North Tyneside Council

Cabinet

5 January 2018

Monday, 15 January 2018 Room 0.02, Ground Floor, Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside **commencing at 6.00pm.**

Agenda Item		Page(s)
1.	**Apologies for Absence** To receive apologies for absence from the meeting.	
2.	**To Receive any Declarations of Interest and Notification of any Dispensations Granted** You are invited to **declare** any registerable and/or non-registerable interests in matters appearing on the agenda, and the nature of that interest. You are also invited to disclose any dispensation in relation to any registerable and/or non-registerable interests that have been granted to you in respect of any matters appearing on the agenda. Please complete the Declarations of Interests card available at the meeting and return it to the Democratic Services Officer before leaving the meeting.	
3.	**Minutes** To confirm the minutes of the meetings held on 11 December 2017 (Ordinary meeting) and 18 December 2017 (Extraordinary meeting) (previously circulated).	

Continued overleaf

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Contact Officer(s)
Sharon Ranadé – (0191) 643 5614
Dave Brown – (0191) 643 5358

Agenda Item		Page(s)
4.	**Report of the Young Mayor**	
	To receive a verbal report on the latest activities of the Young Mayor and Young Cabinet.	
5.	**Reports from Scrutiny Committees**	
(a)	To consider a report of the ICT Strategy Sub-group.	4-19
6.	**Key (and non-key) Decisions**	
(a)	**2017/18 Financial Management Report to 30 November 2017 (All Wards)**	20-78
	To consider a report setting out the Authority's financial position as at 30 November 2017 and to seek approval to revisions to the Authority's Investment Plan.	
(b)	**2018-2020 Financial Planning and Budget Process: Cabinet's Final Budget Proposals for the 2018/19 Housing Revenue Account Business Plan and Budget (All Wards)**	79-140
	To consider final proposals for the 2018/19 Housing Revenue Account Business Plan and Budget, including housing rent, garage rent, service charge increases and the housing element of the 2018-2021 Investment Plan.	
(c)	**North Tyneside Cycling Strategy – Engagement (All Wards)**	141-232
	To seek approval to commence a process of public engagement on the draft North Tyneside Cycling Strategy and to commence a process of engagement with user groups on the draft North Tyneside Cycling Design Guide.	
7.	**Exclusion Resolution**	

This is to give further notice in accordance with paragraphs 5(4) and 5(5) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 of the intention to consider item 8(a) below in private.

Cabinet is requested to consider passing the following resolution: Resolved that under Section 100A (4) of the Local Government Act 1972 (as amended) and having applied a public interest test as defined in Part 2 of Schedule 12A of the Act, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act.

Reason for taking the item in private: The report contains information relating to the financial or business affairs of any particular person (including the authority holding the information).

Agenda Item		Page(s)
8.	**Key (and non-key) Decisions**	
(a)	**Strategic Property Update (Chirton, Camperdown and Riverside Wards)** To consider a report which provides information on a revised Depot solution.	233-244

Date and Time of Next Meeting(s)

Wednesday 24 January 2018 at 6.00pm – Extraordinary Meeting
Monday 12 February 2018 at 6.00pm – Ordinary Meeting

Circulated to Members of the Cabinet:

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

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

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

North Tyneside Council
Report to Cabinet
Date: 15 January 2018

ITEM 5(a)
Title: ICT Strategy Review: An Overview, Scrutiny and Policy Development Committee Sub Group Report

Portfolio(s):	**Finance and Resources**	**Cabinet Member(s):**	**Cllr B Pickard**

Report from:	**Overview, Scrutiny and Policy Development Committee**
Wards affected:	**All**

PART 1

1.1 Executive Summary:

The purpose of this report is to present the recommendations of the ICT Strategy Sub-group, on behalf of the Overview, Scrutiny and Policy Development Committee.

The recommendations are set out in paragraph 1.5.3 below.

In accordance with section 9F of Part 1A of the Local Government Act 2000, Cabinet is required to provide a response to the recommendations of the Overview, Scrutiny and Policy Development Committee within two months. In providing this response Cabinet is asked to state whether or not it accepts each recommendation and the reasons for this decision. Cabinet must also indicate what action, if any, it proposes to take.

1.2 Recommendation:

It is recommended that Cabinet consider and formulate a response to the recommendations presented to them as a result of the Overview, Scrutiny and Policy Development Committee's review of the ICT Strategy.

1.3 Forward plan:

The report was included in the Forward Plan published on 11 December 2017 for the period 11 December 2017 – 31 March 2018 under the heading 'matters arising from Overview, Scrutiny and Policy Development Committee and its sub committees'.

1.4 Council plan and policy framework:

This report relates to the following priorities in the 2014/18 Our North Tyneside Plan:

Our People, our places, our economy and our partners

1.5 Information:

1.5.1 At its meeting in May 2017 the Overview, Scrutiny and Policy Development Committee agreed that a sub-group should be established to undertake a review of the Council's ICT Strategy. This was an issue the Committee had been looking to review for some time, subject to resources being available to support the review.

1.5.2 The remit of the Sub-group was to review the Council's ICT strategy in the context of changing organisational and customer need, and underpinned by the Target Operating Model and delivery of the Creating a Brighter Future Programme.

1.5.3 The Sub-group set out to evaluate whether the Council has an appropriate ICT strategy in place and whether this strategy will meet the needs of the organisation going forward.

1.5.4 Following discussions with officers, the sub-group made the following nine recommendations to Cabinet:

1. That the Digital Strategy is subject to an annual review to ensure it is refreshed on a regular basis, and that consideration is given to including a timeline setting out when objectives will be achieved, particularly shorter term objectives covering the next 12-18 months;

2. To ensure there is clear democratic accountability in relation to the management of the contract with ENGIE and the wider ICT Strategy, and that the Overview, Scrutiny and Policy Development Committee has a specific on-going role in reviewing the performance of the contract and the delivery of projects within the ICT Strategy.

3. That communication to staff and Members in relation to the ICT Strategy and the ICT projects that are underway is enhanced to raise awareness of the various strands and the linkages between them.

4. That SLT and the Council's partners are pro-active in encouraging all staff to embrace the opportunities offered by ICT innovations and to fully utilise ICT to improve efficiency, underpinned by comprehensive training for all staff on new systems.

5. That a cross-section of residents with mixed technical ability are involved in consultation and testing around the re-design of Council services, to ensure the accessibility of re-designed services.

6. In relation to future developments around data and analytics, to ensure that Scrutiny members are involved in the development of ideas about how residents' data is used and analysed, and have oversight of how these developments are implemented.

7. To consider the training needs of Councillors in relation to the introduction of Office 365 and Sharepoint, particularly in relation to Data Protection requirements around the storing and accessing of documents.

8. Given the data transfer issues that have arisen from the recent Kier in-sourcing decision, that exit plans are developed for all current partnership arrangements, and at the outset of any future arrangements, to fully consider the ICT implications.

9. While recognising the difficult financial situation, to consider whether any additional Capital funding could be allocated to speed up improvements and the roll-out of ICT equipment, particularly where investment would allow savings to be realised.

1.5.5 The full report which outlines the key findings, conclusions and recommendations of the review is attached at Appendix 1.

1.5.6 The Overview, Scrutiny and Policy Development Committee received the report on 4 December 2017 and approved the recommendations for submission to Cabinet.

1.5.7 Cabinet has a statutory duty to respond to the Overview, Scrutiny and Policy Development Committee's recommendations within 2 months of receiving them. In providing its response Cabinet is asked to provide reasons for any recommendations which are not approved.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet accepts the recommendation set out in paragraph 1.2 above.

Option 2

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

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Cabinet has a statutory duty to respond to the Overview, Scrutiny and Policy Development Committee's recommendations within 2 months of receiving them. Option 1 is recommended as this option allows Cabinet time to consider and formulate a response to the recommendations.

1.8 Appendices:

Appendix 1 – Overview, Scrutiny and Policy Development Committee Report: ICT Strategy Review

1.9 Contact officers:

Joanne Holmes, Democratic Services Officer Tel: (0191) 643 5315
Ben Kaner, Head of Digital Strategy
Lisa Clark, Head of Commercial and Business Redesign Tel: (0191) 643 5719

1.10 Background information:

- [North Tyneside Council Constitution]
- [Minutes of the Overview, Scrutiny and Policy Development Committee - 25 may 2017]
- [Minutes of the Overview, Scrutiny and Policy Development Committee - 4 December 2017]
- A list of background information used in the compilation of the ICT Strategy report can be found on page 11 of the report.

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

The financial implications associated with each recommendation will be included in Cabinet's response to the Sub Group's report.

2.2 Legal

The legal implications associated with each recommendation will be included in Cabinet's response to the Sub Group's report.

2.3 Consultation/community engagement

The Sub Group which undertook this work on behalf of the Overview, Scrutiny and Policy Development Committee met with officers from the Council and ENGIE.

Full details are listed in the Sub Group's report attached at appendix 1.

2.4 Human rights

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

2.5 Equalities and diversity

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

2.6 Risk management

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

2.7 Crime and disorder

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

2.8 Environment and sustainability

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

PART 3

The following officers and Members have been sent a copy of the report for their information:

- Deputy Chief Executive
- Mayor/Cabinet Member
- Chief Finance Officer
- Monitoring Officer
- Head of Corporate Strategy

Overview and Scrutiny Report

ICT Strategy Review

November 2017

North Tyneside Council

1. Reason for the Study

1.1 The Overview, Scrutiny and Policy Development Sub-committee had expressed an interest in reviewing the ICT Strategy for some time. On 25 May 2017 it was agreed that a sub-group should be established to undertake this review.

1.2 The remit of the Sub-group was to review the Council's ICT strategy in the context of changing organisational and customer need, and underpinned by the Target Operating Model and delivery of the Creating a Brighter Future Programme.

1.3 The Sub-group set out to evaluate whether the Council has an appropriate ICT strategy in place and whether this strategy will meet the needs of the organisation going forward.

2. Methodology

2.1 All non-executive members were invited to serve on the Sub-group. The following members volunteered to take part and were appointed to the Sub-group:

Councillor Jim Allan
Councillor Ken Barrie
Councillor Karen Bolger
Councillor Janet Hunter
Councillor Anthony McMullen (Chair)
Councillor John O'Shea

2.2 The Sub-group met on 5 occasions.

2.3 The Sub-group received information from the Head of Commercial Services and Business Redesign and the Head of Digital Strategy.

3. Findings and Evidence:

Context

3.1 As background to the review, the Sub-group was informed that a Digital Strategy for the Council had been developed two years ago and before the introduction of the Target Operating Model (TOM). The Digital Strategy is intended to cover a 5-10 year time span. The ICT strategy forms one part of this wider Digital Strategy.

3.2 In addition, an overarching Delivery Plan is also in place and this provides an overall framework for the Council covering a range of strategies including: the Digital Strategy; a Capital Programme; ICT Delivery and the Customer Journey Programme. Within this framework there are a range of governance structures covering delivery against objectives.

3.3 The aim of the overall framework is to assist the Council in achieving a level of flexibility that will allow the organisation to adapt to the current and changing environment.

3.4 In relation to the Digital Strategy, while recognising that it is intended to provide an overarching and long-term vision, the Sub-group was of the view that it would benefit from an annual review to ensure that it is kept refreshed, and would also like to see the inclusion of a time-line to set out objectives to be achieved over the short to medium term.

ICT and the Council's Partnership with ENGIE

3.5 The Sub-group noted that ICT is one of the services delivered by ENGIE as part of a 15 year partnership contract. The contract is currently in Year 5. It is a complex commercial contract and the financial arrangements were fixed when the contract was set up.

3.6 The Sub-group was advised that under the contract ENGIE are contracted to deliver and support the 'business as usual' ICT services. However, on commencement of the contract it became apparent that it would be difficult for the partner to deliver on this basis due to an under investment in ICT infrastructure and hardware over the preceding period. In order to meet this need, additional capital funding of £1 million per year is being provided by the Council to replace old infrastructure and improve the ICT environment.

3.7 It was noted that the Digital strategy had not been developed at the time the contract was agreed. Subsequently, two additional appointments were made to the Council's senior management team in order to manage strategy between the two organisations and to oversee change control. These appointments were:

- Lisa Clark – Head of Commercial and Business Redesign and Client Manager for ICT Services;

- Ben Kaner – Head of Digital Strategy – a jointly funded post between the Council and ENGIE to aid transparent communication between the two organisations.

Performance Management

3.8 The Sub-group was advised that the partnership is managed via joint working between senior managers in the Council and ENGIE.

3.9 The contract has a number of weighted Key Performance Indicators (KPIs) which are reviewed regularly and renegotiated every year. The performance of the contract is monitored against these KPIs and reviewed by the Head of Digital Strategy and the Head of Commercial Business Redesign and signed of by the Operational Partnership Board.

3.10 A number of projects across the Council are dependent on getting the ICT systems right and consequently a new KPI has recently been added in relation to Project Delivery.

3.11 Members asked about democratic involvement in relation to the oversight of the contract. It was noted that the contract falls within the remit of the Deputy Mayor and that performance is also reported to the Strategic Partnership Board which has the involvement of Cabinet Members.

3.12 The Sub-group considered some of the most recent performance information. Members were advised that there have been a number of specific incidents that have impacted on availability of ICT services and these can be identified in the performance charts, but overall there has been a consistent performance over time in line with KPI's.

The ICT Strategy

3.13 The Sub-group was advised that the Council's developing approach to ICT is based on achieving a coordinated, organisation-wide development and governance approach, which avoids the development of disparate and potentially incompatible systems across the organisation.

3.14 The key aspects of the strategy are:

1. Core infrastructure improvements;
2. Support for increased mobility and agility;
3. Modernisation of main business applications and introduction of more cloud based applications;
4. Core transformation and maturity – establishing a new relationship between the Council and the Citizen, greater self-service, and compliance with data protection regulations.

3.15 A lot of ICT related projects are in planning or underway as part of the overall plan.

3.16 The initial focus of the strategy has been on infrastructure improvements which are necessary to move the Council from an ageing infrastructure to new and improved services. This is a difficult, complex and disruptive process and every effort has been made to implement improvements while maintaining services during the transition. The Sub-group was advised that significant improvements have been made, particularly in relation to internet capacity and security.

3.17 In addition, the desktop refresh will replace all current desktop hardware with laptops in support of a move to more agile working required by the Target Operating Model.

Customer Journey Project

3.18 The Sub-group recognised the importance of the Customer Journey Project and considered more detailed information about this project, including information on:

- The Overarching Project
- The Collaboration and Information Project (including Office 365 deployment)
- The Data and Analytics Project

3.19 It was noted that the Customer Journey Project is aimed at supporting the Target Operating Model (TOM) and all the wider redesign work that is being done across the organisation to deliver the TOM.

3.20 It was highlighted that there has been a shift in focus within the project itself. The project was initially based around the creation of individual applications in support of specific business cases. This is now moving towards a whole new system built around the customer, in support of a transformation in how customers access services.

3.21 A significant part of the project is based on digital/technological developments, but there is also an important element aimed at changing and redesigning services around the needs of the customer. A significant aspect of this is looking at re-structuring access to information around life events, including a greater use of signposting to other services and organisations.

3.22 The Sub-group noted that the following aspects of the project that are due to be delivered by March 2018:

1. Delivery of projects and applications to support business cases. These applications include the SIGN application; ‘request for information’ applications, including: Freedom of Information enquiries and environmental information requests; a Members enquiries application; Waste Permits Application; and the Deprivation of Liberty Safeguards Application.

2. Development of core components and functions. These include: an Organisational directory; user and customer accounts; ‘identify me’; ‘apply for it, notify me, query it, report it, pay for it, book it, find it’; and back-end system functions and non-functional requirements including security, audit etc.

3. A project approach focussed on life events. These include: identifying a list of agreed life events; the website to be configured and presented around life events; first three life events to be redesigned and applications developed; process and infrastructure in place to drive through life events.

It was noted that the first three life events under consideration are:

- Becoming homeless;
- Getting into financial difficulty; and
- Starting school.

4. Software and services architected so they are flexible enough to sell to other Authorities/other markets.

3.23 The sub-group was advised that, in developing these projects, officers are giving early consideration to all complexities to ensure that the new systems will work well, will meet customer need, and will comply with new data protection regulations.

3.24 It was also highlighted that this shift in approach will take time to implement and to see results. In addition the 'whole customer' approach may have wider implication for organisation structure which may lead to organisational change.

3.25 The Sub-committee noted that officers are working with colleagues in Corporate Strategy to undertake consultation with residents in order to understand how residents use services and to identify any challenges that will need to be overcome in implementing change. This includes an emphasis on considering accessibility issues in relation to the redesign of the website. Members stressed the need to ensure that consultation and testing should involve residents with a mix of abilities to ensure that redesigned services are accessible to all residents, including those with low ICT skills or who may not have access to ICT facilities at home.

3.26 In relation to funding, it was noted that initial investment for the customer journey programme is currently in place until March 2018 and consideration is underway as to what happens after this.

Collaboration and Information Project

3.27 A major element of the customer journey programme is the Collaboration and Information Project. This includes the implementation of Microsoft Office 365 and SharePoint and the retiring of legacy systems (Open Text EDRMS; S and U drives).

3.28 This project is not just about technology, but is focused on changing the culture within the organisation to enable people to work more collaboratively.

3.29 Members noted that Microsoft 365 includes a lot of products that could be of benefit to staff and members. The new systems are expected to be more user-friendly than the current systems, but a lot of preparation is going into the implementation stage, recognising that it may raise challenges for some staff and members. The Council is working with it's implementation partner, Trustmarque, to provide training and to build capability.

3.30 The Sub-group was advised that a new commercial agreement had been concluded with ENGIE which will support the introduction of the new environment within the existing EDRMS revenue budget. From the Council's point of view, this will mean the organisation will have much better technology without additional costs.

3.31 The Sub-group noted that the implementation date of the project was yet to be finalised, but the design work was due for completion in mid-October 2017. The implementation will take into account other factors including other system changes, such as the introduction of the Liquid Logic system in Adult Services, and the need to avoid renewal costs linked to the existing Open Tech license which will expire in March 2018.

Data and Analytics Project

3.32 The Sub-group was provided with information on the data and analytics project which was focussed on new tooling to complement those already in use in the Authority. It was highlighted that tooling has been strengthened in some areas, for example new information analysis tools in the Policy Performance and Research team and a financial/HR data and analytics tool that will be rolling out soon.

3.33 Officers advised the sub-group that they are currently working in partnership with ENGIE to develop in-house tooling in some areas where they do not believe it is available in the current market, such as the ability to gain consent from citizens for appropriate use of their data in line with the new Data Protection Regulations. This offers the potential to sell this on to other authorities and therefore generate income.

3.34 The Sub-group was advised that part of this project is linked to the ability to handle new customer accounts and run data analytics across new sources of information. This could be used to spot patterns and analyse interventions and the ability to "push" information to citizens that may be of interest to them. Going forward the aim will be to deliver solutions against 'problem statements'. As an example: How do we identify who is most likely to have a life expectancy that is 10 years less than the average? And how much do we think that costs us as a local authority? Then what interventions do we make? Then what impact do those interventions have? In relation to this, consideration will be needed about how we identify and prioritise 'problem statements'.

New Ways of Working

3.35 The Sub-group requested information on progress within the organisation on new ways of working. This also included some information on 'bring your own device' and whether this approach was in line with the Council's Strategy.

3.36 The Sub-group was advised that some of the objectives of the digital strategy were aimed at enabling staff and elected members to work more flexibly. This will be underpinned by a move away from the use of fixed devices such as Thin Clients (TCDs) and move towards a laptop/tablet environment for all staff.

3.37 The main rollout is to replace 1250 TCDs. To date 550 have been completed. The target date for the roll out is mid January 2018. It was noted that there has been a substantial increase in the price of laptops of around 25% in the last year and this has had an impact on costs.

3.38 In relation to 'Bring Your Own Device', it was highlighted that this had been a popular concept in the recent past and the VASCO system is still in place for remote access to normal Council Work. However there has been a move away from 'Bring Your Own Device' due to an increase in cyber threats and the costs of security. In addition there is an additional cost in relation to providing IT support for a range of non-standard devices. It is now considered to be more economical for the Council to provide staff and Members with standard devices.

3.39 In relation to service delivery, many of the ICT improvements considered as part of this review are needed to support changes in the way the Council delivers Services. However, ICT changes are only part of the story, and there will be a need to encourage culture change across the organisation to move towards new ways of doing things.

3.40 Members discussed some of the changes under way in specific areas of the Council such as Social Work, and how ICT developments are supporting these changes by allowing greater agile working.

3.41 There was some discussion about greater use of new technology to support customer services such as social networks and contact with customers via video conferencing/Skype. The sub-group was advised that discussions are on-gong with Council Officers in relation to these kinds of developments as part of the customer journey project and the introduction of Office 365 which will support such developments.

3.42 The ICT strategy and the changes that are being made are aimed at facilitating and enabling the Council to implement new ways of working and delivering services. However it will ultimately be for the Council as an organisation to decide how it wants to re-design services around the technology that has been made available

ICT and Members

3.43 The Sub-group considered some of the implications of ICT changes for Members.

3.44 It was noted that the following developments are currently underway in relation to members:

1. ICT Devices for Members – It has been proposed that all members are provided with a device and a mobile phone for Council business. Consideration is being given to the most appropriate device to be provided, but this will probably be a tablet style device. Members will be supported in

moving to this new way of working and officers are currently working through the practicalities with Cabinet Members.

2. Improving the system and processes for reporting and tracking members enquiries via a Members enquiries application;

3. System to support paperless meetings, agenda and consultation (Modern.gov);

4. Members and access to and storing of documents (part of Office 365 environment). This links with data protection and the need to ensue Members are complying with data protection regulations.

3.45 It was acknowledged that, in order to make significant progress in this area, there will need to be support from Members to embrace the cultural change required.

The Capital Programme

3.46 Members considered the forward plan of the capital programme up to 2019-20.

3.47 Members noted some of the key elements that under consideration going forward, including:

- Consideration of moving to cloud base telephony.
- Reviewing the BMS system which is expensive to license and not fit for current ways of working;
- The closure of the depot in Killingworth and a move to new systems in the Cloud to avoid the need to back up.

3.48 There was some discussion about plans for Kier in-sourcing and the issues this will raise in terms of where to locate the data that will have to be migrated back from Kier's corporate systems. Discussions on this are due to begin as there is a tight time scale for developing a solution. Members raised a concern that exit arrangements may not be fully considered at the outset of outsourcing arrangements and this is something that may need further consideration in relation to the Council's current and future partnership arrangements.

4. Conclusions and Recommendations:

4.1 As a result of the information considered during the review, the Sub-group concluded that there is evidence that the foundations are being put in place to update, transform and improve ICT services. However, members had some concerns that the benefits of this work are yet to be felt by the users of ICT across the Council, and Members are keen to see the benefits become evident as quickly as possible.

4.2 Members of the Sub-group were also generally supportive of the overall direction of travel, particularly in relation to plans to re-design services and access to information around the needs of the customer, with a focus on major life events.

4.3 The Sub-group identified a number of recommendations to Cabinet as a result of the review and these are set out below:

The Sub-group recommend to Cabinet that:

1. The Digital Strategy is subject to an annual review to ensure it is refreshed on a regular basis, and that consideration is given to including a timeline setting out when objectives will be achieved, particularly shorter term objectives covering the next 12-18 months.

2. There is clear democratic accountability in relation to the management of the contract with ENGIE and the wider ICT Strategy, and that the Overview, Scrutiny and Policy Development Committee has a specific on-going role in reviewing the performance of the contract and the delivery of projects within the ICT Strategy.

3. Communication to staff and Members in relation to the ICT Strategy and the ICT projects that are underway is enhanced to raise awareness of the various strands and the linkages between them.

4. SLT and the Council's partners are pro-active in encouraging all staff to embrace the opportunities offered by ICT innovations and to fully utilise ICT to improve efficiency, underpinned by comprehensive training for all staff on new systems.

5. That a cross-section of residents with mixed technical ability are involved in consultation and testing around the re-design of Council services, to ensure the accessibility of re-designed services.

6. In relation to future developments around data and analytics, to ensure that Scrutiny members are involved in the development of ideas about how residents' data is used and analysed, and have oversight of how these developments are implemented.

7. To consider the training needs of Councillors in relation to the introduction of Office 365 and Sharepoint, particularly in relation to Data Protection requirements around the storing and accessing of documents.

8. Given the data transfer issues that have arisen from the recent Kier in-sourcing decision, that exit plans are developed for all current partnership arrangements, and at the outset of any future arrangements, to fully consider the ICT implications.

9.	While recognising the difficult financial situation, to consider whether any additional Capital funding could be allocated to speed up improvements and the roll-out of ICT equipment, particularly where investment would allow savings to be realised.

5. Background Information

- Overview, Scrutiny and Policy Development Committee report, Establishment of Sub-group – 25 May 2017
- Background Reports and notes of meetings of the ICT Strategy Sub-group
- Digital Strategy

Further information

For further information about this review please contact:

Democratic Support Officer: Joanne Holmes
Tel: 191 643 5315
Email: joanne.holmes@northtyneside.gov.uk

Item 6(a)
2017/18 Financial Management Report to 30 November 2017

North Tyneside Council
Report to Cabinet
15 January 2018

Portfolios:	**Elected Mayor** **Finance and Resources**	**Cabinet Member:**	**Norma Redfearn** **Councillor Ray Glindon**

Report from:	**Finance**	
Responsible Officer:	**Janice Gillespie, Head of Finance**	**Tel: 643 5701**
Wards affected:	**All**	

PART 1

1.1 Executive Summary:

This report is the fourth monitoring report to Cabinet on the 2017/18 financial position. The report continues to be developed such that the format 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.

The report covers:

- The forecast outturn of the Authority's General Fund and HRA revenue budget including details of where the Authority continues to manage financial pressures and what management mitigations are in place where issues have been identified;
- An update on the delivery of 2017/18 approved budget savings plans;
- An update on 2017/18 schools budgets;
- An update on delivery of the Capital Investment Plan including details of variations and reprogramming that are recommended for approval;
- An update and overview of current performance against the policy priorities in the 2016-2019 Our North Tyneside Council Plan as context for the financial position;
- An analysis of spend with our three largest partners (Capita, Engie and the Kier North Tyneside Joint Venture) has been undertaken; and
- Details of additional grants received by the Authority during October and November 2017.

1.2 Recommendations:

It is recommended that Cabinet:

(a) note the forecast budget monitoring position for the General Fund, Housing Revenue Account (HRA) and Schools' Finance as at 30 November 2017 (Annex Sections 1 to 5);

(b) approve the receipt of £0.682m new revenue grants (Annex Section 3 Table 27);

(c) note the Authority's Investment Plan spend of £41.085m to 30 November 2017 (Annex Section 6 Table 40) and the financing of the Plan to the end of the year);

(d) approve variations of £5.702m and re-programming of £2.244m within the 2017 - 2020 Investment Plan (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 28 November 2017.

1.4 Authority plan and policy framework:

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

1.5 Information:

1.5.1 Financial Position

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

General Fund Revenue Account:

The budget for 2017/18 was approved by full Council at its meeting on the 16 February 2017. The net General Fund revenue budget was set at £152.361m. This included £18.338m of savings to be achieved.

The forecast overall outturn position in an estimated surplus of £0.286m, an improvement of over £2.353m since the last report to Cabinet. This forecast outturn is after taking into account the potential impact of the crystallisation of the deficit of Seaton Burn College of £0.668m where the expected on the transfer to an academy of the 1 January 2018. The inclusion of the Improved Better Care Fund (iBCF) of £4.579m has a significant impact on the outturn position. Aside from the iBCF there has been some marginal underlying improvement in most areas of the risks associated with the delivery of the 2017/18 budget, however there is continued pressure in Health, Education, Care and Safeguarding (HECS) of £3.572m after the allocation of the iBCF (Sept 2017 £3.468m). Included in this projection is £2.729m of pressures in Corporate Parenting and Placements. The drivers for these pressures within HECS continue from 2017/18 and arise from:

- Continued growth and changes in demand for Adult and Children's Social Care Services;
- The timing of delivery of some aspects of the Creating a Brighter Future Programme to the extent that achievement of some savings may be at risk;
- On-going 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
- The impact of the National Living Wage on our care providers (and the consequential impact on our commissioning costs).

The 2017/18 budget setting process made provision for many of the pressures identified during 2016/17, however, demand pressures have continued into 2017/18. Negotiations with care providers continue for 2017/18 in terms of the National Living Wage and at this point not all savings built into the Creating a Brighter Future Programme can be assumed as being delivered.

Updated Treasury Management savings are now forecast at just over £3.346m which has contributed to the overall improved forecast outturn position.

A number of working groups have continued to be held with senior officers and Cabinet Members looking in detail at the financial position and progress against the action plans developed since the start of the financial year. Progress continues to being made against these plans and it is expected that the out-turn forecast will continue to improve over the course of the year as planned remedial actions begin to have an impact on spend and income. The forecast outturn includes the additional funding for Adult Social Care announced as part of the Spring Budget on 8 March 2017. For 2017/18 this amounts to £4.579m, and is shown as a variation due to the timing of the announcement which was after the 2017/18 budget was set.

Housing Revenue Account (HRA):

The HRA is forecast to have year-end balances at 31 March 2018 of £4.640m, which is £1.779m higher than budget. The higher than forecast balances are mainly as a result of higher opening balances due to the impact of the previous years' financial performance (£1.339m) which was not known at the time the budget was set, and an in-year estimated overall underspend of £0.440m. Total overall income is currently expected to be higher than budget (£0.234m) due to an improved position on empty properties (£0.029m), service charge projections now ahead of budget (£0.125m) and increased Temporary Dispersed Accommodation projections (£0.071m). Total expenditure is below budget mainly as a result of a reduction in the required call on general contingencies mainly as a result of an improved position on bad debt and transitional protection.

School Funding:

The Annex to this report includes an update in respect of work in progress with regard to school funding (Annex, Section 4). There is an increase in the number of schools requesting deficit approval and at the time of writing this report ten schools have made requests compared to eight in 2016/17. The 10 July 2017 Cabinet report 'Education for North Tyneside' set out a series of actions to address schools finance and specifically further deficit clinics have taken place during September 2017 to agree actions with the schools to manage and improve those deficit positions.

Investment Plan:

The 2017-2020 Investment Plan, as adjusted for proposed variations, totals £206.706m and is shown in Appendix 1. The Annex to this report also sets out in Section 6 delivery progress to date, planned delivery for 2017/18, reprogramming and other variations identified through the Investment Programme Governance process.

New Revenue Grants:

There have been additional revenue grants received during October and November 2017 totalling £0.682m the details are which are set out in Annex 1 Section 3.

1.5.2 Performance against Council Plan

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

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

Our People will:

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

Our Places will:

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

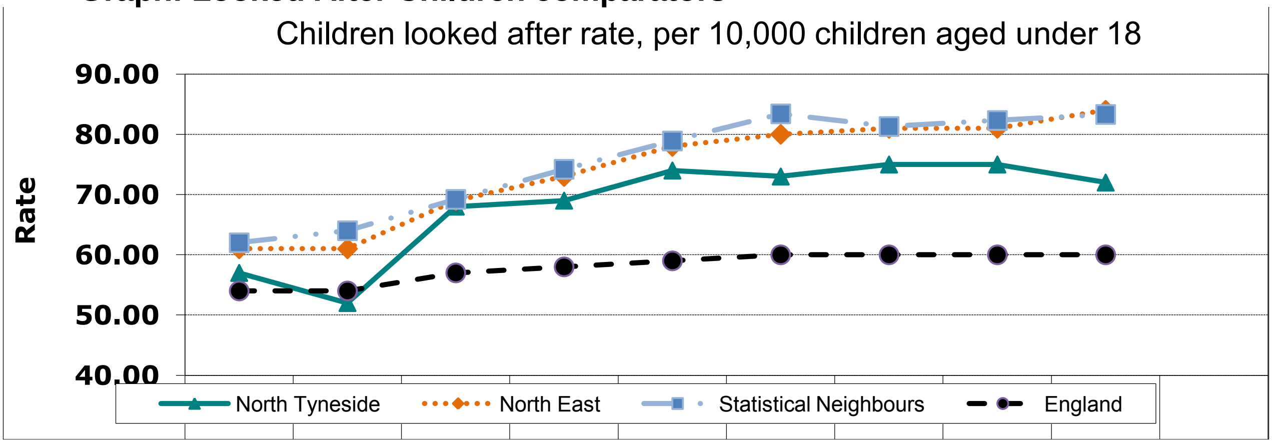
Our Economy will:

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

In Adult Social Care the focus remains on providing support which allows people to live independent lives by providing preventative services and keeping people living at home for as long as possible. There is an increase in short term placements to residential care and reablement in-house provision as a result of a lack of capacity in the local domiciliary care market and this is driving some of the cost pressure within Adult Social Care as highlighted in the Annex to this report.
In Children's Services good progress continues to be made on engaging with children in the early years of life to ensure that they are ready for school. Safeguarding vulnerable children and maximising their educational attainment remain key priorities. The recently published Ofsted report following the review of Children's services put the service as joint 8th nationwide of the 136 authorities inspected under the new regime with a "Good" rating overall and recognition of an excellent focus on seeking the views of children to shape services.

The levels of looked after children (LAC) and children who require supervision after leaving care continue to generate a significant financial pressure. In year data continues to demonstrate that our LAC levels are reducing (as shown in the Graph below) but there are a wide range of levels of care provided and current demand continues to drive financial pressure in 2017/18. The Authority is forecasting a pressure of £2.729m in corporate parenting and placements (2016/17 £2.525m). The new model for children has been designed in part to address the financial pressures and more details are set out in the Annex to this report. Although above the England rate, the North Tyneside LAC rate compares favourably with the rate for the North East and with our statistical neighbours (as shown in Graph below).

Graph: Looked After Children comparators



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

1.5.3 **Investment Plan**

Variations of £0.228m and re-programming of (£2.244m) are proposed in this report as set out in Section 6 of the Annex to this report, the revised Investment Plan stands at £87.986m for 2017/18. To the end of November 2017 £41.085m (46.69%) of spend had been incurred.

1.5.4 **Implications for 2018/19 and Following Years**

This is an important report not only because it gives the financial position after the 8 months of 2017/18, but also it impacts the financial planning process which is underway for 2018/19 and following years. As such Cabinet need to be aware of the main implications of the report for those future years' budgets. The main issues identified in 2017/18 that will need to be considered in forward planning are as follows:

- Living Wage: since it was introduced we have seen significant pressure with regard to Social Care budgets arising from additional costs that contracted providers are seeking from the Authority;
- CBF programme; consideration needs to be given to the impact of any CBF savings not being achieved and actions required to secure savings in 2017/18; and,
- Demand led pressures in areas such as Looked After Children and Adult Social Care.

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 30 November 2017
Appendix 1: 2017-2020 Investment Plan

1.9 Contact officers:

Janice Gillespie - Corporate Finance matters – Tel. (0191) 643 5701
Margaret Keith –Treasury Management matters – Tel. (0191) 643 5747
Cathy Davison - Investment Plan matters- Tel. (0191) 643 5727

Alison Campbell – Senior Business Partner – Tel. (0191) 643 7038
Darrell Campbell - Housing Revenue Account matters – Tel. (0191) 643 7052

1.10 Background information:

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

(a) Revenue budget 2017/18
http://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/Budget%20Book%20170427.pdf

(b) Investment Plan 2017-20
http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=567811

(c) Reserves and Balances Policy
http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=567815

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

As this is a financial report, implications are covered in the body of the report. This report will also be presented to the Authority's Finance Sub-Committee at its meeting on 24 January 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 2017/18 budget was completed after widespread consultation and community engagement in line with the Authority's approved Budget Engagement Strategy.

2.4 Human rights

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

2.5 Equalities and diversity

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

2.6 Risk management

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

2.7 Crime and disorder

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

2.8 Environment and sustainability

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

PART 3 - SIGN OFF

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

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SECTION 1 - GENERAL FUND SUMMARY

1 General Fund Revenue Forecast

1.1 The Authority's approved net revenue Budget of £152.361m is now forecast to underspend by £0.286m (September, £2.067m overcommittment). This position reflects £18.338m of budget savings as agreed at Council on 16 February 2017. Table 1 below sets out the variation summary across the General Fund.

Table 1: 2017/18 General Fund Revenue Forecast Outturn as at 30 November 2017

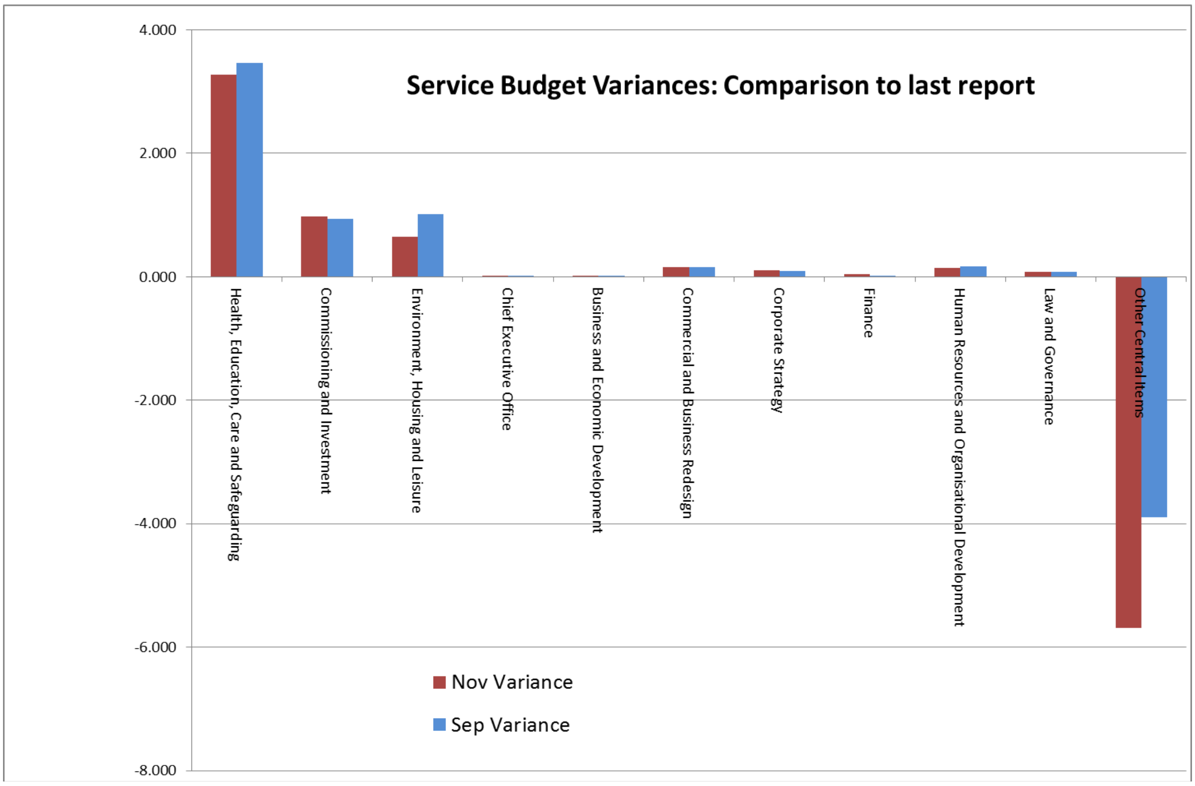
	Gross Expenditure			Gross Income			Net Expenditure			Sep
	Budget	Forecast	Var	Budget	Forecast	Var	Budget	Forecast	Var	Var
	£m	£m	£m	£m	£m	£m	**£m**	**£m**	**£m**	**£m**
Health, Education, Care & Safeguarding HECS)	162.414	172.077	9.663	-89.450	-95.841	-6.391	72.964	76.236	3.272	3.468
Commissioning & Investment	195.991	197.793	1.802	-176.701	-177.533	-0.832	19.290	20.260	0.970	0.938
Environment, Housing & Leisure (EHL)	73.003	74.989	1.986	-27.857	-29.197	-1.340	45.146	45.792	0.646	1.018
Chief Executive Office	0.576	0.577	0.001	-0.440	-0.440	0.000	0.136	0.137	0.001	0.001
Business & Economic Development	2.506	2.490	-0.016	-0.899	-0.866	0.033	1.607	1.624	0.017	0.017
Commercial & Business Redesign	8.012	8.378	0.366	-5.471	-5.685	-0.214	2.541	2.693	0.152	0.152
Corporate Strategy	2.351	2.461	0.110	-1.451	-1.455	-0.004	0.900	1.006	0.106	0.095
Finance	80.569	80.080	-0.489	-79.332	-78.799	0.533	1.237	1.281	0.044	0.022
Human Resources & Organisational Development	2.449	2.657	0.208	-2.187	-2.246	-0.059	0.262	0.411	0.149	0.167
Law & Governance	4.232	4.357	0.125	-3.995	-4.041	-0.046	0.237	0.316	0.079	0.083
Other Central Items	17.431	14.552	-2.909	-9.390	-12.203	-2.813	8.041	2.349	-5.722	-3.894
Total Authority	**549.534**	**559.713**	**10.179**	**-397.173**	**-407.420**	**-10.247**	**152.361**	**153.411**	**(0.286)**	**2.067**

1.2 Main Variances

The chart below shows the variances by service against the previous reported position. There are four main areas of variance, which are summarised below and further detailed in section 3 of the report.

Variance comparison of November variance position to September 2017

Table 2



<u>Health, Education & Safeguarding</u>

1.2.1 The forecast overspend is mainly caused by Corporate Parenting and Placements within Children's Services, although there is a small improvement from the September forecast, alongside the timing of delivery of some of the CBF targets. Over-commitments on third party payments within Older People Services and services for clients with a learning disability are covered by the £4.579m of Improved Better Care Fund awarded after the Budget was agreed.

<u>Commissioning and Investment</u>

1.2.2 The main area of pressure remains within Facilities and Fair Access where, in addition to expenditure pressures within the Cleaning and Catering services, there are demand pressures for the Home to School transport service. There is also a pressure from the Capita managed property services but this is offset within the Capita services shown within Environment, Housing and Leisure as part of the Capita Managed Budget.

<u>Environment, Housing & Leisure</u>

1.2.3 The overspends in Sports & Leisure and Libraries and Community Centres are only partially offset by savings in Fleet/Facilites Management and Transport.

Central Items

1.2.4 Further consideration of borrowing decisions to be taken in the final quarter of 2017/18 has resulted in a further anticpated saving on interest costs as the year end approaches, In addition Table 1 now reflects a forecast of the deficit on Seaton Burn Community College, which crystallised at a projected cost of £0.668m to the General Fund of the Authority when the school became an academy on the 1 January 2018. A further impact of the transfer of this school to an Acadamy is the resulting transfer of the land and school building assets to the Academy with a resulting reduction in the value of assets held on the Authority's balance sheet of £7.244m. Included in Central items is a dividend of £0.886m from the Airport.

1.2.5 Other central items are showing a underspend against budget. This is mainly due to reduced interest charges and an under spend on contingency budgets. The underspend is reduced by a procurement target that is currently forecast as a pressure.

1.3 **The Improved Better Care Fund (IBCF) Grant**

The Chancellor announced additional support for Adult Social Care in the Spring Budget statement on 3 March 2017. This announcement was after the Authority's budget had been set on 16 February 2017. This additional funding is being distributed and managed as part of the Better Care Fund with the allocation for North Tyneside for 2017/18 being £4.579m. The Better Care Fund Agreement between the North Tyneside Clinical Commissioning Group (CCG) and the Authority is in the process of being finalised and the outturn position reflects the full allocation of the grant against expenditure by the Authority. The grant conditions determine that the funding should contribute to;

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

The Improved Better Care Fund Grant is in addition to the social care precept funding raised by increased Council Tax. It is now reported as part of the HECs balance in Table 1 above.

SECTION 2 - DELIVERY OF BUDGET SAVINGS PROPOSALS

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

Table 3: Year on Year savings since 2010 CSR

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

2.2 **Table 4: Savings Tracker 2017/18 at November 2017**

	Budgeted Saving	November Budget Monitoring - Assumed Delivered	September Budget Monitoring - Assumed **Delivered £'000**	Movement since September Increase/ (decrease) **in savings assumed delivered £'000**	Sum of Therefore not **delivered at November**
	£m	£m	£m	£m	£m
Business and Economic Development	162	154	155	-1	8
Central	8,780	8,159	8,159	0	621
Commercial and Business Redesign	235	235	235	0	0
Commissioning and Investment	1,067	820	820	0	247
Corporate Strategy	355	338	342	-4	17
Environment Housing and Leisure	1,578	927	927	0	651
Finance	191	191	191	0	0
Health Education Care and Safeguarding	5,527	4,043	3,762	281	1,484
Human Resources & Organisational development	185	162	162	0	23
Law & Governance	258	238	236	2	20
Total	**18,338**	**15,267**	**14,989**	**278**	**3,071**

In tracking progress made against each individual saving proposal (as set out in Table 3 above), £15.267m (83.2% of the £18.338m target) is currently forecast to be delivered in 2017/18 (September £14.989m and 81.7%). The Tables below show the delivery against each plan followed by a summary table by Service. The remaining balance to be secured at 30 November 2017 is forecast at £3.071m (September was, £3.350m).

A prudent approach is taken to reporting efficiency savings, and they will only be reported in the forecast position when the impact can be seen flowing into the financial ledger system.

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

2.4 The main areas of variation from business cases are:

2.4.1 HECS - £5.527m Savings Target, current £1.484m forecast variance (£0.281m improvement since September)

Cared For Safeguarded & Healthy

i. £0.310m of the £1.019m savings remains to be secured within the New Model for Children Budget proposals (September £0.310m). The new model, which includes multi-agency working, is being implemented in order to respond to the increasing demand, increasing recognition and expectation but also to address cost pressures. Whilst there is a plan of changes to be made with a resulting impact on placement mix, it is forecasted that there will be a shortfall against the savings target in-year due to current demographic pressures. The Service is working hard to fully deliver savings for the start of the 2018/19 financial year. The detailed service commentary in Section 3 shows that there has been additional demand in October and November resulting in new placements. The Service can demonstrate however, that actions carried out in relation to this business case have resulted in savings being made which have mitigated the overall pressure relating to Looked After Children expenditure.

ii. Work is in progress to consider further actions in respect of the Carecall income target (within VFM Tested business case) of £0.250m, which is being forecast as achieving £0.092m at this stage. This leaves £0.158m to be identified in year (£0.158m at September). On-going actions outlined in the business case include; a targeted marketing campaign, discussion with our Health partners about the benefits that Carecall brings to them in terms of cost avoidance and opportunities to promote the service to businesses. Additionally the service is reviewing the support provided to North Tyneside Living as the monitoring and response currently provided by Carecall is at no additional cost for some of the residents whilst others contribute, which is inequitable.

iii. The revised homecare model has achieved £0.038m (of a target of £0.200m) of savings as at November. (£0.200m not achieved in September). This is due to delays in identifying an appropriate training partner and issues raised by providers around scheduling of visits. The service is working hard to bring this project back on track but in the interests of prudent forecasting a proportion of this saving is forecasted as unachieved. This is partially mitigated by the over achievement of savings against the Extra Care project below.

iv. The £0.100m savings target relating to increasing capacity and the use of extra care is reported to over recover by £0.060m.

Fit for Purpose

v. The £0.050m savings target re DOLS (Deprivation of Liberty) assessments has now been achieved with the previously outstanding £0.012m being identified through the recent Adults restructure exercise.

vi. Pay Award and Pension Increase - £0.316m of savings included in the Budget to reflect the service finding its own element of the pay award are currently not secured (July, £0.323m). The Service continues to work towards identifying how they will meet this remaining pressure through a review of working hours, managing vacancies and non-essential spend that should reduce this shortfall.

Great Place

vii. Specialist Housing - £0.175m of the £0.275m Specialist Housing solution remains to be secured partly due to the complexity of the cases involved (September, £0.240m). The conversion of a block of flats at Mitford gardens into a 6-bedded unit for care-leavers is complete and young people will move into this new provision over the coming months. Work has also commenced on Elm House for new staying close provision for post-16 LAC. We would hope to be able to improve our forecasts once we can identify which service users will be accommodated. An officer working group continues to consider potential housing growth plans to include specialist housing products and services for children and adults with additional needs, Looked After Children and Older People.

Ready for School.

viii. The services for 0-19 business case included a rebranding of the provision as a 'Ready for school, work and life' offer which focused upon getting children school ready and their families able to work and participate in their community and in doing so supports the Creating a Brighter Future Together programme, the TOM principles and the Riverside/Chirton action plan. We have successfully transferred 84 school nurses and health visitors into the Local Authority and they are now key components of our new locality team model for 0-19 year services. The new Ready for School Centre at Riverside officially opened later than envisaged on 4 September meaning £0.073m of the £0.580m savings target remains to be secured (£0.130m at September). This has been partially mitigated in year by additional Troubled Families Grant, which has increased again since the September report by £0.044m, and work continues to identify other options to plug the in-year gap, through vacancies and non-staffing budgets.

Ready for Work & Life

ix. Disability Services - £0.350m (September, £0.350m). This proposal relates to reviewing the internally provided residential care and respite services and the commissioned services from external suppliers provided to children with additional needs including approximately 170 children in the Borough who have a profound disability. To date these reviews have not yet provided any savings that can be measured directly against budgets. Delivering the savings involves some significant changes for families and working through these with families is taking longer than had been expected.

2.4.2 Commissioning & Investment £1.067m saving target, £0.247m forecast variance (no change since September)

Fit for Purpose

£0.055m is yet to be identified relating to a restructure of a post in child protection. The Service is continuing to review its non-essential spend and team structure as the numbers have not come down as far as the Business Case had anticipated.

£0.192m of savings included in the budget to reflect the service finding its own element of the pay award and pension costs (no move since September). The Service continues to work to identify how they will meet the additional costs through a review of working hours, the management of vacancies, stretching sales targets, reviewing appropriate recharging and by reducing non-essential spend.

2.4.3 Environment, Housing & Leisure £1.578m saving, £0.651m variance (no change since September)

Fit for Purpose

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

Great Place

£0.020m of a £0.200m target remains to be secured with regard to the implementation of the new approach to waste introduced at the Recycling Centre from July 2017 (£0.020m at September). This approach does appear to be reducing waste from traders resulting in disposal cost savings although this is still a very recent change. Results continue to be carefully monitored to evaluate fully the impact on costs but the Authority is confident that this position will improve during the rest of the year due to a new permit system which is being introduced from January 2018.

£0.036m of a £0.071m saving relating to Howdon Community Centre is reported as not yet delivered (£0.036m at September). The transfer of the lease of Howdon Community Centre is now concluded and we expect that the next monitoring will indicate an improved position.

Maximising Resources

£0.064m of a £0.070m savings target relating to bereavement income is reported yet to be secured. The Service has implemented a fee increase in October and once the impact of this is clearer, it will be built into budget forecasts. Volumes of cremations so far this year are slightly up on 2016/17 levels at 1349 by the end of November 2017 compared to 1327 at November 2016.

2.4.4 Non Service Budgets and Cross Cutting savings £8.780m savings target, £0.621m forecast variance (£0.621m at September)

Fit for Purpose

A £0.500m saving yet to be delivered is linked to the project in respect of procurement savings (£0.500m at September). A detailed review of the procurement of services and the Authority's spend with suppliers has been completed and options to deliver the target level of saving have been considered. Work by Capita on delivering the changes in procurement has started but, at this stage, it is considered prudent to assume that the savings will not be achieved.

Great Place

A variance of £0.121m was identified in September within a savings target relating to Property Development activities where the Authority is now expected to receive less interest on loans provided to deliver the projects than originally anticipated, the timing of which are driven by the granting of planning permission on the sites. Work has commenced on the property developments at Northumberland Square in North Shields and continues on the sites at The High Point, The Avenue and Wallington Court.

2.4.5 2016-17 Savings Targets not yet achieved

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

SECTION 3 – SERVICE COMMENTARIES

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

3.2 Health, Education, Care & Safeguarding (HECS)

3.2.1 HECS is forecast an overcommitment against its £72.964m net expenditure budget by £3.272m (£3.468 at September). The forecast overcommittment is caused mainly by Corporate Parenting and Placements within Children's Services (althought the position has improved a little since the September forecast) alongside the timing of delivery of some of the CBF targets.

Table 5: Financial Summary for HECS

	2017/18 Budget £000	November Variance £000	September Variance £'000	Movement £'000
Adults	49,751	**4,234**	4,286	-52
Improved Better Care Fund (IBCF)	**0**	**-4,579**	-4,579	0
Adults after IBCF	**49,751**	**-345**	**-293**	**-52**
Children, Young People & Learning	23,192	**3,617**	3,761	-144
Public Health	21	**0**	0	0
TOTAL HECS	**72,964**	**3,272**	**3,468**	**-196**

Adult Social Care

3.2.2 The allocation of the Improved Better Care fund (IBCF) to Adult Social Care services leads to a small underspend being forecast across the service area of £0.345m (£0.293m at September). The IBCF meets the cost of provision of care packages, the vast majority of which are delivered by external organisations. The pressure being funded by the IBCF lies mainly in respect of third party payments as illustrated in Table 6 below.

Table 6: Analysis of Variation across Adults Social Care spend/income type

Figures exclude Continuing Health Care which is administered on behalf of the CCG	2017/18 Budget £000	Nov Variance £000	Sept Variance £000	Movement £'000
3rd Party Payment	65,356	4,974	4,422	552
Employees	15,182	230	139	91
Other Costs - Premises, Supplies & Transport	2,432	-357	-167	-190
Fees & Sales	-9,862	-1,093	-950	-143
Grants & Contributions	-23,418	470	841	-371
Recharges, Support Services etc	61	10	1	9
IBCF	0	-4,579	-4,579	0
Total – Adults Social Care	**49,751**	**-345**	**-293**	**-52**

3.2.3 The Improved Better Care Fund (IBCF) is applied to offset the overcommitment in third party payments, £4.683m relating to client placements costs which are analysed further in Table 7 below. The placement cost pressures are being experienced across all client categories but especially within services for older people and services for people with a learning disability.

3.2.4 There has been an overall increase in Learning Disability costs due to a number of clients receiving an increased direct payment, an amended assumption about the level of savings the service expect to generate in the remainder of the financial year for Supported Living services, along with a new client, and the resolution of some historical payment issues with a day care provider.

3.2.5 Services for younger adults with a physical disability includes a provision (£0.070m) for a new case which was previously being funded by a trust but has now become the responsibility of the Local Authority. The remainder of this shift relates to a additional costs in relation to a client transferred back to the Council following their loss of eligibility for NHS Continuing Healthcare.

Table 7: Analysis by provision/client type - third party pressure variance

	Learning Disability £000	Physical Disability £000	Older People £000	Mental Health £000	Grand Total £000
Direct Payments	957	866	246	92	2,161
Homecare/ Extra Care	0	0	1,221	0	1,221
Nursing	86	-147	-191	11	-241
Other	1,413	80	-758	22	758
Residential	139	528	1,212	-399	1,479
ISL	-834	-236	0	376	-694
Total November	**1,762**	**1,091**	**1,730**	**101**	**4,683**

Direct Payments	876	868	220	82	2,046

Homecare/ Extra Care	0	0	1,244	0	1,244
Nursing	86	-126	-125	11	-154
Other	1,135	81	-760	19	474
Residential	137	398	1,149	-396	1,288
ISL	-937	-236	0	385	-788
Total September	**1,297**	**985**	**1,728**	**101**	**4,110**

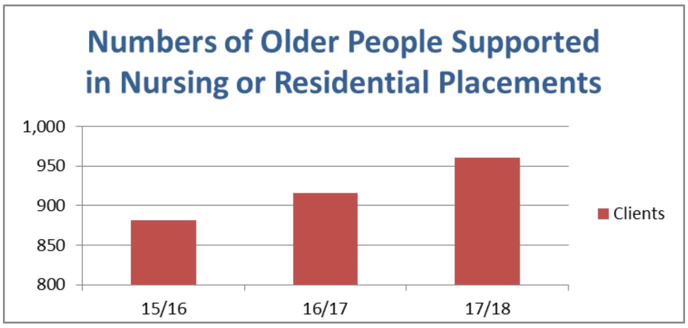
Direct Payments	81	-2	26	9	114
Homecare/ Extra Care	0	0	-315	0	-315
Nursing	0	-21	-66	0	-87
Other	278	-1	3	3	284
Residential	2	130	62	-3	191
ISL	104	0	0	-10	94
Total Movement	**465**	**106**	**2**	**0**	**573**

Note category of 'other' includes predominantly day care, Individual Service Funds, Adult Family Placements and various third party contracts providing floating support.

Services for Older People

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

Table 8: Numbers of older people in nursing and residential placements



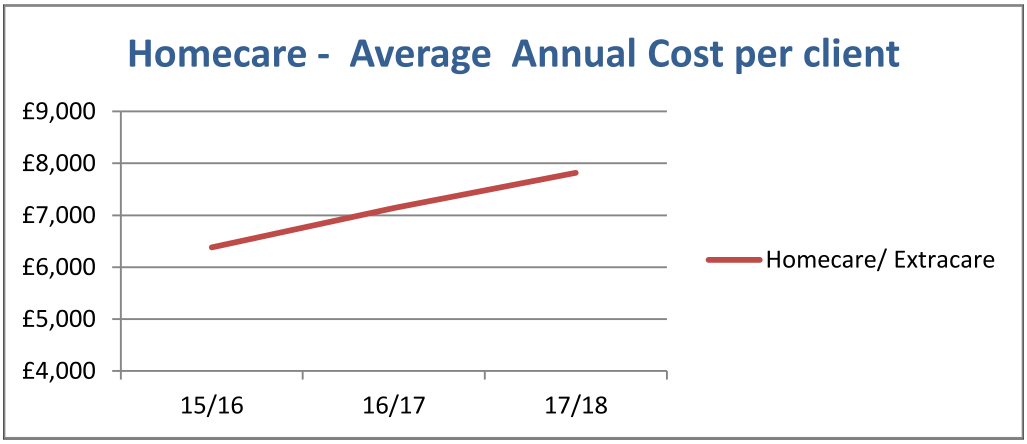
3.2.7 The numbers of older people receiving homecare services has not shown the same trend although numbers in 2017/18 so far are slightly up (1.6%) on 2016/17. The static profile is likely to be due to the lack of capacity in the homecare market as providers struggle to recruit sufficient carers. This, in turn, is contributing to the additional short term and ultimately long term residential placements shown above. The cost of short-term residential care placements in 2017/18 is forecasted to be £0.820m. Greater capacity in the homecare market could reduce this cost to the Authority.

Table 9: Changes in the Number of Older People with Homecare Services

	2015/16	2016/17	2017/18
Number of Older People with a homecare	1,318	1,243	1,263

package			

3.2.8 **Table 10: Trend in Annual Cost per Older Person of Homecare Services**

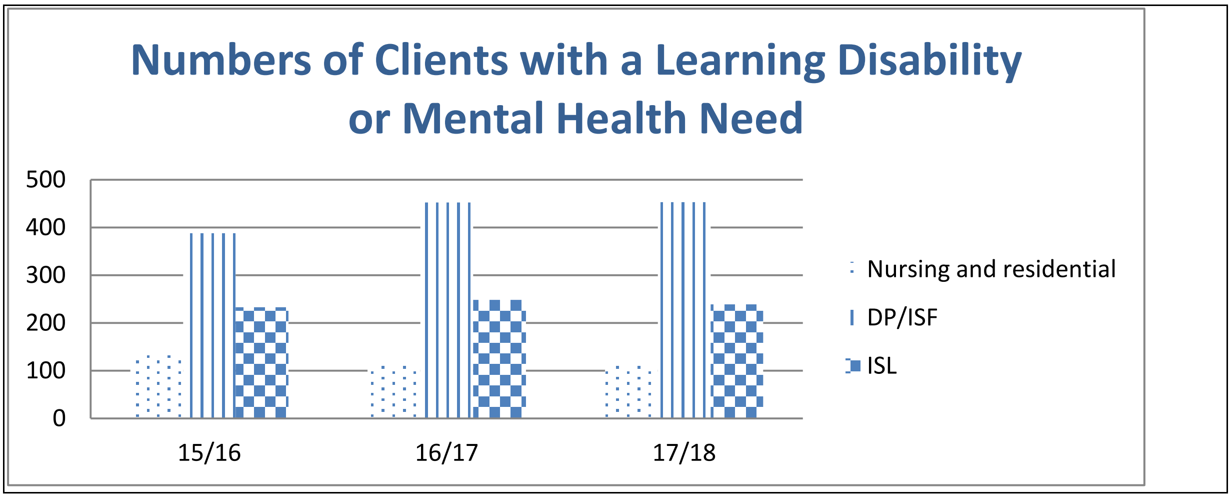


The average cost of a homecare package is however increasing as an aging population with higher levels of need require more intense support. The graph above shows the increase

Services for People with a Learning Disability

3.2.9 Total numbers of clients within services have been relatively static (Table 11) with a small decrease in residential services and Independent Supported Living Services (ISLs) offset by an increase in numbers with a direct payment (DP) or Individual Service Fund (ISF – this is a fund held by a provider for an individual client to provide services on a more flexible and tailored basis for that client).

Table 11: Changes in numbers of clients receiving services

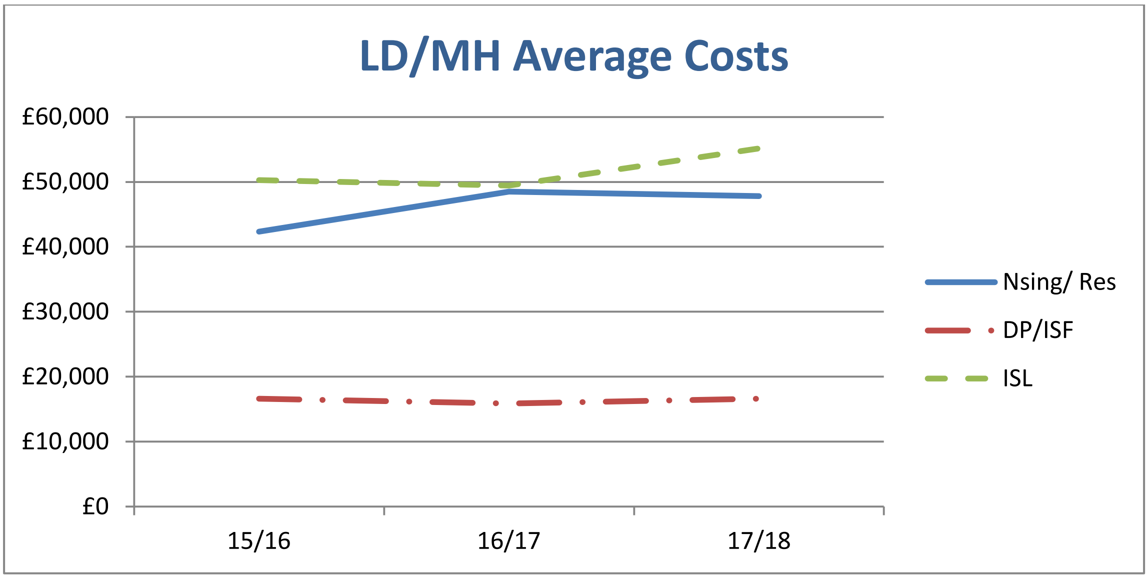


3.2.10 Average annual costs per client in for DPs and ISFs have been steady however, there has been an increase in average ISL costs and a decrease in residential care average annual costs. The increase in ISL unit costs is 9.8% since 2015/16 and is explained by increases in care fees due largely to

National Living Wage rises. These trends are illustrated in Table 12 below. The reduction in residential care has been due to a change in the client base with some clients moving from residential services to an ISL service.

3.2.11 ISL services commissioned by the Authority for clients with a learning disability are on average more expensive than the residential care services the authority provides. The Valuing People Now policy (2009) was brought in to improve quality of life and promote greater independence for people with learning disabilities. This led to the development of ISL services, which can be more costly than equivalent residential care. The Service is working hard to move to more cost effective models of delivering ISLs with larger services like the 13 bedded Emery Court in Dudley, which offer greater economies of scale.

Table 12: Changes in average annual costs of packages for clients with a Learning Disability or Mental Health Need.



3.2.12 Adult Social Care is experiencing a reducing pressure within employee costs in respect of the remaining savings target relating to absorbing pay pressures. There has been a further reduction in overspend within employees shown in largely due to the settling out of major restructures.

3.2.13 Fees and sales income, of which the majority share is client contribution income towards care costs, is £1.093m higher than the budget.

3.2.14 The forecast pressure in Grants and Contributions has reduced since the September report by £0.371m. £0.193m of this relates to the securing of NHS funding for a previously reported high cost client pressure while a proportion of the costs incurred in resolving the outstanding amounts with the LD day care provider were also chargeable to NHS. Actual recharges have been built into the forecast and these were higher than originally estimated particularly in relation to s117 Mental Health Aftercare.

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

Children's Services

3.2.16 Children's Services are forecasting a pressure of £3.617m (September, £3.761m) against a net budget of £23.191m. Analysis of the variance across the service areas is shown in Table 13 below.

Table 13: Forecast Variation across Children's Services

Service Area	2017/18 Budget £'000	**November Variance £'000**	**September Variance £'000**	Movement £'000
Corporate Parenting and Placements	16,886	**2,729**	**2,816**	-87
Early Help and Vulnerable Families	3,008	**73**	**130**	-57
Employment and Skills	598	**164**	**164**	0
Integrated Disability and Additional Needs Service	2,170	**728**	**700**	28
School Improvement	529	**-77**	**-49**	-28
Total Children, Young People & Learning	**23,191**	**3,617**	**3,761**	**-144**

Corporate Parenting and Placements

3.2.17 The forecast pressure in Children's Services remains mainly within Corporate Parenting and Placements with a pressure of £2.729m in November (£2.816 at September, £2.168m at July and £2.618m at May). This is broken down by placement and spend type in Table 13 below. Although we continue to be a strong performer compared to our regional neighbours and the national picture, the children we are supporting have complex needs that are expensive to meet.

Table 14: Analysis of Variance by Placement and Spend Type

Placement Type/Service	Third Party Payments/ External Placement Costs £'000	Employee Costs £'000	Other Expenditure and Income £'000	Total Variance at November £'000	Total Variance at September £'000
External Residential Care	317	0	-113	**204**	27
External Fostering	427	0	0	**427**	432
External Supported Accommodation	705	0	0	**705**	717
In-House Fostering Service	144	11	-23	**132**	183
In-House Residential Care	0	123	20	**143**	133
Adoption Service	-78	39	-16	**-55**	-59
Special Guardianship Order Allowances	758	0	0	**758**	742
Leaving Care	223	-28	-92	**103**	156
Management & Legal Fees	0	17	243	**260**	257
Safeguarding Operations - CAMHS	0	2	-122	**-120**	-120
Safeguarding Operations - Family Group Conferencing	0	0	0	**0**	0
Social Work Fieldwork	0	384	-212	**172**	348
Total Variance	**2,496**	**548**	**-315**	**2,729**	**2,816**

3.2.18 There is a staffing pressure of £0.548m partially relating to the cost of agency staff covering vacant social work posts (£0.236m) and the decision to pay a market supplement to social workers (£0.148m). This has worsened since the September position due to the need to extend the use of some agency staff. Even though there has been a successful recruitment of new social workers, there has been further turnover of staff. In line with the nationwide picture the authority has found it difficult to recruit experienced social workers, and therefore a delay in ending contracts with agency staff has happened to ensure caseloads are managed. There is an ongoing recruitment drive, and the service have successfully appointed 4 former agency staff into permanent positions. It is expected that the use of agency staff will continue to decrease, once the new team structures are finalised and embedded. In addition the overall cost of Social Work Fieldwork has been mitigated by a one off payment from Public Health for related services.

3.2.19 A total of £2.496m of the pressure relates to demand within Looked After Children particularly at the high cost end of placements, of which £0.512m has been estimated as the potential additional cost of moving to a revised model of means testing Special Guardianship Orders. Whilst the overall number of LAC has remained relatively static during this financial year, the placement mix has changed since March 2017. Table 14 shows that the proportion of placements supported within NTC provision is increasing, with a corresponding reduction in placements with more costly external providers.

Table 15: The Number of Looked After Children (LAC) by Placement Mix

		% Proportion of Overall Placement Mix based on number of LAC		
Placement Type	***Number of LAC at Nov '17****	**Nov '17**	**Mar '17**	**Increase / (Decrease)**
Placed for Adoption	8	3%	5%	-2%
External Fostering	27	10%	11%	-1%
Internal Fostering	188	66%	63%	3%
External Supported Accommodation	8	3%	4%	-1%
Internal Supported Accommodation	8	3%	2%	1%
Parents / Independence	13	5%	6%	-1%
Internal Residential	11	4%	3%	1%
External Residential	15	5%	6%	-1%
Secure Unit	3	1%	0%	1%
YOI / Prison	1	0%	0%	0%
TOTAL	**282**	**100%**	**100%**	**0%**

*This figure does not include those placements which require financial support but where the child is no longer classed as looked after, for example, those subject to a Special Guardianship, Adoption or Child Arrangement Order or are now open to the Leaving Care Team.

3.2.20 There has been an increase in the forecast cost of £0.177m for External Residential placements, due to the requirement to place 2 children with complex needs in out of borough placements.

3.3.21 Nationally, there has been an increase in demand for children's residential placements, but with no corresponding increase in provision. Locally, 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 LAs having to use more costly bespoke solo placements, where it is not suitable to place young people in group environments.

3.2.22 Work is ongoing with Housing colleagues to identify any potential housing solutions to meet this relatively recent change in demand. The service continue to review all high cost placements, and the level of support required with a view to reduce the use of external placements as per the New Model for Children Business Case. Succession planning has already begun in relation to identifying placements to transfer into the newly expanded in-house provison at Elm House and Mitford Gardens, which will subsequently 'free up' provision in the NTC Children's Homes.

Early Help and Vulnerable Families

3.2.23 £0.294m of the over-committment relates to the necessary delay in implementing the proposals for childcare settings as previously highlighted in Section 2 above. In addition there is an estimated pressure of circa £0.177m in relation to a staffing requirement in Supporting Families following changes to implementation of 2016/17 proposals. Work progressing in respect of the development of community hubs and the wider council estate is anticipated to support resolution of the pressure. The pressure has been partly mitigated by drawing down the full allocation of Troubled Families grant income for families already attached to the programme, and generating additional grant funding following achievement of outcomes for families. This additional income, coupled with further savings achieved in relation to delays in filling vacant posts, has partly mitigated these pressures, and therefore reduced the CBF savings still to be delivered to £0.073m. The service is confident that there will be further progress in the Troubled Families Programme, resulting in receipt of additional grant income before the end of the financial year.

3.2.24 The Service currently has one young person placed in a Young Offenders Institution whilst on remand, which is estimated to cost approximately £0.016m. The Authority only receive a small grant of £0.001m towards this type of placement, however historically, North Tyneside have experienced low numbers of Remand placements.

Employment & Skills

3.2.25 An historical income pressure remains from when services were funded by specific individual grants, mainly from the Department of Education, and it was appropriate that these grants make a contribution to overheads (£0.164m). The service is working through options to mitigate this pressure.

Integrated Disability and Additional Needs Service

3.2.26 There is an over commitment of £0.728m in this service area. This is further broken down to; Staffing £0.550m, Service User Packages £0.299m, shortfall of CCG income of £0.062m due to prior year CBF targets and income target re short break care selling beds of £0.043m. These pressures are partly offset by additional income generation within Education Psychology of £0.226m.

School Improvement

3.2.27 The under spend in the School Improvement Service relates primarily to savings achieved on staffing (£0.218m) and Education ICT contracts/Network Refresh(£0.100m), offset by shortfall of income generation in Education ICT (£0.211m) and High Borrans (£0.030m)

3.3 Commissioning & Investment

3.3.1 Commissioning and Investment is forecasting an overcommittment of £0.970m as set out in Table 16 below compared to the September position of £0.938m. The main areas of pressure remains within Facilities and Fair Access where, in addition to expenditure pressures within the Cleaning and Catering services, there are demand pressures for the Home to School transport service. Property services is forecasting an over commitment of £0.284m (Sept £0.252m) relating to a reduction in surplus income from Commercial properties. .

Table 16: Commissioning and Investment forecast variation

	2017/18 Budget £000	2017/18 Nov Variance £000	2017/18 Sep Variance £'000	Movement £000's
School Funding & Statutory staff costs	15,245	**0**	0	0
Commissioning Service	539	**45**	45	0
Child Protection Independent Assurance & Review	680	**70**	70	0
Facilities and Fair Access (including Home to School Transport)	507	**534**	534	0
Strategic Property & Investment	388	**17**	17	0
High Needs Special Educational Needs	-80	**0**	0	0
Property	1,866	**284**	252	32
Management & Support	143	**20**	20	0
Internal Audit & Risk	2	**0**	0	0
Procurement	0	**0**	0	0
Total Commissioning & Investment	**19,290**	**970**	**938**	**32**

Home to School Transport

3.3.2 Table 17 below sets out details of the cost and number of pupils accessing home to schools transport service provision during 2016/17 and forecasted to access the service in 2017/18. Although the numbers of pupils being transported had a slight reduction between 2015/16 and 2016/17 and are not expected to increase in year, the overspend in this area for the Authority is expected to increase to £0.439m because of pressure on the Discretionary Schools Grant which is no longer available to contribute towards supporting this service at the previous levels. As can be seen below much of the provision is statutory with the most significant level of expenditure being in respect of special schools. The Authority is using appropriate opportunities to review the level of provision given, particularly when other elements of a child's package are reviewed. The Authority has a panel supporting work on this issue and is drawing on the knowledge of Special School Head teachers.

Table 17: Analysis of Home to School Transport

		Forecast 17/18		2016/17	
	Description	**Net Exp.** £	**Pupil Nos.**	**Net Exp** £	**Pupil Nos.**
Statutory	Bus Passes*	113,437	**592**	107,231	**592**
Both	Post 16 Transport*	203,712	**190**	183,196	**187**
Statutory	Mainstream Schools	47,841	**9**	30,261	**13**
Statutory	SEN Resource Provision	310,170	**107**	301,771	**90**
Statutory	Special Schools	1,432,989	**415**	1,278,772	**426**
Statutory	Moorbridge PRU	50,238	**17**	45,391	**18**
Total		**2,158,387**	**1330**	**1,946,622**	**1326**
Budget		1,719,387		1,719,297	
Shortfall		439,000		227,325	
* Includes Voluntary Aided Bus Passes, Support for Low Income Families, Excess distance & Independent Travel arrangements & SEN					

Property

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

3.4 Environment, Housing & Leisure

3.4.1 Environmental, Housing and Leisure service is reporting a pressure of £0.646m as set out in Table 18 below (Sept £1.018m).

Table 18: Forecast Variation in Environment Housing and Leisure

	2017/18 Budget £000	Nov 2017/18 Variance £000	Sept 2017/18 Variance £000	Movement £'000
Sport & Leisure	4,462	**378**	**443**	-65
Arts Tourism & Heritage	1,960	**84**	**81**	3
Libraries and Community Centres	6,268	**414**	**464**	-50
Security & Community Safety	249	**144**	**148**	-4
Fleet/Facilities Management	459	**-242**	**-119**	-123
Waste Strategy	11,891	**-6**	**105**	-111
Bereavement	-741	**113**	**129**	-16
Street Environment	8,772	**43**	**19**	24
Head of Service & Resilience	287	**23**	**24**	-1
Street Lighting PFI	4,242	**0**	**0**	0
Consumer Prot & Building Control	980	**-5**	**36**	-41
Transport & Highways	5,009	**-321**	**-333**	12
Planning	216	**16**	**16**	0
General Fund Housing	1,092	**5**	**5**	0
TOTAL Environment Housing & Leisure	**45,146**	**646**	**1,018**	**-372**

Sport & Leisure

3.4.2 The variance change from the last reporting period reflects reduced pay & backfill costs for covering sickness and holidays, as well as increased income generation forecast at the main indoor facilities. (£0.065m). There are premises costs variances of £0.128m relating to energy and rates pressures now included which had historically been reported centrally.

Arts Tourism & Heritage

3.4.3 There continues to be a small (£0.033m) pressure arising from the Playhouse due to reduced Authority income and operational cost inflation. In addition, previously unforeseen essential repair costs on the Buddle Arts Centre building have been forecast and identified (£0.020m). As with Sports and Leisure, the Service is now reflecting its own energy and rates pressures (£0.034m) which had historically been recorded centrally.

Libraries & Community Centres

3.4.4 The outturn variance reflects forecast cost pressures in the following areas; Building Cleaning (£0.079m) & Libraries Telephones/ICT/Computer Costs (£0.038m), as well as energy and rates costs (£0.061m) , PFI Contract Costs (£0.149m); Howdon & Shiremoor Community Centres (£0.101m); together with minor underspends across the service (£0.014m).
The variance change from the last reporting period reflects a reduction in employee pressures linked to the management of vacant posts across the service (£0.050m)

Security & Community Safety

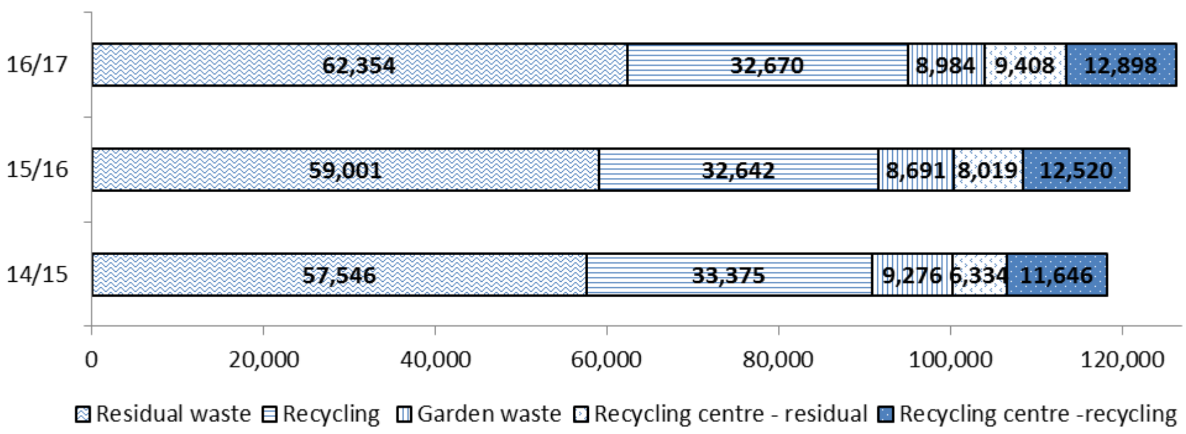
3.4.5 The £0.144m pressure relates in the main to current forecast underachievement of income (£0.120m). The service intends to move to the White Swan Centre during 2017/18 and has identified additional income generating opportunities as a result of this move which it is anticipated will improve this position.

Waste

3.4.6 The pressure in Waste has reduced from £0.105m in September to a minor underspend (£0.006m) in November largely because of a reduced household recycling disposal costs. At the time the 2017/18 budget was set, the price per tonne for the disposal of household recycling was around £25.00. However due to market forces the price per tonne has reduced to between £7.00-£10.00 per tonne.

3.4.7 The growth of housing across the Borough has put pressure on waste growth but the main area of growth in demand for the Authority was coming from increased waste being presented at the Household Recycling Centre rather than from doorstep collections. Table 19 below illustrates the changes in waste volumes over the last three years.

Table 19: Waste Tonnage volumes '000s



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

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

3.4.10 The ban came in to force on 1 July 2017 and the Service is starting to see an impact but we await the official waste figures to be clear what effect this has had on the waste at HWRC before an update of the forecast of total tonnages for 2017/18 can be made. Early indications are that this change has been successful in reducing waste with a waste disposal reduction of 29% and a saving of approximately £0.055m. This trend will continue to be carefully monitored and we expect that in future reporting we should be able to report additional progress.

Bereavement

3.4.11 The Bereavement Service has introduced fee increases in October 2017 however, at this stage, forecasts for income levels have not been increased to reflect these changes as it will not be until the end of January 2018 when it is known if the fee increases have improved the outturm position. An early indicator of £0.025m additional income means it is unlikely that the remaining savings target of £0.064m will be achieved over the remaining part of the year.

Street Environment and Fleet Service Areas

3.4.12 The Service has been successful in reducing its non-pay costs to contribute towards the pay award savings pressures in its own service area and across the service. A budget saving can be seen within the Fleet service area due to reduced maintenance costs and other related expenditure following capital programme replacement of vehicles.

Street Lighting PFI

3.4.13 Electricity pressures of £0.100m and unitary charge inflation pressures of £0.257m are partially mitigated by PFI interest and one-off income for officer time of £0.080m. A review of all PFI models has been undertaken, and it is now envisaged that the overall pressure on the street lighting PFI budget in year can be managed in year by an appropriate drawdown from the PFI reserve.

Transport & Highways

3.4.14 The underspend is mainly due an overachievement of income relating to parking (£0.528m) offset partially by increased parking running costs of £0.234m. This service area, along with Consumer Protection and Building Control and Planning within Environment, Housing & Leisure and Property within Commissioning & Investment form the managed budget. Capita, as our Technical Partner, is responsible for delivering savings and a balanced budget in total across these areas.

3.5 Business & Economic Development

3.5.1 There is a small pressure as set out in Table 20 below, which relates to the delivery of payroll savings. The service is looking to manage this through the management of vacancies and non-essential spends.

Table 20: Forecast Variation Business and Economic Development

	2017/18 Budget £000	Nov 2017/18 Variance £000	Sep 2017/18 Variance £'000	Movement £'000
Regeneration	499	28	5	23
Business & Enterprise	932	3	15	-12
Resources & Performance	176	-14	-3	-11
Total Business And Economic Development	**1,607**	**17**	**17**	**0**

3.6 Commercial & Business Redesign

3.6.1 The main area of variation as shown in Table 21 below relates to cost pressures arising from a number of new systems and enhancements largely in the area of automated customer contacts and internet connectivity.

Table 21: Forecast Variation Commercial and Business Redesign

	2017/18 Budget £000	Nov 2017/18 Variance £000	Sept 2017/18 Variance £'000	Movement £'000
Head of Commercial & Business Redesign	3	14	12	2
ICT Retained Services	552	1	3	-2
ICT Client	1,986	137	137	0
Total Commercial and Business Redesign	**2,541**	**152**	**152**	**0**

3.7 Corporate Strategy

3.7.1 Corporate Strategy is forecasting an over-commitment of £0.106m as set out in Table 22 below. This is made up of staff cost pressures £0.065m, supplies and services pressures of £0.045m. The service area is looking to part manage these pressures through the year by opportunities to increase income, non-essential spends and vacancy management.

Table 22: Forecast Variation Corporate Strategy

	2017/18 Budget £000	Nov 2017/18 Variance £000	Sep 2017/18 Variance £000	Movement £'000
Corporate Strategy Management	133	**23**	23	0
Policy, Performance & Research	-3	**23**	4	19
Community and Voluntary Sector Liaison	472	**15**	7	8
Marketing	130	**35**	31	4
Elected Mayor and Executive Support	-30	**-7**	-3	-4
Children's Participation & Advocacy	198	**17**	33	-16
Total Corporate Strategy	**900**	**106**	**95**	**-11**

3.8 Finance

3.8.1 The under spend in the Finance service as set out in Table 23 relates to the pension rebate estimated as due to the Local Authority from Engie under the partnership contract, reduced audit fee and staff savings. Within Revenue & Benefits and Customer Services there is a pressure of £0.293m resulting from a pressure on enforcement income of £0.060m and £0.233m on housing benefit subsidy budgets. The variance is 0.39% of the gross expenditure budget of the Revenue & Benefits Customer Services of £75.866m.

Table 23: Forecast Variation Finance

	2017/18 Budget £000	Nov 2017/18 Variance £000	Sep 2017/18 Variance £000	Movement £'000
Finance Service	1	-249	-249	0
Revs & Bens & Cust Services	1,236	293	271	22
Total Finance	**1,237**	**44**	**22**	**22**

3.9 Human Resources & Organisational Development

3.9.1 The pressure relates to the additional HR staff supporting the Target Operating Model projects. The improvement is due to vacant posts being held.

Table 24: Forecast Variance Human Resources and Organisational Development

	2017/18 Budget £000	Nov 2017/18 Variance £000	Sep 2017/18 Variance £000	Movement £'000
HR & OD and Total	**262**	**149**	**167**	**-18**

3.10 Law & Governance

3.10.1 The overall pressures in Law and Governance of £0.079m are analysed in Table 25 below. The main pressures relates to Information Governance where additional staffing costs (£0.059m) are in place to deal with the Authority's response to the General Data Protection Regulation (GDPR), which will apply in the UK from 25 May 2018, and the implementation of data management systems to replace the Opentext systems. The Government has confirmed that the UK's decision to leave the EU will not affect the commencement of the GDPR.There is a salary pressure on the Courier Service of £0.043m.These are partially offset by savings on supplies and services and additional income generation.

Table 25: Forecast Variation Law and Governance

	2017/18 Budget £000	Nov 2017/18 Variance £000	Sep 2017/18 Variance £000	Movement £'000
Customer, Governance & Registration	-89	91	79	12
Democratic & Electoral Services	2	-47	-44	-3
Information Governance	27	73	71	2
Legal Services	4	-38	-27	-11
North Tyneside Coroner	293	0	4	-4
Total Law and Gov	**237**	**79**	**83**	**-4**

3.11 Central Budgets & Contingencies

3.11.1 The 2017/18 forecast outturn set out in Table 26 below reflects savings of circa £3.346m on interest charges and a forecast underspend of £0.333m in relation to MRP. These savings result from 2016/17 Investment Plan reprogramming and the approach to internal borrowing. Cabinet will recall during 2016/17 significant in-year savings were achieved through the application of the Treasury Management Strategy. Additional savings were factored into budget setting for 2017/18 however the approach to Treasury

Management is continually reviewed in order to minimise borrowing costs to the Authority and maximise the opportunity to achieve in-year budget savings. That will be dependent on movements in interest rates, which are monitored on a daily basis.

3.11.2 The assumption that £1.426m of contingencies and Service Improvement Fund will not be drawn down continues (these pressures have been forecast within the Service figures reported above). A backdated rates rebate of £0.344m relating to the John Willie Sams Centre has been agreed and additional income generation of £0.293m from S31 Grants for Small Business Rate Relief are shown here, together with a dividend from the Airport of £0.886m.

3.11.3 Included in Central items is the budgeted saving on Procurement activity of £0.500m which is currently being forecast as a pressure. As highlighted previously a detailed review of the procurement of services and the Authority's spend with suppliers is in progress. Options have been identified and work is now commencing to change how the Authority approaches procuring supplies and services across a number of areas. As the exercise is still in an early stage, it is prudent to assume that the saving will not be achieved but the practical work has started and progress will be kept under careful review. There are also pressures totalling £0.312m relating to the bad debt provision and to payments relating to NECA and the LEP, plus NTC Enterprise zone payment, shortfall on trading company interest and a small backdated VAT adjustment.

3.11.4 Seaton Burn Community High School is to transferring as a sponsored academy before the end of the 2017/18 financial year. As the school is currently forecasting a deficit of £0.668m due to the nature of the transfer of the school the deficit will fall to be met by the General Fund in 2017/18.

Table 26: Forecast Variation Central Budgets and Contingencies

	2017/18 Budget £000	Nov 2017/18 Variance £000	Sep 2017/18 Variance £'000	Movement £'000
Corporate & Democratic Core	15,358	-574	-568	-6
Other Central Items – corporate accounting, contingencies and levies	-7,317	-5.816	-3,326	-2.490
Seaton Burn School Deficit		668		668
Total Central Items	**8,041**	**-5,722**	**-3,894**	**-1,828**

3.12 The following table shows additional grants received since September 2017. Cabinet is requested to approve receipt of these grants.

Table 27: 2017/18 Revenue Grants awarded since September 2017

Service	**Granting Body**	**Description**	**Amount £m**
Health, Education, Care and Safeguarding	Education Funding Agency	To allow schools to continue to monitor performance of maintained schools, broker school improvement provision, and intervene as appropriate.	0.148
Health, Education, Care and Safeguarding	Department for Education	To provide Post Adoptive therapy	0.141
Commissioning and Investment	Department for Education	Funding is in recognition of a burden placed on local authorities to write to the parents of pupils aged 13 about schools in their local area which admit pupils at age 14.	0.001
Health, Education, Care and Safeguarding	Sunderland Clinical Commissioning Group	To fund 2 Band 4 roles - Locality Teams	0.026
Health, Education, Care and Safeguarding	Department for Education	Riverside Ward/Elm House Innovation Programme – providing running costs of a new service for care leavers	0.366
Total			0.682

SECTION 4 - SCHOOLS FINANCE

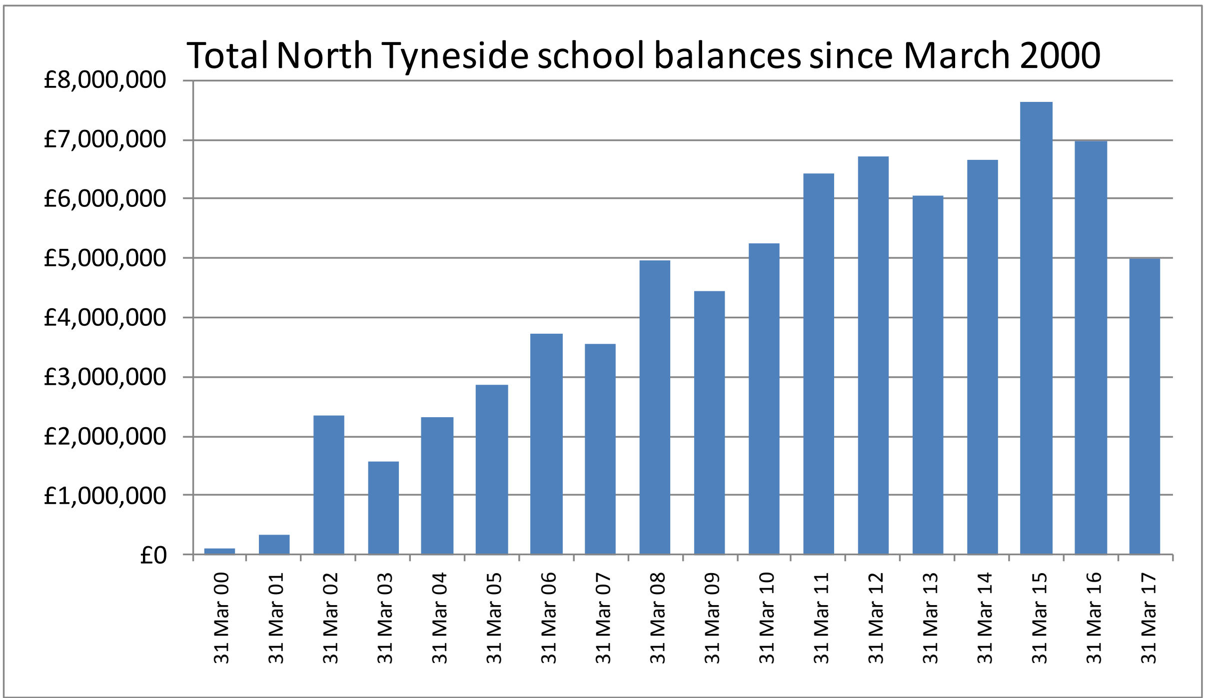
2017/18 School Budgets

4.1 During 2016/17 overall maintained school balances in North Tyneside decreased from £6.982m to £4.986m at 31 March 2017. This was reported in the Authority's Statement of Accounts for 2016/17 and used in National Government Benchmarking.

4.2 It should be noted that total maintained school balances do not include those of academies in the borough. The balances reported nationally include committed balances, i.e amounts schools show as committed to spend on specific projects. The actual balances for forward planning purposes are normally lower, as they include elements that the schools plan to spend in future periods.

4.3 Cabinet will be aware that the authority has be working wotth schools for a number of years with regard to the long term strategic issue of surplus secondry school places and the associated financial pressures which is compounded by rising employment costs. As expected the end of 2016/17 saw the second year of balances decreasing following a long term trend of rising balances in North Tyneside, and Table 28 below sets out the long term trend of the position of North Tyneside Schools. In 2016/17, North Tyneside school balances at March 2017 represented 3.3% of total school income in that year. This is significantly lower than the national figure of 6.4%.

Table 28: The trend of total North Tyneside school balances.



4.4 Cabinet should note that the overall postion at the 31 March 2017 was significantly different to that predicted at the start of the year when schools submitted their budget plans. In the May 2016 budget submissions for the 2016/17 committed balances were forecast to be in an overall deficit position of

£(0.282)m. This compares with an uncommitted balance of £4.986m at 31 March 2017, so the actual outturn balance was significantly higher. Schools have been reminded of the need to forecast as accurately as possible, so that decisions are taken in the light of accurate budget projections. Cabinet will be aware that schools retain a high degree of autonomy when setting budgets, unless they are in a deficit position. Therefore, whilst Elected members and officers are able to advise schools on the adequacy of balances, they cannot intervene.

4.5 In June 2017, ten schools indicated that they needed the Authority's approval to set a deficit budget. This compares to eight schools in 2016/17 being managed under the deficit approval process. It should be noted that out of the 10 schools requesting deficit approvals 8 are secondries, as those schools continue to have surplus school places. All schools requesting deficit approval have met with the Head of Finance and the Director of Children's and Adult Services to ensure all appropriate steps have been taken to improve each school's position prior to formally approving deficit arrangements. Additional governance arrangements and monitoring meetings have been put in place with the relevant schools. School Improvement, HR and Finance officers continue to meet with Head Teachers and Governing Body representatives to monitor the specific requirements of each individual school's deficit approval.

4.6 Budget monitoring has been conducted with all schools during September and October with particular attention given to the ten schools requesting deficit approval. The overall forecasted position has improved by £0.878m from a total deficit of £2.896 to a deficit of £2.018m. The forecasts for the ten schools with deficit approvals has improved by £0.227m. Table 29 below sets out the deficits approved and the most recent position

Table 29 Schools with deficit approval for 2017/18

School	Deficit Approval Granted 2017/18 £	Latest Monitoring Position £
Fordley Community Primary	-80,811	-41,974
Ivy Road Primary	-137,472	-150,134
Marden Bridge Middle	-27,241	-20,627
Monkseaton Middle	-33,728	-26,796
Marden High	-478,183	-466,940
Norham High	-1,224,280	-1,154,068
Longbenton High	-1,025,567	-1,040,654
Monkseaton High	-2,586,784	-2,522,667
Seaton Burn Community College	-667,858	-667,751
Whitley Bay High	-618,256	-561,378
Total	-6,880,180	-6,652,989

4.7 A programme of work is in progress with schools to consider further actions required to address the longer term approach to financial planning for schools in North Tyneside. The programme will focus on three new work streams and will also consolidate 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.

Local Authority Leads have been identified and work is ongoing to identify School Leads for each workstream. The work is already in progress in most of the workstreams.

National Funding Formula and Setting School Budgets for 2018/19

4.8 On 14 September 2017 the Department for Education (DfE) published the response to the Stage 2 national funding formula consultation and confirmed the final formulae. From 2018/19 the Dedicated Schools Grant (DSG), which provides the allocations for each block, will comprise of four blocks: schools, high needs, early years and the new central school services block. Each of the four blocks has their own funding formula.

4.9 In 2018/19 & 2019/20 the local authority will receive its funding based on the DfE national funding formula and during this transition period local authorities will continue to set a local formula to distribute funding and distribute individual schools budgets.

4.10 The consultation response includes illustrative data to show the impact of the new formulas for both the local authority and each school, using 2016 census data. The allocations take into account the additional investment in schools revenue funding of £1.3billion for 2018/2019 and 2019/2020 which the Secretary of State announced in July 2017. The final DSG allocation will be available mid-December 2017 and will be updated with the latest October 2017 census data.

4.11 A Schools Forum funding subgroup met in October 2017 to discuss each element of the funding formula and further discussion took place at Schools Forum on 15 November 2017. A consultation document was sent to all schools on 22 November 2017. The remaining key dates for agreeing budgets for schools for 2018/19 are as follows;

Table 30: Key Dates in Setting 2018/19 Budgets for Schools

Date	Activity
4 December 2017	Deadline for consultation responses from Head teachers to the Authority
6 December 2017	School Forum Subgroup convenes and discusses findings – financial modelling undertaken as required
13 December 2017	Schools Forum considers consultation response and further work (if required)

Mid-December2017	Government funding agency issues allocation tables populated with pupil data and funding factors. DSG blocks (schools and high needs) issued
10 January 2018	Schools Forum formally considers funding arrangements, including agreeing block transfers, centrally retained items and de-delegated items
19 January 2018	Deadline for submission of final school allocations back to Government funding agency
28 February 2018	Deadline for confirmation of schools budget shares to maintained schools (in North Tyneside the intention is to issue in advance of this deadline)

SECTION 5 - HOUSING REVENUE ACCOUNT

Forecast Outturn

5.1 The forecast set out in Table 31 below based on the results to November 2017 reflects balance or under spends across all cost areas except HRA Management costs where there is a pressure £0.123m. The early pressures on rental income existed largely because of higher levels of empty homes than forecast, particularly in Sheltered Housing, but it is now forecasted to exceed original budget as empty homes continue to be filled (£0.029m). In addition, the income from temporary dispersed accommodation is projected to be above budget (£0.071m), whilst service charge income (including furniture packs) is now also significantly better than budget (£0.125m). All of the £0.873m of savings identified in the 2017/18 budget approved by Cabinet are on target to be delivered in full.

Table 31: Forecast Variance Housing Revenue Account

	FULL YEAR - 2017/18			Variance	Movement
		November Forecast Outturn			
	Full Year Budget £000	Forecast £000	Variance £000	September 2017/18 £000	£000
INCOME					
Rental Income	-59,689	-59,914	**-225**	-28	-197
Other Rental Income, Shops etc.	-255	-254	**1**	1	0
Interest on Balances	-30	-40	**-10**	-10	0
PFI Credits	-7,693	-7,693	**-0**	0	0
	-67,667	**-67,900**	**-234**	-37	-197
EXPENDITURE					
Capital Charges - Net Effect	13,848	13,822	**-26**	-26	0
HRA Management Costs	10,197	10,319	**123**	23	100
PFI Contract Costs	9,551	9,551	**0**	0	0
Repairs	11,481	11,477	**-4**	-5	1
Revenue Support to Capital Programme	6,771	6,771	**0**	0	0
Contribution to Major Repairs Reserve – Depreciation	15,650	15,650	**0**	0	0

Contingencies, Bad debt Provision & Transitional Protection Payments	1,080	781	**-300**	-300	0
Pension Fund Deficit Funding	855	855	**0**	0	0
	69,432	**69,226**	**-206**	-307	101
	1,766	**1,326**	**-440**	-344	-96
BALANCES BROUGHT FORWARD	**-4,627**	**-5,966**	**-1,339**	-1,339	0
BALANCES TO CARRY FORWARD	**-2,861**	**-4,640**	**-1,779**	-1,683	-96

5.2 **Empty homes**

In terms of the impact of empty homes on the financial picture to date, rates are actually below 16/17 levels overall so far this year but had been budgeted to improve more significantly following the completion of the North Tyneside Living Schemes. Stock handover was delayed but is now complete and although the level of empty homes within sheltered stock is still high, the trend does indicate that this position is now starting to improve. Tables 32-34 illustrate the movement in stock levels for 17/18 compared to 16/17.

Table 32: All stock Empty homes debit as percentage of total debit

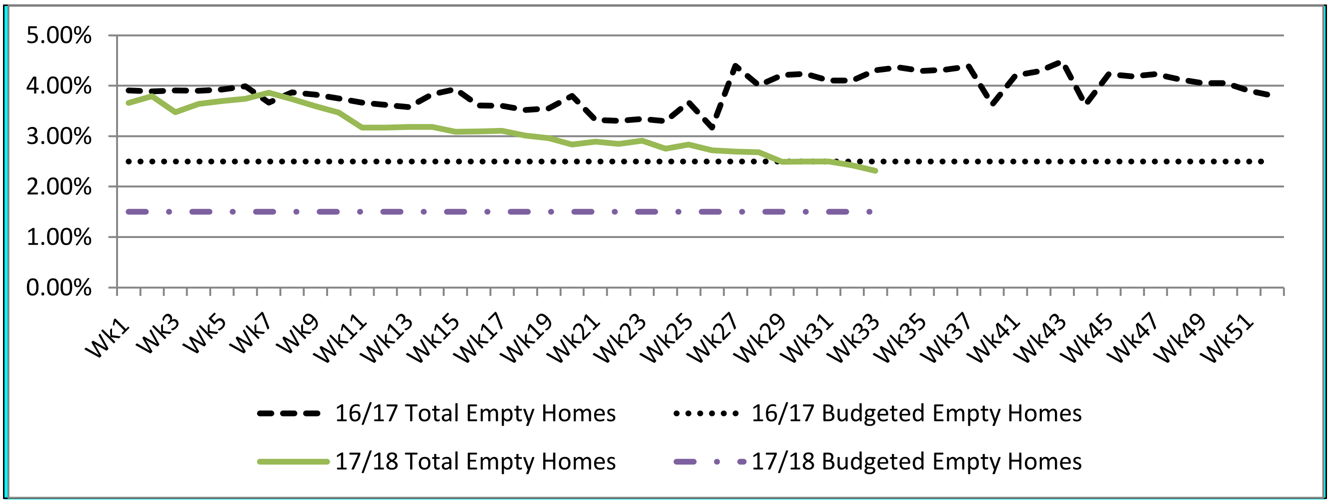


Table 33: General Stock Empty homes debit as percentage of total debit

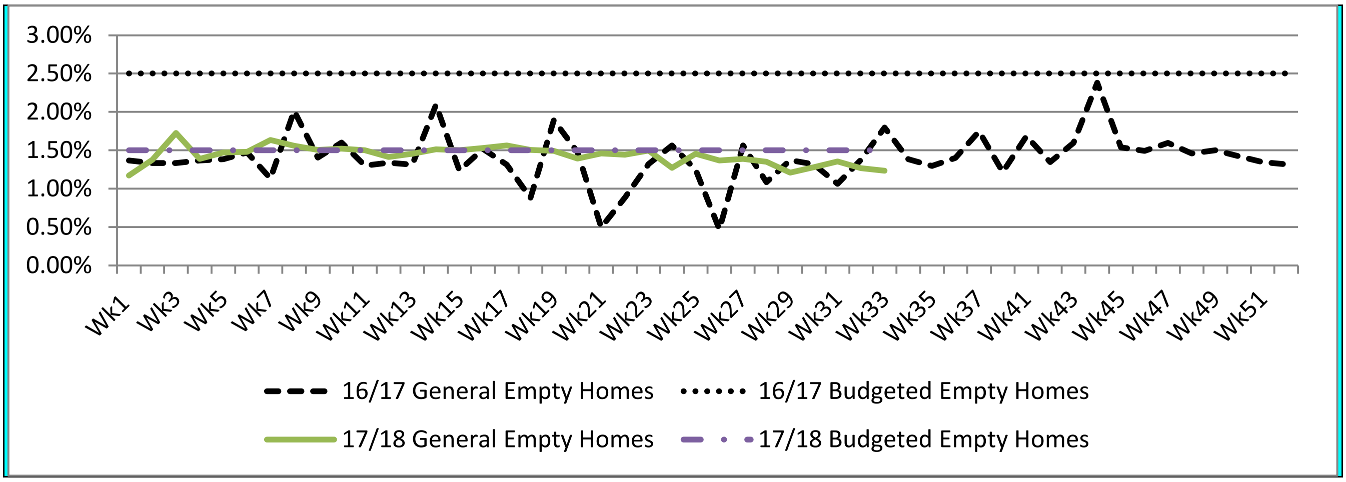
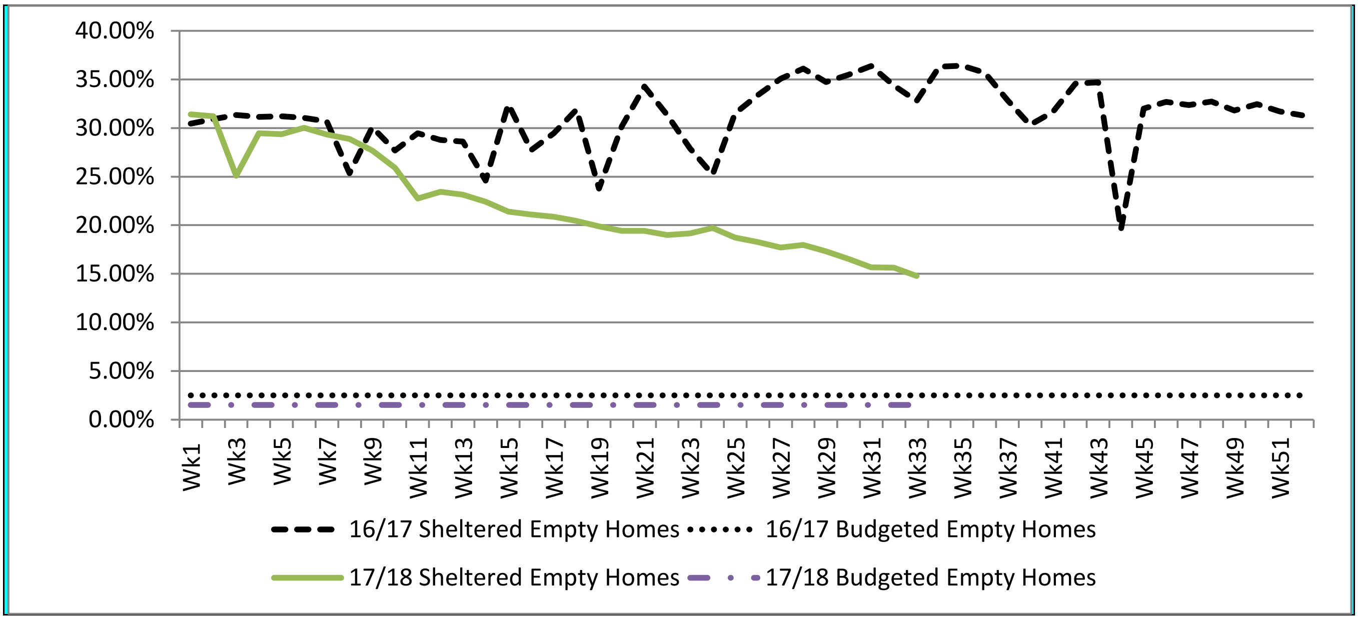


Table 34: Sheltered Stock Empty homes – debit as percentage of total debit



5.3 The net forecast overspend of £0.123m in HRA Management costs includes a pressure from the impact of Council tax payable on higher level of empty homes (£0.260m), additional water rates commission income negotiated (£0.166m) and staff vacancies (£0.170m), plus potential pressures around broadband costs for sheltered accommodation (£0.059m) and the anticipated in-year costs relating to the Construction Options Project (£0.272m).

5.4 The £0.300m projected underspend on Contingencies, Bad debt provision and transitional protection payments includes an expected reduction in costs for transitional protection as a result of higher than budgeted empty homes in sheltered accommodation (£0.080m). There is a predicted reduction in bad debt provision (£0.150m) required based on a lower level of arrears than expected which will be monitored closely as the wider roll out of Universal

Credit continues. The go-live on full-service Universal Credit in North Tyneside was 19 February 2018, but this has now been delayed until May 2018 so the impact for 2017/18 is expected to be minimal. Currently only around 2,000 North Tyneside residents are on Universal Credit, many of whom were not previously entitled to Housing Benefit. At the end of November 2017 there were 265 Authority tenants claiming universal credit, of these 227 (86%) are in arrears, with average current arrears per tenant of £832, compared to average current tenant arrears of circa £339. This is a trend that has been seen across those authorities who are live with full service and remains a risk for the HRA in future years.

Right to Buy (RTB) Trends

5.5 The impact of RTB is critical to long-term planning for the HRA. Prior to the introduction of self-financing back in 2012, average RTB sales had dropped to around 25 per annum, mainly due to the capped discount (£22,000) which had remained static as property values had increased, making RTB less attractive financially to tenants. Shortly after self-financing began Central Government announced a 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 revenue to the HRA.

Table 35 – RTB Trends and Financial Impact

	Sales assumed by self-financing	Actual RTB Sales	Additional RTB Sales above budget assumptions	Estimated lost rent per annum (£000)	Capital Receipts (£000)
2012-13	**40**	**85**	**45**	**315**	**3,477**
2013-14	**47**	**122**	**75**	**457**	**4,957**
2014-15	**53**	**100**	**47**	**397**	**3,938**
2015-16	**55**	**135**	**80**	**577**	**5,548**
2016-17	**55**	**136**	**81**	**557**	**5,632**
2017-18 (Apr-Nov)	**28**	**84**	**56**	**377**	**4,025**
	278	**662**	**384**	**2,680**	**27,577**

5.6 In the period (2012-2017) we have built just over 130 new homes through the HRA, which has helped mitigate a portion of the revenue loss from the 578 sales in the same period, but in essence the HRA has lost £2.3m in rental income from the annual rent over this period.

5.7 In terms of the total Capital Receipts from the sales of these properties over the last 5 years (£23.552m), the Authority has been required to pay a proportion over to Government (£8.326m) but is allowed to keep a proportion to cover administration costs (£0.753m). The Authority can also retain some proceeds to cover the additional debt burden from the extra sales (£8.507m), plus the Local Authority share of the "pooled" assumption (£3.425m). Any sum left over is called the "retained" receipt (£2.570m) and this must be used purely for new build housing, under the "one-for-one" policy. As can be seen from the figures above the Authority has sold an “additional” 384 properties in 5 years and has only replaced circa 130 to-date, so the policy intention of “one-for-one” replacement is currently not being achieved in North Tyneside.

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. Some of the key highlights of the Investment Plan due to be delivered during 2017/18 are summarised below:

Affordable Homes New Build and Conversion Works

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

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

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

Housing Investment Work

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

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

Education Investment Works

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

- Delivery of an initial 26 priority condition related projects across the school estate;
- Priority Schools Building Programme (Off Balance Sheet) ;
    - The projects at both Whitehouse Primary School, Longbenton High School and Marden High School are now fully completed;
    - The external works for John Spence High School are scheduled for completion in December 2017; and,
    - Cullercoats Primary School – this project is being delivered as part of Priority Schools Building Programme 2 (PSBP2). The preferred

solution is to be a refurbishment programme rather than a new build. Detailed discussions are ongoing with the Education Funding Agency (EFA), their appointed contractor and the school to finalise the scope of works. It is anticipated that the final agreed solution will be confirmed early 2018 with works commencing on site Spring/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;
- Construction of the final phase of A1058 Coast Road major scheme (Norham Road Bridge);
- Central Promenade Reconstruction Scheme - construction work commenced on site in February 2017;
- A1056 Weetslade major highways scheme was completed in July 2017;
- Construction of the North Bank of the Tyne highway improvements from October 2017; and
- Major drainage improvements at Monkseaton and Shiremoor.

Regeneration Works

6.6 Regeneration Works for 2017/18 include:

- Works are progressing well with the restoration of the Spanish City Dome in accordance with the delivery plan with target date for completion late Spring 2018. Works to reinstate the western wing are continuing to progress;
- Hotel and restaurant adjacent to the Dome opened in July 2017;
- The public realm works on Northern Promenade are nearing completion; and,
- Swans – the next phase of works will cover feasibility works including upgrade of the Swans Quay and load out facilities plus further demolition works and Centre for innovation Phase 2 refurbishment.

Variations to the 2017-20 Investment Plan

6.7 As part of the regular investment programme monitoring £2.244m reprogramming within the plan and variations of £5.702m variations have been identified.

Table 36 details the changes to the approved 3-year Investment Plan, as agreed at Council on 16 February 2017.

Table 36: 2017 - 20 Investment Plan changes identified

	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Approved Investment Plan – Council 16 February 2017	**106.952**	**48.888**	**30.833**	**186.673**
Previously Approved Reprogramming				
Cabinet 12 June 2017	12.980	0	0	12.980
Cabinet 10 July 2017	(21.929)	21.926	0.517	0.514
Cabinet 11 September 2017	1.316	(0.008)	0	1.308
Cabinet 13 November 2017	(9.317)	8.846	0	(0.471)
Approved Investment Plan – Cabinet 13 November 2017	**90.002**	**79.652**	**31.350**	**201.004**
October/November				
Variations	0.228	3.474	2.000	5.702
Reprogramming	(2.244)	2.130	0.114	0
Total Variations	**(2.016)**	**5.604**	**2.114**	**5.702**
Revised Investment Plan	**87.986**	**85.256**	**33.464**	**206.706**

6.8 The details of the main variations are shown below:

(a) **EV084 A189 Improvements Haddricks Mill to West Moor £5.674m** -The Department for Transport (DfT) announced government funding for the scheme in October 2017. The scheme involves improving accessibility in the A189 corridor, a strategic link serving substantial employment sites, dovetailing with adjacent A189 Haddricks Mill improvements in Newcastle. A proposal to utilise an element (£0.200m) of the Section 106 funding associated with Gosforth Business Park Development in quarter 4 of 2017/18 will allow early commencement of the detailed design works thus enabling the construction works to commence at the start of the finance year 2018/19 and to ensure the delivery of the works within the funding timescales;

(b) **EV034 Local Transport Plan £0.028m** – This variation is to reflect the annual contribution from Nexus that the Authority will receive towards the cost of Sustainable Travel; and,

(c) National Productivity Fundng £0.200m is to be transferred to **EV034 Local Transport Plan** from **EV055 Additional Highways Improvements** to align with programme delivery associated with improvement to footways.

6.9 Reprogramming of £2.244m has been identified. The details are shown below:

(a) **HS003 Private Sector Renovation £0.139m** – Options for this budget are being explored it is likely that the project will be delivered be over future financial periods beyond 2017/18;

(b) **IT026 Citizen Interaction and Self Serve £0.340m** – The reprogramming is to reflect the expected commencement date of the analytics tooling element of the project. The funding profile is 2018/19 £0.226m and 2019/20 £0.114m;

(c) **DV062 St Mary's Lighthouse and Visitor Centre £0.035m** – This project has been reprogrammed to allow for further design works to be completed to address the issues raised by the planning committee;

(d) **EV076 Depot Delivery Project £0.600m –** This project is subject to a separate report to this Cabinet. The revisions to the project mean it is necessary to reprogramme;

(e) **DV058 Swan Hunters Redevelopment £1.080m** – The timescales for grant submissions to the NELEP and notification of funding approvals mean that reprogramming of plot 6 basement demolition £0.440m, Centre for Industry (CFI) Phase 2 £0.090m, CFI Phase 3 £0.150m and Quay Works and overslabbing £0.400m is required; and,

(f) **CO075 Skate/BMX Park – The Parks Sports Centre £0.075m** - Works on the skake park have commenced and are expected to be completed by mid March 2018. The residual budget is to be reprogrammed to 2018/19 to support the Play Park project.

6.10 The impact of the changes detailed above on capital financing is shown in Table 37 below.

Table 37: Impact of variations on Capital financing

	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Approved Investment Plan – Cabinet 13 November 2017	**90.002**	**79.652**	**31.350**	**201.004**
Council Contribution	(1.193)	1.079	0.114	0
Grants and Contributions	(0.823)	4.525	2.000	5.702
Total Financing Variations	**(2.016)**	**5.604**	**2.114**	**5.702**
Revised Investment Plan	**87.986**	**85.256**	**33.464**	**206.706**

Capital Receipts – General Fund

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

The capital receipts requirement for 2017/18 approved by Council on 16 February 2017 was £Nil (£0.760m for 2017-20). Due to reprogramming from 2016/17 £0.110m receipts are now required for 2017/18 (£0.870m 2017-20). To date £1.071m of capital receipts have been received in 2017/18, therefore the 2017-20 requirement has been met. The surplus balance of receipts (£0.201m) will be used to either replace unsupported borrowing within the Investment Plan or to repay debt. The receipts position is shown in Table 38 below.

Table 38: Capital Receipt Requirement – General Fund

	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Requirement reported to 16 February 2017 Council	0.000	0.380	0.380	0.760
Reprogramming from 2016/17	0.110	0	0	0.110
Revised Requirement	**0.110**	**0.380**	**0.380**	**0.870**
Useable Receipts Received 2017/18	(0.110)	(0.380)	(0.581)	(1.071)
Surplus Balance	**0.000**	**0.000**	**(0.201)**	**(0.201)**

Capital receipts – Housing Revenue Account

6.12 Housing Capital Receipts brought forward at 1 April 2017 were £5.501m. The Housing receipts are committed against projects included in the 2017-20 Investment Plan. The approved Capital Receipt requirement for 2017/18 was £0.663m. This, together with the reprogramming reported to 12 June 2017 Cabinet, gives a requirement of £1.809m. To date, £3.565m receipts have been received in 2017/18 of which £0.937m has been pooled as part of the quarterly returns to Central Government. In total, subject to future pooling, this leaves a surplus balance of £6.320m to be carried forward to fund future years.

Table 39: Capital Receipt Requirement - Housing Revenue Account

	2017/18 £m	2018/19 £m	2019/20 £m	2017-20 £m
Requirement reported to 16 February 2017 Council	0.663	2.847	2.805	6.315
Reprogramming from 2016/17	1.146	0	0	1.146
Revised Requirement	**1.809**	**2.847**	**2.805**	**7.461**
Receipts Brought Forward	(5.501)	0	0	(5.501)
Receipts Received 2017/18	(3.565)	0	0	(3.565)
Receipts Pooled Central Government	0.937	0	0	0.937
Surplus Balance to fund future years (subject to further pooling)	**(6.320)**	**2.847**	**2.805**	**(0.668)**

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

Investment Plan Monitoring Position to 30 November 2017

6.13 Actual expenditure in the General Ledger was £41.085m,46.69% (September £25.891m and 28.77%) of the total revised Investment Plan at 30 November 2017. The expenditure is 80.86% of the profiled budget at end of November.

Table 40 Total Investment Plan Budget & Expenditure to 30 November 2017

	2017/18 Revised Investment Plan £m	Actual Spend to 30 November 2017 £m	Spend as % of revised Investment Plan %
General Fund	63.007	28.706	45.56
Housing	24.979	12.379	49.56
TOTAL	**87.986**	**41.085**	**46.69**

2017-2020 Investment Plan Summary **APPENDIX N**

Project Ref	Project Title	2017/18 £000's	2018/19 £000's	2019/20 £000's	Total £000's	Funding Source	£000's
	GENERAL FUND **Great Place to live, work and visit**						
BS026	Asset Planned Maintenance programme	1,371	1,500	1,500	4,371	Council Contribution Sport England Grant	4,320 51
DV054	Coastal Regeneration	14,106	2,331	0	16,437	Council Contribution Heritage Lottery Fund	13,487 2,950
DV058	Swan Hunters Redevelopment	1,342	9,247	0	10,589	Single Local Growth Fund (SLGF) Local Growth Fund (LGF) Council Contribution	6,250 1,260 3,079
DV059	Pilot Fund to Tackle Empty Properties	63	80	0	143	Council Countribution	143
DV060	Rosehill Regeneration	52	0	0	52	Council Countribution	52
DV062	St Mary's Lighthouse and Visitor Centre	0	1,887	481	2,368	Heritage Lottery Fund grant (HLF) Council Contribution	2,131 237
EV034	Local Transport Plan	4,862	1,817	0	6,679	Local Transport Plan (LTP) Grant DfT Pothole Grant DFT Incentive Grant	6,105 191 126

Project Ref	Project Title	2017/18 £000's	2018/19 £000's	2019/20 £000's	Total £000's	Funding Source	£000's
						GEO Wimpy Contribution	29
						NECA National Productivity Fund	200
						Public Transport Element (Nexus)	28
EV054	Central Promenade Reconstruction Scheme	3,823	0	0	3,823	Council Contribution	1,930
						Environment Agency Grant	993
						Northumbrian Water Ltd	900
EV055	Surface Water Management Improvements	2,017	0	0	2,017	Council Contribution	652
						Environment Agency Grant	1,365
EV056	Additional Highways Maintenance	2,146	2,000	2,000	6,146	Council Contribution	5,727
						National Productivity Fund	419
EV073	A1058 Coast Road Improvements to junctions	3,391	0	0	3,391	NELEP Growth Deal	3,054
						Council Contribution	217
						LTP Grant	120
EV077	A1056/A189 Weetslade junction imps	872	0	0	872	Section 278	0
						NELEP Growth Deal	872
EV078	A19 Employment Corridor access imps	2,967	0	0	2,967	NELEP Growth Deal	2,560
						Section 106	407
EV079	A191 Junction Improvements (Coach Lane & Tyne View F	153	0	0	153	NELEP Growth Deal	-47
						Section 106	200

Project Ref	Project Title	2017/18 £000's	2018/19 £000's	2019/20 £000's	Total £000's	Funding Source	£000's
EV080	Coast Road Cycle Route	943	0	0	943	Cycle City Ambition Fund	943
EV081	Cobalt Cycle Scheme	47	0	0	47	NELEP Growth Deal	47
EV082	North Bank of the Tyne Infrastructure	2,348	2,131	0	4,479	NELEP Growth Deal	4,479
EV084	A189 Improvments Haddricks Mill to West Moor	200	3,474	2,000	5,674	Dft National Productivity Investment Fund S106/S278	3,663 2,011
GEN12	Local infrastructure projects	165	100	100	365	Council Contribution	365
HS049	Northumberland Square	0	0	0	0	Council contribution	0
HS046	Housing Private Landlord Refurbishment	90	68	0	158	Home and Communities Grant Revenue Contribution	46 112
HS047	Trading Company Affordable Homes Project	0	0	0	0	Section 106	0
EV083	Streelighting LED	1,447	507	0	1,954	Council contribution	1,954
DV063	Coastal Properties	0	0	0	0	Council contribution	0

Project Ref	Project Title	2017/18 £000's	2018/19 £000's	2019/20 £000's	Total £000's	Funding Source	£000's
DV064	Council Property Investment	465	550	0	1,015	Council contribution	1,015
DV065	North Shields Fisherman's Heritage Project	84	0	0	84	External contributions Council Contribution	46 38
DV066	Investment in North Tyneside Trading Company	3,508	8,570	1,000	13,078	Council contribution Section 106	11,505 1,573
CO074	All Our Histories - Libraries IT	0	0	0	0	Arts Council grant	0
CO075	Skate/BMX Park - The Parks Sports Centre	129	50	0	179	SUEZ Communities Trust Section 106 Council Contribution	44 125 10
CO067	Weekly Collection Support Grant	62	0	0	62	Weekly Waste Grant	62
	Total Great Place to live, work and visit	**46,653**	**34,312**	**7,081**	**88,046**		**88,046**
	Cared for, Safeguarding and Healthy						
CO064	Social Care Information System	1,088	265	0	1,353	Department of Health grant Better Care Fund	1,142 211

Project Ref	Project Title	2017/18 £000's	2018/19 £000's	2019/20 £000's	Total £000's	Funding Source	£000's
HS003	Private Sector Homes Renovation	0	472	333	805	Council Contribution	805
HS004	Disabled Facility Grants	927	2,307	0	3,234	Council Contribution Better Care Fund	0 3,234
HS036	North Tyneside Warm Zone	100	42	0	142	Council Contribution	142
	Total Cared for, Safeguarding and Healthy	**2,115**	**3,086**	**333**	**5,534**		**5,534**
	Corporate and Enabling						
EV069	Vehicle Replacement	1,333	1,899	962	4,194	Council Contribution	4,194
EV076	Depot Delivery Project	900	12,784	0	13,684	Council contribution	13,684
GEN03	Contingency Provision	500	2,560	1,000	4,060	Council Contribution	4,060
IT020	ICT Strategy	1,387	1,000	1,000	3,387	Council Contribution	3,387
IT025	BDUK (Broadband)	21	75		96	Council Contribution	96
IT026	ICT citizen interaction and self serve	1,952	386	114	2,452	Council Contribution	2,452

Project Ref	Project Title	2017/18 £000's	2018/19 £000's	2019/20 £000's	Total £000's	Funding Source	£000's
	Total Corporate and Enabling	**6,093**	**18,704**	**3,076**	**27,873**		**27,873**
	<u>Ready for School and Work</u>						
ED075	Devolved Formula Capital	770	397	0	1,167	Education Funding Agency Council Contribution	691 476
ED120	Basic Need	243	0	184	427	Education Funding Agency	427
ED132	School Capital Allocation	3,396	0	0	3,396	Education Funding Agency	3,396
ED186	Backworth Park Primary - relocation and expansion	3,555	1,113	0	4,668	Section 106 Basic Need Grant Council Contribution Education Funding Agency	4,699 162 -196 3
ED100	30 Hours Capital Grant	182	0	0	182	Education Funding Agency	182
	Total Ready for School and Work	**8,146**	**1,510**	**184**	**9,840**		**9,840**
	TOTAL: GENERAL FUND	**63,007**	**57,612**	**10,674**	**131,293**		**131,293**
	<u>HOUSING</u> **<u>Great Place to live, work and visit</u>**						

Project Ref	Project Title	2017/18 £000's	2018/19 £000's	2019/20 £000's	Total £000's	Funding Source	£000's
HS015	Refurbishment / Decent Homes	18,794	20,219	18,633	57,646	Revenue Contribution	16,909
HS017	Disabled Adaptations (HRA)	1,020	1,030	1,041	3,091	Capital Receipts	7,461
HS039	ICT Infrastructure Works	123	287	429	839	Major Repairs Reserve (MRR)	46,041
HS041	Housing PFI	708	0	0	708	House Building Fund	4,692
HS044	HRA New build	4,334	6,108	2,687	13,129	Dept of Health grant	160
						HCA Grant	150
	Total: HOUSING	**24,979**	**27,644**	**22,790**	**75,413**		**75,413**
	TOTAL INVESTMENT PLAN	**87,986**	**85,256**	**33,464**	**206,706**		**206,706**

GENERAL FUND				
Council contribution	30,413	34,871	7,677	72,961
Capital Receipts	110	380	380	870
Revenue Contribution	44	68	0	112
Grants & Contributions	32,440	22,293	2,617	57,350
	63,007	57,612	10,674	131,293
HOUSING				
Capital Receipts	1,809	2,847	2,805	7,461
Grants & Contributions	310	0	0	310
Major Repairs Reserve	14,850	15,342	15,849	46,041
	24,979	27,644	22,790	75,413
	87,986	85,256	33,464	206,706

North Tyneside Council
Report to Cabinet
15 January 2018

ITEM 6(b)

HOUSING REVENUE ACCOUNT 2018-2020 Financial Planning and Budget Process: Cabinet's Final Budget Proposals for the 2018/19 Housing Revenue Account (HRA) Business Plan and Budget

Portfolio(s):		Cabinet Member(s):	
	Elected Mayor		**Mrs Norma Redfearn**
	Finance and Resources		**Cllr Ray Glindon**
	Housing and Transport		**Cllr John Harrison**

Report from Service Area:	**Senior Leadership Team**	
Responsible Officer:	**Janice Gillespie, Head of Finance**	**(Tel: 0191 643 5701)**
Wards affected:	**All**	

PART 1

1.1 Executive Summary

1.1.1 Cabinet, in its report of 27 November 2017, set out the estimates of amounts for all aspects of the Elected Mayor and Cabinet's proposed spending and resource plans for the General Fund and the Housing Revenue Account (HRA) Budget for 2018-2020 and the associated Investment Plan 2018-2021 (Annex 1). In addition, the report outlined the proposed changes to housing rent, garage rent and service charges for 2018/19.

1.1.2 Following the report on 27 November 2017 in relation to the HRA for 2018/19, in accordance with the responsibilities of Cabinet pursuant to the Local Government Act 2000, Cabinet is now formally asked to approve the housing element of the 2018-2021 Investment Plan, the proposed freeze on service charges, the increase on garage rents along with the continuation of the rent reduction legislated for by government in the Welfare Reform and Work Act 2016.

1.1.3 The November report started with the 2017/18 budget monitoring position reported to Cabinet as at September 2017. At this meeting of Cabinet on 15 January 2018 the budget monitoring position at November 2017 is being reported, and hence the starting balance for the revenue account has increased by £0.096m, although there is no change at this stage to the amount of re-programming declared within the Investment Plan as at November 2017. These changes have been reflected in the updated figures shown in Annex 1 and Appendix B.

1.1.4 There have been no changes to the rent, garage rent and service charge proposals that were included in the 27 November 2017 Cabinet report for 2018/19, and no other changes to the revenue plans for 2018-2020 or to the 2018-2021 Investment Plan programme from the figures presented on 27 November 2017.

1.1.5 The purpose of this report is therefore:

a) To consider and agree the Housing Revenue Account 2018/19 revenue budget proposals and associated business plan;

b) To reduce individual council rents as outlined in section 2.1.1 of the annex to this report, and the Housing Revenue Account section of the 27 November 2017 Cabinet report in line with the Government's changes to social rent policy as enacted in the Welfare Reform and Work Act 2016;

c) To agree to a continuation of the freeze in existing service charges for 2018/19;

d) To agree to increase garage rents by 2% in line with Government's previous long-term target for the Consumer Prices Index (CPI), but to note an on-going review of the policy on garage rents is currently being undertaken which may eventually impact on the rates charged;

e) To note the assessment in relation to the current year's budget monitoring information (2017/18) and indications of financial plans for 2018/19 and 2019/20 for the Housing Revenue Account;

f) To note the 2018-19 Draft Investment Strategy;

g) To agree the Housing Investment Plan 2018-2021;

h) To note that 2017/18 signals the end of the 5-year transitional arrangements for the use of a "proxy" rather the calculation of a "true" Depreciation charge, and that 2017/18 is the first year where a true charge is required. Also to note that a method for calculating Depreciation has been developed, and has been the subject of initial discussions with External Audit. This method will be refined for use in the 2017/18 final accounts, and the future expected charges can be accommodated within existing resources within the HRA Business Plan;

i) To note the current position in relation to major housing legislation which has been passed into law, and its potential impact on the Housing Revenue Account;

j) To agree the Housing Revenue Account Treasury Management Statement incorporating the Annual Investment Strategy for 2018/19;

k) To note and approve the Prudential Indicators which are specific to the Housing Revenue Account.

1.2 Recommendation(s):

1.2.1 In relation to the Elected Mayor and Cabinet's proposals for the Housing Revenue Account, it is recommended that Cabinet:

2018-2020 Housing Revenue Account Business Plan and Budget

(a) Consider any recommendations of the Overview, Scrutiny and Policy Development Committee's consideration of Cabinet's initial Budget proposals for the 2018/19 Housing Revenue Account (HRA) Business Plan and Budget agreed by Cabinet on the 27 November 2017 and any impact the recommendations may have on these proposals (Annex 1, Section 3.0);

(b) Consider and agree the final proposals in relation to the 2018/19 Housing Revenue Account Budget and associated Business Plan (Annex 1, Section 2.1, and note the

Housing Revenue Account Statement to Cabinet by the Chief Finance Officer (Annex 1, Section 4.0);

(c) Reduce individual council rents by 1% as outlined in section 2.1.1 of Annex 1 to this report and in the HRA section of the 27 November 2017 Cabinet report in line with the Government's policy for social rent as laid out in the Welfare Reform and Work Act 2016;

(d) Agree to a freeze in existing service charges for 2018/19 (Annex 1, Section 2.1.1);

(e) Agree to increase garage rents by 2% (Annex 1, Section 2.1.1);

(f) Note the assessment in relation to the current year's Budget monitoring information (2017/18), and indications of financial plans for 2018/19 and 2019/20 for the Housing Revenue Account;

(g) Note the Draft Investment Strategy (Appendix D) which sets out the general principles followed by both the HRA and General Fund in relation to the Authority's approach to Capital Investment. This draft will be due for approval by Full Council at its meeting on 15 February 2018 as part of the overall Financial Planning and Budget process. In relation to the HRA, Cabinet is asked to specifically note the principles of the Investment Strategy will apply to the updated 2018-2023 Asset Management Strategy for the HRA.

(h) Agree the HRA Investment Plan 2018-2021 (Annex 1, Section 2.3 & Appendix B);

(i) To note that 2017/18 saw the end of the 5-year transitional arrangements for the use of a "proxy" for calculating a Depreciation charge, and that 2018/19 will use the method currently being finalised and agreed to calculate a "true" Depreciation charge;

(j) Approve the Prudential Indicators which are specific to the Housing Revenue Account as set out in Appendix C to Annex 1 of this report;

Treasury Management Statement and Annual Investment Strategy 2018/19

(k) Note the Draft Corporate Treasury Management Statement and Annual Investment Strategy for 2018/19 (Appendix A to Annex 1 of this report) which sets out the general principles followed by both the HRA and General Fund in relation to the Authority's management of investments, cash flows, banking, money market and capital transactions. This draft will be due for approval by Full Council at its meeting on 15 February 2018 as part of the overall Financial Planning and Budget process. In relation to the HRA, Cabinet is asked to specifically note the continued policy of paying off existing debt where affordable and appropriate for the Plan, which will see an estimated £134.399m reduction in loans attributed to the HRA from the start of self-financing to the end of this 30 year Plan.

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 18 December 2017.

1.4 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 statutory and constitutional requirements for preparing, considering and approving the Budget drive the timetable for the Financial Planning and Budget process.

1.4.2 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 is considered as part of preparing the Annual Governance Statement each year.

1.5 Information – Executive Summary

1.5.1 Annex 1 to this report sets down in detail the Cabinet's 2018/19 final budget proposals for the Housing Revenue Account and associated Business Plan, the 2018-2021 HRA Investment Plan and the HRA Treasury Management Strategy and Annual Investment Strategy for 2018/19.

1.5.2 At its meeting on 11 September 2017, Cabinet approved the process and timetable to be adopted for the preparation of the 2018/19 revenue budgets in respect of the General Fund, Dedicated Schools Grant (DSG) and Housing Revenue Account (HRA) and the 2018-2021 Investment Plan, as part of the overall Financial Planning and Budget process for 2018-2020. Cabinet also approved the Budget Engagement Strategy at that meeting.

1.5.3 On 27 November 2017, Cabinet considered its initial Budget proposals, based on information available at that point in time. Cabinet is now formally asked to approve the housing rent, garage rent and service charge changes, along with the housing element of the 2018-2021 Investment Plan.

1.6 Budget Engagement

1.6.1 Since April 2017 the Local Authority has consulted and engaged with tenants and leaseholders across a range of housing services. This includes surveys to find out what they think of their homes and neighbourhood, the impact of Welfare Reform and the priorities for the budget moving forward.

1.6.2 Specific consultation included: Involvement and Budget session held in the summer where tenants were consulted on future priorities; Focus Groups on Repairs, the reviews of the Empty Homes and Housing Asset Management Strategy 2018 to 2023. Tenants on the Neighbourhood Service Development Group monitor the rent performance and have been consulted on the implications to the HRA and the emerging impact of the Housing and Planning Act along with the Welfare and Work Act.

1.6.3 Housing information is now included in a borough-wide Council magazine 'Our North Tyneside' Information about North Tyneside Living accommodation for elderly people, new build accommodation, crime and anti-social behaviour, tenant involvement, condensation prevention, financial budgeting and tenancy fraud have all been included.

1.6.4 Priorities and challenges for the year ahead are discussed with tenants in general at the annual summer tenant event along with the involved tenants' winter event and in more detail with the Housing Overview Panel. The Panel is made up of representatives from each of the 4 Service Development Groups. Topics for discussion include proposals for new build properties, joint venture review, developments arising out of the welfare reform changes, budget priorities for next year and performance management of rent arrears.

1.6.5 The key issues arising from the consultation on Housing so far, include:

- A continued focus on reducing empty homes turn-around;
- The future focus for Kier North Tyneside in improving the repair service to tenants by getting repairs done right first time and monitoring this moving forward;

- Continued investment in maintaining their homes to the decent homes standard;
- The growth of the victim and witness support group of volunteers;
- The awareness of pressures on housing and advice services arising from proposed Government changes;
- Concern at the cumulative impact of Welfare Reform on tenants of working age especially those in low paid or temporary work;
- Concern raised around the content of the Housing and Planning Bill and Welfare Reform and Work Bill along with the implications for the service moving forward;
- The need to change the way we deal with low level anti-social behaviour after tenant and Councillor led review;
- The development of a sustainable tenancy programme to support vulnerable tenants and prolong tenancies; and

1.6.6 Section 76 (2) of the Local Government and Housing Act 1989 requires each authority to produce a Housing Revenue Account Budget in the January and February that immediately precedes the financial year to which it will relate. In relation to the Housing Revenue Account (HRA) Revenue Budget, there is a legal requirement to give all tenants at least four weeks' notice of any rent changes. By agreeing to set the rent decrease and the HRA Budget at this meeting, Cabinet is ensuring that there will be time to comply with the above notice period, and to allow time for the production and delivery of the appropriate notifications as well as all relevant system testing and changes to be made.

1.7 Decision options

Option 1

1.7.1 Cabinet can agree the proposals set down in this report.

Option 2

1.7.2 Alternatively, Cabinet can suggest that further or different options are considered by the Senior Leadership Team.

1.7.3 Option 1 is the preferred option.

1.8 Reasons for recommended option:

1.8.1 In order to maintain the integrity of the self-financing HRA Business Plan, the Cabinet needs to maximise the resources available to the HRA, but also needs to be mindful of the impact upon tenants and overall affordability. Hence, Cabinet has been advised to continue to implement the new Government proposals for social rent policy which have now been legislated upon. The full implications of all the proposals contained within recent legislation are still unknown, some will change or be discarded, and others will emerge within subsequent regulations. The Authority is facing significant challenges in generating the future income required to maintain and develop its existing stock, and to develop new stock. Approving this option based on current available information should place the Authority in the best position to meet those challenges and continue to meet the aspirations of Members and tenants.

1.9 Appendices

Annex 1: 2018-2020 Financial Planning and Budget Process: Cabinet's Final Budget Proposals for the 2018/19 Housing Revenue Account (HRA) Business Plan and Budget.

Appendix A: Draft Treasury Management Statement and Annual Investment Strategy 2018/19.
Appendix B: HRA Investment Plan 2018-2021.
Appendix C: Prudential Indicators 2018-21.
Appendix D: Draft Investment Strategy

1.10 Contact Officers

Janice Gillespie, Head of Finance
Tel No 643 5701

Darrell Campbell, Finance Service
Tel No 643 7052

Cathy Davison, Finance Service
Tel No 643 5727

Margaret Keith, Finance Service
Tel No 643 5747

Vivienne Geary, Law and Governance
Tel No 643 5339

1.11 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) North Tyneside Council's Constitution and Budget & Policy Framework Procedure Rules.

(b) 2018-2020 Financial Planning and Budget Process: Cabinet's Initial Budget Proposals (27 November 2017).

(c) Housing Revenue Account 30 Year Business Plan 2018-48.

(d) North Tyneside Homes Service Plan.

(e) Housing Asset Management Strategy 2018-2023.

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

2.1.1 As this is a financial report, implications are covered within the main body of this report and Annex 1. Decisions on the Budget in relation to the Housing Revenue Account and Housing Investment Plan need to be made within the overall context of the resources available to the Authority's Housing Revenue Account, the HRA Business Plan and within the legal framework for setting budgets.

2.1.2 Cabinet 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 HRA Business Plan and Budget, as issued in guidance from the Chartered Institute of Public Finance & Accountancy (CIPFA) in July 2014. Section 4.0 of Annex 1 to this report carries this advice in relation to the information included in the 2018-2021 HRA Business Plan proposals.

2.2 Legal

2.2.1 Section 76 (2) of the Local Government and Housing Act 1989 requires each authority to produce a Housing Revenue Account Budget in the January and February that immediately precede the financial year to which it will relate. In relation to the Housing Revenue Account (HRA) draft Revenue Budget, there is a legal requirement to give all tenants four weeks notice of any rent changes. Agreeing the Budget at this meeting will give time to produce and deliver the appropriate notifications, and to carry out all required systems testing before the rent changes are implemented.

2.2.2 Pursuant to the allocation of responsibilities between Cabinet and full Council under the Local Government Act 2000 and the Local Authority (Functions and Responsibilities) (England) Regulations 2000, the responsibility for setting the Housing Revenue Account Budget and so for setting the rent changes and the HRA Investment Plan for 2018/19, lies with Cabinet.

2.2.3 In relation to recent legislation namely the Housing and Planning Act 2016 and the Welfare Reform and Work Act 2016, further reports will need to be brought forward to Cabinet as further elements of the policies contained within them are implemented via Regulation, or discarded as was the case with the implementation of the compulsory High Income Social Tenants policy (i.e. Pay to Stay).

2.3 Consultation / Community Engagement

Internal consultation

2.3.1 Each Cabinet Member has been consulted on the proposals put forward in this report, with regular discussions held between the Chief Executive, the Deputy Chief Executive, Heads of Service, the Elected Mayor, the Cabinet Member for Housing and Transport and the Cabinet Member for Finance and Resources. The Senior Leadership Team and their Service Teams have been fully engaged in the process and in the proposals set down in this report. The report of the Budget sub-group, which has considered the Cabinet's initial proposals in relation to the Housing Revenue Account, was submitted to the Overview, Scrutiny and Policy Development Committee on the 9 January 2018. All political parties have been offered individual budget briefings.

Community engagement

2.3.2 The Cabinet's Budget Engagement Strategy was approved at its meeting on 11 September 2017, and engagement has been carried out in accordance with the approved Strategy. The outcomes of all of the budget engagement undertaken have been fed into the budget process. The engagement activity is detailed in section 1.6.

2.4 Human rights

2.4.1 All actions and spending plans contained within the Budget are fully compliant with national and international Human Rights Law. 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

2.5.1 In undertaking the process of the Housing Revenue Account Budget setting the Authority’s aim has been at all times 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 have taken a phased approach:

- An Equalities Impact Assessment (EIA) has been carried out on the Budget Engagement process. The aim is to remove or minimize any disadvantage for people wishing to take part in the engagement programme; and,

- Projects within the Our North Tyneside Plan also ensure that the Authority complies with its duty to promote equality.

2.6 Risk management

2.6.1 Individual projects within the Housing Revenue Account 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, corporate/strategic or project 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 Projects within the Housing Revenue Account Budget will promote the reduction of Crime and disorder within the Borough. Under the 1998 Crime and Disorder Act, local Authorities have a statutory duty to work with partners on the reduction of crime and disorder.

2.8 Environment and sustainability

2.8.1 The Our North Tyneside Plan includes the aim to,”Reduce the carbon footprint of our operations and work with partners to reduce the Boroughs carbon footprint.” A number of the proposals will contribute to this. The environmental and sustainability aspects of individual proposals will be assessed in detail as and when agreed and implemented.

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

2018-2020 Financial Planning and Budget Process:

Cabinet's Final Budget Proposals for the Housing Revenue Account (HRA) Business Plan and Budget for 2018-20

15 January 2018

North Tyneside Council

1.0 The 2018-20 Financial Planning and Budget Process

1.1 Housing Revenue Account - Introduction

This meeting of Cabinet is being asked to approve the Housing Revenue Account (HRA) Business Plan and Budget for the financial year 2018/19, including the housing rent, garage rent and service charge changes, and the HRA elements of the Investment Plan. In addition, we have developed indicative plans for the next 2 years in line with the planning process for the General Fund, as well as a 30-year balanced HRA Business Plan in line with the requirements of self-financing. We have sought the views of residents, tenants and partners on these plans on this basis.

North Tyneside Council is responsible for the management of just under 15,000 council houses, the funding for which is required by law to be kept entirely separate from the rest of the Authority's finances within what is known as the HRA. Council Housing Rents and Service charges form the majority of income to the HRA and this income is then used to fund the management and maintenance of housing stock, along with managing debt and funding capital investment in the stock. Council tax cannot be used to subsidise those living in social housing and the rents and service charges paid by tenants cannot be used to fund unrelated council services.

Under the Local Government and Housing Act 1989, it is also illegal for an authority to budget for a deficit balance in its HRA.

Section 1.0 of this Annex sets out clearly the overall vision of the Council Plan, and the policy context within which the HRA financial plan and budget proposals are set. As stated in previous reports the financial challenges the HRA now faces to deliver the desired outcomes within the Council Plan, are just as challenging as those for the General Fund.

Cabinet are aware that consideration of the potential continuing impact of two pieces of Government legislation i.e. The Housing and Planning Act 2016 & the Welfare Reform and Work Act 2016, still feature as an important part of considerations made during the planning process for the HRA in both the short and longer term. There have already been some changes to policy direction by the current Government, Pay to Stay has been withdrawn, and the High Value Asset levy will not be implemented in 2018-19, although there is no clear indication of when if at all this levy will be implemented. These issues still potentially have significant implications for the future of the HRA and the continued viability of the Business Plan, particularly when considered alongside the continued roll-out of Universal Credit, and a whole raft of new changes and responsibilities proposed by the above legislation and new burdens under the Homelessness Reduction Act 2017. This report provides relevant updates on the implementation of the proposals contained in the legislation.

At an Extraordinary Cabinet meeting on 27 September 2017 it was decided, following a thorough six month review process, that the Council would not be exercising its contractual option to extend the 10-year Joint Venture partnership with Kier North Tyneside beyond 31 March 2019. Hence the work to create a fit for purpose Repairs and Construction operation has already started the aims of which ensure that the needs of our tenants and residents are met, whilst delivering greater efficiency and value for money.

All these challenges continue to be considered as part of the updating of the 30-year plan that aims to ensure the long-term viability of the HRA. This report also sets out the financial and service pressures on the HRA identified through the financial planning process and the Authority's proposals to balance the plan.

1.2 Our North Tyneside Plan

The proposed refresh of the Our North Tyneside Plan 2018-2020 (Council Plan) sets out the overall vision and policy context within which the Financial Plan and Budget proposals are set.

This vision and policy context reflects the updated priorities of the Elected Mayor and Cabinet for the next 4 years and the work of the North Tyneside Strategic Partnership, which includes all of the organisations and sectors who work together with the Authority to deliver an improved future for the Borough and its residents.

By listening to our residents, businesses and visitors, the Plan continues to provide a clear framework for the Authority to plan its use of resources. It provides the context for all financial decisions and the operational delivery of services both at Borough level but also increasingly as we work alongside other local authorities across the region, statutory partners and with business through the North East Local Enterprise Partnership.

The Our North Tyneside Plan is focused on ensuring that the Authority works better for 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. For example the Plan describes 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.

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, cycle ways, 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.

1.3 Key Objectives and headline assumptions for the Housing Service

The over-riding objectives for the housing service in accordance with the Our North Tyneside Plan are, as far as possible within financial constraints, to:-

1. Ensure the application of the principles of the Target Operating Model;
2. Continue to invest in the existing stock to maintain the Decent Homes Standard;
3. Maintain and develop effective engagement with tenants;
4. Work with Private Landlords to refurbish stock where appropriate;
5. Undertake environmental improvements to estates to ensure that they are clean and safe;
6. Support the delivery of Affordable Homes across the Borough.
7. Create sustainable tenancies and maximise rental income collection.

The key headlines for the HRA budget for 2018/19 are as follows:-

1. Continue implementation of Government policy to reduce rent by 1% for 2018/19 (3rd of 4 years) as enacted in the Welfare Reform and Work Act 2016 for all housing stock including PFI;
2. Freeze service charges for 2018/19 (except where new services are being introduced or re-procured where we will seek to reflect actual costs);
3. A review of charges for guest rooms and commercial space (e.g. hairdresser facilities) within sheltered schemes;
4. Increase garage rent by 2% for 2018/19 (however to note that there is an on-going review of the whole garage letting process and policy, which may result in revised charges being proposed to Cabinet at a future date);
5. Sustain working HRA balances at £2.5m or more.

<u>HRA Capital Investment Plan – assumptions</u>

1. Overall Housing Investment Plan spend of £71.475m over the next 3 years;
2. Spend for 2017/18 of £27.914m including £4.927m for the continuation of a new build / conversion / acquisition council house programme. Some of this funding (£3.500m) is projected reprogramming from 2017/18.
3. Total current estimated spend allocated for new build over 30 years totalling £91.526m (including client fees).

1.4 Overall Budget Context

The Authority has continued to develop its 30-year plan to ensure the long-term viability of the HRA and, as such, a long-term view of the HRA financial position is taken each year. For the purposes of the current Financial Planning and Budget process, a two-year revenue plan has been developed in line with the approach adopted for the General Fund. Cabinet is advised that the second year projections are only indicative at this stage.

1.5 Proposals for Legislative Change

Both the Welfare Reform & Work Act 2016 and the Housing & Planning Act 2016 were passed into law in 2016 but some of the legislation has still yet to be enacted. Both will require Government Regulations in order to put implementation measures into force, some of which will again have to pass through Parliament for ratification. In 2016 as part of the Chancellor's Autumn Statement, it was announced that the Government was scrapping the compulsory Pay to Stay scheme for Local Authorities, along with a consultation on the future funding of Supported Accommodation from 2019, and an extended regional pilot of the Right to Buy (RTB) scheme for Housing Associations (HA). It was also revealed that Local Authorities would not be required to pay any "levy" under the forced sale of Council Housing (High Value Assets) policy during 2017/18 to pay for a rollout of the RTB scheme.

As part of the Chancellor's 2017 autumn budget statement, it was announced that Housing was seen as a key policy priority for the Government but there was not a great deal contained in those proposals that affects the HRA directly.
The extended pilot of the RTB scheme for Housing Associations will continue to be funded in 2018-19 from Treasury sources, so the High Value Asset levy policy will not now be implemented during 2018-19, however, it remains unclear when if at all this policy will be implemented. In addition, there was an announcement around issuing additional HRA borrowing headroom of up to £1billion nationally from 2019-20, for areas of "High demand and affordability". Further details are required to determine whether this authority would wish to or are able to access additional borrowing; Cabinet will be kept informed of that detail as it emerges.

2.0 Strategic Planning

2.1 Medium Term HRA Position

There are a number of key drivers which underpin the HRA Business Planning Process. Each of these is discussed briefly below, namely:-

- Government Rent policy;
- Future funding for Supported and Sheltered Housing;
- The Asset Management Strategy and New Build projects as part of Cabinet's Affordable Housing ambitions;
- Right To Buy Sales;
- Treasury Management;
- Self-Financing and Depreciation;
- North Tyneside Living;
- Insourcing of the Kier North Tyneside Joint Venture (JV) project from April 2019.

2.1.1 Rent

2017/18 saw the second year of the Government's 4-year 1% per annum rent reduction policy introduced in the Welfare Reform and Work Act 2016. The Prime Minister recently gave the first indications of the Government's intentions regarding its rent policy at the end of the 4-year reduction period in 2019/20. She announced that in order to enable housing landlords to undertake better long-term planning, that the rent policy would return to being based on the Consumer Prices Index (CPI) + 1% for the five years starting April 2020. This confirms what most HRA Business Plans had assumed already, and gives some clarity in the short to medium term. Cabinet should also be aware of the following assumptions reflected in the HRA Budget and Financial Plan:

1) The Authority will continue to move rents to target when properties become empty;

2) A full review of the service charges attached to the North Tyneside Living schemes will be undertaken as the schemes become fully operational to ensure that service charges reflect actual costs;

3) Cabinet agreed to exempt service charges from the 1% annual reduction and to freeze them until 2019/20 based on an assumption of low CPI. This plan continues albeit if the upward inflationary trend continues Cabinet may wish to revisit this approach for 2019/20. Charges for furniture packs were revised in 2017/18 to reflect the newly procured service, and these service charges are to be reviewed again to ensure that the income collected adequately covers costs. The impact of welfare reform changes are also continually monitored, and it is not now clear whether Local Housing Allowance (LHA) caps will be introduced at all within the social housing sector, which it had been feared would raise doubts over the affordability of furniture packs, particularly for younger tenants, as benefit would no longer have covered these costs. Cabinet will be kept informed of any announcements that clarify these issues as

soon as possible. If the caps did apply it should be noted that affordable rent properties would not be exempt as the 80% of market rent calculation includes any service charges;

4) Garage rents are linked purely to an assessment of demand for the asset with no link to rent policy; hence the plan proposes to continue the long-term Government CPI target of 2% increases per annum as being reasonable. However there is an on-going review of the overall letting policy on garages which will come before Cabinet once it is completed, and Cabinet will be kept informed of any potential implications for the Business Plan of any decision options;

5) It is assumed that the policy agreed by Cabinet previously to protect existing North Tyneside Living tenants from rent increases will continue. All new tenancies commence at the newly calculated rents. It is estimated that this protection will cost in the region of £0.080m in 2018/19 and will continue to steadily reduce from this point;

6) From April 2018, there is also a proposal that there will be a move from a 50 to a 52-week rent year to enable better synchronisation with welfare reform changes and the introduction of Universal Credit. This would mean that from April 2018 there would no longer be two free rent weeks over the Christmas period. The actual impact of this change would be that the weekly rent was spread over 52 weeks. The bottom line impact in terms of the overall rent paid is of course the same across the whole year.

The implications of any changes arising from welfare reform and benefit changes including Universal Credit (UC) continue to be monitored. It had originally been intended that UC would be rolled out for all new claimants in North Tyneside from February 2018, covering both single claimants and families. However, recent announcements now suggest that it will be at least May 2018 before these changes happen. It will be important to ensure that tenants are kept fully informed of the requirements of the new scheme, and to maintain the two-way communication process to ensure they are supported in managing the change, and to avoid people falling into arrears, which has been a significant factor in most of the pilot schemes to-date.

Government has given some recent indications that they are listening to concerns being expressed across the housing sector about UC, and are looking to implement some changes around time lags between the benefit being applied for and any financial support being provided i.e. the technical arrears that are often referred to. This will take the form of some kind of payment in advance, but the details are still being worked through. In addition, there could be moves to make the option to make direct payments to landlords easier than was first proposed, which could again mitigate some of the arrears issues. Members will continue to be updated of any significant further changes and details as they are clarified.

2.1.2 Future Funding for Supported and Sheltered Housing

Government originally announced in 2016 an intention to fundamentally change the method of funding provided for supported housing from April 2019 based on a two-tier system. The intention was to, link the amount provided to cover rent & service charges through the existing welfare system to Local Housing Allowance caps, with a separate top-up grant for each area to be administered by the top-tier Local Authorities to cover “support”. This change could have significant implications for proposed supported housing schemes and may have the impact of causing them to be cancelled or delayed which would be detrimental to a sector showing ever increasing need.

Following a full consultation process the Government has made some adjustments to its proposals which are now not intended to be introduced until April 2020. The Government have proposed that existing schemes will continue to be funded entirely through the welfare system for rent and service charges, with a separate provision to cover supported elements which will reflect variation in service provision. It is also proposed that there will be a separate Sheltered Rent for sheltered and extra care services.

The detail is awaited and further consultation is currently under way, but some of the original concerns remain around funding for future proposed supported housing schemes. There does, however, appear to be more surety around the levels of funding to be provided for existing schemes such as the North Tyneside Living sheltered housing, and other sheltered, extra care and supported housing provision across the borough. The proposals in the new consultation documents suggest that existing supply will continue to be covered at existing levels within the current welfare system. Again, the detail has yet to be agreed but it does appear to remove some of the concerns around these housing options becoming unaffordable for many residents.

2.1.3 Asset Management Strategy (AMS) and New Build Project Funding

The AMS that informs the HRA Investment Plan is regularly updated to keep the stock data current, and has recently been refreshed and agreed with the 2018-2023 HRA Asset Management Strategy being available as a background paper to this report. The AMS seeks to identify fully the maintenance needs of the stock over the lives of the assets and to enable these needs to be built into the HRA Investment Plan.

Because all of the Authority’s stock is now at or above Decent Homes standard, this year’s plan is mainly a refresh of key elements around stock numbers to roll the plan forward. The plan focuses on key priorities for tenants, and picks up both those properties that are close to falling below the decency standards, or those that have been missed in previous programmes e.g. where entry to properties has been refused by the tenant. Hence, the current Plan identifies £60.376m of works to maintain Decent Homes over the next 3 years (£21.537m for 2018/19), with an estimated £9.449m available for New Build over the same period (£4.927m for 2018/19). In addition, £1.650m has been identified to meet costs over the next two years related to the implementation of a fit-for-purpose maintenance and construction operation as a result of the decision not to extend the Kier Joint Venture contract (£1.450m in 2018-19).Further details on the Housing element of the Investment Plan and the capital financing arrangements are attached as Appendix B to this report.

2.1.4 Right to Buy (RTB) Sales

RTB sales have increased significantly since the start of self-financing. In 2011/12 there were 30 sales, in the 5 years since then the trend has been: 85 in 2012/13, 122 in 2013/14, 100 in 2014/15, 135 in 2015/16, and 136 in 2016/17 with a further 60 sold as at September of this year.

As part of changes the Government introduced back in 2012/13, the Authority signed an agreement that allows RTB receipts above the levels assumed as part of self-financing to be retained as long as they are used to fund new build homes at a 30% contribution rate within 3 years. This has seen an additional £2.572m of Capital Receipts retained to the end of 2016/17, which has helped deliver £11.761m worth of new build schemes.

The trend in RTB sales is reflected in the 2018/19 Business Plan profile for stock numbers with 140 RTB sales and other disposals assumed. Legislative change may affect the projections in future Business Plan refreshes as the plan is rolled forward if for instance the High Value Asset policy is ever enacted and Councils are forced to pay a “levy” to fund it. As explained already however elsewhere in this report, that implication has already been pushed back beyond 2018/19.

2.1.4 Treasury Management Strategy (TMS)

The HRA is an integral part of the TMS for the whole Council, and key decisions were taken at the point of the introduction of Self Financing as to the approach to be taken with HRA debt effectively creating a separate debt pool for the HRA with the following elements:

1) Self-financing debt –£128.193m of debt taken on to fund payment to Government to exit the subsidy system, made up of 26 loans with maturity periods of 24 to 50 years. These loans were at “special” interest rates offered by PWLB purely for self-financing. Average interest rate is 3.49%, which produced savings of £0.652m in 2012/13. These savings were transferred to the House-building Reserve annually as agreed by full Council to fund HRA new build and conversions. Contributions to that fund ceased from 2017/18 as part of the 2016/17 HRA budget proposals to manage the loss of resources brought about by following the Government’s legislative changes to introduce the 4-year 1% rent decreases from 2016/17;

2) Existing Debt – HRA share of the Authority’s pre-self-financing debt valued at £162.631m as at 31 March 2012, split between the HRA and the General Fund. As loans mature, there is a separate consideration for the General Fund and HRA as to how those loans are treated. Opportunities to make savings from short-term borrowing have enabled some additional savings to be made which have helped the HRA Business Plan. For 2018/19 estimated

debt interest due will total £4.464m, saving £0.372m on current year's budgeted charges, with a debt set aside of £2.415m;

3) New HRA Debt (restricted by debt cap) - new loans directly attributed to the HRA. 2018/19 will see re-financing of £3.590m from £8.005m of long-term maturities, once assumed debt repayments have been accounted for and temporary borrowing of £20.488m, with estimated reduced interest charges of £0.683m in 2018/19, a reduction from the £0.720m budgeted in 2017/18 of £0.037m.

Overall actual debt will be around £261.900m by 31 March 2018. The Authority continually monitors the position on the HRA as part of the overall Treasury Management Strategy to ensure the most efficient use of resources for the HRA and our tenants and to maximise flexibility around future investment needs and potential additions to the stock. The Authority's current approach to Treasury Management is set out in the Treasury Management Strategy attached as Appendix A.

2.1.5 Self-Financing and Depreciation

The Government's intentions around Depreciation within the HRA, and progress on producing a reliable method of calculation, have regularly been reported to Cabinet as part of the budget process since self-financing was introduced. The lack of a "proper" solution led to Government creating a 5-year "transitional" solution, based on the old Major Repairs Allowance (MRA) from subsidy being used as a "proxy", with revaluations and impairments being reversed out of the accounts whilst a longer-term solution was sought. 2016/17 was the last year of that 5-year transitional period.

The Government has now indicated that all Local Authorities are required to calculate a true depreciation charge from 2017/18. This means that the depreciation calculated will be a true bottom line cost to the HRA. The Authority has been working on a solution and examining the options to calculate the depreciation charge. Consultation has been undertaken with a number of other local authorities to explore all available options, and we have already begun consulting with our External Auditor on the preferred solution.

The preferred solution seeks to calculate a simple depreciation charge based on splitting investment works across a number of component elements of a building, and linking that to the way the Council's properties are valued using a number of "beacon properties" i.e. a sample of properties which represent the different standard types of properties held by the Authority. It is expected that the level of depreciation calculated using this method will be able to be contained within the amounts currently budgeted in the 30-year HRA Business Plan.

2.1.6 North Tyneside Living (NTL) Project

The NTL Project reached completion of the construction and refurbishment programme in April 2017. All 26 schemes are now operational, and concerted efforts are under way to let all of the available properties and develop the schemes as community hubs. The provisions within this Business Plan allow for the winding down of most of the project support put in place to get the project to this stage, and to allow for on-going contract monitoring responsibilities to be met. This also covers ensuring that any agreed snagging issues are resolved satisfactorily, along with ensuring that the resources are in place to enable the Council's to meet its commitments in terms of unitary charge payments.

2.1.7 Construction Options Project 2019

As noted above, on 27 September 2017 Cabinet agreed not to extend the Kier JV contract for a further 5 years from 2019. Hence, the Council is now working to create a fit-for-purpose construction and maintenance operation from April 2019 that will meet the needs of the Authority and our tenants and residents, whilst ensuring greater efficiency and value for money. This will require a significant amount of work to incorporate the staff and assets that will be transferring back to the Council, and to ensure that all necessary supporting systems, equipment and accommodation are put in place. The resources necessary to achieve this over the next two financial years have been built into the Business Plan projections, both within the Housing Revenue Account and Capital Investment Plans.

2.1.8 Elected Mayor and Cabinet's Proposals for the Housing Revenue Account Business Plan and Budget for 2018-20

Taking all of the above into account Table 1 below summarises the Housing Revenue Account forecast plan for 2018–20. In addition, Table 2 below splits those changes between Pressures and Growth, Efficiencies and Reserves and Contingencies.

The figures in the 27 November 2017 report start from the HRA budget monitoring position reported to Cabinet on 13 November 2017, which showed projected year-end balances of £4.544m. For this report, the figures have been updated to reflect the budget monitoring position to 30 November 2017, which are being reported to this meeting of Cabinet on 15 January 2018, which show estimated balances improving further to £4.640m as at 31 March 2018, with a net contribution from balances in-year of £1.326m.

The budget proposals presented here and in the relevant appendices ensure that a minimum of £2.5m is retained in HRA revenue balances in each financial year covering the two years of the Council Financial Plan, to provide some measure of contingency and financial stability. These proposals as they currently stand also balance the plan over the longer 30-year period, which is what the Government requires us to demonstrate as part of the self-financing changes.

Table 1: 2018–2020 Housing Revenue Account (HRA)

	2017/18 Forecast Outturn	2018/19 Draft Budget	2019/20 Draft Budget
	£m	£m	£m
Rent, Garages and Service Charge Income	(59.914)	(58.961)	(57.864)
PFI Credits - North Tyneside Living	(7.693)	(7.693)	(7.693)
Rent from Shops, Offices etc.	(0.254)	(0.260)	(0.260)
Interest on Balances	(0.039)	(0.030)	(0.030)
Contribution from Balances	(1.326)	(1.969)	0
Total Income	**(69.226)**	**(68.913)**	**(65.847)**
Capital Financing Charges	13.822	12.094	12.140
Management Costs	10.319	12.337	12.131
Repair and Maintenance	11.477	11.478	11.481
PFI Contract Costs – North Tyneside Living	9.551	9.597	9.642
Revenue Support to Strategic Investment	6.771	9.570	6.136
Depreciation / Major Repairs Account (MRA)	15.650	11.972	12.392
Bad Debt Provision	0.600	0.780	0.780
Transitional Protection	0.070	0.080	0.070
Management Contingency	0.111	0.150	0.150
Pension Fund Deficit Funding	0.855	0.855	0.855
Contribution to Balances	0	0	0.070
Total Expenditure	**69.226**	**68.913**	**65.847**
	2017/18	**2018/19**	**2019/20**
HRA Balances			
Estimated HRA Balance Brought Forward	-5.966	-4.640	-2.671
Contribution to/(from) HRA	1.326	1.969	-0.070
Estimated HRA Balance Carried Forward	**-4.640**	**-2.671**	**-2.741**

Table 2: 2018–2020 Housing Revenue Account Reserves and Contingencies

HRA Forecast Expenditure Plan	**2018/19 £m**	**2019/20 £m**
Original Base Budget Add:	1.766	1.969
Pressures and Growth		
Council Dwellings-Rent reduction, stock reduction & empty homes assumptions	0.738	1.019
Rental Income – temporary accommodation	0.002	0.002
Service charges – reduction & rebasing	0.197	0.084
Repairs post 2019 Insourcing (Construction Project)	2.110	(0.310)
North Tyneside Living (NTL) – Unitary charge	0.099	0.101
NTL – Contributions to / from PFI Reserve	(0.031)	(0.057)
HRA Debt set-aside - MRP	(1.475)	0.188
Depreciation (formerly MRA)	(3.678)	0.419
Housing Investment Plan-revenue support	2.798	(3.433)
HRA New debt / Debt Management support	(0.037)	0.223
Net Premiums / Discounts	0.129	0
Total - Pressures and Growth	**0.852**	**(1.764)**
Efficiency Savings		
Service charges-income from NTL schemes	(0.200)	0
Garage & Other Rents	(0.014)	(0.009)
NTL – Transitional Rent Protection	(0.070)	(0.010)
NTL – Interest Savings from Treasury Management	(0.372)	(0.363)
NTL - Monitoring & operational costs	(0.090)	0.001
Repairs – JV – impact of 1% rent reduction	(0.112)	(0.111)
Total – Efficiency Savings	**(0.858)**	**(0.492)**
Reserves & Contingencies		
Revenue Repairs – Inflation Pay Award Price Increases	0.109 0.077 0.023	0.114 0.079 0.024
Total – Reserves & Contingencies	0.209	0.217
Revised Base Budget	**1.969**	**(0.070)**

A further breakdown of the movement on Reserves and Contingencies is shown in Table 3 below; this includes a contribution from reserves of £0.203m. It is proposed to create additional contingency budgets of £0.209m to recognise issues including any inflationary increases and a pay award.

Table 3 – 2018-20 Housing Revenue Account Reserves and Contingencies

HRA Revenue Balances	**2018/19 £m**	**2019/20 £m**
Increase in Contingencies Contribution to/(from) Balances	0.209 (0.203)	0.217 2.039
TOTAL	**0.006**	**2.256**

2.2 Investment Plan 2018-2021

Table 4 below shows the initial draft 2018-2021 Housing Investment Plan.

Table 4: Summary of Housing Investment Plan 2018-2021

Spend	2018/19 £000's	2019/20 £000's	2020/21 £000's	Total £000's
Housing	27,914	23,291	20,270	71,475
	27,914	**23,291**	**20,270**	**71,475**
Housing – HRA				
Capital Receipts	2,261	4,763	1,367	8,391
Revenue Contribution	9,570	6,136	6,079	21,785
Major Repairs Reserve / Dep'n	12,583	12,392	12,824	37,799
House Building Fund	3,500	0	0	3,500
Total Housing HRA Resources	**27,914**	**23,291**	**20,270**	**71,475**

The initial draft 2018-21 Investment Plan for the HRA includes expenditure of £27.914m in 2018/19. Of this three-year total of £71.475m, expenditure of £37.799m (53%) is funded through Depreciation via the Major Repairs Reserve.

Capital receipts of £8.391m have been assumed in the financing of the draft plan.

Across the life of the draft plan there is currently no assumption of any additional unsupported borrowing. The cost of borrowing is included within the Housing Revenue Account budget and Financial Plan. As stated above further details are attached as Appendix B.

2.3 Prudential Indicators

The Local Government Act 2003 requires Councils to comply with the "CIPFA Prudential Code for Capital Finance in Local Authorities." The Prudential Code requires authorities to develop a set of Prudential Indicators for capital as laid out in the Code. In addition to the indicators laid down in the Code, local authorities are free to set up their own local indicators as they consider appropriate.

On 11 August 2017 CIPFA released an invitation to comment on proposed changes to the Prudential Code including the indicators required by the Code. This consultation closed on 30 September 2017 and CIPFA are expected to publish the revised Code in January 2018 for implementation in 2018/19. As at the time of writing the new guidance was not yet available, the Prudential Indicators have been prepared under existing guidance (Appendix C). Any revisions required will be included in subsequent reports to Cabinet and Council.

2.4 Overall Financial Risk Assessment

Financial risks are driven by changes to Government policy and the national financial climate, issues arising throughout the year and reported as part of the financial management reporting process and those risks highlighted as part of the Authority's risk management procedures and monitored through the Authority's risk registers. As part of the monitoring process the Authority's Corporate Risk Register is monitored twice yearly by Cabinet.

2.4.1 Key Financial Risks for the HRA

The key financial risks for the HRA, which have been considered as part of the Financial Planning and Budget process, are set out in the table below along with mitigating actions.

Table 5: Key Financial Risks and mitigating actions

Potential Risk	Initial Response
There is a risk that the levels of savings and income the Authority has included in the Budget proposals are not fully deliverable.	A robust challenge process has taken place to align proposals to the Target Operating Model (TOM) and how this enables the Authority to deliver its Creating a Brighter Future (CBF) Programme. This programme will then be monitored throughout the year to identify any areas which are not delivering savings as planned so corrective action can be taken.
There is a risk that the assumptions that have been made based on the indicative settlement up to and including 2019/20 may be wrong, resulting in changes to the current targeted savings of a further £33m by 2019/20, for the General fund and £1.350m for the HRA which will be considered by Cabinet in January 2018.	There is flexibility within the CBF Programme which will allow us to reconfigure if the assumptions that have been made prove to be incorrect. We work closely with national, regional and sub-regional financial networks to help ensure we are informed and aware of any national developments. Being involved in the consultation process enables any issues or concerns specific to NTC to be highlighted before final decisions are made. Development and acceptance of the Efficiency Plan has secured the Revenue Support Grant (RSG) (subject to Central Government Change) which gives a degree of certainty for the next 2 years.
There is a risk that specific factors arising during 2017/18 have not been fully taken into account when preparing the 2018/19 Budget.	The 2017/18 financial position is monitored through bi-monthly reporting to Cabinet and monthly reporting to Senior Leadership Team. This process ensures factors arising during the year

	are highlighted.
There is a risk that there are insufficient levels of reserves and balances.	A full review of reserves and balances is undertaken on a regular basis as part of both the in-year monitoring process and planning process.
There is a risk that the level of capital receipts included in the Budget proposals is not deliverable.	Capital receipts of £9.152m (£0.760m General Fund and £8.392m Housing) are included in the financing of the 2018/19 Investment Plan. There are a number of actions being progressed that are expected to realise this requirement.
There is a risk that the Council will be unable to protect its housing assets and services to tenants as a consequence of reduced income to the Housing Revenue Account. Government policy on Welfare Reform is resulting in a number of direct challenges to rent collection; the Spare Room Subsidy and the Benefit Cap have already had an impact. Further Welfare Reform changes, including the implementation of Universal Credit and its revised payment period, and changes proposed in the new Welfare Reform and Work Act 2016; reducing social housing rents by 1% each year for the 4 years from April 2016. This has the potential financial impact of reducing rental income by over £440m over a 30-year period.	The budget setting process incorporates a review of the HRA business plan to reflect the changes. The cost and quantity of work within the 30 year Investment Plan is revised annually to help mitigate the impact of changes. In addition, the Financial Inclusion Strategy sets out how the Council and its partners will support its residents to better manage their finances and maximise their income. North Tyneside Council has representation on the DCLG and CIPFA HRA working groups. This enables specific NTC issues to be raised and allows the Authority to comment and influence change on HRA regulation.
There are financial risks attached to the insourcing of the Kier North Tyneside Joint Venture project over the next 18 months, both in terms of ensuring efficient and effective mobilisation plans are put in place, that all the requisite assets and support systems are secured to achieve the desired outcomes, and that monitoring takes place to ensure performance improvements and value for money are adequately captured moving forward.	Dedicated project resources have been identified to ensure a full project plan is developed and implemented, and a governance process created to wrap around the project and ensure all target timescales and milestones are being achieved. This will include developing a Benefits Realisation framework to capture the efficiencies identified within the project.
There is a risk that North Tyneside may be placed at a disadvantage following the decision to leave the European Union in both financial and economic growth terms. The full extent of the impact will not be clear until we know the precise trade terms which will apply once we formally leave the EU. This has a potentially significant financial impact	The potential impact from leaving the EU has been included in the Council's Financial Strategy. This is helping to ensure that potential areas of impact following the EU exit are highlighted and included (where relevant) in budget planning. The Council is a member of various regional groups which will help us keep up to speed on progress and

due to loss of revenue grant and a potential loss of opportunities, i.e. capital grant and other revenue sources.	have the opportunity to exert any influence that we can. It is inevitable that there will be some impact from the decision to leave to EU; the challenge is to manage the impact where possible.
The DCLG released a consultation on proposed changes to the prudential framework for capital finance on 10 November with a closing date for responses of 22 December 2017. If implemented the new regulations would impact significantly on the 2018/19 budget and proposals contained in this report.	Work is on-going to assess the impact of the proposed changes on the revenue budget. A response will be submitted to DCLG by the due date.

3.0 Response to the Overview, Scrutiny and Policy Committee recommendations

3.1 Information Document

This section of the document sets out the process for Cabinet to respond to any recommendations made by the Overview, Scrutiny and Policy Committee. Cabinet must formally respond to any recommendations made by the Overview, Scrutiny and Policy Committee in considering its final budget proposals. It is therefore proposed that Cabinet consider any recommendations in relation to the Housing Revenue Account (HRA) at this meeting of 15 January 2018 prior to approving this report. However, the Overview, Scrutiny and Policy Committee are due to meet on the 9th January 2018, which is after publication of this report, hence Cabinet are asked to note that a supplementary report will be issued on this matter as appropriate prior to this budget report being considered for agreement.

4.0 Housing Revenue Account Statement to Cabinet by the Chief Finance Officer

4.1 Provisional Statement to Council by the Chief Finance Officer

4.1.1 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.

Government has a back up power to impose a minimum level of reserves on any authority that it considers is making inadequate provisions.

In making the statement, the Chief Finance Officer necessarily places reliance on information provided to her by other officers of the Authority as part of the Financial Planning and Budget process. Due cognisance to CIPFA's guidance in relation to the adequacy of reserves and balances will also be taken into account.

This statement is made specifically in reference to the Housing Revenue Account. As at this meeting Cabinet is receiving and approving the final proposals for the HRA budget and business plan 2018/19, it is considered appropriate to include a statement to Cabinet by the Head of Finance in this report specifically relating to the Housing Revenue Account.

4.1.2 Housing Revenue Account Statement

Robustness of Estimates

In assessing the robustness of estimates, the Chief Finance Officer has considered the following issues:

- The general financial standing of the HRA;
- The underlying Budget assumptions from the HRA financial strategy;
- Future budget pressures and growth proposals;
- The adequacy of the budget monitoring and financial reporting arrangements in place;
- The adequacy of the Authority's internal control systems, relying on the Assurance Statements provided as part of the Annual Governance Statement for the 2016/17 Statement of Accounts, presented to full Council on 28 September 2017;
- The adequacy of un-earmarked and earmarked reserves to cover any potential financial risks faced by the HRA; and
- The outcome of the 2016-2020 Local Government Finance Settlement and the Autumn Statement of 22 November 2017 and the implications for North Tyneside Council and the HRA.

The Chief Finance Officer is satisfied that due attention has been given to the 2018-2020 Financial Planning and Budget process as it relates to the Housing Revenue Account and associated business plan.

Cabinet is aware it must keep under review its 30 year Housing Revenue Account Business Plan in the context of its Financial Planning and Budget process and the "Our North Tyneside" Council Plan and known key financial risks.

Future pressures need to be considered and the Authority should not take 2018/19 in isolation to future years' needs and pressures. Each year's Housing Revenue Account budget must continue to be considered within the context of both the two-year Financial Plan and the 30 year business plan, along with the 3 year Investment Plan and delivery of the 2017-20 "Our North Tyneside" Council Plan.

To ensure that the HRA continues to keep within its approved budget and the financial integrity of the HRA is maintained, it is essential that budget holder responsibility and accountability continues to be recognised as set down in the Authority's Financial Regulations and in the roles and responsibilities section of the Authority's Budget Management Handbook.

4.1.3 Adequacy of Financial Reserves

The 2018/19 HRA budget proposals assume that there will be a drawdown of £1.969m of reserves to support the 2018/19 HRA budget, to ensure that there are sufficient resources available to manage the service and maintain the stock to at least the minimum Decent Homes standard.

Housing Revenue Account

Table 6 below sets out the movement in reserves of the HRA. The budget proposals ensure that a minimum of £2.500m is retained in HRA revenue balances each financial year covering the two years of the Financial Plan to ensure some measure of contingency and financial stability. The proposals, as they currently stand, also balance the plan over the longer 30-year period, which is what the Government requires us to demonstrate as part of the self-financing proposals.

Table 6: 2018–20 Housing Revenue Account Balances

HRA Forecast Movement on Reserves	**2018/19 £000's**	**2019/20 £000's**
Opening Reserve Balance	(4,640)	(2,671)
Add:		
Original Contributions (to) / from balances	1,766	1,969
Change in contributions (to) / from Balances	203	(2,039)
Predicted Reserve Balance Carried Forward	**(2,671)**	**(2,741)**

Guidance on Local Authority Reserves and Balances is given in Accounting Bulletin LAAP (Local Authority Accounting Practice) 99. This states that *"Balancing the annual budget by drawing on general reserves may be viewed as a legitimate short term option",* and so the proposed 2018/19 Budget does not contradict the issued guidance. The Bulletin does then go on to say *that "It is not normally prudent for reserves to be deployed to finance current expenditure"*. The 2018/19 HRA budget and associated business plan has been developed so that ongoing revenue expenditure is aligned to annual income with no long term reliance on reserves.

APPENDIX A

Treasury Management Strategy Statement and Annual Investment Strategy 2018/19

Background

The Authority is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. A key part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Authority's low risk policy, providing adequate liquidity before considering investment return.

The second main function of the treasury management service is the funding of the Authority's (Investment) plans. These capital plans provide a guide to the borrowing needs of the Authority, essentially the longer term cash flow planning to ensure that the Authority can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses.

Treasury Management is defined by the Chartered Institute of Public Finance and Accountancy (CIPFA) as:

"The management of the local authority's investments and cash flows, its banking, money market and capital transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

Reporting Arrangements

In line with best practice, the Treasury Strategy is considered as part of the budget approval process.

There are two other main reports each year, which incorporate a variety of policies, estimates and actuals which are approved by Cabinet. These reports are:

- **A Mid - Year Treasury Management Report** – This will update Members with the progress of the capital position, amending prudential indicators as necessary, and indicate whether the Authority is meeting the strategy or whether any policies require revision; and

- **An Annual Treasury Report** – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Treasury Management Strategy for 2018/19

The proposed strategy for 2018/19 in respect of the following aspects of the treasury management function is based upon the treasury management officers' view on interest rates, supplemented with market forecasts provided by the Authority's treasury advisor, Link Asset Services. This strategy covers:

- The current treasury portfolio position;
- Prospects for interest rates;
- Economic Outlook;
- The borrowing strategy;
- Policy on borrowing in advance of need;
- Debt rescheduling;
- The investment strategy;
- Creditworthiness; and,
- Policy for the use of external service providers.

Current Treasury Portfolio Position

The Authority's debt and investment position at 31st December 2017 is set down in Table 1 below.

Table 1: Current Treasury Portfolio Position as at 31st December 2017

	Principal Outstanding	**Average Rate**
	£m	**%**
Fixed Rate Funding		
PWLB*	175.250	4.81
PWLB – (HRA Self Financing)	128.193	3.49
Market Loans	20.000	4.35
Temp Loans	137.704	0.66
Total External Debt	**461.147**	
Less **Investments**		
(UK) DMO**	23.050	0.25
Total Investments	**23.050**	
Net Position	**438.097**	

*Public Works Loan Board
**Debt Management Office

Prospects for Interest Rates

The Authority has appointed Link Asset Services (previously known as Capita Asset Services) as its external treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. Table 2 below sets out Link Asset Services professional view of interest rates.

Table 2: Link Asset Services forecast interest rates – (2nd January 2018)

	Bank Rate %	5 year PWLB %	10 year PWLB %	25 year PWLB %	50 year PWLB %
Now	0.50	1.60	2.11	2.68	2.41
Mar 2018	0.50	1.60	2.20	2.90	2.60
Jun 2018	0.50	1.60	2.30	3.00	2.70
Sep 2018	0.50	1.70	2.40	3.00	2.80
Dec 2018	0.75	1.80	2.40	3.10	2.90
Mar 2019	0.75	1.80	2.50	3.10	2.90
Jun 2019	0.75	1.90	2.60	3.20	3.00
Sep 2019	0.75	1.90	2.60	3.20	3.00
Dec 2019	1.00	2.00	2.70	3.30	3.10
Mar 2020	1.00	2.10	2.70	3.40	3.20

At its meeting on 2 November 2017, The Monetary Policy Committee, (MPC), increased the Bank Rate from 0.25% to 0.50%. The MPC also gave forward guidance that they expected to increase the Bank rate only twice more in the next three years to reach 1.0% by 2020. This is a relaxed rate of increases predicted in the Bank Rate in line with previous statements that the Bank Rate would go up very gradually and to a limited extent.

Economic Outlook

The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:

- Investment returns are likely to remain low during 2018/19 but to be on a gently rising trend over the next few years;

- Borrowing interest rates increased after the result of the general election in June and then also after the September MPC meeting when financial markets reacted by accelerating their expectations for the timing of Bank rate increases. Apart from that, there has been little general trend in rates during the current financial year. The policy of avoiding new borrowing by running down spare cash balances has served the Authority well over the last few years. However, this needs to be reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and / or the refinancing of maturing debt; and

- There will remain a potential cost of carry to any borrowing undertaken that results in an increase in investments and will incur a revenue loss between borrowing costs and investment returns.

Borrowing Strategy

The Authority's capital borrowing need (the Capital Financing Requirement) has not been fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns have remained low and counterparty risk is relatively high.

The Authority's borrowing strategy will give consideration to new borrowing in the following order of priority:

- The cheapest borrowing and lowest risk approach is internal borrowing. By continuing to maintain a relatively low level of cash balances the risk of investment is reduced. However, in view of the overall forecast for long term borrowing rates to increase over the next few years, consideration will also be given to weighing the short term advantage of internal borrowing against potential long term costs if the opportunity is missed for taking loans at long term rates which will be higher in future years;

- Temporary borrowing from the money markets or other local authorities;

- Long term fixed rate market loans at rates significantly below PWLB rates for the equivalent maturity period (where available) and to maintain an appropriate balance between PWLB and market debt in the debt portfolio;

- PWLB borrowing for periods under 10 years where rates are expected to be significantly lower than rates for longer periods. This offers a range of options for new borrowing which will spread debt maturities away from a concentration in longer dated debt; and

- PWLB borrowing for periods of longer than 10 years may be explored.

Municipal Bond Agency – The possibility remains that the Municipal Bond Agency will be offering loans to local authorities in the future. The Agency hopes that the borrowing rates will be lower than those offered by the PWLB. The Authority may make use of this new source of borrowing as and when appropriate.

In addition to the above mentioned Municipal Bond Agency source of borrowing, the Authority will look to explore the general use of Bonds as part of the Treasury Management Strategy, in consultation with the Authority's treasury advisor, Link Asset Services.

The principal risks that impact on the strategy are the security of the Authority's investments and the potential for sharp changes to long and short term interest rates. Officers, in conjunction with the Authority's treasury advisor, will continue to monitor the financial standing of banks and building societies, and the level of interest rates, both those prevailing and forecast.

Against this background and the risks within the economic forecast, caution will be adopted with the 2018/19 treasury operations. The Head of Finance will monitor the interest rate market and adopt a pragmatic approach to changing circumstances, reporting any decisions to Cabinet or full Council, as appropriate, at the next available opportunity. Such circumstances include a situation where:

- If it were felt that there was a significant risk of a sharp fall in long and short term interest rates, perhaps due to marked increase of risks around relapse into recession or of risks of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term funding will be considered; or

- If it were felt there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the United States of America (USA) and in the United Kingdom (UK), an increase in world economic activity or a sudden increase in inflation risks. If this is the case, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.

Policy on borrowing in advance of need

The Authority will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Authority can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

Debt Rescheduling

As short term borrowing rates will be considerably cheaper than longer term interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred). Any position taken via rescheduling will be in accordance with the strategy position outlined above.

In order to generate the most attractive debt rescheduling opportunities, it is proposed that the strategy for 2018/19 should remain flexible. The reason for any rescheduling to take place may include:

- the generation of cash savings and / or discounted cash flow savings at minimum risk;
- to help fulfil the strategy outlined above; and
- to enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

All rescheduling will be reported to Cabinet as part of the next financial management report at the meeting following its action.

Annual Investment Strategy

This Authority has regard to the Communities and Local Government's (CLG's) Guidance on Local Government Investments and the 2011 revised Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes. The Authority's investment priorities are:

a) the security of capital;
b) the liquidity of its investments; and,
c) return.

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Authority applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentrated risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Treasury officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis in relation to the economic environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Authority will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources will include the financial press, share prices and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

The intention of the strategy is to provide security of investments and minimisation of risk. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates.

Bank Rate is forecast to remain unchanged at 0.50% before starting to rise to 0.75% from quarter 3 of 2018. The rate will not to rise above 1.00% until quarter 3 2019. Bank Rate forecasts for financial year ends (March) are:

Table 3: Bank Rate Forecast for Financial Year Ends

Year End (March)	Bank Rate Forecast (%)
2017/18	0.50
2018/19	0.75
2019/20	1.00
2020/21	1.25

There is a downside risk to these forecasts in view of the uncertainty over the final terms of Brexit. However, should the pace of growth quicken or forecasts for increases in inflation rise, there could be an upside risk.

The strategy for 2017/18 agreed on 16 February 2017 was set against a background of uncertainty and a prudent approach was taken with nearly all investments being made on a short term basis. In the current economic climate it is essential that a prudent approach is maintained. This will primarily be achieved through investing with selected banks and funds which meet the Authority's credit rating criteria, set out at the end of this Appendix.

The Authority will avoid locking into longer term deals while investment rates are down at low levels unless attractive rates are available with counterparties of particularly high creditworthiness which make longer term deals worthwhile and within the risk parameters set by the Full Council.

It is also important to recognise that movements within the money markets can happen with no notice and the Head of Finance may have to amend this strategy in order to safeguard the funds of the Authority. Any such actions will be reported to Cabinet as part of the next financial management report at the meeting following this action.

The Head of Finance will undertake the most appropriate form and duration of investments depending on the prevailing interest rate at the time, taking into account the risks shown in the interest rate forecast.

All investments will be made in accordance with the Authority's investment policies and prevailing legislation and regulations.

At the end of the financial year, the Authority will report on its investment activity as part of its Annual Treasury Report.

Creditworthiness

Changes to the credit rating methodology - The main rating agencies (Fitch, Moody's and Standard & Poor's) have, through much of the financial crisis, provided some institutions with a rating uplift due to implied levels of sovereign support. Commencing in 2015, in response to the evolving regulatory regime, all three agencies have begun removing these uplifts with the timing of the process determined by the regulatory progress at a national level. The process has been part of a wider reassessment of methodologies by each of the rating agencies. In addition to the removal of implied support, new methodologies are now taking into account additional factors, such as regulatory capital levels. In some cases, these factors have netted each other off, to leave underlying ratings either unchanged or little changed. A consequence of these new methodologies is that they have also lowered the importance of the (Fitch) Support and Viability ratings and have seen the (Moody's) Financial Strength rating withdrawn by the agency.

In keeping with the agencies' new methodologies, the rating element of the credit assessment process now focuses solely on the Short and Long Term ratings of an institution. The other key elements of their process, namely the assessment of Rating Watch and Outlook information as well as the Credit Default Swap (CDS) overlay have not been changed.

The evolving regulatory environment, in tandem with the rating agencies' new methodologies also means that sovereign ratings are now of lesser importance in the assessment process. Where through the crisis, local authorities typically assigned the highest sovereign rating to their criteria, the new regulatory environment is attempting to break the link between sovereign support and domestic financial institutions.

It is important to stress that these rating agency changes do not reflect any changes in the underlying status or credit quality of the institution, merely a reassessment of their methodology in light of enacted and future expected changes to the regulatory environment in which financial institutions operate. While some banks have received lower credit ratings as a result of these changes, this does not mean they are suddenly less credit worthy than they were formally. Rather, in the majority of cases, this mainly reflects the fact that implied sovereign support has effectively been withdrawn from banks. They are now expected to have sufficiently strong balance sheets to be able to withstand foreseeable adverse financial circumstances without government support. In many cases, the balance sheets of banks are now much more robust than they were before the 2008 financial crisis when they had higher ratings than now. However, this is not universally applicable, leaving some entities with modestly lower ratings than they had through much of the support phase of the financial crisis.

Credit ratings will continue to be monitored regularly. The Authority is alerted to changes to ratings through its use of the Link Asset Services creditworthiness service who notify the Authority of any changes as soon as they receive the information. Where an institution has its credit rating downgraded so that it fails to meet the Authority's credit criteria then:

- no new investments will be made after the date of notification, and,
- investments on call will be recalled immediately.

Where an institution is placed on negative rating watch (notification of a possible rating downgrade) deposits will continue to be made up to approved limits so long as the institution's credit quality is above the Authority's minimum criteria.

Policy on the use of external service providers

The Authority uses Link Asset Services as its external treasury management advisor.

The Authority recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

The Authority also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Authority will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subject to regular review. The Authority's contract with Link Asset Services ends on 9 February 2018. The Authority will now seek to ensure that following a tender process, a suitable treasury management advisor will be in place on 12 February 2018.

Investment Instruments and Credit Criteria

Investment instruments used for the prudent investment of the Authority's cash balances are listed below under the 'Specified' and 'Non-Specified' Investment categories.

Specified Investments – are those investments offering high security and liquidity. All such investments will be in sterling, with a maximum maturity of 364 days, meeting the minimum 'high' rating criteria where applicable. Table 4 below shows the credit rating criteria used to select whom the Authority will place funds:

Table 4 : Specified Investments and Credit Criteria

The minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available or other market information, to support their use.

	Maximum Deposit	Maximum Period
UK Government Debt Management Office (DMO)	£50m	6 months
UK Local Authorities	£10m each	1 year
UK Government Gilts, Bonds and Treasury Bills	£10m	1 year
AAA-rated Money Market Funds	£5m each	Liquid
Certificate of Deposits with banks and building Societies	£5m each	1 year
UK Banks / Building Societies	£5m each	1 year

Non-specified Investments - are all sterling denominated, with maturities in excess of one year. A maximum of 25% may be held in aggregate in non-specified investments. Table 5 below shows the counterparties with whom the Authority will place funds:

Table 5: Non-Specified Investments

	Maximum Deposit	Maximum Period
UK Local Authorities	£5m each	3 years

APPENDIX B - HOUSING INVESTMENT PLAN 2018-2021

Project Ref	Project Title	2018/19 £000	2019/20 £000	2020/21 £000	Total £000
	Housing				
HS002	HRA Schemes	**27,914**	**23,291**	**20,270**	**71,475**
	Made up of:-				
	Decency Refurbishments	15,146	13,703	12,439	**41,288**
	Disabled Adaptations	1,030	1,041	1,051	**3,122**
	Capitalisation of Major Repairs	1,220	1,232	1,245	**3,697**
	Furniture Pack Scheme	412	416	420	**1,248**
	Asbestos Works	300	303	306	**909**
	Energy Efficiency & Environmental Improvements	205	207	208	**620**
	Fencing / Walling / Offstreet parking / Landscaping	1,521	1,931	1,768	**5,220**
	Non-Traditional Properties	450	0	0	**450**
	ICT Strategy/Water Pipe Renewals/Fire Damage/Garages	313	317	323	**953**
	Post 2019 Construction & Repairs Insourcing	1,450	200	0	**1,650**
	Footpaths & Communal Fire Doors	940	956	973	**2,869**
	Potential New Build (including 2017-18 re-programming)	4,927	2,985	1,537	**9,449**
	Total: Housing	**27,914**	**23,291**	**20,270**	**71,475**
	TOTAL	**27,914**	**23,291**	**20,270**	**71,475**

FINANCING

HOUSING

	2018/19	2019/20	2020/21	Total
Council Contribution				
Capital Receipts	2,261	4,763	1,367	**8,391**
House-building Fund	3,500	0	0	**3,500**
Government Grants	0	0	0	**0**
Revenue Contribution	9,570	6,136	6,079	**21,785**
Total Council Contribution	15,331	10,899	7,446	**33,676**
Depreciation / Major Repairs Reserve	12,583	12,392	12,824	**37,799**
TOTAL HOUSING	**27,914**	**23,291**	**20,270**	**71,475**
TOTAL	**27,914**	**23,291**	**20,270**	**71,475**

2018-2021 Prudential Indicators

Introduction

1.0 The Local Government Act 2003 requires the Authority to adopt the CIPFA Prudential Code and produce prudential indicators. Each indicator either summarises the expected capital activity or introduces limits upon that activity, and reflects the outcome of the Authority's underlying investment appraisal systems.

1.1 Within this overall prudential framework there is an impact on the Authority's treasury management activity as it will directly impact on borrowing and investment activity. The draft Treasury Management Strategy for 2018/19 is included as Appendix A of the annex to the report.

1.2 The Prudential Code requires the following matters to be taken into account when setting or revising the prudential indicators:

a) Service Objectives – e.g. strategic planning for the Authority
b) Stewardship of assets – e.g. asset management strategy
c) Value for money – e.g. options appraisal
d) Prudence and sustainability – e.g. implications of external borrowing
e) Affordability – e.g. impact on Housing rents
f) Practicality – e.g. achievability of the forward plan

1.3 Matters of affordability and prudence are primary roles for the Prudential Code.

1.4 The revenue consequences of capital expenditure relating to the HRA must to be paid for from HRA resources.

1.5 Capital expenditure can be paid for through capital receipts, grants etc, but if these resources are insufficient then any residual capital expenditure will add to the HRA's borrowing need.

1.6 The key risks to the plans are that the level of funding, such as capital receipt levels or revenue contributions may change as capital receipts are reliant on an active property market.

1.7 In total there are fifteen prudential indicators, covering:

- Affordability;
- Prudence;
- Capital expenditure;
- External debt; and
- Treasury management.

1.8 Prudential indicators are required to be set as part of the Financial Planning and Budget process. Any revisions must be reported through the financial management process.

1.9 The prudential indicators for the forthcoming and future years must be set before the beginning of the forthcoming year. They may be revised at any time, following due processes and must be reviewed, and revised if necessary, for the current year when the prudential indicators are set for the following year.

1.10 The following sets down the draft Prudential Indicators as calculated and proposed for North Tyneside Council specifically relating to the Housing Revenue Account (HRA) for 2018–21. The remainder of the indicators will be included in the 2018-21 Financial Planning and Budget Process report to Cabinet on 24 January 2018.

Prudential Indicators for Affordability

1.11 The fundamental objective in considering affordability of the Authority's HRA Investment Plan is to ensure that the total capital investment remains within sustainable limits, and in particular to consider the impact on the "bottom line" and hence Housing rents. Affordability is ultimately determined by a judgement on acceptable housing rent levels.

1.12 In considering the affordability of its Investment Plan, the Authority is required to consider all the resources that are currently available, and estimated for the future, together with the totality of the Investment Plan, revenue income and revenue expenditure forecasts for the forthcoming year and following two years (as a minimum). The Authority is also required to consider known significant variations beyond this timeframe. This requires the development of rolling revenue forecasts as well as capital expenditure plans. In line with the Financial Plan, three-year forecasts have been provided for the prudential indicators.

1.13 When considering affordability, risk is an important factor to be considered. Risk analysis and management strategies should be taken into account.

1.14 Looking ahead for a three year period, the following are key prudential indicators of affordability:

- the ratio of financing costs to net revenue stream for the Housing Revenue Account (HRA); and
- the incremental impact on housing rents. The scope for increases in both these elements is governed by the Government's ability to limit increases.

Ratio of financing costs to net revenue stream

1.15 This indicator identifies the trend in the cost of capital (predominately external interest) as a proportion of the net housing income budget and is shown in Table 1 below:

Table 1: Ratio of Financing Costs to Net Revenue Stream

	2017/18	2018/19	2019/20	2020/21
	Est.	Est.	Est.	Est.
HRA	30.34%	28.08%	28.70%	31.01%

1.16 The above indicator includes the financing costs of the North Tyneside Living PFI scheme. To enhance the information available for decision-making we have also provided a local indicator to show the proportion of the budget that is spent on unsupported borrowing. This is shown in Table 2 below:

Table 2: Ratio of Financing Costs for prudential (unsupported) borrowing to Net Revenue Stream

	2017/18	2018/19	2019/20	2020/21
	Est.	Est.	Est.	Est.
HRA	7.02%	3.63%	3.89%	6.59%

1.17 The cost of capital related to past and current capital programmes has been estimated in accordance with proper practices. Actual costs will depend on the phasing of capital expenditure and prevailing interest rates, and will be closely managed and monitored on an ongoing basis. Any reprogramming in the Investment Plan, whether planned or unplanned, may delay the impacts of debt financing costs to future years.

Incremental impact of new capital investment decisions on housing rents

1.18 This indicator represents an estimate of the incremental impact of new capital investment decisions on average weekly housing rents.

1.19 Revenue budget impacts may arise from the following:

- Direct revenue contributions to capital expenditure;
- Use of the Major Repairs Allowance (MRA);
- Interest from the use of external borrowing;
- Amounts set aside for the repayment of debt; and,
- Revenue running costs or savings.

Table 3: Estimates of incremental impact of new capital investment decisions on weekly housing rents

	HRA
2018/19	£1.15
2019/20	(£3.96)
2020/21	£0.50

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

Prudential Indicators for Capital Expenditure

Estimate of capital expenditure

1.21 This indicator requires reasonable estimates of the total capital expenditure to be incurred during the current financial year and at least the following three financial years.

1.22 The Investment Plan for 2018-2021 is included in paragraph 2.3 of the annex to this report. A full breakdown of individual projects is shown in Appendix B.

Table 4: Capital Expenditure

	2017/18	2018/19	2019/20	2020/21
	Estimate £000’s	Estimate £000’s	Estimate £000’s	Estimate £000’s
HRA	24,979	27,914	23,291	20,270

1.23 There is a risk of cost variations to planned expenditure against the Investment Plan, arising for a variety of reasons, including tenders coming in over/under budget, changes to specifications, slowdown/acceleration of project phasing. There is also the possibility of needing to bring urgent and unplanned capital works into the Investment Plan. These risks are managed by project officers on an ongoing basis, by means of active financial and project monitoring, they will be overseen by the Investment Programme Board and any changes will be made in accordance with Financial Regulations.

Estimate of Capital Financing Requirement (CFR)

1.24 The CFR can be understood as the Authority’s underlying need to borrow money long term for a capital purpose. The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. The HRA business plan includes provision to reduce the HRA CFR by additional voluntary contributions in the form of capital receipts and revenue contributions.

1.25 The HRA CFR also includes other long term liabilities in the form of the North Tyneside Living PFI scheme.

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

Table 5: Capital Financing Requirement

	2017/18 Est. £000's	2018/19 Est. £000's	2019/20 Est. £000's	2020/21 Est. £000's
HRA	339,017	332,656	328,761	322,719

1.27 The above indicator shows the total borrowing requirement, both supported and unsupported. To enhance the information available for decision-making we have provided a local indicator to show the Capital Financing Requirement for unsupported borrowing. This is shown in Table 6 below:

Table 6: Capital Financing Requirement for Unsupported Borrowing

	2017/18 Est. £000's	2018/19 Est. £000's	2019/20 Est. £000's	2020/21 Est. £000's
HRA	31,746	30,131	28,329	24,537

HRA limit on indebtedness

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

Table 7: HRA limit on indebtedness

	2017/18 £000's Est.	2018/19 £000's Est.	2019/20 £000's Est.	2020/21 £000's Est.
Gross HRA capital financing requirement	339,017	332,656	328,761	322,719
Less HRA PFI schemes	75,805	75,009	73,716	72,266
Adjusted HRA capital financing requirement	263,212	257,647	255,045	250,453
HRA limit on indebtedness	290,824	290,824	290,824	290,824

Appendix D

Consultation Draft

NORTH TYNESIDE COUNCIL

INVESTMENT STRATEGY

NOVEMBER 2017

Contents

1 Introduction

The Investment Strategy is the policy framework document that sets out the principles to be used to guide the allocation of capital investment across all the Authority's services and informs decisions on capital spending priorities within the Authority's Investment Plan. Priorities are driven by a number of strategies and plans linked to the Council Plan (the key documents are shown in Appendix 1) and are linked to an assessment of need.

Principles for Capital Investment:

1. Investment must be strategically aligned to deliver the Our North Tyneside plan priorities
2. Whole life costs are considered as part of a capital investment appraisal; this would include provision to ensure existing assets are maintained.
3. For every potential scheme the Authority will explore all funding and delivery options
4. Unsupported (prudential) borrowing is funding of the last resort
5. A borrowing ceiling will be proposed for the Authority in terms of both value and revenue cost
6. The Authority will consider if the opportunities arise investments that generate an on-going income stream of to realise an increased capital value in the future.

Capital investment is technically described as **"Expenditure on the acquisition, creation, or enhancement of 'non-current assets"**. This is items of land, property and plant which have a useful life of more than one year. A fuller definition is attached at Appendix 2. Expenditure outside this definition will be revenue expenditure.

Most non-current assets are properties that are used in service delivery. The Authority's land, buildings and infrastructure asset base of some 456 properties has a current use Balance Sheet value of approximately £485 million, approximately 945 kilometres of highways and 235 bridges, subways, culverts and other structures with a historic value of £136 million, council housing stock comprising 14,924 properties with a balance sheet value of £615 million and ICT and other equipment with a balance sheet value of £12m. In addition the Authority has an interest in assets of companies in which the Council has a financial interest.

Although this Strategy focuses on the Authority's management of its own investment in assets, a wider view of capital investment throughout the Borough by both the public and private sectors will have a major influence on meeting the Authority's aims and objectives. The Authority works in close partnership with it's partners including the NHS, Highways England, the Environment Agency, NEXUS and Northumbrian Water.

The Investment Strategy is presented to Council as a Policy Framework document, and links with both the Treasury Management Strategy and the Corporate Asset Management Plan. Links to both documents are shown in Appendix 1.

This Investment Strategy sets out the guiding principles on the following elements:

- Investment must be strategically aligned to deliver "Our North Tyneside Plan, following an approach to prioritisation and approval;
- For every potential scheme the Authority will explore all funding options in order to maximise external funding and delivery options;
- Unsupported (prudential) borrowing is funding of the last resort, and is considered alongside the use of capital receipts, capital contributions, revenue funding and the use of reserves.

- The Authority will consider Investment opportunities to generate an on-going income stream or to realise an increased capital value in the future.

In considering the principles, the Authority needs a balance between guidance and prescription to allow a flexible approach to be taken. This Strategy focuses on the key policies for the allocation of capital resources to schemes in line with Authority's priorities and statutory responsibilities.

The management of the Investment Plan is supported by the Authority's approved Financial Regulations and capital governance process through the Investment Programme Board (see Appendix 4) and the Strategic Property Group.

2 Guiding Principles

2.1 Prioritisation and Approval

Delivery of the "Our North Tyneside Plan" sets the challenge of meeting competing priorities within an Authority that delivers so many varied services.

A 'scoring matrix' has been developed to help inform priority schemes and evaluate competing projects for inclusion in the Investment Plan.

The capital matrix is an aid to evaluate priorities between often very disparate schemes; however allocation of funding to capital is ultimately a Council decision.

All schemes bidding for inclusion on the Investment Plan must follow the approved Investment Plan Gateway process (attached as Appendix 4) for inclusion on the Investment Plan and will be subject to a process of prioritisation using the capital scoring matrix (attached as Appendix 3). This process will take place as a minimum on an annual basis. Any bids outside this timescale should be by exception only and will follow the same process.

All schemes will be required to develop a robust business case detailing full capital costs and full life revenue costs, including provision for ensuring that assets are maintained. This will be provided as part of the Gateway 2 submission to the Investment Programme Board for approval prior to commencement of the scheme.

Where funding has been allocated to a programme without individual schemes being identified at the time of approval, (such as a general allocation to a regeneration project, Local Transport Plan, schools for capital maintenance projects), individual schemes within that allocation are subject to each individual scheme being approved by the Investment Programme Board.

2.2 Alternative Funding and Delivery Opportunities

For every potential scheme the Authority will explore all funding options. As capital funding is reduced the Authority will continue to consider alternative methods of supporting capital expenditure within the Authority, using alternative funding, such as social investment, private sector finance and third sector funding or by other bodies delivering capital schemes instead of the Authority.

The Authority can use its assets to support schemes or aim to maximise funding from any source possible, such as Heritage Lottery or Local Enterprise Partnership funding.

The Authority continues to bid for additional external funding and/or work with other bodies to secure capital investment or consider use of its own assets in a development, but restricts schemes to those which support corporate priorities or statutory service objectives and where it can be proved that the project is sustainable, and requirements for match-funding and future revenue consequences have been considered and approved along with an assessment of the opportunity costs of alternative options. All bids are to be agreed by the Investment Programme Board prior to submission.

The Authority receives capital grant funding from government and is able to bid for grant funding direct to particular government departments or from other grant awarding bodies.

Any un-ring fenced capital grants received, even where these are allocated with service intentions of the identified government body awarding the grant, will be required to be approved by the Authority. Consequently once capital grants have been allocated to a specific service by the Authority, individual schemes within that allocation are subject to each individual scheme being approved by the Investment Programme Board.

2.3 Capital Receipts and Capital Contributions

The Council receives capital receipts and capital contributions from:

- Asset disposals
- Right to Buy Clawback
- Section 106 and Community Infrastructure Levy (CIL)
- S278
- Repayment of loans for a capital purpose

Asset disposals

The proposed disposal of land and buildings is reported to Cabinet for approval and receipts from the sale of all assets sold are used to support the Investment Plan in line with funding the Authority's priorities. An asset disposal will be deemed to occur when the Authority transfers the freehold or a long lease (usually over 40 years).

The Authority will aim to ensure best value when disposing of assets, by enhancing the land prior to disposal, where appropriate; e.g. by obtaining planning permission or providing a development plan. As appropriate the Authority may dispose of assets by tender or by public auction.

The Authority will consider exceptions to this policy where rationalisation of assets used for service delivery is undertaken and in respect of school sites where the Secretary of State has approved the disposal – such exceptions will require a Cabinet decision.

Asset disposals at nil consideration or below market value

The disposal of an asset at below Market Value requires Cabinet approval.

In considering asset disposals, the Authority also needs to take into account the policy on Community Asset Transfers where the Authority will consider, on a case by case basis, the potential transfer of assets to an alternative provider after a full assessment of the long term (full life) risks and rewards of the transfer, including the achievement of best value including potential market value, linked to the Authority's aims and objectives.

The Localism Act 2011 introduced the "Community Right to Bid" and placed a duty upon local authorities in England to maintain a list of assets of community value. Once an asset is "Listed" any disposal will be under the Community Asset Transfer policy or for market value by tender/auction.

Where the Authority proposes to dispose of, or grant a long lease, at nil consideration or at a value below market value this is required to be approved by Cabinet. This will also apply where the disposal is for a community or service benefit.

There may be circumstances, such as the transfer of community school assets under the Academies Act, where assets will also be disposed of at nil consideration.

Right-to-Buy Clawback

In line with statutory regulations, 100% of these receipts are currently used to support the provision of the housing function.

Section 106 contributions and Community Infrastructure Levy (CIL)

Section 106 (S106) monies come from developer contributions through the planning system. There are specific conditions attached to the use of the S106 and the monies are used accordingly to support the Authority's priorities.

Any monies received from the Community Infrastructure Levy (CIL) will be allocated under the CIL arrangements ("the Regulation 123 List") in line with the Authority's investment priorities including any specific funding requirements.

Section 278 Contributions

Funding can be made available under Section 278 (S278) of the Highways Act 1980 whereby a developer may be required to contribute to the provision, alteration or improvement to highways in order to facilitate development.

Repayment of loans for a capital purpose

Where the Authority provides a loan for a capital purpose this will be approved and accounted for as capital expenditure. The repayment of a loan by the borrower will be treated as a capital receipt; however any receipts of this nature will be specifically applied to reduce the value of the outstanding loan.

2.4 Flexible use of Capital Receipts

DCLG have revised their statutory guidance in relation to the Local Government Act 2003 on the use of capital receipts for the period from April 2016 to March 2019. This now provides Authorities the flexibility to use capital receipts for "the revenue costs of service reform". This flexibility is subject to a Strategy for the use of capital receipts being approved by full Council. By approving this document Council will be approving this flexibility to be used as appropriate with any use reported to Cabinet.

Potential uses for capital receipts, (subject to the capital receipts being received and approval of the use of receipts), would be to support any implementation costs for the Authority's transformation programme. A number of transformation schemes were identified in the Efficiency Plan approved by Council in September 2016.

2.5 Revenue and Reserves

The Authority is able to use revenue funding and reserves for capital schemes. However, as a result of competing revenue budget pressures and the continued reduction in government support for revenue expenditure the Authority' does not generally budget to use revenue or reserve funds to directly fund capital projects, within the General Fund, after the feasibility stage. This policy is reviewed on an annual basis.

The Housing Revenue Account business plan recognises revenue contributions to the HRA investment plan through the Major Repairs Reserve and other general revenue contributions.

2.6 Approach to Borrowing

In line with the Treasury Management Strategy, the Authority is able to borrow money on the money market or from the Public Works Loans Board to fund capital schemes or, use its own internal resources (i.e. cash flow). However for all schemes funded from borrowing, the Authority must fund the repayment and interest costs as since 2011 any central government "supported borrowing" allocations and related revenue support ceased. There is an intention that a cap is placed on the overall level of borrowing and that over a 10 year cycle the level of borrowing should reduce. The policy governing the repayment of this borrowing for the General Fund, the Minimum Revenue Provision (MRP) policy, is approved annually by full Council. Repayment of Housing Revenue Account borrowing is laid out in the 30 year Business Plan.

The Authority is only able to borrow for "unsupported borrowing" (also known as Prudential Borrowing) under the guidance contained in the CIPFA Prudential Code whereby, in summary, the Authority is required to ensure that all borrowing is both prudent and affordable. Under the Prudential Code a number of indicators showing ratios of costs and levels of borrowing, are required to be considered and approved by full Council. All schemes funded from prudential borrowing are approved by full Council and in line with Financial Regulations.

The Authority's Treasury Management Strategy recognises the need to take borrowing to support a number of capital projects, included within the Investment Plan approved by full Council, and reduce the level of internal borrowing. Based on current projected Public Works Board Lending rates, the cost of 0.5 -3% should be assumed for new borrowing in 2018/19.

The Authority takes a prudent approach to new borrowing, paying particular regard to the robustness of the business case to include forward predictions of affordability, with the aim that projects should be self-funding (i.e. create a revenue stream so that the cost of borrowing is cost neutral on Council Tax). It is essential that any new proposals for a self-funding or invest to save scheme supported by borrowing has a robust business case that is presented to the Investment Programme Board prior to approval by Council.

To support its revenue budget the Authority will continue to evaluate any capital investment projects either acting alone or with partners that will produce an on-going revenue income stream for the Authority. This is one of the scoring criteria now adopted by the Authority when assessing competing capital projects.

There may be the need for borrowing that has no identifiable future revenue stream, for example, to repair or construct key infrastructure assets. Here a broader view can be taken of the value of repairing the asset to the overall economy of the Authority. The cost of such borrowing falls on the tax payer through payments of debt interest on the Authority's General Fund revenue account and repayment of debt over a specified period of time. There may still be a need for such borrowing but each proposal should be reviewed on a case by case basis, using the Gateway and prioritisation process, with the project evaluation clearly stating how the borrowing is to be afforded.

2.7 Investment Opportunities (including capital loans)

The Authority will consider, if the opportunities arise, the purchase of land and property as an investment – to both generate an on-going income stream or to realise an increased capital value in the future. This could include the purchase of land or property or the purchase of "shares" in a property fund. Depending on the capital funding proposed the appropriate approvals will be requested at that time. Loans for a capital purpose can also be approved subject to a business case and due diligence on the borrower including as appropriate guarantees and bonds to secure the repayment of the loan. Any such opportunities would be considered in the first instance by the Investment Programme Board and Cabinet for approval in accordance with Financial Regulations.

Appendix 1 – Key Strategies and Plans linked to the Investment Strategy

Our North Tyneside Plan

People	Place	Economy	Partners	Organisation
Joint Strategic Needs Assessment	Local Plan and Master Plans • Community Infrastructure Levy Schedule (Regulation 123 List)	Strategic Economic Plan	Plans appropriate to each theme	ICT- Digital Strategy
Health and Wellbeing Strategy	Transport Strategy • Highways Asset Management Plan (HAMP) • Parking	Employment and Skills Strategy		Human Resources- Workforce Strategy
	Housing Strategy • Strategic Housing Market Assessment (SHMA) • Strategic Housing Land Availability Assessment (SHLAA) • HRA business plan			Financial Strategy
		Estates Strategy		Asset Management Plan
				Treasury Management Strategy Statement
				Minimum Revenue Provision Policy
				Prudential Indicators

Appendix 2 – Definition of Capital Expenditure

Capital investment is simply described as:

Expenditure on the acquisition, creation or enhancement of "non-current assets"

(non-current assets are items of land and property which have a useful life of more than 1 year)

This definition of capital expenditure that the Authority has to comply with for the classification and, therefore, the funding of capital expenditure in linked to International Financial Reporting Standards. "Qualifying Capital Expenditure" under s25 of Local Government Act 2003 is defined when:

> "The expenditure results in the acquisition, construction or enhancement of fixed assets (tangible and intangible) in accordance with "proper practices""

"Proper Practice" (from 1 April 2010) is under International Financial Reporting Standards (IFRS) rules. The relevant standard is IAS16 which has the following definition of capital expenditure:

> "Expenses that are directly attributable to bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by management".

"Directly attributable" means that, for examples, if building a school, it is the costs linked to the actual construction of the building, not temporary accommodation, moving people around etc.

Subsequent Capital Expenditure on an asset is defined as:

> "Expenses that make it probable that future economic benefits will flow to the authority and whose cost can be measured reliably" subject to "if the expenditure is to replace a component, the old component must be written out of the balance sheet".

Future economic benefits means that it is not necessary for the expenditure to improve the condition of the asset beyond its previously assessed standard of performance. The measurement is against the actual standard of performance at the date of expenditure; e.g. if service potential or asset life is increased.

Appendix 3 – Capital Scoring Matrix

Capital Projects Assessment Criteria

Possible Weightings

1 Potential to generate future investment return

3 points	Considerable additional net revenue income stream meets both £100k pa and > 25% of project cost)	factor = x	**5**
2 points	Moderate additional net revenue income stream (meets both £50k - £100k pa and 10-25% of project cost)	Max score	**15**
1 point	Small additional net revenue income stream (meets both <£50k pa and < 10% of project cost)		
0 points	No potential net revenue income		

2 Potential to generate future revenue savings

3 points	Considerable additional net revenue savings meets both £100k pa and > 25% of project cost)	factor = x	**5**
2 points	Moderate additional net revenue savings (meets both £50k - £100k pa and 10-25% of project cost)	Max score	**15**
1 point	Small additional net revenue savings (meets both <£50k pa and < 10% of project cost)		
0 points	No potential net revenue saving		

3 Specific External resources to support scheme (including Regional funding)

3 points	Specific (ring fenced) funding requires no additional Council funds (capital or revenue)	factor = x	**4**
2 points	Specific (ring fenced) funding and requires Council funds of both 10% match funding or up to £250k (capital or revenue)	Max score	**12**
	Specific (ring fenced) funding and requires Council funds of both 50% match funding or between £250-500k (capital or revenue)		
	Specific (ring fenced) funding but requires Council funds of both 75% match funding or > £500k (capital or revenue)		

4 Statutory Status: includes support of a statutory Service requirement

3 points	Meets a specific immediate or forthcoming statutory requirement	factor = x	**3**
2 points	Meets an underlying statutory duty	Max score	**9**
1 point	Meets a discretionary requirement		
0 points	no indication of status		

5 Council Plan Priorities

3 points	Specifically identified in Council Plan	factor = x	**2**
2 points	Identified as a key Project/Activity in the Council Plan or directly supports a number of specific outcomes	Max score	**6**
1 point	Generally supports specific Actions or outcomes		
0 points	Will not deliver any identified outcomes		

6 Ongoing revenue costs over the life of the asset

2 points	Revenue saving or income exceeds borrowing and running costs	factor = x	**3**
1 points	Revenue saving or income exceeds running costs	Max score	**6**
0 points	Additional costs can be met solely from within existing resources		
-2 points	Additional on-going resources required over existing budgets		

7 Risk to Community of NOT doing (i.e. identified in Risk Register)

3 points	High Risk (9-16)	factor = x	**2**
2 points	Medium Risk (5-8)	Max score	**6**
1 point	Low Risk (1-4)		
0 points	no Risk identified		

8 Risk of Doing (Can project be delivered?) - achievability, timescale, resources required

3 points	Low Risk (1-4)	factor = x	**2**
2 points	Medium Risk (5-8)	Max score	**6**
1 point	High Risk (9-16) with Mitigation		
0 points	High Risk (9-16) with no Mitigation		

9 Quality of Business Plan

3 points	Option proposed demonstrates a strong case based on full assessment of the options	factor = x	**2**
2 points	Reasonable case with some assessment of the options	Max score	**6**
1 point	Basic case presented		
0 poi	Weak case with no comparison of options		

10 Equality , Diversity & Deprivation Issues

3 points	Will achieve improvement in 3 issues	factor = x	**1**
2 points	Will achieve improvement in at least 1 issue	Max score	**3**
1 point	Possibility of improvement in at least 1 issue		
0 points	No demonstrated improvement in any issues		

11 Condition, Health and Safety risk and Strategic Importance of Asset Issues

3 points	Expenditure on asset will reduce impact of 3 issues	factor = x	**1**
2 points	Expenditure on asset will reduce impact of at least 1 issue	Max score	**3**
1 point	Expenditure will have a possibility of reduced impact in at least 1 issue		
0 points	No demonstrated impact on any issues		

12 Outcomes, Added Value, Cross-service benefit

3 points	Good - Large number of beneficiaries / target groups (>25,000)	factor = x	**1**
2 points	Satisfactory - Significant number of beneficiaries / target groups (10,000-25,000)	Max score	**3**
1 point	Fair - Reasonable number of beneficiaries / target groups (1,000-10,000)		
0 points	Poor - Few beneficiaries / target groups (<1,000)		

Max score	**84**

Appendix 4 – Investment Plan Gateway Process

Investment Programme Board
Governance arrangements for Capital Projects

The purpose of the Gateway process is to ensure that all necessary approvals are secured at all key stages of any Capital project.

Project Officers are responsible for the completion and submission of all Gateway Forms to the Strategic Investment and Property Team (FAO Iain Betham / Fiona Lucas). The team will then ensure that all Gateway Forms are presented to IPB as required.

Regional Projects

All regional projects come through the IPB Governance arrangements, even if they have already passed regional Gateways. North Tyneside Council to sign off and govern its involvement. All proposals come through Gateway 0—go out to the regional processes—the outputs from that and all necessary information then come back into Gateway 1.

Gateway 0 Strategic Fit

Purpose: Information contained in this submission should be brief but sufficient to demonstrate that a mandate exists, the project or programme has been prioritised and an outline business case has been developed. There is also a requirement to convey how far the idea has been developed in terms of feasibility.
Role: The submission will be scrutinised by the IPB in terms of strategic fit, corporate priorities, available capital resources and estimated revenue implications.
Available options: Approve or advise / refer back / reject
Associated Form—Gateway 0

Gateway 1 Feasibility

Purpose: This document constitutes a formal bid for capital investment including inclusion in the Investment Plan. It should provide sufficient information to enable effective financial and technical scrutiny ahead of further review at strategic and member level. Figures on cost and funding should be as accurate as possible. At Gateway 1 there is a focus on viability, affordability, procurement and delivery.
Role: The IPB will scrutinise the bid in terms of its financial and technical viability and management of risk. The IPB will be briefed on outcomes and recommended actions and may wish to prioritise, amend or modify the submission in light of these comments. The IPB provide recommendations to Cabinet to form part of the budget setting and financial management processes, if required.
Available options: Approve or advise / refer back / reject
Associated Form—Gateway 1

Gateway 2 Approval and Delivery

Purpose: Spending approval at Gateway 2 must be secured before any capital expenditure is incurred on a programme / project. This template brings together all the information needed for an appraisal and approval to be given. If the request varies from the budget either in terms of expenditure, funding or both you must explain this variance in Section A8. **In addition this Gateway Form MUST provide information on the spend profile which will be monitored as part of the overall investment plan.** Part A is normally completed by the Programme / Project Manager in consultation with the Finance Link Officer. Part B should be completed by the Programme / Project Manager
Role: Officers in both the Strategic Investment & Property Team and the Client Finance Team will complete final checks to confirm that relevant information has been submitted correctly in Part A & relevant sections of Part C.
Available options: Approve or advise / refer back / reject
Associated Form—Gateway 2

Gateway 3 Exception Report

Purpose: Information contained in this submission should provide the IPB with information on the project & the specific issues as to why the matter has been escalated to the IPB. This could cover project delays, financial concerns or new information that may now have an impact on the project. **In addition this Gateway Form MUST provide information on the spend profile which will be monitored as part of the overall investment plan.** A Gateway 3 submission may be required on more than 1 occasion subject to the issues / matters that may / may not be raised regarding a particular project. **The relevant Project Officer responsible for the project will be expected to attend the IPB to present the Gateway 3 submission.**

Role: The submission will be scrutinised by the IPB in terms of the wider strategic fit, corporate priorities together with the associated implications for capital resources and revenue budgets, prior to submission to Cabinet or Council as required.
Available options: Approve or advise / refer back / reject
Associated Form – Gateway 3

Gateway 4 Project Close

Purpose of Document: The purpose of this document is to confirm financial completion, transfer or the abandonment of a project and to report on the status of associated records. Responsibility for completion of this template should be identified in the follow-on actions and handover plan. Completion of all relevant sections is mandatory to enable consolidated reporting on the Investment Plan.
Scrutiny and Review: The Investment Programme Board will review this submission including for capital accounting and financial closure purposes.
Available options: Approve or request additional information
AssociatForm – Gateway 4

North Tyneside Council
Report to Cabinet
Date: 15 January 2018

ITEM 6(c)

Title: North Tyneside Cycling Strategy – Engagement

Portfolio(s):	**Housing and Transport**	**Cabinet Member(s):**	**Councillor John Harrison**

Report from Service Area:	**Environment, Housing and Leisure**	
Responsible Officer:	**Phil Scott, Head of Environment, Housing and Leisure**	**Tel: (0191) 643 7295**
Wards affected:	**All**	

PART 1

1.1 Executive Summary:

As identified in the Our North Tyneside Plan, the Local Plan and the North Tyneside Transport Strategy, cycling is an important means of transport. Replacing motorised journeys makes our transport system more sustainable. It also improves health and wellbeing and can contribute to 150 minutes of physical activity per week for adults as recommended by the UK Chief Medical Officers.

Cycling is growing in North Tyneside: the proportion of North Tyneside residents who cycle to work increased by 20% in the ten years to 2011. Cycling in North Tyneside has trebled in the past decade, measured by automatic counters on routes throughout the borough.

A strategic approach to cycling is essential in order to deliver aspects of the Our North Tyneside Plan, the Local Plan and the North Tyneside Transport Strategy. It is proposed that this approach will focus activity on:

i. growing everyday cycling so that more people benefit and the environment does too;
ii. wherever possible, improving the borough's infrastructure and information to support that growth; and
iii. providing some design guidance to make sure that infrastructure is in line with best and emerging practice.

Cabinet's approval is therefore sought to commence a process of public engagement on the draft North Tyneside Cycling Strategy and to commence a process of engagement with user groups on the draft North Tyneside Cycling Design Guide.

1.2 Recommendation(s):

It is recommended that Cabinet:

(1) agree to commence a process of public engagement on the draft North Tyneside Cycling Strategy attached as Appendix 1 to this report, and to receive a further report once this process is complete;

(2) agree to commence a process of engagement with user groups on the draft North Tyneside Cycling Design Guide attached as Appendix 2 to this report, and to receive a further report once this process is complete.

1.3 Forward Plan:

Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 13 November 2017.

1.4 Council Plan and Policy Framework

The proposals in this report relate to a number of priorities in Our North Tyneside, the Council Plan 2016 to 2019; in particular:

- Our people will:
  - 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

- Our places will:
  - have an effective transport and physical infrastructure - including our roads, cycleways, pavements, street lighting, drainage and public transport

1.5 Information:

1.5.1 Background

More than two million adults in the UK regularly ride a bike and the 2011 Census showed the number of people cycling to work had increased by 14%. Increasingly, people are choosing to cycle as a practical way to get to and from work, school and shops as well as a popular recreational activity.

In the North East, the 2011 Census showed that almost 20,000 people regularly cycle to work. Cycling tourism on long-distance routes such as the Coast and Castles is also a valuable contributor to the region's economy.

Cycling is growing in North Tyneside: the proportion of North Tyneside residents who cycle to work increased by 20% in the ten years to 2011. Cycling in North Tyneside has trebled in the past decade, measured by automatic counters on routes throughout the borough.

Physical activity can reduce the risk of major illnesses, such as heart disease, stroke, type 2 diabetes and cancer by up to 50% and lower the risk of early death by up to 30%. Currently in North Tyneside 67% of adults are estimated to meet the UK Chief Medical Officers recommendations for physical activity of 150 minutes of moderate intensity physical activity each week. The easiest way to get more of the population moving is to make activity part of everyday life, like cycling instead of using the car to get around.

1.5.2 Success so far

In response to this changing picture the Authority has invested in cycling to deliver improvements. The Authority has:

i. encouraged more people to cycle, e.g. by delivering Bikeability cycling training in schools and taking part in the regional Go Smarter programme of initiatives to support sustainable and active travel; and
ii. designed cycling into seven large transport schemes worth £27.3m which have improved routes and crossing points.

As a result we have seen growth in cycling to work, as demonstrated by Census data, and cycling to school.

1.5.3 Strategic context for cycling

Cycling in the borough is considered as part of a broader strategic context, which is made up of:

i. Our North Tyneside, the Council Plan 2016 to 2019;
ii. the Local Plan 2017 - 2032;
iii. the Health and Wellbeing Strategy 2013 – 2023;
iv. the North Tyneside Transport Strategy;
v. Local Development Document LDD12 – Transport and Highways;
vi. the North Tyneside Highway Asset Management Plan (HAMP); and
vii. the North Tyneside Network Management Plan.

The North Tyneside Transport Strategy sets out aims to increase cycling, promote active forms of travel and give them greater priority in design. The Local Plan aims to ensure sustainable access throughout the borough and make walking and cycling an attractive and safe choice for all.

This means that for cycling it is essential to focus on securing the following outcomes, which directly link to the North Tyneside Transport Strategy:

i. helping more people to cycle;
ii. helping to improve cycling safety;
iii. designing cycling into our highways and infrastructure investment;
iv. delivering a continuous network of strategic cycle routes; and
v. helping more residents to be physically active.

1.5.4 Proposed actions for cycling

In the period of this strategy it is intended to:

i. deliver and support cycling initiatives which support health, safety and sustainability, e.g. cycling training;
ii. develop a network of routes suitable for everyday cycling, designed in line with good practice;

iii. improve connectivity between cycling and other forms of transport, making it easier to cycle as part of a longer journey;
iv. use digital information to improve the operation of our highway network and support cycling and walking, e.g. improving co-ordination of traffic signals and travel time monitoring; and
v. design cycling into our highways and infrastructure investment and regeneration projects.

1.5.5 Indicators of success

It will be clear that these aims are being met when:

i. more cycling trips are being made in the borough;
ii. there is more participation in cycle training and the Go Smarter in North Tyneside programme for schools;
iii. more workplaces in the borough have the facilities and initiatives to encourage cycling to work; and
iv. our cycling infrastructure is improved in line with good practice to create a continuous network.

1.5.6 Engagement process

It is proposed that the engagement process on the Cycling Strategy will last for at least four weeks and will include, for example, publication of the draft strategy on the Authority's website and the use of the Authority's social media feeds. It is also anticipated that the engagement process would involve sending correspondence, with a link to the draft strategy, to key stakeholders, for example:
i. elected members;
ii. cycling and other sustainable transport user groups, for example Sustrans; and
iii. groups representing people with specific mobility needs and visual impairments.

1.5.7 The draft North Tyneside Cycling Design Guide

The draft North Tyneside Cycling Design Guide sets out requirements for the design of infrastructure, which supports everyday cycling: this guide is to be applicable to all highway projects, not only those where cycling is the primary focus. The draft guide adds further detail of the Authority's requirements following the approval by Cabinet in May 2017 of the revised Supplementary Planning Document LDD12 – Transport and Highways.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1
Cabinet approves the recommendations at paragraph 1.2 of this report.

Option 2
Cabinet does not approve the recommendations at paragraph 1.2 of this report.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Approval of the Strategy will clearly set out the Authority's aspirations for cycling in the borough, in accordance with the adopted North Tyneside Transport Strategy, and allow the Authority to secure improvements through the planning process, shape future decisions and support future funding bids for transport-related projects or initiatives.

1.8 Appendices:

Appendix 1 – Draft North Tyneside Cycling Strategy
Appendix 2 – Draft North Tyneside Cycling Design Guide

1.9 Contact officers:

Colin MacDonald, Senior Manager Technical and Regulatory Services, 0191 643 6620
Andrew Flynn, Integrated Transport Manager, 0191 643 6083
John Cram, Integrated Transport Officer, 0191 643 6122
Alison Campbell, Senior Business Partner, 0191 643 7038
Nicholas Bryan, Highway Network Manager, Capita, 0191 643 4808

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) North Tyneside Transport Strategy (approved by Cabinet on 8 May 2017)
http://www.northtyneside.gov.uk/browse-display.shtml?p_ID=568803&p_subjectCategory=41

(2) Cabinet report 14 December 2015 'Cycling Strategy – Response to Overview, Scrutiny and Policy Development Committee Sub Group Report'
http://www.northtyneside.gov.uk/browse-display.shtml?p_ID=563584&p_subjectCategory=41

(3) Tyne and Wear third Local Transport Plan (LTP3)
http://www.tyneandwearltp.gov.uk/documents/ltp3/

(4) Equality Impact Assessment (EIA) for the Cycling Strategy

(5) North East Combined Authority (NECA) Transport Manifesto
http://www.northeastca.gov.uk/local-transport-plan

(6) North Tyneside Cycling Strategy (existing strategy adopted in 2010)
http://www.northtyneside.gov.uk/browse-display.shtml?p_ID=511505&p_subjectCategory=41 (6e)

(7) Supplementary Planning Document LDD12 – Transport and Highways
http://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/transport.pdf

(8) North Tyneside Road Safety Strategy
http://www.northtyneside.gov.uk/pls/portal/NTC_PSCM.PSCM_Web.download?p_ID=559254

(9) North Tyneside Highway Asset Management Plan (HAMP)
http://www.northtyneside.gov.uk/browse-display.shtml?p_ID=527383&p_subjectCategory=380

(10) North Tyneside Network Management Plan
http://www.northtyneside.gov.uk/browse-display.shtml?p_ID=569773&p_subjectCategory=41

(11) North Tyneside Joint Health and Wellbeing Strategy 2013-2023
http://www.northtyneside.gov.uk/browse-display.shtml?p_ID=537759&p_subjectCategory=387

(12) Towards An Active Nation Strategy 2016-2021, Sport England
https://www.sportengland.org/media/10629/sport-england-towards-an-active-nation.pdf

(13) Everybody Active Everyday, Public Health England October 2014
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/374914/Framework_13.pdf

(14) Public Health Outcomes Framework, Public Health England May 2016
https://fingertips.phe.org.uk/profile/public-health-outcomes-framework

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

It is envisaged that all actions within the proposed Cycling Strategy can be delivered within existing budgets but Cabinet will be advised before expenditure is committed if additional expenditure requirements are identified. The public engagement process on the draft documents can be managed within the Technical Services Partnership managed budget.

2.2 Legal

There are no legal implications arising directly from this report. The strategy aims to set the vision and policy direction for cycling within the context of the North Tyneside Transport Strategy.

The Authority however is responsible for undertaking a number of transport-related functions and statutory duties under relevant legislation, for example: under the Highways Act 1980 the Authority has a statutory duty to maintain the adopted highway network; under the Road Traffic Act 1988 it has a duty to promote road safety; the Traffic Management Act 2004 places a duty on the Authority to secure the expeditious movement of traffic (including walking and cycling); and under the Education Act 1996, e.g. to promote the use of sustainable travel and transport for access to education. These obligations are discharged via specific polices, plans and programmes which are approved by the relevant decision-making forum.

The Authority works with the North East Combined Authority, which is the statutory local transport authority for the area, on a range of transport-related matters including some aspects of cycling.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

Internal consultation has involved the Cabinet Member for Housing and Transport and the Head of Environment, Housing and Leisure.

2.3.2 External Consultation

This report seeks Cabinet authorisation for an external process of engagement as described in paragraph 1.5.6 of the report.

2.4 Human rights

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

2.5 Equalities and diversity

There are no adverse equality and diversity implications directly arising from this report. An Equality Impact Assessment has been undertaken.

2.6 Risk management

There are no risk management implications arising directly from this report. Strategic and operational risks associated with transport matters are assessed via the established corporate process.

2.7 Crime and disorder

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

2.8 Environment and sustainability

There are no adverse environment and sustainability implications arising directly from this report. The proposals in the report seek to secure increased levels of cycling which, by replacing motorised journeys, would have positive impacts in terms of reduced carbon emissions and improved local air quality.

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 Cycling Strategy
2017 -2032

everyday cycling

1. Introduction

1.1 The North Tyneside Transport Strategy sets out how we will improve safety, health and well-being outcomes and sustainability; support economic growth; improve connectivity; enable smart choices for all; and manage demand.

1.2 A key aim for both our Transport Strategy and the North Tyneside Local Plan is to encourage a better environment for cycling and to continue the excellent progress being made in North Tyneside in terms of increased participation in cycling.

1.3 Cycling is a healthy and sustainable way of making everyday journeys, which often replace motorised journeys, and supporting the demand for increased participation in cycling can boost the local economy, people’s health and quality of life, helping to make North Tyneside a great place to live, work and visit.

1.4 In this strategy we set out our strategic approach to supporting cycling in the Borough.

2. Our strategic approach

2.1 To support and encourage the growth of cycling in the borough, we will focus our activity on:

i. **securing further growth** in everyday cycling, working in partnership to deliver projects which get more people cycling of all ages and in all areas – this means that more people benefit and so does the environment;

ii. wherever possible, improving the borough’s **infrastructure and information** – delivering a programme of works which makes everyday cycling simple, safe direct and attractive and supports the growth in everyday cycling; and

iii. providing **design guidance** to make sure that cycling is considered as part of all highway and regeneration projects and any new infrastructure is in line with best and emerging good practice.

2.2 In other words, we wish to bring about:

everyday cycling

3. Background

3 (i) Cycling growth

3.1 More than two million adults in the UK regularly ride a bike and the 2011 Census showed the number of people cycling to work had increased by 14%. Increasingly, people are choosing to cycle as a practical way to get to and from work, school and shops as well as a popular recreational activity.

3.2 Other European countries with a similar climate and landscape but better cycling routes show how widespread cycling could be: in Germany 19% of people cycle every day and in the Netherlands it is 43%.

3.3 In the North East, the 2011 Census showed that almost 20,000 people regularly cycle to work. Cycling tourism on long-distance routes such as the Coast and Castles is also a valuable contributor to the region's economy.

3.4 Cycling is growing in North Tyneside: the proportion of North Tyneside residents who cycle to work increased by 20% in the ten years to 2011. Cycling in North Tyneside has trebled in a decade, from 2005, measured by automatic counters on routes throughout the borough.

3.5 Physical activity can reduce the risk of major illnesses, such as heart disease, stroke, type 2 diabetes and cancer by up to 50% and lower the risk of early death by up to 30%. Currently in North Tyneside 67% of adults are estimated to meet the UK Chief Medical Officers recommendations for physical activity of 150 minutes of moderate intensity physical activity each week. The easiest way to get more of the population moving is to make activity part of everyday life, like cycling instead of using the car to get around.

Getting more people cycling – the benefits

We want to make everyday cycling an aspirational form of transport for all, regardless of age, ability or background. The benefits of getting more people of all ages and backgrounds involved in everyday cycling include:

- **Convenience** – cycling is a physical activity which people can easily fit into their daily routine; it gets you to your destination quickly and in a reliable time; and it is a cheap, easy and fun way to explore and experience the Borough
- **Sustainable growth** – Tackling isolation and improving social mobility helps people to access jobs and opportunities regardless of their background.
- **Improved health** – Everyday cycling can help people remain healthier for longer. People who cycle to work lower their risk of cancer and heart disease by more than 40%[[1]]. Together with walking, cycling is the easiest way to build activity into daily life and is good for both physical and mental health [[2]].
- **A better environment** – Cycling can contribute to a pleasant urban environment with reduced noise and pollution. Increasing cycling can play a vital part in the continuing improvement in local air quality, and, by replacing motorised journeys, help to reduce carbon emissions.

3 (ii) Success so far

3.6 In response to this changing picture of increased demand to take part in cycling, the Council has invested in to deliver cycling improvements. We have:

i. encouraged more people to cycle, e.g. by delivering Bikeability cycling training in schools and taking part in the regional Go Smarter programme of initiatives to support sustainable and active travel; and

ii. designed cycling into seven large transport schemes worth £27.3m which have improved routes and crossing points.

3 (iii) Cycling growth

3.7 As a result we have seen growth in cycling, as demonstrated by Census data, and cycling to school.

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[1] Cycling to work is linked with a 45% lower risk of developing cancer, and a 46% lower risk of cardiovascular disease (CVD), compared with commuting by car or public transport – Cycling UK Briefing 1C

[2] Everybody Active, Every Day: An evidence-based approach to physical activity, Public Health England (2014)

3 (iv) Strategic context for cycling

3.8 Cycling in the borough is considered as part of a broader strategic context, which is made up of:

i. Our North Tyneside, the Council Plan 2016 to 2019;
ii. the Local Plan 2017 - 2032;
iii. the Health and Wellbeing Strategy 2013 – 2023;
iv. the North Tyneside Transport Strategy;
v. Local Development Document LDD12 – Transport and Highways;
vi. the North Tyneside Highway Asset Management Plan (HAMP); and
vii. the North Tyneside Network Management Plan.

3.9 The North Tyneside Transport Strategy sets out aims to increase cycling, promote active forms of travel and give them greater priority in design. The Local Plan aims to ensure sustainable access throughout the Borough and make walking and cycling an attractive and safe choice for all.

> Investing in cycling supports the economy, society and health. The Department for Transport found that every £1 spent on cycling projects brought £5.50 of social benefit: this is classed as 'very high' value for money. [[3]]

4. The outcomes we seek

4.1 This developing interest and growing demand to take part in cycling means we need to focus on securing the following outcomes, which fit with the aims of our Transport Strategy:

i. helping more people to cycle;

ii. helping to improve cycling safety;

iii. designing cycling into our highways and infrastructure investment;

iv. delivering a continuous network of strategic cycle routes; and

v. helping more residents to be physically active.

[3] Department for Transport (2014) Value for Money Assessment for Cycling Grants

5. What we plan to do

5.1 Over the period of this strategy we intend to deliver the following actions:

- Action 1 – Deliver and support **cycling initiatives** which support health, safety and sustainability, e.g. cycling training
- Action 2 – Develop a **network of routes** suitable for everyday cycling, designed in line with good practice
- Action 3 – **Improve connectivity** between cycling and other forms of transport, making it easier to cycle as part of a longer journey
- Action 4 – Use **digital information** to improve the operation of our highway network and support cycling and walking (e.g. improving co-ordination of traffic signals and travel time monitoring)
- Action 5 – **Design cycling** into our highways and infrastructure investment and regeneration projects

Adults who cycle regularly typically enjoy a level of fitness equivalent to someone **10 years younger**[1].

Action 1 – Deliver and support **cycling initiatives** which support health, safety and sustainability, e.g. cycling training

5.2 We will encourage people to take part in everyday cycling. We will build on how we engage with cycling stakeholders and delivery partners, and will develop a collaborative approach to the identification, development and implementation of cycling interventions.

5.3 We will deliver cycling training to young people through schools in the Borough. The national standard Bikeability training has been extended in scope and, alongside the well-established cycling training at age 9-10, now includes e.g. training for younger children to develop their confidence in riding, using small pedal-free 'balance bikes'. We will explore opportunities to expand cycle training to adults and build people's confidence in cycling independently.

5.4 Through the Go Smarter in North Tyneside programme and our general work with schools, we will work with individual schools to raise awareness among pupils, parents and staff of the impacts of short car journeys; set a target for cycling and encourage walking; and consider changes to streets near schools to encourage more sustainable and active travel.

5.5 We will work with partners to promote everyday cycling more widely in the community, e.g. through the Active North Tyneside programme which supports people to become 'community health champions', alongside promoting healthy lifestyles. We will seek to raise awareness of relevant activities and events, e.g. the 'pop-up' cycle hubs provided at major business parks.

5.6 Through joint working, we will champion cycling. We will ensure that there is a corporate approach across areas of work, including Public Health, Highways, Planning and Tourism, to the promotion of everyday cycling in North Tyneside.

Young people aged 10-16 who regularly **cycle to school** are 30% more likely (boys) or 7 times more likely (girls) to meet recommended fitness levels [[4]].

[4] Cycling UK – http://www.cyclinguk.org/resources/cycling-uk-cycling-statistics#How healthy is cycling?

Action 2 – Develop a **network of routes** suitable for everyday cycling, designed in line with good practice

5.7 We will design infrastructure which makes cycling journeys direct, gives priority to cycling, minimises 'stop-start' conditions, and is easily understandable to navigate. On routes which carry motorised through traffic we will seek to provide separate cycling infrastructure, including more recent types of infrastructure which give priority to cycling [[5]]. We will reallocate road space to provide good quality cycling infrastructure. On quieter residential roads we will seek to ensure that the design supports cycling and walking particularly.

5.8 We will develop a network of routes which supports and encourages people of all ages to cycle for everyday trips including work, school, college, local shops, town and district centres and for recreation. This will include:

i. Strategic Cycle Routes, shown on the 'tube map' (see Appendix 1) – corridors where high standard infrastructure gives priority to cycling and supports direct journeys with minimal stopping and starting;
ii. a grid of local routes, including traffic-calmed streets and traffic-free routes, with the aim that everyone is within 250m of a cycle route;
iii. links in town centres, making them welcoming places for residents and visitors arriving by bike; and
iv. routes such as the Waggonways, which are away from streets and roads.

5.9 In line with government guidance, we will identify a network of cycling routes (and a similar network for walking routes) with strong potential for growth and route improvements, which can then be secured as part of new developments, regeneration projects or wider schemes. This is known as a Local Cycling and Walking Infrastructure Plan (LCWIP) and will complement our Network Management Plan, which sets out how we manage the operation of the highway network.

> By providing widespread protected cycle tracks, Seville, in Spain, increased cycling journeys from 0.2% to 6.6% in six years [[6]].

[5] These include hybrid cycle tracks, which have priority at side roads and accesses; 'parallel' crossings (a zebra crossing with adjacent cycling crossing); and bus stop bypasses, where the cycle route runs continuously around the bus stop as a continuous route. On one-way streets we will seek to provide contra-flow cycling provision.

[6] Cycling UK Briefing 1B

Action 3 – **Improve connectivity** between cycling and other forms of transport, making it easier to cycle as part of a longer journey

5.10 Public transport services benefit from more customers if people can easily cycle to a stop or station. We will work with partners to ensure that high-quality bike parking is provided at new or refurbished public transport stations and interchanges.

5.11 Bikes are carried on board the Shields Ferry, which provides a valuable link in the public transport network.

5.12 Folding cycles are carried on board the Metro. A trial of carrying full-sized bikes on board Metro has been ongoing for some time in Newcastle and may be extended.

> Two-thirds of all journeys made in the North East are under 5 miles – the kind of journeys which can easily be made by bike.

Action 4 – Use **digital information** to improve the operation of our highway network and support cycling and walking

5.13 We will seek to improve co-ordination of traffic signals and travel time monitoring, with the potential for some improvements to traffic signal phasing which may include detecting cycles on the approach to a junction.

5.14 We will seek additional opportunities to use technology to improve the operation of the highway network and support easier journeys for everyday cycling.

> Switching from car to bike for a four-mile commute saves half a tonne of CO_2 in a year – reducing the average person's carbon footprint by 5% [[7]]

[7] Cycling UK Briefing 1B

Action 5 – **Design cycling** into our highways and infrastructure investment and regeneration projects

5.15 We have updated our **planning guidance** (Local Development Document LDD12 – Highways and Transport), which sets out the improvements which developments brought forward through the planning process are required to provide. This requires developers both to provide high quality cycling infrastructure and cycle parking provision, and to adopt travel plans which include measures to promote everyday cycling.

5.16 We will adopt a **Cycling Design Guide** which specifies the design features we will require for streets in North Tyneside to support everyday cycling, and will keep it updated to reflect the latest best practice. This will apply to all transport schemes, whether or not they are specific to cycling; to the design of regeneration projects; and to new developments brought forward through the planning process. It will include best practice design for cycle parking.

5.17 Our designs will take account of the many variations to a standard two-wheeled bike, such as:

- cycles designed for carrying children;
- cycles for people with disabilities, including hand-operated cycles;
- cycles with trailers – for the family shopping or ‘cargo bikes’ which carry light goods; and
- folding cycles – great for trips which combine cycling with other modes of transport.

Any of these may also be an e-bike, where the rider operates the pedals as normal and an electric motor provides additional power. We will allow for the wider take-up of e-bikes in the design of infrastructure.

5.18 We will adapt our maintenance programmes to ensure that the cycling network surface is maintained to a good standard and support associated measures such as cutting back encroaching vegetation. We will identify improvements which can be delivered alongside our maintenance programme delivered through our **Highway Asset Management Plan (HAMP)**. We will seek to ensure that temporary road closures and restrictions, e.g. for street works, include exemptions for cycling or specific diversionary routes for cycles.

5.19 We will develop a programme of works, including specific cycling projects as well as improvements secured as part of new developments, regeneration projects and wider schemes, and will proactively identify funding opportunities.

6. Indicators of success

6.1 We will know we have been successful in supporting everyday cycling when we can demonstrate that:

i. **more cycling trips** are being made in the borough – we aim for an increase in cycling trips of 7% per year [[8]];

ii. there is **greater participation** in cycle training and in the Go Smarter in North Tyneside programme for schools;

iii. more workplaces in the borough have the facilities and initiatives to **encourage cycling to work**; and

iv. our cycling infrastructure is improved in line with good practice to **create a continuous network**.

6.2 We will report progress on the delivery of this strategy within the **Annual Information Report** on the North Tyneside Transport Strategy, which will be provided to Cabinet each year.

7. Summary

7.1 This Cycling Strategy sets out how we will make everyday cycling a viable transport choice for all, regardless of age, ability or background, and build on the encouraging progress being made in relation to cycling participation. Key actions are summarised in Appendix 2 and links to other relevant strategies are listed in Appendix 3.

7.2 Technical specifications for infrastructure to support cycling in the Borough can be found in the North Tyneside Cycling Design Guide.

7.3 Advice in relation to new developments, including cycle access, cycle parking provision and requirements for travel plans, is provided in Supplementary Planning Document LDD12 – Transport and Highways. Information of how we will maintain our network in good condition is in our Highway Asset Management Plan (HAMP).

7.4 Useful links and details of how to find out more are shown in Appendix 4.

[8] Measured by electronic counters on routes throughout the borough. This is in line with the target set as part of the Tyne and Wear Local Transport Plan

Appendix 1 – Strategic Cycling Routes: the 'tube map'

1. Our **Strategic Cycle Routes**, shown on the 'tube map' opposite: these will be the most direct and convenient routes for everyday cycling between destinations.

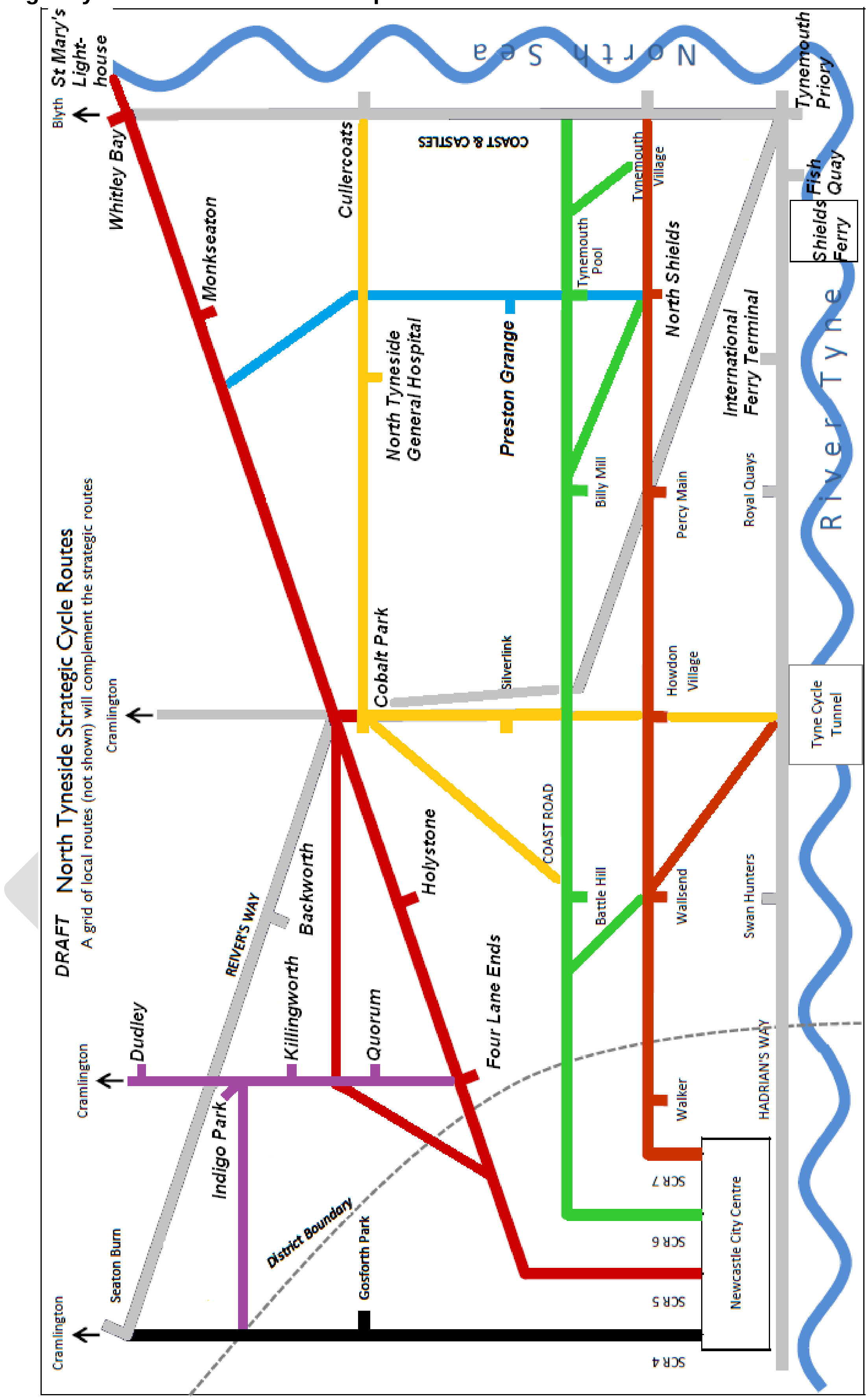
2. These will be supported by a **grid of local routes** made suitable for cycling, including traffic-calmed streets and traffic-free routes, with the aim that everyone is within 250m of a cycle route. We may link these routes to form Quietways: convenient, direct routes for cycling through residential areas away from motor traffic.

3. **Links in town centres** will make it convenient to cycle into and around our town centres and make them welcoming places for residents and visitors arriving by bike. This will support the local economy by encouraging everyday cycling to local shops and businesses.

4. We will seek to add some of our Strategic Cycle Routes to the **National Cycling Network** (NCN), working with Sustrans, who manage the network. North Tyneside is served by three existing NCN routes:
   - NCN 1 – North Sea Cycle Route – this international route runs along our coastline from Whitley Bay to North Shields Fish Quay and the Shields Ferry.
   - NCN 10 – Reivers Cycle Route – starting from Tynemouth Priory, this route follows the historic Waggonways network via Cobalt and Killingworth and on into Northumberland.
   - NCN 72 – Hadrian's Cycle Route – entering North Tyneside via the Shields Ferry, the route heads west, passing the international ferry port, the Tyne Cycle and Pedestrian Tunnel and Segedunum Roman Fort, to Newcastle Quayside.

5. The **Shields Ferry**, which carries bikes on board, and the **Tyne Cycle and Pedestrian Tunnels** (undergoing refurbishment and due to re-open in 2018) are important cross-river links in our cycling network.

Strategic Cycle Routes – the ‘tube map’



How will we deliver this?

- o Bidding for external funding for sections of route
- o Through the planning process, as new developments are brought forward
- o Through the general programme of highway schemes and regeneration schemes

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Appendix 2 – Key actions

Activity	Lead	Technical Services Partner lead	Key Date	Transport Strategy themes				
				Improve safety, health and wellbeing outcomes and sustainability	Support economic growth	Improve connectivity	Enable smart choices for all	Manage demand
Policies and strategies								
Travel Safety Strategy	Integrated Transport Manager	Highway Network Manager (Capita)	update 2017/18	✓		✓	✓	✓
Network Management Plan	Integrated Transport Manager	Highway Network Manager (Capita)	update 2018/19	✓	✓	✓	✓	✓
Guidance and supporting documents								
Cycling Design Guide	Integrated Transport Manager	Highway Network Manager (Capita)	2017/18	✓	✓	✓	✓	✓
Local Cycling and Walking Infrastructure Plan (LCWIP)	Integrated Transport Manager	Highway Network Manager (Capita)	2018/19	✓	✓	✓	✓	✓
Activities								
Local Transport Plan	Integrated Transport Manager; Highways and Infrastructure Manager	Highway Network Manager (Capita)	Ongoing	✓	✓	✓	✓	✓
Bikeability cycling training	Integrated Transport Manager	Highway Network Manager (Capita) [delivery also by	Ongoing	✓	✓	✓	✓	✓

		Sports Development team]						
Go Smarter in North Tyneside – working with schools on cycling and walking	Integrated Transport Manager	Highway Network Manager (Capita)	Ongoing	✓	✓	✓	✓	✓
Schemes being delivered								
Coast Road Cycle Route	Integrated Transport Manager; Highways and Infrastructure Manager	Highway Network Manager (Capita) and Head of Construction (Capita)	2018/19	✓	✓	✓	✓	✓
Major scheme: A187-A193 North Bank of the Tyne – includes cycling improvements	Integrated Transport Manager; Highways and Infrastructure Manager	Highway Network Manager (Capita) and Head of Construction (Capita)	Mar 2019	✓	✓	✓	✓	✓
Schemes in preparation								
A189 Improvements – Haddricks Mill to West Moor (major scheme: includes cycling improvements)	Integrated Transport Manager; Highways and Infrastructure Manager	Highway Network Manager (Capita) and Head of Construction (Capita)	Mar 2020	✓	✓	✓	✓	✓
External partners delivery								
Go Smarter sustainable transport promotion (certain projects ongoing)	Regional	n/a	2018/19	✓	✓	✓	✓	✓
Highways England major scheme: A19-A1058 Silverlink Interchange – includes cycling improvements	Highways England	n/a	Mar 2019	✓	✓	✓	✓	✓

Appendix 3 – Links with other strategies

This Strategy complements national and regional strategies which relate to cycling, such as:

i. the national **Cycling and Walking Investment Strategy** (CWIS): this sets out the Government's ambition to make cycling and walking a natural choice for shorter journeys, or as part of longer journeys, and includes the aim to double cycling by 2025 (cycling trips or cycling stages within other trips);
ii. 'Our Journey', the North East Combined Authority's (NECA) **Transport Manifesto**, which among other aims commits to "improve existing streets and junctions to support cycling, including reallocating road space";
iii. the Tyne and Wear third **Local Transport Plan** (LTP3) [which is to be replaced in due course]; and
iv. NECA's **Cycling and Walking Strategy and Implementation Plan** [in preparation], which covers e.g. cycling links within the North East and promoting active recreation.

In addition, it links with other strategies and plans at North Tyneside level, notably

i. Cycling Design Guidance;
ii. Local Cycling and Walking Infrastructure Plan (LCWIP) for North Tyneside [in preparation];
iii. Local Development Document LDD12 – Transport and Highways;
iv. the North Tyneside Highway Asset Management Plan (HAMP), which covers maintenance of the highway network including cycleways and footways;
v. the North Tyneside Travel Safety Strategy [in preparation];
vi. the North Tyneside Network Management Plan; and
vii. the Joint Health and Wellbeing Strategy.

Appendix 4 – Where to find out more

everyday cycling

Keep in touch and get involved in everyday cycling in North Tyneside

North Tyneside Council

North Tyneside Council

@NTCouncilTeam

www.northtyneside.gov.uk

Active North Tyneside

@active_NT

www.activenorthtyneside.org.uk

Other links

- **Go Smarter –** www.gosmarter.co.uk
- **Does your workplace have a Cycle to Work scheme yet? –** https://www.gov.uk/government/publications/cycle-to-work-scheme-implementation-guidance
- **Find a cycling club –** www.britishcycling.org.uk/clubfinder

Public

CAPITA

North Tyneside Cycling Design Guide

Specification for Designers
November 2017

We | Listen Create Deliver

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1. Introduction

1.1 Strategic context

The North Tyneside Transport Strategy sets out the Council's aspirations for transport in the borough. It seeks to ensure that ***"North Tyneside will have a safe, easy to use, healthy, affordable, accessible and integrated travel and transport infrastructure that works for residents, businesses and visitors effectively and efficiently."*** It sets out five principles which are key to achieving this:

i. **Improve safety, health and well-being outcomes and sustainability;** in relation to people, communities and the environment

ii. **Support economic growth;** through effective movement for people, businesses and goods and to support the regional aim of "more and better jobs"

iii. **Improve connectivity;** with all parts of the borough, the region, the rest of the country and the world

iv. **Enable smart choices for all;** help people, businesses and visitors find out how to get to where they need to

v. **Manage demand;** on transport networks and assets and address current and future transport challenges.

Cycling is growing in North Tyneside: the proportion of North Tyneside residents who cycle to work increased by 20% in the ten years to 2011. Cycling in North Tyneside has trebled in the past decade, measured by automatic counters on routes throughout the borough.

A strategic approach to cycling is essential in order to deliver aspects of the Our North Tyneside Plan, the Local Plan and the North Tyneside Transport Strategy.

2. About this document

2.1 Intended audience

To support the delivery of the North Tyneside Transport Strategy and the North Tyneside Cycling Strategy, this document provides guidance for use by designers for new developments and designers implementing highway improvement schemes within North Tyneside.

It is consistent with the North Tyneside Local Plan and Supplementary Planning Document LDD12 – Transport and Highways, and takes account of current and emerging national and strategic guidance.

This design guide defines the minimum specification for cycle facilities in North Tyneside. It sets out the Council's requirements to ensure that consistent, good quality design and appropriate cycle infrastructure is included for all new developments and highway improvement schemes.

2.2 Key contacts

Email: traffic@northtyneside.gov.uk
Tel.: 0191 643 2221

Highways and Transportation
North Tyneside Council
Quadrant East 1st floor left
Cobalt Business Park
The Silverlink North
NE27 0BY

3. Principles of Designing for Cycling

There are a number of principles for cycling that designers must appreciate when providing cycling infrastructure. The principles below, adapted from Making Space for Cycling, which was written by Cambridge Cycling Campaign in 2014, explain the principles in more detail.

1. *People need space for cycling*

   Mixing with traffic generally puts people off cycling, especially children. Appropriate infrastructure, away from traffic, can make cycling convenient and sociable

Photo 1 - Segregated Cycle Lane in Manchester (Sustrans)

2. *People like simple, direct routes*

   Simple, direct routes helps a cyclist maintain momentum. Direct routes are always shorter and wayfinding is easier.

3. *People prefer cycling away from pedestrians*

   Shared use spaces are rarely a suitable form of cycling infrastructure except where pedestrian flows are very low. Shared spaces are generally considered inconvenient to cyclists as they are slow and can be a poor use of highway space. Shared use routes are also poorly perceived by pedestrians as they can become the vulnerable user in an area they would normally feel safe.

4. *People want to maintain momentum*

   Stop-start cycling is hard work. For this reason, cycle infrastructure provided must allow for continuous movement, wherever possible. Cycle tracks must not give way at every side road and driveway. All cycling infrastructure should avoid tight corners and must aim for a smooth movement.

5. *People want to be visible*

   Cycle infrastructure should be designed to allow people to see each other regardless of what type of vehicle they are using.

6. *People like level surfaces*

   A route with constantly varying heights requires more effort to ride and is less comfortable. Ideally, off road cycle tracks must not change height at driveways and junctions.

7. *People want unobstructed routes*

   Street furniture, such as signposts, lamp columns etc. must not be located within the cycle route. These obstructions cause constrictions along the route.

Photo 2 - Level surface priority crossing on side roads (Making Space for Cycling)

8. *People want to cycle away from parked cars*

   Safely overtaking parked cars can be problematic for cyclists. Car doors, reverse parking and pinch points on the carriageway can all cause problems for cyclists. Car parking off street, or offset from the main carriageway helps to avoid blocking a cycle route.

9. *People need somewhere to park their bike*

   Good quality cycle parking is essential for the start and end of the journey. This means providing secure stands near the entrance to a building and on-street.

10. *People want well maintained infrastructure*

    Cycle infrastructure must be designed to facilitate easy maintenance, to avoid overgrown vegetation and enable winter treatment.

11. *People commute to work*

    The UK has seen an increase in the number of people choosing to cycle to their place of work. In England, around 4% of commuting trips are cycled each year (NTS0409).

4. Proposed Standards

4.1 Overview

This document proposes a set of design standards which are to be applied across North Tyneside Council's network to ensure consistency and a high level of provision for cyclists. A number of documents have been considered (see Appendix A).

We will seek to encourage innovation, in line with the standards set out in this document.

4.2 Cyclist Definition

The provision of any facilities should cater for everyday cycling. The term 'cyclist' in this document refers to any one person who chooses to use a bicycle as a mode of transport. This includes children, elderly and inexperienced cyclists, as much as 'commuter' cyclists who tend to be adults who cycle on a regular basis.

4.3 Cyclist Width Requirements

Clear space is essential for cyclists to feel safe when travelling. The space needed for a cyclist to feel safe depends on the cyclist's dynamic envelope, the clearance when passing fixed objects and the distance and speed of other traffic. The topography of the site must be considered when designing cycle infrastructure. For example, when a cyclist is travelling uphill they will sway more than travelling on flat ground. In these instances the width of the cycling infrastructure must be increased to provide the safe width. The recommended widths are covered in section 4 of this document.

Widths in this document are specified as effective widths. The effective width refers to the usable width of a cycling facility and can depend on how the facility is bounded. Factors which reduce effective width are generally vertical boundaries such as walls, lamp columns, guardrail etc. TA 90/05 provides guidance on additional widths for bounded sections of routes. An additional 0.25m should be provided where a vertical feature is below 1.2m. For vertical features greater than 1.2m, an additional 0.5m should be provided on each side as appropriate.

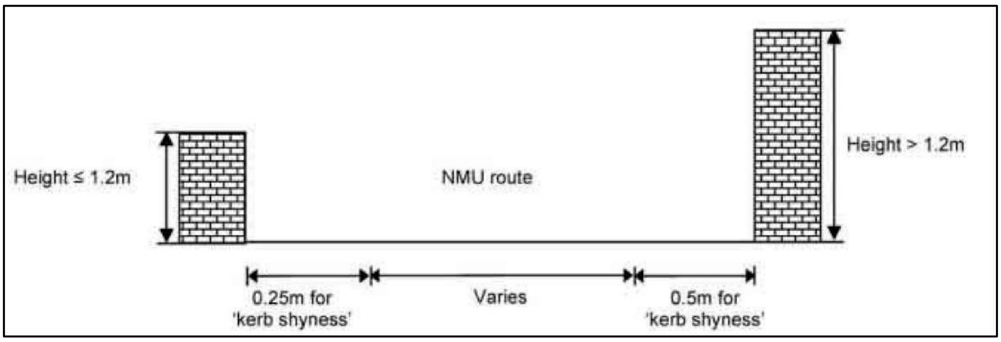


Figure 1 - Additional widths required to maintain effective width

IAN 195/16, the latest Highways England endorsed cycling design guide for trunk roads, advises the standard vehicle for cycle routes should be assumed as 2.8m long and 1.2m wide. These dimensions are made up of a standard bicycle at 1.8m plus a child trailer of up to 1.0m in length.

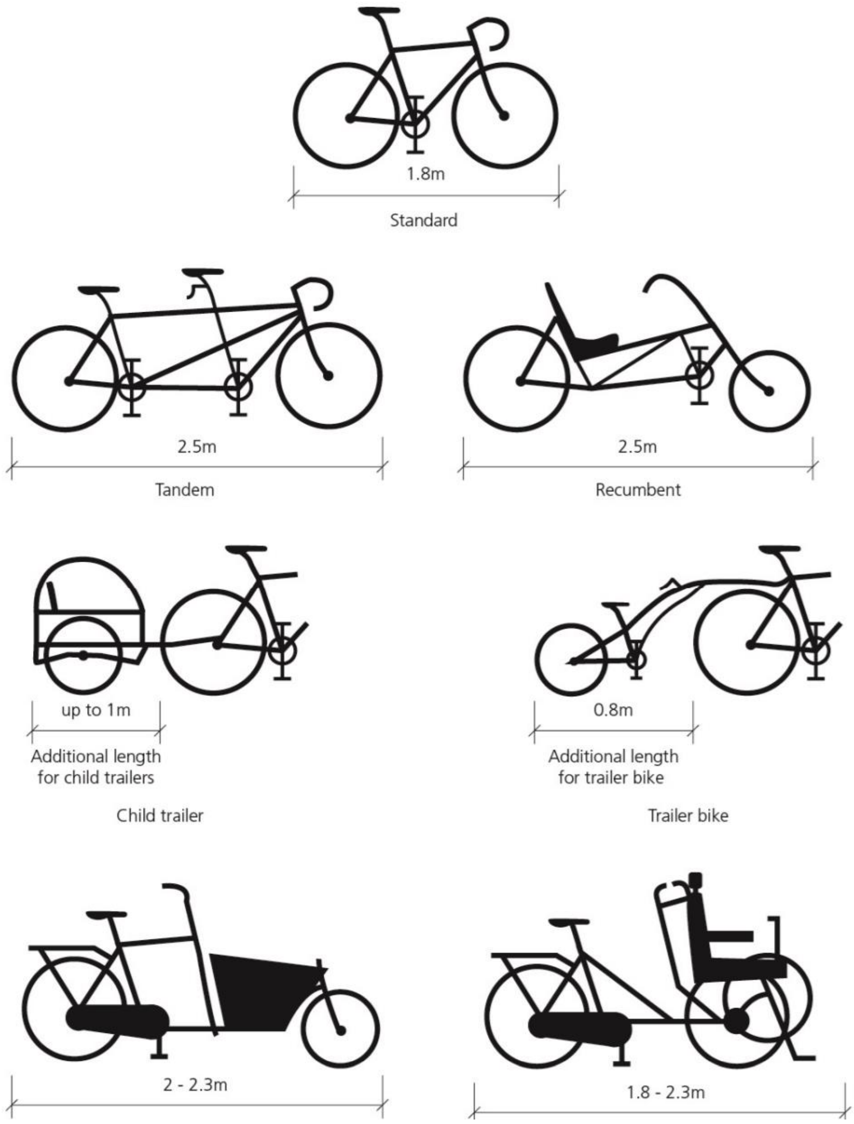


Figure 2 - Approximate Lengths of Different Types of Cycle (IAN 195/16)

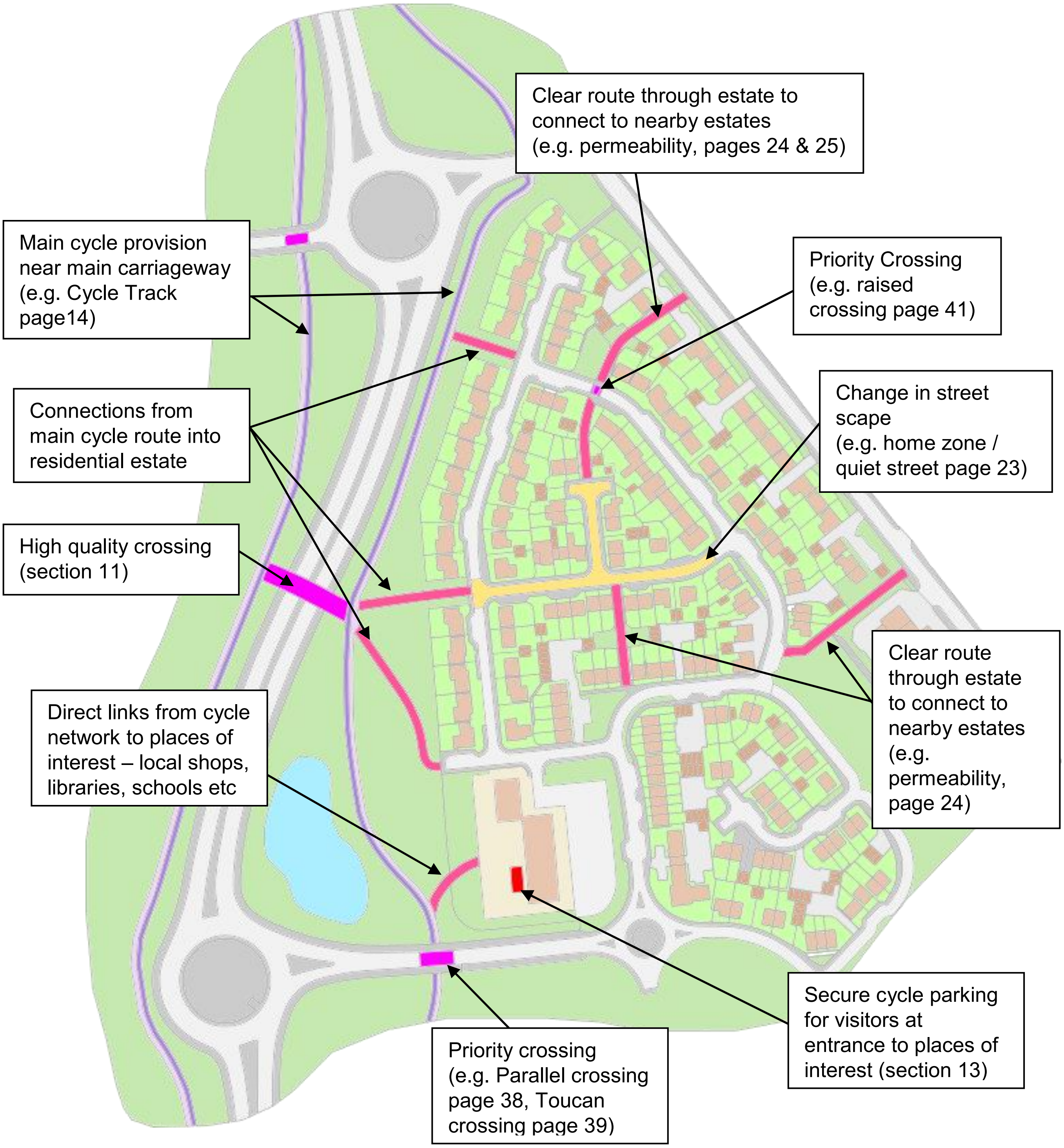
The use of e-bikes is a growing form of transport and designers should consider additional measures a cyclist using an e-bike might require. For example, an e-bike can travel at a higher average speed than a conventional pedal cycle and as such horizontal deflection must be minimised.

The minimum recommended clearance between a moving motorised vehicle and the outside of the cyclist's dynamic envelope when travelling on the carriageway is 1.0m for vehicles travelling 20mph or less. This distance increases to 1.5m for vehicles travelling between 21 to 30mph (LTN02/08). It is also worth noting that this distance increases when a bus or HGV passes a moving cyclist, as their passing movement will have a greater effect on the cyclist.

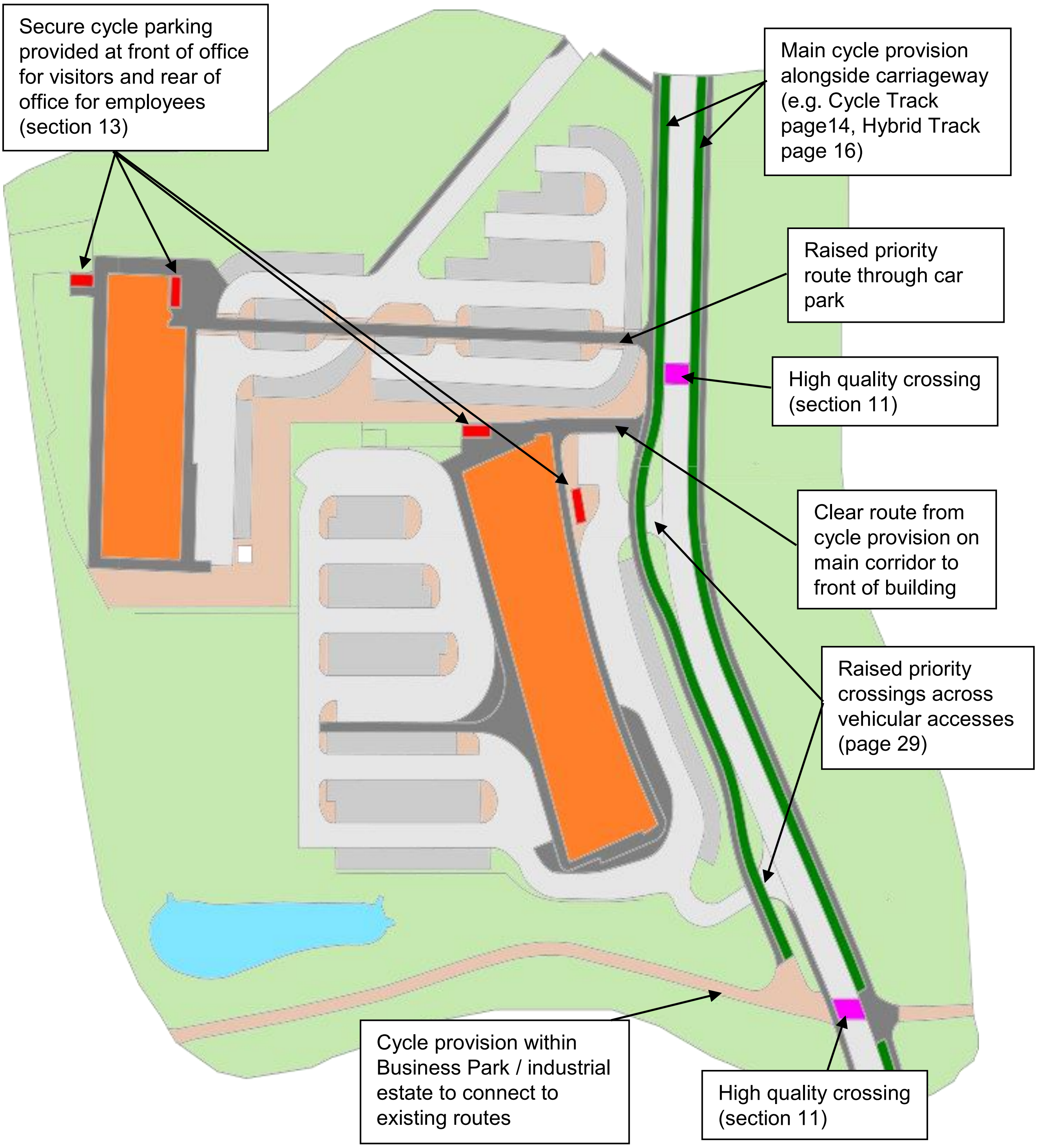
Designers must consider the effect passing traffic has on cyclists when providing on carriageway infrastructure and propose appropriate measures in keeping with the highway design. For example, wider cycle provision on bus routes or routes.

Figure 3 - Cyclists Dynamic Envelope (LTN02/08)

5. A Typical Residential Estate Layout



6. A Typical Commercial / Industrial Estate Layout



7. Types and Widths of Infrastructure

Table 1 - Required effective widths for cycle infrastructure

	Footway	Cycle Facility	Buffer	Traffic Lane	Total Width
Cycle Track (on both sides of the road) (page 14)					
Required width	2.0m	2.5m	0.5m	3.25m	16.5m
Minimum width	2.0m	2.0m	0.2m	3.0m	14.4m
Cycle Track (by exception, on one side of the road) (page 15)					
Required width	2.0m	3.5m	0.5m	3.25m	14.5m
Minimum width	2.0m	2.5m	0.2m	3.0m	12.7m
Hybrid cycle track (page 16)					
Required width	2.0m	2.5m	n/a	3.25m	15.5m
Minimum width	2.0m	2.0m	n/a	3.0m	14.0m
Light Segregation (page 17)					
Required width	2.0m	2.0m	0.5m	3.25m	15.5m
Minimum width	2.0m	1.5m	0.2m	3.0m	13.4m
Cycle Lanes (Mandatory or Advisory) (page 18)					
Required width	2.0m	2.0m	n/a	3.25m	14.5m
Minimum width	2.0m	1.5m	n/a	3.0m	13.0m
Shared footway / cycleway (segregated) (page19)					
Required width	2.0m	2.0m	0.5m	3.25m	15.5m
Shared footway / cycleway (unsegregated) (page19)					
Required width	3.5m		0.5m	3.25m	14.5m
Minimum width	2.5m		0.5m	3.0m	12.0m

In instances where site-specific constraints make it difficult to achieve the desirable design characteristics, the designer is encouraged to explore alternative means of achieving consistent and continuous cycle facilities along the route, perhaps by managing vehicular demands or identifying potential re-routing opportunities. Such interventions could include (but are not limited to):

- Remove or relocate parking and loading bays
- Inset bus stops
- Make links one-way
- Alter or narrow footway configurations as appropriate
- Reduce vehicle speeds such that links can be reclassified and require reduced cycling infrastructure
- Consider mixing provision along a given link such that it transitions between different cycle link types as appropriate.

In retrofit locations it will not always be possible to achieve the minimum widths set out in Table 1 and there will be a necessity to compromise. North Tyneside Council will consider designs on an individual basis where existing constraints restrict the desired widths or prevent types of infrastructure from being installed to the prescribed standards above.

8. Level of Provision

8.1 Cycle Infrastructure on Cycle Routes

North Tyneside Council have identified a number of strategic routes for cyclists in the borough. Appendix B shows the Local Authorities Cycle Route 'Tube Map'. This map illustrates the strategic routes and key destinations throughout North Tyneside. Cycle infrastructure on all routes, whether strategic and local, must be installed to a high quality.

Table 2 shows the level of cycle provision that would be expected on strategic and local cycle routes within North Tyneside. The table considers the speed limit of the carriageway as well as the traffic volumes. This table was developed using IAN195/16, Greater Manchester Design Guidance and the Active Travel (Wales) Act.

Table 2 - Level of Cycle Provision

Speed Limit	Motor traffic flow (average annual daily traffic)	Preferred provision by Cycle Route Type	
		Strategic Cycle Route	Local Cycle Route
40mph and above	All flows	Cycle Track (excluding light segregation and hybrid tracks)	Cycle Track (excluding light segregation and hybrid tracks)
30mph	>10000	Cycle Track or Hybrid Track	Cycle Track or Light Segregation
	0 – 10000	Cycle Track, Hybrid Track or Light Segregation	Hybrid Track, Cycle lanes
20mph	>5000	Cycle Track, Hybrid Track	Hybrid Track, Cycle lanes
	3000 – 5000	Cycle Lanes	Quiet Streets
	<3000	Quiet Streets	Quiet Streets

* In industrial and commercial (use classes B2, B8 and A1) areas, North Tyneside may stipulate the developer provides cycle tracks, regardless of vehicle flows. This stipulation will be included for safety reasons.

8.2 Crossing Facilities

Tables 3 and 4 show the type of crossings North Tyneside Council expect in relation to carriageway speed limits, vehicle and pedestrian / cyclists flows. These tables have been developed using IAN 195/16, Greater Manchester Cycling Design Guide, London Cycling Design Guide and the Active Travel (Wales) Act.

North Tyneside Council will determine if a route is High / Medium / Low flow on an individual development basis. For example; a route on the approach to a primary school will require a higher level of crossing provision than the tables may indicate.

Table 3 - Crossing Types for Strategic Routes

Speed Limit	Flows (24 hour two way flow)			Type of Crossing
	Vehicle Flow (along road)	Expected Cycle Flow (Crossing)	Expected Pedestrian Flow (crossing)	
≥60mph	Any	All Flows	All Flows	Grade separated
50mph	>12,000	High to Medium	High to Medium	Grade separated
	< 12,000	Medium to Low	Medium to Low	Signalised cycle crossing
40mph	>12,000	High	High	Grade separated
	8,000 – 12,000	Medium	Medium	Signalised cycle crossing
	< 8,000	Medium	Medium	Signalised cycle crossing
	< 8,000	Medium - Low	Medium to Low	Central Island – suitable for cycles (on road and crossing)
	< 8,000	Low	Low	Priority – Cycles give way
30mph	> 12,000	High to Medium	High to Medium	Signalised cycle crossing or Parallel crossing
	8,000 – 12,000	High to Medium	High to Medium	Parallel crossing
	< 8,000	Medium	Medium	Parallel crossing – preferably on a raised table
	< 8,000	Low	Low	Central Island – suitable for cycles (on road and crossing)

Table 4 - Crossing Types for Local and Residential Roads

Speed Limit	Flows (24 Hour)			Type of Crossing
	Vehicle Flow (along road)	Expected Cycle Flow (Crossing)	Expected Pedestrian Flow (crossing)	
30mph	< 8,000	High / Medium	High/ Medium	Parallel crossing – preferably on a raised table
	< 8,000	Low	Low	Humped cycle priority
20mph	< 8,000	High / Medium	High / Medium	Humped cycle priority
	< 8,000	Low	Low	Dropped kerb and associated markings

9. Route Infrastructure

9.1 Introduction

This section covers the key design principles for different types of cycle route infrastructure.

9.2 Cycle Tracks

A cycle track is a section of highway adjacent to, but not on the carriageway, that has been dedicated for use by cyclists. Key design features of a cycle track include;

- Suitable effective width
- Smooth horizontal alignment
- Raised priority junctions (see section 11)

Cycle tracks are the preferred facility for key cycle links in North Tyneside. The reason for this is they provide a safe route for cyclists of all abilities and confidence levels. They also allow for continuous movement with minimal stop/starting procedures for cyclists.

In accordance with best practice, it is recommended that a 2.5m width is designed for a cycle track to allow enough space for overtaking manoeuvres within the confines of the cycle track.

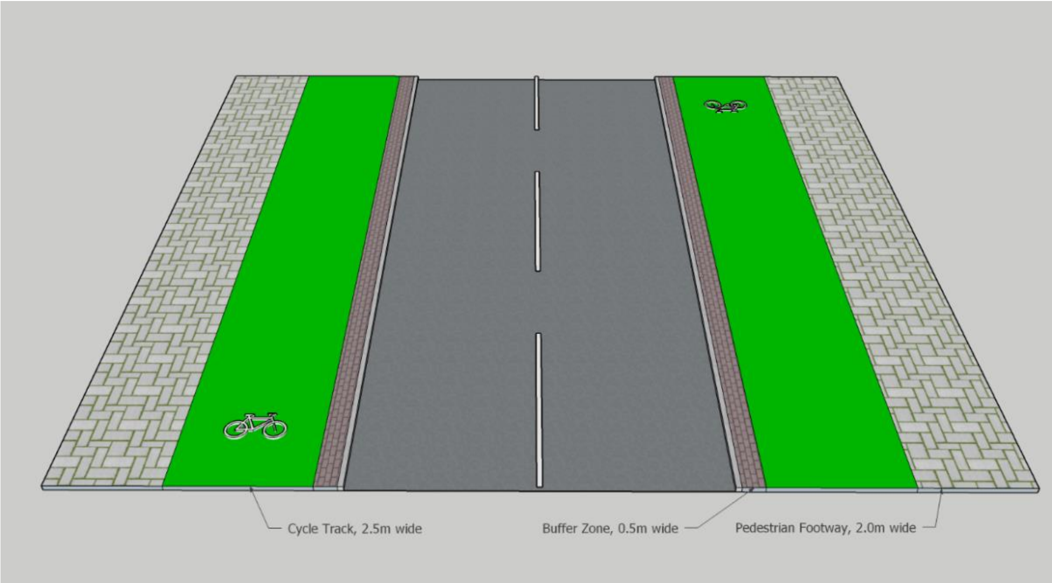


Figure 4 - Cycle Track detail, on both sides of the road

Cycle tracks should generally be provided on both sides of the road, this will prevent the need for the provision of suitable crossing point at numerous locations along the route. Figure 4 shows a typical example of a cycle track on both sides of the carriageway.

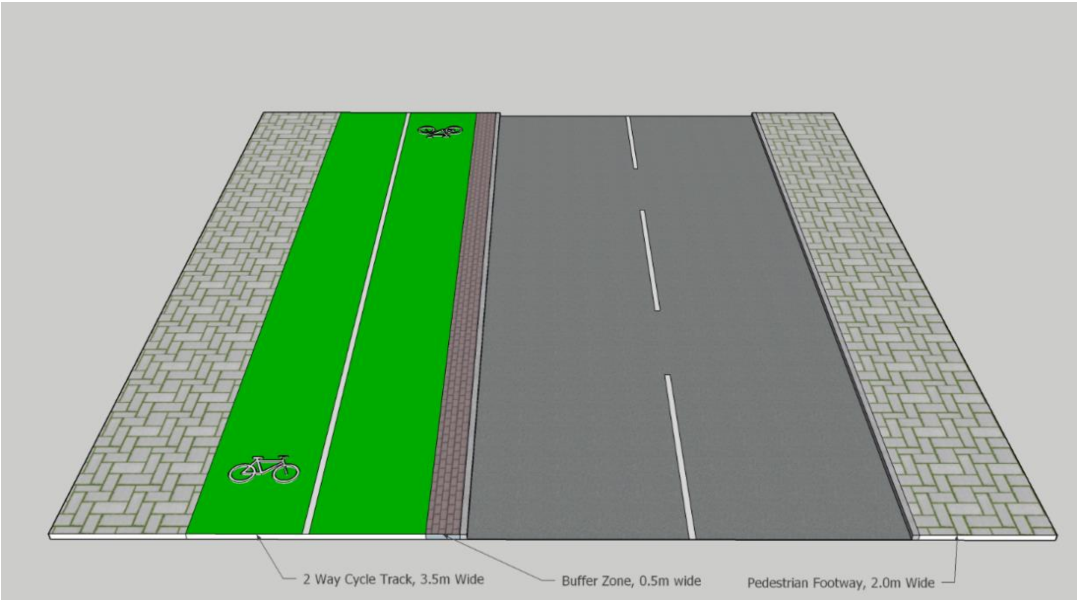


Figure 5 - Cycle Track detail, on one side of the road

Cycle tracks on one side of a road can be considered as an appropriate measure in some locations. For example, where a large number of side streets or high levels of pedestrian activity is present on one side of the road. However, there are design issues which should be considered, such as crossing facilities, where trip generators are located on both sides of the road. Figure 5 shows a typical detail of a cycle track on one side of the road. Photo 3 shows an example of a cycle track alongside a major road (Beach Road in Tynemouth).

Photo 3 – Footway and Cycle Track on Beach Road, Tynemouth, clearly distinguished by surface treatment

9.3 Hybrid Cycle Tracks

North Tyneside Council's preference for medium-flow cycle routes is hybrid cycle tracks. These consist of a terraced approach from the cycle track to the carriageway, and can also be referred to as stepped cycle tracks. Key design features of this form of cycle infrastructure include:

- Vertical separation from the footway and main carriageway to provide greater protection than a cycle lane
- Cycle priority at side roads and vehicle accesses (see section 11)
- Bus stop bypasses on bus routes (page 20)

A hybrid cycle track can also be at a same level to the footway, if there is a suitable buffer between the hybrid cycle track and footway. There is no particular requirement to sign hybrid cycle tracks as they are intended to be easy to interpret for all road users.

Photo 4 - Example of Hybrid Cycle Track in Cambridge (LTN 01/12)

9.4 Light Segregation

Where on-carriageway routes have been identified as the preferred solution, designers are expected to consider options which create a 'buffer' between the cycle lane and general traffic lane in order to provide better separation. The types of light segregation can vary from hatch or chevron markings to bollards or 'armadillo'/blocks.

Photo 5 - Example of light segregation using armadillos (Pancras Road, London) – note inclusion of car door zone

In accordance with recommended cycle track dimensions, it is also recommended that cycle lanes with light segregation are a minimum width of 2.0m in order to provide appropriate clearance from the binding edges and to provide sufficient effective width to allow overtaking within the confines of the cycle lane.

Early discussions with North Tyneside Council are recommended as, owing to the many forms which light segregation can take, it is at the discretion of the Council whether to approve the design.

9.5 Cycle Lanes

Cycle lanes can be either mandatory or advisory. Mandatory cycle lanes exclude other traffic from using them at all times. Advisory cycle lanes signify an area of carriageway that other vehicles should not enter unless it is safe to do so.

Cycle lanes should be considered only for carriageways where motorised traffic volumes and traffic speeds are low (see Table 2 – Level of cycle provision).

Photo 7 - Example of advisory cycle lane in Cambridge, these are represented by a dashed line

Photos 6 and 7 show examples of advisory and mandatory cycle lanes. In photo 7, the advisory cycle lanes are used as a traffic calming feature because the visually narrow the width of the road.

Appendix C shows the markings and signs that would be expected on cycle routes.

Photo 6 - Example of mandatory cycle lane in North London, these are represented by a continuous line that should not be crossed

9.6 Shared Routes

Although they are recognised as an option for cycle provision, the Council will only approve shared use routes in certain circumstances as they are considered last in the hierarchy of cycle infrastructure.

If the Council agree to the provision of shared use routes they must meet the width requirements set out in Section 7.

Photo 8 - Example of shared use route on Beach Road, North Tyneside

9.7 Bus Stop Bypass

Bus stops will often appear on strategic routes where the provision of cycle tracks are regarded as necessary. At these locations a bus stop bypass must be provided.

A bus stop bypass takes a cycle lane which is usually adjacent to a kerb on the approach to a bus stop, and routes it behind the bus stop; removing the need for cyclists to pass a stopped bus on the main carriageway. After the bus stop the bypass either continues on to a cycle track or merges cyclists back into to the main carriageway.

It is also possible to route cycle track between the bus boarder and the shelter. This is often done to create a smoother route alignment or where site constraints make it difficult to place the bust shelter within the boarder. In these instances, it is recommended that an area for pedestrians crossing the track is clearly defined. This could be achieved through the use of paving.

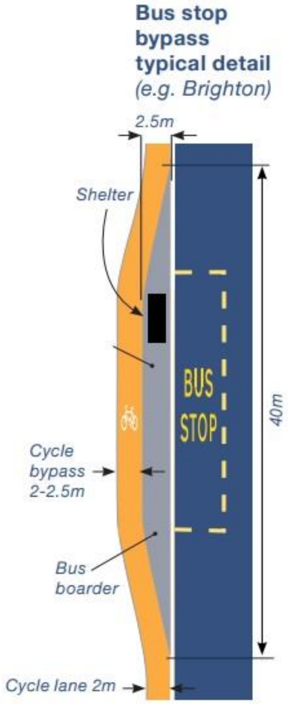


Figure 6 - Bus Stop Bypass Detail from Sustrans Design Manual

Photo 9 - Example of Bus Stop Bypass in Manchester

9.8 Transitions

An extended dropped crossing should be provided at locations where an on-road facility transitions to an off-road facility. It would be expected that the dropped crossing is installed flush with the carriageway, or with a 6mm check at locations where ponding is likely to occur. Road gullies must not be located within the extents of a dropped crossing. At locations where the transition is near or on an approach to a pedestrian crossing point a separate dropped crossing must be provided.

Photo 10 - Example of Transition Kerb into off road route at The Silverlink North, North Tyneside

Cyclists must also be protected when transitioning from an off-road cycle route into an on road cycle route. This form of protection can be achieved via the use of suitable transition kerbs and markings.

10. Local / Residential Streets

10.1 Introduction

The majority of streets within North Tyneside are local or residential streets where people live, shop or enjoy themselves. The principles for design in these streets are in accordance with Manual for Streets 2.

10.2 Street Design

Street design is key to making cyclists feel comfortable on roads with no cycle specific infrastructure. Speed reducing measures are a major contributory factor to help achieve the feeling of comfort. Lower vehicle speeds are known to reduce the likelihood of an accident but will also reduce the severity of an accident, should one occur.

Developers would be expected to design their new developments to conform to a 20mph speed limit. The speed limit must be self-enforcing through its design or via the implementation of speed reduction measures. Carefully designed horizontal alignment is be the preferred form of self-enforcement.

Specific information on speed reducing measures can be found in Local Transport Note 1/07 and in the Department for Transport's Traffic Advisory Leaflets on traffic calming. When investigating the use of appropriate traffic calming measures it is important that designers consider cyclists and take particular care so that they are not disadvantaged by their use. Further information on traffic calming design is covered in this section.

10.3 Home Zones and Quiet Streets

A home zone will generally include a combination of the following features:

- gateway features
- a level surface
- indirect routes for traffic
- junction priorities removed
- areas of planting
- seats or play equipment
- appropriate signage

Photo 11 - Example of a Home Zone in North Shields

Quiet Streets are residential streets that give priority to people over vehicles. Quiet streets are based on a change in the way that people perceive the street. Motorists should feel that they have left the normal highway and entered an area where they can expect to find people who are using the whole the street. It is the only form of street where no dedicated cycle infrastructure may be acceptable.

Quiet streets have similar design principles to Home Zones where the whole space is the same level and vehicular routes are highlighted through a contrast in materials. Gateways should be provided on all entrances to home zones and quiet streets. This can be achieved by the use of signs and road narrowing. Planters are a common feature used at gateway entrances as they both narrow the carriageway whilst providing the change in street scape required home zones and quiet streets to work.

Photo 12 - Home Zone Gateway with Planters in Bristol

Home zones and quiet streets would be expected within large new developments, so that they are permeable and accessible to pedestrians, cyclists and local traffic.

Photo 11 shows a good example of a home zone installed in North Tyneside.

10.4 Filtered permeability

Where home zones and quiet streets are not feasible, filtered permeability must be considered as it provides an advantage to cycling and walking by exempting them from access restrictions applied to motorised traffic; or through the creation of short connections only available to cyclists and pedestrians.

Filtered permeability is often created by imposing traffic orders such as;

- Road closures
- Point closures
- Banned turns
- One way streets

An exemption to cyclists would be expected for all of the above traffic orders.

Photo 13 - Example of road closure with exemption for cyclists

Photo 13 shows a good example of a road closure for motor vehicles. The closure of the road at mid link still allows for cyclists to use the route but prevents motorists from cutting though a side street. Although not present in Photo 13, parking restrictions on the approach to the point closure help keep the area clear from parked cars, allowing cyclists to easily manoeuvre the closure whilst promoting route continuity.

Where home zones, quiet streets or a continuous cycle track though a development has not been provided, link paths would be expected at the end of cul-de-sac’s in order to connect residential streets and provide a continuous link through the development for pedestrians and cyclists.

Figure 7 shows the typical detail for a link path connecting streets. The local authorities preferred connection would be a segregated cycle track with a level difference between the cyclists and pedestrians. However, at a minimum, it is recommended that the path is 3m wide for shared use with a 1m grass strip between the path and each boundary fence. This will create a feeling of safety for users of the path. The provision of street lighting will further enhance the link.

Photo 14 – Internal link within housing development

Figure 7 - Typical detail for link path between streets

s are another feature which would be expected to be considered within the design of new developments. Entry treatments should encourage slow speeds in the area via the installation of tighter radii or raised tables. These items are covered in more detail in Section 11 of this document.

10.5 Traffic Calming

Physical traffic calming measures can sometimes cause a problem for cyclists. Generally, road humps tend to reduce cyclist comfort whereas buildouts and chicanes are more likely to introduce cycling hazards.

Cycling should always be considered when traffic calming is being installed within a development. North Tyneside Council expect cycle bypasses to be installed at locations where traffic calming is necessary. LTN 2/08 advises that cycle bypasses, should be at least 1.2m wide without any sudden changes in direction. The entry and exit of the bypass should be free from parked cars. Where vehicle parking prevents access, consideration must be given to install physical measures or waiting restrictions in order to prevent obstruction. Cycle bypasses on horizontal features can also be raised to the same level as the footway using a gentle gradient at each end. Photo 15 below shows a good example of a cycle bypass at a road hump.

Where cycle bypasses cannot be installed due to existing constraints, a gap of 1m will be provided between the edge of the road hump / speed cushion and kerb. This distance may be reduced to 750mm as an absolute minimum when installing speed cushions in areas where standard distances are difficult to achieve. It is essential that traffic calming is not placed alongside existing drainage such as gullys as they can be hazardous to cyclists.

Photo 15 - Good example of cycle bypass at buildout for traffic calming

North Tyneside Council will also consider the installation of sinusoidal road humps within residential areas. Sinusoidal road humps are similar to round top humps but have a shallower initial rise. They provide a more comfortable ride for cyclists. Sinusoidal road humps would be expected at locations where cycle bypasses have not been provided. The height of the hump (H) should be 75mm and the length (T) should be 3700mm.

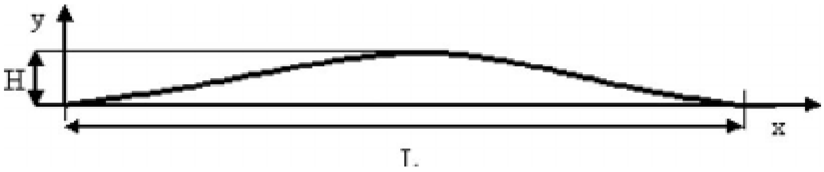


Figure 8 - Cross Section of Sinusoidal Road Hump

10.6 Car parking

Inconsiderate car parking on cycle routes can cause issues for cyclists. Therefore it is essential that developers consider ways to prevent parking from obstructing a cycle route. These measures can include, but are not limited to;

- Waiting restrictions
- ‘Double kerbs’ – installing a second kerb behind the carriageway kerb to prevent vehicles ‘bumping up’
- Bollards, guardrail etc.
- Cycle track orders

When improving cycling infrastructure on a route which has on-street car parking, the design should place car parking directly adjacent to general traffic lanes, with the cycle route segregated, e.g. adjacent to the footway, and outside of the car ‘door zone’.

Photo 16 - Example of segregated cycle lane with 'floating' parking bays

Photo 17 - Example of cycle lane around parking bays in London

11. Junctions and Crossings

11.1 Introduction

Junctions are the most common location for road traffic collisions, particularly for cycling related collisions. LTN 02/08 states that 70% of injury accidents involving cyclists take place at junctions. A well designed junction can reduce the number of decisions to be made by each road user. Providing space for cycling and minimising conflict points can prevent collision blackspots.

11.1.1 Priority Junctions

There are a variety of types of priority junctions such as T-junctions and cross roads where cyclists will be required to cross as part of their route. The key objective at these locations is to control traffic movements and speed. It would be expected that cyclists have priority over vehicles at junctions and vehicle accesses along a route. Key items to consider in making side roads more understandable for motorists and cyclists are covered below.

11.1.2 Visibility

Visibility is a key factor which should be considered when designing all types of junction. Visibility splays are defined by their X and Y distances, Figure 9, taken from LTN02/08 shows the basic layout.

Manual for Streets recommends an X distance of 2.4m, which allows one car at a time to check along the main alignment before exiting the minor arm. On cycle tracks a longer X distance is preferred as they reduce the effort and may enhance safety. The desirable minimum ‘x’ distance according to IAN 195/16 is 4.5m

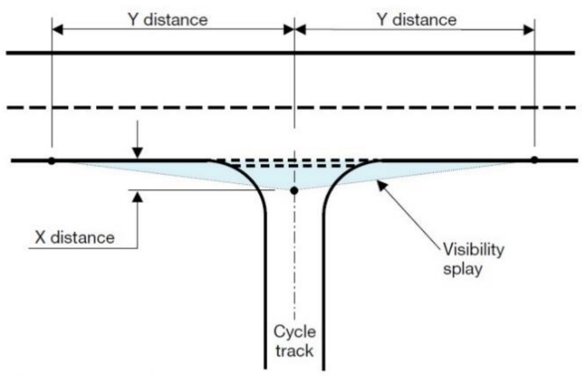


Figure 9 - Visibility at junctions

11.1.3 Junction radii

In line with North Tyneside Council’s LDD12 the minimum radius that should be used on all priority junctions within residential estates would be 6m. This minimum radius increases to 10m on industrial estates to accommodate HGV movements.

11.2 Cyclist Priority at Junctions

Whenever possible cyclists must have priority over side roads and accesses along a cycle route. This would either be through raised entry treatments of via the use of road markings.

The location of the crossing point within a junction can vary subject to the type of infrastructure. Generally cycle tracks cross a side road further away from the junction mouth than other forms of cycle infrastructure, for example a hybrid cycle track.

Photo 18 - Side road priority (British Cycling Embassy)

Photo 18 above shows a cycle track with priority over the side road. Key design features for this form of junction crossing include;

- Raised level surface for cyclists through junction
- Approach and exit alignments to be smooth
- Suitable stopping space for motorists between raised crossing and main carriageway (minimum of 5m – on busy side roads, this distance can be reduced for minor accesses and driveways)
- Tight radii (6m) to keep vehicle speeds low
- Give way markings in good condition at either side of raised crossing
- Cycle symbols within junction to highlight presence of route

11.3 Raised entry treatments

When a cycle route runs adjacent to the main carriageway, such as a hybrid cycle track. It would be expected that a raised junction will be installed where it crosses a priority junction. Incorporating a raised table across a side road has a number of benefits. These include;

- Providing a level surface for an off-carriageway cycle route
- Providing a level surface for pedestrians walking along a footway
- Encourages slower vehicle manoeuvres at entrances to the residential estates

Photo 19 shows an example of raised tables at side roads. It would be expected that give way markings and stops lines would be set back from the junction and located at the first point of conflict with pedestrians and cyclists, i.e. the back of the footpath.

Photo 19 - Example of raised table at priority junction at The Broadway, Tynemouth

Additional design features shown in Photo 19 include;

- Tight junction radii
- Smooth alignment through junction
- Coloured surfacing to highlight presence of cyclists
- Cycle symbol within junction to highlight presence of cyclists

11.4 Priority junction crossings

On routes with low motorised such as residential service roads, where no segregated cycling infrastructure is provided, conspicuous road markings should be used at junctions.

Photo 20 - Example of priority at junctions

Photo 20 shows an example where a cycle route is directed onto a quiet residential street. At this point cyclists share the carriageway with motorists. North Tyneside Council would still expect the junction markings along the route to highlight the presence of cyclists.

11.5 Signalised Junctions

There are numerous permutations of traffic signal controlled junctions, many of which require bespoke design solutions. However, it would be expected that the finalised junction design would provide priority for cyclists in order to minimise waiting times. With this in mind, generic design considerations for signalised junctions include (but are not necessarily limited to) the following;

11.5.1 Segregated through junction

Although the design of every signalised junction is bespoke to the junction. It would be expected that developers consider keeping cyclists segregated through the junction. For example, the provision of segregated cycle tracks throughout the junction.

Single phase crossings should be provided so that users of the cycle route can clear the junction in one movement.

11.5.2 Cycle Bypasses

Cycle bypasses should be considered as an appropriate facility at signalised junctions as they allow a cyclist to continue through the junction without delay. They should especially be considered on the straight ahead movement at signalised T-junctions.

Photo 21 - Example of cycle bypass at signalised junction

The bypass must be physically segregated at the entry to the junction and the cycle lane should be conspicuous through the junction.

11.5.3 *Advanced Stop Lines (ASL):*

Advanced Stop Lines would be expected at the majority of signalised junctions to facilitate stacking of higher volumes of straight ahead cycle movements enhance the presence of left turning cyclists to high-sided vehicle drivers, and also to accommodate right-turning cycle movements through a junction.

Where ASL's have been provided at junctions it would be expected a suitable feeder lane is provided in order to allow cyclists to safely reach the ASL.

Photo 22 - Example of ASL with feeder lane

11.6 Roundabouts

Suitable cycle provision would be expected on all roundabouts. Conventional roundabout design is not considered suitable for cyclists, and is therefore not acceptable unless very convenient alternative crossing facilities are provided to form a continuous route. It is recognised that 'Dutch Style' roundabouts are the aim for most local authorities in the UK, in so far as successfully designing for cycling. Section 15 covers innovative roundabout ideas in more detail.

Safety, and not capacity, is the over-riding principle for good roundabout design.

The design principles are very similar to those for side roads of T-junctions.

- Approaching traffic should be slowed. This provides better gap acceptance, greater legibility for drivers and a safer cycling environment.
- Traffic speed on the roundabout should also be controlled by means of a narrow gyratory lane.
- Approach arms should be aligned towards the centre point of the island and not deflected to the left.
- Left only lanes are not recommended

When off road cycle routes traverse a roundabout, cycling and pedestrian crossings should be installed on all arms. The most suitable crossings for cycle movements would take form of a parallel crossing. TD 16/07 of the Design Manual for Roads and Bridges states that the stand-alone crossing facilities should be located to suit desire lines. If possible, they should be outside of the flared section to keep the crossing short and be located between 5m and 20m from the give way line.

Photo 23 - Example of Parallel Crossing at Roundabout in Cobalt Business Park, North Tyneside

Where crossings cannot be provided between 5 – 20m from the give way line a cycle route, a direct link should be provided to the next convenient crossing point.

11.6.1 Single Lane Roundabouts

Cycle lanes must not be installed in the circulating section of roundabouts. Cyclists should either be mixed with traffic or segregated from traffic by physical means.

Depending on the traffic balance between arms, single lane roundabouts can accommodate up to 20,000-25,000 vehicles per day. Cyclists can mix with traffic on roundabouts with traffic volumes of less than 5000 vehicles per day. Roundabouts of these nature are cost effective and space efficient.

In order to minimise vehicular speeds on roundabouts designers should aim to install the circulating lane at a maximum of 4.0m wide

11.6.2 Multi Lane Roundabouts

Multi lane roundabouts, with one or more circulating lanes and / or multiple approach and exit lanes, are not suitable for cyclists. In these circumstances off carriageway segregated cycle routes with suitable crossing points would be expected. Designs for roundabouts will be agreed with the Local Authority on an individual basis.

11.6.3 Mini Roundabouts

Mini roundabouts must not be provided on cycle routes as they can be more difficult for cyclists to negotiate. Mini roundabouts mostly have a single lane approaches and as the entries and exits are close together it can be difficult to anticipate vehicle movements. Due to the lack of physical kerbs mini roundabouts can be overrun my motor vehicles and this can provide temptation for motorists to overtake on the mini roundabout.

11.7 Grade Separated Crossings

Grade Separated crossings can take the form of Underbridges (Subways) or Overbridges.

The location and alignment of underbridges and their accesses should be arranged so that cyclists do not have long diversions from a direct line of travel. The length of the underbridge should be minimised in order to maximise natural light levels, and the gradient of access ramps should also be minimised. These design characteristics can help maximise forward visibility and levels of natural light as well as the comfort of users travelling through the underbridge.

According to IAN 195/16, a minimum width of 3.0m shall be provided for two-way cycle traffic, however designers should aim to increase this dimension or other elements of the cross-section to increase the attractiveness of the facility by increasing the amount of natural light in the structure. The desirable minimum headroom for an underbridge is 2.5m with an absolute minimum of 2.2m. These dimensions increase when the presence of equestrians are expected. Photo 24 shows an example of an underbridge with a smooth level cycle track access.

Photo 24 - Example of underbridge in Bristol

Where an overbridge is being introduced because a road severs a route, the overbridge should be sited and aligned to minimise the diversion from any existing cycle routes.

Overbridges for use by cycles and pedestrians only, are generally designed for two-way use and shall conform to the design parameters for cycle traffic. According to IAN 195/16 and DMRB BD 29/17 Design Criteria for Footbridges, the width of a two-way cycle track should be a minimum of 3.0m plus an additional 0.5m margin clearance to each parapet. Where the overbridge is covered, the headroom should be the same heights covered in the underbridge section. The gradient of the approach ramps should be no greater than 5%. These dimensions increase when presence of equestrians is expected.

Photo 25 - Example of Footbridge over A5 near Nesscliffe Hill

The height of a pedestrian parapet must be in accordance with Table 1 pf BS7818 and the relevant class of user (i.e. pedestrian, cyclists or equestrian). On bridges with cycle and equestrian provision the height of the parapet above the adjoining paving surface must be 1.8m. Where a parapet height of 1.8m has been used, a 600mm high solid infill panel must be provided at the bottom of the parapet in order to obstruct the animal’s view of the road below.

More information on the design of underbridges and overbridges can be found in Section 2 of the Design Manual for Roads and Bridges.

11.8 Crossings at grade

11.8.1 Parallel Crossings

The Parallel crossing is the preferred form of crossing in North Tyneside as they minimise the waiting time for cyclists and motorists. The Traffic Signs Regulations & General Directions 2016 has created a new crossing type that would allow for parallel pedestrian and cycle crossings without the need for signal controls. This priority crossing is similar in appearance to a zebra crossing but with a parallel route for cyclists.

The pedestrian aspect limits of the crossing vary from a minimum of 2.4m to a maximum of 10m. The width of the cyclists' side of the crossing can vary from a minimum of 1.5m to a maximum of 5m. The width would be determined by the volume of pedestrians and cyclists using the route.

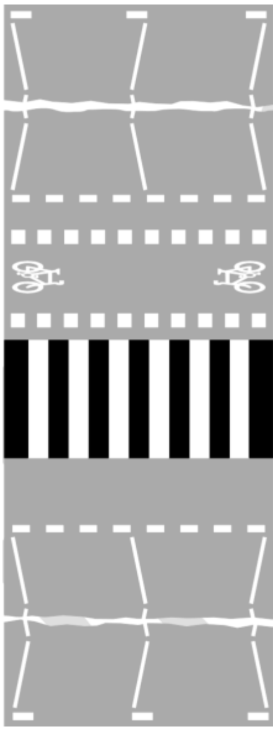


Figure 10 - Parallel Crossing Layout from TSRGD 2016

Photo 26 - Example of Parallel Crossing in Bexley, London

11.8.2 Toucan crossings

A toucan crossing is a signalised crossing shared by both pedestrians and cyclists. They are normally unsegregated, although sometimes a segregated Toucan can be more appropriate. Where a signalled controlled crossing is justified in the vicinity of a new development, a toucan crossing will usually be required. Should the crossing be required on an equestrian route, a Pegasus crossing should be provided with its pole positioned accordingly.

The main criterion for introducing a toucan crossing should be to reduce the level of risk associated with conflict between motorised and non-motorised users at pedestrian crossing points. The preferred width of a toucan crossing is 4.5m. This will provide sufficient width for both pedestrians and cyclists to cross at the same time. The crossing should be single stage which will allow for one continuous movements across the carriageway.

Toucan crossings can be installed at a minimum width of 3.6m. However, North Tyneside Council will only consider using the minimum width where site constraints exist.

The provision of advanced detector loops on the cycle track must be considered in order to reduce the waiting time at crossings for cyclists. These loops must be considered on key routes, particularly routes with a high commuter use.

Photo 27 - Example of Toucan Crossing

11.8.3 Central Islands

Central islands must be wide enough to accommodate waiting cyclists and pedestrians safely. The target minimum island width for straight across movements is 2.5m. The minimum width of a staggered island would be 3m.

Where refuges are installed the safety of cyclists travelling through the localised narrowing must be considered. LTN 02/08 advises that gaps of between 2.75m and 3.75m should be avoided as they may encourage motorists to overtake cyclists even through there is insufficient width. A minimum width of 4m is recommended to enable such a manoeuvre.

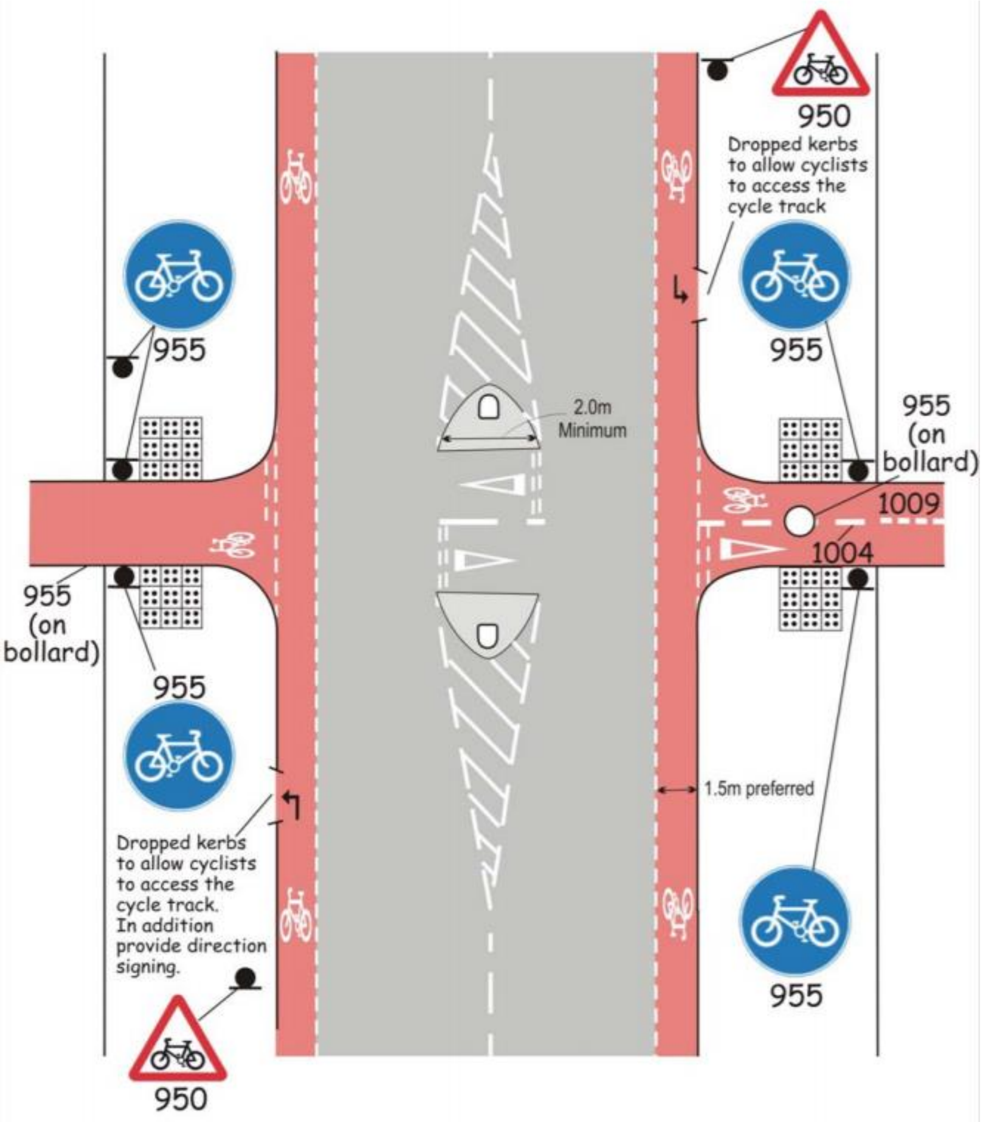


Figure 11 - Uncontrolled Cycle Crossing at widened island (Nottinghamshire Cycle Design Guide)

11.8.4 *Raised crossing facilities*

Where a cycle track crosses a relatively lightly trafficked street, the cycle track can be given priority over the road. The crossing should generally be sited on a flat-topped road hump to ensure low vehicle speeds. This treatment can be used at crossings of side roads where they join a larger road, or mid link.

The design in both situations should ensure that it is clear to motorists that they must give way, and that there is sufficient intervisibility between drivers and users approaching the road along the cycle track. This helps cyclists to maintain momentum as well as ensuring safety.

At locations where a cycle route crosses a minor road with low vehicle flows, the cycle track may give way to carriageway. However, it is still recommended that a flat topped road hump is installed at the crossing point to maintain low vehicle speeds

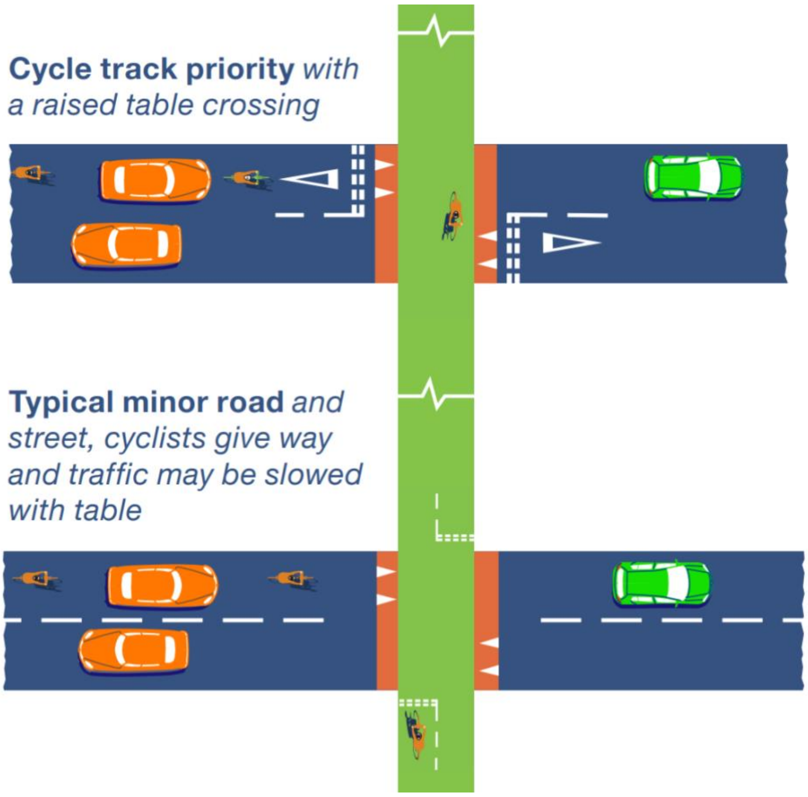


Figure 12 - Raised priority crossings (extract from Sustrans Design Manual)

12. Signs, Road Markings and Lighting

12.1 Signs and Road markings

All cycle routes require appropriate signage. Detailed information on cycle related signs and road markings can be found in Appendix C.

Signs must not be situated in the middle of a cycle lane, track, route or shared cycleway / footway. Any sign mounted over a form of cycle infrastructure must maintain a minimum clearance of 2.5m.

Route destination signs would be expected at key decision points along a route. There may be occasions where North Tyneside Council will stipulate the requirement for a financial contribution to a commuted sum of funding to be spent on route signage in the vicinity of the development. All route signage will need to be agreed with North Tyneside Council. Figure 13 below shows examples of the route destination signage installed in North Tyneside. All route destination signage is installed with a height of 24 X and should reflect the destinations highlighted on the Tube Map (Appendix B).

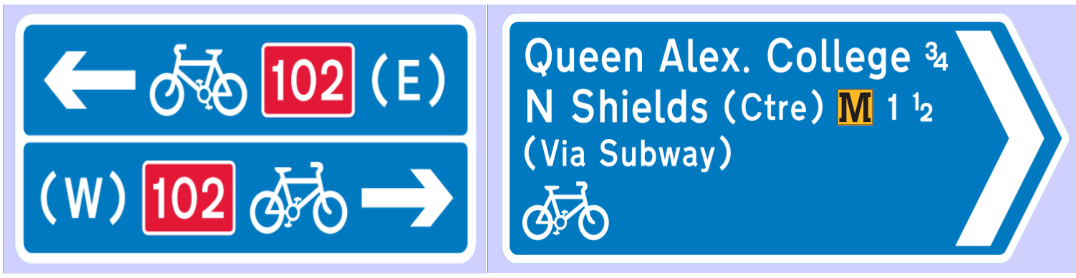


Figure 13 - Typical Route Destination Signage

In order to keep street clutter to a minimum. It would be expected that signage is incorporated into street furniture (e.g. bollards, lighting columns etc.).

Photo 28 shows an example of a segregated shared use cycle symbol installed on a bollard. This will reduce the need for the sign to be installed on a separate post.

Photo 28 - Example of TSRGD 957 on Bollard

12.2 Street Lighting

Lighting is normally provided on urban routes where cycling can be expected after dark. Lighting helps users detect potential hazards, discourages crime and helps users to feel safe.

Cyclists using two-way cycle tracks alongside unlit carriageways may be blinded or dazzled by the lights of oncoming vehicles, particularly on tracks alongside high-speed rural roads. Drivers may also be confused when seeing cycle lights approaching on their nearside. These hazards can be reduced by, for example, locating the track as far away as possible from the carriageway edge, or by providing with-flow cycle tracks alongside both sides of the carriageway.

Cycle routes across large quiet areas may not be well used outside peak commuting times after dark, even if lighting is provided. In these cases a suitable street lit on-road alternative that matches the desire line as closely as possible should be avoided. Subways should be lit at all times, using vandal-resistant lighting where necessary. It is not expected that routes outside built-up areas used primarily for recreation would normally need to be lit except where there were road safety concerns, such as at crossings or where the track is directly alongside the carriageway.

There may be occasions when North Tyneside Council stipulate the requirement for existing public footpaths and bridleways to be lit in the interests of safety.

Where an off-carriageway track requires lighting, the designer needs to consider the proximity of an electricity supply, energy usage, and light pollution. In these instances the use of low level (such as bollards) or surface level lighting should be considered.

Photo 29 - Example of low level lighting on cycle route (Canada)

13. Cycle Facilities

In order to support journeys by bike, convenient cycle parking must be provided at key destinations, for example local shops or high streets etc. Public transport accessibility can also be greatly increased by providing good quality cycle parking at key bus stops and metro stations. There may be occasions where North Tyneside Council will stipulate the requirement for a financial contribution to a commuted sum of funding to be spent on cycle facilities at a metro station or shopping area near the development site.

If a development has community facilities, such as local shops or libraries etc. then there must be sufficient cycle parking for the likely number of visitors or employees. If the development is a commercial development (offices, supermarkets), cycle parking should be provided next to the main entrance for visitors. The cycle parking should be located closer to the visitor entrance than vehicle parking. Separate cycle parking, in the form of lockable shelters, would be expected for employees and should be located near the employee entrance.

North Tyneside Council's preference for cycle parking is the traditional Sheffield cycle stand as it is a simple, robust and effective parking facility. More secure measures are preferred at public transport interchanges or locations with bicycles may be left for a longer period of time (i.e. Metro stations). Photo 30 shows an example of a Streetpod which could be used at Metro Stations.

Photo 30 - Example of Streetpod

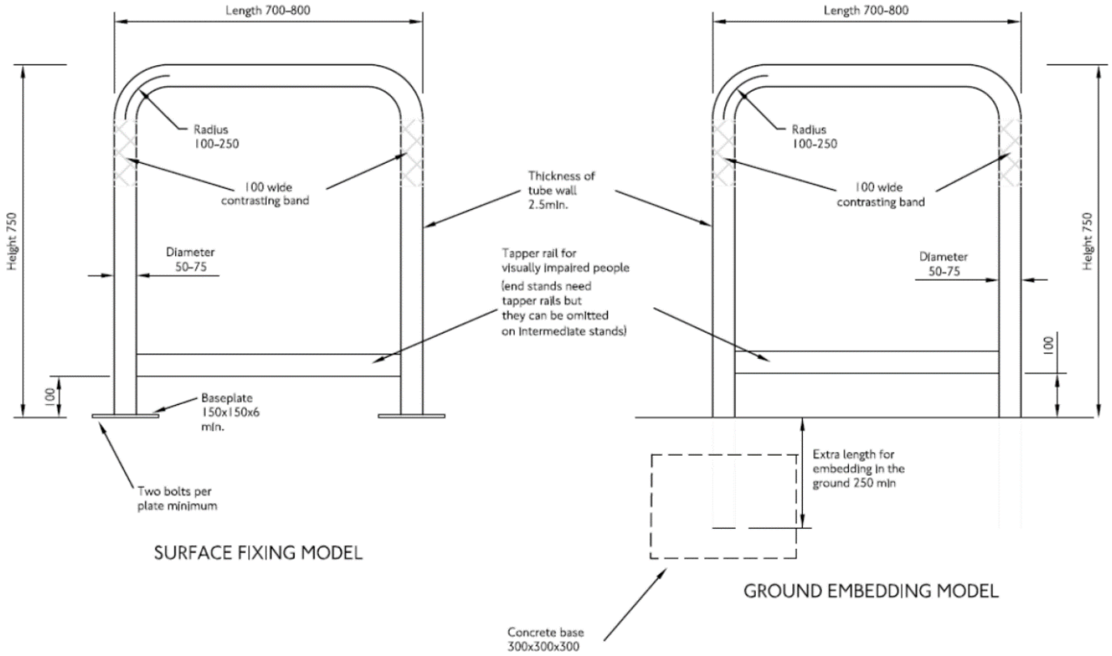


Figure 14 - Typical Detail of a ‘Sheffield’ Cycle Stand

Figure 14 shows the typical details of a cycle stand and Figure 15 shows the typical layout of the cycle stands. The positioning of the cycle stands in relation to vertical features is key. The designer should ensure cycle stands are positioned as shown in Figure 15 to ensure the parking facility is usable.

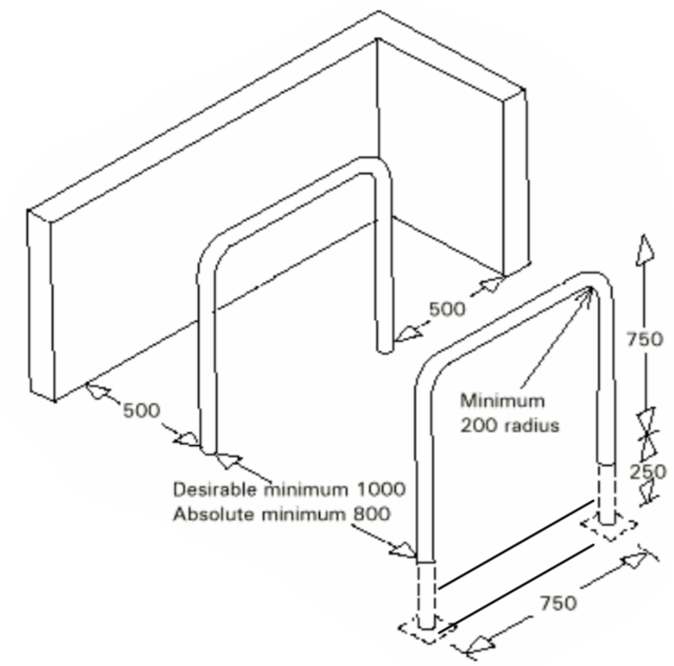


Figure 15 - Layout of Sheffield Cycle Stands

14. Construction and Maintenance

14.1 Adoption

Designers must consider the practicality of North Tyneside Council adopting new cycling infrastructure provided as part of the development. Designers should be aware of the level of maintenance involved with the infrastructure. North Tyneside Council may choose not to adopt streets which use forms of infrastructure with a high maintenance liability.

Designers should generally look to utilise standard paving materials. If it is proposed to depart from this, then a discussion with the Council would be required to confirm what is acceptable.

14.2 Construction

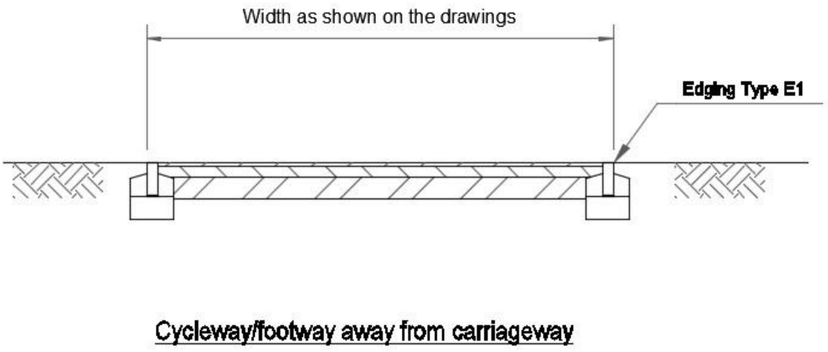
It is important that high quality cycle facilities are consistently implemented across North Tyneside, offering a smooth riding experience to cyclists. A number of general construction requirements are identified below:

- Street furniture, gullies and inspection chambers should be located away from surfaces used by cyclists.
- Finished levels of all surfaces within a cycle route must be machine laid. This will ensure the cycle track is smooth, flat, well-drained and well-maintained
- Construction joints should be at right angles to the direction of travel.

The construction details should be suitable for everyday cycling. It is envisaged the construction specification shown in Figure 16 will suffice for the majority of off-road links.

More comprehensive details, including bridleway construction, can be found in North Tyneside Council’s Highway Design Specification.

14.2.1 Cycleway/Footway Construction



	Type 1 construction (for general use)
Surface Course 6mm size Dense Macadam to Cl. 909	20 Thick
Base Course Dense Macadam to Cl. 906	50 Thick - 20mm nominal aggregate size
Sub-base Type 1 Granular Material to Cl. 803	200 Thick

Figure 16 - Typical cycleway construction

14.2.2 Coloured Surfacing

The provision of coloured surfacing is believed to improve cycle infrastructure as it further enhances it presence, making it more conspicuous to motorists. However, blanket application of full coloured surfacing on all cycle facilities would be very expensive and in many cases would not contribute to improved compliance. The use of coloured surfacing is therefore recommended in the following circumstances:

- At the beginning and end of cycle lanes
- Full width of a cycle lane through junctions, past parking bays or in other situations where there is likely to be conflict between cycles and other road users
- Along the full route on hybrid cycle tracks.

The preferred type surfacing material consists of the use of coloured aggregate within the surface course. The Councils' recommended surfacing material is Tarmac Ulticolour. The recommended colour is classic green.

14.2.3 Vegetation

All small plants / bushes planted within the vicinity of cycling infrastructure must be set back a minimum distance of 1.0m, then gradually increase in height as the distance from the cycle track increases. This prevents interference with the cycle route should the vegetation become overgrown, meaning less maintenance is required.

All trees should offset a minimum of 5m from all forms of cycle infrastructure. This is to prevent the canopy from overhanging the route and the tree roots from impacting on the integrity of the cycle infrastructure.

14.3 Maintenance

Until adoption takes place, developers have a responsibility to ensure their cycle routes are kept in good condition, making them more useful, attractive and popular than one allowed to deteriorate. Maintenance can often be an afterthought in comparison to designing and constructing new routes but having invested time and money implementing cycling infrastructure, it is important that it remains attractive to users.

Maintenance should be considered as part of the route development process long before construction starts. A thoughtful design will mean less maintenance in the future.

Regular inspections should be undertaken whilst developing and any repairs or problems should be prioritised and dealt with quickly. Failure to maintain the infrastructure may result in North Tyneside Council refusing to adopt the asset.

14.3.1 On Road Routes

When cycling on roads and the quality of the surface can make a huge difference to the cyclist's experience of using a particular road. As a minimum, the following maintenance should be undertaken on all on road cycle routes:

- Routes to be kept ice free
- Loose drain covers and potholes to be repaired swiftly
- Drainage channels and gullies to be cleared regularly
- Worn road markings or coloured surfacing to be refreshed
- Damaged or lost signs to be repaired or replaced
- Maintenance of 2m nearest to kerb to be prioritised. Potholes should be repaired with a smooth level surface patching rather than simple pothole repairs.
- To be swept free of debris
- Cyclists to be accommodated at road works

14.3.2 Off Road Routes

Cycle routes segregated from traffic can quickly become unattractive and difficult to use if maintenance is not undertaken and the route is not kept clear. As a minimum, the following maintenance should be undertaken on all off road cycle routes:

- Surface damage to be repaired promptly
- Drainage channels and gullies should be cleared regularly
- To be swept free of debris
- Verges to be mowed regularly to prevent encroachment onto cycle route
- Vegetation to be cut back regularly (outside of bird nesting season)
- Damaged or lost signs to be repaired or replaced swiftly
- Lighting, street furniture and structures to be maintained

Failure to undertake this maintenance may result in North Tyneside Council refusing to adopt this asset.

14.3.3 Buffer Zones

The buffer zones for cycle routes should be installed with a material that is easily maintainable. Grass verges are the preferred buffer zone. Although they should only be used where a buffer zone of 1m or wider can be provided.

In instances where buffer zones are less than 1m block paving will normally be used to reduce maintenance issues. Buffer zones less than 1m should be 50mm higher than the cycle route for safety reasons. The recommended block paving is Marshall’s Keyblok concrete block paving. The recommended colour is Brindle.

15. Innovation

15.1 Innovative Roundabouts

There is evidence to show that roundabouts present particular risks for cyclists, requiring them to adopt assertive riding positions to avoid the risk of various types of collision associated with entering and exiting the roundabout.

15.1.1 Dutch Style Roundabout

Dutch style roundabouts are not a common design within the UK. The key design principles of a Dutch style roundabout include;

- Single lane entries / exits
- Segregated cycle provision around and through roundabout
- Priority crossings on all arms of roundabout

It is envisaged that a roundabout of this nature could be installed on a new development. A Dutch style roundabout would have to be installed at a location where high quality cycle links are provided on the approaches.

Photo 27 - Example of Dutch style roundabout

15.1.2 *Compact/Continental Style Roundabout*

An alternative to a conventional roundabout is the Compact or Continental Style Roundabout. These cyclist-friendly roundabouts are extremely popular in cycling orientated countries throughout Europe.

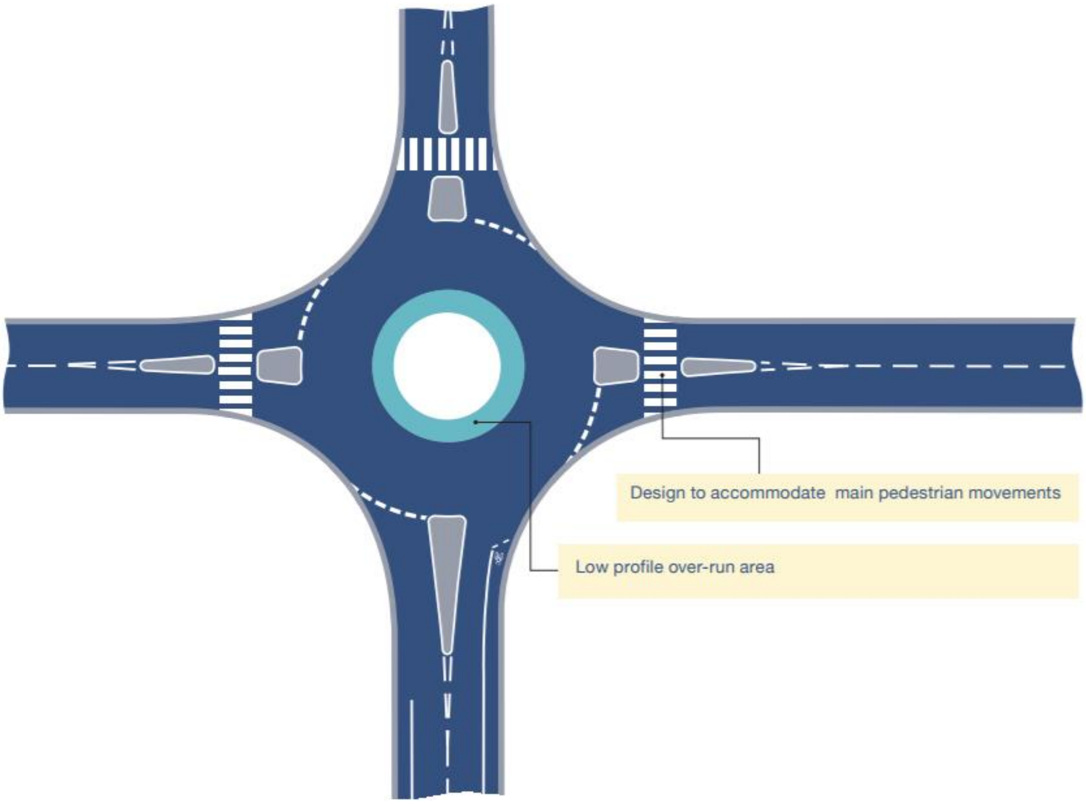


Figure 17 - Example of Compact / Continental Roundabout

Sustrans Handbook for Cycling Friendly Design offers some useful design guidance for compact/continental roundabouts:

- Perpendicular approach and exit arms
- Single lane approaches, 4m
- Single lane exists, 4-5m
- External diameter (ICD) 25-35m
- Island diameter (including overrun area) 16-25m
- Circulatory carriageway 5-7m
- Single circulatory lane
- Roundabout capacity approx. 25,000vpd, but consideration should be given to other options for cyclists where flows exceed 10,000vpd

15.1.3 Informal Roundabout

An informal roundabout is designed to encourage drivers to adopt circulatory priority, but they are in fact uncontrolled junctions, with no formal road markings or signs. Some informal junctions are designed with circular paving patterns to operate this way. A design of this nature could be included within a shared space / home zone area.

These have been found to work well in capacity and road safety terms at relatively high flows, of up to around 2500 vehicles per hour, though on cycle routes their use should be restricted to lower traffic volumes, preferably no more than 1000vph.

In terms of cycling, this type of junction can work well as long as care is taken to ensure that vehicles only circulate in one traffic stream and travel slowly, so that cyclists can adopt the primary position when passing through the junction, in a similar way to the Continental design of roundabouts.

Photo 31 **- Example of Informal Roundabout**

15.2 Traffic Signals

15.2.1 Early Release

Providing cyclists with an ‘early release’ at traffic signals, giving a head start over other traffic, allowing them to negotiate busy junctions and make their intentions clear to drivers behind.

Cyclists are detected within an Advanced Stop Line reservoir which triggers the main signals to give a 3 second cyclists-only signal, plus a further 2 seconds normal red-amber phase, before other traffic is released on a standard green signal.

Photo 32 - Example of an early release traffic signals head

15.2.2 Railing/Footrest

At traffic signals, consider introducing railing that cyclists can use to lean

Photo 33 - Example of railing / footrest

against or use as a footrest, which will allow cyclists to remain in the saddle while waiting for the lights to change.

This measure will not be appropriate at every traffic signal and overuse would increase street clutter but at key locations may be suitable.

15.2.3 *Trixi Mirrors*

Trixi mirrors are a convex mirror which can be attached to traffic signals. Their purpose is to help drivers (especially HGV's) to see down the side of their vehicles for the presence of people on cycles.

There are certain locations whereby the use of trixi mirrors will benefit a junction, in particular where there is a steady volume of turning HGV's that could conflict with cyclists.

Photo 34 - Example of Trixi Mirror at signalised junction

15.2.4 *Centre Line Removal*

Consideration should be given to the removal of centrelines as an option where carriageway widths do not permit the introduction of cycle lanes of adequate width (min 1.5m) whilst retaining two general traffic lanes.

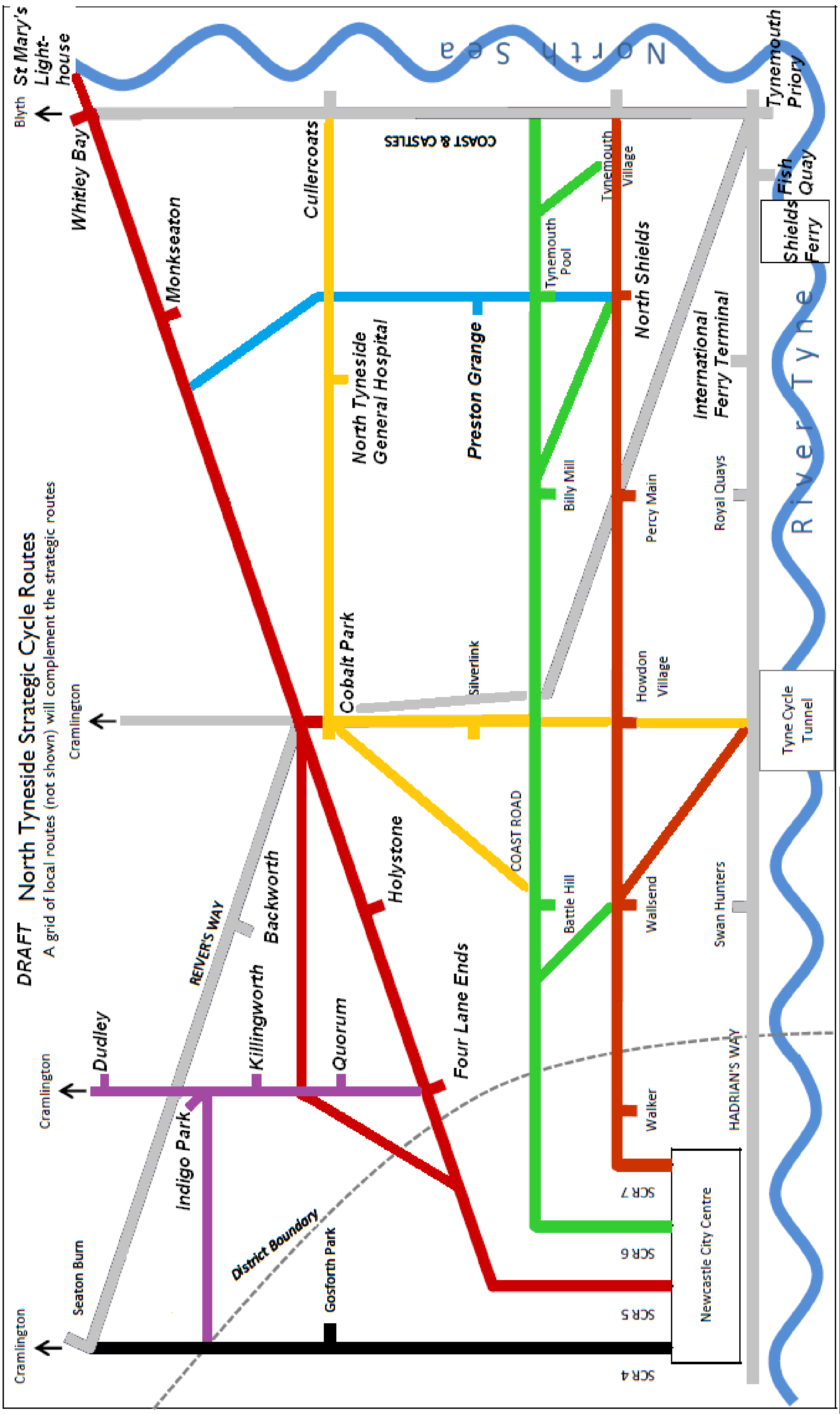
In addition to increasing the width available for cyclists, the technique also has a speed reducing effect. This is because, to a certain extent, the layout operates like a single-track road with passing places. Where the need arises for on-coming motor vehicles to pass each other, this is achieved by both vehicles momentarily pulling over into their respective near-side cycle lanes, having first checked to see they are clear of cyclists.

This technique is only suitable for roads wide enough to accommodate two 1.5m cycle lanes and a central 3.5 m general traffic lane (6.5m). There should be no significant heavy goods vehicle traffic, and general traffic flows need to be low enough to permit single-lane working. If the road widths exceed 6.5m, the additional space should be used to increase the width of the cycle lanes or introduce a buffer strip between the cycle lanes and any on-street parking bays

Appendix A – Cycling Design Guidance

The following documents / sources have been considered when developing the North Tyneside Cycling Design Guide.

- LTN 1/12 Shared Use Routes for Pedestrians and Cyclists
- LTN 2/08 Cycling Infrastructure Design
- Traffic Signs Regulations and General Directions 2016
- Traffic Signs Manual Chapter 5 (Road Markings)
- Sustrans Design Manual 2014
- London Cycling Design Standards 2014
- Design Guidance: Active Travel (Wales) Act 2013
- IAN 195/16
- Manual for Streets 2
- Greater Manchester Cycling Design Guidance
- Making Space for Cycling
- North Tyneside Council Development Construction Manual (In preparation)



How will we deliver this?

- o Bidding for external funding for sections of route
- o Through the planning process, as new developments are brought forward
- o Through the general programme of highway schemes and regeneration schemes

Appendix C – Signs and Markings

Mandatory and Informatory Signs

There are a number of mandatory and informatory signs associated with cycle facilities. Table 6 shows the signs as specified in Traffic Signs Regulations and General Directions (TSRGD), 2016. Careful positioning of signs associated with cycle facilities is required in order to comply with siting requirements, to maximise visibility to all road users and to minimise street clutter. Wherever possible, impact on other users, in particular mobility impaired users of the footway, should be minimised by attaching signs to existing street furniture such as bollards, lighting columns or existing sign poles.

Table 5 - Signs associated with cycle facilitates

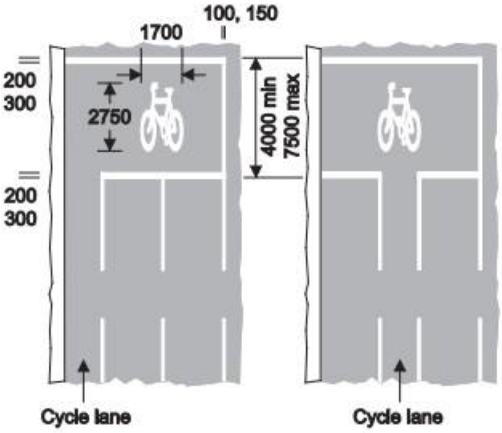
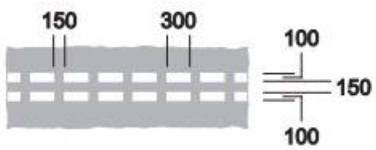
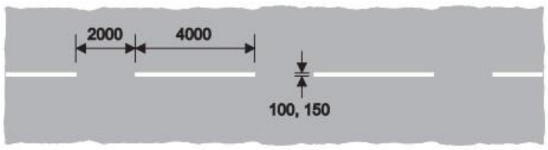
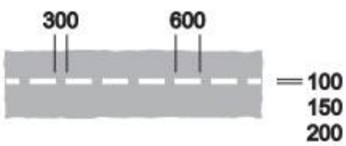
Diag. No (TSRGD)	**Description**	**Suggestion Dimensions**
955 	Cycle routes that are segregated from both motorised traffic and pedestrians.	Terminal: 600mm diameter Repeater: 300mm diameter
956 	Unsegregated shared cycle/footways	Terminal: 600mm diameter Repeater: 300mm diameter
957 	Segregated shared cycle/footways separated by the marking Diag. No. 1049B, 1049.1, or by physical means. The sign is reversed in a mirror image when the route reserved for cycles is on the right.	Terminal: 600mm diameter Repeater: 300mm diameter
958.1 	With-flow mandatory cycle lane ahead to always be provided where possible. To be omitted with caution. Use of time qualifying plate optional. On 20-30mph roads, sign sited 20m in advance of taper with a minimum clear visibility distance of 45m.	20-30mph: 825mm x 800mm 40mph+: 990mm x 960 mm
959.1 	With-flow mandatory cycle lane. To be provided immediately following taper and junctions. No two signs should be more than 300m apart. Use of time qualifying plate optional.	20-30mph: 825mm x 800mm 40mph+: 990mm x 960mm
960.1 	One-way road with a mandatory contraflow cycle lane. The number of upward pointing arrows may be varied to indicate the number of lanes available to all traffic	825mm x 475mm
962.1	Cycle lane on a road at junction ahead or cycle	X height: 50

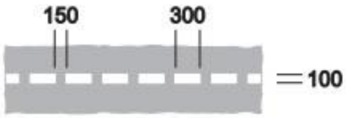
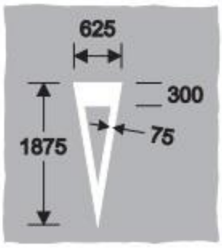
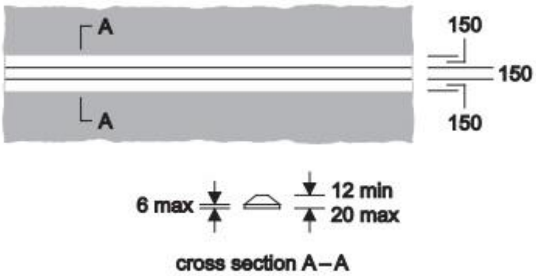
	track crossing road. Warns road users of potential conflict with cycle route. Generally unnecessary except for situations where contra-flow cycling is permitted. Use of time qualifying plate optional	
963.1 	Direction in which pedestrians should look for approaching pedal cycles when crossing a cycle lane. Generally unnecessary except for situations allowing contra-flow cycling. Variants regarding cycle flow direction are permitted.	X height: 50
965 	Although it is recognised as a standard sign in the TSRGD 2016 North Tyneside Council will not permit the provision of this sign as part of an application unless of mitigating circumstances..	X height: 40
966 	Although it is recognised as a standard sign in the TSRGD 2016 North Tyneside Council will not permit the provision of this sign as part of an application unless of mitigating circumstances.	X height: 40
967 	Advisory cycle lane on the main carriageway of a road. To be provided immediately following taper and junctions. No two signs should be more than 300m apart.	20-30mph: 440mm x 300mm 40mph+: 550mm x 375mm
954.4 	Supplementary plate that can be used below the following signs • No Entry • No Left / Right turns • No through road • One way	X height: 50

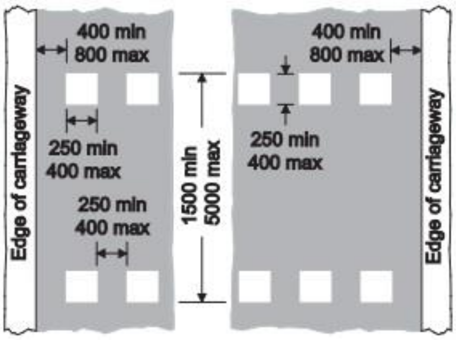
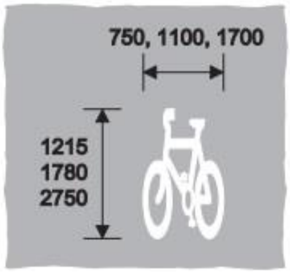
Markings

The use of road markings is as cyclists tend to spend a lot of time focusing on the surface in front of them.

Table 6 - Road markings associated with cycle facilitates

Diag. No. (TSRGD)	**Description**	**Suggested Dimensions**
1001.2 	Alternative to the stop line Diag. No. 1001, providing a reservoir for cycles at signalised junctions.	Reservoir: 4000mm-7500mm Stop lines: Urban areas – 200mm Rural areas (or 85th percentile speed greater than 35mph) - 300mm 1057: 1700mm
1003B 	Cyclists must give way	300mm line, 150mm gap
1004 	Use to mark the boundary of an advisory cycle lane.	4.0m line, 2.0m gap. 40mph or less : 100mm wide Greater than 40mph (or contraflow): 150mm wide
1009A 	Used to indicate the start of a cycle lane. Recommended taper of 1:10.	600mm line, 300mm gap. 40mph or less : 150mm wide Greater than 40mph: 200mm wide TSRGD 2016 indicates a 100mm wide line can be used but no technical guidance currently

		exists.
1009B 	Edge of the carriageway at a junction of a cycle track and another road.	300mm line, 150mm gap, 100mm wide
1023B 	Approach to a road junction on a cycle lane or track on which is placed the marking Diag. No. 1003B. Marking only normally required when cycles lose priority at a junction. Where they meet another path/ track, vehicular access or a lightly trafficked side road a dashed line to diagram 1003 should be sufficient.	625mm x 1875mm. .
1049.1 	Use to mark the separation of cyclists and pedestrians on shared use cycleway/footway. More easily detected by blind and partially sighted pedestrians.	150mm solid white line. 150mm raised profile. 150mm solid white line.
1049B 	Use to mark the boundary of a mandatory cycle lane or to separate cyclists and pedestrians on shared use cycleway/footway.	150mm solid white line.
1055.3	Route for cyclists across a signal controlled junction or parallel crossing. Can be used in conjunction with diag. no. 1057	0.4m x 0.4m marking, 0.4m x 0.4m gap.

		
1057 	Cycle symbol indicating cycle lane, track or route. Should be provided after each decision point on cycle lanes and tracks, and at a maximum interval of 200m elsewhere. Where practical, cycle symbols should be placed close to street lights to maximise visibility after dark.	Defined cycle facilities: 1215mm Shared streets: 1780mm

Note: Surface treatments can also be used for 'implied markings'. For example, an implied zebra across a cycle track near a bus stop.

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