preferred business model for the RAA be a local authority hosted model which will operate through the delegation of the Constituent Councils' Adoption Functions (as detailed in the report) to a host local authority pursuant to



Sections 9EA and 9EB of the Local Government Act 2000 and the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012;

4. Agree that North Tyneside Council will act as the Lead and Host Authority for the Regional Adoption Agency and that the new arrangements will commence 1st December 2018;
5. Agree the Heads of Terms, set out at Appendix 2, for the Shared Services Agreement between the Constituent Councils which will govern the provision of the RAA;
6. Agree to accept the delegation of the Adoption Functions, as detailed in the report, pursuant to Sections 9EA and 9EB of the Local Government Act 2000 and the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012, from each of the Constituent Councils;
7. Authorise the Senior Manager; Legal Services and Information Governance in consultation with the Head of Health, Education, Care and Safeguarding, the Head of Finance and the Cabinet Member's for Children, Young People and Learning, Finance, the Deputy Mayor to negotiate, finalise and complete the Shared Services Agreement between the Constituent Authorities prior to the arrangements set out above commencing; and
8. Agree to the RAA being known as "Adopt North East" and that the identity and branding proposal set out in Appendix 4 be approved.

### **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 3 August 2018.

### **1.4 Council Plan and Policy Framework**

Our North Tyneside Plan does not contain any references to the regionalisation of adoption services. Nevertheless, it does refer to

#### **Our people will**

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

## **1.5 Information:**

### **1.5.1 Background**

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

In these papers the Government has sought to address a number of challenges in National adoption practice as follows:

- Inefficiencies in the delivery of adoption services in England
- Matching of children
- Recruitment concerns, and
- Adoption Support challenges.

The Government has signaled a clear intention that by 2020, all local authorities will be part of regional agencies. The Education and Adoption Act 2016 makes provision for the Government to direct a local authority to have its adoption functions carried out on its behalf by another authority or adoption agency where such provision has not already been made by the Authority.

Local Authorities have a statutory duty to provide adoption services to all those affected by adoption living in their area. Services to meet those responsibilities are required to meet legislative requirements and Minimum Standards for Adoption Services and are inspected regularly by Ofsted to ensure they do so. The move towards the proposed RAA will not remove the statutory responsibilities placed on local authorities but will have far reaching changes for how those functions are organised, managed and delivered.

While all the authorities involved with the project have and currently continue to provide high performing adoption services, the Government expects that regional adoption agencies will be better able to target the recruitment of prospective adopters, speed up the matching and placement of children, improve adoption support services and may create efficiency savings.

### **1.5.2 The Expression of Interest and establishment of the RAA Project Board and Team**

In November 2015, Newcastle City Council submitted an Expression of Interest (EoI) on behalf of itself, Northumberland County Council, North Tyneside Council and Gateshead Council and four voluntary adoption agencies - After Adoption, Barnardos, ARC NE and Durham Family Welfare (DFW). The EoI was submitted to the DfE in relation to the development of regional adoption agency arrangements in the North East. South Tyneside Council subsequently joined the project. These five authorities are the Constituent Councils for the RAA proposals.

Following the approval of the Expression of Interest, a Project Board was established to drive the project forward. The Project Board is made up from the Assistant Directors of Childrens' Services from each of the authorities and the Voluntary Adoption Agencies of After Adoption, Barnardos, Arc Adoption and Durham Family Welfare. The Project Board is overseen by an Executive Board made up of the Directors of Children's Services from each of the Constituent Authorities.

As an initial starting point the Project Board, supported by DfE appointed project mentors, agreed the following vision and high level objectives:

## **RAA vision**

The vision for the RAA of the five Constituent Authorities, is for excellent adoption services that transform children's and families' lives for the better. This is based upon the DfE paper, 'Regionalising Adoption', June 2015 and further developed by the Government in 'Adoption; A Vision for Change', March 2016.

## **RAA objectives**

As part of the initial scoping for the project, the five Constituent Authorities, agreed at their Executive Board in 2016, the following objectives to deliver their vision.

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

### **1.5.3 Options appraisal**

The Project Board carried out an options appraisal on a number of potential delivery models for regionalised adoption services. The potential delivery models, which the DfE asked the Project Board to consider, are summarised below.

- Option 1: A single local authority host on behalf of a number of local authorities;
- Option 2: A Joint Venture between local authorities;
- Option 3: A Joint Venture between the voluntary adoption agencies and the local authorities, and
- Option 4: Outsourcing to existing Voluntary Adoption Agency.

Financial modeling was carried out on Option 1 and Option 2. Options 3 and 4 were discounted at an early stage, as none of the voluntary adoption agencies indicated a wish to enter in such arrangements.

In June 2017, the Cabinets of the Constituent Councils indicated their support in principal for the continued development of an RAA for the North East and the use of a local authority owned Joint Venture Company (JVCo) (Option 2) as the preferred business model to deliver the RAA. This "in principal" support was subject to an analysis of the available options and the final decision on the model.

In March 2018, a further report to the Constituent Authorities' Cabinets, indicated that although initial results of the options appraisal exercise had identified that Option 2 could potentially provide flexibility and the ability to innovate into a business sense, as financial modeling progressed, it became clear that the cost of this model would be considerably more expensive than current arrangements in each local authority.

The financial modeling highlighted that, between the two options, the ability to recover VAT within the local authority hosted model (Option 1), established a clear and significant financial difference between the two options, with the host model assessed as significantly more efficient in this regard.

In relation to ease of implementation generally, the delegation of adoption functions to one local authority is more straightforward than establishing a joint venture vehicle and commissioning that vehicle to provide the required services. In addition, the transfer of staff to another local authority and the provision of proper pension arrangements is simpler and cheaper, than with a joint venture vehicle. Furthermore, it is considered an advantage in terms of the sense of ownership, if the regional adoption service is hosted by one of the Constituent Councils.

In the light of the above, the Constituent Authority Cabinets agreed in June 2018 that the preferred delivery model for the RAA be the local authority hosted model (Option 1). Furthermore, the Cabinets agreed that North Tyneside Council, subject to final approval, would undertake the role of lead and host authority for the RAA.

#### 1.5.4 The development and implementation of the Preferred Option

Since the decision on the preferred model was made in June 2018, the Project and specialist work streams created to deliver the RAA proposals, have worked to develop the arrangements to develop and implement the Preferred Option.

The specialist work streams are:

- communications
- finance
- human resources
- legal
- social work practice
- procurement/Commissioning
- property/Estates
- performance management, and
- information technology.

The work streams have focused on issues relating to the transfer of functions from the four Constituent Councils, to North Tyneside Council. Each of the work streams was led by an officer of North Tyneside Council. The detail of the workstreams input into the arrangements, is set out in the Business Case at Appendix 1.

##### 1.5.4.1 Governance Arrangements for the hosted model

To make the hosted model operate effectively, the four transferring Constituent Councils must delegate their adoption services functions to the Host Authority pursuant to Sections 9EA and 9EB of the Local Government Act 2000 and the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations

2012. Each Cabinet of the Constituent Authorities must therefore make a resolution that its Adoption Functions be delegated to North Tyneside Council. North Tyneside Council must also make a resolution to accept the delegations from the other four Constituent Councils.

The Adoption Functions to be delegated to North Tyneside Council are:

- recruitment and assessment of prospective adopters
- matching and placement - to match prospective adopters with children in need of adoption
- post placement and post Adoption Order support (3 year limit)
- support and advice to all affected by adoption
- develop and manage all forms of post adoption contact (Post Box) between adopted children and their birth families
- step parent adoption, and
- inter-country adoption.

Further details of the Adoption Functions to be undertaken by North Tyneside Council are set out in the Business Case at Appendix 1.

The arrangements for the delivery of the RAA services by the lead and host authority will be supported by an appropriate legal agreement being entered into by the Constituent Councils. The Shared Services Agreement will cover such matters as the financial contributions necessary from the Constituent Councils, indemnities, apportionment of surplus and deficits, governance and oversight and the services to be provided.

Heads of Terms for the Shared Services Agreement have been developed between the Constituent Authorities. The draft Head of Terms if approved will set out the overall legal, financial and operational principles under which the shared arrangements pursuant to Option 1 above will operate. A copy of the Heads of Terms is attached at Appendix 2. Cabinet is requested to approve the Head of Terms.

If Cabinet minded to approve the Head of Terms, Cabinet is also requested to authorise the Senior Manager Legal Services and Information Governance in consultation with the Head of Health, Education, Care and Safeguarding, the Head of Finance and the Cabinet Member for Children, Young People and Learning and the Cabinet Member for Finance and the Deputy Mayor to negotiate, finalise and complete the Shared Services Agreement between the Constituent Authorities in accordance with the principals provided by the Head of Terms.

In relation to the operation of the RAA at a practical level, the RAA will be led by a Senior Manager of North Tyneside Council who will act as the service head. That Senior Manager will be a member of the Senior Management Team of the Health, Education, Care and Safeguarding Service and will report directly to the Head of Health, Education, Care and Safeguarding (the Director of Adults and Children's Services). The staffing structure of the RAA will be developed in detail in consultation with the lead member for

Human Resources, the Human Resources work stream, and the Senior manager Children's Services, within the resources available.

To ensure that there is effect communication and engagement between the Constituent Councils the Shared Services Agreement will provide for the creation of an Officer Liaison Group. This will be made up of the Directors of Children's Services or their nominees. This Officer Liaison Group will meet on a quarterly basis and will provide a direct formal point of contact between North Tyneside Council as the lead and host of the RAA and the other Constituent Councils. The Liaison Group will monitor the performance of the RAA against the relevant performance management targets.

Within the Constituent Councils who are delegating their Adoption Functions appropriate arrangements between their Director of Children's Services and their authority's administration will be necessary to ensure that political oversight of the arrangements is maintained within each authority. This will include quarterly meetings with the lead members from each Local Authority to ensure that performance is being measured appropriately and that assurance is given regarding the RAA activities and developments.

Notwithstanding the above, the Shared Services Agreement will also provide for a formal dispute resolution process, should issues in relation to the delivery of the RAA develop.

The RAA will have its own budget and medium term financial plan. An agreed budget will be produced no later than November each year, for incorporation into the overall budget of North Tyneside Council, when it sets its annual budget in the February/March of each year.

The Shared Services Agreement will also provide, should the situation arise, for the termination of the agreement and thereby termination of the delivery of the functions of the RAA by North Tyneside Council. It is proposed that where one of the Constituent Councils gives notice to terminate this will cause a termination event and will bring an end to the whole arrangement. 12 months' notice will be required by any of the Constituent Councils to terminate the shared service arrangement.

#### 1.5.4.2 Financial arrangements

A significant element of the work undertaken has been in relation to development of the RAA has related to the financial arrangements that will be necessary between the Constituent Authorities to support the delivery of the functions of the RAA by North Tyneside Council.

The financial model proposed seeks to ensure that each Local Authority will continue contribute the average net cost that they have paid from figures 2015/16- 2016/17. The financial modeling has attempted to ensure that no local authority is required to pay more. The anticipated contribution from this Authority falls within the existing budget envelope for the current Adoption service. Any variations to this position will be reported to Cabinet through the usual financial management reporting processes.

**Table 1 – Baseline net cost, % Contribution and Value of Contribution to the RAA**

<b>LA</b>	<b>2 Year Average Net Cost 2015/16 to 2016/17 (excluding purchased placements but including inter-agency income)</b>	<b>%</b>	<b>Contribution To RAA</b>
Gateshead	£593,140	22	£534,596
Newcastle	£525,575	20	£485,997
North Tyneside	£384,535	15	£364,497
Northumberland	£712,963	27	£656,095
South Tyneside	£420,934	16	£388,797
<b>Total</b>	<b>£2,637,148</b>	<b>100</b>	<b>£2,429,983</b>

Table 1 sets out the current average net cost for services of each Constituent Authority and their proposed future contributions under the RAA.

The contribution proposed from each of the five Constituent Authorities for the RAA, is less than their current net cost.

The difference is as a result of economies of scale, realised through combining functions for all support services such as Panel, administration, legal and human resources.

A proposed budget for a North Tyneside Council hosted model is shown in Table 2.

**Table 2 – Draft Budget for the proposed RAA hosted by North Tyneside Council**

<b>Expenditure/Income Category</b>	<b>Budget</b>
Staffing	£2,173,840
Premises, IT and Running Costs	£499,249
Support Services	£257,714
Commissioned Post Adoption Support	£150,180
<b>Gross Expenditure</b>	<b>£3,080,983</b>
Inter-agency fee income	<b>-£651,000</b>
<b>Net Budget</b>	<b>£2,429,983</b>

There are a number of assumptions to note in the proposed budget.

- The RAA will generate income from recruiting, training and making available to other adoption agencies at a cost 21 adopters each year and any income generated from selling these placements is retained by the RAA.
- There are no redundancy costs anticipated as part of the set-up of the hosted service.
- All set-up costs (including ICT, premises, and additional staffing resource required by

the host authority) will be fully funded from the DfE implementation grant held by Newcastle.

It is suggested that a ring-fenced reserve is established from any potential surplus, the value of any contribution to a reserve to be agreed between the Chief Finance officers. This will include consideration of any future years' pressures, particularly in relation to risk areas such as achieving income from selling placements, and to develop the service moving forward. Any remaining surplus would be redistributed in accordance with the agreed mechanism.

Under the proposed Host and Lead Authority arrangement approximately fifty staff from across the Constituent Councils will come together under the employment of North Tyneside Council. Those staff currently employed by the Constituent Councils (other than North Tyneside Council) will be transferred to North Tyneside Council pursuant to the Transfer of Undertakings (Protection of Employment) Regulations 2006 (the TUPE Regulations). Staff engagement has begun and if the Cabinets of the Constituent Authorities agree to the proposals in this report, further engagement will be undertaken to ensure that each authority complies with its duties under the TUPE Regulations. This staff group will work within the RAA offices sited at Pembroke Wing of Balliol Primary School.

#### 1.5.4.2 Consultation

Engagement with stakeholders has been an integral part of the RAA project. Engagement events have taken place with over 250 participants from stakeholder groups including - adults, children and young people affected by adoption; adopters, LA and VAA adoption staff; partners in health – CCG's; education via Virtual Heads; and the Court Service. Engagement events have been held since February 2016 and continued stakeholder involvement has taken place through web based surveys, staff newsletters and face to face events.

Consultation on the proposals to develop a Regional Adoption Agency was delivered over a period of eight weeks from 3 July to 28 August 2018. An online consultation was published on North Tyneside Council's website which outlined the proposals and provided an opportunity for stakeholders to have their say.

The online questionnaire was promoted to key stakeholders who have been regularly engaged throughout the process including; prospective adopters, adoptive parents, children and birth families, voluntary adoption agencies, staff, partners and providers.

The consultation was also promoted more widely to the general public via each local authority's communications channels.

The initial results of the consultation are attached at Appendix 3. The details of the completed consultation will be circulated in due course before the Cabinet meeting.

#### Identity and Branding

As part of the development of Adopt North East, the communications workstream has led on the development of an identity for the new service.

The opportunity to submit identity proposals was promoted through each of the five local authorities' design and print channels.



The creative brief focused on developing a branding toolkit including logos, stationery and signage. The scope of the brief did not include a marketing campaign; this will be developed closer to the launch of Adopt North East by North Tyneside Council in consultation with the other Constituent Councils.

Consultation on the five options took place from 20 – 27 July 2018 with key stakeholders including prospective adopters, adoptive parents, children and birth families, voluntary adoption agencies, lead Cabinet members and staff across the five local authorities.

The preferred identity and branding option is attached at Appendix 4.

#### **1.6 Decision options:**

The following decision options are available for consideration by Cabinet:

##### Option 1

To approve the recommendations set out in Paragraph 1.2.

##### Option 2

To reject the recommendations set out in Paragraph 1.2 and request Officers undertake more work in relation to the development of proposals for a Regional Adoption Agency.

Option 1 is the recommended option.

#### **1.7 Reasons for recommended option:**

Option 1 is recommended as this option meets the requirements being place on the Authority by the Government in relation to the regionalisation of adoption services and is the most financially and legally efficient available option.

#### **1.8 Appendices:**

Appendix 1 – Business Case  
Appendix 2 – Heads of Terms  
Appendix 3 – Consultation outcome  
Appendix 4 - Identity and branding proposals  
Appendix 5 – Equality Impact Assessment

#### **1.9 Contact officers:**

Stephen Ballantyne, Law and Governance – Tel 643 5329  
Alison Campbell, Finance – Tel. 643 7038  
Jodie Henderson, Children Services- Tel 6437388

#### **1.10 Background information:**

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

1. Regionalising Adoption – Department for Education June 2015
2. Adoption: A Vision for change – Department for Education March 2016
3. The Education and Adoption Act 2016

## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and other resources**

It is suggested that a ring- fenced reserve is established from any potential surplus. The value of any contribution to a reserve to be agreed between the Chief Finance Officers. This will include consideration of any future year's pressures, particularly in relation to risk areas such as achieving income from selling placements, and to develop the service moving forwards. Any remaining surplus to be redistributed in accordance with the agreed mechanism.

Additional resources required by the proposed host authority (North Tyneside Council) to establish and set the RAA will be funded from the RAA programme DfE grant.

### **2.2 Legal**

The Government has signaled a clear intention that by 2020 all local authorities will be part of regional agencies. The Education and Adoption Act 2016 makes provision for the Government to direct a local authority to have its adoption functions carried out on its behalf by another authority or adoption agency where such provision has not already been made by the Authority.

A decision of the Constituent Authorities to progress with the proposals as set out in this report will trigger the obligations placed on the Constituent Councils under the Transfer of Undertakings (Protection of Employment) Regulations 2006 to consult with the recognised trade unions/work place representatives of the employees affected.

### **2.3 Consultation/community engagement**

Details of the consultation and community engagement arrangement are set out in the body of this report and in Appendix 3.

### **2.4 Equalities and diversity**

An equality impact assessment (EIA) has been undertaken in relation to the proposals contained in this report. This attached at Appendix 5. The EIA does not identify any particular impact, with respect of the Authority's Public Sector Equality Duty, on individuals who possess protected characteristics.

### **2.5 Human rights**

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

### **2.6 Risk management**

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

### **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 environment 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

**Title:** Business Case - Regional Adoption Agency (Adopt North East)  
**Authorisation (sign off):**

Approval from	Comment	Date
LA Representatives on RAA Board		
Executive Board		
Section 151 Officers		

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## 1 EXECUTIVE SUMMARY

It is proposed that a new Regional Adoption Agency (RAA) is created through combining the adoption services for the local authority areas of Gateshead, Newcastle, North Tyneside, Northumberland and South Tyneside.

These authorities wish to build on the success of their existing services to improve performance in meeting the needs of those children who require permanence through adoption, by bringing together the best practice from each of these authorities and voluntary agencies.

It is proposed, subject to approval of the Cabinets of each authority, that the Regional Adoption Agency be known as Adopt North East.

This document describes how establishing a RAA will allow the authorities to provide a more cohesive, efficient and effective use of resources and development of practice.

In June 2015, the Department for Education (DfE) published a paper '*Regionalising Adoption*' setting out the proposals for the establishment of Regional Adoption Agencies (RAAs). This paper gave a very clear directive to local authorities that it was the Government's expectation for all authorities to be part of a Regional Adoption Agency by 2020.

Subsequently in 2016 the Government enacted the Education and Adoption Act 2016. This Act requires local authorities to combine their adoption services in Regional Adoption Agencies. If a local authority does not combine their adoption services the Act allows for the Government to direct a local authority to combine its services with other providers.

Funding has been made available from the Department for Education (DfE) as part of a national Regional Adoption Agency Programme for local authorities and other partners, where appropriate, to develop RAA arrangements.

A Project Board, Executive Board and work streams have collaborated to produce a detailed set of RAA proposals.

Work to determine the RAA proposals has involved extensive financial analysis and has concluded with the recommendation that the provision of the RAA services be via a lead authority/hosted model. It is therefore also proposed that North Tyneside Council should act as the lead and host Local Authority.

Stakeholder consultation has been extensive and yielded intelligence and insights which have been incorporated into the planning of the RAA.

## **2 INTRODUCTION AND OVERVIEW**

As explained above, the development of Regional Adoption Agency proposals is part of the national adoption agenda set out in the Department for Education (DfE) paper 'Regionalising Adoption' in June 2015. This was further developed by the Government in 'Adoption; A Vision for Change' in March 2016 and put into law with the enactment of the Education and Adoption Act 2016.

The Government has sought to address, by the above, a number of challenges in national adoption practice as follows:

- Inefficiencies in the delivery of adoption services in England
- Matching of children
- Recruitment concerns
- Adoption Support challenges

Local Authorities have a statutory duty to provide adoption services to all those affected by adoption living in their area and those services are subject to regular inspection by Ofsted to ensure they meet legislative requirements and minimum standards for adoption.

The move towards the proposed Regional Adoption Agency will not remove the statutory responsibilities placed on local authorities but will have far reaching changes for how those functions are organised, managed and delivered.

While all the authorities involved with the project have and currently continue to provide high performing adoption services, the Government expects that Regional Adoption Agencies will be better able to target the recruitment of prospective adopters, speed up the matching and placement of children, improve adoption support services and may create efficiency savings.

In November 2015, Newcastle City Council submitted an Expression of Interest on behalf of itself, Northumberland County Council, North Tyneside Council and Gateshead MBC, and four voluntary adoption agencies - After Adoption, Barnardos, ARC NE and Durham Family Welfare (DFW) to the DfE in relation to the development of regional adoption agency arrangements in the North East. South Tyneside Council subsequently joined the project.

Following the approval of the Expression of Interest, a Project Board was established to drive the project forward. The Project Board is made up from the Assistant Directors of Childrens' Services from each of the authorities and the Voluntary Adoption Agencies of After Adoption, Barnardos, Arc Adoption and Durham Family Welfare. The Project Board is overseen by an Executive Board made up of the Directors of Children's Services from each of the Constituent Authorities. Further details of the project support arrangements are provided in Appendix 1.

## **3 PURPOSE OF THIS DOCUMENT**

This document sets out the case for creating a new Regional Adoption Agency by combining the adoption services for the local authority areas of Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland and South Tyneside, working in partnership with the Voluntary Adoption Agencies (VAA), After Adoption, ARC NE, Barnardos and Durham Family Welfare (DFW).

This document also describes how establishing a single adoption agency will allow in particular the five authorities to provide a more cohesive and effective use of resources and promote the development of practice to the benefit of children, adopters and others who are affected by adoption.

This Business Case proposes a governance and operational financial model that sets out how the RAA will work with its partners to deliver adoption services.

#### **4 PROJECT WORK UNDERTAKEN**

The development of the proposals for the RAA follows substantial project work undertaken since January 2016. In particular this has involved:

- Establishing local authority and VAA project governance arrangements. This included the establishment of an RAA Project Board as well as an Executive Board (made up of the Directors of Childrens' Services). The Project Board has membership from Assistant Directors of Children's Services or their equivalent and VAA representative. A Project Team, comprising of a DFE sponsored coach, Project Managers and workstream leads (who have expertise in areas such as the adoption journey, finance, human resources, legal, information technology/information governance, estates/property, communications and engagement) has also been created to develop the proposals;
- Creating a baseline of the current adoption services provided by the 5 Local Authorities. This has included extensive analysis of finance, historical and current spend/income, performance and staffing; and
- Continued and ongoing stakeholder engagement and involvement. This has been a strong feature of the project and has included surveys, staff newsletters and face to face engagement events. Consultation events have been held with relevant stakeholder groups including adopters, birth parents, children and young people affected by adoption; staff; and partners in health and education. After Adoption have led on adopter and adopted children consultation. Elected members and relevant portfolio holders have also been consulted in all five local authorities and reports have been submitted to the respective Cabinets as this has been necessary.

#### **5 SCOPE AND VISION OF THE REGIONAL ADOPTION AGENCY**

As stated above the proposed RAA will encompass the local authority areas of Gateshead, Newcastle, North Tyneside, Northumberland and South Tyneside. It is estimated that the RAA will initially place 123 children per annum. (Based on average number of children placed for adoption across the 5 Local Authorities in 2016/17 & 2017/18)

The Project Team working with the Project Board and Executive Board developed the following to encompass the vision and objectives of the RAA:

##### **RAA vision:**

Excellent adoption services that transform children's and families' lives for the better.



## **RAA objectives:**

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

## **6 DELIVERY MODEL OPTIONS CONSIDERED.**

The Project Team and both the Project Board and Executive Board have considered which of the following strategic delivery options for the RAA would be appropriate. The options, which were suggested by the Department for Education (DfE), that have been considered are:

- Option 1 - A single local authority host;
- Option 2 - A Joint Venture between the local authorities in the form of a Local Authority Trading Company (JV/LATC)
- Option 3 - A Joint Venture between the local authorities and the Voluntary Adoption Agencies creating a new VAA
- Option 4 – Outsourcing service delivery to an existing Voluntary Adoption Agency

The options appraisal undertaken by the Project Team and Boards utilised the approach recommended by the DfE and has been used by other projects throughout the Regional Adoption Agency Programme. Project Board evaluated the four options against the following set of criteria:

- 1) Desirability. i.e. how well the delivery model would promote the objectives and priorities of adopters and adoptees and help meet key outcomes (feel safe, live fulfilling lives, be healthy, have a voice, reach their potential and be resilient);
- 2) Feasibility. i.e. the extent to which each option could be implemented within required timelines and budgets and allows for an appropriate level of ownership, involvement and control of the partners; and
- 3) Viability. i.e. the extent to which the model demonstrates financial and operational sustainability.

The initial Options Appraisal indicated that Options 1, 2 could be considered as possible options. The other options were not considered appropriate for the following reasons:

- Option 3: A Joint Venture between the local authorities and VAAs – essentially this was dismissed as an option for two reasons. Firstly there was no appetite within the VAA partnership to become involved in such an enterprise. Secondly, there was also

significant concern expressed by local authority partners about sharing control of any such Joint Venture entity with VAA's whilst being fully funded by the local authorities.

- Option 4: Outsourcing service delivery to an existing VAA – as above there was no appetite from VAA's to take on this role. There are in fact very few such arrangements nationally.

Financial modelling was therefore carried out on Option 1 (A single local authority host model) and Option 2 (the JV/LATC).

The initial results of the Options Appraisal exercise had indicated that Option 2 (the JV/LATC model) could potentially provide greater flexibility and in particular the ability to innovate in a business sense.

Therefore in June 2017, the Cabinets of the local authorities indicated their support in principal for the continued development of a RAA and the use of a JV/LATC model as the preferred business model to deliver the RAA. This "in principal" support was subject to an analysis of the two available options and a final decision on the model.

In March 2018, a further report to the Cabinets indicated that although initial results of the options appraisal exercise had indicated that Option 2 could potentially provide flexibility and the ability to innovate in a business sense, as the financial modeling had progressed it had become clear that the cost this model would be considerably more expensive than current arrangements in each local authority.

In June 2018, the Cabinets considered a further report on the proposals relating to the RAA. The Cabinets were advised that the financial modeling highlighted that, between the two options, the ability to recover VAT in the local authority hosted model established a clear and significant financial difference between the two options with the host model assessed as significantly more efficient in this regard.

Furthermore in relation to ease of implementation generally, the delegation of adoption functions to one local authority was more straightforward than establishing a joint venture vehicle and commissioning that vehicle to provide the required services. In addition the transfer of staff to another local authority and the provision of proper pension arrangements was simpler and cheaper than with a joint venture vehicle.

It was also noted as an advantage, in terms of the sense of ownership, if the regional adoption service was hosted by one of the local authority partners.

In considering the above, the Cabinets noted that to make the hosted model operate effectively four of the local authorities would have to delegate their adoption services functions to one host authority pursuant to Sections 9EA and 9EB of the Local Government Act 2000 and the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012. The Host Authority would then deliver the adoption services on behalf the authorities. This arrangement would be supported by an appropriate legal agreement being entered into by the authorities covering such matters as the financial contributions necessary from the authorities, indemnities, sharing of budget shortfalls together with internal governance and oversight.

It was also noted that North Tyneside Council had been identified as the proposed host and

lead authority for the RAA because of its readiness to undertake this role.

The June 2018 Cabinets of the authorities therefore noted:

1. that the preferred business model for the RAA was a local authority hosted model which would operate through the delegation of adoption functions to a host local authority pursuant to Sections 9EA and 9EB of the Local Government Act 2000 and the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012; and
2. the proposal for North Tyneside Council to act as the Lead and Host Authority for the RAA;

The above was subject to final approval of the proposals following the receipt and analysis of a consultation exercise and the finalisation of this business case and the agreement of appropriate Heads of Terms for the Shared Services Agreement to be entered into between the authorities.

The results of the consultation process are to be reported in full to the Cabinets when the consultation process has ended, but the initial results are positive and supportive of the proposals for the RAA. Heads of Terms for the Shared Services Agreement between the authorities have been developed and are also subject to Cabinet approval.

This business case is now complete and details of the financial arrangements between the authorities that will support the RAA have been identified and are set out in this document and in the reports to be submitted to the Cabinets.

## **7 RECOMMENDATION FOR THE PROVISION OF THE REGIONAL ADOPTION AGENCY.**

Following a comprehensive financial analysis, the detail of which is set out later in this document, and the other findings in this business case, the RAA Executive Board recommends to the Cabinets of the authorities involved that the most effective delivery model for the RAA is the local authority hosted model and that North Tyneside Council act as the host authority with the appropriate delegation of functions.

## **8 PROPOSED GOVERNANCE ARRANGEMENTS AND LEGAL IMPLICATIONS.**

To make the hosted model operate effectively, as explained above, it is proposed that the four other authorities delegate their adoption services functions to the Host Authority, North Tyneside Council, pursuant to Sections 9EA and 9EB of the Local Government Act 2000 and the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012. Each Cabinet of the Constituent Authorities must therefore make a resolution that its Adoption Functions be delegated to North Tyneside Council. North Tyneside Council must also make a resolution to accept the delegations from the other four Constituent Councils.

The Adoption Functions to be delegated to North Tyneside Council are:

- Recruitment and Assessment of prospective adopters;

- Matching and Placement - to match prospective adopters with children in need of adoption
- Post placement and post Adoption Order support (3 year limit)
- Support and advice to all affected by adoption
- Develop and manage all forms of post adoption contact (Post Box) between adopted children and their birth families
- Step Parent Adoption
- Inter-country Adoption

The arrangements for the delivery of the RAA services by the lead and host authority will be supported by an appropriate legal agreement being entered into by the Constituent Councils. The Shared Services Agreement will cover such matters as the financial contributions necessary from the Constituent Councils, indemnities, sharing of budget shortfalls, governance and oversight and the services to be provided. The Cabinets will be requested to approve the Head of Terms that have been developed and then to grant a delegation to their Head of Legal Services, in consultation with appropriate members and officers in their authorities, to negotiate and finalise the Shared Services Agreement.

To ensure that there is effective communication and engagement between the authorities the Shared Services Agreement will provide for the creation of an Officer Liaison Group. This will be made up of the Directors of Children's Services or their nominees. This Officer Liaison Group will meet on a quarterly basis and will provide a direct formal point of contact between North Tyneside Council as the lead and host of the RAA and the other authorities. Clearly less formal lines of communication will also operate between the North Tyneside Council and the other authorities in relation to operational matters.

The Liaison Group will monitor the performance of the RAA against the relevant performance management targets.

Within the local authorities who are delegating their Adoption Functions appropriate arrangements between their Director of Children's Services and their authority's administration will be necessary to ensure that political oversight of the arrangements is maintained within each authority.

Notwithstanding the above the Shared Services Agreement will also provide for a formal dispute resolution process should issues in relation to the delivery of the RAA develop.

The RAA will have its own budget and medium term financial plan. It is anticipated that discussions in relation to the RAA's budget will begin in September of each year with a view to an agreed budget being ready for incorporation into the overall budget of North Tyneside Council when it sets its annual budget in February/March each year.

The Shared Services Agreement will also provide, should the situation arise, for the termination of the agreement and thereby termination of the delivery of the functions of the RAA by North Tyneside Council. It is proposed that where one of the Constituent Councils gives notice to terminate this will cause a termination event and will bring an end to the whole arrangement. 12 months' notice will be required by any of the Constituent Councils to terminate the shared service arrangement.

## 9 FINANCIAL ASSESSMENT

### 9.1 Baseline Costs

The Finance workstream consisted of representatives from each of the five local authorities, who were tasked with identifying the 'baseline' cost for the adoption service for their respective authorities, and developing options for an acceptable funding model.

The Project Board commissioned an external company, Aleron, to assist the Finance Workstream in collecting the baseline financial information and activity data, and develop a proposed Business Model. It was decided that collecting actual cost, rather than budget, would be the most sensible approach to produce a true reflection of the cost of the Adoption Service for each Local Authority. Financial and activity data was collected for a four year period, 2013/14 to 2016/17, which allowed for the calculation of average costs, and identification of any one-off instances of income or expenditure which could distort the typical annual cost for a Local Authority. It also established an overall baseline cost and a number of unit costs for each authority, for comparison purposes. During this exercise, it was agreed that the following costs were 'in scope' and therefore included in the baseline cost:

- Staffing costs directly related to the adoption service
- Non-staffing/running costs
- Corporate Overheads
- Post adoption support, exclusively staffing costs and commissioned services
- Income from selling placements (inter-agency fees)

Income from selling placements will be retained by the RAA for any placements where the match is made post RAA 'go live' on the 1<sup>st</sup> December 2018. Any placements matched before this time the income will be retained by the Local Authority involved.

Costs 'out of scope' and therefore not reflected in the baseline cost and assumed to be retained by individual authorities are:

- Post adoption financial support (allowances)
- Commissioned post adoption therapeutic support, that exceeds the £5k funding limit imposed by the Adoption Support Fund (ASF)
- Cost of purchased placements (inter-agency fees)

### 9.2 Business Model and Funding Options

Four funding models were proposed by the Finance workstream to the Executive Board where each LA:

1. Does not participate in an RAA, and risks paying the equivalent of the inter-agency fee per adoption by joining an RAA at a later date.
2. Takes a stepped approach, to pay current level initially with a view to move to a standard unit cost model over a three year period.
3. Pays a standardised unit cost per adoption.

#### 4. Pays current level.

Directors of Children's Services from each Local Authority, agreed in principal to adopt model 4, based on sharing the net cost of the RAA pro rata based on each Local Authority's 2016/17 gross cost.

Further work was then undertaken to develop the budget for a proposed North Tyneside Council hosted model, shown in Table 1.

Table 1 – Draft Budget for RAA hosted by North Tyneside Council

<b>Expenditure/Income Category</b>	<b>Budget</b>
Staffing	£2,173,840
Premises, IT and Running Costs	£499,249
Support Services	£257,714
Commissioned Post Adoption Support	£150,180
<b>Gross Expenditure</b>	<b>£3,080,983</b>
Inter-agency fee income	<b>-£651,000</b>
<b>Net Budget</b>	<b>£2,429,983</b>

This followed with a series of options to establish the % contribution from each authority. These included a combination of the following:

- Allocating gross cost by
  - cost category:
    - Staffing (based on structure established by the Human Resources workstream)
    - Running Costs (3 year average)
    - Contract value for each Local Authority for commissioned Post Adoption Support
  - A total gross cost
  - net cost
- Allocating income generated from selling placements, based on a two year average of activity of selling placements
- Allocating Net cost by
  - Gross cost
  - Net cost (2 year average)

- 3 year average of the number of children adopted

These options were considered by the Directors of Finance for each authority, and it was agreed that the contribution would be based on a 2 year average of net cost (2015/16 and 2016/17). Table 2 shows the net cost for each authority used as the basis to calculate the contribution, and the estimated contribution from each authority.

Table 2 – Baseline net cost, % Contribution and Value of Contribution to RAA.

<b>LA</b>	<b>2 Year Average Net Cost 2015/16 to 2016/17 (excluding purchased placements but including inter-agency income)</b>	<b>%</b>	<b>Contribution To RAA</b>
Gateshead	£593,140	22	£534,596
Newcastle	£525,575	20	£485,997
North Tyneside	£384,535	15	£364,497
Northumberland	£712,963	27	£656,095
South Tyneside	£420,934	16	£388,797
<b>Total</b>	<b>£2,637,148</b>	<b>100</b>	<b>£2,429,983</b>

There are a number of assumptions to note in the proposed Finance Model, including:

- The RAA will generate income from selling 21 adopters each year and any income generated from selling these placements is retained by the RAA.
- There will be no redundancy costs.
- All set up costs (including ICT, premises, and additional staffing resource required by the host authority) will be fully funded from the DfE implementation grant held by Newcastle.

### 9.3 Agreement of Apportionment of Surplus and Deficit.

A number of options have been considered for the distribution of any surplus or deficit:

1. Allocate any surplus or deficit in relation to the proportion of an authority's financial contribution.
2. Allocate any surplus or deficit to take into account both the proportion of an authority's financial contribution and the actual number of adoptions achieved for each authority, weighted 50% and 50% respectively.
3. Allocate any surplus based on proportion of an authority's financial contribution, and allocate any deficit equally to each Local Authority.

It has been agreed that option 2 should be applied. This takes into account adoption activity and financial contributions.

It is suggested that a ring-fenced reserve is established from any potential surplus, up to a value of £50,000 p.a., before it is then redistributed via the agreed option. This is to offset any future years' pressures, particularly in relation to risk areas such as achieving income from selling placements, and to develop the service moving forward.

## **10 THE OPERATING MODEL**

### **10.1 Services in scope**

The RAA will deliver the following main services across the five local authorities:

- Recruitment and Assessment of prospective adopters;
- Matching and Placement – to match prospective adopters with children in need of adoption
- Adoption Panels for approvals and matches
- Post placement and post Adoption Order support
- Support and advice to all affected by adoption
- Develop and manage all forms of post adoption contact (Post Box) between adopted children and their birth families
- Step Parent Adoption
- Inter-country Adoption
- Work in partnership with the child's social worker where the child has a plan of adoption.

In relation to the operation of the RAA at a practical level, the RAA will be led by a Senior Manager of North Tyneside Council who will act as the service head. That Senior Manager will be a member of the Senior Management Team of the Health, Education, Care and Safeguarding Service and will report directly to the Head of Health, Education, Care and Safeguarding (the Director of Adults and Childrens' Services) at North Tyneside Council.

Under the arrangements for the proposed RAA, the staff who currently deliver the adoption services in each of the authorities will all come together under the employment of North Tyneside Council pursuant to the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). A formal consultation process with individuals and recognised Trade Unions has commenced and will continue if the proposals as set out in this report are approved.

Detail on the proposed organisation, including staffing roles and functions will be developed in due course by North Tyneside Council. The organisational structure will be designed and shaped to maximise the journey outcomes for children and prospective adopters.

### **10.2 Property and ICT.**

It is proposed that the RAA will be "headquartered" in the Pembroke Wing, Balliol Primary School, Benton.

The service provided by the RAA will cover a broad geographical area from south of the Tyne to the Scottish border. A high degree of mobile working is anticipated to make the most efficient use



of staff time and accessibility for service users. It is also important that the main operational base be able to establish a visible identity for the service, offers a cost effective training venue as required and provides a degree of separation from operational children's social work staff to ensure that birth parents and adopters are not put in difficult position of using the same facilities at the same time.

The ICT provision for the RAA will involve setting up a Case Management system based on North Tyneside Council's implementation of Liquidlogic LCS, as well as putting in place the required connectivity, mobile and desktop devices, and provision of 'generic' software licensing (Microsoft Office, Outlook etc.). Liquidlogic is a dedicated social services ICT system that supports the data collection and storage of information held by North Tyneside Children's services.

A dedicated resource is being recruited by North Tyneside Council to co-ordinate the configuration of the Case Management system and the wider ICT delivery project, and to provide intensive user support in the immediate post go-live period.

### **10.3 Data and Information.**

Data and Information will be required for the day to day operation and management of the RAA. Management Information will be generated automatically from core systems such as Liquidlogic LCS where possible.

Performance Management Information will be required to be presented to the RAA management team within North Tyneside Council, Ofsted, the other local authorities, the Adoption Leadership Board, the Department for Education and other partners, should the proposals be accepted.

A transitional phase of data transfer from the local authorities' systems to the proposed RAA host authority (North Tyneside Council) of live Adopter cases will be required prior to 'go live' 1<sup>st</sup> December 2018.

Historic closed cases will not be transferred and will be retained and archived by the respective individual Authorities.

A Data Sharing Agreement is being developed to enable the RAA staff to operate effectively and lawfully, with consideration of the General Data Protection Regulation 2016 (GDPR) and Data Protection Act 2018. This will be completed and approved in collaboration with respective local authority information governance lead officers and North Tyneside Council's Caldicott Guardian and then incorporated into the Shared Services Agreement before the RAA becomes operational.

### **10.4 Commissioning Arrangements**

The delivery of post adoption services to the RAA will be underpinned by a range of support functions. From a practical perspective, it is anticipated that in most instances the current Local Authority contracting organisation will extend as necessary any existing contracts to meet need.

Further work is being undertaken in relation to commissioning and post adoption support for the future of the RAA.

## **11 STRATEGIC BENEFITS**

In taking the vision and objectives into account the key aim in combining services to create a

single Regional Adoption Agency is to achieve better outcomes for all children and young people with adoption plans in the region.

It is anticipated that by coming together and combining adoption services into a new regional agency, with a with larger operating area, will provide benefits children and their adoptive families by giving a wider pool of adopters and children, and will also allow for the development of more effective matching and better support services.

Currently the statutory functions required of local authorities in respect of adoption are provided by each of the five local authorities within their own geographic areas. Therefore, in terms of recruiting adoptive parents all the agencies, whether local authority or voluntary, are competing with each other. There is therefore duplication of effort and associated costs with the risk that some people who are wishing to be considered as adoptive parents are confused about where and how to proceed with their enquiry.

The proposed RAA will have a single point of contact for prospective adopters, reducing the current fragmentation of services. Similarly, a single point of entry to the adoption service regionally will improve access to adoption support services for adoptive families, and also for adopted adults and birth family members, who have a statutory entitlement to receive a service.

These proposals build on feedback received from adoptive parents as part of the stakeholder consultation and some excerpts from the consultation conclusions are set out below for illustration:

*“The general consensus included that many parents felt they have received a lot of information around the issues that can be faced by adopted children and children in the care system, however there was greater need for more information with regard to how this can impact the child later in life and how parents can manage and support the child effectively.”*

*“A key message given from participants highlighted the need for greater focus on post adoption support for parents, with parents identifying that this needs to be of ‘high quality’ and ‘long term’. Parents highlighted the need for preventative post adoption support and earlier interventions rather than allowing situations to escalate and require crisis intervention,”*

*“Parents highlighted the importance and benefit of the Adoption Support Fund, however many commented that some social work teams do not know the full range of services that could be accessed via the ASF.”*

*“Parents also highlighted that the regional adoption agency should prioritise ensuring the access to services is experienced in a seamless and effective way to all adoptive children, parents and families that require support. ‘Too much bureaucracy’ was highlighted as a substantial barrier to a timely and successful adoption journey.”*

*“A vital message within the feedback received included the need for a ‘one point’ service that can be accessed by parents advising of all ranges of support available to them and how this can be accessed. In addition, parents added that they felt access to services should be made a clearer process, with some commenting on their frustrations around being ‘passed from pillar to post’.*

*It was felt that a regional adoption agency should give clarity to families of the support available, with regular timely updates of information of all services that may be beneficial to them. In addition, parents felt that they should be encouraged to feel confident enough to access support as early as possible, with some suggesting that this message should be outlined throughout the initial stages and beyond.”*

It will also no longer be necessary for the five local authorities to retain their individual Adoption Panels for the purposes of approving prospective adopters and adoption matches. This will provide greater efficiency, but it should be noted that each authority will continue to have to have a designated Agency Decision Maker for considering and agreeing the plan that a child should be placed for adoption and approval of the match. It is prudent to highlight that each authority will remain responsible for adoption services and assurance to Ofsted that each is meeting their statutory requirements.

The RAA will bring the existing local expertise together in respect of what makes a successful adoption, this includes best adoption matching practice, development of meaningful and realistic support plans and best use of resources available as and when needed.

Being more focused in terms of adopter recruitment may also widen the diversity and choice of potential adoptive families for children. This will be of particular value in delivering the benefits of improved early permanence planning and matching panel practice. A whole journey model has been developed as a part of the project and is built on the “best practice” from the five local authority’s adoption services and will continue to be reviewed throughout the first year of operation as the evidence of the RAA emerges.

In summary, the benefits expected to be realised through the development of the RAA:

- Improved timescales for adopter assessments
- Higher conversion rate from enquiry to approval of prospective adopters
- Wider diversity and choice of adoptive families
- More timely matching of approved adopters
- Improved timescales for placing children with their adoptive families
- Greater adopter engagement in service planning and delivery
- More extensive and consistent core offer re therapeutic training pre placement and post placement/Adoption Order
- Improved performance measurement and management across the service

## **12 STRATEGIC RISKS**

### **12.1 Being a part of the RAA.**

Moving to a Regional Adoption Agency may lead to concerns that adoption services will no longer be in control of individual Local Authorities. The proposed RAA will be formally constituted through a Shared Services Agreement between the authorities. The Shared Services Agreement will provide a service specification which will set out how North Tyneside council will provide the adoption service on behalf of the other 4 Local Authorities.

Major reorganisation of adoption services in the region may have an impact on service delivery to children and adoptive families in the short term. To mitigate these risks, consistent and regular staff engagement events have been facilitated. Alongside more focused meetings for practitioners in specific areas of the adopter's journey, for example, recruitment, assessment, panel practice and post adoption support.

Performance measures aligned with the revised operating model and regular monitoring arrangements will be established and monitored in accordance with the provisions within the Shared Services Agreement.

The staffing structure will include the staff in scope to TUPE into the RAA and will reflect the business requirements of the RAA and the proposed host authority. The staffing levels will be based upon the finance available to fund the shared service and will be developed considering actual demand experienced over the past three years, however because of the known difficulties in accurately predicting the numbers of children who are subject to a Placement Order there is a risk that the staffing levels may not be consistent with demand. This would be address under the terms of the Shared Services Agreement should this arise.

Consultation feedback from adopters clearly raises the importance of getting post adoption support right, from the provision of comprehensive information at an early stage to a focus on the long-term impact of support needs. The RAA will therefore endeavour to use skilled staff capacity to develop a consistent, highly responsive offer in post approval support and post placement support to improve outcomes for children. This is with a view to reducing placement breakdowns including in relation to later difficulties when adopted children reach their teenage years.

There is risk, even regionally, of not being able to recruit adopters able to meet the needs of the children waiting, leading to more interagency placements and financial viability issues. More coordinated and targeted recruitment activity by the RAA is expected to address this.

## **12.2 Not being part of the RAA.**

There is a risk to a Local Authority if it fails to join a regional adoption agency. This could include central government directing how and by whom its service would be delivered.

The development of regional adoption agencies across the country is likely to reduce the availability of adopters for any Local Authority who is not a member of an RAA. This may increase the costs of being required to purchase an adopter placement from an RAA or VAA.

Local Authorities who are not currently involved within an Regional Adoption Agency and may need to join a Regional Adoption Agency at a later date risk having to negotiate terms of membership with an already established partnership who may be less responsive to their particular needs.

## **13.0 STAKEHOLDER ENGAGEMENT**

Engagement with stakeholders is an integral part of the Regional Adoption Agency development. Engagement events have taken place with over 250 participants from stakeholder groups including;

- Adults affected by adoption,
- Children and young people affected by adoption

- Adopters
- Affected staff from each local authority
- VAA staff from ARC NE, DFW, AA and Barnardos,
- Partners in health
- CCG's
- Education via Virtual Heads
- The court service.

Engagement events have been held since February 2016 and continued stakeholder involvement has taken place through web based surveys, staff newsletters and face to face events.

Elected members and portfolio holders have been consulted in all five local authorities. This report follows on from previous Cabinet agreements in 2017 and in June 2018 on the development of the RAA.

Ongoing stakeholder engagement and feedback are included in plans for the implementation phase of the RAA.

## APPENDIX 1.

### Key roles in the project team:

**Project Team-** established by Newcastle City Council to develop the project plan included consultants as project managers and a project support officer funded by the DfE grant who are responsible for overseeing and managing the overall RAA project plan on behalf of the Executive Board to ensure that the desired project objectives are delivered.

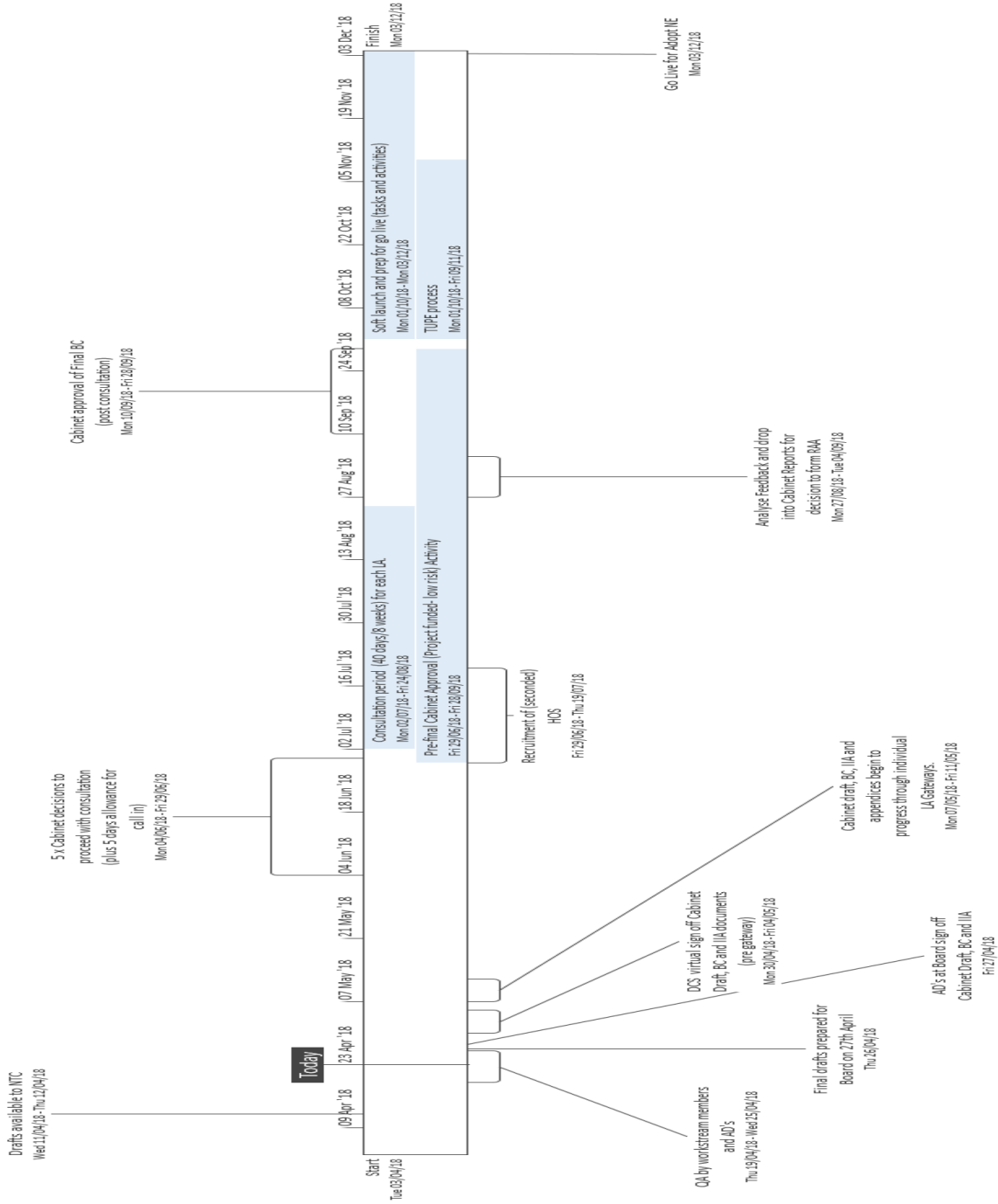
Each work stream is led by North Tyneside (Proposed Host Authority) officers led by a Senior Manager in children's services who have managing individual work stream project activities and the delivery of scheduled work stream outputs in co-operation with work stream leads from each of the Local Authorities.

The work streams have been across the following areas:

- Communications
- Finance
- Human Resources
- Information Technology
- Legal
- Social work practice
- Procurement/Commissioning
- Property/Estates
- Performance Management.

# APPENDIX 2.

## 6.2 High Level Project Plan







**Regional Adoption Agency (RAA)**

Shared Services Agreement - Proposed Heads of Terms

Parties: North Tyneside Council (Host) and Newcastle City Council, Gateshead Council, Northumberland County Council and South Tyneside Council.

Term to be Agreed	Detail
Term	Continuous until termination (see proposal for termination)
Termination	<p>Participant Authorities: 12 months advance written notice to the Host Authority and cc'd to all other constituent authorities.</p> <p>If one Participant Authority gives written notice to terminate the Shared Services Agreement between all participant authorities will terminate at the end of the notice period.</p> <p>Host Authority: – a material breach of an individual Authority's obligations under the Agreement (inc. financial contributions) - If the Host has legally imposed restrictions on its abilities to undertake its functions as set out under this agreement.</p>
Consequences of Termination	Please refer to the Apportionment of Surpluses and Deficits Head of Terms below which will contain detailed financial consequences of termination.
Delegation of Functions	<p>Agreement will contain a confirmation of each Authority's delegation to the Host and reference to relevant statutory provisions.</p> <p>Delegation of functions will be given to the Host Authority pursuant to Sections 9EA and 9EB of the Local Government Act 2000 and the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012. Each Cabinet of the Constituent Authorities must therefore make a resolution that its Adoption Functions be delegated to North Tyneside Council. North Tyneside Council must also make a resolution to accept the delegations from the other four Constituent Councils</p>
Governance of the RAA	<p>The RAA will be delivered by the Host, NTC.</p> <p>An Authorised Officer Liaison Group will be established which will constitute the DCS' (or their nominee) of each of the constituent authorities.</p> <p>The Group will meet quarterly with the RAA Service Manager (NTC's Service Manager).</p> <p>This will give the constituent authorities the opportunity to meet with NTC as the provider of the</p>

	<p>RAA to discuss the delivery of the RAA and issues that have arisen over the last period, including those which may have been resolved during that period. This will be akin to a contract management meeting. In the event of an emergency situation arising outside the normal cycle of meetings the Participant Authorities shall have the right to call for either a meeting with the Host Authority or a meeting of the Group</p> <p>There will also be a review the performance and the financial position of the service.</p> <p>The governance arrangements will also include provide for an opportunity for the participating authorities to exercise some political oversight through involvement of the relevant Lead member in each authority. This could be by annual meeting either separately or as part of one of the quarterly RAA meetings</p>
Dispute Resolution	<ol style="list-style-type: none"> <li>1. Authorised Officers (30 days)</li> <li>2. Chief Executives (30 further days)</li> <li>3. Mediation</li> </ol> <p>If the dispute is not resolved by any of the above measures then the authority in dispute will have the right to terminate the agreement as above or to seek a remedy through legal proceedings</p>
Provision of RAA by North Tyneside	Recital regarding RAA being appointed by all authorities party to the Agreement
RAA Service Manager	Will be determined and appointed by the Host Authority.
Set up and other start up Costs	The DfE Grant will be spent on Set up Costs. Once this is exceeded, local authorities will contribute to any additional costs based on the funding model.
Service plan and financial matters	<p>Draft budget setting every November for approval within North Tyneside Council's Budget Setting Process in February. Draft to be agreed by DCS' in November of each year of operation.</p> <p>3 year (medium term) financial plan will be required in addition to the Annual Budget of the</p>

	<p>RAA.</p> <p>Assets – to be distributed on wind up – please refer to Apportionment of Surpluses and Deficits Head of Term below. The same principles will be adopted here.</p> <p>Indemnity – regarding insurance claims - NTC to seek appropriate insurances to cover liability for undertaking the service on behalf of all constituent authorities. Payment of the insurance policies and any appropriate run off insurance cover (if relevant) will be included in the budget.</p> <p>Indemnity – future liabilities, eg rent. This will be included in the budget.</p> <p>Each Authority’s contribution to the RAA budget - quarterly in advance.</p> <p>Service plan to be agreed annually.</p> <p>Arrangements for Apportionment of Surpluses and Deficits will be as follows:</p> <ul style="list-style-type: none"> <li>• Any surplus or deficit is allocated to take into account both the proportion of an Authority’s financial contribution and the actual number of adoptions achieved for each local authority weighted 50% and 50% respectively.</li> <li>• In the event of a surplus the surplus will be allocated to authorities who have not received the expected number of adoptions pro rata based on the variance to the original estimate.</li> <li>• In the event of a deficit, the allocation will be pro rata on the proportion of the actual number of children adopted.</li> <li>• If there is a surplus and all Authorities have achieved more that their estimated numbers of adoptions the pro rate is based on their financial contribution only in that year.</li> <li>• In the circumstances of termination the distribution of any assets and the contributions towards any liabilities will be based on each authorities financial contribution in the year.</li> </ul>
Premises	<p>Agreed. NTC has sourced the Pembroke Wing of Baliol Primary School, North Tyneside. It is proposed that there will be a 5 year lease term.</p>

	The appropriate Lease will be entered into by NTC (tenant) as the Host of the RAA and North Tyneside Learning Trust as owner (landlord).
Staffing	<p>All staff in scope in the constituent authorities will TUPE transfer to NTC.</p> <p><u>Staffing Indemnities</u></p> <p>NTC as host and as incoming employer of all in scope staff will require from each of the constituent authorities and indemnity for any employment causes of action that occurred pre transfer date, where the action is taken against NTC as the incoming employer.</p> <p>NB: Registered Manager will remain with each constituent Authority and the costs for this individual and employment obligations will be met by the relevant constituent authority.</p>
Existing Contracts for services and/or goods	The contracts for all services/good accepted by NTC as required for the delivery of the RAA will need to be considered for novation to NTC. Where appropriate NTC may seek indemnities from the original contracting Authority in respect of procurement route and pre transfer breach.
Information Governance	<p>NTC will take the lead on all information governance matters and information governance compliance.</p> <p>All parties to the Shared Services Agreement will be required to sign a Data Sharing and Processing Agreement with NTC. To enable this to happen all parties will need to comply with the requests of NTC's Information Governance team during this phase of negotiation.</p> <p>Provisions in Shared Services Agreement will include:</p> <ul style="list-style-type: none"> <li>- Each authorities compliance with GDPR</li> <li>- Each authority will provide assistance to NTC in respect of data protection compliance, subject access requests and request under the Freedom of Information Act 2000.</li> <li>- Storage and retention of records.</li> </ul>
RAA Practice and Procedures	This will set out the agreed best practice for the delivery for the RAA – these will be appended as a schedule to the Shared Services Agreement.
Insurance and Indemnities	<p>Insurance will be obtained by NTC at commercially acceptable levels of cover for the risks associated with the delivery of the RAA. Costs for insurance will be included in the costs of the RAA to be split between the constituent authorities in accordance with the Service Plan.</p> <p>Consideration will need to be given to indemnities provided by the constituent authorities in respect of future insurance claims.</p>
Ownership and insurance of assets	All assets will be purchased, where required by NTC. Contributions will be made by all

	<p>constituent authorities in accordance with the Funding Model and in line with the agreed budget. Assets will be insured by NTC. Insurance costs will be met by all constituent authorities as a contribution to NTC under the Service Plan.</p>
<p>Audit</p>	<p>NTC's internal audit team will provide the required audit oversight for the service. Feedback and updates relating to this will be provided through the liaison group.</p> <p>As provider of the service, NTC's external auditors will also be engaged to audit this service where required. .This will form part of NTCs annual external audit as required by law. Contributions to the costs in respect thereof will be made by each constituent authorities and will form part of the budget.</p>

# Adopt North East Consultation

This report was generated on 26/07/18. Overall 53 respondents completed this questionnaire. The report has been filtered to show the responses for 'All Respondents'.

The following charts are restricted to the top 12 codes. Lists are restricted to the most recent 100 rows.

## Do you agree or disagree with the rationale for regionalising local authority adoption services and creating the new service – Adopt North East?



### Please give your reasons here:

- Should offer local children a greater chance of been adopted
- It should make adoption quicker and easier to match, taking children out of local authorities therefore giving a new start without threat of birth families being in locality.
- Would be better for the children that need to be placed outside their local Authority
- I broadly agree but need to hold in mind that this should not be seen as a cost cutting exercise and bigger is not always better - better is better
- The new service gives a positive message for all involved with adoption.
- Wider pool to match adopters/children, economies of scale, easier to share learning/collaborate
- Everyone receives the same, high quality service, no matter where they live.
- All adoptive children and families should receive support for as long as is necessary. regionalisation will mean that everyone should receive a good quality of service throughout the regions. what would be important is the services on offer must match the need not be a one size fits all.
- Regionalising services can produce economies of scale and theoretically greater choice of families for children when it comes to matching. However , my concern is that larger organisations may become impersonal for adopters who in the past have benefited from a sense of belonging. I also fear that Voluntary Adoption Agencies, who have specialised over the years in finding families for harder to place children, will not be there in the future to do so if they do not have guaranteed income at a level that makes them sustainable. Spot purchased commisioning arrangements could lead to this whereas contractual service level agreements could provide a positive basis for partnership working
- Regionalisation removes an element of customer choice, however it may result in the spreading of best practice.
- Pooling resources has to be better than relying on one service. More resources the better the service and the better outcomes for children and families
- I think it will be more effective in recruiting adopters and will reduce delay n finding placements for children
- Delay for children placed for adoption will hopefully be kept to a minimum.
- I can see how it would be beneficial having a larger pool of adopters to choose from and a more consistent service across the area, I just fear that standards will drop to the lowest rather than be pulled up to the highest.

Please give your reasons here:

Agree with this vision of a new Regional Adoption Agency, think there will be some challenges but do feel positive and enthusiastic about this new development.

I think there are a number of strengths in that families will have access to a greater range of services and services will potentially be more accessible.

Hopefully more cohesive, extending options for prospective adopters and providing more opportunities for permanence for children.

I understand the need for reducing overlap and therefore money and the need to provide an outstanding service across the north east. I worry that some of the good will be lost along the way and the personal elemnet that makes North tyneside so good will go

I can see the rationale behind the model but I am unsure of the ability to implement a fair and consistent service across all the areas.

Better co-ordination of services rather than agencies competing for families.

Support being available throughout the children's lives is vital and so important.

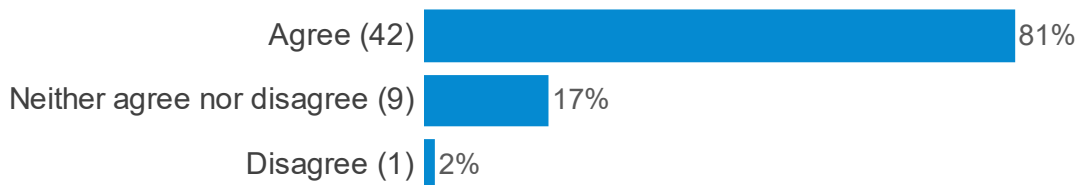
Best practice will be better disseminated and support should be easier to obtain across council boundaries

It is a highly specialist area, where pooling skills, knowledge and motivated people can really benefit children and families. The safety themes mean that having a wider pool of families to consider should reduce the waiting time considerably.

better contact and control for communication

The bigger the better!

**Do you agree or disagree that creating Adopt North East will improve marketing to adopters and create better coordinated messaging across the North East?**



Please give your reasons here:

Having one regional agency will improve marketing and will give clarity to adopters and sure a more consistent service to adopters and children

I agree that it should as long as it is run effectively

Yes pooling resources and staff experience\skills together

I think this has been the benefit of other RAA initiatives but would be interested how this includes the VAA partners

This is a new way forward and will inspire and improve services

Reasons adequately covered above

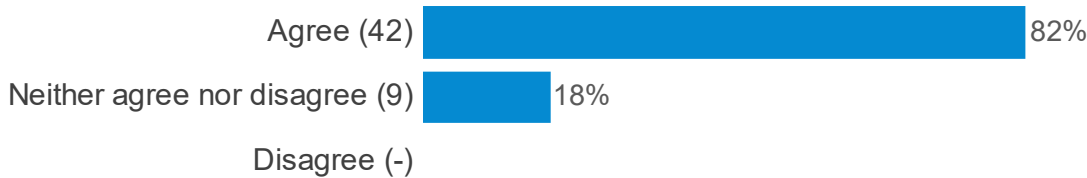
Pooled resources, knowledge and skills will help to improve marketing

Im not convinced that marketing for adoption will improve the uptake. people either want to adopt or not and if they do most would have the knowlege to appraoch the LA. perhaps time, resoecuces money could be better used imo

Please give your reasons here:

- Pooled resources and a joined up strategic approach will hopefully produce a dividend
- Greater budget capacity should result in better marketing techniques.
- Brilliant idea and way forward
- I think it will be clearer to the public about who they need to contact and I believe that recruitment will be improved as there will be less competition and more resources available
- A consistent message across the region would be good
- Amalgamating five adoption services with very different ways of working will present it's challenges however it will be good to have well co-ordinated messages and marketing across the North East.
- This will happen in the future, however in the short term the new system may be confusing, so marketing will have many purposes.
- Having the same criteria across the region will be good as will having just one point of contact
- Larger workforce giving greater publicity potential.
- Lots of fine words about principles but nothing about nitty, gritty practicalities
- Yes I think there will be economies of scale for the agencies. However as a single adopter i chose to go to a voluntary agency and was disappointed by the unwelcoming approach of some LAs. I think having some specialist services/ skills for adopters outside the heterosexual couple mode is useful easier to locate, access, communicate
- They should be more people to help do this job

**Do you agree or disagree that creating Adopt North East will improve the recruitment and assessment process for adopters and their journey with Adopt North East will be timely?**



Please give your reasons here:

- Again is true in theory but depends on how efficient the system is and how quickly all involved can make decisions
- Better training and understanding of attachment will benefit both potential adopters and children from a very early stage and throughout. More desperately needs to be done in schools though.
- Yes pooling staff skills and experiences together as well as resources. Having one RAA to approach will minimise confusion for adopters and encourage positive networks with prospective adopters
- I think there is a great potential for this to be improved and streamlined but not to assume this would be an automatic result - will require some work
- Everyone within the RAA has the opportunity to work together to improve the adopters journey
- Very pleased to hear that therapeutic parenting will be included in training
- Adopters won't have to wait for training
- no prospective adopters or child should be left in an untimely process



**Please give your reasons here:**

I hope this is the case but there will still be the problem of having adoption medicals undertaken in time and of receiving a return on statutory checks and references in a timely fashion.

This depends on how much preparation has been done before the 'go live' date to ensure systems and processes are in place and that there is not a 'downturn' in recruitment during any transition phase.

Process seems sound and will enhance everyones journey

Agree that therapeutic parenting training and attachment is a good idea - what about working with the child's trauma?

More regular panels is a great idea for adopters and children.

It will reduce the confusion about where to go but I do not feel that it would improve the journey or assessment process.

Timeliness is very important for prospective adopters who make that most important initial contact with some trepidation and anxiety. Fortnightly panels are a good idea for approval and matching.

Would need to see how this works in practice. Will training programmes run locally, will service be personalised.

I agree that it will help with courses being held more frequently but feel that potetial adopters may be put off if thy have to travel too far. Also you would need to ensure that the relationship between adopters and the person assessing is not lost. It is hard enough to open up to an unknown person, if a different person shows up to each interview it will be impossible.

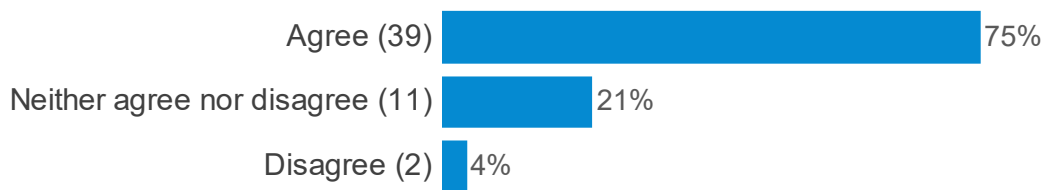
Should be a much quicker process and more efficient.

Hopefully, but travelling long distances to get to training can be a disincentive and the region covered is large.

more on your doorstep, give people a more comfrotable feeling

I would like to think so as again the more people involved should make it more organised and quicker

**Do you agree or disagree that creating a regionalised adoption agency - Adopt North East - efficient, high quality adoption support services can be provided for all families in the scope of the new service?**



**Please give your reasons here:**

Has already come to light that each region has own policies etc and is hard for all to make agreements

Better working together with schools, parents and other agencies will really benefit children and parents who feel isolated.

No more post code lottery for services hopefully!

One of my biggest hopes for RAA's is that they remove the postcode lottery of adoption support services and that adoptive and birth families have a range of quality support made available to them across the whole region.

This area of support requires high levels of resources from all involved and everyone affected by adoption should be given the same opportunity to be helped through the process.

**Please give your reasons here:**

Glad to see attention being paid to high-quality, post-adoption support. Some concern about service potentially becoming too monolithic and not being responsive to different needs in different areas.

Pooling resources, skills and experience, means a quality level of adoption support can be offered. It also means that the referral process should be more streamlined, and families will not have to wait so long to receive support. There will be more options of support available to families, so this will better meet their needs.

Yes as long as serious consideration is given to what "type" of support is needed and ultimately offered. One size, or variation of does not fit all. An example would be story stem or play therapy .... not ideal for highly traumatised children, specialist services within the region should be sought

We currently offer high quality Adoption Support Services across the North East but within your proposed collaborative we have only supported Tyneside therefore the proposal would allow all LAs to access services such as ours.

Discussions need to take place with the Voluntary Sector, who already have many of these services at their disposal. rather than re-inventing the wheel.

The RAA planning for self sufficiency may mean that other services currently available from VAA's will no longer be available in the market.

Scope of services means that adoptive families and birth families will have greater chance of meeting their needs and support

Pooled resources will create a greater service mass more able to cope/manage staffing issues and surges in demand

At present I am under North tyneside, I know everyone i am comfortable talking to them and going to them with my problems and asking for assistance. I do not feel this would be the case with a much larger organisation.

It will be good to have a single commissioning service and to be able to bring different therapeutic providers so that parents can be given choice of the different therapeutic services. It may be a challenge though taking into account the geographical spread of Adopt North East in terms of parents accessing such services dependant on where they live.

This will depend on resources, having consistency and fair access to services, and ensure VAA's are included in the overall service.

I have had a good experience and would like everyone to have the same as long as that standard remains high

I would need to review the finished model and the providers understanding of on going support.

Current adoption support in Newcastle is poor, in our experience with social workers being very reluctant to apply to the ASF. Any improvement on this would be very welcome.

Support services are vital and need to be seen as standard and not upon need as that usually means it us on Kate and makes parents feel inadequate which should be eradicated as offered to everyone.

It can be but will it? PAS needs to be for the entire period of an adoption and this assumption needs to be in place from the very beginning. Will sufficient resources be available?

It should do, but sometimes adopters need to feel they are accessing independent advocacy and something that stands outside the system in order to be able to challenge. This can be tricky to establish if the network is too closely entwined.

Again I would like to think this as long as there is plenty people in the system to cope with each job

**We are keen to ensure that this consultation reaches people from across the region; please would you help us to confirm this by providing the first five digits of your postcode in the space below?**

NE35R	Ts15 9
ne81h	NE8 3JH
Ne259	DH33J
NE65 0	ne28 7
Ne28 7	NE96B
ne11	
NE26 2N	
NE29 9LE	
dh8 9qt	
NE17R	
Ne30 3	
NE34 9	
DH2 1A	
NE10 0	
NE26 2	
SR5 2T	
ts17 5	
TS10 1	
SR5 2T	
NE34 7	
ne11 9	
TS159	
Sr5 1n	
DH4 4YA	
TS17 6	
ne360	
NE30 3	
NE6	
ne28 6	
NE13 9	
ne25 8	
NE8	
NE30 3	
NE29 8	
TS26 8	
Ne65T	
Ts18 5	
NE15 5	
ne303	
DH5 8Q	

**Logo option 2**

Nuturing families



**ADOPT**  
NORTH EAST



## Equality Impact Assessment (EIA)

The separate EIA guidance notes outline what should be included for each section. Please read them before you begin. If you have any queries, contact your Corporate Equality Group rep, or the Engagement Team on 643 2828.

1. Author, service area, date

Jodie Henderson HECS 09 August 2018

2. Who else has been involved in writing this EIA?

HECS SMT

3. What proposal is this EIA assessing?

The development of a Regional Adoption Service under a shared services agreement between 5 Local Authorities (North Tyneside, South Tyneside, Newcastle, Gateshead and Northumberland), hosted in North Tyneside.

4. What is the purpose of your proposal and what is it expected to achieve?

To make best use of resources to work differently to improve adoption services for all people effected by adoption, including specifically, Looked After Children with a plan of adoption, adopted children, prospective adopters, adoptive parents, and birth families of children who are adopted.

5. Is there any relevance to the aims of the public sector equality duty? *Write your answers in the table*

Aim	Yes, No, or N/A	Details if 'yes'
Eliminate unlawful discrimination, victimisation and harassment	N/A	

Advance equality of opportunity between people who share a protected characteristic and those who do not	Yes	This is a new service delivery model which will ensure that people of all backgrounds who are affected by adoption will have equal opportunity for information advice and support.
Foster good relations between people who share a protected characteristic and those who do not	N/A	

6. Analysis by characteristic *Write your answers in the table*

<b>Protected characteristic</b>	<b>Potential positive or negative impact?</b>	<b>Explanation and evidence</b>
Age	Neutral	There is no change to the assessment practice for those involved in adoption and while age is considered it is not a barrier to adoption.
Disability	Neutral	There is no change in the assessment practice for those involved in adoption and while disability is considered it is not a barrier to adoption.
Gender	Neutral	There is no change to the assessment practice for those involved in adoption and while gender is considered it is not a barrier to adoption.
Gender reassignment	Neutral	There is no change to the assessment practice for those involved in adoption and while issues linked to gender reassignment would be considered it is not a barrier to adoption.
Marriage and civil partnership status	Neutral	There is no change to the assessment practice for those involved in adoption and while relationship status of all involved is considered it is not a barrier to adoption. It is a legal requirement that relationships are 'stable'
Pregnancy and maternity	Neutral	There is no change to the assessment practice for those involved in adoption and while current or future plans regarding family planning is considered it is not a barrier to adoption.

Race	Neutral	There is no change to the assessment practice for those involved in adoption and while race is considered it is not a barrier to adoption.
Religion or belief	Neutral	There is no change to the assessment practice for those involved in adoption and while beliefs and religion is considered it is not a barrier to adoption.
Sexual orientation	Neutral	There is no change to the assessment practice for those involved in adoption and while personal identity and relationships are considered sexual orientation is not a barrier to adoption.

7. Have you carried out any engagement in relation to this proposal? If so, what?

Engagement events have been undertaken with people impacted by adoption supported by 'After Adoption', staff and partners. These events have included development on the proposal and support formal consultation.

Formal consultation with Unions will commence in October 2018 subject to formal agreement to proceed being agreed by the Cabinets of the 5 Local Authorities involved. This will run for 30 days with staff having the opportunity for 1 to 1 meetings with the relevant Senior Manager

8. Is there any information you don't have that you need to find?

No

9. What actions are already in place, or will be taken, to remove or reduce potential negative impacts? (add more lines to the table if you need to) *Write your answers in the table*

Action	Responsibility	Timescale
The proposed work site is fully accessible to staff and users of the service, linked to public transport and has designated parking to support equality of access.	Jodie Henderson/Iain Betham	01 December 2018
All assessments linked to adoption are subject to scrutiny by social work managers, adoption panels and courts. This ensures that any identified barriers linked to protected characteristics, or any other personal	Jodie Henderson	01 December 2018

<p>presenting issue is considered with the interests of the child as paramount as is required by UK law. Work will progress to ensure that the bringing together of the 5 local authorities adoption practices promotes continuation of equality of practice.</p>		

10. Are there any potential negative impacts that cannot be removed or reduced? If so, why is this?

It is possible that while establishing the identity of the regional adoption service there is a reduction in activity to promote adoption and as such there may be a delay in adoption planning for individual children. Each Local Authority is alert to this and has provided assurance that they are working to ensure this does not happen, however this has been noted to be an impact in the establishment of other Regional Adoption Agencies. This will be closely monitored and mitigated as appropriate.

11. Based on your conclusions from this assessment, what are your next steps?

To proceed as planned and commence consultation

12. How will the impact of this proposal be monitored after it is introduced?

Outcomes will be monitored at the RAA executive project board.

13. When will this EIA be reviewed?

At the end of staff consultation.



# North Tyneside Council Report to Cabinet Date: 10 September 2018

## ITEM 5(i)

Title: Complaints Service  
Report 2017-18

**Portfolio(s):** Elected Mayor  
Adult Social Care  
Children, Young People and Learning

**Cabinet Member(s):** Norma Redfearn  
Councillor Gary Bell  
Councillor Peter Earley

**Responsible Officer:** Paul Hanson, Acting Chief Executive (Tel: 643 7000)

**Wards affected:** All

### PART 1

#### 1.1 Executive Summary:

The purpose of this report is to provide Cabinet with an overview of the Authority's closed complaints, for the year 1 April 2017 and 31 March 2018 and to ensure compliance with the requirement to publish a report on complaints under the relevant statutory complaint legislation.

This report covers all complaints made to the Local Authority, including those made under social services arrangements, and those made to the Local Government and Social Care Ombudsman (LGSCO) and the Housing Ombudsman (HO).

The LGSCO have recently produced their annual summary of complaints for all local authorities and North Tyneside Council still remain the lowest within Tyne & Wear. For 2017-18, the LGSCO received 44 complaints and 2 enquiries for North Tyneside Council. Out of the 44 complaints received, 33 were referred back to the Local Authority for local action, not upheld or closed after initial investigation. The figure of 44 complaints is slightly higher than last year but fewer than the previous two years.

With regard to the Local Authority complaints, the number of complaints continues to be very low compared to the amount of transactions the Authority undertakes every year. Overall, formal complaints to the Authority have remained similar to 2016-17 when 1,107 complaints were registered in comparison to 1,196 during 2017-18.

Effective complaints handling is very important and learning from the outcomes is an excellent way to improve service delivery.

## **1.2 Recommendation(s):**

It is recommended that Cabinet:

1. notes the complaint related activity during 2017-18 as set out in the Annual Complaints Report (Appendix 1);
2. approves the above Report for publication by the Acting Chief Executive; and
3. receives the Local Government and Social Care Ombudsman's Annual Review of complaints concerning North Tyneside Council for 2017-18 (Appendix 2).

## **1.3 Forward plan:**

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

## **1.4 Council plan and policy framework**

This report relates to the following priorities in the Our North Tyneside Plan "Our People" and "Our Places", as lessons learned from complaints are a key driver in service improvement and ensuring best value for money.

## **1.5 Information:**

### **1.5.1 Background**

The Authority undertakes millions of transactions with its 206,000 residents and over five million visitors to the Borough, throughout the year. Against that background, the number of complaints received by the Authority remains consistently low, reflecting the excellent services our customers receive and the Authority's ability to resolve swiftly any issues that do arise at the first point of contact.

The number of formal complaints increased during 2017-18 compared to the previous year as the Authority continues to take a proactive approach to encouraging our residents and service users to provide feedback. The Authority's complaint leaflet entitled "How to complain about Council services" is widely available in the Authority's buildings and to download from the Authority's website. It is also now very easy for our customers to contact us on-line, and Social Care Service users are provided with a complaint leaflet at the first point of contact.

Customer satisfaction with the complaints process remains relatively high and the Authority continues to resolve the vast majority of complaints at Stage One. The Authority welcomes complaints as valuable feedback from its customers and complaint outcomes provide valuable lessons learned to further improve and enhance the Authority's services and procedures.

The Authority operates statutory complaint procedures for Adult Social Care and Children and Young People's Services and Public Health. It also provides a Corporate Complaints Procedure for all other services. The Senior Complaints Officer is the main contact with the offices of the Local Government and Social Care Ombudsman and Housing Ombudsman (LGSCO and HO). This involves responding to initial enquiries, gathering information, and arranging access to files

and interviews of staff under the instruction of the LGSCO and HO investigators, and providing advice and assistance to the Authority's Officers who may be the subject of a complaint.

### **1.5.2 Local Government and Social Care Ombudsman**

During 2017-18, the Authority responded to LGSCO enquiries in a timely fashion and was well within the required timescale for response of 28 days. The LGSCO's Annual Review of complaints concerning North Tyneside Council for 2017-18 is at Appendix 2.

### **1.5.3 Complaints Report**

The Authority's Complaints Service Report for 2017-18 is attached at Appendix 1. Cabinet is invited to note that the overall number of formal complaints remained similar to 2016-17 when 1,107 complaints were registered in comparison to 1,196 during 2017-18.

### **1.5.4 Corporate Complaints**

There were 992 Corporate Complaints received during 2016-17, this increased to 1070 in 2017-18.

The Authority recognises that it is important to deal with complaints well as this is central to providing a good customer service. Services seek to address complaints and learn from these complaints so that the Authority can continually improve services.

The results are set out in detail in Section 3, Table 8 of the Report at Appendix 1.

### **1.5.5 Social Care Complaints**

The number of Social Care complaints (relating to both Adult Social Care and Children and Young People's Services) increased slightly from 115 in 2016-17 to 126 in 2017-18. This equates to 64 cases in Children's Social Services and 62 cases in Adult Social Care.

The results are set out in Section 2, Tables 2 to 6 of the Report at Appendix 1.

### **1.5.6 Customer Survey**

A survey of complainants' experiences of, and satisfaction with, the complaints service undertaken in respect of complaints handled during 2017-18 resulted in 15% of forms being returned. The majority of those responding found it easy to find information about the service and said that staff were helpful, that they were happy with the length of time taken to respond to their complaint, and that the content of the response letter was easy to understand. Overall 65% of customers thought the complaints process was good.

### **1.5.7 Future Developments**

One key aim of the complaint process is 'learning' from complaints and this is a core driver in all future developments. A number of changes were made to procedures

and practice in services as a result of complaints resolved during 2017-18. Examples have been listed on pages 10-12 of the Report.

A continuing area of development is partnership working, where services are provided on behalf of the Authority in conjunction with other public, voluntary and private sector organisations. Such change has potential for complaint processes to become complex, so arrangements are in place to ensure the customer's experience is as straightforward as possible. Securing the efficient handling of complaints is a vital component of ongoing arrangements with our current and any potential future partners.

#### **1.5.8 Conclusion**

Complaints are now widely recognised as integral to the provision of quality services at both individual and strategic levels. The Authority's successful history and current good practice in effective complaint handling will be an integral service improvement driver in the current rapidly changing culture. The demands of maintaining, and increasing levels of customer satisfaction, coupled with organisational changes across public and partner sectors, will be well supported by the current robust complaint handling procedures and electronic system in place.

The Report will be published on the Authority's website and will be available on request from the Senior Complaints Officer.

#### **1.6 Decision options:**

The following decision options are available for consideration by Cabinet:

##### Option 1

Note the content of the Report and approve publication of the report.

##### Option 2

Cabinet may refer the report back to officers and request that further analysis and information is provided.

Option 1 is the recommended option.

#### **1.7 Reasons for recommended option:**

Option 1 is recommended for the following reason:

All local authorities providing 'social service functions' including North Tyneside Council are required to publish an annual report on complaints received. Publication of a Report also supports community engagement and promotes transparency and opportunities for organisational improvement.

#### **1.8 Appendices:**

Appendix 1: North Tyneside Council Complaints Service Report 2017-18.

Appendix 2: The Local Government Ombudsman's Annual Review of complaints about North Tyneside Council 2017-18.

## **1.9 Contact officers:**

Paul Hanson, Acting Chief Executive, tel 643 7000  
Emma Rothery, Senior Complaints Officer, tel 643 5361  
Alison Campbell, Senior Business Partner, tel 643 7038

## **1.10 Background information:**

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

- The Local Authority Social Services Complaints (England) Regulations 2006 and Guidance (Children)  
<http://www.legislation.gov.uk/ukxi/2006/1738/contents/made>
- The Local Authority Social Services and National Health Service Complaints (England) Regulations 2009 and Guidance (Adults)  
[http://webarchive.nationalarchives.gov.uk/+www.dh.gov.uk/en/SocialCare/DH\\_12\\_0361](http://webarchive.nationalarchives.gov.uk/+www.dh.gov.uk/en/SocialCare/DH_12_0361)
- North Tyneside Council Corporate Complaints Procedure  
<http://my.northtyneside.gov.uk/category/479/complaints-procedure>
- The NHS Bodies and Local Authorities Regulations 2012  
<http://www.legislation.gov.uk/ukxi/2012/3094/introduction/made>

## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and other resources**

There are no financial or other resource implications arising directly from this report. The delivery of the service is provided for from existing budget provision. Compensation payments are funded from existing budgets in the relevant Service areas.

### **2.2 Legal**

Local Authorities with Social Service functions are required to publish regular reports on Complaints and Ombudsman investigations in accordance with The Local Authority Social Services Complaints (England) Regulations 2006.

### **2.3 Consultation/community engagement**

Internal Consultation

The Report has been circulated to Heads of Service, the Acting Chief Executive, the Elected Mayor, Deputy Mayor and Cabinet Members for Adult Social Care and Children, Young People and Learning. Comments received have been incorporated where relevant in the Report.

### **2.4 Human rights**

The service promotes equal access to complaint services and opportunities to contribute to service improvement.

## 2.5 Equalities and diversity

The service promotes equal access to complaint services and opportunities to contribute to service improvement. Material is available in different formats and Officers actively provide assistance for people with individual needs as required. Equality monitoring is undertaken so that the service can ensure it meets the needs of people with protected characteristics across all of the borough's communities.

## 2.6 Risk management

A risk assessment has taken place. All risks identified can be managed through North Tyneside Risk Process and will be added to the Authority's Risk Register.

## 2.7 Crime and disorder

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

## 2.8 Environment and sustainability

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

## PART 3 - SIGN OFF

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

# COMPLAINTS SERVICE REPORT 2017-18

**Date:** July 2018

**Author:** Emma Rothery

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North Tyneside Council

## COMPLAINTS SERVICE REPORT

1 APRIL 2017 – 31 MARCH 2018

### Introduction

This report provides an overview of the Authority's closed complaints, for the year between 1 April 2017 and 31 March 2018. It covers complaints under the Children Act 1989 and the National Health Service and Community Care Act 1990, which are often referred to together as the 'social services' procedures. It also includes other 'corporate complaints' about other services provided by the Authority, and Complaints made to the Local Government and Social Care Ombudsman (LGO) and Housing Ombudsman (HO). This report has been produced using data from complaints that were closed during 1 April 2017 to 31 March 2018.

The Authority aims to provide high quality services and customer care at all times. However, it recognises there are occasions when people may wish to register dissatisfaction with those services. When this happens, the Authority wants to hear about people's experiences and, where something has gone wrong, to put it right, so far as is possible and this process in turn drives improvements generated from complaints. Therefore we have a comprehensive complaints service that covers not only the statutory Social Services arena, but also all other services of the Authority under a Corporate Complaints Procedure.

We also welcome comments, compliments and suggestions to provide a broad, balanced and reflective picture of people's experiences of our services.

### Executive Summary

The number of complaints continues to be very low compared to the millions of transactions the Authority has with approximately 206,000 residents and approximately, 5 million visitors every year, but the overall number of formal complaints to the Authority has remained similar to last year when 1,107 complaints were registered in comparison to 1,196 during 2017-18.

Complaint leaflets are widely available in the Authority's buildings and to download from the Authority's website. It is also now very easy for our customers to contact us online. Satisfaction surveys are now issued to all complainants following the closure of their complaint, regardless of the complaint outcome. 15% of complainants returned their satisfaction survey during 2017-18 and of them, 65% were happy with the complaints process.

As a result of complaints received during the year a number of changes to practice and procedure were introduced; examples are summarised under 'Number and Analysis of Complaints' below.

In keeping with the principle of resolving problems as quickly as possible, the proportion of Corporate complaints resolved at Stage 1 remains high at 86% in 2017-18 and 94% for Children Social care complaints. Adult Social Care complaints have a one stage process and if the complainant remains dissatisfied they may complain to the Local Government and Social Care Ombudsman, resulting in all such complaints being resolved at Stage 1 of the statutory complaints procedure.

The Local Government and Social Care Ombudsman found three cases of maladministration with injustice against the Council. All recommendations made by the Local Government and Social Care Ombudsman were actioned in a timely way by the Authority.

## **Procedures**

### **Overview**

The Council aims to respond positively to all complaints and other representations so that it can help resolve individual issues and learn from experience how to improve services. We aim to provide comprehensive complaint services, which are widely understood and easily accessible to all. The whole Authority, staff and Members, are committed to effective complaint handling and problem solving as an integral part of customer focussed services and responsive performance management.

There are four separate procedures for Corporate, Children and Adult Social Care and Public Health complaints. Wherever possible, before the 'formal' complaint procedures are used, efforts are made at an operational level to resolve any difficulties.

### **Corporate Complaints**

Once the formal procedures are entered into for Corporate Complaints, there are, in essence, three stages:

1. Complaint referred to team leader or operational manager to try to resolve within 10 working days;
2. If not resolved to the customer's satisfaction, they can ask for it to be reviewed by a more senior manager within 10 working days; and
3. Ultimately, the Regulation and Review Committee, consisting of up to 5 Ward Councillors, makes the final decision.

### **Children Social Care Complaints**

In Children Social Care cases, the statutory complaints process is governed by the Local Authority Social Services Complaints (England) Regulations 2006. Stage 1 should be responded to within 15 working days and can be extended to 20 working days; at Stage 2 the response is due within 25 working days and may be extended to 65 working days for complex complaints with the complainant's approval; and Stage 3 the complaint is referred to an Independent Review Panel.

The Authority engage Independent Investigators and Independent Persons for Children Act Complaints at Stage 2 as set out in the Regulations. Other independent roles, e.g. members of Independent Complaint Review Panels, are also engaged by the Authority's Complaints Service as and when required.

Children Social Care staff ensure that all children, of an understanding age, who are new to the care system are in receipt of a complaints leaflet.

## **Adult Social Care Complaints**

The Local Authority Social Services and National Health Service Complaints (England) Regulations 2009 were introduced in April 2009. Under these provisions, the characteristics of individual complaints are assessed and specific plans of how to address the complaint are agreed with the complainant. The approach focuses on the complainant and enables organisations to tailor a flexible response that seeks to resolve the complainant's specific concerns. It is based on the principles of good complaints handling:

1. Getting it right
2. Being customer focussed
3. Being open and accountable
4. Acting fairly and proportionately
5. Putting things right
6. Seeking continuous improvement.

This statutory procedure has no fixed timescales, other than a maximum period of six months for handling the complaint and is a one stage process. Complaints about the Public Health Service are dealt with under a similar procedure as Adult Social Care complaints.

## **How to make a complaint**

Complaints can be made in a number of ways, e.g.

- By talking to the staff involved, to let them try to sort the problem out;
- By writing to or telephoning the relevant service department.
- A complaint form is available on line at:  
<https://my.northtyneside.gov.uk/category/478/complain-about-council-services>
- By personal visit to any of the Council's Customer First Centres,
- By telephoning the Council's Contact Centre on 0345 2000 101.

## **Help and support**

The Complaints Team is independent of service departments and offers information, advice and help to complainants and staff responding to complaints. The Complaints Team primary role is to ensure all complaints are looked into properly and any lessons learnt are adopted.

Independent advocacy is available for people wishing to make Social Services complaints, especially children and vulnerable adults. Other assistance can be arranged to suit individual requirements.

Copies of this report and other material can be made available in other formats or languages on request to the Senior Complaints Officer.

## **Who can make a complaint?**

Under the Corporate Complaints Procedures, any user of the Authority's Services can complain. This includes residents and visitors. It also includes relatives and carers acting on someone's behalf, e.g. a person living outside the area representing a relative living in North Tyneside.

In the Social Services arena, people can make a complaint if they are someone for whom the Authority has a power or duty to provide, directly or indirectly, a social service and his/her needs for that service have come to the attention of the Authority. This is extended to cover someone acting on his or her behalf, e.g. a relative or carer.

Limited exclusions do apply:-

- when other more appropriate processes already exist, e.g. formal appeal procedures, legal proceedings;
- when the matter occurred more than 12 months before the complaint was made (unless there is good reason for the delay in bringing the matter to the Authority's attention); and
- when the matter has already been properly examined.

It should be noted that where a complaint is made on someone else's behalf, reasonable checks will be made with that person to ensure they are aware of and are happy for the complaint to be considered.

## **External review**

### **Local Government and Social Care Ombudsman and Housing Ombudsman**

The Local Government and Social Care Ombudsman (LGSCO) and the Housing Ombudsman (HO) look at complaints about Local Authorities in a fair and independent way and their service is provided free of charge. They are independent of all Government departments and have the same powers as the High Court to obtain information and documents. If they find the Authority has done something wrong they will make recommendations to put things right.

The LGSCO and the HO play a vital role for people wishing to make a complaint. It is usual for them to refer a matter to the Authority to look into, if it has not done so previously; they class this type of complaint as "premature".

The Local Government and Social Care Ombudsman Advice Team can be contacted on:

Tel: **0300 061 0614** Text 'call back' to **0762 481 1595** at: [www.lgo.org.uk](http://www.lgo.org.uk)  
or write to: **The Local Government and Social Care Ombudsman**, PO Box 4771,  
Coventry CV4 0EH

The Housing Ombudsman Advice Team can be contacted on:

Tel: 0300 111 3000 Email: [info@housing-ombudsman.org.uk](mailto:info@housing-ombudsman.org.uk)

or write to: **Housing Ombudsman Service**, Exchange Tower, Harbour Exchange Square, London, E14 9GE

Operational liaison with the Local Government and Social Care Ombudsman and the Housing Ombudsman is undertaken by the Corporate Complaints Officer.

In the Annual Letter for 2017-18 from the LGSCO they indicated that in total, 46 complaints about North Tyneside Council had been received during the year. The HO does not provide an annual report for each Authority and so similar information is not available from the HO in relation to complaints they have received regarding provision of housing and housing services by the Authority.

The Authority also records complaints received from the LGSCO and HO and has recorded that 38 complaints were received from the LGCO and the HO combined during the period. Of the 38 complaints received, seven were outside of their jurisdiction, on eight occasions they exercised their general discretion not to investigate, three were classified as premature and referred to the Authority to investigate, in 10 cases they found no maladministration and they found maladministration and injustice in relation to three complaints. The LGSCO has emphasised that their statistics reflect the data they hold and may not necessarily align with the data we hold. For example, their numbers include enquiries from people they signpost back to the authority, some of whom may never contact us.

The LGSCO Annual Letter will be available on their website in mid July and once published a copy will be available from the Corporate Complaints Officer.

Set out below are details of the complaints received by the LGSCO in relation to neighbouring authorities. In comparison with previous years, it is apparent that levels of contact with the LGSCO remain constant highlighting that the majority of complainants are satisfied with the way their complaint has been handled by the Authority.

<b>Complaints referred to the LGO in Tyne &amp; Wear</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
Gateshead	64	58	44	51
Newcastle upon Tyne	58	68	66	66
<b>North Tyneside</b>	<b>56</b>	<b>56</b>	<b>36</b>	<b>44</b>
South Tyneside	49	51	45	49
Sunderland	59	56	71	67
Total	286	289	262	377

## Care Quality Commission

In the Adult Social Care arena, the Care Quality Commission also plays a similar role within its wider remit of regulation of social care. The Commission can be contacted at CQC National Customer Service Centre, Citygate, Gallowgate, Newcastle upon Tyne, NE1 4PA, telephone: 03000 616161 or via an online form on their website [www.cqc.org.uk](http://www.cqc.org.uk).

## **OFSTED**

For Children Social Care and across Children Young People and Learning, OFSTED plays a similar role to Care Quality Commission. They can be contacted at: OFSTED, Piccadilly Gate, Store Street, Manchester, M1 2WD, telephone: 0300 123 1231 or via email: [enquiries@ofsted.gov.uk](mailto:enquiries@ofsted.gov.uk).

## **Management and Operation**

During the period of this report: 1 April 2017 to 31 March 2018, the management and operation of both the corporate and social services processes was provided by the Customer and Member Liaison Office, which is based within the Law and Governance Department of the Authority. The Customer and Member Liaison Office was also the main point of contact for the Local Government and Social Care Ombudsman and the Housing Ombudsman.

The Office not only managed many individual complaints but also monitored the correct use of the procedures in the various service departments. It did not investigate complaints as service areas were responsible for examining complaints about their own services.

Individual complaints were referred to relevant service managers to examine and respond to the complainant.

The Complaint service is supported by a bespoke Customer Relationship Management system.

## **Performance Indicators**

A report on the overall performance of the complaints service is submitted to the Authority's Senior Leadership Team on a monthly basis and to the Authority's Member Support Group every six months. An Annual report is also presented to the Authority's Regulation and Review Committee to update Members with the number of complaints that have been received the previous year.

The local authority carries out an in-house survey of people who have used the complaints process. These show that 55% of respondents said they found it easy to find information about the complaints process; 63% were happy with the time taken to respond to complaints; 66% thought the process was good and 52% were satisfied with the outcome.

There are currently approximately 206,000 residents in North Tyneside. Voluntary diversity monitoring of complainants was introduced several years ago. The following table compares the results of the survey against the Office of National Statistics (ONS) Mid Year Population estimate for 2017 in relation to gender and age, and the latest data in relation to disability, ethnic origin and religion, which is taken from the 2011 Census.

%	O.N.S.	NTC	%	O.N.S.	NTC
<b>Gender</b>			<b>Ethnic Origin</b>		
Female	51.7	55	Asian	1.9	0.5
Male	48.3	44	Black	0.4	0
Declined		1	Other Ethnic	0.6	1
<b>Age</b>			Mixed	0.9	0.5
16-24	11.1	1.5	White British	95.4	95
			Other White	1.2	2
25-34	14.9	10	Chinese	0.5	0
35-44	16.1	12	Declined	-	1
45-54	18.1	19	<b>Religion</b>		
55-64	15.9	23	Christian	63.8	57
65-74	13.1	24	Hindu	0.3	0
Over 75	10.8	10	Buddhist	0.2	0.5
Declined	-	0.5	Muslim	0.7	1
			Sikh	0.2	0
<b>With a disability</b>			Jewish	0	0
Yes	20.6	38	Other	0.2	3.5
No	-	58	None	28.1	30
Not given	-	5	Declined	6.4	8

## Numbers and analysis of complaints

The number of complaints for 2017-18, together with previous years for comparison, is shown in the tables at the end of this report.

This information is made available for consideration by individual service areas, as part of performance management throughout the year. This helps identify any themes or trends and so informs service improvement initiatives. The Complaints Team met with various service management teams to discuss any implications arising from themes or trends in complaints.

The total complaints related activity is set out in Table 1. Formal complaints continue to slightly increase in numbers year on year.

Corporate complaints resolved at Stage 1 remained high at 86% and 94% of Children Social Care complaints closed during the period were resolved at Stage 1. This reflects the commitment of Managers and Supervisors to resolve complaints at an early stage.

All complaints concluded and closed off on the Complaints Database create a prompt to enter any lessons learnt as a result of the complaint. A number of improvements generated by complaints were made to procedures and services during the year. A number of examples of such improvements are set out below

Adult Social Care complaints

Brief Summary	Lessons Learned
Invoices paid for care fees, etc. work not being done when sickness in staff team.	Backup for staff when on sick leave needs to be put in place. Alternative and more appropriate financial processing systems need to be explored and put in place. Process needs to be explained to families and evidenced by signed copies of forms given to both parties.
Deceased father's Council Tax Bill not being dealt with as system not working properly.	Tell Us Once system does not appear to be working within the Council. Access by the Manager of Information Systems Helpdesk has been made aware that someone should pick up the TUO in relation to Adult Social Care services so that records can be updated accordingly.
Court protection finances.	A decision will be made about purchase of a new Liquid Logic module to prevent tracking having to be done manually as this is fraught with human error.

Children's Services Complaints

Delays in EHC plan outcome.	<p>The new 0-25 process requires assessments from</p> <ul style="list-style-type: none"> <li>Colleagues in Health 19-25</li> <li>Colleagues in Social care 19-25 as well as colleagues in Education.</li> </ul> <p>If we do not believe that Education continues to meet the outcomes for the young person we need to have a co-ordinated care package from Health and Care which can evidence that the young person can access outcomes but in a different way other than Education.</p>
Concerns over care plans for young children from families.	<p>Find a way to quickly get the information to parents and overcome the fact that these reports are confidential due to the staffing comments it holds. You can either redact the report or talk through the relevant parts.</p> <p>Suggest to the operational teams to use family group conferences facilitated by Barnardos as a way of trying to resolve issue between us and families/guardians.</p> <p>In this case it was particularly helpful to also work with legal support to help us</p>



	and the family better understand the issues and proposals.
Lack of consistent member of staff working with families.	This complaint highlighted the importance of ensuring service users are informed of a change of worker, particularly when the worker is agency and is leaving at short notice. Senior Social Worker/Team Leader to ensure this is included with the preparation for the worker leaving. Ensure family members are kept informed wherever possible.

### Corporate Complaints

Repairs to properties within North Tyneside.	Communications need to be clear to residents regarding repairs and response times. Repairs staff need to also ensure jobs are done in a sensible priority order. Any materials needed for jobs should be identified at an early stage to avoid delays. We need to manage tenant's expectations.
Wrong information being given out from Call Centre staff.	Sessions to be held in the summer about training call centre staff on what departments deal with. This will avoid crossed communications in future.
All Service Areas.	Staff sickness/holidays need to be covered so that services are not impacted on. Continual complaints regarding residents not being able to contact "a person".
Gas servicing for residents.	<p>The gas servicing procedure is so robust that automated letters can upset customers due to the process not being flexible. The Gas Team need to make a note of the conversation and stop engineers calling if, as an example, advance notice of the customer being in hospital was given. Also emphasising to customers that they should ignore any letter that is delivered subsequently if new servicing appointments have been made.</p> <p>Although the gas servicing procedure produces good KPI's and has been agreed with NTC/Customers it is another example of being a complaint generator and will continue to do so if changes are</p>

	not made.
Special Guardianship Orders.	The financial process for calculating Special Guardianship Order allowances was found to be inaccurate and amended process was developed with Barrister advice and subsequently agreed as the new process. However given the financial implications and significance of change to an established process this requires cabinet approval and the necessary paperwork was prepared for presentation to Cabinet. Following cabinet approval, the new process will be put in place.
Adult Learning Alliance courses.	Learners need to have better guidance around the next steps in their learning and for this to be provided earlier in the academic year so that there is a clear pathway identified including planned 'next steps'.
Free school meals process – flaws in process leading to child not getting entitlement.	We have put in place a checking mechanism to prevent errors in Free School Meal application confirmations happening again.

## Future Developments

North Tyneside Council continues to change rapidly. This change process will continue and remain a challenge for effective complaints handling as service users experience changes and the organisation evolves internally as a result of changing priorities from central Government and more limited resources being available to the Authority.

There are significant examples of change within the Authority. The Authority has partnership arrangements with Kier North Tyneside, Engie and Capita to provide a range of services.

From 1 April 2018, a substantial change to the management of complaints will take place with the creation of Link Officers within the service areas. The Link Officers within the service areas will be responsible for recording complaints on the customer relationship management system with the Complaints Team taking a supervisory role providing advice and support when required. The Senior Complaints Officer will be responsible for considering Stage Three requests to Committee and the liaison with the Local Government and Social Care Ombudsman and the Housing Ombudsman.

The overall focus of attention however, will continue to be very much centred on 'learning' from complaints and this will be a core driver in all future developments by the Authority.

## Conclusions

The Authority has made a commitment to deliver a successful future for its residents and the borough in the Our North Tyneside plan, but to achieve the outcomes we need to deliver within the resources available and must therefore do things differently. There is not only significantly less money available, but also increasing pressures and challenges from a growing and ageing population and changing needs and expectations, however, the underlying principles when dealing with complaints still remain:

- To aim to respond to complainants in a proportionate manner, understanding the perspective of the person making the complaint and wherever possible resolve matters at an early stage.
- To continue to work alongside and support managers and other partner organisations to ensure that complaints are responded to concisely and in a timely manner.
- To continue to work within our policies, procedures and legislative guidelines throughout the complaints processes.
- To provide training to staff to ensure complaints are handled effectively and efficiently.
- To continue to focus on handling enquiries promptly to try to prevent unnecessary escalation and dissatisfaction.
- To continue to learn from our outcomes and make changes to improve our services.

The 'Creating a Brighter Future' programme is not just a plan for delivery but it will deliver a major culture change and new way of working that will:

- Encourage our customers to be more independent
- Better manage demand for services so people access the right services at the right time
- Focus everything it does to delivering its priorities.

The extent of the changes required will inevitably generate concerns from customers as the changes to service delivery and charging arrangements are implemented.

The rapidly changing culture and demands of increased customer satisfaction coupled with organisational changes across public and partner sectors means that complaints services must be continually kept up to date. The Authority's successful history and current good practice in effective complaint handling cannot be taken for granted.

By the very nature of this area of work, the complaints services will never satisfy all of the people all of the time. However, the survey of complainants indicates a high level of satisfaction with the service overall.

The Authority is committed to providing effective complaints services for the benefits of individual customers, the Authority and the community alike. Complaints are now widely recognised as integral to the provision of quality services at both individual and strategic levels and will continue to be so in the coming years.

## Background

### Statistics

This part of the report is broken down into the following sections:-

- 1) Overall number of complaints across the Authority
- 2) Social Services Complaints
- 3) Corporate Complaints
- 4) Local Government Ombudsman
- 5) Informal Complaints and Enquiries

### 1. Overall number of complaints across the Authority

The volume of formal complaint related activity for the period April 2014 to March 2018 is summarised in Table 1.

<b>Table 1 Summary</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
Social Service Complaints	92	97	115	126
Corporate Complaints	772	836	992	1070
<b>Total</b>	<b>864</b>	<b>933</b>	<b>1107</b>	<b>1196</b>
Local Government & Housing Ombudsman complaints received by NTC	35	43	32	38
<b>Formal total</b>	<b>899</b>	<b>976</b>	<b>1139</b>	<b>1234</b>
Pre-Complaint and general enquiries dealt with by the Customer & Member Liaison Office	814	550	599	685
<b>Total complaint related activity</b>	<b>1713</b>	<b>1526</b>	<b>1738</b>	<b>1919</b>

There was a slight increase in the number of pre-complaint and general enquiries dealt with by the Customer and Member Liaison Office during 2017-18 in comparison with 2016-17. The Customer and Member Liaison Office continued to make sure that as many enquiries as possible are directed to the most appropriate service at the first point of contact. This will ensure customers are given more responsive replies and reduce the inefficiencies inherent in redirection of enquiries within the Authority. All enquiries received by email into the Customer and Member Liaison Office are acknowledged by email, the majority on the same working day. The customer is also notified of who their enquiry has been sent to and that they should expect a response direct. Enquirers by telephone or letter are also provided with a receipt setting out the same information.

### 2. Social Services Complaints

Social Service complaints dealt with under the relevant statutory processes are split into Children's and Adult Services, as shown in Table 2. In addition there are complaints regarding Children's and Adult Services which were dealt with under the Corporate procedure (see Table 8).

<b>Table 2 Social Services by Division</b>	2014-15	2015-16	2016-17	2017-18
Children & Families Services	46	50	54	64
Adult Services	46	47	61	62
<b>TOTAL</b>	<b>92</b>	<b>97</b>	<b>115</b>	<b>126</b>

There has been small increase of complaints about Social Care Services overall during the last year, however numbers remain very low.

Within Children Social Care, complaints have been categorised as shown in Table 3.

<b>Table 3 Children &amp; Families Services Categories</b>	2014-15	2015-16	2016-17	2017-18
Adoption/Fostering/LAC	20	10	7	14
Safeguarding	11	20	22	31
Child Protection	0	0	2	2
Front Door	9	12	12	9
Commissioning and Investment	4	3	0	3
Children with Disability Team	0	0	0	5
Other	2	5	11	0
<b>TOTAL</b>	<b>46</b>	<b>50</b>	<b>54</b>	<b>64</b>

Children who are looked after receive a 'complaints form' to use if they wish to raise any point about their care or circumstances generally. Acknowledging that making a complaint can be difficult, young people are encouraged to have the assistance of a mentor or advocate if they want to make a complaint. The units for children with a disability have specially trained advocates to help those who have communication difficulties.

In the child protection system users may feel they have little power to make a complaint and this is acknowledged. To capture issues of user concern the review process and other meetings are forums in which matters which are a worry to the user can be tackled. In this way the user's view can be heard and services influenced. In addition to the numbers reported above there were 14 complaints about Children Services dealt with under the Corporate Complaints procedure.

Within Adult Social Care, categories are shown in Table 4.

<b>Table 4 Adult Services Categories</b>	2014-15	2015-16	2016-17	2017-18
Safeguarding	2	2	1	3
Commissioning	3	3	3	2
Personalisation / Social Work	32	36	44	40
Integrated Services	8	4	5	9
Other	1	2	8	8
<b>TOTAL</b>	<b>46</b>	<b>47</b>	<b>61</b>	<b>62</b>

In addition to the numbers reported above there were 14 complaints about Adult Services dealt with under the Corporate Complaints Procedure during 2017-18.

Tables 5 and 6 show the proportions of upheld complaints for Children’s and Adults Services over the year.

<b>Table 5 - Children Social Care complaint outcomes</b>	2014-15 %	2015-16 %	2016-17 %	2017-18 %
Not Upheld	61	70	46	55
Upheld in Full	7	2	4	8
Upheld in Part	30	26	44	37

<b>Table 6 - Adult Social Care complaint outcomes</b>	2014-15 %	2015-16 %	2016-17 %	2017-18 %
Not Upheld	46	49	43	43.5
Upheld in Full	2	0	3	0
Upheld in Part	52	49	51	56.5

Problem solving at the earliest opportunity is a key aim of effective complaint handling. This is not only of value to the complainant but also to the Authority in optimising use of resources and enhancing customer care.

Table 7 shows early resolution at Stage 1 of Children’s complaints only. From April 2009 a one stage process was introduced for Adult Social Care complaints.

<b>Table 7 – Children’s Social Services complaints resolved at stage:</b>	2014-15 %	2015-16 %	2016-17 %	2017-18 %
One	91	96	93	94
Two	7	2	2	1.5
Three	2	0	0	4.5

### 3. Corporate Complaints

Table 8, below, shows a breakdown of corporate complaints received from 2014-15 for comparison purposes.

<b>Table 8 – Corporate Complaints</b>					
<b>Department</b>	<b>Service Area</b>	<b>2014-15</b>	<b>2014-15</b>	<b>2016-17</b>	<b>2017-18</b>
Chief Exec & Financial Services	Finance & Resources	1	7	7	11
	Law & Governance	15	13	22	7
	Other (inc Street Lighting)	9	0	2	1
	<b>Total</b>	<b>25</b>	<b>20</b>	<b>31</b>	<b>19</b>
Revs, Bens & Customer	Benefits	55	80	71	51
	Council Tax	41	50	43	69

Services	Customer Services	31	34	37	38
	<b>Total</b>	<b>127</b>	<b>164</b>	<b>151</b>	<b>158</b>
Adult Social Care					
	<b>Total</b>	<b>15</b>	<b>11</b>	<b>15</b>	<b>14</b>
Children, Young People & Learning					
	<b>Total</b>	<b>17</b>	<b>13</b>	<b>19</b>	<b>16</b>
<b>ENVIRONMENT, LEISURE AND HOUSING:</b>					
<b>Department</b>	<b>Service Area</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017/18</b>
Leisure	Indoor Sports & Leisure	13	15	15	21
	Cultural Services Other	8	11	11	8
	<b>Total</b>	<b>21</b>	<b>26</b>	<b>26</b>	<b>29</b>
Environment	Parking	20	20	33	52
	Planning	19	20	27	21
	Highways	41	51	64	87
	Environmental Health	5	12	15	19
	Other	2	1	3	20
	Street Environment	36	39	49	80
	Property	4	6	7	7
	Waste Management	20	16	15	30
	Recycling/Wheeled Bins/Special Collections	20	71	89	116
	Trees/Shrubs	8	15	21	15
	Winter Maintenance	0	2	0	0
	Bereavement Services	2	2	3	0
	<b>Total</b>	<b>182</b>	<b>255</b>	<b>326</b>	<b>447</b>
Housing	Debt Recovery/Income	15	12	20	20
	Day-to-day Repairs	13	12	16	10
	Allocations/Letting	27	24	40	26
	Housing Estates	73	45	79	76
	Empty Homes /Voids	7	12	5	10
	Quality Homes for Older People	2	10	7	4
	Homelessness / Advice	15	7	6	9
	Housing Investment	8	25	11	10
	Safer Estates	3	3	10	4
	Leasehold	2	2	2	3
	Other	8	3	10	10
<b>Total</b>	<b>173</b>	<b>155</b>	<b>206</b>	<b>182</b>	
Kier North	Day-to-day Repairs	156	126	156	148

Tyneside	Gas Services	24	23	26	20
	Housing Investment	16	27	19	20
	Empty Homes / Voids	14	14	16	12
	<b>Total</b>	<b>210</b>	<b>190</b>	<b>217</b>	<b>200</b>
Business & Economic Development	Business & Economic Development	2	2	1	4
Public Health	Public Health	0	0	0	1
	<b>Grand Total</b>	<b>772</b>	<b>836</b>	<b>992</b>	<b>1070</b>

The number of Corporate Complaints increased by 8% to 1070 in 2017-18.

Environmental complaint numbers were 326 in 2016-17 and increased to 427 in 2016-17 (+24%). There had been a noticeable increase in complaints in two areas, these were parking and highways. With regard to parking, the local authority had recently advised residents who lived in a parking controlled area that charges for their residential parking permit were to be introduced, this resulted in more complaints being attributed to this category. In relation to Highways, there are a number of ongoing major road infrastructure developments across the Borough, this has resulted in an increase in the number of complaints received. The developments include the replacement of Norham Road bridge and improvements to the A19 corridor at the Silverlink.

An increase had also occurred in the category of recycling but in the context of the 90,000 households in the borough the number remains small and every effort is made to ensure all complaints are kept to a minimum and that residents satisfaction is maintained.

The number of Housing complaints during 2017-18 had shown a marked improvement with a small reduction in the number of formal complaints recorded. It should be acknowledged that the Housing Department have worked hard to improve their standards as they deal with hundreds of thousands of transactions with Council tenants over the year.

Table 9 shows the proportion of corporate complaints upheld or not.

<b>Table 9: Corporate complaints outcomes</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Not Upheld	39	40	47	46.5
Upheld in Full	33	32	24	27
Upheld in Part	28	28	29	26.5

Table 10 shows the stage at which corporate complaints were resolved, again indicating a high level of early problem solving overall and again is consistent with previous years.

<b>Table 10: Corporate complaints resolved at Stage:</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
One	86	87	88	87
Two	13	12	12	13
Three	1	1	0	<1



## Policy complaints

Complaints about the policies of the Authority are recorded and responded to at Stage 1 but not considered further within the complaints process.

## 4. Local Government and Social Care Ombudsman and Housing Ombudsman

The next stage after the Authority's complaints procedures is consideration by the Local Government Social Care Ombudsman or Housing Ombudsman.

Table 11 groups the breakdown by the Authority's Service Areas as recorded by the Authority:

<b>Table 11: Complaints to the LGO &amp; HO</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
Environmental & Cultural Services	4	5	5	4
Highways, Transport & Planning	6	9	4	7
Revenues & Benefits	4	5	4	4
Housing	11	7	9	8
Education & Children Social Care	3	8	4	5
Adult Social Care	3	7	4	8
Other	4	2	2	2
<b>Total</b>	<b>35</b>	<b>43</b>	<b>32</b>	<b>38</b>

Table 12 gives the decisions made by the Local Government Social Care Ombudsman and Housing Ombudsman in the given years as recorded by the Authority.

<b>Table 12: LGO &amp; HO Decisions</b>		<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
<b>Total</b>	<b>Complaints Received</b>	<b>35</b>	<b>43</b>	<b>32</b>	<b>38</b>
Not Investigated	Outside Jurisdiction	9	10	3	7
	Discretion not to investigate	5	5	7	8
	Premature referrals	4	4	6	3
	Discontinued Investigation	6	3	2	5
<b>Total Not Investigated</b>		<b>24</b>	<b>22</b>	<b>18</b>	<b>23</b>
Investigated	Findings of no maladministration	6	15	8	10
	Satisfied with LA's actions	3	0	0	0
	Findings of maladministration and injustice	2	4	3	3
	Maladministration, no injustice				1
	Ongoing	0	2	3	1
<b>Total Investigated</b>		<b>11</b>	<b>21</b>	<b>14</b>	<b>38</b>

## 5. Informal complaints and enquiries

As has been indicated previously, the 'headline' figure of the number of formal complaints does not reflect the number of concerns or problems reported to the Authority, and satisfactorily dealt with by staff and via the Members Enquiries System.

The Customer & Member Liaison Office also monitored the number of enquiries and informal complaints, or 'pre-complaint enquiries' dealt with by its staff during 2017-18, and these figures are shown in Table 13. This information has already been helpful on a number of occasions as early indicators of developing issues in some service areas.

<b>Table 13 - Pre complaint &amp; general enquiries processed by CMLO</b>	2014-15	2015-16	2016-17	2017-18
Children, Young People & Learning	29	11	18	20
Adult Social Care	25	18	18	15
Cultural Services	39	19	17	23
North Tyneside Homes	114	79	84	91
Kier North Tyneside	46	30	29	23
Environmental Services	417	306	353	404
Customer Services, Revs & Bens	58	36	32	41
Law & Governance	43	23	20	20
Finance & Resources	39	25	21	35
Other	4	3	7	13
<b>TOTAL</b>	<b>814</b>	<b>550</b>	<b>599</b>	<b>685</b>

18 July 2018

*By email*

Patrick Melia  
Chief Executive  
North Tyneside Metropolitan Borough Council

Dear Patrick Melia,

### **Annual Review letter 2018**

I write to you with our annual summary of statistics on the complaints made to the Local Government and Social Care Ombudsman (LGSCO) about your authority for the year ended 31 March 2018. The enclosed tables present the number of complaints and enquiries received about your authority and the decisions we made during the period. I hope this information will prove helpful in assessing your authority's performance in handling complaints.

#### **Complaint statistics**

In providing these statistics, I would stress that the volume of complaints does not, in itself, indicate the quality of the council's performance. High volumes of complaints can be a sign of an open, learning organisation, as well as sometimes being an early warning of wider problems. Low complaint volumes can be a worrying sign that an organisation is not alive to user feedback, rather than always being an indicator that all is well. So, I would encourage you to use these figures as the start of a conversation, rather than an absolute measure of corporate health. One of the most significant statistics attached is the number of upheld complaints. This shows how frequently we find fault with the council when we investigate. Equally importantly, we also give a figure for the number of cases where we decided your authority had offered a satisfactory remedy during the local complaints process. Both figures provide important insights.

I want to emphasise the statistics in this letter reflect the data we hold, and may not necessarily align with the data your authority holds. For example, our numbers include enquiries from people we signpost back to the authority, some of whom may never contact you.

In line with usual practice, we are publishing our annual data for all authorities on our website, alongside an annual review of local government complaints. The aim of this is to be transparent and provide information that aids the scrutiny of local services.

### **Future development of annual review letters**

Last year, we highlighted our plans to move away from a simplistic focus on complaint volumes and instead turn focus onto the lessons that can be learned and the wider improvements we can achieve through our recommendations to improve services for the many. We have produced a new corporate strategy for 2018-21 which commits us to more comprehensively publish information about the outcomes of our investigations and the occasions our recommendations result in improvements to local services.

We will be providing this broader range of data for the first time in next year's letters, as well as creating an interactive map of local authority performance on our website. We believe this will lead to improved transparency of our work, as well as providing increased recognition to the improvements councils have agreed to make following our interventions. We will therefore be seeking views from councils on the future format of our annual letters early next year.

### **Supporting local scrutiny**

One of the purposes of our annual letters to councils is to help ensure learning from complaints informs scrutiny at the local level. Sharing the learning from our investigations and supporting the democratic scrutiny of public services continues to be one of our key priorities. We have created a dedicated section of our website which contains a host of information to help scrutiny committees and councillors to hold their authority to account – complaints data, decision statements, public interest reports, focus reports and scrutiny questions. This can be found at [www.lgo.org.uk/scrutiny](http://www.lgo.org.uk/scrutiny) would be grateful if you could encourage your elected members and scrutiny committees to make use of these resources.

### **Learning from complaints to improve services**

We share the issues we see in our investigations to help councils learn from the issues others have experienced and avoid making the same mistakes. We do this through the reports and other resources we publish. Over the last year, we have seen examples of councils adopting a positive attitude towards complaints and working constructively with us to remedy injustices and take on board the learning from our cases. In one great example, a county council has seized the opportunity to entirely redesign how its occupational therapists work with all of its districts, to improve partnership working and increase transparency for the public. This originated from a single complaint. This is the sort of culture we all benefit from – one that takes the learning from complaints and uses it to improve services.

### **Complaint handling training**

We have a well-established and successful training programme supporting local authorities and independent care providers to help improve local complaint handling. In 2017-18 we delivered 58 courses, training more than 800 people. We also set up a network of council link officers to promote and share best practice in complaint handling, and hosted a series of seminars for that group. To find out more visit [www.lgo.org.uk/training](http://www.lgo.org.uk/training).

Yours sincerely,



Michael King  
Local Government and Social Care Ombudsman  
Chair, Commission for Local Administration in England

**Local Authority Report:** North Tyneside Metropolitan Borough Council  
**For the Period Ending:** 31/03/2018

For further information on how to interpret our statistics, please visit our website:  
<http://www.lgo.org.uk/information-centre/reports/annual-review-reports/interpreting-local-authority-statistics>

## Complaints and enquiries received

Adult Care Services	Benefits and Tax	Corporate and Other Services	Education and Children's Services	Environment Services	Highways and Transport	Housing	Planning and Development	Other	Total
9	8	5	11	3	2	3	5	0	46

201

## Decisions made

Detailed Investigations				Uphold Rate	Total
Incomplete or Invalid	Advice Given	Referred back for Local Resolution	Closed After Initial Enquiries	Not Upheld	Upheld
1	0	12	20	4	7
				64%	44

### Notes

Our uphold rate is calculated in relation to the total number of detailed investigations. The number of remedied complaints may not equal the number of upheld complaints. This is because, while we may uphold a complaint because we find fault, we may not always find grounds to say that fault caused injustice that ought to be remedied.

### Complaints Remedied

by LGO	Satisfactorily by Authority before LGO Involvement
5	1