



North Tyneside Council

Cabinet

15 November 2019

Monday, 25 November 2019 0.02 Chamber - Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY **commencing at 6.00 pm.**

Agenda Item	Page(s)
<p>1. To Receive any Declarations of Interest and Notification of any Dispensations Granted</p> <p>You are invited to declare any registerable and/or non-registerable interests in matters appearing on the agenda, and the nature of that interest.</p> <p>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.</p> <p>Please complete the Declarations of Interests card available at the meeting and return it to the Democratic Services Officer before leaving the meeting.</p>	
<p>2. Minutes</p> <p>To confirm the minutes of the meeting held on 14 October 2019.</p>	1 - 12
<p>3. Report of the Young Mayor</p> <p>To receive a verbal report on the latest activities of the Young Mayor and Young Cabinet.</p>	
<p>4. 2019-20 Financial Management Report to 30 September 2019</p> <p>To receive the third budget monitoring report for the current financial year which reflects the forecast financial position as at 31 March 2020.</p>	13 - 80

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

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Agenda Item	Page(s)
<p>5. 2020-2024 Financial Planning and Budget Process: Cabinet's Initial Budget Proposals</p> <p>To consider a report detailing Cabinet’s initial budget proposals and associated matters.</p>	<p>81 - 214</p>
<p>6. An Ambition for North Tyneside Update</p> <p>To provide an update on what has been achieved across the borough since the ‘Ambition for North Tyneside’ was adopted 12 months ago; and the Authority’s future planned activities across the borough over the next 12 months and beyond.</p>	<p>215 - 234</p>
<p>7. Adoption of the National Register for Taxi Licence Revocations and Refusals</p> <p>To seek approval for the proposed use of a National Register, referred to as the National Register of Taxi Licence Revocations and Refusals and the steps that need to be taken by the Authority if it wishes to make use of the Register.</p>	<p>235 - 276</p>
<p>8. Ten Year Plan for Waste</p> <p>To consider a report which presents the ten year plan for waste and, in doing so, sets out the strategic landscape for waste by describing the international, national and local drivers that are shaping the Authority’s thinking.</p>	<p>277 - 290</p>
<p>9. Climate Emergency Update</p> <p>To consider a report which provides an update on the work undertaken since the declaration of a Climate Emergency, and the next steps to be taken to address the commitments agreed by Council in July 2019.</p>	<p>291 - 300</p>
<p>10. Construction Project - Delivery and Benefits Realised</p> <p>To receive a report detailing the objectives achieved, lessons learned and the benefits realised through the Construction Project.</p>	<p>301 - 316</p>
<p>11. Annual Review of Council Policy on Covert Surveillance Policy</p> <p>To seek approval for an updated Covert Surveillance Policy in accordance with the Statutory Codes of Practice applying to the Regulation of Investigatory Powers Act 2000 (RIPA).</p>	<p>317 - 334</p>

Agenda Item	Page(s)
12. Integrated Sexual Health Service Procurement 2020-21	335 - 342
To seek approval to undertake a procurement exercise for the provision of Sexual Health services in North Tyneside.	
13. Council Tax Empty Homes Premium	343 - 354
To consider a report detailing the results of the consultation outlining options for the potential to introduce Council Tax premiums from 1 April 2020.	
14. Whitley Bay Crematorium and Cemetery upgrade	355 - 360
To seek approval to commence a procurement exercise to upgrade and refurbish Whitley Bay Crematorium and Cemetery.	
15. 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 16 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 3 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.	
Reasons for taking the item in private: it contains information relating to the financial or business affairs of any particular person (including the authority holding the information).	
16. Corporate Risk Management Summary Report	361 - 412
To consider a report on the latest review of key corporate risks undertaken by the Senior Leadership Team.	
17. Date and Time of Next Meeting	
Monday 20 January 2020 at 6.00pm.	

Circulated to Members of Cabinet: -

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

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

Cabinet

14 October 2019

Present: Councillor B Pickard (Deputy Mayor) (in the Chair)
Councillors G Bell, S Cox, S Day, P Earley, R Glindon and
C Johnson

In Attendance: Amelie Ferris (Young Mayor)

CAB58/19 Apologies

Apologies for absence were received on behalf of Mrs N Redfearn (Elected Mayor), Councillors M Hall and C Burdis, Dawn McNally (Age UK) and Pauline Wonders (Voluntary and Community Sector).

CAB59/19 Declarations of Interest and Dispensations

Councillors R Glindon and B Pickard each declared a registerable personal interest in agenda item 11 Delivering Housing Growth through the North Tyneside Trading Company (CAB70/19), as they were both Directors of North Tyneside Trading Company and its subsidiary companies. A dispensation had been granted to both Councillors Glindon and Pickard in relation to their Trading Company appointments.

CAB60/19 Minutes

Resolved that the Minutes of the previous meetings held on 9 September (Ordinary) and 17 September 2019 (Extraordinary) be confirmed and signed by the Chair.

CAB61/19 Report of the Young Mayor

The Young Mayor reported on the following activities in which she and Young Cabinet Members and/or Youth Councillors had been involved:

- During Local Democracy Week the youth councillors would be debating topics including climate change, period poverty and compulsory exercise for young people and taking part in a number of planned activities for the week, including Young Persons Question Time.
- The Make Your Mark consultation had ended and at the end of the process the British Youth Council would announce the overall result and the most important issues nationally would be debated by Members of UK Youth Parliament at the House of Commons on 8 November. From the responses the issue of most concern to young people in North Tyneside, with a massive majority, was the environment, including littering, single use plastic and recycling.
- The Young Mayor had attended a Soroptimist meeting in Cullercoats where the issue of female victims of trafficking had been discussed, and donations of clothing and toiletries made to Northumbria Police for passing onto the girls and women.

Cabinet

- The Young Cabinet Member for Community Safety, Abbie Armstrong had led on the Community Safety Conference with Northumbria Police at the Langdale Centre involving students from North Tyneside and Northumberland. The students had taken part in workshops on knife crime, substance abuse, county lines, healthy relationships and the Prevent agenda. The conference had featured on Tyne Tees Television.
- The Tyne and Wear Transport Forum had met last month at Northumbria University where more work had been carried out on the website which would be launched in due course.
- Two members of the Young Cabinet had attended a workshop at Northumbria University to look at the curriculum for Student School Nurses, Health Visitors and Sexual Health Nurses.
- Regional Children in Care Ambassadors had delivered two workshops, one to Council leaders across the region at Durham County Hall, the other to 120 Independent Review Officers at the Stadium of Light as part of their annual conference where they had talked about their experience of being in care.

The Deputy Mayor thanked the Young Mayor for the report.

CAB62/19 2019/20 Local Government Association Corporate Peer Challenge – Report and Action Plan (All Wards)

Cabinet considered a report on the Local Government Association Peer Challenge that had taken place in North Tyneside between 18 – 21 June 2019 with experienced colleagues, led by a serving Chief Executive of a similar Authority and an Elected Mayor.

The site visit comprised of a range of meetings, focus groups and one to one discussions with a cross section of members, officers and partners.

From a combination of the background material provided to the Peer Team and discussions held with them the Team sought to answer five questions, which were a core component of all Peer Challenges:

- i. Understanding of the local place and priority setting
- ii. Leadership of place
- iii. Organisational leadership and governance
- iv. Financial planning and viability; and
- v. Capacity to deliver.

In answering the questions, the Peer Team were very positive about the Borough, the organisation and its partners. They saw North Tyneside as an attractive and vibrant place with members, staff, partners and residents all passionate about the Borough. They felt the Authority was effective, well led and well managed providing good quality services and with a very positive culture. They had identified successful regeneration across the Borough recognised by partners and residents.

Their recommendations focussed on four important areas; how the organisation told its story, explained its plans and aligned its enabling services against those plans; ensuring regeneration work was inclusive; making sure a four-year medium term financial plan was in

Cabinet

place to deliver the priorities of the Elected Mayor and Cabinet, and maximising participation and influence in the North of Tyne Combined Authority.

The Peer Team had presented feedback to Cabinet Members and the Senior Leadership Team, and had also made some helpful recommendations for the Authority's future planning. The feedback session had been followed up with a written report which was attached at Appendix 1 to the report.

The detailed recommendations from the challenge were summarised in an action plan attached to the report at Appendix 2. As part of the peer challenge process, the Local Government Association provided further support, advice and guidance. The process also included a follow up visit which was expected to take place within the next two years. The Authority had already signalled it would take up this offer.

The Deputy Mayor, on behalf of the Elected Mayor, thanked everyone involved including Elected Members, staff and partners who had given their time and support to the review and Sarah Fish who had coordinated the arrangements for the review.

Cabinet considered the following decision options: either to note the findings and agree the action plan, or alternatively, to note the findings and not agree the action plan.

Resolved that (1) the Local Government Association Corporate Peer Challenge feedback report at Appendix 1 to the report, be noted;
(2) the action plan at Appendix 2 to the report, be approved.

(Reason for decision: The report is based on material provided by the Authority and extensive discussion with relevant members, officers, partners and residents; and the action plan is, in part, a response to the feedback report but is also aligned to the work set in train by the Elected Mayor and Cabinet as priorities for the new Chief Executive last summer.)

CAB63/19 North Tyneside Highway Asset Management Plan Annual Information Report 2019 (All Wards)

Cabinet received the North Tyneside Highway Asset Management Plan (HAMP) 2017-2032 Annual Information Report 2019 which summarised the work undertaken to demonstrate progress against delivery of performance of the Highway Management Plan during the past 12 months, future planned work activities and other items of relevant interest.

North Tyneside Council was responsible for an extensive highway network and feedback from its residents had consistently told the Authority that the maintenance of roads and footpaths was a top priority.

In September 2017, Cabinet had adopted a new HAMP 2017 - 2032, setting out the Authority's approach to maintaining North Tyneside's highways and responding to the Elected Mayor and Cabinet's policy direction which included providing a greater emphasis on footways. The HAMP included a commitment to provide Cabinet with an annual information report outlining progress and key issues associated with the maintenance of the Authority's public highway network.

Currently the highway maintenance activities delivered through the HAMP were funded through a number of funding streams. Capital work was funded by the annual Local Transport Plan Maintenance Block and in recent years additional funding had been invested through the Authority's Investment Plan.

The HAMP Annual Information Report 2019 would be used as the basis for ongoing consideration around the challenges of maintaining the highway network. The report was aimed at supporting those considerations so that any decisions about potential changes in highway maintenance priorities and resources could be made in an informed manner.

The following key highlights could be drawn from the annual report:

- The highway network was the most valuable asset in the Authority's ownership.
- The current total value of highway assets was £1,832,000,000 (£1.832 billion).
- The successful implementation of the HAMP policy and investment strategy was demonstrating that the ongoing application of highway asset management principles by the Authority was gradually improving the condition of the road network.
- The continued additional capital investment being funded directly by the Authority in highway maintenance was gradually improving the overall condition of the network in line with HAMP principles, as illustrated by the current "Road Condition Indicator" calculation results set out in the Information Report.
- The Technical Services Partnership had introduced new technology to measure silt levels in gully pots which would inform a new risk-based approach to gully cleansing. The first cycle of cleansing and data gathering had been completed with data available on over 44,000 road gullies in North Tyneside. A new gully cleansing strategy would be developed on completion of the second cycle of cleansing and data collection. The second cycle was due to be completed in October. The team would involve Elected Members in the development of the new risk-based gully cleansing strategy in order to compare the data with their experience.
- The Technical Services Partnership continued to achieve and exceed its KPI targets and through its Annual Service Plan was identifying innovative ways of working, service improvements and efficiencies.
- How the Authority spent its allocated funding needed to be carefully balanced across the Authority's highway network.
- Continued customer engagement was providing better intelligence on the public's priorities for the Authority's highway maintenance efforts. These included continuing the improvements of residential and strategic roads and footways and improving the gully cleaning service.
- Following the publication of the revised national code of practice, Well-managed Highway Infrastructure, the Technical Partnership had completed the work of producing a new risk-based highway inspection policy. This had been approved by Cabinet in October 2018 and had now become embedded in operational procedures.

Cabinet

- The Authority had delivered all programmed highway asset improvement schemes to date.

Resolved that the content of the North Tyneside Highway Asset Management Plan Annual Information Report 2019 be noted.

CAB64/19 Review of Hackney Carriage and Private Hire Licensing Policy (All Wards)

Cabinet considered a report which sought approval to commence public engagement on an updated Hackney Carriage and Private Hire Licensing Policy.

At its meeting on 1 April 2019, Cabinet had agreed that the North Tyneside Hackney Carriage and Private Hire Licensing Policy should be reviewed. The report outlined the context in which the review had commenced. The updated Policy would ensure that account was taken of the five principles of the North Tyneside Transport Strategy adopted by Cabinet on 8 May 2017, reflected the policies in the North Tyneside Local Plan and the recently adopted 'An Ambition for North Tyneside – Regeneration Strategy'.

A revised draft Policy for consultation purposes had been formulated and this was included in Appendix 1 to the report.

As well as updated legislation, the key amendments proposed to the Policy included:

- Expansion of licensing objectives to include environmental considerations;
- Allowing on line applications;
- Mandatory sign up by drivers/operators to the Disclosure and Barring Service Update Service; and
- Additional offences to be considered as part of the application process and the period of time that an applicant must be free from certain convictions before an application for a licence was granted.

In addition, it was proposed that consultation questions were asked on several other issues to gauge the views of the trade and wider community on some of the proposed elements of the Policy. These areas included:

- Use of in-car digital advertisements;
- Tinted windows when fitted as standard;
- Amendments to the knowledge test; and
- Introduction of a new objective - the promotion of environmental sustainability, along with age standards for new, replacement and renewal vehicles with lead in times.

A summary of these amendments was included in Appendix 2 to the report.

It was proposed that a process of public engagement on the proposed updated Policy would commence on 28 October 2019 for 8 weeks. This would include appropriate engagement through the Engagement Hub with residents and businesses including representatives of the taxi and PHV trade; Regulation and Review Committee; and all Members.

At the conclusion of the consultation period the draft Policy would be brought before Cabinet for its consideration on 24 February 2020. It was anticipated that the updated Policy would be in place to commence from 1 April 2020.

Cabinet

The Deputy Mayor commented that officers had been asked to ensure the consultation should be undertaken as wide as possible with residents.

Cabinet considered the following decision options: either to approve the recommendations as set out in paragraph 1.2 of the report, or alternatively, to not approve the recommendations.

Resolved that (1) the Head of Environment, Housing and Leisure be authorised to commence public consultation on the revised draft North Tyneside Hackney Carriage and Private Hire Licensing Policy at Appendix 1 to the report; and
(2) a further report be submitted to Cabinet at the conclusion of the public consultation process to seek approval to the adoption of the revised North Tyneside Hackney Carriage and Private Hire Licensing Policy.

(Reason for decision: To ensure that the existing Policy is refreshed in accordance with the commitment in the North Tyneside Transport Strategy. This will also ensure that the Policy remains transparent, accountable, proportionate and consistent.)

CAB65/19 Fostering Strategy 2019-21 (All Wards)

Cabinet considered a report seeking approval for the proposed Fostering Strategy 2019-22, attached at Appendix 1 to the report, which had been developed in consultation with foster carers and other stakeholders.

The Strategy sought to give effect to the Authority's duties under Section 22G of the Children Act 1989 which required the Authority to take steps to secure, so far as reasonably practicable, sufficient accommodation within the Authority's area which met the needs of children that the Local Authority cared for and whose circumstances were such that it would be consistent with their welfare for them to be provided with accommodation that was in the Local Authority's area (the so-called 'sufficiency duty').

Details of the consultation process, findings and implications were set out in Appendix 3 to the report.

The Strategy identified five key changes that the Authority's Fostering Service would implement if the Strategy was approved. Under the Strategy the Authority would:

- In line with the Our North Tyneside Plan to listen, consult more widely and more often - this element of the Strategy related to feedback from foster carers that their voice and experience had not been as central to developments in fostering as possible. The Fostering Strategy detailed a range of actions that would improve consultation and engagement with the Authority's fostering community. As with the consultation to inform the current improvements these consultation events would be supported by the participation and engagement service.
- Pay more and pay differently in order to establish transparency in finance and a competitive fostering payment structure to improve recruitment of foster carers - this element of the Strategy related to the need to respond to innovations by other providers in relation to payments to foster carers and the need for payments by the Authority to be competitive. The Strategy detailed a range of changes to the payments made to foster carers, most significantly linking payments to the skills of carers and training accessed. It

also included uplifts in the amounts of some allowances, achieving parity with the payments made by other providers. These changes represented critical elements of the Authority's recruitment and retention effort.

The Fostering Framework, which set out the revised level of payments and the rationale for the introduction of Payments for Skills framework, was attached at Appendix 2 to the report.

- Offer more and better support, following the Our North Tyneside Plan to support people to be cared for and protected - this element of the Strategy related to the need for the Authority to be a Fostering Agency of choice for prospective foster carers. It detailed enhancements in the support that was offered to foster carers.
- Make the fostering role more visible and accessible as part of the corporate parenting responsibility of the whole Authority - this element of the Strategy related to the need for the Authority to be more active in marketing its need for and offer to prospective foster carers. It included the deployment of a dedicated advertising budget.
- Offer more training to more skilled carers in order to encourage and enable carers to meet the needs of vulnerable children young people - this element of the Strategy focused on the training offer to foster carers provided by the Authority. It detailed a competitive and compelling offer.

Cabinet considered the following decision options: to accept the recommendations set out in paragraph 1.2 of the report, or alternatively, to not approve the recommendations.

Resolved that approval be given to the Fostering Strategy 2019-22 and its implementation by the Head of Health, Education, Care and Safeguarding, as detailed within the report.

(Reasons for decision: In order to meet the Foster Care needs of the Borough.)

CAB66/19 Better Care Fund Plan for 2019/20 (All Wards)

Cabinet considered a report which sought approval of the proposed plan for the Better Care Fund (BCF) covering the financial year 2019/20.

The Better Care Fund Policy Framework for 2019/20 had been published on 10 April 2019 by the Department of Health and Social Care and the Ministry of Housing, Communities, and Local Government. The BCF, which had been in operation since 2015/16, was a government initiative to improve the integration of health and care services, with an emphasis on keeping people well outside of hospital and facilitating discharge from hospital.

The BCF created a pooled fund, managed jointly by the Authority and NHS North Tyneside Clinical Commissioning Group (CCG). The total value of the fund was £27,547,883, an increase of 14.1% over 2018/19.

CCGs were required to contribute a defined amount to the fund, to support adult social care. The resulting income from the NHS was £10.5 million. Together with the "Improved Better Care Fund", which was paid directly by Government to the Authority, the BCF supported 21% of adult social care revenue expenditure.

Cabinet

BCF income helped to fund the Authority's community based social care services, such as reablement, immediate response home care, CareCall, and loan equipment/adaptations. It also contributed towards services to support carers, the Community Falls First Responder Service, and to independent living support for people with learning disabilities.

Government guidance for the BCF stated that 2019/20 was to be a year of minimal change for the BCF. The national conditions for the fund were unchanged. BCF plans were required to be signed off by Health and Wellbeing Boards (HWB), and the North Tyneside HWB had approved the BCF plan on 12 September 2019.

An allocation for winter pressures, which in 2018/19 had been paid direct to local authorities but not included in the BCF, was included in the BCF for 2019/20. In 2018/19 that money had been used to support short-term admissions to residential care (79% of the funds) and additional hours of home care support (21% of the funds). Both of these measures relieved pressure on the NHS by supporting discharge from hospital or avoiding admission to hospital.

The timetable for submitting a BCF plan was in advance of the timetable for agreeing a winter plan. Discussions with NHS and social care stakeholders had been organised by the Local Area Delivery Board (LADB) to progress a Winter Plan for 2019/20.

The BCF Partnership Board would take soundings from the LADB, to determine the most appropriate use of winter pressures funding to support the 2019/20 Winter Plan, as it was developed further.

The plan represented a natural progression from the 2017/18/19 plan, with some changes to take into account progress that had been made. Within the Future Care Programme, action was under way to further develop services for older people, which would lead to reconfiguration of some services included in the BCF, within the overall financial envelope set out in the BCF Plan. An Integrated Community Frailty Service for North Tyneside would be created through the reconfiguration of Care Point, Care Plus, Day Hospital services, and the intermediate care beds at Howdon and Royal Quays.

Further details on each of the key elements of the Framework were set out in the report.

Cabinet considered the following decision options: to accept the recommendations set out in paragraph 1.2 of the report; or alternatively, not to approve the recommendations and suggest an alternative approval mechanism to ensure that North Tyneside was able to meet the externally prescribed timetable for submission of the BCF plan to NHS England.

Resolved that (1) the arrangements and progress made to date in developing the Better Care Fund in North Tyneside be noted; and
(2) the Head of Health, Education, Care and Safeguarding, in consultation with the Chair of the Health and Wellbeing Board, the Cabinet Member for Adult Social Care and the Cabinet Member for Finance and Resources, be authorised to approve the final Better Care Fund plan on behalf of the Authority for submission to the Department of Health.
(Reasons for decision: The continuation of the Better Care Fund presents an opportunity to take forward the principles of the Health and Wellbeing Strategy. Delay in agreeing a plan for use of the Fund may lead to delays the release of funds by NHS England.)

CAB67/19 Council Tax Empty Homes Premium (All Wards)

Cabinet considered a report which sought approval to consult upon the introduction of a Council Tax premium for domestic properties that had been unoccupied and unfurnished for a period in excess of two years.

In the November 2017 Budget, the Chancellor of the Exchequer had announced the government's intention to legislate to bring the maximum charge for long term empty homes in England up to 200%.

Subsequently, changes in legislation enabled local authorities to increase Council Tax empty property premiums at the following rates:

- a) From 1 April 2019, a 100% Council Tax Premium for properties that had been unoccupied and unfurnished for more than two years.
- b) From 1 April 2020, a 200% premium on properties that had been empty for five years or more.
- c) From 1 April 2021, a 300% premium on properties that had been empty for ten years or more.

In North Tyneside, as at 1 September 2019, the total number of properties that could attract the Council Tax premium stood at 460. Of those properties 305 had been empty for a period of between 2 and 5 years, 104 properties empty for a period of between 5 and 10 years with 51 properties empty for more than 10 years. The breakdown of these empty properties by Council Tax band was shown in Table 1 of the report.

If the Council chose to implement a 100% premium for properties that had been unoccupied and unfurnished for a period in excess of two but less than five years a debit would be created as detailed in Table 2 of the report. If the Council also chose to implement a 200% premium for properties that had been unoccupied and unfurnished for a period in excess of five years a further additional debit would be created, as set out in Table 3 of the report.

From Tables 2 and 3 the total debit initially created based on the situation as at 1 September 2019 would amount to £635,357. As other local authorities had found some difficulty in collecting the premium, it was prudent to build in an allowance for non-collection. Assuming a collection rate of 85%, this would reduce the collectable debit to £540,053. Of this debit collected 12.2% would be collected on behalf of Northumbria Police and the Tyne and Wear Fire and Rescue Service as part of their Council Tax precept. This would reduce the North Tyneside Council element of the additional debit to £474,167.

The concept behind the introduction of Council Tax premiums was to encourage owners to bring their long-term empty properties back in to use by providing a financial disincentive for absentee landlords or owners to retain on a long term basis empty properties. It was therefore anticipated that if the initiative was successful the amount of additional Council Tax debit created would diminish considerably.

The majority of long-term empty properties in North Tyneside were in the lowest Council Tax band (A), often in the more deprived areas of the borough and if brought back in to occupation

Cabinet

could be a useful source of more affordable housing. However, the potential benefits of the proposals did need to be considered in the context that in some areas where there might currently be a lower demand for rental properties, some owners may feel forced into letting properties to avoid paying the premium. This in turn could result in property management problems if properties were let to unsuitable tenants.

The report suggested that Cabinet may wish to consider proposing that some of the additional Council Tax income gained from introducing the premiums was used to support the initiatives already in place to tackle empty homes in the Authority's Housing and Regeneration Teams, as outlined in the report.

Cabinet considered the following decision options: to agree to carry out consultation on the introduction of Council Tax premiums and bring back results of the consultation to Cabinet for it to consider making proposals to full Council; or alternatively, to not approve the recommendations and ask that an alternative approach be considered.

Resolved that (1) the Authority carries out consultation on the introduction of Council Tax premiums and the results of the consultation be brought back to Cabinet for consideration; and (2) it be noted that any decision to introduce Council Tax premiums is the responsibility of Full Council.

(Reason for decision: Consultation will provide an opportunity for residents, landlords and other key organisations to express an opinion on the use of Council Tax premiums to bring long term empty properties back into use.)

CAB68/19 Chair's Announcement

The Deputy Mayor welcomed the three newly appointed North Tyneside Council Trainee Graduates who were in attendance - namely Eleanor Uren, Frankie Burrows and Kirstin Stevely. Eleanor would be working in HR on a student placement. Frankie and Kirstin had joined via the National Graduate Development Programme, Frankie would be working in HECS and Kirstin was working in Corporate Strategy and would be focusing on Customer Services. Together, the three of them would also be looking at the Council's future approach to graduate recruitment and development.

CAB69/19 Exclusion 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 3 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.

(At this point Councillor B Pickard relinquished the chair to Councillor G Bell as he had earlier declared a registerable personal interest in relation to the following item).

CAB70/19 Delivering Housing Growth through the North Tyneside Trading Company Tyneside (Valley and Weetslade Wards)

Cabinet considered a report which sought approval for the Final Business Case prepared by Aurora Properties (Sale) Limited to develop seven executive homes for open market sale on the site of the former Backworth Primary School; and approval in principle to the development of the Annitsford Farm site through Aurora Properties (Sale) Limited for residential purposes; and to receive a further report on this scheme once the Final Business Case had been fully developed.

Cabinet considered the following decision options: to approve the recommendations as set out in paragraph 1.2 of the report, or alternatively, to not approve the recommendations.

Resolved that (1) the former Backworth Primary School site be declared surplus to requirements and approval be given to proceed with the demolition of the existing building, clearance of the site and to deal with all ancillary matters to ensure clean title;

(2) the development of the site be approved in line with the Final Business Case attached to the report at Appendix 3, subject to the necessary approvals from the Secretary of State;

(3) the Head of Commissioning and Asset Management, in consultation with the Elected Mayor, the Head of Law and Governance and the Head of Resources, be authorised to agree minor modifications to the Final Business Case provided it remains within the financial envelope as set out in the report;

(4) the Authority shall provide all necessary support to Aurora Properties (Sale) Limited, by way of finance, both debt and equity funding, in the most efficient manner, complying at all times with State aid Regulations, all other relevant legal requirements and the Authority's Constitution and Financial Regulations provided there are no additional financial implications for the Authority which cannot be contained within existing budgets, on such appropriate terms as approved by the Head of Resources, in consultation with the Head of Law and Governance;

(5) the Head of Commissioning and Asset Management, in consultation with the Elected Mayor, Head of Resources and Head of Law and Governance, be authorised to agree the terms of disposal of the site by private treaty, complete negotiations for the sale of the site to Aurora Properties (Sale) Limited in accordance with all relevant legal requirements, the Authority's Constitution and Financial Regulations; and

(6) the development of Annitsford Farm through Aurora Properties (Sale) Limited and / or Aurora Properties (Rental) Limited for residential purposes be approved in principle, dependent on a Final Business Case being approved by Cabinet at a future meeting.

(Reasons for decision: It will support the Mayoral priority as outlined in the Our North Tyneside Plan 2018-2020 that Our Places will be great places to live and offer a good choice of quality housing appropriate to need and deal with the vacant disused former school building to continue to develop places that people like living in and that will attract others to visit or work here.

The homes built for market sale are commercially viable and would potentially return a profit to Aurora Properties (Sale) Limited after repayment to the Authority of the loan and associated interest. Aurora Properties (Sale) Limited could then determine how this profit is used.

The increase of the supply of market homes will improve and benefit the area and support the local economy.)

Cabinet

CAB71/19 Date and Time of Next Meeting

Monday 25 November 2019 at 6.00pm

Minutes published on Thursday 17 October 2019.

Unless called in by 3 Non-Executive Members for consideration by the Overview, Scrutiny and Policy Development Committee, the decisions contained within these Minutes may be implemented immediately following the expiry of the call-in period; i.e. 5.00pm on Thursday 24 October 2019.

North Tyneside Council Report to Cabinet 25 November 2019

Title: 2019/20 Financial Management Report to 30 September 2019

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

Responsible Officer: Janice Gillespie, Head of Resources **Tel: 643 5701**

Wards affected: All

PART 1

1.1 Executive Summary:

This report is the third monitoring report to Cabinet on the 2019/20 financial position. The report brings together financial and performance information with the intention of explaining the current financial position in the context of the policy priorities in the Our North Tyneside Plan. It provides a further indication of the potential revenue and capital position of the Authority at 31 March 2020.

The report explains where the Authority continues to manage financial pressures. Like most local authorities, North Tyneside Council continues to face significant financial pressures. These were reported in the 2018/19 Outturn Report and continue to manifest in 2019/20.

In considering the financial outlook for 2019/20, Services have considered the financial pressures they will face and how they will mitigate these. The current forecast for the year is a projection of a residual gap of £4.809m, an improvement of £0.434m from July.

At this stage in the financial year, Cabinet will understand that there are still aspects of the £10.533m 2019/20 savings programme to be met to deliver the General Fund budget approved by Council on 21 February 2019. A number of sessions have already been held by the Senior Leadership Team to give early consideration as to the actions required to manage the financial risks identified for 2019/20, including what additional actions can be taken in line with the Authority's Efficiency Statement. As a result, £2.582m is included within the £4.809m overall pressure outlined above, which represent the residual balances of the challenging cross-cutting savings targets.

This is the third report of the financial year and necessarily reflects these known pressures the Authority will be required to manage during the rest of the financial year. As well as an explanation of any previously identified risks that have crystallised, this report sets out any new risks that may have a financial impact on the Authority. It is anticipated that the overall in-year pressures will be managed by the Services, enabling the Authority to again deliver a balanced position at year end.

The report includes details of any additional grants received by the Authority since the budget was set. The report also advises Cabinet of the position so far on the 2019/20 Schools budgets, planning for 2020/21, Schools funding and the forecast outturn for the Housing Revenue Account as at 30 September 2019.

The report provides an update on the 2019/20 Investment Plan, including delivery so far this year, along with details of variations and reprofiling of the Investment Plan which are presented to Cabinet for approval.

At the halfway point of the financial year this report also provides updates on the delivery of the Treasury Management Strategy, the Prudential Indicators and the performance of the Collection Fund.

1.2 Recommendations:

It is recommended that Cabinet:

- (a) notes the forecast budget monitoring position for the General Fund, Schools' Finance and Housing Revenue Account (HRA) as at 30 September 2019 (Annex sections 1, 5 and 6);
- (b) notes the Authority's Investment Plan spend of £18.698m to 30 September 2019 and the financing of the Plan to the end of the year (Annex Section 7);
- (c) approves variations of £10.506m within the 2019 – 2023 Investment Plan (Annex Section 7);
- (d) approves the receipt of £0.162m of new Revenue grants and £10.000m capital grant;
- (e) note the performance of the Treasury Management Strategy (Annex Section 8);
- (f) note the performance against the Prudential Indicators (Annex Section 9);
- (g) note the performance of the Collection Fund (Annex Section 10)

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 2 August 2019.

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 third monitoring report presented to Members on the Authority's 2019/20 financial position. It provides the third indication of the expected revenue and capital financial position of the Authority as at 31 March 2020.

The report covers:

- The forecast outturn of the Authority's General Fund and HRA revenue budget including management mitigations where issues have been identified;
- The delivery of 2019/20 approved budget savings plans; and
- An update on the Capital Investment Plan, including details of variations and reprogramming, that is recommended for approval.

General Fund Revenue Account:

The budget for 2019/20 was approved by full Council at its meeting on 21 February 2019. The net General Fund revenue budget was set at £155.730m. This included £10.533m of savings to be achieved (£6.875m relating to 2019/20).

The forecast overall pressure is estimated at £4.809m against an approved net budget of £155.730m. This is driven mainly by Health, Education, Care & Safeguarding reflecting the continued pressures in Children's Services of £4.615m and Adult Services of £1.384m, partly mitigated by the contingency balances that were created by Cabinet as part of the 2018/19 budget setting process and continue to be held centrally to reflect the on-going pressures in social care being felt locally and nationally.

Included in this projection is £3.656m of pressures in Corporate Parenting and Placements and £2.178m in Wellbeing and Assessment. The drivers for these pressures continue from 2018/19 and arise from:

- Continued growth in demand in Adult and Children's Social Care Services;
- The timing of delivery of some aspects of the Efficiency Savings Programme to the extent that achievement of some savings may be at risk;
- Managing the costs of the shared pressure with the North Tyneside Clinical Commissioning Group around agreeing adequate levels of contributions for clients with health needs and to support social care; and
- Negotiations continuing with care providers to assess the impact of the National Living Wage and the consequential impact on our commissioning costs for 2019/20.

The other main areas of pressure exist within the Resources section, primarily due to additional costs within ICT Retained Services. It is anticipated that the overall outturn forecast will improve over the course of the financial year as planned remedial actions begin to impact on both expenditure and income.

New Revenue Grants:

The following new Revenue grants have been received during the period August – September 2019:

Service	Provider	Grant	Purpose	Value (£m)
Environment, Housing & Leisure	Department of Health & Social Care	New Tobacco Burdens	To support implementation of the Tobacco Product Directive and Age of Sale nicotine Inhaling Products legislation	0.003
Commissioning & Asset Management	Department for Education	Extension of the Role of Virtual School Heads	To support the extension of this role of certain previously looked after children and make information and advice available	0.054
Health, Education, Care and Safeguarding	European Social Fund	North of Tyne – Working Homes	To support delivery of a housing employability framework	0.105
Total				0.162

School Funding:

Schools are required to submit their rolling three year budget plan by 31 May each year. The total planned deficit for 2019/20 is £5.045m. Cabinet will be aware that the Authority has been working with schools for a number of years with regard to the long-term strategic issue of surplus secondary places and the associated financial pressures which continue to be compounded by rising employment costs. As anticipated, 2018/19 was the fourth year of balances decreasing following a long term trend of rising balances in North Tyneside and the overall projected balances for 2019/20 continues this trend.

As well as school balances reducing overall, some individual schools continue to face significant financial challenges. There were nine schools with approved deficits in 2018/19 and five of these schools continue to be in deficit for 2019/20. Six schools are also new to deficit in 2019/20.

Cabinet will recall that the High Needs Block ended 2018/19 with a pressure of £0.920m. Initial forecasting of the budget position for 2019/20 indicated a similar level of pressure within the year of £0.952m. However, at September the anticipated pressure is now £2.616m reflecting the rise in demand for special school places within the Authority and a general increase in complexity of children supported in special schools and within mainstream schools. This increase in demand is in line with the national picture and the Authority is planning for places at the end of 2019/20 to total approximately 776. This compares to a total of 664 places at the beginning of 2018/19.

Housing Revenue Account (HRA):

The HRA is forecast to have year-end balances at 31 March 2020 of £7.585m, which are £3.714m higher than budget which was set at £3.871m. The higher than forecast balances are mainly as a result of higher opening balances due to the impact of the previous year's financial performance (£1.101m) but there is also an in-year estimated underspend of (£2.613m), against an in-year budget of £2.331m, due to additional income of (£0.496m) combined with reduction to expenditure of (£2.117m) which is linked to savings identified following the end of the Kier JV from April 2019.

Universal Credit was fully implemented across North Tyneside on 2 May 2018. As of the end of September 2019, 2,850 North Tyneside Homes tenants have moved on to Universal Credit and a team is working proactively with tenants to minimise arrears. This position will be closely monitored as the year progresses to identify any adverse impacts on the budget position.

Investment Plan:

The 2019-2023 Investment Plan, as adjusted for proposed reprogramming, totals £210.933m (£75.000m 2019/20) and is detailed in table 20 of the Annex. The Annex to this report also sets out in Section 7 delivery progress to date, planned delivery for 2019/20, reprogramming and other variations identified through the Investment Programme Governance process.

1.5.2 Performance against Council Plan

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

Our People will:

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

Our Places will:

- Be great places to live by focusing on what is important to local people.
- Be a thriving place for choice of visitors through the promotion of our award winning parks, beaches, festivals and seasonal activities.
- Offer a good choice of quality housing appropriate to need, including affordable homes.

- Benefit from the completion of the North Tyneside Living project and by North Tyneside Council's housing stock being decent, well managed and its potential use maximised.
- Provide a clean, green, healthy, attractive and safe environment.
- Have an effective transport and physical infrastructure - including our roads, cycle ways, pavements, street lighting, drainage and public transport.
- Continue to regenerate Wallsend and Whitley Bay while ambitious plans will be developed for North Shields, Forest Hall and Killingworth.

Our Economy will:

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

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

In common with most local authorities, and in line with the national picture, North Tyneside Council has seen costs within adult social care continue to rise. The number of adults supported in placements within Residential and Nursing Care and Homecare and Extra Care have risen during the second quarter on 2019/20. The increase in demand is combined with the individual needs of those clients increasing due to living longer with multiple complex conditions. Supporting those needs requires more intensive packages of care which are more expensive to provide. In addition to older people, younger adults with learning disabilities and physical disabilities are also living longer, often with multiple complex issues.

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.

Over recent years, there has been an increase nationally in demand for children's residential placements but with no corresponding increase in central government funded provision. As such, the levels of looked after children (LAC) and children who require supervision after leaving care continue to generate a significant financial pressure. In year data suggests that our LAC levels have risen steadily from 293 in September 2018 to 315 in September 2019 (as per Chart 4 in 4.2.25 of the Annex). There are a wide range of levels of care provided, with more complex cases now being faced. Increasing demand and complexity continues to drive financial pressure in 2019/20 and the Authority is forecasting a pressure of £3.656m in Corporate Parenting and Placements.

1.5.3 Investment Plan

An officer led review of the Investment Plan has resulted in proposals for variations of £10.506m of which more details are set out in Section 7 of the Annex to this report. The revised Investment Plan stands at £75.000m for 2019/20 and to the end of September 2019 spend of £18.698m had been incurred which represents 24.93% of the revised plan.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

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

Options 2

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

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

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

1.8 Appendices:

Annex: Financial Management Report to 30 September 2019
Appendix 1: 2019 – 2023 Investment Plan

1.9 Contact officers:

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

1.10 Background information:

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

- (a) Revenue budget 2019/20
<https://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/NTC%20Revenue%20Budget%20201920.pdf>
- (b) Investment Plan 2019-23
<https://my.northtyneside.gov.uk/sites/default/files/meeting/related-documents/2019-2023%20Financial%20Planning%20and%20Budget%20Process%20Final%20Report.pdf> (page 22-25)

- (c) Reserves and Balances Policy (Appendix G)
https://my.northtyneside.gov.uk/sites/default/files/meeting/related-documents/cabinet%20ex%20agenda%20for%2021%2001%202019_0.pdf
(page 128-133)
- (d) Overview, Scrutiny and Policy Development Performance Report
<https://my.northtyneside.gov.uk/sites/default/files/meeting/related-documents/6.%20OSPD%20Performance%20report%20%28June%202019%29.pdf>
- (e) Treasury Management Economic Commentary Detail Report
- (f) LINK Interest Rate Forecast
- (g) 2019-20 Treasury Management Upside Downside Risks

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 2 December 2019.

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 2019/20 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

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

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2019/20 Financial Management Report Annex

INDEX

Section	Page
1. General Fund Income and Expenditure Summary	2
2. Delivery of Budget Savings Proposals	5
3. New Revenue Grants	9
4. Service Commentaries	10
5. Schools Finance	30
6. Housing Revenue Account	33
7. Investment Plan	37
8. Treasury Management	42
9. Prudential Indicators	46
10. Collection Fund	52

SECTION 1 - GENERAL FUND SUMMARY

1 General Fund Revenue Forecast

- 1.1 This report is the third monitoring report to Cabinet on the 2019/20 financial position. The report brings together financial and performance information with the intention of explaining the current financial position in the context of the policy priorities in the Our North Tyneside Plan. It provides an indication of the potential revenue and capital position of the Authority at 31 March 2020. The report explains where the Authority continues to manage financial pressures as, in common with most local authorities, North Tyneside Council continues to face significant financial challenges. These were reported in the 2018/19 Outturn Report and continue to manifest in 2019/20.
- 1.2 The Authority's approved net revenue budget of £155.730m is forecast to outturn with a pressure of £4.809m (a pressure of £5.243m in July). The budget includes £6.875m of savings as agreed at Council on 21 February 2019. Table 1 in paragraph 1.7 below sets out the variation summary across the General Fund.
- 1.3 The most significant amount of these pressures continue to exist within Health, Education, Care and Safeguarding, primarily relating to demand and complexity driven pressures within adults and children's social care. Children's Services are forecasting a year end pressure of £4.615m (up from a forecasted pressure of £3.775m at July) and Adults Services are forecasting a pressure of £1.384m (an improvement from the £2.596m pressure in July). As Members will recall from 2018/19, the Authority is currently holding two contingency

balances centrally for Children's (£2.616m) and Adults (£1.800m). Further details are contained within this report in Section 4.2.

- 1.4 On-going pressures relate to the previous Customer Journey Programme and the development of the Outsystems software. Further details can be found in section 4.7 of this report.
- 1.5 In Environment, Housing & Leisure (EHL) prudent forecasts suggest that the outturn position will be a pressure of £0.353m, an improvement of £0.232m since the last report. The main pressures are staffing, energy and rates. The Service is committed to delivering a balanced position and is continuing to work on identifying options around the remaining pressures. Further details can be found in section 4.4.
- 1.6 Central Items is forecasting an underspend of £3.320m, representing an improvement of £0.386m since the last report. This includes contingencies of £4.636m, which, if allocated, would produce pressures in Central Items of £1.316m. These pressures are a result of Central Items holding the targets for the cross-cutting savings proposals, partially offset by forecasted underspends generated by management actions around Strain on the Fund and the Authority's Treasury Management Strategy.

1.7 Table: 1 2019/20 General Fund Revenue Forecast Outturn as at 30 September 2019

	Gross Expenditure as at September 2019			Income as at September 2019			Net Expenditure as at September 2019			July 2019
	Budget	Forecast	Variance	Budget	Forecast	Variance	Budget	Forecast	Variance	Variance
Services	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Health, Education, Care and Safeguarding	178.534	189.203	10.669	(110.701)	(115.371)	(4.670)	67.833	73.832	5.999	6.371
Commissioning and Asset Management	207.440	211.635	4.195	(185.277)	(189.081)	(3.804)	22.163	22.554	0.391	0.182
Environment, Housing and Leisure	71.425	74.164	2.739	(29.290)	(31.676)	(2.386)	42.135	42.488	0.353	0.585
Regeneration and Economic Development	2.193	2.281	0.088	(1.022)	(0.994)	0.028	1.171	1.287	0.116	0.142
Corporate Strategy	1.785	2.034	0.249	(1.587)	(1.702)	(0.115)	0.198	0.332	0.134	0.157
Chief Executive	0.406	0.368	(0.038)	(0.486)	(0.486)	0.000	(0.080)	(0.118)	(0.038)	(0.064)
Resources	79.829	72.257	(7.572)	(78.338)	(69.774)	8.564	1.491	2.483	0.992	0.839
Law and Governance	3.666	4.650	0.984	(3.811)	(4.613)	(0.802)	(0.145)	0.037	0.182	(0.035)
Central Items	16.059	12.739	(3.320)	(15.108)	(15.108)	0.000	0.951	(2.369)	(3.320)	(2.934)
Support Services	20.013	20.013	0.000	0.000	0.000	0.000	20.013	20.013	0.000	0.000
Total Authority	581.350	589.344	7.994	(425.620)	(428.805)	(3.185)	155.730	160.539	4.809	5.243

SECTION 2 - DELIVERY OF BUDGET SAVINGS PROPOSALS

2.1 The combined budget savings of £6.875m in 2019/20 approved by Council in February 2019 bring the total savings the Authority has had to find in the nine years following the 2010 Comprehensive Spending Review (CSR) to £126.951m.

2.2 **Table 2: Year on Year savings since 2010 CSR**

Year	£m
2011/12	16.169
2012/13	16.739
2013/14	12.240
2014/15	16.552
2015/16	14.158
2016/17	15.737
2017/18	18.338
2018/19	10.143
2019/20	6.875
Total Savings	126.951

2.3 In addition to the £6.875m of savings proposals required in 2019/20, £3.658m of prior year savings require a permanent solution in 2019/20. These savings were successfully achieved by in-year management actions during 2018/19. The total amount of savings that need to be achieved in 2019/20 is therefore £10.533m.

2.4 In tracking progress made against each individual saving proposal, a total of £7.753m, representing 74% of the target, is already forecast to be saved in 2019/20 (July, £7.470m and 71%). These figures include mitigating items of £1.400m comprising of the £1.100m of management actions which have been identified as achievable via Central Items in 2019/20 and a further £0.300m additional health income which is mitigating a savings target within HECS. A prudent approach is taken to reporting efficiency savings and they will only be reported as achieved in the forecast position when the impact can be seen flowing into the general ledger. As such it is projected that 26% of the target still needs to be achieved (July, 29%).

2.5 **Table 3: Efficiency Savings by Service at September 2019**

Service	2019/20 Target £m	Projected Delivery £m	Management Actions £m	Still to Achieve £m
Regeneration and Economic Development	0.103	0.075	0.000	0.028
Central Items	6.058	2.376	1.100	2.582
Commissioning & Asset Management	0.176	0.176	0.000	0.000
Corporate Strategy	0.042	0.022	0.000	0.020
Environment, Housing & Leisure	0.886	0.886	0.000	0.000
Health, Education, Care & Safeguarding	3.268	2.818	0.300	0.150
Total	10.533	6.353	1.400	2.780

2.6 The governance structure of the Efficiency Savings programme includes a monthly review of progress by the Senior Leadership Team (SLT). In addition, in-year budget and performance progress meetings are held between officers and Cabinet Members to consider progress and actions being taken to deliver savings. The main variations in relation to the savings still to be achieved are outlined in the sections below.

Central Items

2.7 The £2.582m of savings targets, currently forecast as still needing achievement, relate to cross-cutting targets from the following Efficiency Statement categories; A Focus on the Social Care Customer Experience (£0.903m), How We Are Organised (£0.687m) and Delivering Our Fees & Charges Policy (£0.992m).

2.8 These ambitious cross-cutting savings proposals were identified as being challenging to achieve and, as such, Cabinet and SLT have been working to formulate a permanent solution to meet these targets. In the previous financial year, the Authority was able to take advantage of its Treasury Management Strategy to secure in-year mitigations to offset these targets. Continued benefits of this Strategy have enabled management actions of £1.100m to be identified, which will provide in-year mitigations to these targets in 2019/20. SLT is continuing to work on identifying further activity, actions and plans to achieve the residual target.

2.9 One of the cross-cutting savings targets that is yet to be achieved relates to a proposal to maximise the Authority's resources in relation to sourcing, supply chain and commercials. The initial business case was developed in 2017/18 and included an ambitious target of £2.000m to be delivered by the end of 2018/19. A range of work has been performed in 2017/18 and 2018/19 which has allowed the Authority to realise £0.408m of this saving. A further £0.400m is expected to be achieved during 2019/20 and management actions of a further £0.200m are expected to be available to support the delivery of this target in 2019/20. Despite the level of work performed so far, the residual target remains a significant challenge for the Authority. SLT is working on developing new activities, actions and plans to deal with this residual target.

Central Items – Procurement

- 2.10 The review of the Procurement arrangement with ENGIE has proven that the original savings targets were overestimated. The Authority has a track record of delivering greater than anticipated savings from Procurement than previously expected. The Authority has already delivered substantial Procurement savings, which can be demonstrated within Construction but this has mostly been seen within the Housing Revenue Account. Following work completed in the early part of 2019/20, it is now estimated that the Authority can deliver a further £0.400m of savings within the General Fund from Procurement.

Central Items – Management

- 2.11 The initial management savings target was £2.500m and to date the Authority has achieved £1.300m. Actions currently underway which may have an impact and generate further savings are:
- Contracted Services returning in-house;
 - Redesigning Housing & Construction with wider impact on Environment Housing & Leisure; and
 - Service restructures.

Central Items – Customer Service / Community Hubs

- 2.12 The initial savings target was £2.000m and to date the Authority has achieved £0.600m. Currently it is expected that a maximum of £0.200m can be achieved from the Community Hubs project due to a range of factors such as the Authority's commitment to its Customer Services offer, its commercial boundary with ENGIE and property costs at Wallsend and Whitley Bay. Through a range of available management actions, the Authority may be able to allocate an additional £0.300m against these tasks to reduce the overall residual balance.

Health, Education, Care and Safeguarding

- 2.13 HECS is forecasting to deliver £2.818m (86%) of its targets at this stage in the year. Savings targets which still require achievement as at September 2019 are an amount of £0.100m relating to the implementation of assistive technology under the Efficiency Statement category of A Focus on the Social Care Customer Experience and £0.050m relating to generating new income streams under Leading Sector-Led Improvement. A target relating to 2018/19 in relation to the revision of quality bandings for care homes has been met in year by additional CCG income of £0.300m with arrangements progressing to permanently deliver this saving from 2020/21.
- 2.14 A prudent view is being taken around savings to be achieved as these are delivered over the course of the year by on-going robust review and management actions rather than as a one-off activity with a discrete start and end date as in, for example, a staffing restructure. These targets are all viewed as on track in terms of management actions and the management within HECS is confident of delivering fully against targets in cash terms in due course.

However, at this stage in the year, these savings have been assumed as still requiring achievement whilst careful monitoring of actual results continues.

SECTION 3 – NEW REVENUE GRANTS

3.1 The following new revenue grants have been received or notified during August and September 2019.

Table 4: Grants Received or Notified in August and September 2019

Service	Grant Provider	Grant	Purpose	2019/20 value £m
Environment Housing and Leisure	Department of Health and Social Care	New Tobacco Burdens	To support implementation of the Tobacco Product Directive and Age of Sale Nicotine Inhaling Products legislation	0.003
Commissioning and Asset Management	Department for Education	Extension of the Role of Virtual School Heads	To support the extension of this role to certain previously looked after children and make information and advice available	0.054
Health, Education Care and Safeguarding	European Social Fund (via Northumberland County Council)	North of Tyne – Working Homes	To support delivery of a housing employability framework.	0.105
Total				0.162

SECTION 4 – SERVICE COMMENTARIES

4.1 Meetings have been held between finance officers and budget managers to review the forecast positions for 2019/20, with forecasts being prepared on a prudent basis. Meetings have taken place with Lead Members to review the 2018/19 outturn, the initial outlook for 2019/20 and the quarter one position. Further meetings are scheduled on a quarterly basis with officers, the Elected Mayor, the Deputy Mayor, the Cabinet Member for Finance and Resources, and other relevant Cabinet Members to discuss the in-year finance and performance position. Heads of Service and their senior teams will also attend to discuss plans in progress to mitigate any pressures.

4.2 Health, Education, Care & Safeguarding (HECS)

4.2.1 HECS is forecasting a pressure against its £67.833m net controllable expenditure budget of £5.999m. This represents an improvement of £0.372m since the July forecast variance of £6.371m. This forecast position excludes the application of contingency budgets set aside in Central Items for pressures in Adult Services of £1.800m and within Children’s Services of £2.616m.

4.2.2 Table 5: Forecast Variation for HECS at September 2019

	Budget £m	Forecast £m	Variance Sept £m	Variance July £m
Corporate Parenting and Placements	16.495	20.151	3.656	2.898
Early Help and Vulnerable Families	1.236	1.302	0.066	0.068
Employment and Skills	0.546	0.543	(0.003)	(0.015)
Integrated Disability and Additional Needs Service	2.269	3.226	0.957	0.800
School Improvement	0.088	0.027	(0.061)	0.024
Regional Adoption Agency	0.000	0.000	0.000	0.000
Children’s Services Sub-total	20.634	25.249	4.615	3.775
Wellbeing, Governance & Transformation	2.299	2.285	(0.014)	0.017
Disability & Mental Health	31.259	30.502	(0.757)	0.560
Wellbeing & Assessment	10.299	12.477	2.178	2.048
Integrated Services	2.919	2.827	(0.092)	(0.120)
Business Assurance	0.318	0.387	0.069	0.091
Adult Services Sub-total	47.094	48.478	1.384	2.596
Public Health	0.105	0.105	0.000	0.000
Total HECS	67.833	73.832	5.999	6.371

Main budget pressures across HECS

- 4.2.3 In addition to its normal complex budget management, HECS has been required to deal with a combination of pressures and national policy changes. There are continuing upward pressures on care providers' fees partially resulting from the National Living Wage and negotiations continue around ensuring funding contributions from NHS for clients with health needs as the North Tyneside Clinical Commissioning Group (NTCCG) themselves face continuing budget constraints.
- 4.2.4 The main factor behind the total pressure is significant pressure within Corporate Parenting and Placements in relation to care provision for children in care and care leavers. There has been a rise in the number of children in care to 315 from 304 at July 2019 (see 4.2.25 below) and this, in addition to an increased forecast for respite costs for children with a disability, explains the increased budget variance at September for children's services. In addition to third party care provision pressures, there are also on-going pressures in the workforce arising from staff retention costs and recruitment costs. Within adult services, cost pressures remain in relation to third party care provision especially in relation to older people. There has, however, been an increased income contribution from the NHS to support clients with complex mental health needs and to reflect inflationary pressures in social care for services which prevent admission to hospital and facilitate earlier discharge. This increased income has offset increased third-party payments within adult services and has partially offset increased costs relating to the higher numbers of children in care resulting the overall reduction in budget pressure of £0.372m.

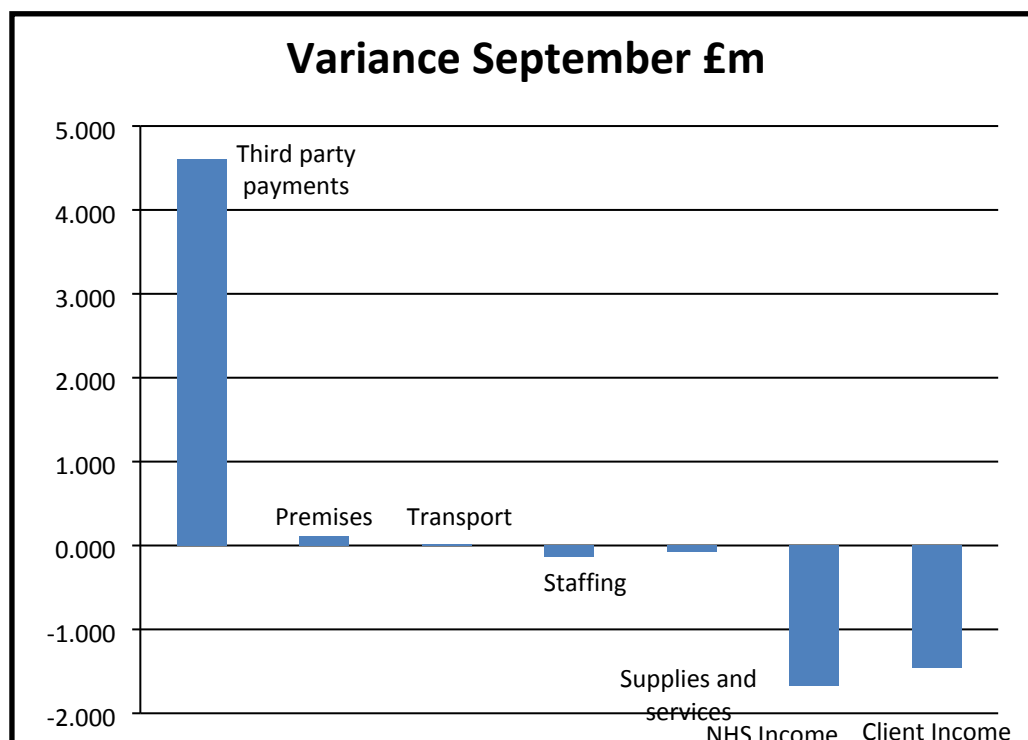
Adult Services

- 4.2.5 In Adult Services, there is a reduced pressure of £1.384m, which has improved by £1.212m from the reported position in July.
- 4.2.6 The improvement in position relates mainly to increased income contributions from the NHS. The Better Care Fund Agreement for 2019/20 between the Authority and the North Tyneside Care Commissioning Group has now been finalised and submitted to the Department of Health. The agreement included £0.490m of additional funding to reflect inflationary pressures within social care services which support residents in their own homes and prevents admissions to hospital or facilitates earlier discharge from hospital. In addition, there have been new s117 Mental Health Aftercare contributions for specific clients with complex mental health needs agreed totalling £0.500m. Two clients with Learning Disabilities, who have overriding health needs, have moved into continuing healthcare and their needs are now expected be met by NHS funding for the remainder of the financial year leading to a £0.200m reduction in forecasted costs for the Authority.
- 4.2.7 The remaining pressure relates to third party payments for care provision which is £4.613m above budget levels. There are also smaller pressures relating to premises costs (£0.116m) and transport (£0.013m). These pressures are partially offset by a higher than budgeted level of contributions from the NHS (£1.675m), and from client contributions (£1.466m). There are underspends against staffing budgets and supplies and services of £0.135m and £0.082m

respectively. The demand pressures were foreseen by Cabinet and backed by £1.800m of contingencies held centrally.

4.2.8 The factors behind the overall pressure of £1.384m are represented graphically below:

Chart 1: Breakdown of Budget Variances within Adult Social Care



4.2.9 In common with most local authorities, North Tyneside Council has seen demand for adult social care continue to rise as the success story of longer lifespans means there are many more people with care and support needs arising from a mixture of physical health and mental health conditions including dementia and frailty in old age. In addition to older people, younger adults with learning disabilities and physical disabilities are also living longer, often with multiple complex issues.

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

4.2.11 Pressures within external payments for care provision total £4.613m above budget. These are analysed into the following service types:

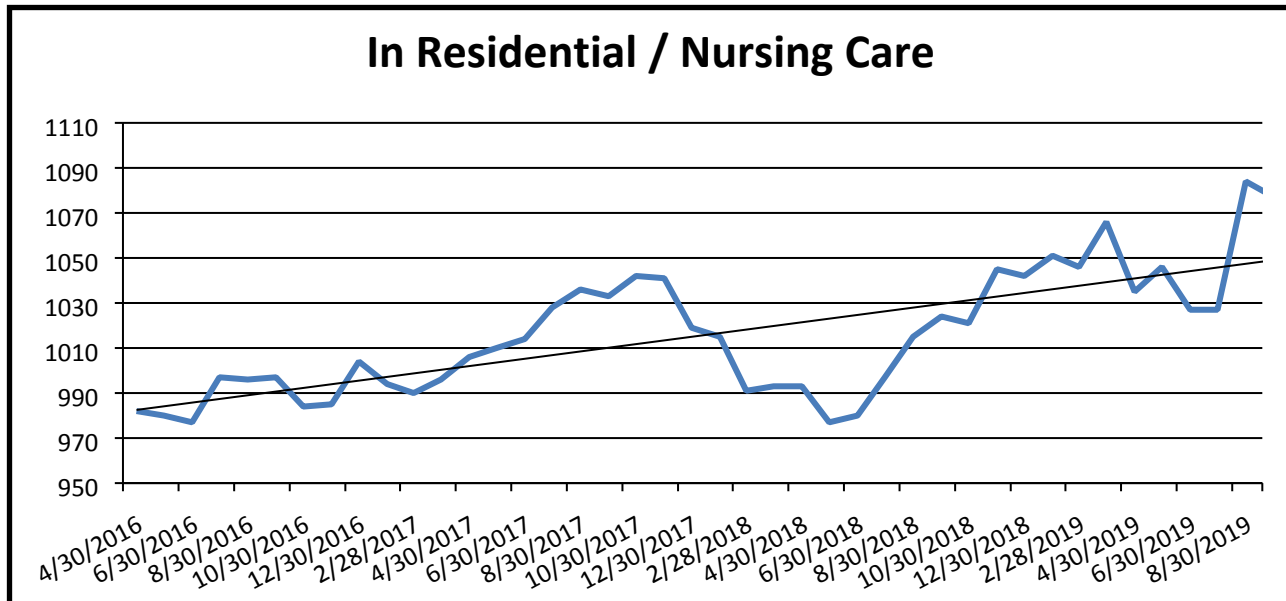
Table 6: Analysis of Adult Services Care Provision Pressure by Service Type

Type of Service	September £m	July £m
Residential and Nursing Care	3.162	2.662
Homecare and Extra Care	1.106	0.959
Other Community-Based Care	0.345	0.680
Total	4.613	4.301

Residential and Nursing Care

- 4.2.12 In relation to Residential and Nursing Care, an increase in short-term placements in the later part of 2018/19 saw numbers of placements overall rise to 1,066. Internal processes to monitor the use of short-term placements have been strengthened and numbers of placements overall had fallen in the first part of 2019/20 (1,027 at July 2019). However, there are still challenges, for example the option to move clients from short-term placements to community provision diminishes after longer lengths of stay in short-term placement as clients lose skills and family concerns increase around risks at home.
- 4.2.13 Alternative provisions of services are being identified for short-term placements to prevent admission to long-term residential care such as reablement services, community based intermediate care or extra care provisions. HECS is continuing a focused review of all short-term placements with support from colleagues from sheltered accommodation and with a view to maximising the appropriate use of assistive technology to identify exit plans for those people needing to move on from short-term residential placements.
- 4.2.14 The numbers of placements overall for residential and nursing care has, however, increased in August and September from 1027 to 1077. The comparative numbers in residential and nursing care in July and September 2018 were 994 and 1023 and this clearly shows the significant increase in client numbers during 2019/20. The rising numbers of clients placed in residential and nursing care has led to an increase in pressure for this type of service to £3.162m (£2.662m in July). HECS is continuing to review all placements made through an internal panel and is examining individual cases and the flow of clients through the whole system to understand the causes of this increased level of demand. The movement in numbers placed in residential and nursing care is shown in Chart 2 below.

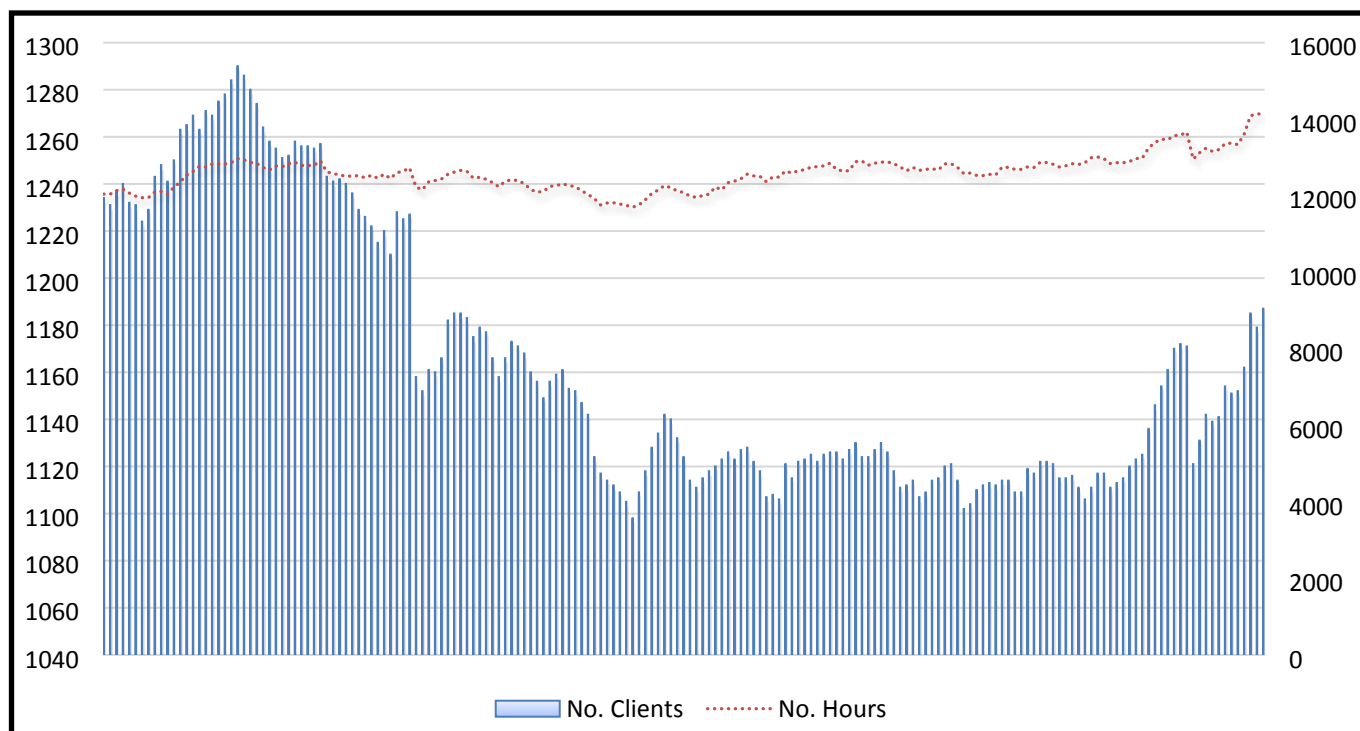
Chart 2: Movement in Numbers of Clients in Residential and Nursing Care since April 2016



Homecare and Extra Care

4.2.15 As reported during 2018/19, the Authority, in line with the national trend, has seen an increase in the number of homecare hours provided despite a fall in the total number of clients receiving this type of service. It is noted, however, that the number of clients is now starting to rise. In April 2019 there were 1117 clients, by July this had risen to 1142 and in September there were 1187. The rise in numbers of clients and in hours delivered has increased the budget pressure for homecare and extra care to £1.106m (July, £0.959m). The movement in client numbers and hours delivered is shown in Chart 3 below:

4.2.16 Chart 3: Trend in Annual Cost per Client of Homecare/Extra Care Services



4.2.17 HECS is working hard to continue to embed the asset-based approach by re-engineering the customer pathway through the service to ensure that assessments are proportionate and that clients receive the appropriate level of support to meet their needs to the extent that they are eligible under the Care Act as cost-effectively as possible. Work is continuing to develop further technology solutions to meet needs related to areas such as medication prompts and shopping in a more cost-effective way.

CCG Income and Better Care Fund Contributions

4.2.18 There has been an increase in income of £1.190m relating to contributions from health. This relates to support for clients with complex mental health needs under s117 Mental Health Aftercare (£0.500m) and continuing healthcare contributions have been agreed for two clients with complex needs arising from learning disabilities (£0.200m). Following completion of the Better Care Fund Agreement for 2019/20 in September, an additional contribution of £0.490m has been included within Wellbeing and Assessment in accordance with the Agreement for inflationary pressures in social care for services which prevent admission to hospital and facilitate earlier discharge.

Client Income

4.2.19 Client contribution income has improved since July by £0.405m and is now forecasted to over-recover against budget by £1.466m. This includes an additional £0.120m relating to the full year impact of the new contributions policy agreed by Cabinet in 2018. Client contributions have increased in line with the increased numbers of clients in residential, nursing and homecare services.

HECS continues to apply national guidelines to financial assessments of all relevant clients to ensure that appropriate contributions are made towards the care provided.

Premises

- 4.2.20 There are pressures of £0.116m in premises costs relating mainly to rent for respite premises for clients with a learning disability and accommodation costs for teams based within the community.

Children’s Services

- 4.2.21 In Children’s Services the £4.615m pressure relates mainly to demand pressures of £3.656m in Corporate Parenting and Placements and £0.957m in Integrated Disability and Additional Needs, which were foreseen by Cabinet and backed by £2.616m of contingencies held centrally. The forecast has increased by £0.840m since the last report mainly due to increased externally provided placements for children in care and increased anticipated expenditure and grant reduction related to respite services for children with a disability.

Corporate Parenting and Placements

- 4.2.22 The pressures within Corporate Parenting and Placements can be broken down as follows:

Table 7: Analysis of Pressures in Corporate Parenting and Placements

Type of Service	Budget 2019/20 £m	Variance September £m	Variance July £m
Care provision – children in care	9.186	2.809	2.016
Care provision – other children	3.202	0.392	0.425
Management and Legal Fees	0.098	0.123	0.120
Social Work	3.965	0.328	0.333
Safeguarding Operations	0.044	0.004	0.004
Total	16.495	3.656	2.898

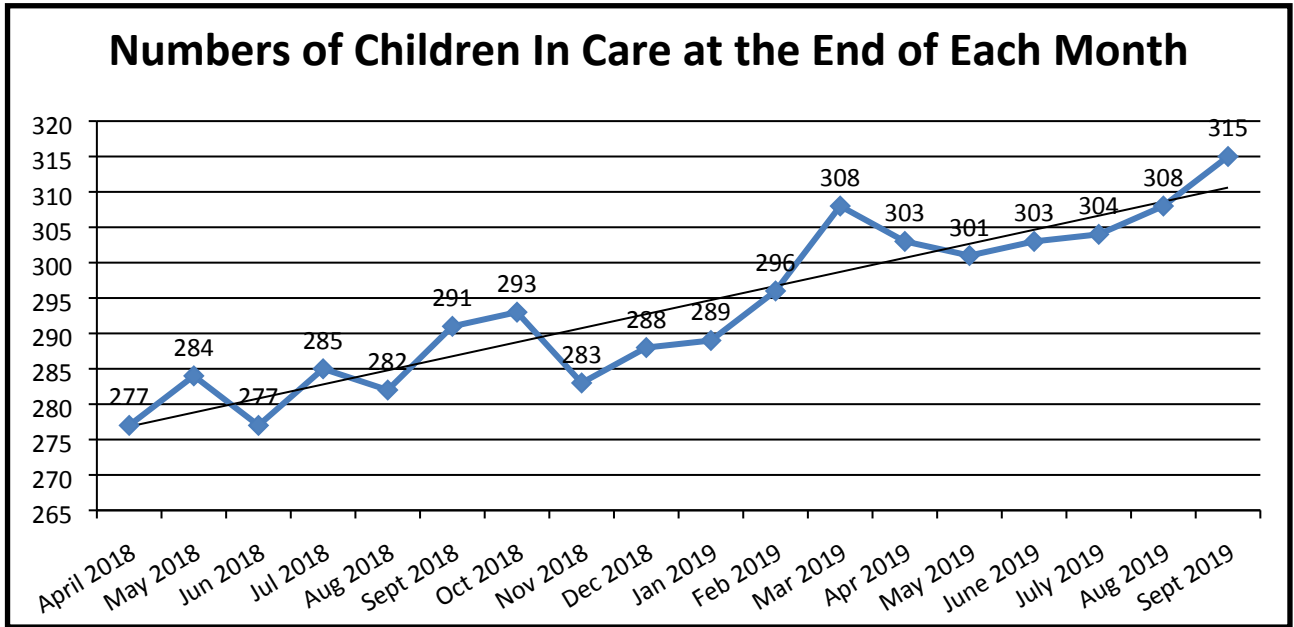
- 4.2.23 The increase of £0.758m since the last report relates mainly to four new residential placements (£0.369m) and two new supported accommodation placements (£0.104m). Also, the extension of four residential placements (£0.263m) and four supported accommodation placements (£0.202m) have contributed to the increase. This has been partially offset by one residential placement which did not go ahead (£0.097m) and changes to two external residential placements (£0.083m).

Care Provision – Children in Care

- 4.2.24 Over recent years, there has been an increase nationally in demand for children’s residential placements but with no corresponding increase in central

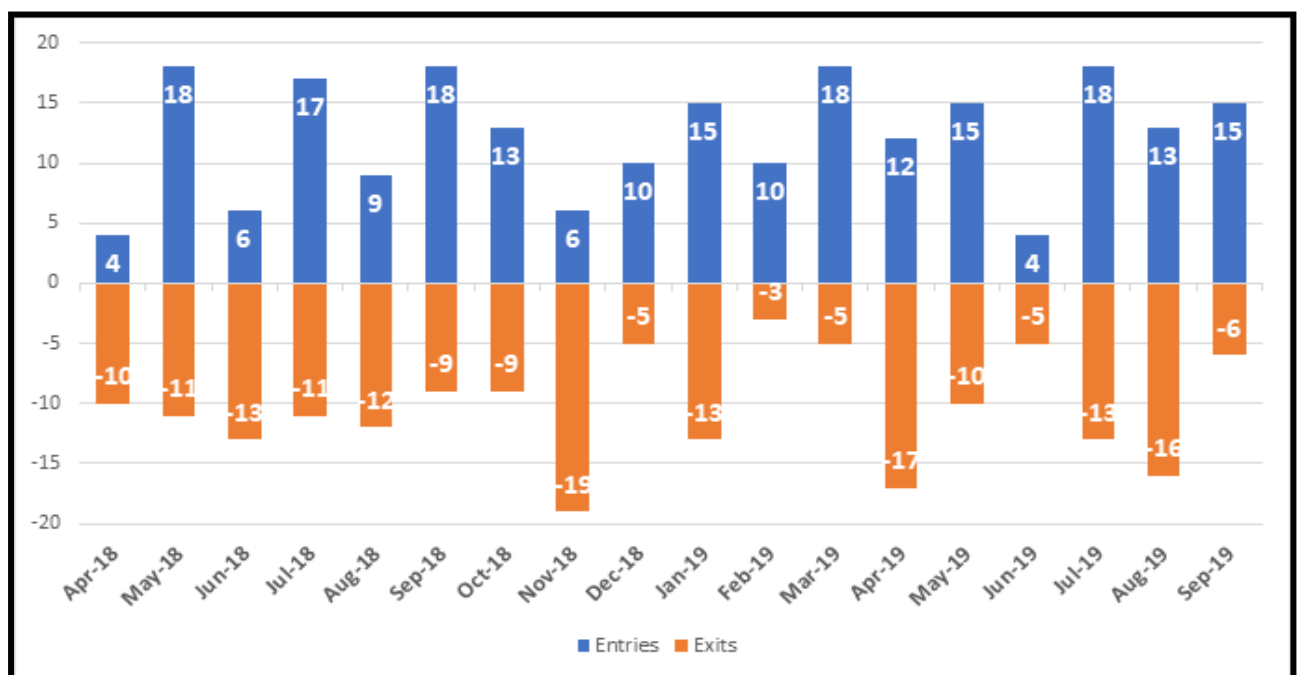
government funded provision. In North Tyneside over the last few years the overall number of children in care has mirrored the increases felt nationally. Numbers were, however, steady through 2018/19 before rising to 308 at the year end. Although the number of children in care fell slightly from this during the first few months of the financial year, they rose to 315 at the end of September 2019.

4.2.25 **Chart 4: Children in Care at the End of Each Month**



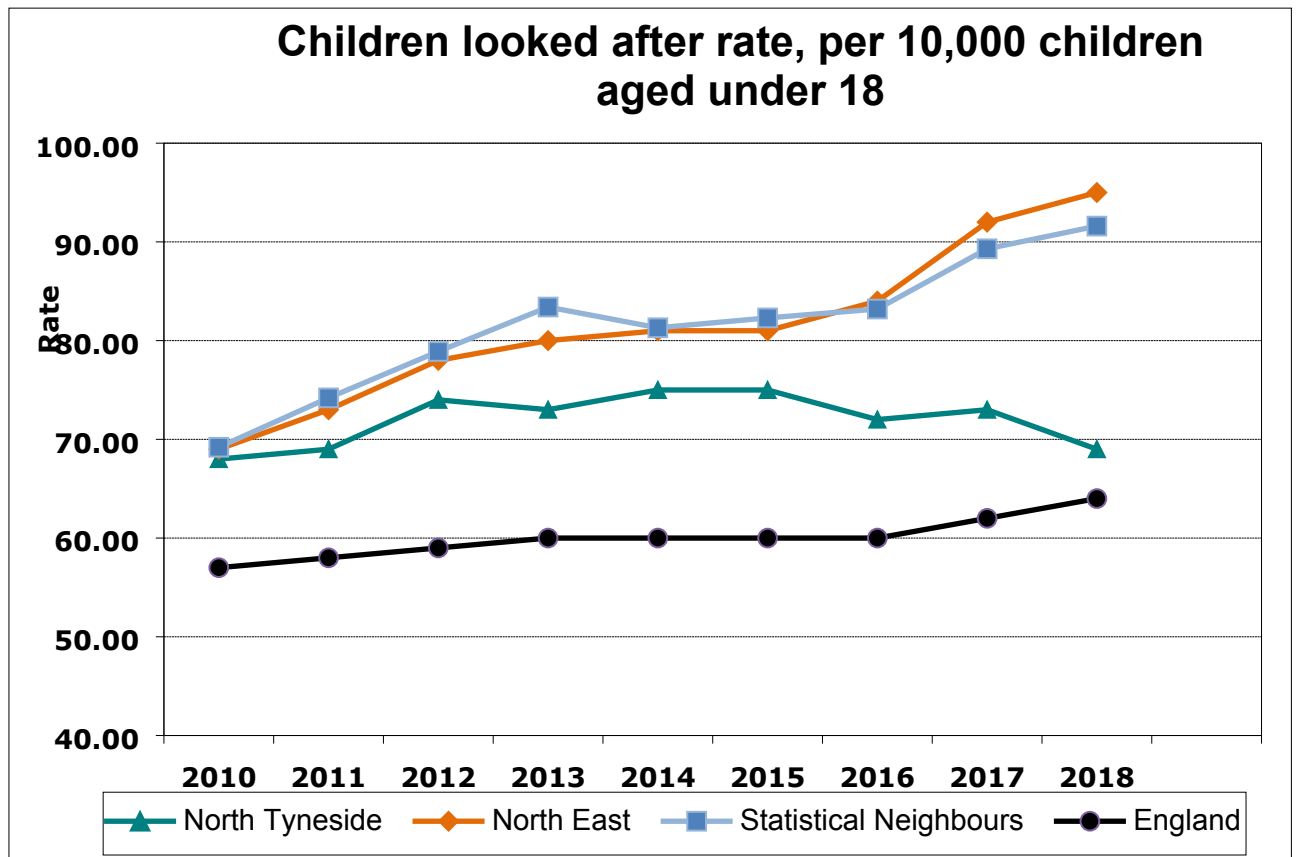
4.2.26 Delays within the court system continue to impact on the numbers of children leaving care. The pattern of children leaving care has proven to be much more volatile in 2019 as compared to 2018 but with a general pattern of less children leaving care, as shown in Chart 5 below.

Chart 5: Detailed Movement in the Numbers of Children in Care



4.2.27 The most recent available national comparators from 2017/18, as demonstrated by Chart 6 below, shows that North Tyneside, although above the England average, performed well within the North East region in relation to the rates of children in care. Updated 2018/19 figures will be available later in the autumn.

4.2.28 **Chart 6: Comparative Performance in Rates of Children in Care per 10,000 Children under 18**



4.2.29 In addition to the recent rise in overall numbers of children in care since February 2019, resulting mainly from delays in legal processes, placement mix also continues to change. Placements for adolescents (particularly males) with a combination of risks including aggressive behaviour, offending, substance use and sexualised behaviour are increasingly difficult to source. This has resulted in the use of more costly bespoke individual placements, where it is not suitable to place young people in group environments. This is demonstrated in the table below where the main pressure results from residential placements which, in terms of total bed nights, represents only 7% of provision by bed nights but is very costly amounting to 33% of the overall placement cost. The average cost of a residential care placement at present is £0.252m; however, this is very volatile and is dependent on the individual needs of the cohort of children and young people in externally provided residential placements at a point in time. External supported accommodation can also be expensive and there is currently a cohort of four young people with very complex needs being supported at an average cost in excess of £0.005m per week.

4.2.30 **Table 8: Forecast cost, forecast variance, average placement cost and placement mix**

Placement Type	19/20 Forecast Variance	Average Annual Placement cost (£m)	19/20 Bed nights	Placement Mix	No. of children Sept 19	No. of children July 19
External Residential Care	1.502	0.252	8,109	7%	26	24
External Fostering	0.121	0.038	10,691	9%	22	24
In-House Fostering Service	0.113	0.020	77,839	68%	214	208
External Supported Accommodation	1.050	0.150	3,589	3%	12	12
Other*	0.023	various	14,090	13%	41	36
Total	2.809		114,318	100%	315	304

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

4.2.31 Children's Services has been successful in reducing the use of externally provided supported accommodation, which is the next most expensive form of provision after residential care. This has been achieved by making full use of the Authority's in-house provision jointly working with the housing team and supporting young people who have been involved in risk taking behaviour with stable and resilient staff teams. This has allowed the placement of young people within internal services that may otherwise have required an external placement at significant additional cost.

Care Provision – Children not in care

4.2.32 The pressure of £0.392m relating to care provision for children not in the care system relates predominantly to children under a Special Guardianship Order (SGO). Cabinet will recall that the Authority's policy for supporting children in SGOs was amended in 2018 and that this brought about additional costs. The contingency budget of £2.616m established in Central Items in 2018/19 was, in part, intended to mitigate against these costs.

Management and Legal Fees

4.2.33 There is a pressure in management staffing costs of £0.020m and general operating expenses of £0.050m within the overall pressure of £0.123m. There is also a prudent assumption of achievement of 50% of the savings target in relation to sector-led improvement income leaving a £0.050m pressure as yet to be achieved.

Social Work

- 4.2.34 Within the overall pressures of £2.898m for Corporate Parenting and Placements, there are staffing pressures of £0.335m. Cabinet is aware of the particular challenges faced across the children's social care sector nationally. The net pressure is due to the need to establish an additional team, to support with case load management (£0.150m) and market supplement payments (£0.180m). At the time of reporting, no agency staff are currently required and case loads are in line with good practice.

Integrated Disability and Additional Needs

- 4.2.35 There is a pressure of £0.957m at September 2019 which is an increase of £0.157m since the last report. This increase relates to a higher forecast for respite services for children with a disability (£0.047m) and the removal of a forecast grant income for Special Educational Needs of £0.110m which is now not anticipated. Within this service area, in addition to respite placement cost pressures of £0.373m, there are pressures relating to operational staffing costs within in-house residential services of £0.200m, and an associated unachieved health income target of £0.085m. There are pressures relating to the delivery of the Authority's statutory duties in relation to Special Educational Needs and Disability (SEND) with additional management capacity and loss of grant funding forecast to cause a pressure of £0.117m. There are also staffing pressures of £0.182m in Educational Psychology partly relating to cover arrangements associated with maternity leave.

4.3 Commissioning and Asset Management

- 4.3.1 Commissioning and Asset Management (C&AM) is forecasting a pressure of £0.391m as set out in Table 9. This is a worsening of £0.209m compared to the previously reported variance of £0.182m. The increased budget variance is due to a higher forecast within repairs and maintenance within the Property service area. Commissioning and Asset Management is currently reviewing the volume and type of work undertaken and planned to ascertain if any expenditure reductions can be identified.

4.3.2 Table 9: Commissioning and Asset Management Forecast Variation

	Budget £m	Forecast £m	Variance Sept £m	Variance July £m
School Funding & statutory staff costs	18.288	18.288	0.000	0.000
Commissioning Service	0.384	0.384	0.000	0.000
Child Protection independent assurance and review	0.674	0.694	0.020	0.020
Facilities and Fair Access	0.636	0.823	0.187	0.170
Community and Voluntary Sector Liaison	0.439	0.431	(0.008)	0.000
Strategic Property and Investment	0.802	0.802	0.000	0.000
High needs Special Educational Needs	0.000	0.000	0.000	0.000
Property	0.815	1.015	0.200	0.000
Commissioning & Asset Management & support	0.154	0.154	0.000	0.000
Procurement	(0.029)	(0.037)	(0.008)	(0.008)
Total Commissioning & Asset Management	22.163	22.554	0.391	0.182

4.3.3 In addition to Property, there are budget pressures relating to Facilities and Fair Access where there are inflationary pressures of £0.042m within Catering and £0.040m in Cleaning. In addition, there are pressures within Home to School Transport of £0.130m due to the increasing number of pupils attending special schools. There has been a 5% increase in the specific Consumer Price Index for food and beverages over the last three-year period which on an annual spend of £2.200m equates to a pressure of £0.110m across the Service; this has been partially mitigated by cost efficiencies and by raising additional income.

4.3.4 C&AM is continuing to look at additional ways to achieve further efficiencies across the Catering and Cleaning services and within Home to School Transport work is actively progressing on route rationalisation using the new QRoute system.

4.4 **Environment, Housing & Leisure (EHL)**

4.4.1 EHL is forecasting a pressure of £0.353m against the £42.135m budget, as set out in Table 10 below, which is an improvement of £0.232m from the forecast at July. This forecast position and improvement is in line with EHL's record of managing pressures through each financial year and there is still an expectation to be able to manage out these pressures in their entirety. This monitoring

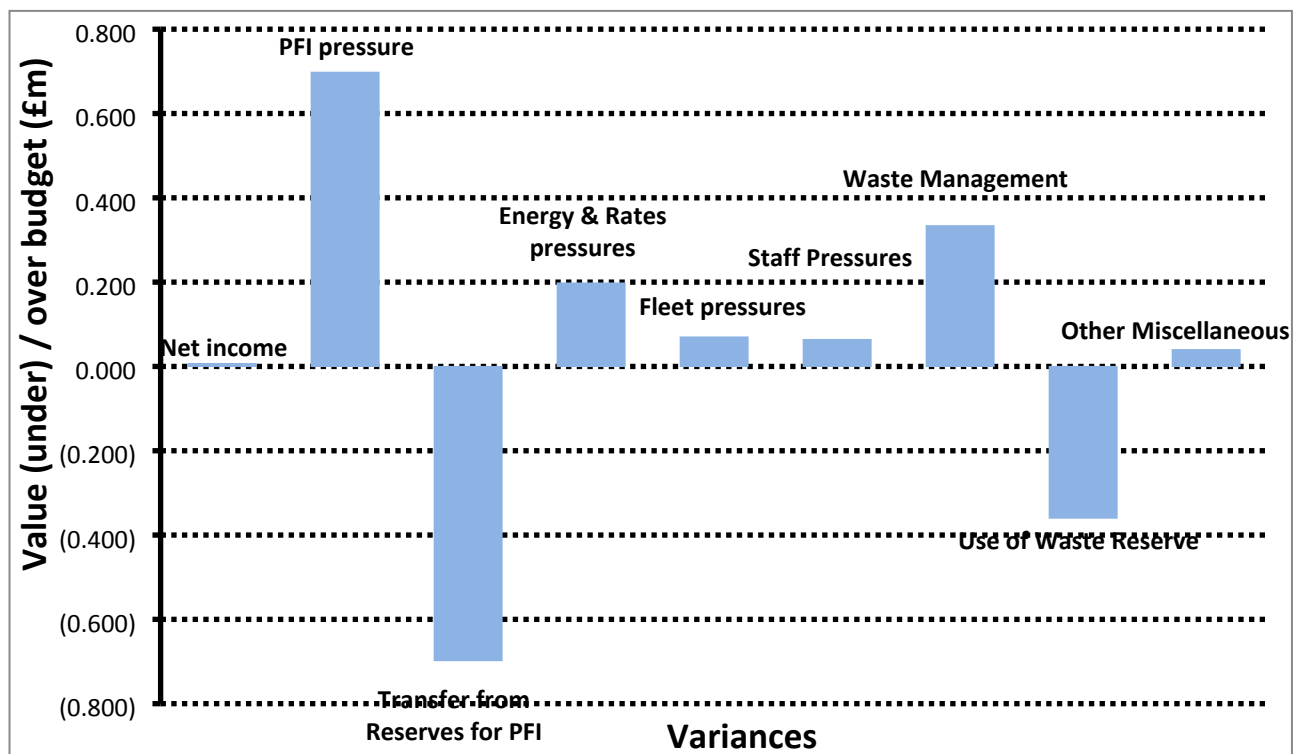
position reflects a £0.698m transfer from reserves to cover Private Finance Initiative (PFI) pressures and £0.263m transfer from the reserves specifically related to pressures from the Kerbside/Home Recycling Disposal Contract renewal. EHL remains committed to delivering a balanced position.

4.4.2 Table 10: Forecast Variation in Environment Housing & Leisure

	Budget (£m)	Current Forecast (£m)	Current Variance (£m)	July 2019 Variance (£m)
Sport & Leisure	3.101	3.316	0.215	0.216
Cultural Services	6.925	7.038	0.113	0.171
Security & Community Safety	0.301	0.296	(0.005)	(0.019)
Fleet Management	0.808	0.878	0.070	0.106
Waste and Recycling Disposal	7.130	7.029	(0.101)	(0.051)
Waste Management	3.707	3.784	0.077	0.122
Local Environmental Services	7.249	7.250	0.001	0.054
Head of Service and Resilience	0.133	0.181	0.048	0.042
Street Lighting PFI	4.396	4.396	0.000	0.000
Consumer Protection & Building Control	0.928	0.886	(0.042)	(0.042)
Transport and Highways	6.328	6.331	0.003	0.003
Planning	0.217	0.217	0.000	0.000
General Fund Housing	0.912	0.886	(0.026)	(0.017)
Total	42.135	42.488	0.353	0.585

4.4.3 The main pressures, identified in Chart 7 below, are Street-lighting PFI of £0.698m, pressures on energy and rates across the service areas of £0.295m and waste pressures of £0.263m directly related to the renewal of the kerbside materials recycling contract. In addition, there are pressures in Fleet Management due to the capital financing of the new vehicles of £0.070m and net staffing pressures across the EHL service of £0.267m, plus smaller pressures associated with income generation shortfalls and other miscellaneous operational spend.

4.4.4 Chart 7: EHL Underlying Pressures and Achieved Mitigation Savings 2019/20



4.4.5 The following paragraphs 4.4.6 to 4.4.18 outline the pressures in each service area;

Sport and Leisure

4.4.6 Sport and Leisure is predicting a pressure of £0.215m, reflecting no movement since July. Whilst income budget targets around gyms have increased by £0.600m compared to 2018/19, EHL is still expecting a £0.159m improvement against these revised targets.

4.4.7 The improved income is offsetting historical pressures within Sport and Leisure around staffing and energy and rates costs. EHL is planning to mitigate the overall pressures by continuing the promotional work which was successful in 2018/19 and saw increases to the numbers using leisure facilities across the year.

Cultural Services

4.4.8 Cultural Services within North Tyneside are showing a forecast pressure of £0.113m, which includes historical pressures due to energy and rates costs and income generation shortfalls. This has improved by £0.058m since July's forecast position due to focussing on staffing and other operational costs.

4.4.9 EHL is expecting to mitigate the pressure primarily by maximising the return from the Playhouse, along with continued close management of operational expenditure.

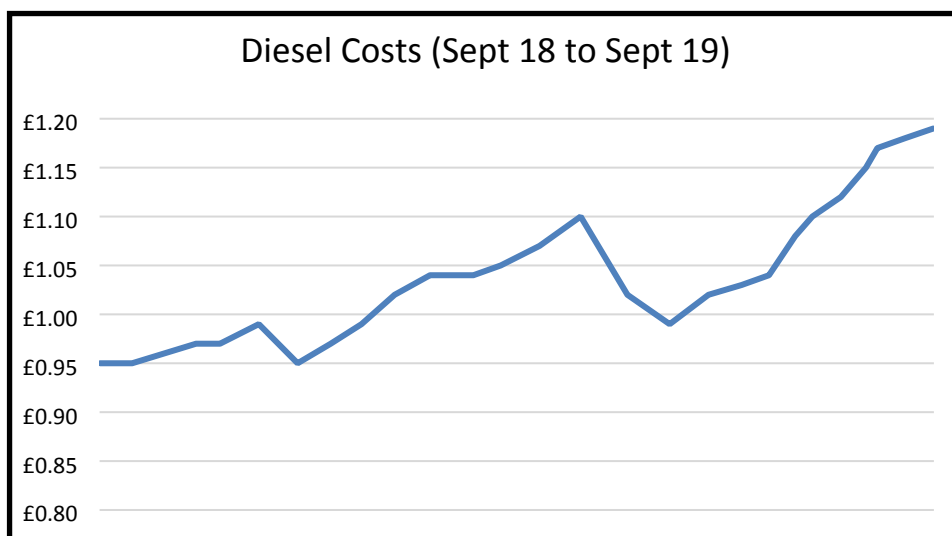
Security and Community Safety

- 4.4.10 This service area has reviewed and realigned both structure and finances to increase its overall viability. Following this review, it is forecasting a significant improvement over the outturn pressure of £0.054m in 2018/19, in fact forecasting an underspend of (£0.005m) as at September 2019.

Fleet Management

- 4.4.11 Fleet Management is now forecasting a £0.070m pressure, mainly in relation to absorbing increased capital financing costs for newly purchased vehicles. This service area is prudently forecasting other costs, such as vehicle maintenance and other operational expenditure whilst managing the increasing cost of fuel used within the fleet, as outlined in Chart 8 below. In past years the additional cost of financing new vehicles has been successfully offset by the associated reduction in servicing and maintenance costs of newer vehicles and EHL is working hard to identify further mitigating savings to deliver a balanced budget position.

- 4.4.12 **Chart 8: Indicative fuel costs for last 12 months**



Waste Management including Recycling and Disposal

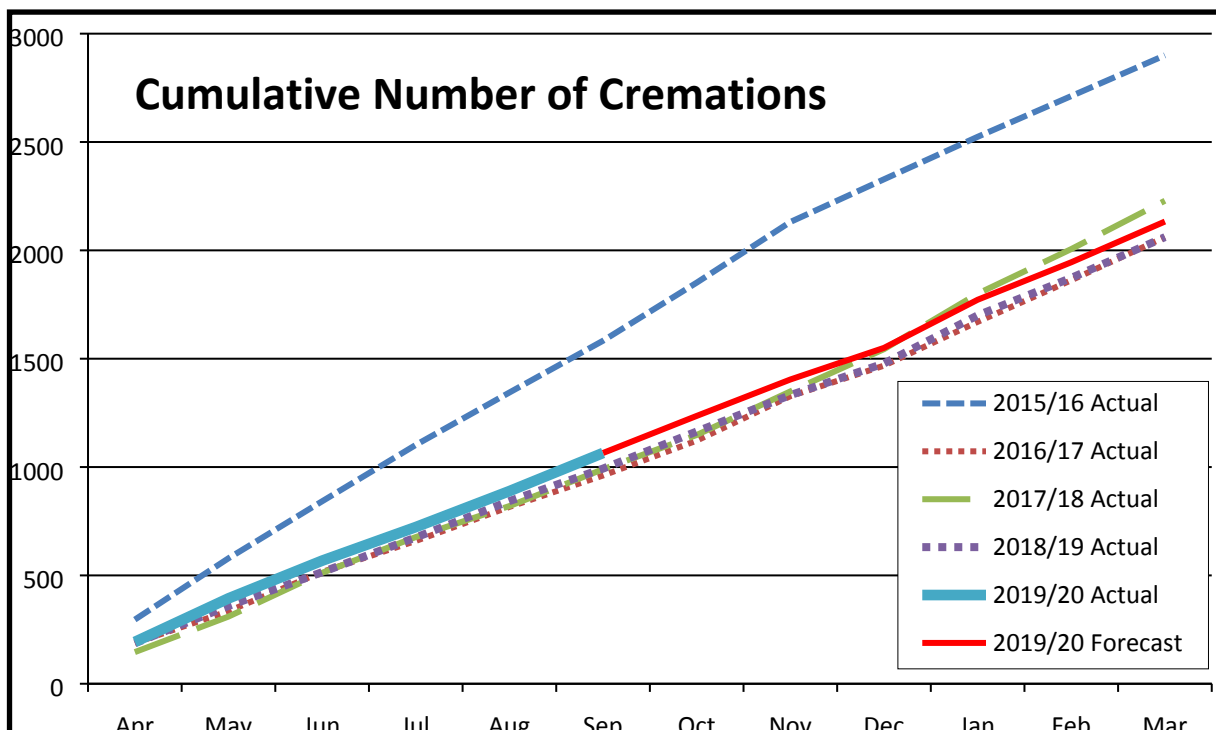
- 4.4.13 Waste Management are predicting pressures relating to kerbside materials recycling contract costs, which are planned to be mitigated by use of all available waste resources. Operational increases to routes due to new housing developments across North Tyneside account for other pressures, leaving a net saving of £0.024m.
- 4.4.14 EHL are seeing the proportion of household reuse, recycling and composting continue to show improvement since the introduction of alternate weekly collections.

Local Environmental Services

- 4.4.15 Local Environmental Services is predicting a forecast break-even position, mainly relating to an expected income shortfall in Bereavement of £0.048m being offset by one-off reduced capital costs for the Cremator works at Tynemouth Crematorium of (£0.058m).

In previous years this area has achieved or surpassed income targets, but 2018/19 reflected the lowest burial and cremation numbers for four years, as reflected in Chart 9. As previously reported in July, EHL will review and implement new bereavement charges in the autumn, with an expectation this will help mitigate against the current shortfall. Local Environmental Services will continue to manage overall costs and look for opportunities to make additional savings whilst closely reviewing the income levels.

- 4.4.16 **Chart 9: Annual Number of Cremations (2015/16 to 2019/20)**



Street Lighting PFI

- 4.4.18 The Street Lighting PFI is predicting a cost pressure for 2019/20 of £0.698m, mainly caused by increased energy costs. As the Authority has planned for this issue, this pressure will be mitigated by a draw-down from the PFI reserve, established for this purpose and this will deliver a balanced budget position.

Consumer Protection & Building Control

- 4.4.19 In 2018/19 this service area reported an outturn pressure of £0.090m, including a £0.122m shortfall in taxi licensing. In 2019/20 Capita, the Authority's Technical Services partner, has agreed to undertake a review of the service to mitigate this pressure and the risk to the Authority.

4.5 **Regeneration and Economic Development**

4.5.1 Regeneration and Economic Development is forecasting a pressure of £0.116m at 30 September 2019 as summarised in Table 11 below:

4.5.2 **Table 11: Forecast Variation for Regeneration and Economic Development**

	Budget (£m)	Current Forecast (£m)	Current Variance (£m)	July 2019 Variance (£m)
Regeneration	0.309	0.408	0.099	0.105
Business & Enterprise	0.754	0.754	0.000	0.021
Resources & Performance	0.108	0.125	0.017	0.016
Total	1.171	1.287	0.116	0.142

4.5.3 The pressures result from a forecast shortfall against budget for berthing fee income of £0.153m and for rental income for business units at the Swans Centre for Innovation of £0.092m. These pressures are partially offset by savings in supplies and services at Swans Quay mainly relating to security services, plus further operational savings in Business & Enterprise.

4.6 **Corporate Strategy**

4.6.1 Corporate Strategy is forecasting a pressure of £0.134m as set out in Table 12 below, an improvement of £0.023m from July mainly due to improvements in operational costs. Corporate Strategy is looking to partly mitigate the pressures through the year by continuing to identify opportunities to increase income and continuing to reduce non-essential spend.

4.6.2 **Table 12: Forecast Variation Corporate Strategy**

	Budget (£m)	Current Forecast (£m)	Current Variance (£m)	July 2019 Variance (£m)
Corporate Strategy Management	(0.019)	0.010	0.029	0.027
Policy, Performance & Research	(0.059)	(0.064)	(0.005)	(0.015)
Marketing	0.092	0.179	0.087	0.108
Elected Mayor and Executive Support	(0.003)	0.000	0.003	0.003
Children's Participation & Advocacy	0.187	0.207	0.020	0.034
Total	0.198	0.332	0.134	0.157

4.7 **Resources and Chief Executive Office**

4.7.1 The forecast pressure of £0.954m within Resources and Chief Executive Office worsened by £0.179m from £0.775m in July. The movement mainly relates to an in-year cost of the HR restructure of £0.074m, plus an increased pressure in Revenues & Benefits of £0.028m and an increased forecast cost of the Customer

Journey programme by £0.050m.

4.7.2 **Table 13: Forecast Variation Resources**

Resources	Budget (£m)	Current Forecast (£m)	Current Variance (£m)	Variance July £m
Chief Executive	(0.080)	(0.118)	(0.038)	(0.064)
ICT Retained Services	1.891	2.502	0.611	0.561
Finance Service	(0.328)	(0.076)	0.252	0.224
Human Resources & Organisational Development	(0.072)	0.057	0.129	0.054
Total Resources	1.411	2.365	0.954	0.775

4.7.3 Within ICT Retained Services the main pressures relate to continuing staffing pressures associated with the Customer Journey project of £0.212m. There is an on-going pressure of £0.262m relating to the Outsystems software development and hosting platform for the production of custom applications. The increase in pressure from July is in relation to increasing the previously forecasted pressures on Customer Journey by £0.050m.

4.7.4 Also within ICT Retained Services are budget pressures within Digital Strategy of £0.401m, which relate to ICT costs for systems which are outside the ENGIE contract. These include telephony, network and storage support and maintenance packages amongst other smaller items.

4.7.5 Human Resources (HR) is showing a pressure of £0.129m due to the costs of the new restructure adding to existing staffing pressures following the transfer of HR back to the Authority from ENGIE.

4.7.6 Within Finance (Revenues, Benefit and Customer Services), there has been a reduction in recovery of Housing Benefit Overpayments from debtors on-going benefit payments. This is due to claimants moving across to Universal Credit and Housing Benefit Overpayments being allocated a lower priority payment from Universal Credit than other debts which are deemed priority such as rent and Council Tax. Fewer Housing Benefit Overpayments are being created as the number of claims to Housing Benefit reduces, which has also led to a reduction in forecast income, but this element is largely offset by a reduction in the bad debt provision. A review of the overpayment income targets and forecasts is on-going.

4.8 **Law and Governance**

4.8.1 Law and Governance is forecasting a pressure of £0.182m, with increased pressures due to further use of locums to cover vacant posts within Legal Services. In addition, there is a cost pressure within Democratic and Electoral Services associated with canvassing related activities due to the increased number of elections held in year.

4.8.2 Table 14: Forecast Variation for Law and Governance

	Budget (£m)	Current Forecast (£m)	Current Variance (£m)	July 2019 Variance (£m)
Customer, Governance and Registration	(0.075)	(0.071)	0.004	0.029
Democratic and Electoral Services	(0.064)	(0.015)	0.049	0.006
Information Governance	(0.113)	(0.089)	0.024	(0.022)
Legal Services	(0.186)	(0.104)	0.082	0.024
North Tyneside Coroner	0.293	0.316	0.023	(0.072)
Total	(0.145)	0.037	0.182	(0.035)

4.8.3 In addition to these areas mentioned in 4.8.1, the other service areas within Law & Governance are all showing small pressures due to increased operational spend.

4.9 Central Items

4.9.1 The forecast outturn at September 2019 set out in Table 15 below reflects an underspend of £3.320m on central budgets, including contingency budgets relating to pressures in adult and children's social care of £4.416m. This is an improvement of £0.386m resulting from increased savings in interest (£0.500m) partially offset by reduced miscellaneous savings (£0.114m).

4.9.2 Table 15: Forecast Variation Central Budgets and Contingencies

	Budget £m	Forecast £m	Variance Sept £m	Variance July £m
Corporate & Democratic Core	9.545	9.545	0.000	0.000
Other Central Items	(8.594)	(11.914)	(3.320)	(2.934)
Total Central Items	0.951	(2.369)	(3.320)	(2.934)

4.9.3 Within Other Central Items there are several areas where spend and income is forecast to deviate from budget. Continued savings have been identified resulting from the application of the Authority's Treasury Management Strategy. There is a saving of £1.462m (July, £0.962m) relating to Public Works Loan Board loans taken out at a lower rate of interest than budgeted for (£0.355m) and a reduction in borrowing costs resulting from higher internal borrowing (£1.107m). In addition, reprogramming within the Investment Plan has delivered a credit against Minimum Revenue Provision of £0.370m. Of this total saving, an amount of £1.100m has been proposed as in-year mitigation to the cross cutting savings targets which are yet to be permanently saved as outlined in sections 2.7 to 2.9. There is also a saving against budget of £0.600m for Strain on the Fund costs. There are contingency budgets of £4.636m including the £4.416m held against pressures in social care. There is a total of £0.104m other smaller savings which has reduced by £0.114m since the July report.

4.9.4 These underspends are partially offset by savings targets forecast as still to be fully achieved. These relate to the following Efficiency Statement Categories; A Focus on the Social Care Customer Experience, How We Are Organised and Delivering Our Fees and Charges Policy.

SECTION 5 - SCHOOLS FINANCE

Update on the Position of Deficit Schools

- 5.1 Cabinet will recall that in July eleven schools indicated that they needed the Authority's approval to set a deficit budget as part of schools' budget setting processes for 2019/20. Formal approval has now been granted to nine of these schools, with the other two recognised as in structural deficit and discussions continue to develop a recovery plan in line with the Authority's Scheme for Financing Schools.
- 5.2 The first set of budget monitoring for the financial year was completed in October. Forecast results have been established for the deficit schools and are shown below. This position shows an overall improvement of £0.117m across the deficit schools against the budgeted plan.

5.3 **Table 16: Schools seeking deficit approval for 2019/20**

School	Outturn 2018/19 £m	Budget Plan 2019/20 £m	Monitoring 1 position £m	Improvement / (Decline) £m
St Aidan's R C Primary	(0.022)	(0.027)	(0.018)	0.009
Fordley Community Primary	(0.033)	(0.015)	(0.015)	-
Forest Hall Primary	(0.000)	(0.014)	(0.019)	(0.005)
Holystone Primary	(0.034)	(0.053)	(0.047)	0.006
Ivy Road Primary	(0.223)	(0.288)	(0.289)	(0.001)
St Bartholomew's C of E Primary	(0.005)	(0.018)	(0.007)	0.011
Marden High	(0.533)	(0.513)	(0.530)	(0.017)
Norham High	(1.462)	(2.299)	(2.257)	0.042
Longbenton High	(1.544)	(2.194)	(2.193)	0.001
Monkseaton High	(3.485)	(4.420)	(4.388)	0.032
Beacon Hill	0.301	(0.210)	(0.171)	0.039
TOTAL	(7.040)	(10.051)	(9.934)	0.117

- 5.4 Additional governance arrangements and monitoring meetings have been put in place with schools in deficit. School Improvement, HR and Finance officers will continue to meet with Head Teachers and Governing Body representatives to monitor the specific requirements of each individual school's deficit approval.

Pay Award Grant

- 5.5 Details of the pay award for teachers, payable from September 2019, were announced by Government in July 2019. This involves uplifts at 2.75% for all teacher pay ranges. These new pay rates have been built into the school's budget monitoring tool and were forecasted in the first set of monitoring with schools for 2019/20 which took place in September and October 2019. The Department for Education (DfE) announced that a grant will be paid to all schools to offset 0.75% of the additional impact of the pay award above the 1% rise which was originally planned, leaving 1% pay award unfunded and an unplanned pressure on schools.

High Needs Block

- 5.6 Cabinet will recall that the High Needs block ended 2018/19 with a pressure of £0.920m. Cabinet should note that the High Needs block forms part of the Dedicated Schools Grant (DSG) which is ring-fenced and does not form part of the General Fund. This overall pressure in the High Needs block is in line with the national and regional picture and Members will be aware of the high level of interest in special needs provision and associated funding issues in the national media.
- 5.7 The forecast at September 2019 for the High Needs block has worsened since the last report with an anticipated in-year pressure of £2.616m reflecting a rise in demand for special school places within the Authority and a general increase in complexity of children supported in special schools and within mainstream schools. The total number of special school places the Authority is planning for at the end of 2019/20 is approximately 776. This compares to a total of 664 places at the beginning of 2018/19. These additional places create pressures in relation to place funding of £10,000 per place and the associated top-up funding reflecting each child's level of need. A breakdown of the in-year pressure is shown in Table 17 below:

5.8 **Table 17: Breakdown of High Needs In Year Pressures at September 2019**

Provision	Budget £m	Provisional Outturn Variance £m	Comment
Special schools and PRU	11.004	1.329	Pressure on places for children with profound, Multiple Learning Difficulties, Social Emotional and Mental Health problems and Autism Spectrum Disorder
ARPs/Top ups	3.520	0.507	Pressures in pre 16 top ups
Out of Borough	1.225	0.758	Increased numbers of external school places due to higher numbers of children with more complex needs
Commissioned services	3.977	0.022	
Subtotal	19.726	2.616	

- 5.9 The Government announced indicative levels of funding for 2020/21 for the Schools block and High Needs block in October 2019. This shows an increase in High Needs funding of £2.900m which should address the in-year level of pressure which has developed in 2019/20. Discussions will continue with Schools Forum around funding for the High Needs block in 2020/21 and the associated programme of reviews of commissioned services and Additionally Resourced Provision designed to ensure that the offer is meeting the needs of children within the Borough and is providing value for money.

Early Years Block

- 5.10 The Early Years block outturn for 2018/19 was a surplus of £0.881m. Indications for 2019/20 continue to show that services can be delivered within the budget available.

Future Funding of Schools

- 5.11 A programme of work is in progress with schools to consider future funding factors, based on the National Funding Formula (NFF) used by the DfE. Schools have been consulted on a potential move from the Local Funding Formula (LFF) used by the Authority to a 50% adoption of NFF from 2020/21.
- 5.12 The Authority will have final approval on any changes to the funding regime and this will be addressed in a separate finance cabinet report. The Authority is continuing to work with the Schools Forum finance sub group to review modelling the conversion of the Authority's LFF to the NFF. The process will continue in line with the key milestones outlined below:

- 5.13 **Table 18: Process to Agree the Schools Allocation Formula for 2020/21**

	Task	Timescales
1	To review the current formula	complete
2	Suggest a number of scenarios showing how it could be changed to move towards the National Funding Formula	complete
3	Model the scenarios	complete
4	Analyse the impact	complete
5	Agree proposal for Schools Forum	complete
6	Schools Forum agree proposals to consult on (12 September)	complete
7	Consult with all schools (providing support to interpret)	complete
8	Results of consultation back to Schools Forum	13 November 19
9	The Authority decides on the allocation formula taking into account views of schools and Schools Forum	November 19
10	The Authority submits individual school allocations based on the agreed formula to the DfE	January 20

SECTION 6 - HOUSING REVENUE ACCOUNT

6.1 The forecast set out in Table 19 below is based on the results to September 2019 and reflects improvements following the end of the Kier Joint Venture and the creation of the new Housing Property and Construction Service. As this is the first year of running with this new service, EHL were conservative in budgeting for the impact, whilst expecting a more efficient service. The values of efficiencies are now becoming apparent and the relative forecasts have been amended accordingly. Further details are being presented to Cabinet on 25 November 2019 in the 'Construction Project – Delivery and Benefits Realised' report. There are two main areas showing improvements: the cost of the repairs and the management-related costs of the new service. The total £2.117m saving identified below is a permanent saving to the base budget and will be built into the HRA 30-year business plan going forward. These include an over-achievement of rental income of (£0.496m) combined with in-year savings within repairs (£0.634m) as well as the forecast underspend within the project team (£1.712m), which is due to complete its work in December 2019.

6.2 **Table 19: Forecast Variance Housing Revenue Account**

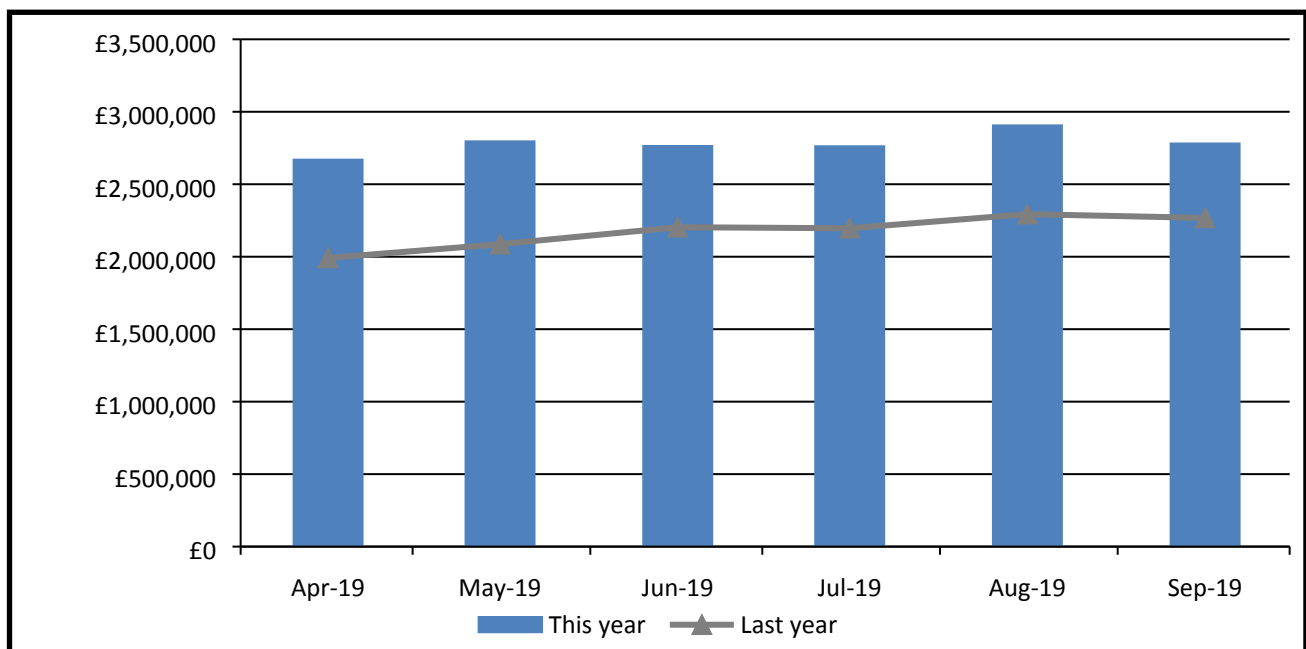
	FULL YEAR - 2019/20			Variance July 2019 £m
	Forecast Outturn		Sept 2019 Variance £m	
	Full Year Budget £m	Forecast Actual £m		
INCOME				
Rental Income	(58.697)	(59.193)	(0.496)	(0.061)
Rental Income - Shops & Offices	(0.275)	(0.275)	0.000	0.000
Interest on Balances	(0.050)	(0.050)	0.000	0.000
PFI Credits	(7.693)	(7.693)	0.000	0.000
	(66.715)	(67.211)	(0.496)	(0.061)
EXPENDITURE				
Capital Charges - Net Effect	12.110	12.110	0.000	0.000
HRA Management Costs	12.036	10.324	(1.712)	(1.000)
PFI Contract Costs	9.641	9.641	0.000	0.000
Repairs	11.959	11.325	(0.634)	(0.500)
Revenue Support to Capital Programme	9.053	9.053	0.000	0.000
Contribution to Major Repairs Reserve – Depreciation	12.392	12.392	0.000	0.000
Contingencies, Bad debt Provision & Transitional Protection Payments	1.000	1.229	0.229	0.000
Pension Fund Deficit Funding	0.855	0.855	0.000	0.000
	69.046	66.929	(2.117)	(1.500)
	2.331	(0.282)	(2.613)	(1.561)
BALANCES BROUGHT FORWARD	(6.202)	(7.303)	(1.101)	(1.101)
BALANCES TO CARRY FORWARD	(3.871)	(7.585)	(3.714)	(2.662)

- 6.3 Rental income continues to perform well due to the continued reduction in the number of empty homes being maintained, leading to a forecast over-recovery against budget (£0.360m). Income from Garages also continues to perform above budget (£0.026m). Service charge income (including furniture packs) has also seen an improvement and this now expected to perform ahead of budget (£0.110m).
- 6.4 The current situation regarding arrears, partially due to the impact of Universal Credit, is continuing to increase. As a result of this, the bad debt provision held on the balance sheet is forecast to increase by £0.229m more than the budgeted level.
- 6.5 Based on this half year performance, the rental income could continue to improve throughout the remainder of 2019/20, however, some of this improved position may be offset by the continuing impact of Universal Credit and the potential continued increase in the bad debt provision, both of which will be closely monitored throughout the year.

Rent Arrears

- 6.6 The level of rent arrears has risen in the first six months of 2019/20 as compared to 2018/19, the value of arrears has risen by £0.616m compared to this period last year. Chart 10 below shows the value of rent arrears in 2019/20 compared to the same period in 2018/19. A team is working proactively with tenants to minimise arrears and this is being closely monitored as the year progresses to identify any adverse impacts on the budget position. For the first time in the last 15 years, there was a pressure on the bad debt provision in 2018/19, with a pressure again forecast in 2019/20. This is mainly in relation to changes caused by Universal Credit.

6.7 **Chart 10: Rent Arrears in 2019/20 compared to 2018/19**

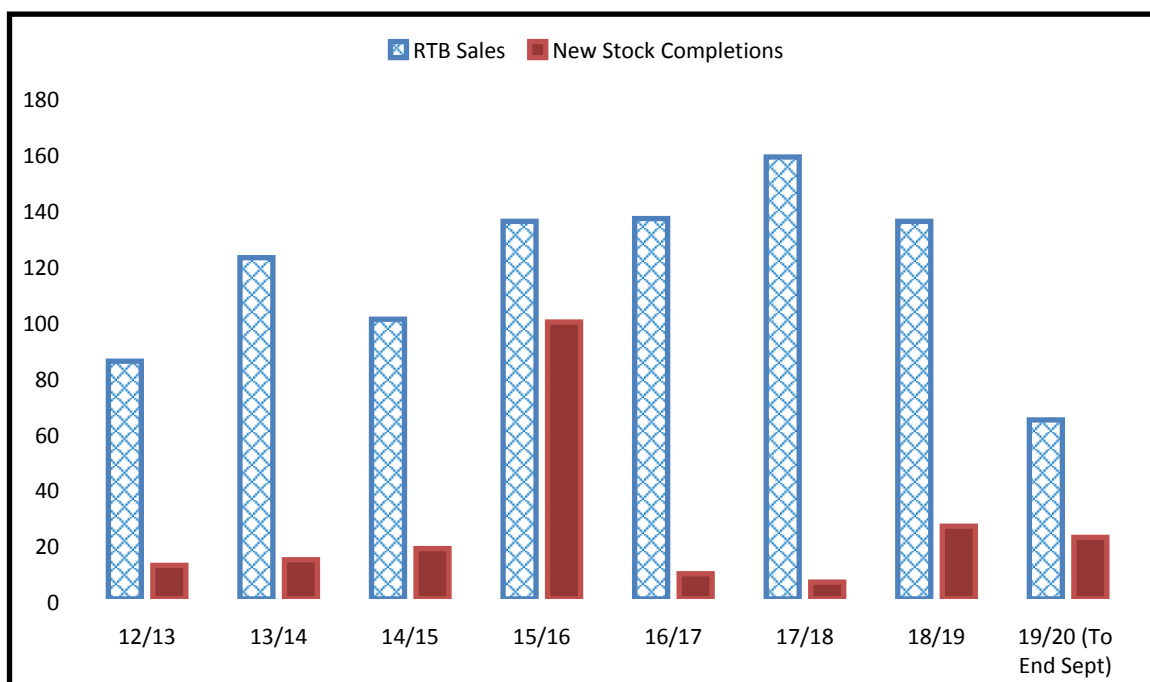


6.8 Universal Credit was fully implemented across North Tyneside on 2 May 2018. The Authority continues to work with residents to provide ICT support to help them make applications and to provide personal budget support to help residents manage their household finances. At 1 April 2019 there were 2,005 tenants of North Tyneside Homes on Universal Credit with arrears totalling £1.163m. At September 2019 there were 2,850 tenants on Universal Credit with related arrears of £1.830m.

Right to Buy (RTB) Trends

6.9 The impact of RTB is critical to long-term planning for the HRA. Prior to the introduction of self-financing in 2012, average RTB sales had dropped to around 25 per annum, mainly due to the capped discount (£0.022m) 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 £0.075m and then subsequently annual inflation was added to the maximum. Chart 11 below shows the trend in RTB sales since that time.

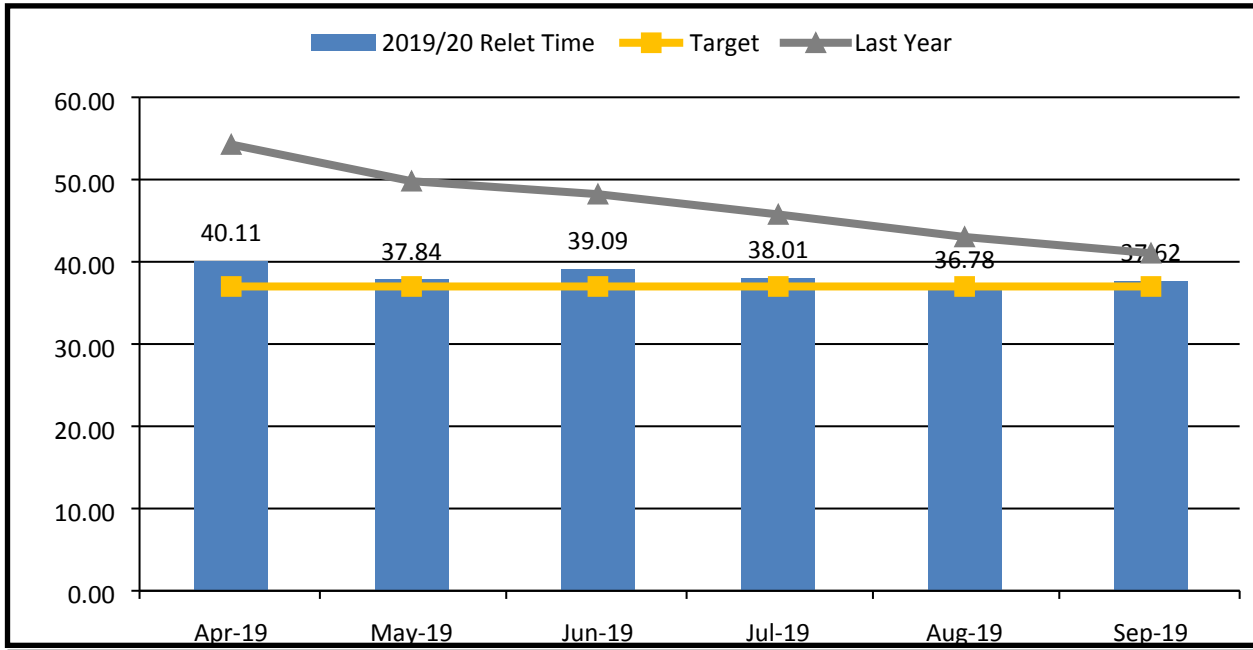
6.10 **Chart 11: Yearly RTB Sales v New Stock Additions**



Improvements to Average Reletting Periods

6.11 The HRA is expecting increased rentals throughout 2019/20, in part due to the improvements made in reletting empty properties. Chart 12 below shows the average relet time, for the first six months of 2019/20, has improved since 2018/19, with year to date statistics showing a decrease of almost 18 days since April 18/19 and reduction of 6 days since the same period last year. In addition, 73% of property relets have been completed within the new 37-day target.

6.12 Chart 12: Average Relet Period



SECTION 7 - INVESTMENT PLAN

Review of Investment Plan - Position Statement

- 7.1 The Authority's Investment Plan represents the capital investment in projects across all Service areas. The vast majority of the 40+ projects are currently on target to deliver on time and on budget. Some of the key highlights of the Investment Plan due to be delivered during 2019/20 are summarised below:

Affordable Homes New Build and Conversion Works

- 7.2 2 projects have been completed to date in 2019/20:
- The construction of 13 new affordable homes in Battle Hill, on the former Bonchester Court site. Completed May 2019; and,
 - The construction of 9 new affordable homes in Battle Hill, on the former Beadnell Court site. Completed May 2019.

In addition to the above projects there will be a number of other projects progressed through the design, planning and procurement process during 2019/20 that will subsequently complete in future financial years.

Housing Investment Work

- 7.3 The Housing Capital delivery programme will see the following works delivered across the borough during 2019/20:
- Kitchens and bathrooms to 654 homes;
 - Heating upgrades to 600 homes;
 - Boundary improvements to 1,281 homes;
 - External decoration to 1,928 homes;
 - Roof replacements to 260 homes;
 - External Brickwork Repairs to 190 homes;
 - Footpath repairs throughout the borough; and,
 - Firedoor replacement to 630 flats within communal blocks.

Education Investment Works

- 7.4 Delivery of the priority condition related projects across the school estate as part of the schools condition investment programme.

Priority Schools Building Programme (PSBP) 2 (Off Balance Sheet):

- Cullercoats Primary School – this project is being delivered as part of PSBP2 as a heavy refurbishment programme rather than a new build. Works commenced in May 2018 and have now been completed with handover at the end of August 2019. Reinstatement of the externals and decanting of contractor facilities has been completed.

Highways and Infrastructure Works

7.5 The main Highways & Infrastructure works include:

- Delivery of the Local Transport Plan (LTP) including the annual resurfacing programme and integrated transport projects;
- Delivery of the Additional Highway Maintenance Programme including footway improvements in line with the Mayor's priorities;
- Works to the Southern Promenade sea wall repair scheme;
- Completion of final phase of A1058 Coast Road Cycle Scheme;
- Completion of the North Bank of Tyne highway improvements; and,
- Completion of construction on the A189 Salters Lane major highways scheme.

Regeneration Works

7.6 Regeneration Works for 2019/20 include:

Swans – the next phase consists of:

- CFI Phase 2 – works started May 2019 with completion expected in March 2020.

Variations to the 2019-2023 Investment Plan

7.7 Variations of £10.506m to the Investment Plan have been identified and are included in Tables 20 and 21 below. Further details are provided in paragraph 7.8:

7.7.1 Table 20: 2019 - 23 Investment Plan changes identified

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
Approved Investment Plan – Council 21 February 2019	62.758	42.463	37.008	37.055	179.284
Previously Approved Reprogramming/Variations					
Cabinet 1 April 2019	6.828	0	0	0	6.828
Cabinet 28 May 2019	8.484	0	0	0	8.484
Cabinet 29 July 2019	(4.744)	9.275	0	0	4.531
Cabinet 09 Sep 2019	1.300	0	0	0	1.300
Approved Investment Plan Aug/Sep 2019	74.626	51.738	37.008	37.055	200.427
Variations	0.374	6.132	4.000	0	10.506
Reprogramming	0	0	0	0	0
Total Variations	0.374	6.132	4.000	0	10.506
Revised Investment Plan	75.000	57.870	41.008	37.055	210.933

7.8 Details of the £10.506m variations are shown below:

- (a) **HS052 Killingworth Moor Infrastructure £10.000m** – Following a successful bid to the Housing Infrastructure Fund, the authority has been awarded £10.000m over a three-year period to create new road infrastructure to support housing development at Killingworth Moor;
- (b) **BS026 Asset Planned Maintenance £0.484m** – A number of projects have been added they are: War Memorial Funding towards the refurbishment of New York Road War memorial £0.004m, Section 106 funding for the Lakeside Centre sports hall flooring and replacement of The Parks Leisure Centre indoor bowling green surface totalling £0.123m, further Section 106 funding towards the replacement of the Lakeside Centre sports hall rebound boards, netting and a storage roller shutter £0.031m and £0.326m for investment in sports facilities funded from reserves;
- (c) **GEN12 Local Infrastructure Projects £0.028m** – North of Tyne FLAG funding has been awarded and is aimed at providing infrastructure improvements within the Cullercoats Bay that will benefit the existing fishermen, and attract new users, including visitors by making the site more secure for fishing boats;
- (d) **CO079 Play Sites 2019/20 (Section 106) £0.006m** – Works to the children’s play area in Beverley Terrace Cullercoats, including improvements to play equipment, safer surfaces and ancillaries; and,
- (e) **DV071 Section 106 contributions to set up health facilities £0.012m credit**– The medical practice at Wide Open has been upgraded to improve its capacity to deal with patients more efficiently. The residual funding £0.012m is to be transferred back to the Section 106 reserve for future consideration.

7.9 The impact of the changes detailed above on capital financing is shown in Table 21 below.

7.9.1 **Table 21: Impact of variations on Capital financing**

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
Approved Investment Plan – Cabinet 09 Sept 2019	74.626	51.738	37.008	37.055	200.427
Council Contribution	0	0	0	0	0
Contribution from reserves	0.094	0.232	0	0	0.326
Grants and Contributions	0.280	5.900	4.000	0	10.180
Total Financing Variations	0.374	6.132	4.000	0	10.506
Revised Investment Plan	75.000	57.870	41.008	37.055	210.933

Capital Receipts – General Fund

7.10 General Fund Capital Receipts brought forward at 1 April 2019 were £1.100m. The capital receipts requirement for 2019/20 approved by Council on 21 February 2019 was £Nil. To date £0.743m capital receipts have been received in 2019/20. This includes a capital receipt of £0.347m which is a repayment of a capital loan. The receipts position is shown in Table 22 below.

7.10.1 Table 22: Capital Receipt Requirement – General Fund

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
Requirement reported to 21 February 2019 Council	0	0	0	0	0
Receipts Brought Forward	(1.100)	0	0	0	(1.100)
Total Receipts received 2019/20	(0.743)	0	0	0	(0.743)
Receipts used to repay capital loans	0.347	0	0	0	0.347
Net Useable Receipts	(0.396)	0	0	0	(0.396)
Surplus Receipts	(1.496)	0.000	0.000	0.000	(1.496)

Capital receipts – Housing Revenue Account

7.11 Housing Capital Receipts brought forward at 1 April 2019 were £7.251m. The Housing receipts are committed against projects included in the 2019-2023 Investment Plan. The approved Capital Receipt requirement for 2019/20 was £4.286m. This, together with the reprogramming previously reported to Cabinet, gives a requirement of £2.142m. To date, £3.633m receipts have been received in 2019/20 of which £0.468m has been pooled as part of the quarterly returns to Central Government. In total, subject to future pooling, this leaves a surplus balance of £8.274m to be carried forward to fund future years.

7.11.1 Table 23: Capital Receipt Requirement - Housing Revenue Account

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2019-23 £m
Requirement reported to 21 February 2019 Council	4.286	3.685	3.748	2.019	13.738
Reprogramming 2018/19	(0.348)	0.000	0.000	0.000	(0.348)
Reprogramming 2019/20	(1.796)	1.796	0.000	0.000	0.000
Revised Requirement	2.142	5.481	3.748	2.019	13.390
Receipts Brought Forward	(7.251)	(8.274)	(2.793)	0.955	(7.251)
Receipts Received 2019/20	(3.633)	0.000	0.000	0.000	(3.633)
Receipts Pooled Central Government	0.468	0.000	0.000	0.000	0.468
(Surplus)/ Balance To be generated to fund future years (subject to further pooling)	(8.274)	(2.793)	0.955	2.974	2.974

The final figure for useable receipts and pooled receipts in year will depend on the final number of Right to Buy properties sold during 2019/20.

Investment Plan Monitoring Position to 30 September 2019

7.12 Actual expenditure, for 2019/20, in the General Ledger was £18.698m, 24.93% of the total revised Investment Plan at 30 September 2019. This is after adjusting for £0.252m of accruals and retentions relating to 2018/19 expenditure.

7.12.1 Table 24: Total Investment Plan Budget & Expenditure to 30 September 2019

	2019/20 Revised Investment Plan £m	Actual Spend to 30 Sept 2019 £m	Spend as % of revised Investment Plan %
General Fund	49.036	11.837	24.14%
Housing	25.964	6.861	26.43%
TOTAL	75.000	18.698	24.93%

SECTION 8 – TREASURY MANAGEMENT

Treasury Management Strategy Statement and Annual Investment Strategy Mid-Year Review Report 2019/20

- 8.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management stipulates that the Chief Finance Officer should set out in advance the Treasury Management Strategy for the forthcoming financial year, and subsequently report the treasury management activities during that year.
- 8.2 The primary requirements of the Code are as follows:
- (a) forecast the likely activity for the forthcoming year (in the Annual Treasury Management Strategy Report);
 - (b) a mid-year review report; and,
 - (c) review actual activity for the preceding year, including a summary of performance.
- 8.3 This section of the document contains the required mid-year review report for 2019/20. This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:
- An economic update for the first six months of 2019/20;
 - A review of the Treasury Management Strategy Statement and Annual Investment Strategy for 2019/20;
 - A review of the Authority's investment portfolio for 2019/20;
 - A review of the Authority's borrowing strategy for 2019/20; and,
 - A review of compliance with Treasury and Prudential Limits for 2019/20 (detailed in Section 9).

Economic Performance and Outlook Summary

- 8.4 UK economic growth has been cautious with marginal year on year (Y/Y) growth, driven by stock building ahead of Brexit in Q1, with the slowdown anticipated in Q2. Growth has been +1.3% Y/Y. UK base rate remains unchanged at 0.75%. Action from the Monetary Policy Committee (MPC) is unlikely until there is certainty surrounding Brexit.
- 8.5 The trade war between the US and China on tariffs is a major concern to financial markets and is depressing worldwide growth; any downturn in China is likely to impact countries supplying raw materials to China.
- 8.6 Detailed economic commentary, provided by our Treasury Management advisors, is available as a background paper to this report.

Interest Rate Forecast

- 8.7 Link Asset services currently forecast Bank of England base rate to remain unchanged until December 2020, in which the MPC may vote to increase rates to 1.00%, and another rate rise in March 2022.

Table 25: Link Asset Services BoE base rate forecast

Month	Sep-19	Dec-20	Mar-22
BBR Rate	0.75%	1.00%	1.25%

The above forecast based largely upon a Brexit deal of some form negotiated with the EU. Given the current uncertainty, this is an assumption which may require material reassessment following further clarity.

Bond Yields and Increase in the cost of borrowing from the PWLB

- 8.8 Conditions for low bond yields are driven by expectations of the US heading for a recession, a general downturn in world economic growth and low levels of inflation in most countries. This has resulted in long-term PWLB rates being at an unprecedented and historic low, however on 9 October 2019 the Treasury and PWLB announced an increase in the margin over gilt yields of 1.00% on top of the current margin of 0.80% for new borrowing from the PWLB. Therefore, total margin over gilt yields is 1.80%.
- 8.9 There was no prior warning that this would happen, and it now means that every local authority has to reassess how to finance their external borrowing needs and the financial viability of future capital expenditure. Representations are going to be made to HM Treasury to suggest that areas of capital expenditure that the Government are keen to see move forward e.g. housing, should not be subject to such a large increase in borrowing. However this is no guarantee that PWLB borrowing will reduce.
- 8.10 North Tyneside Council has previously relied on the PWLB as its main source of long-term funding; it now must consider alternative sources of borrowing. At the current time, this is a developmental area as this event has also taken the financial services industry by surprise. The market anticipates that various financial institutions will enter the market or make products available to local authorities. Members will be updated as this area evolves.
- 8.11 It is possible that the Municipal Bond Agency will be offering loans to local authorities in the future. This Authority may make use of this new source of borrowing as and when appropriate.
- 8.12 A detailed interest rate and PWLB rate forecast is available as a background paper to this report.

Balance of Risk to the UK

- 8.13 The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture.

Detailed downside and upside risks are available as a background paper to this report.

Annual Investment Strategy

- 8.14 The Treasury Management Strategy Statement (TMSS) for 2019/20, which includes the Annual Investment Strategy, was approved by the Council on 21 February 2019. There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.
- 8.15 The 21 February 2019 approved TMSS sets out the Council's investment priorities as being:
- Security of capital;
 - Liquidity; and
 - Yield.
- 8.16 The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with highly credit rated financial institutions.
- 8.17 The approved limits within the Annual Investment Strategy were not breached during the period to 30 September 2019.
- 8.18 The average level of funds available for investment purposes during the quarter was £29.5m. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the Capital Programme.

Table 26: Investment performance at 30 September 2019

Investments	30/09/2019 £m	Average rate of Return %	Interest Earned period to 30/09/2019
Debt Management Office	31.50	0.54	£48,143

Borrowing

- 8.19 The Council's capital financing requirement (CFR) for 2019/20 is £650.5m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The summary table provided below provides the borrowing position as at 30 September 2019. Total external debt including PFI's is £568.166m.
- 8.20 No borrowing was undertaken during the quarter ended 30 September 2019. Borrowing drawdown for the next half year will be considered cautiously following the increase in PWLB rates.

Table 27: Total External Debt

Principal £m	
	External Borrowing
359.443	Public Works Loan Board (PWLB)
20.000	Lender Option Borrower Option (LOBO)
70.486	Other Local Authorities
449.929	Total
	Other External Debt
118.237	PFI & Finance Lease (as at 01 Apr 19)
568.166	Total External Debt
	Split of External Borrowing
253.894	Housing Revenue Account
196.035	General Fund
449.929	Total

- 8.21 Following introduction of self-financing for the Housing Revenue Account, from 1 April 2012, loans were split between General Fund and Housing. However, decisions on borrowing for both General Fund and Housing will continue to be made within the overall Treasury Management Strategy and will be reported jointly.
- 8.22 The difference between the CFR and external borrowing is known as internal borrowing. The level of internal borrowing is determined within the Treasury Management Strategy, by a number of factors including market conditions for investments and the level of the Authority's reserves and balances.
- 8.23 The Authority's borrowing strategy has been to borrow short term due to the relatively low interest rate levels. Short term temporary borrowing will become more pertinent to the strategy following the increase in PWLB by 1%.

SECTION 9: PRUDENTIAL INDICATORS

Introduction

- 9.1 The Local Government Act 2003 requires the Authority to adopt the CIPFA Prudential Code and produce prudential indicators. Each indicator either summarises the expected capital activity or introduces limits upon that activity and reflects the outcome of the Authority's underlying capital appraisal systems.
- 9.2 Within this overall prudential framework there is an impact on the Authority's treasury management activity, as it will have a direct impact on borrowing and investment activity. Section 8 above provides a review of the Authority's activity to date during 2019/20.
- 9.3 The Prudential Code requires the following matters to be taken into account when setting or revising the prudential indicators:
- (a) Service Objectives – e.g. strategic planning for the Authority;
 - (b) Stewardship of assets – e.g. asset management strategy;
 - (c) Value for money – e.g. options appraisal;
 - (d) Prudence and sustainability – e.g. implications of external borrowing;
 - (e) Affordability – e.g. impact on Council Tax; and,
 - (f) Practicality – e.g. achievability of the forward plan.
- 9.4 Matters of affordability and prudence are primary roles for the Prudential Code. The revenue consequences of capital expenditure, particularly unsupported capital expenditure, must to be paid for from the Authority's resources. Capital expenditure can be paid for through capital receipts, grants etc., but if these resources are insufficient then any residual capital expenditure will add to the Authority's borrowing need.
- 9.5 The key risks to the plans are that the level of external funding has been estimated in some projects and therefore may change. Similarly, some estimates for other sources of funding, such as capital receipt levels, may change as capital receipts are reliant on an active property market.
- 9.6 In total there are fifteen prudential indicators, covering:
- Affordability;
 - Prudence;
 - Capital expenditure;
 - External debt; and
 - Treasury management.

- 9.7 Prudential indicators are required to be set by full Council as part of the Financial Planning and Budget process. Any revisions must be reported through the financial management process.
- 9.8 The prudential indicators for the forthcoming and future years must be set before the beginning of the forthcoming year. They must be reviewed, and may be revised at any time, following due processes.
- 9.9 The following part of the report shows the estimated 2019/20 Prudential Indicators as at 30 September 2019 compared to the indicators approved by Council on 21 February 2019 as part of the budget setting process.

Prudential Indicators for Affordability

Ratio of financing costs to net revenue stream

- 9.10 This indicator shows the annual total cost of financing capital investments (that have been made over time) as a percentage of the Authority’s total spend for both General Fund and the HRA.
- 9.11 The budgeted figures for 2019/20 are set out in Table 28 below together with the estimated 2019/20 position at 30 September 2019:

Table 28: Ratio of Financing Costs to Net Revenue Stream

	2019/20 Budget (%)	2019/20 Estimate (%)
General Fund	18.14	15.90
HRA	27.33	28.07

The General Fund forecast is lower than that budgeted reflecting the savings in the cost of borrowing, for 2019/20, reported in paragraph 4.9.3.

- 9.12 The above indicator reflects costs for all borrowing, both supported and unsupported. It also includes the financing costs of PFI schemes. To enhance the information available for decision-making we have also provided a local indicator to show the percentage of the budget that is spent on unsupported borrowing. This is shown in Table 29 below:

Table 29: Ratio of Financing Costs for prudential (unsupported) borrowing to Net Revenue Stream

	2019/20 Budget (%)	2019/20 Estimate (%)
General Fund	11.29	10.23
HRA	4.65	4.45

Prudential Indicators for Prudence

- 9.13 A key indicator of prudence is that, over the medium term, gross debt will only be used for a capital purpose. Under the Code, the underlying need to borrow for a capital purpose is measured by the Capital Financing Requirement (CFR). Gross debt includes external borrowing and other liabilities including PFI schemes and finance leases.

Gross debt and Capital Financing Requirement (CFR)

- 9.14 This key indicator shows that gross debt is not expected to exceed the total CFR at 31 March 2020. Gross debt is expected to be lower than budgeted reflecting both the continued use of internal borrowing and reprogramming during 2019/20.

Table 30: Gross external debt less than CFR

	2019/20 Budget	2019/20 Estimate
	£m	£m
Gross External Borrowing	505.445	468.019
Other Liabilities (including PFI)	117.219	117.385
Total Gross debt	622.664	585.404
Capital Financing requirement	655.656	650.488

Prudential Indicators for Capital Expenditure

Capital expenditure

- 9.15 This indicator reflects the expected level of capital spend as shown in section 7 of this annex.

Table 31: Capital Expenditure

	2019/20 Budget	2019/20 Estimate
	£m	£m
General Fund	36.944	49.036
HRA	25.814	25.964
Total	62.758	75.000

Capital Financing Requirement (CFR)

- 9.16 The CFR can be understood as the Authority's underlying need to borrow money long term for a capital purpose. The underlying need is the expenditure remaining to be financed after allowing for capital funding from capital receipts, grants, third party contributions and revenue contributions. It reflects the cumulative amount of borrowing required for capital purposes less the annual Minimum Revenue Provision (MRP) (the amount set aside to repay debt).

- 9.17 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.
- 9.18 The CFR has been calculated in line with the methodology required by the relevant statutory instrument and Prudential Code guidance. It incorporates the actual borrowing impacts of the Authority's capital projects, PFI programmes and finance leases.

Table 32: Capital Financing Requirement

	2019/20 Budget £m	2019/20 Estimate £m
General Fund	327.948	325.714
HRA	327.708	324.774
Total	655.656	650.488

The estimated CFR is lower than that budgeted due to reprogramming during 2018/19 and 2019/20.

- 9.19 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 33 below:

Table 33: Capital Financing Requirement for Unsupported Borrowing

	2019/20 Budget £m	2019/20 Estimate £m
General Fund	184.857	184.339
HRA	20.507	22.922
Total	205.364	207.261

Prudential Indicators for External Debt

Authorised limit for total external debt

9.20 For the purposes of this indicator the authorised limit for external debt is defined as the authorised limit for borrowing plus the authorised limit for other long-term liabilities. The authorised limit represents the maximum amount the Authority may borrow at any point in time in the year. It has to be set at a level the Authority considers is “prudent” and has to be consistent with the plans for capital expenditure and financing. This limit is based on the estimate of the most likely, but not worse case, scenario with additional headroom to allow for operational management, for example unusual cash movements.

9.21 The following limits were set by full Council as part of the budget setting process.

Table 34: Authorised Limit for External Debt

	2019/20 £m
Borrowing	1,100.000
Other Long Term Liabilities	150.000
Total	1,250.000

All transactions are expected to be within the Authorised Limit for External Debt for 2019/20.

Operational Boundary for total external debt

9.22 The operational boundary represents a key management tool for in year monitoring by the Chief Finance Officer. Within the operational boundary, figures for borrowing and other long-term liabilities are identified separately.

Table 35: Operational Boundary for External Debt

	2019/20 £m
Borrowing	550.000
Other Long-Term Liabilities	130.000
Total	680.000

All transactions are expected to be within the Operational Boundary during 2019/20.

Prudential Indicators for Treasury Management

Upper limits on interest rate exposure 2019/20

9.23 Full Council set an upper limit on its fixed interest rate exposures for 2019/20 of 100% of its net outstanding principal sums. Borrowing is expected to remain

within this limit during 2019/20. Full Council set an upper limit on its variable interest rate exposures for 2019/20 of 50% of its net outstanding principal sums. Borrowing is expected to remain within this limit during 2019/20.

- 9.24 Upper and lower limits for the maturity structure of the Authority's borrowings were set as shown in Table 36 below. Borrowing is expected to remain within these limits during 2019/20.

Table 36: Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate

	Upper Limit	Lower Limit
Under 12 months	50%	0%
12 months to 2 years	50%	0%
2 years to 5 years	50%	0%
5 years to 10 years	75%	0%
10 years to 20 years	100%	25%
20 years to 30 years	100%	25%
30 years to 40 years	100%	25%
40 years to 50 years	100%	25%

- 9.25 Full Council agreed the indicator for exposure of investments in excess of 364 days at no more than 25% of the portfolio. Investments are expected to remain within this limit during 2019/20.

SECTION 10 – COUNCIL TAX AND BUSINESS RATES RECOVERY

Council Tax and Business Rates Collection

10.1 The budgeted Council Tax debit for 2019/2020 is £107.402m, of which the retained share for the Authority is £94.364m. For Business Rates (NNDR) the opening net debit for 2019/2020 is £57.762m, following adjustment for the previous year's deficit position on NNDR the budget retained share for the Council for 2019/20 is £42.582m. Business Rates income is supplemented by a top up grant from Government of £17.419m, providing an anticipated combined budgeted income from Business Rates to the Council of £60.001m. Tables below set out the in-year collection performance against the Council Tax and Business Rates net debit.

10.2 As at 30 September 2019, the actual current year Council Tax net liability has increased to £110.501m. The Council has collected £59.009m (53.4%) compared to £55.923m (53.8%) at the same point in 2018/19. Further details are shown in table 37 below.

10.3 The small reduction in collection rate compared to 2018/19 is due to a number of factors including, the increase in Council Tax including the higher level of adult social care precept, the removal of discounts and exemptions for empty properties and the reduction in Council Tax Support. Additionally, there has been an increase of 3,562 payers from the 2018/19 annual billing who have opted to extend the payment terms over 12 monthly instalments rather than the original 10 instalments. A fall in in-year collection at the half year point is therefore to be expected, however the long-term rate of collection is expected to be maintained at the budgeted level of 98.5%.

Table 37: Council Tax Collection as at 30 September

	2015/16	2016/17	2017/18	2018/19	2019/20
Dwellings administered	95,874	96,428	97,123	98,199	99,315
In year collection £m	44.477	49.574	52.751	55.923	59.009
In year %	52.39	55.19	54.7	53.8	53.4
Target %	53.19	52.39	55.0	55.0	55.0

10.4 In relation to Business rates, as at 30 September 2019, the Authority had collected £34.828m (57.6%) of the current net liability of £60.490m compared to £34.780m (57.4%) at the same point in 2018/19. Collections are currently ahead of target rates. Further details are shown in table 38 below.

Table 38: Business Rates Collection as at 30 September

	2015/16	2016/17	2017/18	2018/19	2019/20
Properties administered	5,464	5,564	5,618	6,031	6,046
In year collection £m	35.783	35.770	35.564	34.780	34.828
In year %	59.1	57.0	58.7	57.4	57.6
Target %	57.7	59.1	56.5	56.5	56.5

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		2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
General Fund						
Maintaining Our Assets						
BS026 Asset Planned Maintenance						
	Council Contribution	1,522	1,500	1,500	1,500	6,022
	Section 106	154	0	0	0	154
	Private Contribution (NHS)	100	0	0	0	100
	War Memorial Trust Grant	4	0	0	0	4
	Contribution from Reserves	94	232	0	0	326
BS026 Asset Planned Maintenance Total		1,874	1,732	1,500	1,500	6,606
BS029 Wallsend CFC Alcohol Treatment Capital Fund						
	Public Health England	411	0	0	0	411
BS029 Wallsend CFC Alcohol Treatment Capital Fund Total		411	0	0	0	411
CO064 Social Care Information System						
	Better Care Fund	99	0	0	0	99
CO064 Social Care Information System Total		99	0	0	0	99
CO076 Lockey Park Environmental and Play Improvements						
	Section 106	74	0	0	0	74
CO076 Lockey Park Environmental and Play Improvements Total		74	0	0	0	74
CO078 Coastal Revival Fund						
	Coastal Revival Fund (HCLG)	48	0	0	0	48
CO078 Coastal Revival Fund Total		48	0	0	0	48
DV071 Section 106 Contributions to Set Up Health Facilities						
	Section 106	78	0	0	0	78
DV071 Section 106 Contributions to Set Up Health Facilities Total		78	0	0	0	78
ED075 Devolved Formula Capital						
	Education Funding Agency	1,279	1,579	579	579	4,016
ED075 Devolved Formula Capital Total		1,279	1,579	579	579	4,016
ED120 Basic Need						
	Education Funding Agency	184	113	113	113	523
ED120 Basic Need Total		184	113	113	113	523
ED132 School Capital Allocation						
	Education Funding Agency	3,781	3,534	3,534	3,534	14,383
	Private Contribution (Kier Gain Share)	33	0	0	0	33
ED132 School Capital Allocation Total		3,814	3,534	3,534	3,534	14,416
ED186 Backworth Park Primary						
	Council Contribution	-2,374	0	0	0	-2,374
	Section 106	2,374	0	0	0	2,374
ED186 Backworth Park Primary Total		0	0	0	0	0
EV034 Local Transport Plan						
	Dept for Transport LTP ITA	958	958	958	958	3,832
	Dept for Transport LTP Maint	2,504	2,195	2,000	2,000	8,699
	DFT Pothole Funding 19/20	144	0	0	0	144
EV034 Local Transport Plan Total		3,606	3,153	2,958	2,958	12,675
EV056 Additional Highways Maintenance						
	Council Contribution	2,000	2,000	2,000	2,000	8,000
	Department For Transport	876	0	0	0	876
EV056 Additional Highways Maintenance Total		2,876	2,000	2,000	2,000	8,876
EV069 Vehicle Replacement						
	Council Contribution	1,300	500	0	0	1,800
EV069 Vehicle Replacement Total		1,300	500	0	0	1,800
IT020 ICT Strategy						
	Council Contribution	1,234	1,000	1,000	1,000	4,234
IT020 ICT Strategy Total		1,234	1,000	1,000	1,000	4,234
Maintaining Our Assets Total		16,877	13,611	11,684	11,684	53,856

		2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
Corporate						
EV076 Operational Depot Accommodation Review						
	Council Contribution	4,279	3,366	0	0	7,645
	ERDF	843	1,169	0	0	2,012
EV076 Operational Depot Accommodation Review Total		5,122	4,535	0	0	9,657
EV086 Clean Bus Technology Fund						
	Department For Transport	358	0	0	0	358
EV086 Clean Bus Technology Fund Total		358	0	0	0	358
GEN03 Contingencies						
	Council Contribution	3,559	2,125	500	500	6,684
GEN03 Contingencies Total		3,559	2,125	500	500	6,684
IT026 ICT Citizen Interaction						
	Council Contribution	0	0	0	0	0
IT026 ICT Citizen Interaction Total		0	0	0	0	0
IT027 Self Service Kiosk Replacement						
	Council Contribution	100	0	0	0	100
IT027 Self Service Kiosk Replacement Total		100	0	0	0	100
Corporate Total		9,139	6,660	500	500	16,799
Education						
ED100 30 Hours Capital Grant						
	Education Funding Agency	75	0	0	0	75
ED100 30 Hours Capital Grant Total		75	0	0	0	75
ED188 SEND						
	Education Funding Agency	400	449	0	0	849
ED188 SEND Total		400	449	0	0	849
Education Total		475	449	0	0	924
Housing General Fund						
DV064 Council Property Investment						
	Council Contribution	1,253	0	0	0	1,253
DV064 Council Property Investment Total		1,253	0	0	0	1,253
HS004 Disabled Facilities Grant						
	Better Care Fund	1,500	1,437	0	0	2,937
HS004 Disabled Facilities Grant Total		1,500	1,437	0	0	2,937
HS051 Private Sector Empty Homes						
	Council Contribution	469	431	0	0	900
	Homes & Communities Grant	244	93	0	0	337
	Revenue Contribution (NHB)	76	0	0	0	76
HS051 Private Sector Empty Homes Total		789	524	0	0	1,313
Housing General Fund Total		3,542	1,961	0	0	5,503
Investments						
DV066 Investment in North Tyneside Trading Co						
	Council Contribution	5,249	2,200	0	0	7,449
	Section 106	1,623	0	0	0	1,623
DV066 Investment in North Tyneside Trading Co Total		6,872	2,200	0	0	9,072
Investments Total		6,872	2,200	0	0	9,072
Regeneration						
CO077 Amberley Playing Field Artificial Grass Pitch						
	Football Foundation Grant	500	0	0	0	500
	Section 106	214	0	0	0	214
CO077 Amberley Playing Field Artificial Grass Pitch Total		714	0	0	0	714
CO079 Playsites 2019/20						
	Section 106	50	0	0	0	50
CO079 Playsites 2019/20 Total		50	0	0	0	50

		2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
DV054 Spanish City Dome						
	Council Contribution	45	0	0	0	45
DV054 Spanish City Dome Total		45	0	0	0	45
DV058 Swan Hunters Redevelopment						
	Council Contribution	300	0	0	0	300
	LGF	1,885	0	0	0	1,885
DV058 Swan Hunters Redevelopment Total		2,185	0	0	0	2,185
DV067 Northern Promenade						
	Council Contribution	378	0	0	0	378
DV067 Northern Promenade Total		378	0	0	0	378
DV068 Southern Promenade						
	Environment Agency Grant	550	0	0	0	550
DV068 Southern Promenade Total		550	0	0	0	550
DV070 Forest Hall Regeneration						
	Revenue Contribution (Feasibility)	37	0	0	0	37
DV070 Forest Hall Regeneration Total		37	0	0	0	37
EV080 Coast Road Cycle Route						
	Cycle City Ambition Fund	231	0	0	0	231
	Transforming Cities Fund	237	0	0	0	237
EV080 Coast Road Cycle Route Total		468	0	0	0	468
EV082 North Bank of Tyne Infrastructure						
	NELEP Growth Deal	1,214	0	0	0	1,214
EV082 North Bank of Tyne Infrastructure Total		1,214	0	0	0	1,214
EV084 A189 Improvements Haddricks Mill to West Moor						
	DFT National Productivity Fund	2,333	0	0	0	2,333
	Section 106	0	0	0	0	0
	Section 278	1,554	0	0	0	1,554
EV084 A189 Improvements Haddricks Mill to West Moor Total		3,887	0	0	0	3,887
EV087 Air Quality Early Measures Fund						
	DEFRA - Air Quality Grant	350	0	0	0	350
	Transforming Cities Fund	285	0	0	0	285
EV087 Air Quality Early Measures Fund Total		635	0	0	0	635
EV088 Tyne View Terrace Cycleway						
	Transforming Cities Fund	427	0	0	0	427
EV088 Tyne View Terrace Cycleway Total		427	0	0	0	427
EV090 S278 Avant Homes at Killingworth Village						
	Section 278	1,223	0	0	0	1,223
EV090 S278 Avant Homes at Killingworth Village Total		1,223	0	0	0	1,223
GEN12 Local Infrastructure						
	Council Contribution	190	100	100	100	490
	FLAG Grant	28	0	0	0	28
GEN12 Local Infrastructure Total		218	100	100	100	518
HS052 Killingworth Moor Infrastructure						
	Housing Infrastructure Fund	100	5,900	4,000	0	10,000
HS052 Killingworth Moor Infrastructure Total		100	5,900	4,000	0	10,000
Regeneration Total		12,131	6,000	4,100	100	22,331
General Fund Total		49,036	30,881	16,284	12,284	108,485
HRA						
Housing						
HS015 Refurbishment / Decent Homes Improvements						
	See HRA Financing	21,225	20,664	20,862	21,144	83,895
HS015 Refurbishment / Decent Homes Improvements Total		21,225	20,664	20,862	21,144	83,895
HS017 Disabled Adaptations						
	See HRA Financing	1,041	1,051	1,062	1,072	4,226
HS017 Disabled Adaptations Total		1,041	1,051	1,062	1,072	4,226

		2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
HS039 ICT Infrastructure Works						
	See HRA Financing	110	107	108	109	434
HS039 ICT Infrastructure Works Total		110	107	108	109	434
HS041 Housing PFI						
	See HRA Financing	254	0	0	0	254
HS041 Housing PFI Total		254	0	0	0	254
HS044 HRA New Build						
	See HRA Financing	1,835	5,167	2,692	2,446	12,140
HS044 HRA New Build Total		1,835	5,167	2,692	2,446	12,140
HS050 Construction Options Project						
	See HRA Financing	1,499	0	0	0	1,499
HS050 Construction Options Project Total		1,499	0	0	0	1,499
Housing Total		25,964	26,989	24,724	24,771	102,448
HRA Total		25,964	26,989	24,724	24,771	102,448
Total £000		75,000	57,870	41,008	37,055	210,933

Investment Plan Financing

		2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Total £000
General Fund						
	Council Contribution	19,504	13,222	5,100	5,100	42,926
	Grants & Contributions	29,325	17,427	11,184	7,184	65,120
	Revenue Contribution	113	0	0	0	113
	Contribution from Reserves	94	232	0	0	326
General Fund Total		49,036	30,881	16,284	12,284	108,485
HRA Financing						
	HRA Capital Receipts	2,142	5,481	3,748	2,019	13,390
	HRA Revenue Contribution	9,136	8,079	7,702	9,014	33,931
	HRA MRR	12,392	12,825	13,274	13,738	52,229
	HRA House Building Fund Reserve	1,785	604	0	0	2,389
	HRA PFI Reserve	509	0	0	0	509
HRA Financing Total		25,964	26,989	24,724	24,771	102,448
Total£000		75,000	57,870	41,008	37,055	210,933
		0	0	0	0	0

North Tyneside Council Report to Cabinet Date: 25 November 2019

Title: 2020-2024 Financial Planning and Budget Process: Cabinet's Initial Budget proposals

Portfolio(s): Elected Mayor Finance and Resources Housing and Transport Community Safety and Engagement	Cabinet Member(s): Mrs Norma Redfearn Councillor Ray Glindon Councillor Steve Cox Councillor Carole Burdis
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Report from Service Area: Senior Leadership Team

Responsible Officer: Janice Gillespie, Head of Resources (Chief Finance Officer) **Tel:** 643 5701

Wards affected: All

PART 1

1.1 Executive Summary:

1.1.1 On 29 October 2019 Parliament voted in support of a General Election to be held on 12 December 2019. This decision has meant that both the Government's Budget Statement, due to be announced on 6 November 2019, and the Provisional Local Government Finance Settlement, due to be announced on 5 December 2019, have been delayed. This creates significant uncertainty for the Authority when considering its Budget proposals for 2020/21 and further uncertainty when planning for the medium term.

1.1.2 Whilst the details of the above are still to be confirmed, the most pragmatic approach for the Authority to take when planning for 2020/21 is to do so on the basis of the Spending Round announcement delivered to Parliament on 4 September 2019. This approach has also been recommended in a letter to local authority chief executives and chief finance officers, received from the Ministry of Housing Communities and Local Government on 5 November 2019.

- 1.1.3 In the Spending Round 2019 (SR19), the Chancellor announced proposals for a £2.9 billion cash increase in local government 'core spending power'. This is to come from an extra £1.2 billion in social care grant funding for local authorities. The other £1.8 billion is expected to come from increases in Council Tax (1.99% general Council Tax increase, and a 2% precept for social care) and increases in business rates baseline funding in line with inflation. The Elected Mayor and Cabinet's initial Budget proposals include the impact of the nationally recommended 1.99% general Council Tax increase and 2% Adult Social Care Precept. However, the decision on any Council Tax increase will be finalised in the report to Cabinet on 20 January 2020 following the conclusion of the consultation process on its initial proposals, and further information on the Local Government Finance Settlement.
- 1.1.4 The initial Budget proposals for the General Fund set out in this report have been developed in the context of a refreshed Our North Tyneside Plan 2020-2024, as set out in Appendix A of this report. The Council Plan has been updated to reflect two key policy developments; the Council's declaration of a climate emergency and the context in which the Council now operates as part of the North of Tyne Combined Authority.
- 1.1.5 At its meeting on 9 September 2019, Cabinet approved the process and timetable to be adopted for the preparation of the draft Medium-Term Financial Plan, 2020/21 revenue budgets in respect of the General Fund, Dedicated Schools Grant (DSG) and Housing Revenue Account (HRA), the 2020-2024 Investment Plan and the 2020/21 Treasury Management Statement and Annual Investment Strategy, as part of the overall Financial Planning and Budget Process for 2020-2024. Cabinet also approved the Budget Engagement Strategy as part of that report.
- 1.1.6 This report presents, for consideration, Cabinet's initial Budget proposals, in accordance with the time-scales set out in the Authority's Constitution (Budget & Policy Framework Procedure Rules). This report presents proposals to cover a four-year planning period from 2020-2024 for the revenue Budget and a five-year planning horizon for the Investment Plan.
- 1.1.7 In addition to the short-term question there is significant uncertainty in relation to the level of funding beyond 2021 due to the changes in the local government finance system. The impact of the move to 75% Business Rates Retention, alongside the Fair Funding Review and Business Rates Reset are unknown at this stage. These increase the level of risk to financial planning, requiring current Budget forecasts to be closely monitored, and potentially refreshed more frequently than usual, as consequences become clear. The current savings requirement is estimated to be £41.822m over the period 2020-2024, before any proposals around Council Tax increases or the Adult Social Care Precept is considered.
- 1.1.8 It is important to appreciate that these proposals have been developed following several years of cumulative effort to respond to reducing resources and rising costs. They necessarily contain greater cumulative risk and require close attention to ensure delivery.

1.2 Recommendation(s):

- 1.2.1 Cabinet is recommended to:

- (a) note the progress made in relation to this year's Financial Planning and Budget process;
- (b) note the key principles being adopted in preparing the Medium-Term Financial Strategy for the Authority, subject to an annual review;
- (c) note the medium-term financial challenges and financial risks facing the Authority and agree to address these issues as part of the Efficiency Programme for the Authority, to deliver continued financial stability and prudent management of its financial resources;
- (d) note the formal Reserves and Balances Policy for the Authority, subject to review at least annually;
- (e) consider and agree the initial Budget proposals in relation to the 2020/21 General Fund Revenue Budget and Dedicated Schools Grant, including the assessment of the current year's budget monitoring information (2019/20);
- (f) authorise the Head of Resources, in consultation with the Head of Commissioning and Asset Management, the Cabinet Member for Children, Young People and Learning and the Cabinet Member for Finance and Resources, to undertake resource allocations to schools for 2020/21 in line with the school funding arrangements set out in the report;
- (g) consider and agree the proposed 2020-2025 Investment Plan, noting that the Plan continues to be under review;
- (h) note the draft Capital Investment Strategy and note that this Strategy will now be subject to consultation as part of the Budget Engagement Strategy;
- (i) note that all approved schemes within the 2020-2025 Investment Plan will be kept under corporate review by the Investment Programme Board;
- (j) consider and agree the draft 2020/21 Treasury Management Statement and Annual Investment Strategy;
- (k) note the Provisional Statement by the Chief Finance Officer;
- (l) consider and agree the initial Budget proposals in relation to the 2020-2024 Housing Revenue Account Budget, and associated Business Plan, including an assessment in relation to the current year's budget monitoring information (2019/20);
- (m) note the proposed April 2020 2.7% rent increase from April 2020 (in line with Government policy), and the initial proposals in relation to housing service charges and garage rents for 2020/21;
- (n) authorise the Elected Mayor, in conjunction with the Cabinet Member for Finance and Resources, Deputy Mayor and other Cabinet Members, to work with the Senior Leadership Team to continue their joint review of these initial Budget proposals;

- (o) authorise the Chief Executive, in consultation with the Elected Mayor, Cabinet Member for Finance and Resources, Deputy Mayor and the Senior Leadership Team to manage the Efficiency Programme and note that progress will be reported to Cabinet as part of the regular budget monitoring process;
- (p) consider and agree the proposed refreshed Our North Tyneside Plan as set out in Appendix A to this report; and
- (q) note the timetable of key milestones for 2020-2021 has been updated to reflect the potential changes which will be proposed to full Council on 28 November 2019.

1.3 Forward Plan:

Twenty-eight days' notice of this report has been given and it first appeared on the Forward Plan that was published on 22 July 2019.

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 Council Tax requirement and Council Tax level. The statutory and constitutional requirements for preparing, considering and approving these issues drive the timetable for the Financial Planning and Council Tax setting process of the Authority.
- 1.4.2 The development of the Financial Plan and Budget has followed the same timetable as in previous years. However, the proposals will also be presented to the Overview and Scrutiny Committee during the course of the Budget setting process. The priorities in the Our North Tyneside Plan 2020-2024 provide the strategic framework within which budget resources are allocated.
- 1.4.3 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

General Fund

- 1.5.1 The 2019/20 financial year is the final year of the 2016 Spending Review, which had afforded local government some financial certainty with which to plan over the medium term. The lack of a multi-year Spending Review has meant that there is a significant level of uncertainty when undertaking financial planning for the longer term. Political uncertainty remains high. Brexit has been delayed until 31 January 2020, following agreement by European Leaders to offer a further extension. In addition, the recently announced General Election has caused delays for major funding announcements.

Both the Government's Budget, due on 6 November 2019, and the Provisional Local Government Finance Settlement, due in early December 2019, have now been delayed until after the conclusion of the General Election. In addition to this, as announced in the Spending Round 2019, the Fair Funding and Business Rates Retention (BRR) schemes scheduled for implementation in April 2020 will now not go ahead until April 2021. Significant risks remain to the Authority's funding around the principles yet to be agreed for fair funding distribution and how the move to 75% BRR is implemented, alongside the Business Rates reset.

- 1.5.2 Whilst waiting for further details and confirmation of funding arrangements the Authority must continue to prepare financial plans for 2020/21 and the medium term. However, this is being done with caution and pragmatism. Therefore, these initial Budget proposals have been prepared on the basis of the assumptions included in the Spending Round 2019 announced in September. This approach has also been recommended in a letter to local authority chief executives and chief finance officers, received from the Ministry of Housing Communities and Local Government on 5 November 2019. The letter advises that, when drawing up draft budgets for 2020/21, local authorities should take account of the proposals that the previous Government published in the SR19 technical consultation.
- 1.5.3 As reported to Cabinet in September, the Chancellor announced the proposed Spending Round 2019 (SR19) on 4 September 2019. As anticipated SR19 was limited to a single year, which included headline numbers for Government spending for 2020/21 and indicative three-year allocations for schools. In addition, SR19 confirmed the Government's proposal to 'roll forward' the 2019/20 Local Government Finance Settlement. As set out in earlier in this report specific funding allocations are yet to be confirmed and a full multi-year Spending Review is now planned to be held in 2020. The main headlines announced in SR19 included:
- Departmental spending to increase by 4.1% in real terms, whilst keeping within the Government's fiscal rules;
 - Social care grants that local authorities received in 2019/20 will continue in 2020/21;
 - The Improved Better Care Fund (IBCF) will be maintained at 2019/20 levels, as well as rolling the Winter Pressures Grant (£240m allocated in 2019/20) into the IBCF for 2020/21;
 - An additional £1bn of grant funding will be distributed for social care in 2020/21, plus local authorities will be able to charge a further 2% Adult Social Care Precept (ASCP) (estimated at £500m);
 - A real terms increase in the Public Health and Revenue Support Grant; and
 - Authorities will be able to increase Band D Council Tax up to 2% for the basic element in line with the referendum limit for 2020/21.
- 1.5.4 Consultation with Government is underway on the basis of distribution of the additional social care grant. However, initial indications are that the Authority will receive additional social care funding of £4.300m in 2020/21.
- 1.5.5 SR19 also included a three-year funding settlement for schools, high needs and early years which are part of the Dedicated Schools Grant (DSG). Nationally, additional funding will be £2.6bn in 2020/21, £4.8bn in 2021/22 and £7.1bn in 2022/23. The main headlines announced included:

- An increase in per pupil funding for all schools in line with inflation in 2020/21 (1.8%) with minimum per pupil funding levels set at Primary £3,750, Key Stage 3 £4,800 and Key Stage 4 £5,300;
- Minimum rate per pupil for primary schools rising to £4,000 in 2021/22;
- Additional funding of £0.700m in 2020/21 for children with special educational needs;
- Additional early years funding of £66m;
- Additional funding of £0.400m in 2020/21 for further education;
- Confirmation that the Government will continue to support additional teachers' pension costs for schools; and
- Commitment to move towards a 'hard' National Funding Formula for schools as soon as practical.

The Authority is currently working through the implications of the funding announcement and is waiting for further details to be released by the Government to understand the impact for schools and other services supported by the DSG.

- 1.5.6 The Authority is experiencing an incredibly difficult period and it is faced with relentless pressure on reduced budgets. The initial Budget proposals in this report aim to protect essential services for the people of North Tyneside, invest in the future of the borough, grow the local economy, and create more jobs and opportunities in a borough that works better for residents.
- 1.5.7 With so many competing demands to pay for services, the Elected Mayor and Cabinet have carefully scrutinised the Authority's finances. With the scale of the funding reductions, very difficult decisions have had to be made and unfortunately many more lie ahead if the Authority is to manage within available resources. These proposals aim to protect essential services and make sure that the Authority operates as efficiently as possible to provide excellent value for money for local taxpayers.
- 1.5.8 The Our North Tyneside Plan 2020 – 2024 provides the policy framework or context for the Budget proposals set out in this report. The Plan, which has been refreshed to reflect two key policy developments as agreed previously by full Council, namely the declaration of a climate emergency and the role of the North of Tyne Combined Authority, is set out in Appendix A to this report.
- 1.5.9 Engagement on both the refreshed Our North Tyneside Plan and the draft Budget proposals set out in this report will take place from 26 November to 5 January 2019. The engagement approach will be as agreed by Cabinet on 9 September 2019.

Housing Revenue Account

- 1.5.10 The HRA has faced significant challenges from legislation, particularly linked to the Welfare Reform and Work Act 2016 and the Housing and Planning Act 2016. 2020/21 represents the end of the Government's policy to reduce rent by 1% for four years as enacted in the Welfare Reform and Work Act 2016 for all housing stock. From April 2020 Government has announced that social rents will return to the previous policy of being based on Consumer Prices Index (CPI) plus 1% for at least 5 years to give some greater surety to allow longer-term business planning. Changes initially proposed in the Housing and Planning Act 2016 have not come

into legislation, removing the potential risk from policy proposals such as Pay to Stay, Sale of High Value Assets and short-term tenancies. The Authority is also facing the impact of the continued roll-out of Universal Credit and other welfare reforms.

1.5.11 Cabinet will be aware that on 1 April 2019 the Housing, Property and Construction service within Environment, Housing and Leisure was established to deliver all of the Authority's repairs and construction requirements. A benefits realisation plan was developed as part of the project with the aim of feeding benefits into the HRA Business Plan as a result of returning the service to the Authority. The first set of benefits (£1.500m p.a in revenue, and circa £1.000m p.a in Capital) are included within the projections for the 2020-2024 HRA Business Plan and 2020-2025 Housing Capital Investment Plan and are aligned to the Elected Mayor and Cabinet's priorities. The initially identified benefits are proposed to be re-invested in a number of areas:-

- The Elected Mayor and Cabinet's commitment to delivering more affordable housing by increasing the resources available to deliver new build schemes;
- Creating a tenants' priorities budget to focus on key areas of need, those needs could vary year on year to match changing tenant needs and priorities, for example pest control, empty homes standard and fencing; and
- Strengthening the resources available to support our tenants in coping with the changes arising from welfare reform and the continued roll-out of Universal Credit.

1.5.12 In the October 2018 Spending Review, the Government removed the HRA borrowing cap. Cabinet will remember that North Tyneside's self-financing was above the borrowing cap. It will now be for the Authority to determine the level of unsupported borrowing it wishes to undertake to fund new build in line with the Prudential Code which already applies to the rest of the Authority's borrowing strategy. This will need to be assessed against the levels of rental income that can be raised to support such borrowing and against a background of no guaranteed additional grants to support the build, the availability of suitable sites, and no proposed cessation of the RTB scheme or changes to the levels of discounts available to tenants. A review of the HRA debt management strategy has been undertaken and the initial decision is not to change the Authority's approach at this stage, although work will continue in this area to keep abreast of opportunities and ensure that the Authority takes advantage of any funding opportunities to deliver new build over and above what is already identified in the plan.

1.5.13 These factors continue to be considered as part of the updating of the 30-year plan which aims to ensure the long-term viability of the HRA in line with the policy direction of the Elected Mayor and Cabinet and the needs of tenants. For the purposes of the current Financial Planning and Budget process, a four-year revenue plan has been developed in line with the approach adopted for the General Fund. Cabinet is advised that all projections after 2020/21 are only indicative at this stage.

1.5.14 Building on regular engagement with Housing Revenue Account customers, tenants will be consulted on these initial Budget proposals and the final HRA Budget will be presented to Cabinet on 20 January 2020. At that meeting Cabinet will be asked to approve the HRA Business Plan and Budget for 2020/21, including the housing

rent, garage rent and service charge changes and the Housing Capital Investment Plan.

Initial Budget Proposals

1.5.15 Annex 1 to this report sets down in detail the Cabinet's 2020-2024 initial Budget proposals for the General Fund Revenue Budget, Dedicated Schools Grant, Housing Revenue Account, 2020-2025 Investment Plan, and the 2020/21 Treasury Management Statement and Annual Investment Strategy.

1.5.16 Cabinet's initial Budget proposals are based upon available information and judgements at the time of the writing of this report. There are a number of assumptions and judgements built into the figures presented that are outside the control of the Authority and need to be finalised. The initial Budget proposals are therefore subject to further review before they can be confirmed. The information to be assessed and finalised is:

(a) The Government's Budget;

(b) The Provisional and Final Local Government Finance Settlement announcements for 2020/21, including capital announcements and specific grants (including the Dedicated Schools Grant (DSG));

(c) Police and Crime Commissioner for Northumbria and the Tyne and Wear Fire and Rescue Authority Precepts (due February 2020);

(d) Levies, including the North of Tyne element of the Newcastle Upon Tyne, North Tyneside and Northumberland Combined Authority Transport Levy (due January 2020);

(e) Tyne and Wear Joint Service Budgets (due January/February 2020); and

(f) Consideration of the impact of the economic climate on the residents of the borough and Council Tax payers.

Therefore, as some external announcements are still to be received, it is recommended that Cabinet authorises the Elected Mayor, in conjunction with the Cabinet Member for Finance and Resources, Deputy Mayor and other Cabinet Members, to work with the Senior Leadership Team to continue their joint review of these proposals.

1.6 Decision options:

1.6.1 The following decision options are available for consideration by Cabinet:

Option 1

Cabinet can agree the proposals set out in this report.

Option 2

Cabinet can suggest that further / different options are considered by the Senior Leadership Team and be reported back to Cabinet for further consideration. Option 1 is the recommended option.

- 1.6.2 As explained in the Annex to the report, there is still a significant amount of external information that has not yet been received by the Authority. On this basis, Cabinet is recommended to authorise the Elected Mayor, in consultation with the Cabinet Member for Finance and Resources, the Deputy Mayor and other Cabinet Members, to work with the Senior Leadership Team to continue their joint review of these initial proposals. Recommendation 1.2.1 (o) refers.

1.7 Reasons for recommended option:

- 1.7.1 Due to external information still to be received, Cabinet is not in a position to finalise setting its proposed Council Tax level for 2020/21 in relation to the General Fund. Although these initial Budget proposals include the Government's assumed general increase to Council Tax of 1.99% and the Social Care Precept of 2% in 2020/21. This report will form the basis of Budget engagement and scrutiny over the next two months, but further work will inevitably be required before final decisions are made on the budgets for next year, hence the authorisation recommendation referred to in paragraph 1.6.2 above.

1.8 Appendices:

Annex 1:	2020-2024 Financial Planning and Budget Process – Cabinet's Initial Budget Proposals
Appendix A:	2020-2024 Our North Tyneside Plan
Appendix B	General Fund 2020-2024 Financial Pressures Summary
Appendix C	General Fund 2020-2024 Efficiency Savings
Appendix D(i)	2020-2025 Investment Plan Summary
Appendix D(ii)	2020-2025 Housing Investment Plan
Appendix D(iii)	Prudential Indicators 2020-2025
Appendix D(iv)	Capital Investment Strategy
Appendix E	2020/21 Treasury Management Statement and Annual Investment Strategy
Appendix F	2020/21 Financial Planning and Budget Timetable of Key Future Decision Milestones
Appendix G	Glossary of Terms

1.9 Contact officers:

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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) 2020-2024 Financial Planning and Budget Process, incorporating the Council Plan and associated Budget Engagement Strategy, Cabinet 9 September 2019. The report items are as follows: 5b

<https://my.northtyneside.gov.uk/sites/default/files/meeting/related-documents/5b%20Budget%20and%20Financial%20Plan%20Process%20Report.pdf>

- (b) State of the Area Report 2019

<https://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/State%20of%20the%20Area%20Report%202019.pdf>

- (c) CIPFA local authority reserves and balances

<http://www.cipfa.org/policy-and-guidance/technical-panels-and-boards/local-authority-accounting-panel/laap-bulletins/laap-99>

- (d) 2019/20 Financial Management Report to 30 September 2019 – Cabinet 25 November 2019. The report items are as follows: 5e (a), 5e (b), 5e (c)

- (e) Local Government Finance Settlement, letter to Chief Executive / Chief Finance Officers from the Ministry of Housing Communities and Local Government

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

- 2.1.1 The financial implications arising from this report are appraised as part of the decisions made about what will be included in the Authority's Financial Plan, incorporating the 2020/21 Budget setting process. Decisions on the Budget in relation to the General Fund, Housing Revenue Account, Dedicated Schools Grant (DSG), Capital Investment Plan, Treasury Management Statement and Annual Investment Strategy need to be made within the overall context of the resources available to this Authority and within the legal framework for setting budgets. The Authority will need to closely examine the links with its key funding partners and their proposed financial plans, including an assessment of the impact of any grant fall-out over the proposed four-year resource planning period.
- 2.1.2 Cabinet and Council need to have due regard to the Chief Finance Officer's advice in relation to the levels of reserves and balances proposed as part of the four-year Financial Plan for 2020-2024, as issued in guidance from the Chartered Institute of Public Finance & Accountancy (CIPFA) in July 2014. A provisional statement to Council by the Chief Finance Officer is included in the Annex to this report.

2.2 Legal

- 2.2.1 The Local Government Finance Act 1992 (Section 32: Calculation of Budget Requirement) requires the Council to set a balanced budget in the context of the resources available, including Government grants, Business Rates and Council Tax income. The Localism Act 2011 inserted a new Section 31 into the Local Government Finance Act 1992, which requires the calculation of a Council Tax requirement by billing authorities, rather than a budget requirement calculation, as previously. The Localism Act 2011 also abolished Council Tax capping in England. It instead introduced new provisions into the 1992 Act, making provision for Council Tax referendums to be held in England if an authority increases its Council Tax by an amount exceeding the principles determined by the Secretary of State. The current principles for local authorities with responsibility for social care (county and unitary authorities) provide that a referendum is required if Council Tax is to increase by 2% or more.
- 2.2.2 The Local Government Act 2003 imposes duties on local authorities in relation to budget setting. The Act requires that, when an authority is deciding its annual Budget and Council Tax level, Members and officers must take into account a report from the Chief Finance Officer on the robustness of the Budget and the adequacy of the authority's financial reserves. The Government has a back-up power to impose a minimum level of reserves on an authority that it considers to be making inadequate provisions.
- 2.2.3 The 2020-2024 Financial Planning and Budget process has been prepared to comply with the time-scales required within the Budget & Policy Framework Procedure Rules contained in the Authority's Constitution and legislative requirements that the Council Tax Requirement is determined before the 11 March in any year.

2.2.4 Section 76 (2) of the 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 and associated Business Plan, there is a legal requirement to give all tenants four weeks notice of any rent changes. In order to allow time for the production and delivery of the appropriate notifications, the rent and service charge increase will be presented to the 20 January 2020 Cabinet meeting for approval.

2.2.5 In accordance with the above and the Local Government Act 2000 (and the Regulations made under that Act) Cabinet is responsible for considering and determining the issues raised in this report.

2.3 Consultation / Community engagement

Internal consultation

2.3.1 Each Cabinet Member has been consulted on the individual proposals put forward in this report, with regular discussions held between the Chief Executive, Head of Resources, Heads of Service, the Elected Mayor and Cabinet.

Community engagement

2.3.2 The 2020/21 budget engagement strategy and approach was agreed at Cabinet on 9 September 2019. The Authority's overall approach to engagement ensures that the public should have opportunities to have their say throughout the year. Engagement on the refreshed Our North Tyneside Council Plan and the budget proposals will take place from 26 November 2019 to 5 January 2020.

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 Budget setting process the Authority's aim will always be to secure compliance with its responsibilities under the Equality Act 2010 and in particular the Public Sector Equality Duty under that Act.

To achieve this an Equality Impact Assessment (EIA) has been carried out on the Budget Engagement process. The aim is to remove or minimise any disadvantage for people wishing to take part in the engagement programme. Specific proposals on how services will seek to meet budgetary requirements will be subject to EIAs, which will be informed by the findings of the Budget Engagement. A cumulative impact assessment of all of these will also be undertaken prior to Cabinet in January 2020.

2.6 Risk management

- 2.6.1 Individual projects within the Financial Plan and 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 operational, strategic, corporate 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 Financial Plan and 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 states that "We will reduce the carbon footprint of our operations and will work with partners to reduce the Boroughs carbon footprint." A number of the proposals will contribute to this including those to reduce the Authority's energy consumption. The environmental and sustainability aspects of individual proposals will be assessed in detail as and when agreed and implemented.

PART 3 - SIGN OFF

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

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2020-2024 Financial Planning and Budget Process:

General Fund Revenue Budget,
Housing Revenue Account Budget,
Dedicated Schools Grant,
Capital Investment Plan and Treasury
Management



INDEX

Section	Page
1. Introduction	3
2. Engagement Approach	4 - 6
3. Strategic Plans	7 - 10
4. General Fund	11 - 19
5. Housing Revenue Account	20 – 32
6. Dedicated Schools Grant	33 – 37
7. 2020-2025 Capital Investment Plan	38 – 41
8. 2020/21 Treasury Management Strategy and Annual Investment Strategy	42 - 52
9. Provisional Strategy to Council by the Chief Finance Officer	53 - 56
10. Overall Financial Risk Assessment	57 - 59

1. Introduction

- 1.1.1. This Annex sets out North Tyneside Council's initial Budget proposals for the General Fund and Housing Revenue Account (HRA) Budget for the financial year 2020/21, together with indicative plans for the following three years 2021/22-2023/24. The Annex also sets out the approach which will be taken to engage on these proposals.
- 1.1.2. In setting the Budget for the upcoming and future financial years it is crucial that the resource allocations align with the overall vision and strategic priorities of the Elected Mayor and Cabinet. Section 2 summarises the key strategic plans which must be considered when setting the Budget and must form part of the development of Cabinet's Medium-Term Financial Strategy. Medium-term financial planning is fundamental in order to ensure that the Authority makes decisions by focussing on strategic priorities and has a clear financial vision and direction for the medium term.
- 1.1.3. Sections 4 to 7 describe in detail the Budget proposals for the General Fund, Housing Revenue Account, Dedicated Schools Grant and 2020-2025 Capital Investment Plan.
- 1.1.4. Section 8 outlines the proposed 2020/21 Treasury Management Strategy and Annual Investment Strategy which needs to be considered and approved by Cabinet.
- 1.1.5. The Council is legally required to set a balanced Budget for the General Fund for 2020/21 to meet statutory duties and provide services such as social care and environmental services. For the HRA, the Council Tax payer cannot subsidise those living in social housing and the rents and service charges paid by the tenants cannot be used to fund unrelated Council services. It is also illegal for an authority to budget for a deficit in its HRA or use HRA reserves for General Fund expenditure.
- 1.1.6. Sections 10 and 11 outline the duties and responsibilities imposed on local authorities through the Local Government Act 2003, which covers the financial risks, risk assessment and actions necessary to mitigate against the risks posed within the Budget proposals. The Act requires Members and officers to consider the Chief Finance Officer's report on the robustness of the Budget and the adequacy of the Authority's financial reserves.
- 1.1.7. On 29 October 2019 Parliament voted in support of a General Election to be held on 12 December 2019. This decision has meant that both the Government's Budget Statement, due to be announced on 6 November 2019, and the Provisional Local Government Finance Settlement, due to be announced on 5 December 2019 have been delayed. This creates significant uncertainty for the Authority when considering its Budget proposals for 2020/21 and further uncertainty when planning for the medium term.

2. Engagement Approach

- 2.1.1 North Tyneside Council is committed to being an organisation that works better for residents and to ensure that it listens and cares. This commitment includes giving residents and other key stakeholders an opportunity to be involved in the Financial Planning and Budget process.

The Authority's overall approach to engagement ensures that the public have opportunities to have their say throughout the year, through a series of different methods, including engaging with the Elected Mayor, Cabinet and ward members through activities such as the Mayor Listens Events and Community Conversation activities. We also offer a broad range of both on-line and face to face engagement or consultation exercises on different key issues as well as our annual Residents Survey.

- 2.1.2 In all its engagement activity, the Authority is committed to ensuring that residents with protected characteristics, as set out in the 2010 Equality Act, can participate. In line with this an Equality Impact Assessment has been undertaken on the 2020/21 Budget Engagement Strategy and this is available on request. The engagement approach is set out below.

Target Audiences

- 2.1.3 The aim of the budget engagement strategy is to reach different sectors of the population through an approach that encompasses engagement with residents and customers/users of services as well as particular groups of people, including those with protected characteristics. The approach also ensures reach with particular interest groups such as carers, older people, children and young people, council housing tenants.

The engagement strategy also ensures targeted activity with the following specific external and internal stakeholder groups:

External stakeholder groups

- Voluntary and community sector (including faith groups)
- Schools and education sector
- North Tyneside Strategic Partnership
- Businesses

Internal stakeholder groups:

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

Approach

2.1.4 Our approach aims for maximum reach by offering a range of different opportunities for people to have their say. In line with the Authority's corporate engagement strategy the approach will be consistent with the following principles:

- Inclusive - making sure that everyone can engage in the process;
- Clear - being clear on the aims of the engagement activity at the outset and the extent to which residents and others can be involved;
- Integrated - ensuring that engagement activities are joined up with the relevant decision-making processes;
- Tailored - aiming to better understand our audience and using different methods appropriately to enable and encourage people to be involved;
- Feedback - giving feedback through agreed channels when engagement activity is completed; and
- Timely - aiming to give enough notice to make opportunities available to all and taking into account those times when it is more appropriate to engage depending on the target audience.

Budget engagement activity for the 2020/21 Budget will comprise:

- providing clear information about the Financial Planning and Budget process in the Autumn edition of the Our North Tyneside magazine. This will include information about this engagement strategy and how people can have their say throughout the process including how to join the Residents Panel to do so;
- in November 2019, publishing information about Cabinet's initial budget proposals. This will be published online via the Council's website and at front line locations including the Community Conversation corners in the four Customer First centres. Feedback will be able to be provided by residents and others via a questionnaire either on-line or at these front-line locations. This will be supported by communications activity via the media and social media to ensure that people know they can get involved in this way;
- there will also be opportunities for face to face engagement with lead officers during November/December 2019. These will also be publicised via communications activity in the media and social media and at all key front-line outlets including: libraries; Customer First Centres; community centres and leisure centres. These face to face sessions will comprise;
- four drop-in events (one at each of the Customer First Centres);
- three in-depth sessions with the Residents Panel (which any resident can join). These sessions will provide people with the opportunity to gain an understanding of the Council's budget and to be able to appraise in detail the initial budget proposals and then provide feedback; and
- engagement sessions for the following internal and external stakeholder groups:
 - older people
 - carers
 - children and young people
 - community and voluntary sector

- groups representing people with protected characteristics under the Equality Act 2010.
- staff
- businesses
- schools
- Trade Unions
- North Tyneside Strategic Partnership.

3. Strategic Plans

3.1 Strategic Plan Considerations

3.1.1 This section provides an overview of the strategic planning / policy documents that Cabinet must consider and be mindful of when making decisions relating to the allocation of resources. The alignment of resources to the strategic priorities of the Elected Mayor and Cabinet is a fundamental part of the Budget-setting process.

3.1.2 The Medium-Term Financial Strategy (MTFS) is developed in the context of the strategic priorities and policy decisions made by Cabinet. This ensures that the Council's strategic plans can be delivered within the financial resources available. In addition, the MTFS ensures that the Authority has a clear financial vision and direction for the medium term and that Cabinet understands the financial implications of decisions that are taken.

3.2 Our North Tyneside Plan

3.2.1 The proposed refresh of the Our North Tyneside Plan 2020 - 2024 (the Council Plan) will set out the overall vision and policy context within which the Financial Plan and Budget proposals will operate. Since 2015 North Tyneside has worked to a clear set of priorities through the Our North Tyneside Plan. These priorities have been regularly reviewed and updated to ensure that they continue to reflect the needs and ambitions of the Borough.

3.2.2 The vision and policy context continue to reflect the priorities of the Elected Mayor and Cabinet. The Plan has been updated to reflect two key policy developments; the Council's declaration of a climate emergency and the creation of the North of Tyne Combined Authority.

The Plan continues to be structured in three key themes – Our People, Our Places and Our Economy.

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; and
- 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 council's housing stock being decent and well managed, as well as maximising the potential use of housing such as through extra care schemes;
- Recognise the climate emergency by further reducing the Borough's overall carbon footprint. This will include reducing the council's carbon footprint, along with encouraging and enabling everyone to reduce their carbon footprint;
- Provide a clean, green, healthy, attractive and safe environment;
- Have an effective transport and physical infrastructure - including our roads, pavements, street lighting, drainage and public transport;
- Continue to be regenerated as part of our 15 year 'Ambition for North Tyneside' plan. This will include the continued development of Killingworth Lake, creation of a Master Plan for North Shields, the delivery of plans for Segedunum and the Swans site in Wallsend, as well as further work to build on the success of the regeneration at the coast; and
- Be a thriving place of choice for visitors through the promotion of our award-winning parks, beaches, festivals and seasonal activities.

Our Economy will:

- Benefit from the delivery of our ambitious vision, which we created with partners in the North of Tyne Combined Authority. We will have a dynamic and more inclusive economy, which will ensure that all residents have a stake in our region's future;
- 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; and
- Continue to support investment in our business parks, units and Town Centres.

3.3 Our North Tyneside Plan Performance

3.3.1 The Our North Tyneside Plan sets out a range of objectives across the three priority areas. Current performance shows that:

Our People:

- 85% of pupils attend a school that is rated 'Good' or 'Outstanding'. In addition, 92% of primary and 84% of secondary pupils were offered a place at their first-choice school, which is better than the national average;

- Performance at GCSE has been maintained since last year: 64% achieved 4-9 (A*-C) in English and Maths; and
- The number of children in care increased in the last year, from 282 in March 2018 to 307 in March 2019. However, this is still the lowest level in the region. There has also been an increase in reported safeguarding concerns for adults in the Borough.

Our Places:

- The North Tyneside Living programme has delivered 26 schemes. Of those 924 new homes; 99% are occupied;
- North Tyneside has seen a relative reduction in deprivation since 2015
- Carbon emissions have reduced by 42.5% per head of the population since 2005, which is top-quartile performance nationally; and
- The Silverlink Roundabout Improvement scheme has been completed, resulting in major improvements for cyclists and motorists.

Our Economy:

- There are 86,000 people employed in North Tyneside, which is an increase of 4,000 people in the past twelve months;
- The number of businesses operating in the Borough has continued to increase and now stands at 5,765;
- 93.9% of new North Tyneside businesses are operating after twelve months, which is better than the regional and national averages; and
- Reflecting the employment opportunities, the unemployment rate is 4.9% which is now lower than before the global financial crisis in 2008.

3.4 Local Plan

- 3.4.1 The Local Plan is the second key strategic element that drives the direction of resources in the Borough and was adopted by the Authority on 20 July 2017. The Plan, the first spatial strategy for 15 years, sets a vision for the Borough for the next 15 years. It sets out in detail how the Borough can be a thriving, prosperous and attractive place to live and work. It details how the Borough will require around 9,800 homes (in addition to about 4,700 that already have planning permission) and employment land for at least 12,700 new jobs.

The latest population projections from the Office of National Statistics estimate an increase of 15,800 people between 2014 and 2032. The population of North Tyneside in 2032 is expected to be 218,500.

3.5 Ambition for North Tyneside

- 3.5.1 At its meeting on the 26 November 2018, Cabinet considered and agreed the Ambition for North Tyneside. The report, which articulates the Elected Mayor and Cabinet's ambition for North Tyneside, explains in more detail the Elected Mayor and Cabinet's future ambitions for each part of the Borough. The Ambition for North Tyneside plan aligns with the Local Plan and aims to match the ambition for the Borough with the plans set out for the Borough. An update on the delivery of these plans is included in the agenda for this Cabinet meeting.

3.6 Medium-Term Financial Strategy

- 3.6.1 A Medium-Term Financial Strategy (MTFS) is critical to ensure that the Authority makes decisions by focussing on strategic priorities and has a clear financial vision and direction for the medium-term. This MTFS needs to support delivery of the Our North Tyneside Plan 2020-2024 which, as set out above, is the key driver of the Authority's resource allocation. The Budget-setting process helps the Authority respond appropriately to responsibilities and duties placed upon local government through legislative requirements, increasing demand, complexity of need and cost for adults and children's services and the Government's drive to deliver savings.

Whilst decisions around Budget-setting are approved on an annual basis, the Authority must demonstrate medium-term financial and resource planning. Annual Budget decisions should be taken in the context of the overall Medium-Term Financial Strategy that considers all Authority services and the Government's local government finance agenda.

4. General Fund

4.1 Medium-Term General Fund Position

- 4.1.1 Political uncertainty remains high. Brexit has been delayed until 31 January 2020, following agreement by European Leaders to offer a further extension after Parliament failed to agree a Brexit deal. In addition, the recently announced General Election has caused delay for two major funding announcements.

Both the Government's Budget, due on 6 November 2019, and the Provisional Local Government Finance Settlement, due in early December 2019, have now been delayed until after the General Election. In addition to this, as announced in the Spending Round 2019, the Fair Funding and Business Rates Retention (BRR) schemes, scheduled for implementation in April 2020 will now not go ahead until April 2021. Significant risks remain to the Authority's funding around the principles yet to be agreed for fair funding distribution and how the move to 75% BRR is to be implemented.

Whilst waiting for further details and confirmation of funding arrangements, the Authority must continue to prepare financial plans for 2020/21 and the medium term. However, this is done with caution and pragmatism. Therefore, these initial Budget proposals have been prepared based on assumptions included in the Spending Round 2019, announced in September.

- 4.1.2 It has already been highlighted that, at a local level, there are changes in North Tyneside's demography due to an increasing population and a growing number of our most vulnerable residents requiring complex health and social care support. The Authority, wherever possible, aims to manage demand as effectively as possible, targeting services at those residents with greatest need. This can only contain, or at best slightly reduce, the overall size of the population in receipt of these services. However, the average cost of these services has risen due to the increased average complexity of the needs of those clients.
- 4.1.3 Whilst the Borough has seen some economic growth, the Business Rates Retention scheme is such that significant appeals have led to a reduction in overall rateable values when compared to the scheme that was introduced in 2013/14.
- 4.1.4 Cabinet has worked to consider options to meet the financial challenges and has considered proposals that would begin to meet an estimated funding gap, in the region of £41.822m, over the next four financial years. Sustained cuts in Government funding and unfunded new burdens mean that since 2011/12 the Authority, along with other local authorities, has already had to make £126.951m in efficiency savings. These sustained cuts came at a time when demand for some of the Authority's most costly services, such as support to vulnerable adults and children's social care, was increasing.

4.2 Funding Social Care Pressures

- 4.2.1 Since the 2016 Spending Review an Improved Better Care Fund (IBCF) offer has been included to begin to address the pressures being felt in adult social care. The Authority received an IBCF allocation of £1.493m in 2019/20 as announced in

the Spring 18 Budget. An assumption has been made that this level of funding will continue within the Authority to enable delivery of services associated with the Better Care fund beyond 2020/21. However, currently there is no assumption made to include any additional IBCF allocations beyond 2020/21.

Prior to the 2018 Autumn Budget Statement, a new Adult Social Care (ASC) Grant of £240m was announced for 2018/19 which is intended to help local authorities reduce pressures within the NHS over the winter period. The conditions of the grant require close working with our NHS partners. North Tyneside received an allocation of £1.031m in 2019/20 and, the Spending Round 2019 proposes that this funding will continue in 2020/21 and the remainder of the medium-term financial planning period. A further £410m grant was announced for adults and children's services. North Tyneside received £1.761m of this in 2019/20. It is also assumed that this grant will continue in 2020/21 and therefore this has been included in the draft Budget proposals' funding assumptions.

The Spending Round proposed funding also included an additional £1bn of social care grant funding 2019 for 2020/21. Initial indications are that the Authority will receive additional social care funding of £4.300m in 2020/21. In addition, the Council Tax referendum limit has been reduced to 2% for 2020/21, a reduction of 1% from previous years. Also included in the SR19 was an announcement that local authorities could once again levy an Adult Social Care Precept of 2% for 2020/21.

- 4.2.2 The additional funding and resources go some way to addressing the pressure being felt in the delivery of social care services across the Authority. However, like many other authorities, the Authority continues to see pressures in respect of children social care. In terms of a sustained level of children and young people requiring appropriate support, the costly nature of this work and the scarcity of children's social workers is creating workforce retention issues across the region.

4.3 Council Tax Support

- 4.3.1 In 2013/14, the national Council Tax Benefit scheme came to an end, and Local Council Tax Support was introduced in its place. At the same time, funding was transferred into the Settlement Funding Assessment (SFA) (comprising Revenue Support Grant and Business Rates) after being cut by over 10%. As this funding is not separately ring-fenced within the SFA, it has effectively been cut at the same rate as the Authority's SFA has been cut for each subsequent year.

This has put significant additional strain onto the General Fund Budget and resulted in the Authority, as well as many other local authorities, seeking to collect some Council Tax from working age people who previously received 100% Council Tax Benefit.

Pensioners are not subject to the cap referred to above and may still be awarded reductions of up to 100% of their Council Tax liability.

Council Tax Support under our current scheme is capped at 85% of an individual's Council Tax liability, meaning that working age people are charged 15% of their

Council Tax before they receive Council Tax Support. Cabinet is not proposing any changes to Council Tax Support in 2020/21.

4.4 Business Rates

- 4.4.1 The level of Business Rates is set by the Government and is based on the rateable value of non-domestic properties across North Tyneside. Prior to April 2013 the Authority had no direct financial interest in the collection of Business Rates and acted purely as an agent of the Government. However, for the financial years 2013/14 through to 2018/19 the Authority has retained 49% of the business rates it collects and paid the other 51% over to the Government (50%) and the Tyne and Wear Fire and Rescue Authority (1%). This was due to the introduction of the Business Rate Retention Scheme. This resulted in a direct financial incentive to maximise the amount of business rates collected in North Tyneside.

For the financial year 2019/20 the Authority, together with Newcastle City Council and Northumberland County Council, submitted a joint bid to the Ministry of Housing, Communities and Local Government and were successful in being granted pilot status for a 75% Business Rate Retention scheme. The reason for submitting a bid is to benefit from the retention of a higher level of Business Rate income over and above the baseline level set by Government. It was agreed that any gains achieved by the 75% pilot scheme would be allocated by the North of Tyne Combined Authority in line with its vision and investment priorities.

As announced in the SR19, all the 2019/20 Business Rate Retention Pilots will cease in 2020/21. Therefore the Authority will revert back to 49% Business Rates Retention in 2020/21.

- 4.4.2 The Authority, like all other authorities, remains exposed to the risk of Business Rate appeals, which are determined by the Valuation Office Agency. Government introduced a new check, “challenge and appeal process” in April 2017 which appears to have improved the efficiency of the appeals process, as challenges against rateable values have significantly reduced in both 2017/18 and 2018/19.
- 4.4.3 The Government’s Budget in October 2018 announced a number of changes to offer additional support to businesses in reducing their business rate liability. These include:
- Providing upfront support to the Business Rates system through reducing bills by one-third for retail properties with a rateable value below £51,000, for two years from April 2019, subject to state aid limits;
 - The introduction of 100% Business Rate relief for all public lavatories with the aim of helping keep these amenities open; and
 - Continuing with the £1,500 Business Rates discount for office space occupied by local newspapers in 2019/20.

Current analysis shows that 374 businesses in North Tyneside are benefitting from the reduction in business rates by one-third, with an overall cash value of £895,540 as at 31 October 2019. This money is fully reimbursed to Local Government through a Section 31 grant.

4.5 Devolution

- 4.5.1 The strength of the economic climate can impact locally in terms of impact on our residents and local businesses and can have a wider impact of growth and strength of the region as a whole. The three North of the Tyne Authorities - North Tyneside, Northumberland and Newcastle - agreed to move to a devolution deal, and the North of Tyne Combined Authority (NTCA) came into existence on 2 November 2018.

The inaugural meeting of the NTCA took place on 8 November 2018 when Cabinet agreed the Authority's vision – Home of Ambition. At that meeting, Cabinet also agreed the governance arrangements for the Authority, including the allocation of six Cabinet portfolios, and the appointment of the Chair and Statutory Officer. The portfolio areas are:

1. Economic Growth – Councillor Bruce Pickard (portfolio lead)
2. Business Competitiveness – Councillor Nick Forbes (portfolio lead)
3. Employability and Inclusion – Councillor Joyce McCarty (portfolio lead)
4. Housing and Land – Elected Mayor Norma Redfearn (portfolio lead)
5. Education Improvement – Councillor Wayne Daley (portfolio lead)
6. Place and Productivity – Councillor Peter Jackson (portfolio lead)

The 2019/20 Budget was agreed by Cabinet on 12th March 2019 and on 2nd May 2019, following Mayoral elections, Jamie Driscoll (Labour) was elected as Mayor of the North of Tyne Combined Authority.

4.6 Brexit

- 4.6.1 Brexit has been delayed until 31 January 2020, following agreement by European Leaders to offer a further extension, after Parliament failed to agree a Brexit deal.

The implications of leaving the European Union (EU) are not fully known but there could be a potential impact for the borough due to reductions in EU funding, a change in interest rates, and an increase in the cost of basic goods which could all impact on residents. There could be positive outcomes resulting from different trade opportunities. As there is still a degree of doubt the risk associated with leaving the EU is not measurable. The impact will be closely monitored and any adverse effects considered and reported through the appropriate channels within the Authority's governance structure.

4.7 General Fund Financial Plan

- 4.7.1 Cabinet's approach to developing the 2020/21 Budget has been to take, as far as possible, a balanced approach to developing the Budget in order to maintain those services most residents wish to access as well as investing in those services for our more vulnerable residents.

Due to the General Election, the programmed Government's Budget announcement and the Provisional Local Government Finance Settlement have been delayed. Therefore, these initial Budget proposals have been prepared based on assumptions included in the Spending Round 2019, which was

announced in September. As part of the 2019 Spending Round the Government included annual increases in Council Tax in their assumptions. At this stage no decisions have been made regarding Council Tax increases.

Pension Valuation

- 4.7.2 Members will be aware that the Authority has historically had a significant Pension Fund deficit that has resulted in an annual payment to the Tyne and Wear Pension Fund to cover the this.

The 2019 Actuarial Valuation reflects a significant improvement in the asset values of the Pension Fund, such that there is no longer a deficit on the Fund. The financial implications of this is that a net General Fund budget of £6.826m is available for realignment.

The Chief Finance Officer is recommending to Cabinet that the volatile nature of the Pension Fund valuation is such that the material use of this resource should be for one-off transactions only. With regard to this, it is proposed that the residual Budget is realigned as follows:

Table 1: Chief Officer Recommendation

	Chief Finance Officer Recommendation £m
Pension Deficit Budget	6.826
One off debt reduction / MRP Saving	(3.000)
Pay Policies	(0.250)
Budget Gap	(2.230)
Contingency	(1.346)

General Fund Resources

Table 2 below sets out the assumed level of resources available to fund the General Fund net Budget, developed using the following assumptions:

- Revenue Support Grant, Business Rate Retention and Business Rate Top Up grant are in line with the proposed Spending Round 2019 and the move back to 49% Business Rates Retention for 2020/21;
- Inflation increase in Business Rates of CPI of 2%;
- Council Tax Base growth has been considered as at the end of October 2019 with assumptions for further growth based on indications from the Local Plan, with prudent consideration taken of the timing of expected delivery and potential risks of economic impacts on a slowdown of housing growth; and
- An estimated 2019/20 Council Tax surplus of £0.774m based on the year-end forecast position of the Collection fund at 30 September 2019.

These assumptions take the overall position on resources from the current £155.730m in 2019/20 to a potential £157.523m by 2023/24 as detailed in Table 2 below.

Table 2: 2020-2024 General Fund Financial Plan Resources Assumptions, prior to Council Tax increases

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Council Tax	94.364	96.851	96.993	97.385	97.777
Estimated Council Tax Surplus	1.365	0.774	0.000	0.000	0.000
Revenue Support Grant	0.000	11.421	11.421	11.421	11.421
Business Rates	42.582	28.508	26.508	25.508	24.508
Business Rates top up	17.419	20.587	20.587	20.587	20.587
Total Resources Available	155.730	158.141	155.509	154.901	154.293

Table 3 below sets out the impact on available resources should an increase in Council Tax and an Adult Social Care Precept (ASCP) be proposed in 2020/21. The Spending Round 2019 assumes a Council Tax increase of up to 1.99% and an Adult Social Care Precept of 2% (ASCP) which would generate a further estimated £3.854m of resources in 2020/21., the impact of which is set out below.

Table 3: 2020-2024 General Fund Financial Plan Resources with potential Council Tax increase and Adult Social Care Precept included

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Council Tax	94.364	100.705	100.863	101.271	101.678
Estimated Council Tax Surplus	1.365	0.774	0.000	0.000	0.000
Revenue Support Grant	0.000	11.421	11.421	11.421	11.421
Business Rates	42.582	28.508	26.508	25.508	24.508
Business Rates top up	17.419	20.587	20.587	20.587	20.587
Total Resources Available	155.730	161.995	159.379	158.787	158.194

4.8 Cost pressures

4.8.1 The need to find savings in 2020/21 and future years is driven by significant unfunded cost pressures arising from several sources, as well as the stagnation in resources from the Government. The Authority is experiencing the same service pressures as many other Metropolitan authorities. These cost pressures arise for a number of reasons, including:

- Legislative / regulatory changes;
- Pay and price inflationary increases: increases in pay based on an assumed 2% pay increase;

- Increasing demand for services: increased demand for social care services coupled with the complexity of individuals' needs (for example increased numbers of adults with complex learning disabilities);
- The impact of the Improved Better Care Fund (IBCF) grant announced after the 2019/20 Budget had been agreed including the additional impact for 2020/21; and
- Corporate pressures increase support to apprenticeships, changes to utilities and ICT pressures, changes to Schools and an increase in contingency provision.

Further details of the cost pressures are included in Appendix B.

4.8.2 In the context of setting the Budget for 2020/21, it is also important to consider the in-year budget monitoring position. The first report to Cabinet which detailed the forecast outturn as at May 2019 identified an in-year pressure of £5.263m. At the mid-year point this position has improved and the forecast outturn pressure is now estimated to be £4.809m (as at 30 September 2019).

A number of sessions have already been held with Cabinet Members and senior management to give consideration as to the actions required to manage the financial risk identified for 2020/21, including what additional actions can be taken in line with the Authority's Efficiency Programme. Service areas have continued to develop plans to mitigate identified financial pressures. It is anticipated that the forecast outturn will continue to improve over the course of the remaining financial year as planned remedial actions impact on both expenditure and income. Therefore, there is no anticipated use of reserves required to balance the 2019/20 General Fund outturn position.

Taking the available baseline resources into account and the growth pressures identified, the gap/efficiency requirement for 2020/21 is currently estimated at £5.433m with a projected total of £41.822m to the end of 2023/24 as set out in Table 4 below:

Table 4: 2020-2024 General Fund Financial Plan cumulative funding gap

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Estimated General Fund Base Budget	154.726	155.730	157.367	155.509	154.901
Estimated Growth / Pressures	11.557	12.816	10.364	10.674	10.221
Estimated Resources / Carry Forward General Fund Base Budget	(155.730)	(157.367)	(155.509)	(154.901)	(154.293)
Funding Gap / Efficiencies	10.553	11.179	12.222	11.282	10.829
2019/20 Full year effect of business cases in future years		(1.346)	(1.262)	(0.982)	(0.000)
Revised Resources Gap		9.833	10.960	10.300	10.829
Adult Social Care Grant		(4.300)	4.300	0.000	0.000
IBCF – 2% CPI		(0.100)	0.000	0.000	0.000
Gap before Council Tax options and efficiencies		5.433	15.260	10.300	10.829
Cumulative funding gap before Council Tax and efficiencies	10.533	5.433	20.693	30.993	41.822

The indicative cumulative funding gap over the period of the Financial Plan is £22.542m as detailed in Table 5 below. This is after taking into consideration the potential options for Council Tax at 1.99% for 2020/21, Adult Social Care Precept at 2% and the current savings proposals which are being considered by Cabinet as part of the Budget-setting process.

Table 5: 2020-2024 General Fund Financial Plan cumulative funding gap before Council Tax options and 2020/21 Budget Proposals

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Gap before Council Tax & ASCP options and 2020/21 Budget Proposals	5.433	15.260	10.300	10.829
Council Tax Increase at 1.99% 2020/21 only	(1.922)	(1.930)	(1.938)	(1.946)
Council Tax Estimated Surplus	(0.774)	0.000	0.000	0.000
Adult Social Care Precept at 2% 2020/21 only	(1.932)	(1.940)	(1.948)	(1.955)
2020/21 Savings Proposals	(0.805)	(0.530)	(0.625)	(1.035)
Annual Funding Gap	0.000	10.860	5.789	5.893
Cumulative Funding Gap	0.000	10.860	16.649	22.542

4.9 Efficiency Savings

- 4.9.1 The Authority's approach for 2020-2024 is to achieve savings early where possible to mitigate against future financial risks whilst working in a very different way. In 2020/21, the Authority will see the benefit of actions and proposals implemented during the three financial years to 2019/20 and this work will continue over the medium term.
- 4.9.2 Expensive services will continue to be more effectively targeted only at the people who need them, ensuring that our most vulnerable residents have a successful, healthy and safe future no matter where they live in the Borough. Cabinet has protected, wherever possible, those universal services accessed by all, such as libraries, customer service centres and sport and leisure facilities.
- 4.9.3 Work continues to improve understanding and management of demand, concentrating wherever possible on enabling people to help themselves. Intelligence is being used to target scarce resources to best effect, income is maximised and long-term costs reduced. Work continues in partnership to improve outcomes with an innovative use of technology.
- 4.9.4 The Customer Service programme is expected to undertake a series of service reviews that will focus on ensuring the Authority delivers efficient and effective services. It is also anticipated that the reviews will highlight any opportunities for further service efficiencies to be delivered.

Appendix C sets out in more detail the efficiency savings for 2020-2024, which are summarised in Table 6 below:

Table 6: Efficiency Savings 2020-2024

Efficiency Programme	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Contractual Changes	(0.360)	(0.430)	(0.525)	(0.935)
Expenditure Reduction	(0.028)	0.000	0.000	0.000
Income growth	(0.100)	(0.100)	(0.100)	(0.100)
Service Provision – Commissioning	(0.067)	0.000	0.000	0.000
Corporate	(0.250)	0.000	0.000	0.000
Total 2020/21 Proposals	(0.805)	(0.530)	(0.625)	(1.035)

5. Housing Revenue Account

5.1 Introduction

- 5.1.1 This meeting of Cabinet is being asked to approve the initial Budget proposals for the Housing Revenue Account (HRA) Business Plan and Budget for the financial year 2020/21, including the housing rent, garage rent and service charge changes, and the HRA elements of the Capital Investment Plan. In addition, Cabinet have developed indicative plans for the next four 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.

5.2 Background and Government Policy Context

- 5.2.1 North Tyneside Council is responsible for the management of just under 14,700 council houses. Council Housing Rents and Service Charges form most of the income to the HRA and this income is then used to fund the management and maintenance of the Housing stock. This income and expenditure are accounted for in a ring-fenced account as required by law under the Local Government and Housing Act 1989. Although accounted for separately, the HRA forms an intrinsic part of the Council's overall vision and Council Plan, and these documents very much set the context within which the HRA financial plan and Budget proposals are set.

5.3 Housing Green Paper

- 5.3.1 The Government published the Green Paper "A New Deal for Social Housing" in August 2018, which arose from a desire to consult on change post-Grenfell. The paper seeks to redress the balance between residents and landlords, tackle the stigma attached to social housing and to ensure that social housing can provide a stable base to both support people when they need it but also enable social mobility. Consultation on this paper closed on 6 November 2018, and the Authority are at this point waiting for the Government to publish its proposals to implement changes arising from the Green Paper and consultation.

5.4 Right to Buy Consultation

- 5.4.1 Alongside the Green Paper the Government also issued a consultation paper regarding the process that allows local authorities to use Right to Buy (RTB) receipts to deliver new homes. This includes considering the potential for local authorities to hold on to the additional receipts for longer than the current 3-year agreement, and to allow a higher proportion of RTB receipts to be used to fund new build, albeit these concessions would only be available in areas of high affordability pressure and the retention of receipts would only be a one-off. The consultation closed on 9 October 2018, and as North Tyneside is not deemed to be an area of high affordability pressure these concessions will not impact on North Tyneside at this time.

5.5 Welfare Reform and Work Act 2016 and the Housing and Planning Act 2016

5.5.1 The Authority continues work on the implications of the significant challenges in housing terms from the Welfare Reform and Work Act 2016, in particular the roll out of Universal Credit, and the Housing and Planning Act 2016. The big change for 2020/21 is that this marks the end of the Government policy to reduce rent by 1% for 4 years as enacted in the Welfare Reform and Work Act 2016 for all housing stock. From April 2020 Government has announced that social rents will return to the previous policy of being based on Consumer Prices Index (CPI) plus 1% for at least 5 years to give some greater surety to allow longer-term business planning.

5.5.2 Most of the changes recommended by the Housing and Planning Act 2016 have not, as yet, become legislation, this removes any immediate impact from policy proposals such as Pay to Stay, Sale of High Value Assets and short-term tenancies. However, the current Government remains committed to the principle of councils using their assets effectively including consideration of the sale of higher value homes but have decided that this will be a local decision to avoid the creation of any barrier to building new homes.

5.6 Removal of the HRA Borrowing Cap

5.6.1 In the October 2018 Spending Review, the Government removed the HRA borrowing cap. Cabinet will remember the North Tyneside Settlement was above the borrowing cap. In future it will be for the Authority to determine the level of unsupported borrowing it wishes to undertake to fund new build, in line with the Prudential Code, which means applying the key tests to ensure that any debt taken on is "Prudent, Affordable and Sustainable". This assessment has to be made based on the levels of rental income that can be raised to support such borrowing and against a background of no guaranteed grants to support that build along with the Government's continued desire to encourage people to own their own home.

5.6.2 Since the Budget report to Cabinet work has been underway to review the approach to debt management in the HRA and at this stage it is not being proposed for the Authority's approach to be changed at this stage. It is a policy priority of the Mayor to deliver more affordable homes. Further work will be undertaken over the next 12 months to identify potential available sites as part of the Authority's affordable homes delivery.

5.7 Housing Property and Construction Service created as part of the cessation of the Kier Joint Venture

5.7.1 Cabinet are aware that on 1 April 2019 the Housing Property and Construction service within Environment, Housing and Leisure was established. As part of the project to return this service to the Authority a Benefits Realisation plan identifying and capturing the key benefits and savings arising was set up. The intention was and continues to be that benefits are reflected in the HRA Business Plan as they are crystallised. Savings create opportunities to either accelerate planned investment in the existing stock, or to invest in new stock as appropriate. At this point last year, a prudent approach was taken, and no savings were built into the

HRA Business Plan resulting from service returning to the authority, as it was known that the first year of operation would be one of significant challenge managing a transfer of nearly 400 staff back into the Authority. However, as the new service has bedded in, benefits will be realised and as such, these budget proposals contain the first set of benefits that will be accrued to the HRA. These are built into the projections for 2020-2024 and are aligned to Mayoral and Cabinet policy priorities.

- 5.7.3 The first set of benefits see an additional £1.500m per annum in revenue savings realised and built into the HRA Business Plan. It is now forecast that £1.400m of further savings will be achieved in Investment Plan spend and this has now been reported to Investment Programme Board. Alongside these positive additions to the plan, a full review of the Authority's Housing Asset Management Plan has been undertaken and further work is also being undertaken to establish the potential for further longer-term benefits and savings. The ultimate aim is to create a service that best meets the on-going needs of our tenants and residents whilst delivering greater efficiency and value for money.

5.8 Summary

- 5.8.1 These challenges continue to be considered as part of the updating of the 30-year plan which aims to ensure the long-term viability of the HRA in line with the policy direction of the Mayor and Cabinet and the needs of tenants. For the purposes of the current Financial Planning and Budget process a four-year revenue plan has been developed in line with the approach adopted for the General Fund. Cabinet is advised that projections beyond 2020/21 are indicative at this stage. A five-year timeframe is being proposed for the Housing Capital Investment Plan in line with the 2020-2025 General Fund Investment Plan.

- 5.8.2 Housing Revenue Account tenants will be consulted on these initial proposals, and the final HRA budget will be presented to Cabinet in January 2020. At that meeting in January Cabinet will be asked to approve the HRA Business Plan and Budget for 2020/21, including the housing rent, garage rent and service charge changes and the Housing Investment Plan.

5.9 Key Objectives and headline assumptions for the Housing Service

- 5.9.1 The over-riding objectives for the housing service are in line with Cabinet's agreed Housing Strategy and as far as possible within financial constraints, to:
1. Ensure the application of the principles of economy, efficiency and effectiveness;
 2. Continue to invest in the existing stock to maintain the Decent Homes Standard;
 3. Maintain and develop effective engagement with tenants;
 4. Continually monitor the impact of changes such as Universal Credit and other welfare reform on our tenants and ensure they have the appropriate support;
 5. Work with Private Landlords to refurbish stock where appropriate;
 6. Undertake environmental improvements to estates to ensure that they are clean and safe;

7. Support the delivery of Affordable Homes across the Borough;
8. Specifically increase the delivery of new build Council homes where practicable; and
9. Create sustainable tenancies and maximise rental income collection.

5.9.2 The key headlines for the HRA budget for 2019/20 are as follows:

1. 2020 marks the end of the implementation of the Government policy to reduce rent by 1% for 4 years as enacted in the Welfare Reform and Work Act 2016 for all housing stock including PFI sheltered accommodation homes. From April 2020 for at least the next 5 years rent increases will return to the Consumer Prices Index (CPI) plus 1%. The baseline for the 2020/21 is the CPI rate as at September 2019 which was 1.7%. Hence, the rent increase recommended for 2020/21 in line with Government policy will be 2.7%;
2. It is proposed to increase service charges for 2020/21 in line with CPI except where reviews of services have taken place to reflect changes in actual costs. Therefore, for the majority of service charges for 2020/21 the increase will be 1.7%;
3. A review of the garage letting process was concluded and implemented in 2019/20 which resulted in a phased approach over two years to harmonise garage rents. Therefore, for 2020/21 it is recommended that garage rents will have no indexation applied whilst the new charging structure in effect catches up, and that from 2021/22 the rent increase will return to being based on the long-term target for CPI which is 2%;
4. Benefits identified from the Housing Property and Construction service operation relating to HRA delivery will be built into the HRA Business Plan base budget, which will be £1.500m per annum initially from revenue savings;
5. The Capital Investment Plan has been refreshed based on the revised Asset Management Plan, along with revised sums identified to fund new build proposals;
6. There are several options available to Cabinet as to how to allocate the additional resources identified, increasing the fund to deliver more affordable homes in line with the Mayoral priority is of utmost importance. However, there has been a significant amount of work undertaken to look at other tenant priorities, and there is the opportunity to look at initiatives to meet some of those priorities. These include:
 - Improved Empty Homes Standard;
 - Free pest control service for our tenants;
 - Property MOTs i.e. scheduled maintenance visits as opposed to reactive ones to properties identified as high maintenance;
 - Reinstatement of a shorter painting frequency; and,
 - Continuation of the fencing programme beyond existing timescales
 - Improving support to tenants affected by welfare reform and Universal Credit;

Therefore, we propose a Cabinet Tenant Priority budget of £0.500m per annum to invest in these areas;
7. It has been assumed that the balance of the initial £1.500m savings per annum would increase the funding available for the new build programme; and

8. Sustain unallocated working HRA balances at a minimum of £2.500m at this stage.

5.10 HRA Capital Investment Plan – assumptions

1. Housing Investment Plan spend based on maintaining Decent Homes, continuation of a fencing programme and other core items included in the refreshed Asset Management Plan, but building in the additional savings from the creation of the Housing Property and Construction service, sees core spend of £108.564m over the next 5 years 2020-25 plus new build spend of £24.917m based on continuing the existing approach;
2. Spend for 2020/21 of £26.262m including £5.043m for the continuation of a new build / conversion / acquisition council house programme (including re-programming of £2.400m from 2019/20);

5.11 Medium-Term HRA Position

- 5.11.1 There are a number of key drivers which underpin the HRA Business Planning Process, which are:

- 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 Strategy and the removal of the HRA borrowing cap;
- Self-Financing and Depreciation;
- North Tyneside Living; and
- Establishment of the Housing, Property and Construction service within Environment, Housing and Leisure from April 2019.

5.12 Rent

- 5.12.1 2019/20 was the final year of Central Government's 4-year 1% per annum rent reduction policy, introduced by the Welfare Reform and Work Act 2016. The rent policy will return to Consumer Prices Index (CPI) + 1% for at least five years starting April 2020. Cabinet should also note the following assumptions reflected in the HRA Budget and Financial Plan:

1. The Authority will continue to move to target rent when properties become empty;
2. An initial review of service charges attached to North Tyneside Living schemes has been undertaken, and service charges attached to those schemes will be increased in line with CPI i.e. 1.7%. As schemes become established and fully operational, we are gathering more trend data and will ensure service charges reflect actual costs as closely as possible;
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 rates. It is

recommended that policy is amended in line with the base for rent i.e. increases in line with CPI in future, excluding the additional 1%. Therefore that would mean a 1.7% increase for 2020/21 as explained above.

4. Charges for furniture packs were revised in 2017/18 to reflect the newly procured service and these service charges are continually reviewed to ensure that the income collected adequately covers costs.
5. The Authority also continues to monitor the impact of welfare reform changes. Members will be kept informed of any further announcements that clarify the position as soon as possible. Service charges on affordable rent properties are not exempt as the 80% of market rent calculation includes any service charges;
6. Garage rents are linked purely to an assessment of demand for the asset with no link to rent policy; the plan proposes to continue the long-term Government CPI target of 2% increases per annum as being reasonable. However, the lettings policy and charges were reviewed, and a revised charging policy was implemented which covers the two years up to March 2021, with the aim of harmonising charges across all garages. It is, therefore, recommended that there is no indexation applied for 2020/21, to enable the new charging regime to harmonise fully, with a return to the CPI based increases the following year;
7. It is assumed that the policy agreed by Cabinet 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 equates to £0.060m in 2020/21 and will continue to steadily reduce from this point; and
8. From April 2018 Cabinet agreed that the Authority would move from a 50 to a 52-week rent year to enable better synchronisation with welfare reform changes and the introduction of Universal Credit. The impact of this change saw tenants' weekly rent spread over 52 weeks, although for those residents that wish to continue paying over 50 weeks this option was made available. This policy will continue.

5.12.2 The implications of any changes arising from benefit changes including Universal Credit (UC) continue to be monitored. UC started to be rolled out for all new claimants in North Tyneside from February 2018 for both single claimants and families. It is important to ensure that tenants continue to be 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. In North Tyneside early Universal Credit figures show at the end of July 2019 that in excess of 2,600 tenants were on Universal Credit, with 2,024 of those being in arrears totalling just under £1.592m. We have already invested additional resources temporarily to support those tenants affected by the changes, and this budget proposes more permanent investment in the resources required in this area. Additional resources of £0.340m have been included in the HRA budget proposals to support tenants in the transition to Universal Credit.

It is not anticipated that the UC scheme will be fully rolled-out across all areas of the country until at least 2023. Members will continue to be updated of any significant further changes as they become clear.

5.13 Future Funding for Supported and Sheltered Housing

5.13.1 Government have announced that in the short-term funding for existing supported housing will remain within the housing benefit system. This helps ensure at least in the short-term that sheltered accommodation remains an affordable and viable alternative for our ageing population. The position is not as clear in relation to longer-term funding for new supported housing schemes, and we will need to monitor any future announcements or proposals from future Government before assessing future viability for newly arising need.

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

5.14.1 The AMS is regularly updated and refreshed to make the stock data current, to fully identify the maintenance needs of the stock over the lives of the assets and to build these into the HRA Investment Plan. Because all the Authority's stock is now at or above Decent Homes Standard, this year's plan will initially be a refresh of key elements around stock numbers to roll the Plan forward. However, in addition the Plan has built in savings identified from the Housing Property and Construction service delivery of the Housing Investment Plan. The Plan identifies £108.564m of works to maintain Decent Homes over the next 5 years (£21.219m for 2020/21), with an estimated £24.917m available for New Build over the same period (£5.043m for 2020/21 including re-programming of £2.400m from 2019/20). These figures are based on continuing Cabinet's existing approach to debt management and self-financing.

5.15 Right to Buy (RTB) Sales

5.15.1 RTB sales have increased significantly since the start of self-financing at the end of 2011/12.

Table 7: Right to Buy Sales 2011/12 to date

2011/12	30
2012/13	85
2013/14	122
2014/15	100
2015/16	135
2016/17	136
2017/18	158
2018/19	135
2019/20 to date September	59

5.15.2 As part of changes the Government introduced 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 £5.563m of

Capital Receipts retained to the end of 2018/19, which has helped deliver £16.996m of new build schemes.

The trend in RTB sales is reflected in the 2020/21 Business Plan profile for stock numbers with circa 120 RTB sales and other disposals assumed.

5.16 Treasury Management Strategy (TMS) and the HRA Borrowing “Cap” removal

5.16.1 The HRA is an integral part of the Authority’s TMS, and key decisions were taken at the point of the introduction of Self Financing in 2012 as to the approach to be taken to HRA debt. When self-financing was introduced all stock retaining authorities were either given an additional allocation of debt, or had some of their debt paid off, depending on an assessment of the value of their 30-year Business Plans and the amount of debt they could be expected to manage. For North Tyneside this meant raising £128m of additional loans through borrowing via the Public Works Loan Board to pay our allocated share of debt to the Treasury. Each Authority at that point was allocated a “cap” which represented the maximum amount of debt that could be held attributable to the HRA. This Authority at that time was one of only a handful nationally where the debt held was above the “cap”. Our debt was £290.825m against a calculated cap of £270.585m but the Government “flexed” our cap to match our actual debt position to enable self-financing to happen.

5.16.2 At that point every one of the 160 stock-retaining authorities was at a different point relative to their cap. Most were under, but a significant proportion of those were very close to or at their cap, which meant any unsupported borrowing strategy was restricted. Each authority had to decide what debt and risk approach they wanted to take to fund both investment in existing stock and potentially any new build opportunities. Cabinet agreed to repay a proportion of the debt each year, to bring the overall debt holdings down below the cap. It was not the intention at that time to repay all debt held over the initial 30 years. This debt repayment approach has created some revenue surpluses which have been utilised to fund a programme of HRA new build spend totalling £22.674m to the end of 2018/19. In addition, by the end of March 2019 the Authority’s actual HRA debt stood at £254.818m compared to the £290.825m “cap”, and by the end of March 2020 it is anticipated that the debt will drop further to £250.216m. Therefore, the Authority has already created some capacity through the prudent approach aligned to its Treasury Management strategy.

5.16.3 The starting point for the 2020/21 Budget-setting is to base the HRA budget on Cabinet’s agreed policy approach, acknowledging that the figures beyond 2020/21 are indicative at this stage and are likely to change as a result of a number of factors, namely the Housing Investment Plan, which has been refreshed for 2020/21 and the continued implications of the creation of the Housing Property and Construction service, which via its Benefits Realisation Plan is now starting to bear fruit with the commencement of the new services.

5.17 Self-Financing and Depreciation

5.17.1 From 2017/18 the Government has required that all Local Authorities calculate a true depreciation charge as a true bottom line cost to the HRA. The approach

developed by the Authority calculates 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 Authority'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. 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.

5.18 Construction Project 2019

5.18.1 The resources necessary to fund the costs of the successful transformation project up to completion and sign-off in October 2019 will drop out of the business plan from 2020/21, both within the Housing Revenue Account and Capital Investment Plans.

5.19 Summary Plans

5.19.1 The option modelled for the HRA Business Plan of continuing the current policy for 2020/21 has the following set of basic assumptions:

- Additional rental income of CPI plus 1%, with a proposed rent increase for 2020/21 of 2.7%, with a longer-term assumption based on CPI target that equates to 3% per annum;
- Garage rent and service charges will settle with some minor delay for garages at increases of CPI per annum;
- Revenue savings from Housing Property and Construction (HPC) service of £1.500m have been assumed and built into the plan;
- A potential budget for additional Cabinet and Tenant priorities of up to £0.500m per annum would be created, with a list of costed options to be presented to Cabinet as appropriate;
- The base Capital Investment Plan has been refreshed based on an update of the Asset Management Plan, and includes savings anticipated from the HPC service;

The updated HRA Business Plan for 2020-2024 builds in HPC savings to enhance the new build programme in the next few years and continues to repay some debt. Table 8 below shows the reduction in HRA debt included in the current plan;

Table 8: Impact on HRA Debt 2020-2050 of Revised Business Plan

Description	Option 1 – Base Case
	£m
Opening Self-Financing Debt	290.825
Opening HRA Debt	250.216
Closing HRA Debt after 30 Years	128.224
Debt Repaid over 30 years	121.992
Debt Repaid from start of Self-Financing	162.601

The revised Business Plan as it stands provides for an increase in the level of funding for new build to maintain the focus on increasing the number of Affordable Homes in the borough. There is uncertainty around the impact Brexit might have

on our debt position and if interest rates went up considerably contradictory to external Treasury Management advice and borrowing rates shifted significantly. It is prudent that Cabinet does not look to change its borrowing policy at this stage, until more surety can be gained over future economic trends.

Table 9 below shows the revised four-year HRA Business Plan 2020-2024, and then Table 10 splits those changes between Pressures and Growth, Efficiencies and Reserves and Contingencies.

The five-year Housing Investment Plan 2020-2025 is included within Appendix D (ii).

- 5.19.2 A further breakdown of the movement on Reserves and Contingencies is shown in Table 11 below; this includes a contribution from reserves of £2.589 for 2020/21. It is proposed to create additional contingency budgets of £0.596m to recognise issues including any inflationary increases and a pay award.

Table 9: Housing Revenue Account (HRA) 2020-2024

	2019/20 Forecast Outturn	2020/21 Draft Budget	2021/22 Draft Budget	2022/23 Draft Budget	2023/24 Draft Budget
	£m	£m	£m	£m	£m
Rent, Garages and Service Charge Income	(59.193)	(60.024)	(61.470)	(63.009)	(64.609)
PFI Credits - North Tyneside Living	(7.693)	(7.693)	(7.693)	(7.693)	(7.693)
Rent from Shops, Offices etc.	(0.275)	(0.275)	(0.281)	(0.281)	(0.281)
Interest on Balances	(0.050)	(0.050)	(0.050)	(0.050)	(0.050)
Contribution from Balances	0.000	(2.589)	(1.427)	(1.044)	0.000
Total Income	(67.211)	(70.631)	(70.921)	(72.077)	(72.633)
Capital Financing Charges	12.110	13.831	13.493	13.339	13.182
Management Costs	10.326	10.227	10.420	10.620	10.835
Repair and Maintenance	11.325	12.247	12.424	12.619	12.824
PFI Contract Costs – North Tyneside Living	9.641	9.690	9.736	9.786	9.836
Revenue Support to Strategic Investment	9.053	10.470	10.092	10.403	9.093
Depreciation / Major Repairs Account (MRA)	12.392	12.826	13.276	13.740	14.220
Bad Debt Provision	1.008	0.980	1.080	1.180	1.215
Transitional Protection	0.070	0.060	0.050	0.040	0.030
Management Contingency	0.150	0.300	0.350	0.350	0.350
Pension Fund Deficit Funding	0.855	0.000	0.000	0.000	0.855
Contribution to Balances	0.281	0.000	0.000	0.000	0.193
Total Expenditure	67.211	70.631	70.921	72.077	72.633

	2019/20	2020/21	2021/22	2022/23	2023/24
HRA Balances	£m	£m	£m	£m	£m
Estimated HRA Balances B/Fwd	(7.303)	(7.584)	(4.995)	(3.568)	(2.524)
Contribution to/from HRA	(0.281)	2.589	1.427	1.044	(0.193)
Estimated HRA Balances C/Fwd	(7.584)	(4.995)	(3.568)	(2.524)	(2.717)

Table 10: 2020-2024 Housing Revenue Account Financial Plan

HRA Forecast Expenditure Plan	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Original Base Budget	2.331	2.589	1.427	1.044
Add:				
Pressures and Growth				
HRA Debt set aside – MRP equivalent	1.990	(0.292)	0.000	0.000
North Tyneside Living (NTL) – Unitary charge	0.104	0.106	0.109	0.111
NTL – Contributions to / from PFI Reserve & contract monitoring	(0.056)	(0.060)	(0.059)	(0.061)
Depreciation (formerly MRA)	0.434	0.449	0.465	0.481
Housing Investment Plan-revenue support	1.417	(0.378)	0.311	(1.310)
Pension Fund Deficit Funding	(0.855)	0.000	0.000	0.855
Neighbourhood and Income Management Proposed Restructure	0.310	0.000	0.000	0.000
Revenue Repairs – Inflation/Pay Award/Superannuation rate increase	0.305	0.228	0.231	0.235
General Management Pay Award & Superannuation rate increase	0.303	0.196	0.198	0.214
Repairs – Tenants Priorities Budget	0.500	0.000	0.000	0.000
Bad Debt Provision	0.200	0.100	0.100	0.035
Total - Pressures and Growth	4.652	0.349	1.355	0.560
Efficiency Savings				
Council Dwellings – Rent Increases	(1.272)	(1.372)	(1.464)	(1.523)
Rental Income – Temporary and Dispersed Accommodation	(0.006)	(0.006)	(0.006)	(0.007)
Garage & Other Rents	0.000	(0.015)	(0.009)	(0.009)
NTL – Transitional Rent Protection	(0.010)	(0.010)	(0.010)	(0.010)
Service Charges – Furniture Packs	(0.019)	(0.023)	(0.024)	(0.024)
Service Charges – Sheltered and Communal Areas	(0.030)	(0.036)	(0.036)	(0.037)
HPC – Repairs Budget Savings	(0.500)	0.000	0.000	0.000
HPC – Management Cost Savings	(1.000)	0.000	0.000	0.000
Repairs – removal of Construction Project Budget	(1.300)	0.000	0.000	0.000
Treasury Management – Existing Debt & DME	(0.214)	(0.024)	(0.104)	(0.149)
Treasury Management – New and Temporary Debt	(0.054)	(0.023)	(0.049)	(0.008)
Council Tax Empty Home Payments	(0.100)	0.000	0.000	0.000
Repairs Budget–impact of stock reductions	(0.054)	(0.068)	(0.052)	(0.047)
Total – Efficiency Savings	(4.559)	(1.577)	(1.754)	(1.814)
Reserves & Contingencies				
General Management Contingency	0.150	0.050	0.000	0.000
Price Increases	0.015	0.016	0.016	0.017
Total – Reserves & Contingencies	0.165	0.066	0.016	0.017
Revised Base Budget	2.589	1.427	1.044	(0.193)

Table 11: 2020-2024 Housing Revenue Account Reserves and Contingencies

HRA Revenue Balances	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Increase in Contingencies	0.165	0.066	0.016	0.017
Contribution to/(from) Balances	(0.258)	1.162	0.383	1.237
TOTAL	(0.093)	1.228	0.399	1.254

6. Dedicated Schools Grant (DSG)

6.1 Background

- 6.1.1 The Dedicated Schools Grant (DSG) can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance Regulations 2018. The DSG funds those delegated budgets allocated to individual schools, nurseries (and other early years settings) and, high needs provision including special schools and alternative provision.
- 6.1.2 In September 2017, the Department for Education (DfE) published the response to the stage 2 National Funding Formula (NFF) consultation and confirmed the details of the NFF for the Schools block. In 2020/21 the DSG will continue to be comprised of four blocks covering: Schools, High Needs, Early Years and the Central School Services. Each of the four blocks has their own funding formula.

The DfE initially proposed a two-year transition period (2018/19 and 2019/20) where local authorities would continue to set a local formula to distribute funding to individual schools. However, in July 2018, as a result of the significant movement witnessed towards the NFF, the Government confirmed that these transitional arrangements would continue into at least 2020/21. In 2019, the DfE confirmed that the transitional arrangements will continue into 2020/21 and probably 2021/22, with the expected move to “hard” NFF being likely in 2022/23.

- 6.1.3 In 2020/21, as in 2019/20, the Authority will receive its DSG funding based on the DfE National Funding Formula. In October 2019, the DfE published indicative allocations under the NFF at school level using October 2018 census data. This shows the funding level for each mainstream school based on the NFF using the 2020/21 Primary Unit of Funding (PUF) and Secondary Unit of Funding (SUF) with October 2018 pupil numbers.

This information is for planning purposes only as local formulae used by each local authority can still vary from the NFF within the guidance issued by the DfE. The initial DSG allocation to the Authority for 2020/21 will be published in December 2019 using the October 2019 census results.

- 6.1.4 The Schools NFF for 2020/21 will continue to have the same factors as at present. The Government announced its intention to implement the formula to address historic underfunding and move to a system where funding is based on need. The key aspects of the formula for 2020/21 are:
- The minimum per pupil funding levels will be set at Primary £3,750, Key Stage 3 £4,800 and Key Stage 4 £5,300. The following year, in 2021/22, the primary minimum level will rise to £4,000;
 - The funding floor will be set at 1.84% per pupil, in line with forecast inflation to protect per pupil allocations for all schools in real terms. This minimum increase in 2020/21 allocations will be based on the individual school’s NFF allocation in 2019/20;
 - Schools that are attracting their core NFF allocations will benefit from an increase of 4% to the formula’s core factors;
 - There will be no gains cap in the NFF, unlike the previous two years, so that all schools attract their full core allocations under the formula;

- A technical change will be made to the mobility factor so that it allocates this funding using a formulaic approach, rather than on the basis of historic spend; and
- Growth funding will be based on the same methodology as in 2019/20, with the same transitional protection ensuring that no authority whose growth funding is unwinding will lose more than 0.5% of its 2019/20 schools block allocation.

In addition, two important restrictions will continue:

- Local authorities will continue to set a Minimum Funding Guarantee in local formulae, which in 2020/21 must be between +0.5% and +1.84%. This allows them to mirror the real terms protection in the NFF, which is the Government's expectation; and
- Local authorities can only transfer up to 0.5% of their Schools block to other blocks of the DSG, with their Schools Forum approval. To transfer more than this, or any amount without their Schools Forum approval, they will have to make a request to the DfE, even if the same amount was agreed in the past two years.

6.1.5 The North Tyneside illustrative allocation for the Schools block, Central Schools Services block and High Needs block in 2020/21 (using census 2018 i.e. static pupil numbers) is shown below:

Table 12: Indicative Dedicated Schools Grant funding allocation 2020/21

	2020/21 Schools block units of funding (£'s)	Schools Block	CSS Block	Early Years Block	High Needs Block	Total Indicative DSG 2020/21
		£m	£m	£m	£m	£m
Primary per pupil rate (£)	4,084					
Secondary per pupil rate (£)	5,427					
Indicative DSG Settlement		125.221	2.047	13.734	23.067	164.069

6.2 Schools Block

6.2.1 Officers from the Authority have been working with the Schools Finance Sub Group for several months to review the Authority's Local Funding Formula (LFF) for schools and what the potential impact would be if the LFF was moved towards the National Funding Formula (NFF). The outcome of that work was presented to Schools Forum on 12 September 2019 and two funding models were proposed. These were: -

- Model 1 – 50% movement towards the NFF
- Model 2 – 75% movement towards the NFF

Each of the models put forward were presented with three scenarios which considered different levels of Minimum Funding Guarantee (MFG) which limits the impact of changes on individual schools' funding. At its meeting on 12 September,

Schools Forum agreed to consult with all schools on the option of moving factor rates 50% towards the NFF. A consultation exercise was carried out with all schools during September and October 2019.

- 6.2.2 During the consultation, several engagement events were held to provide additional information on the modelling work performed and to support schools to give an informed response. The response rate increased from 38% in 2018 to 68% in 2019 with responses received from 48 schools and 3 governing bodies. The responses were split by phase as follows:

Table 13: Response Rates to the Consultation by Phase

Phase	Number Responded	Response Rate
Primary	29	62%
First	6	80%
Secondary Middle	4	100%
Secondary High	9	82%
Total	48	68%

Responses to the consultation questions from the 48 schools and 3 governing bodies are summarised below:

Table 14: Responses to the Consultation Questions 1 and 2

Question	Yes	No
1 Do you support in principle a change to the LFF, moving 50% towards the NFF factors which will impact the ratio of funding between secondary and primary schools?	50	1
2a Do you support in principle to the use of the Minimum Funding Guarantee to reduce the level of losses, subject to affordability, for individual schools?	47	4
2b and do you agree to allow the Authority to set the level of MFG subject to affordability?	44	4

- 6.2.3 In conclusion, the majority view from the consultation responses received was to support a move from the current LFF, to a LFF which moves the current funding factors 50% towards the NFF factors. In addition, most respondents supported both the use of the MFG to minimise the losses some schools would be exposed to following the change and to let the Authority set the level of MFG, subject to affordability.
- 6.3 High Needs Block
- 6.3.1 In common with most authorities, North Tyneside is continuing to see rising pressures within provision for children with special educational needs. This is due to the increasing complexity of the needs of children and young people in addition to general rising cost levels mainly as a result of pay inflation.

The number of children with an Education Health and Care Plan (EHCP) continues to increase and there are a rising number of pupils with Autism Spectrum Disorder (ASD) as their primary need. The forecast outturn for high needs as at September

2019 is estimated at £3.536m. This pressure is currently retained within the DSG but after 2020/21 this may reside within the General Fund.

A High Needs Strategic Plan was agreed by Schools Forum in May 2018 and this outlined a work plan to review the Authority's current special educational needs offer to ensure it meets needs appropriately at a sustainable cost.

6.4 Early Years Block

- 6.4.1 On the 31 October 2019, the DfE confirmed the Early Years Funding Formula for 2020/21. The Early Years National Funding Formula sets out the funding rates that local authorities receive for the universal and extended entitlements for 3 and 4-year-olds. The funding rate received by North Tyneside for 3 and 4-year-olds has increased from £4.56 to £4.64 per hour. It was also confirmed that the 2-year-old funding rate will increase from £5.20 to £5.28.

The DfE have not yet published the expected value of the Early Years block funding. To provide illustrative values, the newly published rates have been applied to the DfE early years factors presented in 2018, giving a potential funding amount of £13.734m in 2020/21.

- 6.4.2 Local authorities are required to use a locally-determined, transparent formula to set the funding rates for the Government-funded childcare entitlements for all types of provider. This is known as the Local Early Years Funding Formula. Local authorities are required to consult providers and Schools Forum on annual changes to their LFF.

6.5 Central Schools Services Block

- 6.5.1 The Central Schools Services block (CSSB) provides funding for local authorities to carry out the statutory duties they hold for both maintained schools and academies in England. Schools Forum is required to approve the proposals for expenditure from the CSSB.

Schools Forum will consider certain elements of funding that are held centrally within the funding allocations (known as centrally retained and de-delegated items) which are applied to benefit pupils across the Borough.

6.6 Timetable for Agreeing 2020/21 Distributions

- 6.6.1 The key dates which must be met in setting 2020/21 school budgets are shown in Table 15 below. This report is requesting authorisation for the Head of Resources, in consultation with the Head of Commissioning and Asset Management, the Cabinet Member for Children, Young People and Learning and the Cabinet Member for Finance and Resources, to undertake resource allocations to schools to meet these deadlines.

Table 15: Key dates for 2020/21 School Budget-setting

Date	Activity
July 2019	Department for Education (DfE) guidance issued for 2020/21
October 2019	Local consultation documents issued to stakeholders
October 2019	Consultation returns received and reviewed
13 November 2019	Schools Forum considers consultation response and agrees proposals for local funding allocation formula to individual schools, de-delegated and centrally retained budgets and any transfers between funding blocks
December 2019 / January 2020	Local Government Finance Settlement announced including school funding amounts
January 2020	Additional Schools Forum meeting (if required)
21 January 2020	Deadline for submission of final local School Allocations to DfE (the Authority Proforma Tool)
29 February 2020	Deadline for confirmation of schools budget shares to maintained schools (in North Tyneside the intention is to issue in advance of this deadline)

7. Cabinet's initial Budget proposals for the 2020-2025 Capital Investment Plan

7.1.1 Capital Investment generally relates to spending on physical assets that have a useful life of more than one year. This can be new assets, improvements to existing assets, or loans to third parties for a capital purpose.

Investment of this nature plays an important role in ensuring the Authority meets its Health and Safety responsibilities, it also plays an important role in improving economic opportunities across all parts of the Borough. Whilst some investment directly contributes to economic development, all has an indirect impact by providing stimulus to the economy, creating employment opportunities, supporting skills and development or contributing to confidence.

7.1.2 A Capital Investment Strategy has been developed to help support the delivery of capital investment and ensure that the investment programme builds on previous success, with a strong focus on delivery of the Our North Tyneside Plan outcomes and linking to the Our ambition for North Tyneside strategy reports to 26 November 2018 Cabinet and to this Cabinet. The Strategy also provides a framework to enable projects to be developed with the aim of helping to deliver revenue savings to assist the Authority in managing the financial pressure it faces. The Capital Investment Strategy is attached as Appendix D(iv).

All proposals for capital investment follow a structured gateway process, and are challenged by Members and senior officers, from the initial ideas stage, through the delivery stage and finally to post implementation. All proposals are considered in terms of their strategic alignment with the Our North Tyneside Plan, Ambition for North Tyneside and the revised Efficiency Programme.

The Investment Programme Board (IPB) meets on a monthly basis and, as part of its monthly meetings, receives an update on all on-going projects included in the approved Investment Plan (currently 2019-2023).

Table 16 below shows a summary of the initial draft 2020-2025 Capital Investment Plan.

Table 16: Summary of Capital Investment Plan 2020-2025

Spend	2020/21 £000's	2021/22 £000's	2022/23 £000's	2023/24 £000's	2024/25 £000's	Total £000's
General Fund	30,180	17,132	15,046	15,532	14,284	92,174
Housing	26,262	25,841	26,257	27,235	27,886	133,481
Total	56,442	42,973	41,303	42,767	42,170	225,655

A schedule of the individual projects included in the draft plan is attached as Appendix D (i). Where applicable, confirmation of external funding will also be required before projects are able to proceed.

The estimated revenue implications of these schemes have been included in the revenue budget.

Table 17: Summary of Financing 2020-2025

Spend	2020/21 £000's	2021/22 £000's	2022/23 £000's	2023/24 £000's	2024/25 £000's	Total £000's
General Fund						
Council Contribution:						
Unsupported						
Borrowing	16,974	7,448	6,862	7,848	7,100	46,232
Capital Receipts	423	423	254	0	0	1,100
Revenue contribution	577	577	746	500	0	2,400
Use of reserves	679	0	0	0	0	679
	18,653	8,448	7,862	8,348	7,100	50,411
Grants & Contributions	11,527	8,684	7,184	7,184	7,184	41,763
Total General Fund Resources	30,180	17,132	15,046	15,532	14,284	92,174
Housing – HRA						
Capital Receipts	3,821	3,329	2,970	3,922	3,068	17,110
Revenue Contribution	9,615	9,237	9,548	9,093	10,100	47,593
Major Repairs Reserve	12,826	13,275	13,739	14,220	14,718	68,778
Total Housing HRA Resources	26,262	25,841	26,257	27,235	27,886	133,481
TOTAL RESOURCES	56,442	42,973	41,303	42,767	42,170	225,655

- 7.1.3 The initial draft 2020-2025 Investment Plan for the General Fund includes expenditure of £30.180m in 2020/21. Of this expenditure £11.527m (38%) is funded through grants and other external funding contributions.

General Fund receipts (£1.100m), already received, and Housing capital receipts of £17.110m have been assumed in the financing of housing projects within the draft plan.

Across the life of the draft plan, unsupported borrowing totals £46.232m. The cost of borrowing is included within the General Fund Revenue budget and Financial Plan.

Work is ongoing to finalise these draft proposals. There are currently a number of projects progressing through the investment gateway process where bids have been made for external funding. These projects include Murton Gap infrastructure, Highway Maintenance Challenge Fund and Transforming Cities. It is planned that these projects will be added to the plan once funding is secured.

7.2 Flexible Use of Capital Receipts

- 7.2.1 Guidelines issued by the Secretary of State allow for the Flexible Use of Capital Receipts subject to certain criteria being met. These guidelines cover the period up

to 31 March 2022. This flexibility allows Local Authorities to use capital receipts to fund revenue expenditure incurred to generate on-going savings. In order to use this flexibility Authorities are required to disclose those projects they intend to fund using capital receipts. This can be done as part of the Budget-setting process.

7.3 Capital Allocations 2020/21

7.3.1 A number of capital allocations (grants) are announced by Central Government as part of the Local Government Finance Settlement. These include Education Funding (Capital Maintenance and Devolved Formula Capital) (Department for Education), the Local Transport Plan (Department for the Environment) and Disabled Facilities Grants (through the Better Care Fund). Figures for 2020/21 have not yet been announced and therefore indicative figures, based on previous allocations, have been included in the draft plan. As soon as actual allocations are announced these figures will be updated and included in subsequent reports.

7.4 Annual Minimum Revenue Provision (MRP)

7.4.1 The Capital Finance Regulations require the full Council to agree an annual policy for the Minimum Revenue Provision (MRP).

The MRP is the amount that is set aside to provide for the prepayment of debt (principal repayment). The regulations require the Authority determines an amount of MRP which it considers to be prudent. The broad aim of a prudent provision is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits.

There are no changes proposed to the existing policy. The 2020/21 policy is set out in full below:

- (a) Existing assets pre 1 April 2007 – MRP will be charged at 2% per annum;
- (b) Supported Borrowing – MRP will be charged at 2%;
- (c) Unsupported Borrowing – for all assets financed by unsupported borrowing, MRP will be charged over the estimated life of the assets. This may include assets financed through PFI schemes and finance leases;
- (d) Lease transactions treated as “on balance sheet” - an element of the annual charge to the Authority for the lease will be treated as repayment of capital (i.e. repayment of principal and interest). The principal element is effectively the MRP charge for the year. This MRP charge will be equal to the element of the rent/service charge that goes to write down the balance sheet liability; and,
- (e) Loans made for capital purposes for which borrowing is taken out – MRP will be based on the actual principal repayment schedule relating to the loan provided.

In addition to repayments made under the above policy it is proposed (see paragraph 4.7.2) that a further Voluntary Revenue Provision of £3.000m is made in 2020/21 to reduce the overall Capital Financing Requirement.

7.5 Prudential Indicators

- 7.5.1 The Local Government Act 2003 requires authorities 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. The proposed indicators for 2020-2025 have been prepared using this new guidance and are attached as Appendix D (iii).

8. 2020/21 Treasury Management Statement and Annual Investment Strategy

8.1 Background

- 8.1.1 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.

The contribution the treasury management function makes to the Authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or on larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available Budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of any sums invested, as a loss of principal will in effect result in a loss to the General Fund balance.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities (arising usually from capital expenditure) and are separate from the day to day treasury management activities.

- 8.1.2 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."

The Capital Strategy which provides a longer-term focus to the capital plans is included as Appendix D (iv) to this report.

This Capital Strategy is reported separately from the Treasury Management Strategy Statement. Non-Treasury Investments will also be reported separately through the Investment Strategy. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure in an asset.

8.2 Treasury Management Reporting

- 8.2.1 In line with best practice, the Treasury Strategy including an Investment Strategy is considered as part of the Budget-setting 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 is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the Strategy.

8.3 Treasury Management Strategy for 2020/21

- 8.3.1 The proposed Strategy for 2020/21 in respect of the following aspects of the treasury management function is based upon 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.

8.4 Training

- 8.4.1 The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

8.5 Treasury management Consultants

- 8.5.1 The Authority uses Link Asset Services, Treasury Solutions as its external treasury management advisors.

Whilst the Authority has external treasury management advisors it recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of its external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, its treasury advisers.

It 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 subjected to regular review.

8.6 Current Treasury Portfolio Position

8.6.1 The Authority's debt and investment position as at 30 September 2019 is set down in Table 18 below.

Table 18: Current Treasury Portfolio Position as at 30 September 2019

	Principal Outstanding	Average Rate
	£m	%
Fixed Rate Funding		
PWLB*	231.250	3.64
PWLB – (HRA Self Financing)	0.000	0
Market Loans	128.193	3.49
Temp Loans	20.000	4.35
	70.486	0.80
Total External Debt	449.929	
Less Investments		
(UK) DMO**	31.500	0.63
Total Investments	31.500	
Net Position	418.429	

*Public Works Loan Board

**Debt Management Office

8.7 Prospects for Interest Rates

8.7.1 The Authority has appointed Link 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 19 below sets out Link Asset Services professional view of interest rates.

Table 19: Link Asset Services forecast interest rates – (October 2019)

	Bank Rate %	5 year PWLB %	10 year PWLB %	25 year PWLB %	50 year PWLB %
Sep-19	0.75	2.20	2.50	3.10	3.00
Dec-19	0.75	2.30	2.60	3.30	3.20
Mar-20	0.75	2.50	2.80	3.40	3.30
Jun-20	0.75	2.30	2.90	3.50	3.40
Sep-20	0.75	2.40	3.00	3.60	3.50
Dec-20	1.00	2.40	3.00	3.70	3.60
Mar-21	1.00	2.80	3.10	3.70	3.60
Jun-21	1.00	2.90	3.20	3.80	3.70
Sep-21	1.00	3.00	3.30	3.90	3.80
Dec-21	1.00	3.00	3.30	4.00	3.90
Mar-22	1.25	3.10	3.40	4.00	3.90

- 8.7.2 Link Asset services currently forecast Bank of England base rate to remain unchanged until December 2020, in which the MPC may vote to increase rates to 1.00%, and another rate rise in March 2022.

The above forecast based largely upon a Brexit deal of some form negotiated with the EU. Given the current uncertainty, this is an assumption which may require material reassessment following further clarity.

- 8.7.3 From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crises, emerging market developments and sharp changes in investor sentiments. Such volatility could occur at any time during the forecast period.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, and Money Policy Committee (MPC) decisions, will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geographical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be dependent on economic and political developments.

8.8 Investment and Borrowing Rates

- Investment returns are likely to remain low during 2020/21 but to be on a gently rising trend over the next few years;
- Borrowing interest rates have been volatile so far in 2019/20 with an overall downward trend leading to historic lows. This has resulted in long-term PWLB rates at an unprecedented and historic lows, however on 9 October 2019 the Treasury and PWLB announced an increase in the margin over gilt yields of 1.00% on top of the current margin of 0.80% for new borrowing from the PWLB. Therefore, total margin over gilt yields is 1.80%. There was no prior-warning that this would happen, and it now means that every local authority must reassess how to finance their external borrowing needs and the financial viability of future capital expenditure;

- The policy of avoiding new borrowing by running down spare cash balances has served 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 cost to carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

8.9 Borrowing Strategy

- 8.9.1 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 loans 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 may be higher in future years;
- Temporary borrowing from 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 ten 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 ten years may be explored.

- 8.9.2 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 2020/21 treasury operations. The Head of Resources will monitor the interest rates in financial markets 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, 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, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

8.10 Policy on borrowing in advance of need

- 8.10.1 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.

8.11 Debt Rescheduling

- 8.11.1 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 2020/21 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.

8.12 Municipal Bonds Agency

- 8.12.1 It is possible that the Municipal Bonds 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 Public Works Loan Board (PWLB). The Authority may make use of this new source of borrowing as and when appropriate.

8.13 Annual Investment Strategy

8.13.1 Investment policy – management of risk

The Ministry for Housing Communities and Local Government (MHCLG) and Chartered Institute of Public Finance and Accountancy (CIPFA) have extended the meaning of ‘investments’ to include both financial and non-financial investments. This section of the report deals solely with financial investments. Non-financial investments, essentially the purchase of income yielding assets, are covered later in the report.

The Authority’s investment policy has regard to the following:

- MHCLG’s Guidance on Local Government Investments;
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017;
- CIPFA Treasury Management Guidance Notes 2018.

The Authority’s investment priorities are:

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

8.13.2 The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. This Authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means:

1. Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are their short-term and long-term ratings;
2. Other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration 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;
3. Other information sources used will include the financial press, share prices and other such information pertaining to the banking sector in order to establish a robust scrutiny process on the suitability of potential investment counterparties;
4. This Authority has defined the list of types of investment instruments that the treasury management team are authorised to use. There are two lists in Appendix E under the categories of ‘specified’ and ‘non-specified’ investments:

- Specified investments are those with a high level of credit quality and subject to a maturity limit of one year; and
 - Non-specified investments are those with less high credit quality, may be for periods in excess of one year, and are more complex instruments which require greater consideration by members and officers before being authorised for use.
5. The Authority has determined that it will limit the maximum total exposure to non-specified investments as being 25%;
 6. Lending limits for each counterparty will be set through applying the matrix table in Appendix E;
 7. Transaction limits are set for each type of investment in Appendix E;
 8. This Authority will set a limit for its investments which are invested for longer than 365 days;
 9. Investments will only be placed with counterparties from countries with a specified minimum sovereign rating;
 10. This Authority has engaged external consultants to provide advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year;
 11. All investments will be denominated in sterling; and
 12. Following the introduction of IFRS 9 as a result of the type of type of investments the Authority holds, there has been no material impact on the Authority's financial statements.

The Authority will pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

There have been no changes in risk management policy from last year, and the above criteria are unchanged.

8.14 Investment Strategy

8.14.1 Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates. Greater returns are usually obtainable by investing for longer periods. While most cash flow balances are required in order to manage day to day cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer-term investments will be carefully assessed:

- If it is thought that the Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as short-term or variable; or

- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

Investment returns expectation

A prudent approach will be taken with all investments being made on a short-term basis; in the current economic climate. This will primarily be achieved through investing with selected banks and funds which meet the Authority's credit rating criteria, as set out in Appendix E.

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

8.15 Creditworthiness Policy

8.15.1 The Authority applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies – Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- Credit watches and credit outlooks from credit rating agencies;
- Credit default swaps (CDS) spreads to give early warning of likely changes in credit ratings; and
- Sovereign ratings to select counterparties from only the most creditworthy countries.

The modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Authority to determine the suggested duration of investments.

The Link Asset Services' creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system; it does not give undue preponderance to one agency's ratings.

The Authority is alerted to changes to ratings of all three agencies through its use of the Link Asset Services creditworthiness service:

- If a downgrade results in the counterparty no longer meeting the Authority's minimum criteria, its further uses as a new investment will be withdrawn immediately; and
- In addition to the use of credit ratings the Authority will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website. Extreme market movements may result in downgrade of an institution or removal from the Authority's lending list. Sole reliance will not be placed on the use of this external service. In addition, this Authority will also use market data and market information on any external support for banks to help support its decision-making process.

8.17 Non-Treasury Investments

- 8.17.1 The definition of an investment covers all the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations. The definition of an investment also covers loans made by a local authority to one of its wholly-owned companies or associates, to a joint venture, or to a third party.

The Authority recognises that investments in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries, and investment property portfolios.

It is recognised that the risk appetite for these activities may differ from that for treasury management.

The Authority maintains records of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the organisation's risk exposure.

At 31 March 2019 the Authority held the following investments on its balance sheet:

Equity

Newcastle Airport Holding Company Ltd £10.886m (£10.784m 31/3/18)

North Tyneside Trading Company £5.159m (£2.980m 31/3/18)

LIFT Co £0m (£11)

Loans

High Point View £2.650m (£1.873m 31/3/18)

Aurora Properties (Sale) Ltd £2.178m (£0.978m 31/3/18)

Subordinated debt – Dudley and Shiremoor JSC £0.160m ((£0.160m 31/3/18)

Subordinated debt – Whitley Bay JSC £0.110m ((£0.110m 31/3/18)

In terms of the equity investments:

- The shares in Newcastle Airport are held primarily for economic regeneration. The cost of the original investment was £0.235m; and
- The shares in North Tyneside Trading Company relate to two subsidiaries. The first, amounting to £4.093m, relating to investment in affordable homes in line with the Cabinet's priorities using section 106 funding. The second, amounting to £1.066m, relating investment in Aurora Properties (Sale) Ltd for the provision of housing for sale on the open market.

In terms of the loans:

- High Point View – It is anticipated that this amount will be repaid over the next few months as the properties are sold; and
- Aurora Properties (Sale) Ltd the loans are expected to be repaid over the next 3 years upon completion of the property developments.

The current 2019/20 and proposed 2020-2025 Capital Investment Plan includes further planned investment in the Trading Company of £9.072m (which includes £1.623m section 106).

There are currently no losses expected on any of the Authority's non-treasury investments or any indications that a loss may arise. However, this position is kept under constant review as market conditions are expected to remain very volatile. Over the period of the Financial Plan (2020-2024), income from these investments is expected to be over £2.000m from staff recharges, interest and dividends.

A training session will be provided by Link Asset Services to all members involved in the investment decision-making process.

9. Provisional Statement to Council by the Chief Finance Officer

9.1.1 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.

The 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.

The intention would be to make a full Statement as part of the report to the Council meeting on 20 February 2020, when all outstanding information should be available.

Robustness of Estimates

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

- The general financial standing of the Authority;
- The underlying Budget assumptions from the Financial Strategy;
- Future Budget pressures and growth proposals, including the impact of prudential borrowing for the 2020-2024 Capital Investment Plan;
- 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 2018/19 Statement of Accounts, presented to Council on 25 July 2019;
- The adequacy of unearmarked and earmarked reserves to cover any potential financial risks faced by the Authority; and
- The outcome of the 2019 Local Government Finance Settlement and the Spending Round 2019, which was published on 4 September 2019, and the implications for North Tyneside Council.

The level of contingencies currently remains at £4.636m as these are initial Budget proposals which will be finalised by Cabinet once consultation is concluded and the final Settlement is known.

Reserves, whilst relatively low, are adequate for the risks the Authority faces and can support the Efficiency Plan that is being set out.

The Cabinet is aware it must keep under review its Medium-Term Financial Strategy and four-year Financial Plan, in the context of the proposed refresh of the 2020-2024 Our North Tyneside Plan and known key financial risks. Future pressures need to be considered and the Authority should not take 2020/21 in isolation to future years' needs and pressures. Each year's Budget must continue

to be considered within the context of the four-year Financial Plan, the four-year Investment Plan, the Financial Strategy and the global economic position prevailing at the time.

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

9.2.1 Capital Strategy

In line with the 2017 'Consultation on Proposed Changes to the Prudential Code's' new requirement that the Chief Finance Officer of an Authority should report explicitly on the 'deliverability, affordability and risk associated with the capital strategy and where appropriate have access to specialised advice to enable them to reach their conclusions', the Authority has ensured that that all projects within the 2020-2025 Capital Investment Plan follow the full gateway and governance procedure prior to inclusion on the Plan which ensures the deliverability, affordability and risk associated with each decision is fully understood prior to any decisions being made.

In terms of the overall investment position of the Authority, as set out above, a draft Investment Strategy has been developed to help support the delivery of capital investment and ensure that the investment programme, builds on previous success, with a strong focus on delivery of the Council Plan outcomes.

9.3.1 Adequacy of Financial Reserves

General Fund

The 2020-2024 Financial Plan currently assumes no use of reserves to support the Budget. My view is that the current Financial Plan, should aim to maintain the Strategic Reserve at a minimum planned level of £10.000m over the life of the Financial Plan. Any unplanned use of the Strategic Reserve over the 2020-2024 Financial Plan may take the level outside of this boundary and corrective action would be needed to demonstrate how the £10.000m agreed level would be restored. Table 20 below shows the reserves as at the 31 March 2019 and the projected reserve levels over the period of the Financial Plan:

Table 20: Reserves and Balances as at 31 March 2019 and from 2020/21-2023/24

Reserves & Balances	Projected Opening Balances				
	2019/20 £000s	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s
Reserves					
General Fund Ringfenced	25.318	23.466	22.729	22.528	21.977
General Fund Unringfenced	19.492	19.369	19.368	19.369	19.368
General Fund Grants	3.795	1.569	1.371	1.331	1.271
HRA	19.852	17.279	18.049	18.148	18.701
Reserves Sub Total	68.457	61.683	61.517	61.376	61.317
Balances					
General Fund	6.804	6.804	6.804	6.804	6.804
Schools	1.599	(0.201)	(2.201)	(4.201)	(6.201)
HRA	7.584	4.995	3.568	2.524	2.717
Balances Sub Total	15.987	11.598	8.171	5.127	3.320
Grand Total Reserves & Balances	84.444	73.281	69.688	66.503	64.637

Housing Revenue Account

Table 21 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 authorities to demonstrate as part of the self-financing proposals.

Table 21: 2020–2024 Housing Revenue Account Balances

HRA Forecast Movement on Reserves	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Opening Reserve Balance	(7.303)	(7.584)	(4.995)	(3.568)	(2.524)
Contributions (to)/from balances	(0.281)	2.589	1.427	1.044	(0.193)
Predicted Reserve Balance Carried Forward	(7.584)	(4.995)	(3.568)	(2.524)	(2.717)

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 2020/21 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 2020-2024 Financial Plan has been developed so that ongoing revenue expenditure is aligned to annual income with no long-term reliance on reserves.

10. Overall Financial Risk Assessment

- 10.1.1 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.

Key Financial Risks

The key financial risks for the Authority (including 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 22: 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 Efficiency Statement and how this enables the Authority to deliver its Efficiency 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 if the Efficiency Programme is not successfully implemented the Authority may be unable to deliver improved services and meet the increased demand on Council services within reducing resources. This could have the financial impact of the Authority not delivering on its Budget.	An overall Budget Proposal Document and Terms of Reference are in place for all existing and new Efficiency Programme projects. This spans all service redesign projects Monthly Updates to SLT are provided as part of the in-year financial management process. The Customer Service Steering Group will be sighted on the outcomes from any Service Reviews undertaken during 2020/21.
There is a risk that the assumptions that have been made based on the indicative settlement up to and including 2023/24 may be wrong, resulting in changes to the current targeted savings by 2023/24, for the General fund and for the HRA, which will be considered by Cabinet in January 2020.	There is flexibility within the Efficiency Programme which will allow the Authority to reconfigure if the assumptions that have been made prove to be incorrect. The Authority work closely with national, regional and sub-regional financial networks to help ensure that the Authority is 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.

	The outcome of the National election may result in significant changes to the budget provision for 2020/21.
There is a risk that, because of financial pressures within the Clinical Commissioning Group (CCG), the Council does not receive a full transfer of funding from health to social care and the continuation of funding for existing services funded through the Better Care Fund (BCF) and s256 agreements. This would have a significant financial impact to the Council.	The Policy and Framework and Guidance for the BCF specifically requires that funding transferred for social care should, as a minimum, be at the equivalent level as that of 2016/17 plus inflation. Following escalation to a national panel, the BCF contribution from the CCG has been agreed and 2020/21 and a Section 75 legal agreement is being drawn up on this basis.
There is a risk that not all growth pressures have been identified in the 2020/21 proposed Budget.	Detailed proposals have been put forward by each Head of Service and challenged by the Senior Leadership Team, Cabinet Members and the Elected Mayor.
There is a risk that demand - led pressures exceed Budget provision.	Demand - led pressures continue in areas such as Adults and Children's Social Care and the impact of the Living Wage on our care providers (and the price for services the Authority then has to pay) have been taken into consideration as part of these initial Budget proposals.
There is a risk that specific factors arising during 2019/20 have not been fully taken into account when preparing the 2020/21 Budget.	The 2019/20 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 the in-year pressures being reported through the 2019/20 financial management process impact on the deliverability of the 2020/21 budget.	As at 30 September 2019, a pressure of £4.809m was reported against the 2019/20 budget. All services continue to develop and deliver actions to mitigate these financial pressures and expect the out-turn forecast to improve through the year. In addition, non-essential spend continues to be minimised along with a detailed review of demand led projections in order to reduce the over-commitment. Progress will be monitored through bi-monthly reporting to Cabinet and monthly reporting to Senior Leadership Team.
There is a risk that the contingency provision included in the Financial Plan for 2020/21 is insufficient.	The review of the base budget and the reflection of the 2019/20 pressures into 2020/21 have been considered and an

	increase in the contingency budget is proposed.
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 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.	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 Capital 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 MHCLG 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 is a risk that there may be a significant financial impact on school resources if the number of schools requesting deficit continues to rise at its current rate. This risk is currently driven by the number of surplus places at secondary schools.	The school deficit has been identified as a priority for the Authority and Head Teachers and Governing Bodies. A programme of work has been identified, working with schools to improve the schools deficit position. This will highlight the work that is required and through working with the schools a number of initiatives will be identified and progressed.
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 the Authority know the precise trade terms which will apply once Britain formally leaves the EU. This has a potentially significant financial impact due to loss of revenue grant and a potential loss of opportunities, i.e. capital grant and other revenue sources.	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 it keep up to speed on progress and have the opportunity to exert any influence that the Council can. It is inevitable that there will be some impact from the decision to leave the EU, the challenge is to manage the impact where possible.

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2020 - 2024 Our North Tyneside Plan

The proposed refresh of the Our North Tyneside Plan 2020 - 2024 (Council Plan) will set out the overall vision and policy context within which the Financial Plan and Budget proposals will operate.

Since 2015 North Tyneside has worked to a clear set of priorities through the Our North Tyneside Plan. These priorities have been regularly reviewed and updated to ensure that they continue to reflect the needs and ambitions of the borough.

The vision and policy context continue to reflect the priorities of the Elected Mayor and Cabinet. The plan has been updated to reflect two key policy developments; the Council's declaration of a Climate Emergency and the creation of the North of Tyne Combined Authority.

The plan continues to be structured in three key themes – Our People, Our Places and Our Economy.

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 council's housing stock being decent and well managed, as well as maximising the potential use of housing such as through extra care schemes.

- Recognise the climate emergency by further reducing the Borough's overall carbon footprint. This will include reducing the council's carbon footprint, along with encouraging and enabling everyone to reduce their carbon footprint.
- Provide a clean, green, healthy, attractive and safe environment.
- Have an effective transport and physical infrastructure - including our roads, pavements, street lighting, drainage and public transport.
- Continue to be regenerated as part of our 15 year 'Ambition for North Tyneside' plan. This will include the continued development of Killingworth Lake, creation of a Master Plan for North Shields, the delivery of plans for Segedunum and the Swans site in Wallsend, as well as further work to build on the success of the regeneration at the coast.
- Be a thriving place of choice for visitors through the promotion of our award winning parks, beaches, festivals and seasonal activities.

Our Economy will:

- Benefit from the delivery of our ambitious vision, which we created with partners in the North of Tyne Combined Authority. We will have a dynamic and more inclusive economy, which will ensure that all residents have a stake in our region's future.
- 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.

Appendix B – Breakdown of Financial Plan cost pressures 2020/21 to 2023/24

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Legislative / regulatory changes	1.113	(0.041)	(0.521)	0.197
- Grant related changes (mainly reductions in relation to Benefits Admin Subsidy, Section 31 and New Homes Bonus)	1.113	(0.041)	(0.521)	0.197
Inflationary changes (pay and prices)	(1.249)	5.414	8.033	11.297
- Pay award (Incl. pension)	(4.746)	2.000	2.000	9.105
- Waste management	0.721	1.000	3.500	0.000
- PFI Inflation	0.000	0.400	0.400	0.000
- Impact of the National Living Wage	2.753	1.927	2.045	2.103
- Increases to Fees and Charges	(0.108)	(0.050)	(0.050)	(0.050)
- Levies & Precepts	0.131	0.137	0.138	0.139
Demand led	0.925	2.120	1.889	1.889
- High Needs	0.000	1.000	1.000	1.000
- Children's Social Care	0.500	0.500	0.500	0.500
- Adults Social Care	0.425	0.620	0.389	0.389
Corporate pressures	8.227	2.871	1.273	(3.162)
- Investment cost of borrowing	3.858	0.253	0.093	(2.954)
- Corporate changes	4.369	2.618	1.180	(0.208)
TOTAL	9.016	10.364	10.674	10.221

Description (Amount)	Grant related changes (£1.113m in 2020/21)
How have the above amounts been calculated?	The value in 2020/21 represents the reduction in Housing Benefit Admin Subsidy (£0.101m), a reduction in S31 grant (£0.861m) and a reduction in New Homes Bonus (£0.151m).
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	Fall out of Central Government external funding grants.
If the cost pressure is due to increased demand, what evidence exists to support this?	n/a
What, if anything, can be done to mitigate the cost pressure?	n/a
If the cost pressure is due to increased inflation, what benchmark is being used to assess the price increase?	n/a
Does the activity causing the cost pressure need to continue?	Where savings are possible, they have been included in the savings proposals for 2020/21.
Is there scope to fund this cost pressure from existing resources?	No, there are no underspends in the budget that can absorb this pressure, plus all areas of the budget are being reviewed to find savings to contribute to the Authority's 2020/21 savings target.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Council will overspend its budget.

Description (Amount)	Pay award ((£4.746m) in 2020/21)
How have the above amounts been calculated?	<p>The annual pay award (£2.080m) calculation is based on an agreed pay award of 2% applied to 2019/20 staffing budgets (including salary, employer's national insurance, and employer's pension contributions).</p> <p>The increase anticipated in pensions (£2.022m in 2020/21) relates to the 1.7% increase to future service rate outlined in the 2019 triannual valuation is off set by the Authority's pension deficit contribution to the pension fund (£8.848m).</p>
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	Annual pay award agreed by employers as part of national pay bargaining / contractual obligation to move staff up an increment towards the top of the relevant pay scale.
If the cost pressure is due to increased demand, what evidence exists to support this?	n/a
What, if anything, can be done to mitigate the cost pressure?	n/a
If the cost pressure is due to increased inflation, what benchmark is being used to assess the price increase?	Assumed public sector pay increases of 2%.
Does the activity causing the cost pressure need to continue?	Yes, staff are involved in delivering a range of statutory and discretionary services, which are being reviewed as part of the identification of savings to meet the Council's budget gap in 2020/21.
Is there scope to fund this cost pressure from existing resources?	No, there are no underspends in the budget that can absorb this pressure, plus all areas of the budget are being reviewed to find savings to contribute to the Authority's 2020/21 savings target.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Council will overspend its budget.

Description (Amount)	Waste Management (£0.721m in 2020/2021)
How have the above amounts been calculated?	The figures for the 2020/21 figure are based on the price increases set to be incurred following the awarding of the new Recycling contract. These price increases are reflective of the current market conditions within Waste Recycling. Growth requirements for future years are based on modelling work performed by NTC and Suez during negotiations to extend the existing Waste Disposal contract.
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	Price increases as a result of external market forces.
If the cost pressure is due to increased demand, what evidence exists to support this?	n/a
What, if anything, can be done to mitigate the cost pressure?	n/a
If the cost pressure is due to increased inflation, what benchmark is being used to assess the price increase?	n/a
Does the activity causing the cost pressure need to continue?	Yes – the Authority is obligated to source disposal of the waste it collects from households.
Is there scope to fund this cost pressure from existing resources?	No, there are no underspends in the budget that can absorb this pressure, plus all areas of the budget are being reviewed to find savings to contribute to the Authority's 2020/21 savings target.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Council will overspend its budget.

Description (Amount)	Impact of the National Living Wage (£2.753m in 2020/21)
How have the above amounts been calculated?	This cost pressure is based on potential increases in rates payable to third party providers for 2020/21 reflecting, in particular, the impact of the National Living Wage increases.
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	Inflation on payments to independent sector providers.
If the cost pressure is due to increased demand, what evidence exists to support this?	n/a
What, if anything, can be done to mitigate the cost pressure?	Any savings from greater investment in preventative services and improved partnership working were set out in separate prior year budget proposals of which the outcomes are expected to continue to take effect over the 2020-2024 period.
If the cost pressure is due to increased inflation, what benchmark is being used to assess the price increase?	Cost pressure is based on likely increases in rates with third party providers. Benchmarking will be used to ensure that actual rates agreed are appropriate.
Does the activity causing the cost pressure need to continue?	Yes, activity is based on assessed need and is therefore a statutory duty.
Is there scope to fund this cost pressure from existing resources?	No, there are no underspends in the budget that can absorb this pressure, plus all areas of the budget are being reviewed to find savings to contribute to the Authority's 2020/21 savings target.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Council will overspend its budget.

Description (Amount)	Fees and Charges ((£0.108m) in 2020/21)
How have the above amounts been calculated?	Increases in fees and charges as per the Corporate Fees and Charges Policy to meet inflationary pressures.
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	Inflationary price increases in the external market adds pressure to the Services provided.
If the cost pressure is due to increased demand, what evidence exists to support this?	n/a
What, if anything, can be done to mitigate the cost pressure?	n/a
If the cost pressure is due to increased inflation, what benchmark is being used to assess the price increase?	Estimates based on third party evidence.
Does the activity causing the cost pressure need to continue?	n/a
Is there scope to fund this cost pressure from existing resources?	No, there are no underspends in the budget that can absorb this pressure, plus all areas of the budget are being reviewed to find savings to contribute to the Authority's 2020/21 savings target.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Council will overspend its budget.

Description (Amount)	Levies & Precepts (£0.131m in 2020/21)
How have the above amounts been calculated?	These are estimates based on information provided by the third parties.
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	Our partners will apply inflationary price increases. The Transport Levy charge is as a result of population changes.
If the cost pressure is due to increased demand, what evidence exists to support this?	n/a
What, if anything, can be done to mitigate the cost pressure?	n/a
If the cost pressure is due to increased inflation, what benchmark is being used to assess the price increase?	Estimates based on third party evidence.
Does the activity causing the cost pressure need to continue?	n/a
Is there scope to fund this cost pressure from existing resources?	No, there are no underspends in the budget that can absorb this pressure, plus all areas of the budget are being reviewed to find savings to contribute to the Authority's 2020/21 savings target.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Council will overspend its budget.

Description (Amount)	Children's Social Care (£0.500m in 2020/21)
How have the above amounts been calculated?	This is based on current projected net increased cost pressure from 2019/20
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	The cost pressure relates to the increase in complexity of cases.
If the cost pressure is due to increased demand, what evidence exists to support this?	n/a
What, if anything, can be done to mitigate the cost pressure?	Existing work is ensuring that the number of cases is not increasing to add to the cost pressure the increased complexity of the cases is generating.
If the cost pressure is due to increased inflation, what benchmark is being used to assess the price increase?	n/a
Does the activity causing the cost pressure need to continue?	Yes, activity is based on assessed need and is therefore a statutory duty.
Is there scope to fund this cost pressure from existing resources?	No, there are no underspends in the budget that can absorb this pressure, plus all areas of the budget are being reviewed to find savings to contribute to the Authority's 2020/21 savings target.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Council will overspend its budget.

Description (Amount)	Adults Social Care (£0.425m in 2020/21)
How have the above amounts been calculated?	This cost pressure is based on estimated client population growth in 2020/21 along with known growth pressures for 2019/20 including considerations for transforming care and assistive technology.
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	Increasing adult population (18+) with complex needs.
If the cost pressure is due to increased demand, what evidence exists to support this?	Future population projections and review of those clients or potential currently known to Adult Services.
What, if anything, can be done to mitigate the cost pressure?	Any savings from the services were set out in separate budget proposals.
If the cost pressure is due to increased inflation, what benchmark is being used to assess the price increase?	n/a
Does the activity causing the cost pressure need to continue?	Yes, activity is based on assessed need and is therefore a statutory duty.
Is there scope to fund this cost pressure from existing resources?	No, there are no underspends in the budget that can absorb this pressure, plus all areas of the budget are being reviewed to find savings to contribute to the Authority's 2020/21 savings target.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Council will overspend its budget.

Description (Amount)	Investment Cost of Borrowing (£3.858m in 2020/21)
How have the above amounts been calculated?	The cost of borrowing is calculated to reflect the interest payable to finance future capital and revenue budgets, £0.281m. A voluntary £3.000m contribution has been made to the Minimum Revenue Provision and as a result a £0.577m revenue contribution to capital can be made from the savings made.
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	Interest costs to finance capital & revenue budgets.
If the cost pressure is due to increased demand, what evidence exists to support this?	n/a
What, if anything, can be done to mitigate the cost pressure?	n/a
If the cost pressure is due to increased inflation, what benchmark is being used to assess the price increase?	n/a
Does the activity causing the cost pressure need to continue?	n/a
Is there scope to fund this cost pressure from existing resources?	No, there are no underspends in the budget that can absorb this pressure, plus all areas of the budget are being reviewed to find savings to contribute to the Authority's 2020/21 savings target.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Council will overspend its budget.

Description (Amount)	Corporate changes (£8.034m in 2020/21)
How have the above amounts been calculated?	These are the adjustments required to remove the effects of the prior year Trading Company dividend, increase support to apprenticeships, to cover the impact of changes to utilities and ICT pressures and changes to Schools (delegated and SLA), continue supporting the Environmental Wardens, and an increase in the contingency budget.
What is the source of the cost pressure (e.g. increased demand, fall-out of external funding, contractual or other price increases)?	These are corporate changes required due to the potential impact of external market forces on utilities prices, the Authority's ICT strategy and changes within Schools finance.
If the cost pressure is due to increased demand, what evidence exists to support this?	n/a
What, if anything, can be done to mitigate the cost pressure?	n/a
If the cost pressure is due to increased inflation, what benchmark is being used to assess the price increase?	n/a
Does the activity causing the cost pressure need to continue?	n/a
Is there scope to fund this cost pressure from existing resources?	No, there are no underspends in the budget that can absorb this pressure, plus all areas of the budget are being reviewed to find savings to contribute to the Authority's 2020/21 savings target.
More generally, what is the impact of not agreeing funding for the cost pressure?	The Council will overspend its budget.

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Service	Service Area	Proposals	Proposal for 2020/21 £m	FTE Impact 2020/21
Environment Housing & Leisure	Waste	Reduced recycling costs and avoidance of operational costs	100	0
	GF Housing	Increase charges to the Trading Company	5	0
		Loan interest from Aurora Properties (Sales) Ltd	230	0
		Income arising from the project management of HIF projects	25	0
Contractual Changes Sub Total			360	0
Health, Education, Care & Safeguarding	School Improvement	Cease the use of School Development Partners	28	0
Expenditure Reduction Sub Total			28	0
Commissioning & Asset Management	Facilities & Fair Access	Increase the charge of the SLA to schools	100	0
Income Growth Sub Total			100	0
Commissioning & Asset Management	Commissioning Service & Strategic Property	Changes to service provision within Commissioning Service & Strategic Property	67	1.6
Staffing Reduction Sub Total			67	1.6
Resources	Central Items	Reduction of interest costs through effective Treasury Management	250	0
Corporate Changes Sub Total			250	0
2020/21 Efficiency Savings Grand Total			805	1.6

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2020 - 2025 Proposed Investment Plan

Theme	Project	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000	Financing Type	
General Fund									
Maintaining Our Assets									
	BS026 Asset Planned Maintenance	2,249	1,500	1,500	1,500	1,500	8,249	Council Contribution Contribution from Reserves	7,650 599
	COXXX Whitley Bay Crematorium	1,541	0	0	0	0	1,541	Council Contribution	1,541
	COXXX Sport and Leisure Facility Improvements	80	0	0	0	0	80	Contribution from Reserves	80
Page 171	ED075 Devolved Formula Capital	1,579	579	579	579	579	3,895	Education Funding Agency	3,895
	ED120 Basic Need	113	113	113	113	113	565	Education Funding Agency	565
	ED132 School Capital Allocation	3,534	3,534	3,534	3,534	3,534	17,670	Education Funding Agency	17,670
	EV034 Local Transport Plan	3,153	2,958	2,958	2,958	2,958	14,985	Dept for Transport LTP ITA Dept for Transport LTP Maint	4,790 10,195
	EV056 Additional Highways Maintenance	2,000	2,000	2,000	2,000	2,000	10,000	Council Contribution	10,000
	EV069 Vehicle Replacement	500	1,274	762	1,248	0	3,784	Council Contribution	3,784
	IT020 ICT Strategy	1,000	1,000	1,000	1,000	1,000	5,000	Council Contribution	5,000
	BS029 Wallsend CFC Community Hubs	488	0	0	0	0	488	Council Contribution	488

Theme	Project	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000	Financing Type	
Maintaining Our Assets Total		16,237	12,958	12,446	12,932	11,684	66,257		66,257
Corporate									
	EV076 Operational Depot Accommodation Review	4,535	0	0	0	0	4,535	Council Contribution ERDF	3,366 1,169
	GEN03 Contingencies	2,125	500	500	500	500	4,125	Council Contribution	4,125
Corporate Total		6,660	500	500	500	500	8,660		8,660
Education									
	ED188 SEND	449	0	0	0	0	449	Education Funding Agency	449
Education Total		449	0	0	0	0	449		449
Housing General Fund									
	HS004 Disabled Facilities Grant	1,437	1,500	0	0	0	2,937	Better Care Fund	2,937
	HS051 Private Sector Empty Homes	524	0	0	0	0	524	Council Contribution Homes & Communities Grant	431 93
Housing General Fund Total		1,961	1,500	0	0	0	3,461		3,461

Theme	Project	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000	Financing Type	
Investments									
	DV066 Investment in North Tyneside Trading Co	2,200	0	0	0	0	2,200	Council Contribution	2,200
Investments Total		2,200	0	0	0	0	2,200		2,200
Regeneration									
	Ambition for North Tyneside	2,000	2,000	2,000	2,000	2,000	10,000	Council Contribution Capital receipts Revenue contribution	6,500 1,100 2,400
	GEN12 Local Infrastructure	100	100	100	100	100	500	Council Contribution	500
Regeneration Total		2,100	2,100	2,100	2,100	2,100	10,500		10,500
Climate Emergency									
	EV083 Streetlighting LED	500	0	0	0	0	500	Council Contribution	500
	EVXXX Other initiatives	73	74	0	0	0	147	Council Contribution	147
Climate Emergency Total		573	74	0	0	0	647		647
General Fund Total		30,180	17,132	15,046	15,532	14,284	92,174		92,174

Theme	Project	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000	Financing Type	
Housing (HRA)									
	HS002 HRA schemes	26,262	25,841	26,257	27,235	27,886	133,481	Capital Receipts/House-building Fund/MRR Revenue Contribution Depreciation / Major Repairs Reserve	17,110 47,593 68,778
Housing Total		26,262	25,841	26,257	27,235	27,886	133,481		133,481
Total		56,442	42,973	41,303	42,767	42,170	225,655		225,655
Funding summary									
General Fund									
	Council Contribution	16,974	7,448	6,862	7,848	7,100	46,232		
	Capital receipts	423	423	254	0	0	1,100		
	Revenue contribution	577	577	746	500	0	2,400		
	Reserves	679	0	0	0	0	679		
	Grants & Contributions	11,527	8,684	7,184	7,184	7,184	41,763		
	General Fund Total	30,180	17,132	15,046	15,532	14,284	92,174		
Housing (HRA)									
	Capital Receipts/House-building Fund/MRR	3,821	3,329	2,970	3,922	3,068	17,110		
	Revenue Contribution	9,615	9,237	9,548	9,093	10,100	47,593		
	Depreciation / Major Repairs Reserve	12,826	13,275	13,739	14,220	14,718	68,778		
	General Fund Total	26,262	25,841	26,257	27,235	27,886	133,481		
Total		56,442	42,973	41,303	42,767	42,170	225,655		

HOUSING INVESTMENT PLAN 2020-2025

Project Ref	Project Title	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
HS002	Housing						
	HRA Schemes	26,262	25,841	26,257	27,235	27,886	133,481
	Made up of:-						
	Decency Refurbishments	13,753	15,640	15,779	16,316	16,731	78,219
	Disabled Adaptations	1,051	1,062	1,072	1,083	1,094	5,362
	Capitalisation of Major Repairs	1,245	1,257	1,270	1,283	1,296	6,351
	Furniture Pack Scheme	506	511	516	521	526	2,580
	Asbestos Works	306	309	312	315	318	1,560
	Energy Efficiency & Environmental Improvements	208	210	211	213	214	1,056
	Fencing / Walling / Offstreet parking / Landscaping	1,572	1,635	1,772	1,979	2,021	8,979
	Non-Traditional Properties	232	0	0	0	0	232
	ICT Strategy/Water Pipe Renewals/Fire Damage/Garages	320	367	329	379	386	1,781
	Footpaths & Communal Fire Doors	2,026	100	103	106	109	2,444
	Potential New Build	5,043	4,750	4,893	5,040	5,191	24,917
	Total: Housing	26,262	25,841	26,257	27,235	27,886	133,481
	TOTAL	26,262	25,841	26,257	27,235	27,886	133,481

FINANCING

HOUSING

Council Contribution

Capital Receipts/House-building Fund/MRR	3,821	3,329	2,970	3,922	3,068	17,110
Government Grants	0	0	0	0	0	0
Revenue Contribution	9,615	9,237	9,548	9,093	10,100	47,593
Total Council Contribution	13,436	12,566	12,518	13,015	13,168	64,703
Depreciation / Major Repairs Reserve	12,826	13,275	13,739	14,220	14,718	68,778

TOTAL HOUSING

26,262	25,841	26,257	27,235	27,886	133,481
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TOTAL

26,262	25,841	26,257	27,235	27,886	133,481
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2020-2024 Prudential Indicators

Introduction

- 1.0 The Local Government Act 2003 requires the Authority to adopt the CIPFA Prudential Code and produce prudential indicators. The framework established by the Prudential Code is designed to support local strategic planning, local asset management planning and proper option appraisal. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital expenditure plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the organisation. In exceptional cases the Prudential Code should provide a framework which will demonstrate that there is a danger of not ensuring this, so that the local authority concerned can take timely remedial action.
- 1.1 The Prudential Code requires authorities to look at capital expenditure and investment plans in the light of overall organisational strategy and resources and ensure that decisions are being made with sufficient regard to the long run financing implications and potential risks to the authority. Effective financial planning, option appraisal, risk management and governance processes are essential in achieving a prudential approach to capital expenditure, investment and debt. The Capital Investment Strategy Is included as Appendix D (iii) to this report.
- 1.2 To demonstrate that local authorities have fulfilled these objectives, the Prudential Code sets out the indicators that must be used, and the factors that must be taken into account. The Prudential Code does not include suggested indicative limits or ratios. These will be for the local authority to set itself. 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.
- 1.3 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 2019/20 is included within the annex to this report.
- 1.4 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
- 1.5 Matters of affordability and prudence are primary roles for the Prudential Code.

Appendix D (iii)

- 1.6 The revenue consequences of capital expenditure relating to the HRA must to be paid for from HRA resources.
- 1.7 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.
- 1.8 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.
- 1.9 The indicators cover:
 - Affordability;
 - Prudence;
 - Capital expenditure;
 - External debt; and
 - Treasury management.
- 1.10 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.
- 1.11 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.
- 1.12 The following sets down the draft Prudential Indicators as calculated and proposed for North Tyneside Council for 2020–2024. The indicators include those for the Housing Revenue Account.

Prudential Indicators for Affordability

- 1.13 The fundamental objective in considering affordability of the Authority's Investment Plan is to ensure that the total capital investment of the Authority remains within sustainable limits, and in particular to consider the impact on the "bottom line" and hence Council Tax and Housing rents. Affordability is ultimately determined by a judgement on acceptable Council Tax or housing rent levels.
- 1.14 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 and the Investment Plan, four-year forecasts have been provided for the prudential indicators.

Appendix D (iii)

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

1.16 Looking ahead for a four year period, the following is a key prudential indicator of affordability:

- the ratio of financing costs to net revenue stream for both the Housing Revenue Account (HRA) and non-HRA services.

Ratio of financing costs to net revenue stream

1.17 This indicator identifies the trend in the cost of capital (predominately external interest and MRP) as a proportion of the net revenue budget for the General Fund and housing income for the HRA and is shown in Table 1 below:

Table 1: Ratio of Financing Costs to Net Revenue Stream

	2019/20	2020/21	2021/22	2022/23	2023/24
	Est.	Est.	Est.	Est.	Est.
General Fund	15.90%	22.28%	19.92%	19.27%	18.99%
HRA	28.07%	29.24%	28.64%	27.97%	27.54%

1.18 The above indicator shows costs for all borrowing, both supported and unsupported. It also includes the financing costs of PFI schemes and leases. The new accounting standard for leasing (IFRS16) comes into force for Local Authorities from 1 April 2020. This means that leases that have previously been treated as operating leases and expensed to the revenue account on an annual basis, are now required to be added to the authority's balance sheet. An initial estimate of the impact of this change (£4m pa) to the cost of capital has been added to the above calculation. Work is ongoing to calculate the actual impact of this change on the cost of borrowing. This will be reported through the Financial Management reports to Cabinet. It should be noted that there is not expected to be a bottom line impact to the revenue budget.

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

	2019/20	2020/21	2021/22	2022/23	2023/24
	Est.	Est.	Est.	Est.	Est.
General Fund	10.23%	11.08%	11.31%	10.90%	10.57%
HRA	4.45%	7.07%	6.45%	6.17%	5.95%

1.19 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

Appendix D (iii)

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.

Prudential Indicators for Prudence

- 1.20 A key indicator of prudence is that, over the medium term, gross debt will only be used for a capital purpose. Under the Code the underlying need to borrow for a capital purpose is measured by the Capital Financing Requirement (CFR). Gross debt includes external borrowing and also other liabilities including PFI schemes and Finance Leases.

Gross debt and Capital Financing Requirement (CFR)

- 1.21 This key indicator shows that gross debt is not expected to exceed the total CFR including additional capital requirements for 2017/18 to 2022/23.

Table 3: Gross external debt compared to CFR

	2019/20	2020/21	2021/22	2022/23	2023/24
	Est.	Est.	Est.	Est.	Est.
	£000s	£000s	£000s	£000s	£000s
External Borrowing	468,019	477,146	465,341	458,272	452,027
Other Liabilities (including PFI and Finance Leases)	117,385	189,136	185,783	182,319	181,347
Total Gross debt	585,404	666,282	651,124	640,591	633,373
Capital Financing requirement	650,488	715,995	700,929	685,343	673,153

Prudential Indicators for Capital Expenditure

Estimate of capital expenditure

- 1.22 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.
- 1.23 The Investment Plan for 2019-2023 is included in the annex to the report and the figures below are based on that report. A full breakdown of individual projects is shown in Appendix D (i).

Table 4: Capital Expenditure

	2019/20 Est. £000s	2020/21 Est. £000s	2021/22 Est. £000s	2022/23 Est. £000s	2023/24 Est. £000s
General Fund	49,036	30,180	17,132	15,046	15,532
HRA	25,964	26,262	25,841	26,257	27,235
Total	75,000	56,442	42,973	41,303	42,767

- 1.24 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.
- 1.25 The availability of financing from capital receipts, grants and external contributions also carry significant risks. These risks are particularly relevant to capital receipts, where market conditions are a key driver to the flow of funds, causing problems in depressed or fluctuating market conditions. There is a much reduced reliance on capital receipts in the proposed plan.

Estimate of Capital Financing Requirement (CFR)

- 1.26 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 CFR will increase annually by the amount of capital expenditure which is not immediately paid for by grants, contributions, direct revenue funding or capital receipts. The General Fund CFR will also be reduced each year by the amount of Minimum Revenue Provision (MRP) that is set aside in the revenue budget. In addition, the CFR may be reduced by additional voluntary contributions in the form of capital receipts or revenue contributions. The HRA business plan includes provision to reduce the HRA CFR in this way.
- 1.27 The CFR also includes any other long term liabilities eg PFI schemes and finance leases. As outlined in paragraph 1.18 above the new accounting standard for leasing (IFRS16) comes into force for Local Authorities from 1 April 2020. This means that leases that have previously been treated as operating leases and expensed to the revenue account on an annual basis, are now required to be added to the authority's balance sheet. An initial estimate of the impact of this change (£90m) has been added to the CFR. Work is ongoing to calculate the actual impact of this change on the CFR. This will be reported through the Financial Management reports to Cabinet.
- 1.28 In accordance with best professional practice the Authority does not associate borrowing with particular items or types of expenditure. The Authority has a

Appendix D (iii)

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

	2019/20 Est. £000s	2020/21 Est. £000s	2021/22 Est. £000s	2022/23 Est. £000s	2023/24 Est. £000s
General Fund	325,714	397,262	388,052	378,435	372,335
HRA	324,774	318,732	312,877	306,908	300,818
Total	650,488	715,995	700,929	685,343	673,153

1.29 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

	2019/20 Est. £000s	2020/21 Est. £000s	2021/22 Est. £000s	2022/23 Est. £000s	2023/24 Est. £000s
General Fund	184,339	188,796	180,038	174,813	170,497
HRA	22,922	15,915	16,207	11,907	7,607
Total	207,261	204,711	196,245	186,720	178,104

Prudential Indicators for External Debt

Authorised limit for total external debt

1.30 For the purposes of this indicator the authorised limit for external debt is defined as the authorised limit for borrowing plus the authorised limit for other long term liabilities.

1.31 This indicator requires the Authority to set, for the forthcoming financial year and following years, an authorised limit for total external debt, separately identifying borrowing from other long term liabilities such as PFI and Finance Leases.

1.32 The authorised limit represents the maximum amount the Authority may borrow at any point in time in the year. It has to be set at a level the Authority considers is “prudent” and has to be consistent with the plans for capital expenditure and financing.

Appendix D (iii)

- 1.33 This limit is based on the estimate of the most likely, but not worse case, scenario with additional headroom to allow for operational management, for example unusual cash movements.
- 1.34 As outlined in paragraphs 1.18 and 1.27 above the new accounting standard for leasing (IFRS16) comes into force for Local Authorities from 1 April 2020. An uplift has been applied to the external and operational boundaries to allow for this change. Work is ongoing to calculate the actual impact of the change. This will be reported through the Financial Management reports to Cabinet.
- 1.35 Full Council will be requested to approve these limits and to delegate authority to the Chief Finance Officer, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities, in accordance with option appraisal and best value for money for the Authority.
- 1.36 Any such changes made will be reported to the Cabinet at its next meeting following the change.

Table 7: Authorised Limit for External Debt

	2019/20 Est. £000s	2020/21 Est. £000s	2021/22 Est. £000s	2022/23 Est. £000s	2023/24 Est. £000s
Borrowing	1,100,000	1,070,000	1,050,000	1,030,000	1,020,000
Other Long Term Liabilities	150,000	270,000	270,000	270,000	270,000
Total	1,250,000	1,340,000	1,320,000	1,300,000	1,290,000

- 1.37 The Chief Finance Officer reports that these Authorised Limits are consistent with the Authority's current commitments, existing plans and the proposals in this 2019/20 budget report for capital expenditure and financing, and in accordance with its approved Treasury Management Policy Statement and Practices.

Operational Boundary for total external debt

- 1.38 The proposed operational boundary is based on the same estimates as the authorised limit. However, it excludes the additional headroom which allows for unusual cash movements.
- 1.39 The operational boundary represents a key management tool for in year monitoring by the Chief Finance Officer. Within the operational boundary, figures for borrowing and other long term liabilities are identified separately. Full Council will be requested to delegate authority to the Chief Finance Officer, within the total Operational Boundary for any individual year, to effect movement between the separately agreed figures for borrowing and other long-term liabilities, in a similar fashion to the Authorised Limit.

Appendix D (iii)

1.40 Any such changes will be reported to the Cabinet at its next meeting following the change.

Table 8: Operational Boundary for External Debt

	2019/20 Est. £000s	2020/21 Est. £000s	2021/22 Est. £000s	2022/23 Est. £000s	2023/24 Est. £000s
Borrowing	550,000	535,000	525,000	515,000	510,000
Other Long Term Liabilities	130,000	220,000	220,000	22,000	220,000
Total	680,000	755,000	745,000	735,000	730,000

Prudential Indicators for Treasury Management

Adoption of the CIPFA Code of Practice for Treasury Management

1.41 The Authority has an integrated Treasury Management Strategy and has adopted the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. North Tyneside Council has, at any point in time, a number of cash flows, both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved Treasury Management Strategy and Practices.

Upper limits on interest rate exposure 2019 to 2023

1.42 Full Council will be requested to set an upper limit on its fixed interest rate exposures for 2019/20, 2020/21, 2021/22 and 2022/23 of 100% of its net outstanding principal sums.

1.43 Full Council will be requested to set an upper limit on its variable interest rate exposures for 2019/20, 2020/21, 2021/22 and 2022/23 of 50% of its net outstanding principal sums.

1.44 The proposals to set upper and lower limits for the maturity structure of the Authority's borrowings are as follows:

Table 9: Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate

	Upper Limit	Lower Limit
Under 12 months	50%	0%
12 months to 2 years	50%	0%
2 years to 5 years	50%	0%
5 years to 10 years	75%	0%
10 years to 20 years	100%	25%
20 years to 30 years	100%	25%
30 years to 40 years	100%	25%
40 years to 50 years	100%	25%

Appendix D (iii)

Table 10: Upper limit for total principal sums invested for over 365 days

	2020/21	2021/22	2022/23	2023/24
% of Investments with Maturity over 364 days	25%	25%	25%	25%

1.45 The above indicator sets the exposure of investments in excess of 365 days at no more than 25% of the portfolio.

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**NORTH TYNESIDE COUNCIL
CAPITAL INVESTMENT STRATEGY
2020-2024**

CONTENTS

1. Introduction

2. Guiding Principles

- 2.1 Prioritisation and Approval
- 2.2 Alternative Funding and Delivery Opportunities
- 2.3 Capital Receipts and Capital Contributions
 - Asset disposals
 - Asset disposals at nil consideration or below market value
 - Right-to-Buy Clawback
 - Section 106 contributions and Community Infrastructure Levy (CIL)
 - Section 278
 - Repayment of loans for a capital purpose
- 2.4 Flexible use of Capital Receipts
- 2.5 Revenue and Reserves
- 2.6 Approach to Borrowing
- 2.7 Investment Opportunities (including capital loans)

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

Appendix 2 – Definition of Capital Expenditure

Appendix 3 – Capital Scoring Matrix

Appendix 4 – Investment Plan Gateway Process

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.

Investment Priorities are considered in the context of the strategic objectives of the Our North Tyneside Plan and other key strategies and plans that support the delivery of Our North Tyneside Plan (Appendix 1) and "Our Ambition for North Tyneside" strategy.

Principles for Capital Investment:

1. Investment must be strategically aligned to deliver the Our North Tyneside plan priorities (see below);
2. The Authority will work within a borrowing ceiling in terms of both value and revenue cost, reviewed annually;
3. Whole life costs are considered as part of a capital investment appraisal; including provision to ensure the asset is maintained;
4. For every potential scheme the Authority will explore all possible funding and delivery options; and,
5. Unsupported (prudential) borrowing is funding of the last resort.

Our Investment Plan priorities are as follows:

- Policy priorities;
- Maintaining existing assets;
- Income generating projects;
- Invest to save projects; and,
- Regeneration and key infrastructure enhancements.

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. As at 31 March 2019 the Authority's land, buildings and infrastructure asset base of over 450 properties has a current use Balance Sheet value of approximately £251 million, approximately 945 kilometres of highways and 235 bridges, subways, culverts and other structures with a historic value of £168 million, council housing stock comprising nearly 15,000 properties with a balance sheet value of £654 million and ICT and other equipment with a balance sheet value of £16m. In addition the Authority has an interest in assets of companies in which the Council has a financial interest in terms of equity and loans.

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 in meeting the Authority's aims and

objectives. The Authority works in close partnership with its partners including the NHS, Schools, 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.

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 against limited financial resources.

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

The matrix is an aid to evaluate priorities between often very disparate schemes; the overall value of council contribution to capital is ultimately a full Council decision.

All schemes bidding for inclusion on the Investment Plan must follow the approved Investment Plan Gateway process (attached as Appendix 4) 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 will continue 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.

Investments on projects should demonstrate sustainability and any 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)
- Section 278
- 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

In December 2015 the Secretary of State published guidelines confirming the criteria for the Flexible Use of Capital Receipts. The initial guidance covered the period 1 April 2016 to 31 March 2019. This was subsequently extended in December 2017 to cover the period up to 31 March 2022. This flexibility allows Local Authorities to use capital receipts to fund revenue expenditure incurred to generate ongoing savings. 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 Cabinet approval of the use of receipts), would be to support any implementation costs for the Authority's efficiency programme including redundancy costs.

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, sustainable 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 or Cabinet and are 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 1.5-3.5% should be assumed for new borrowing in 2020/21.

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 or Cabinet.

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 <ul style="list-style-type: none"> Community Infrastructure Levy Schedule (Regulation 123 List) 	Strategic Economic Plan	Plans appropriate to each theme	ICT- Digital Strategy
Health and Wellbeing Strategy	Transport Strategy <ul style="list-style-type: none"> Highways Asset Management Plan (HAMP) Parking 	Employment and Skills Strategy		Human Resources-Workforce Strategy
	Housing Strategy <ul style="list-style-type: none"> Strategic Housing Market Assessment (SHMA) Strategic Housing Land Availability Assessment (SHLAA) HRA business plan HRA Asset Management Plan 			Financial Strategy
		Estates Strategy		Asset Management Plan
		Our Ambition for North Tyneside		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 is 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 example, 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. Council Plan Priorities

	Specifically identified in Council Plan		PASS/FAIL
	Identified as a key Project/Activity in the Council Plan or directly supports a number of specific outcomes		
	Generally supports specific Actions or outcomes		
	Will not deliver any identified outcomes		

2. Potential to generate future revenue savings and/or investment return

3 points	Considerable additional net revenue saving and/or income stream meets both £100k pa and > 25% of project cost)	factor = x	5
2 points	Moderate additional net revenue saving and/or income stream (meets both £50k - £100k pa and 10-25% of project cost)	Max score	15
1 point	Small additional net revenue saving and/or income stream (meets both <£50k pa and < 10% of project cost)		
0 points	No potential net revenue income		
-2 points	Additional on-going resources required over existing budgets		

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
1 point	Specific (ring fenced) funding and requires Council funds of both 50% match funding or between £250-500k (capital or revenue)		
0 points	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	4
2 points	Meets an underlying statutory duty	Max score	12
1 point	Meets a discretionary requirement		
0 points	no indication of status		

5. 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		

6. 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		

7. Condition, health and safety risk and strategic importance of asset issues

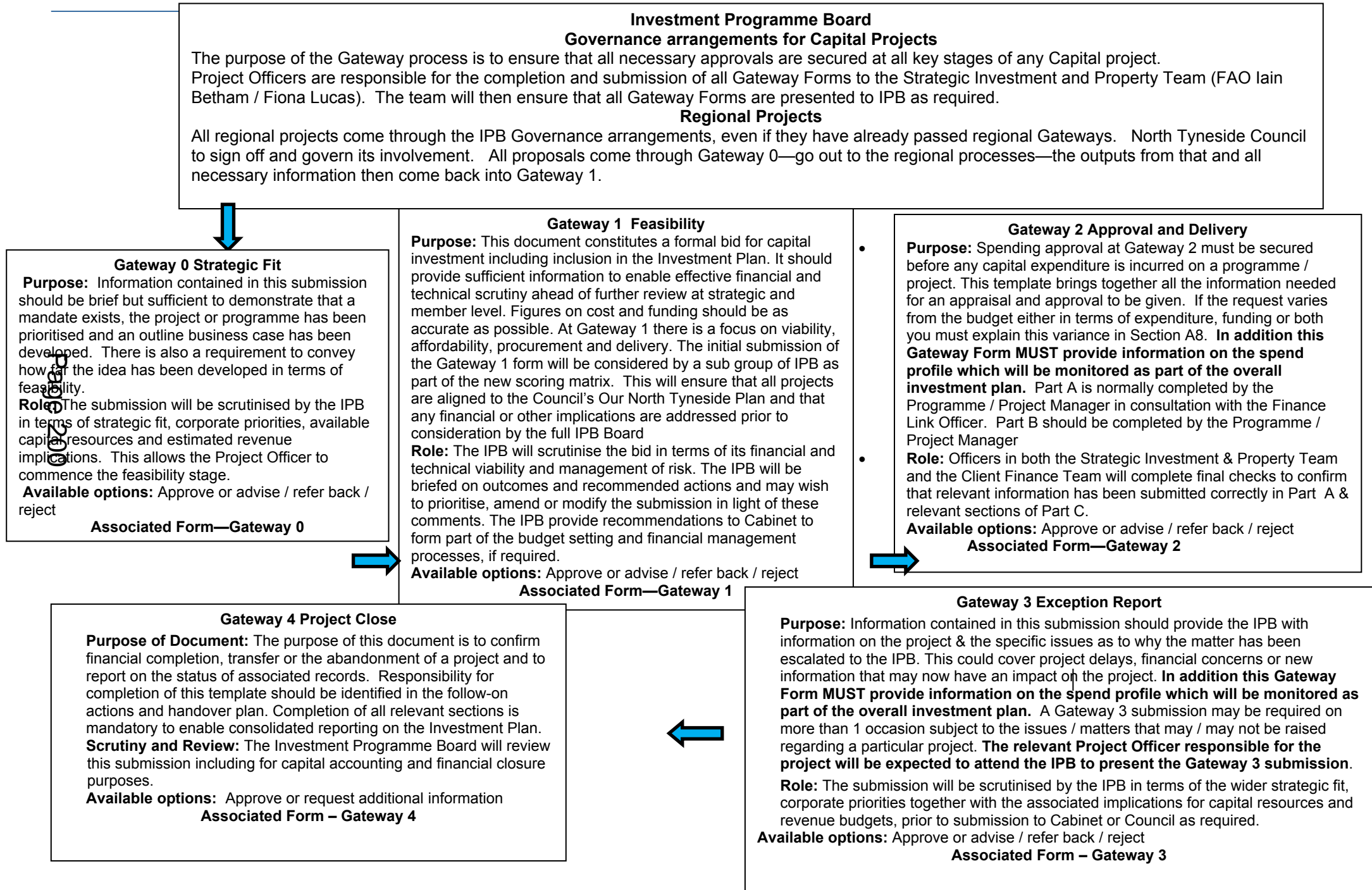
3 points	Expenditure on asset will reduce impact of 3 issues	factor = x	1
2 points	Expenditure on asset will reduce impact of at least 1 issue	Max score	3
1 point	Expenditure will have a possibility of reduced impact in at least 1 issue		
0 points	No demonstrated impact on any issues		

8. 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	57
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Appendix 4 – Investment Plan Gateway Process



TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2020/21

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 one year, meeting the minimum 'high' rating criteria where applicable. Table 1 below shows the credit rating criteria used to select with whom the Authority will place funds:

Table 1: Specified Investments and Credit Criteria

The minimum credit ratings criteria the Authority 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.

	Credit Criteria	Maximum Deposit	Maximum Period
UK Government Debt Management Office (DMADF)	N/A	£75m	6 months
UK Local Authorities	N/A	£10m each	1 year
UK Government Treasury Bills	UK Sovereign Rating	£10m	1 year
Term deposits with individual bank or building society entity	Blue /Orange Red Green No Colour	£5m each	12 months 6 months 100 days Not for use
Certificate of Deposits with banks and building societies	Blue /Orange Red Green No Colour	£5m each	12 months 6 months 100 days Not for use
Money Market Funds *(CNAV, LVNAV, VNAV)	AAA	£5m each	Liquid

*CNAV- Constant Net Asset Value

LVNAV- Low Volatility Net Asset Value

VNAV- Variable net Asset Value

Group Limit – A group limit is the maximum exposure that can be held in total across a group of entities which fall within a single parent. For example, Bank of Scotland PLC falls within the group of Lloyds Bank PLC, therefore no more than £10m can be invested across the group.

A Group limit of £10m will not be exceeded.

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 2 below shows the counterparties with whom the Authority will place funds:

Table 2: Non-Specified Investments

	Credit Criteria	Maximum Deposit	Maximum Period
UK Local Authorities	N/A	£5m each	3 years

2020-2024 Financial Planning and Budget Process

Timetable of Key Milestones for 2020/21

Date / Meeting	Detail
9 September 2019 Cabinet	Cabinet approves the 2020-2024 Financial Planning and Budget process, incorporating the associated Engagement Strategy.
9 September 2019 Cabinet	Cabinet agrees the 2020/21 Council Tax Support Scheme for consultation.
10 September 2019 to 28 October 2019	Public consultation period on the 2020/21 Local Council Tax Support Scheme.
25 November 2019 Cabinet	Cabinet considers its 2020-2024 initial Budget proposals in relation to General Fund, Schools, Housing Revenue Account & Investment Plan for 2020-2024.
25 November 2019 Cabinet	Cabinet considers the outcomes of the consultation on the 2020/21 Council Tax Support Scheme and proposes a scheme for Council to consider on 16 January 2020.
26 November 2019	Notice of Objection process for the 2020/21 Budget commences.
26 November 2019	Budget and Council Plan engagement process begins. Ends in January 2020.
December 2019 Scrutiny Process	Scrutiny of the 2020-2024 Financial Planning and Budget process.
Mid-late December 2019	Estimated timing of the 2020/21 Provisional Local Government Finance Settlement.

Date / Meeting	Detail
16 January 2020 Council	Council considers the proposed 2020/21 Local Council Tax Support Scheme from Cabinet and agrees or amends the scheme for 2020/21.
20 January 2020 Cabinet	2020/21 Council Tax Base agreed by Cabinet.
21 January 2020 Overview, Scrutiny and Policy Development Committee	Overview, Scrutiny and Policy Development Committee/Budget Study Group as appropriate considers Cabinet's final Budget proposals.
3 February 2020 Cabinet	Cabinet approves the final proposals in relation to the 2020/21 Housing Revenue Account budget and associated Business Plan, including an assessment in relation to the current year's budget monitoring information (2019/20). In addition, Cabinet will agree the Annual Housing Rent policy for 2020/21.
3 February 2020 Cabinet	Cabinet considers its Budget proposals for 2020-2024 in relation to General Fund Revenue, Schools and Investment Plan, taking into account feedback received as part of Budget Engagement.
4 February 2020 Overview, Scrutiny and Policy Development Committee	Overview, Scrutiny and Policy Development Committee considers the results of its review of the 2020-2024 Financial Planning and Budget and Council Plan process.
10 February 2020 Cabinet	Cabinet meeting to consider any recommendations of the Overview and Scrutiny Budget Study Group following its review of the Cabinets 2020/21 Budget and Council Tax proposals.
18 February 2020	4pm deadline for responses to the Authority's Notice of Objection
20 February 2020 Council	Reconvened Council meeting to consider Cabinet's estimates of amounts for the 2020-2024 Financial Planning and Budget process and Council Tax levels. Consideration of any responses to the Notice of Objection.
24 February 2020 (if required) Cabinet	Cabinet Meeting to consider any objections to Cabinet's Budget and Council Plan proposals.

	The Cabinet meeting on 24 February 2020 is now a scheduled meeting with other items of business and will proceed even where no objections are approved.
5 March 2020 (if required) Council	Council meeting to agree the Budget for 2020/21, the Council Tax level for 2020/21 and the Investment Plan for 2020-2024

* This timetable may change as a result of the current review of the Authority's Constitution, including the annual Budget approval process.

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Glossary of Terms

Asset Management Strategy	Asset Management Strategy is a high-level document that guides the overall investment in existing and new assets within an organisation. Being a strategy it explores long term issues and ensures that the overall plan is linked to the key "strategic" priorities of the organisation.
Authorised Limit	Borrowing is prohibited beyond this limit. This limit reflects the level of borrowing that, while not desired or sustainable, could be required with some headroom for unexpected cash flow movements. It includes both temporary borrowing for cash flow purposes and long-term borrowing to finance capital expenditure.
Balances	The reserves of the Authority, both revenue and capital, which represent the accumulated surplus of income over expenditure on any of the funds.
Bank Rate	The Official Bank rate paid on commercial bank reserves i.e. reserves placed by commercial banks with the Bank of England as part of the Bank's operations to reduce volatility in short-term interest rates in the money markets.
Better Care Fund (BCF)	A pooled Budget arrangement between the Authority and the local Clinical Commissioning Group, which aims to bring greater integration between health and social care.
B/Fwd	The balance in the Statement of Accounts that has been brought forward from the previous period, normally the previous financial year.
Borrowing	Refers to external borrowing.
Brexit	The potential departure of the United Kingdom from the European Union.
Budget	A plan of expected expenditure and income over a set period of time for example the Authority's revenue Budget covers a financial year.
Budget Holder	A nominated officer in a Service area who has responsibility for the control and monitoring of a particular Budget.
Budget Manager	A nominated officer in a Service area who has responsibility for the control and monitoring of the budgets within a service area.
Budget Monitoring	The analysis and reporting of expenditure/ income against budget. Budget monitoring is carried out by Service area alongside the Finance Service on a monthly basis.
Budgetary Control	The use of budget monitoring information to manage the Budget and bring spend in on target for the year.
Business Rates	Business Rates also known as Non Domestic Rates (NDR) is a charge levied upon all non-domestic properties. The rateable value of non-domestic premises is determined by the Valuation Office Agency (part of the Inland Revenue). This rateable value is multiplied by a national multiplier (set each year by central Government) to arrive at the gross annual amount each business must pay. This can be reduced by reliefs, dependent on the size and circumstances of the business, to arrive at the net amount payable. Business Rate Retention Regulations were introduced in April 2013. These determine the proportion of Business Rates retained by Local Authorities and its preceptors, or transferred to Central Government.
Capital Financing	The resources required to fund capital payments e.g. <ul style="list-style-type: none"> • borrowing • the application of useable capital receipts

Appendix G

	<ul style="list-style-type: none"> • a direct charge to revenue • the application of a capital grant or contribution.
Capital Financing Requirement (CFR)	This measures the Authority's underlying need to borrow for a capital purpose. It is a calculation of capital costs less funding from capital receipts, grants and contributions to give the balance to be funded by borrowing. The Authority needs to ensure that over the medium term net borrowing does not exceed the CFR. The capital financing requirement is one of the indicators that must be produced as part of the CIPFA prudential code.
Capital Investment / Expenditure	The total amount spent on capital including all those items capitalised under statute e.g. equal pay and grants to third parties.
C/Fwd	The balance in the Statement of Accounts that is "carried forward" to a future period, normally the next financial year.
CIPFA	Chartered Institute of Public Finance and Accountancy, which is the leading accountancy body for public services.
CCG	Clinical Commissioning Group – an NHS body which commissions community and hospital based healthcare for a local area.
Consumer Price Index (CPI)	The index has been designed as a macro-economic measure of consumer price inflation. The official measure is calculated each month by taking a sample of goods and services that a typical household might buy, including food, heating, household goods and travel costs. It forms the basis for the Government's inflation target, which the Bank of England's Monetary Policy Committee is required to achieve.
Contingencies	Sums set aside as a provision for liabilities which may arise in the future but which cannot be determined in advance.
Cost Centre	A code created in General Ledger to record expenditure and income for a particular activity. For example a library or a school.
Council Tax	The main source of local taxation for local authorities. It is a banded property tax (using 1 April 1991 property values), which is levied on households within its area by the billing authority and is set annually for the properties in its area. Council Tax income is paid into the billing authority's Collection Fund for distribution to precepting authorities and for use by the billing authority's own General Fund.
Counterparty	The organisations responsible for repaying the Authority's investment upon maturity and for making interest payments.
Credit Default Swap (CDS)	These contracts reflect the market perception of an institution's credit quality unlike credit ratings, which often focus on a longer-term view. CDS contracts can be compared with insurance, as a buyer of a CDS pays a premium insuring against a debt default.
Credit Rating	This is a scoring system that lenders use and publish to determine how credit worthy individuals and businesses are.
DCLG	Department for Communities and Local Government.
Debt	The sum of borrowing and other long-term liabilities.
Debt Management Office (DMO)	Debt Management Office (DMO) is the executive agency responsible for carrying out UK Government's debt management.
Depreciation	The gradual conversion of the cost of an asset into an operational expense over the asset's estimated useful life. Depreciation reflects a reduction in the book value of the asset due to obsolescence or wear

Appendix G

	and tear and it spreads the purchase cost proportionately over a fixed period to match the income generated by the asset.
DfE	Department for Education.
DWP	Department for Work and Pensions.
External debt	All borrowing, whether for capital or revenue purposes.
Fees and Charges	Income arising from the provision of a service.
Financial Regulations	Rules that set out the financial policies of the Authority and help to ensure that the assets of the Authority are protected and properly deployed.
Financial Year	1 April to 31 March.
Forecast Out-turn	A prediction of the final income and expenditure based at the year-end.
General Ledger (GL)	The prime financial record for the Authority. The General Ledger records all the expenditure incurred and all the income generated by the Authority.
Gilts	The UK Government issues gilts in order to finance public expenditure. They are generally issued for a set period and pay a fixed rate of interest for this period.
Holding Accounts	These are accounts within the General Ledger relating to a specific building or service (internal to the Authority) where costs are collected then shared out to the users of the building or service.
Housing Revenue Account (HRA)	Those authorities with a council-owned housing stock have a duty to maintain an additional account called the Housing Revenue Account (HRA). The HRA specifically accounts for spending and income relating to the management and maintenance of the council-owned housing stock. By law it must be kept separate from other Authority accounts.
IFRS	International Financial Reporting Standards – the basis on which the Authority’s accounts are prepared from 2010/11 onwards.
IBCF	Improved Better Care Fund is a Grant paid directly to Local Authorities to support Adult Social Care in ways, which also benefit Health. This was paid for the first time in 2017/18 and continues into 2020/21.
Journal Transfer	A journal transfer is used to correct miscoded transactions or to allocate costs/income within or across Service areas in the General Ledger.
Lenders Option Borrowers Option (LOBOs)	A form of long-term borrowing where loans run at a fixed rate of interest for a fixed period, after which the Lender has the option to ask for repayment or change the interest rate on pre-determined dates. If the Lender decides to exercise the option to change the interest rate, the borrower can then decide whether to accept the new terms or repay the loan.
LGPS	Local Government Pension Scheme.
Local Government Finance Settlement	The Local Government Finance Settlement is the annual distribution of funding determined by the Government and debated by Parliament. It has two key elements: <ul style="list-style-type: none"> 1. A Provisional Local Government Finance settlement, which is normally received in December. This is then subject to a specific Government Consultation.

Appendix G

	2. A Final Local Government Finance settlement that is normally received in late January / early February after the government has had time to consider the representations made to the Provisional Local Government Finance Settlement.
Long Stop Control	The Secretary of State may, by direction, set limits in relation to the level of borrowing of money by a particular local authority to ensure that the authority does not borrow more than it can afford.
Long term	A period of one year or more.
Major Repair Allowance (MRA)	Before Self Financing was introduced in April 2012, the rent payable across to Central Government as part of subsidy was calculated taking into account several factors including a major repairs allowance, which was intended to ensure that councils retained sufficient money to be able to maintain their housing assets.
Maturity	The date when an investment or loan is repaid or the period covered by a fixed term investment or loan.
MHCLG	Ministry of Housing, Communities and Local Government
Monetary Policy Committee (MPC)	This is a body set up by the Government in 1997 to set the repo rate (commonly referred to as being base rate). Their primary target (as set by the Government) is to keep inflation within plus or minus 1% of a central target of 2% in two years time from the date of the monthly meeting of the Committee. Their secondary target is to support the Government in maintaining high and stable levels of growth and employment.
Money Market	This is where financial instruments are traded. Participants use it as a means for borrowing and lending in the short term, with maturities that usually range from overnight to just under a year.
Minimum Revenue Provision (MRP)	Minimum Revenue Provision (MRP) is statutory requirement to make a charge to the Council's General Fund to make provision for the repayment of the Council's past capital debt and other credit liabilities
National Living Wage	The National Living Wage is an obligatory minimum wage payable to workers in the United Kingdom aged over 25, which came into effect on 1 April 2016.
Net Revenue Stream	This is the net revenue Budget.
Operational Boundary	This is the most likely, prudent view of the level of gross external indebtedness. External debt includes both borrowing and long-term liabilities (e.g. finance leases and PFI), with separate boundaries having to be identified for each of these. It encompasses all borrowing, whether for capital or revenue purposes.
Other Long Term Liabilities	The sum of the amounts on the face of the Balance Sheet that are classified as liabilities and are for periods in excess of 12 months, other than borrowing repayable within a period in excess of 12 months e.g. finance leases, PFI and Longbenton transferred debt.
"Pay to stay"	Pay to Stay was the name of a government policy in the United Kingdom whereby council tenants earning £30,000 (£40,000 in London) would have to pay "market or near market rents".
PFI	The private finance initiative is a way of creating "public-private partnerships" by funding public infrastructure projects with private capital.

Appendix G

Precept	The levy determined by precepting authorities on billing authorities. It requires the billing authority to collect income from council taxpayers on their behalf. In the case of North Tyneside Council, the precepting authorities are the Police and Crime Commissioner for Northumbria and the Tyne and Wear Fire and Rescue Authority.
Profiling	A method by which budgets are spread across the year to reflect patterns of spend.
Projections	A forecast of expenditure and income to the year-end based on known commitments and trends.
Prudential Borrowing	See Unsupported borrowing.
Prudential Code	The current system of financial controls for capital financing introduced on 1 April 2004 that local authorities are required to operate within.
Public Works Loan Board (PWLB)	Part of the Government's Debt Management Office, making long-term funds available to local authorities on prescribed terms and conditions.
Quantitative Easing	The printing of money by the country's central bank in order to increase the supply of money.
Reprogramming	Refers to changes to the timing of projects in the Investment Plan between years.
Reserves	Amounts which are set aside in the accounts to meet expenditure which the Authority may decide to incur in a future period, but which are not allocated to specific liabilities that are certain or very likely to occur. Earmarked reserves are allocated to a specific purpose or area of spending. Unallocated reserves are often described as 'balances', and usually arise as unplanned surpluses of income over expenditure. This will include the House Building Fund, Strategic Reserve, Insurance Reserve and the Support Change Fund Programme.
Revenue Expenditure	Expenditure on the day-to-day running costs of a service for example employees and transport.
Revenue Support Grant (RSG)	A central government grant paid to each local authority to help to finance its general expenditure, as opposed to specific grants.
Right to Buy	The Right to Buy scheme is a policy in the United Kingdom (with the exception of Scotland since August 1st 2016) which gives secure tenants of councils and some housing associations the legal right to buy, at a large discount, the council house they are living in
RPI – Retail Price Index	The Retail Price Index (RPI) is published on a monthly basis and it shows the changes in the cost of living. It reflects the movement of prices in a representative sample of goods and services used regularly, such as food, housing, clothing, household goods and transport. Items considered the most important are given a higher weighting in the overall index.
S256 agreements	Legal agreements that allow Health to transfer money to Local authorities using powers listed under Section 256 (s256) of the Health & Social Care Act
Self Financing	Housing Revenue Account (HRA) self-financing commenced in April 2012. Local housing authorities from this date were able to fully retain the money they received in rent in order to plan and provide services to their current and future tenants and in return took on a level of historical debt.

Appendix G

SEN	The term 'special educational needs' has a legal definition, referring to children who have learning problems or disabilities that make it harder for them to learn than most children of the same age.
Service Area	Groups of related cost centres.
Settlement Funding Assessment	For individual local authorities, this comprises of the Revenue Support Grant for the year in question and the Baseline Funding Level.
Short-term	A period of less than one year.
SLT	Senior Leadership Team – this includes the Chief and Deputy Chief Executive and all Heads of Service.
Subjective	A subjective is a code within the General Ledger that indicates the type of expenditure incurred, for example basic pay. A subjective can also be used to record the type of income generated, for example rents and fees.
Supported Borrowing	This is borrowing to fund expenditure in the Investment Plan where the annual financing costs of such borrowing are supported by government through formula grant. No new supported borrowing has been awarded since 2010/11.
Trading Account	These accounts within the General Ledger hold the values of both the cost and income of a traded or recharged service e.g. cleaning or transport. Customers can be internal or external to the Authority.
Transitional Protection	North Tyneside agreed that for those tenants who were already residents of an NTC sheltered property at the point of the Sheltered Housing PFI works would have their rent held at the level they paid before the investment.
Treasury Management	The management of the Authority's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
Unitary charge	A PFI contract bundles the payment to the private sector as a single ('unitary') charge for both the initial capital spend and the ongoing maintenance and operation costs.
Universal Credit	Universal Credit is a social security benefit in the United Kingdom introduced in 2013 to replace six means-tested benefits and tax credits: income based Jobseeker's Allowance, Housing Benefit, Working Tax Credit, Child Tax Credit, income based Employment and Support Allowance and Income Support.
Unsupported Borrowing	This relates to borrowing to fund expenditure where the annual financing costs have to be met from the Authority's own revenue resources. This is also known as prudential borrowing.
Variance	The difference between net budgeted expenditure and income compared to net actual expenditure and income i.e. the actual or predicted overspend or underspend against Budget.
Virement	A transfer of budgets from one area of the Budget to another.
Yield	Return on an investor's capital investment.
Yield Curve	Graph plotting the yield of all bonds of the same credit quality with maturities ranging from the shortest to the longest available. If the resulting curve shows that short-term yields are lower than longer-term yields then it is called a positive yield curve. If short-term yields are higher than longer-term yields it is called an inverted yield curve. If there

Appendix G

	is little difference between short and long-term yields then it is a flat yield curve.
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North Tyneside Council Report to Cabinet Date: 25 November 2019

Title: An Ambition for North Tyneside - Update

Portfolio: Regeneration	Cabinet Member: Councillor Bruce Pickard
Responsible Officer: Paul Hanson, Chief Executive	Tel: 0191 643 7000
Wards affected: All	

PART 1

1.1 Executive Summary:

On the 26th November 2018, the Cabinet agreed a report which set out 'An Ambition for North Tyneside'. Having listened to the views of our residents and business the report articulated the Elected Mayor and Cabinet's ambition for North Tyneside and provided a series of projects and schemes which reflected the Authority's ambition around the themes of 'our people', 'our place' and 'our economy'.

Since agreeing 'An Ambition for North Tyneside' significant progress has been made by the Authority and its partners in keeping its promise and delivering a range of projects across the borough. This includes commencing work on the second phase of the Centre for Innovation in Wallsend. New family housing has been brought forward at the coast on sites that formerly blighted our coastal visitor offer such as the former Avenue Public House. There has been investment in flood defences at Killingworth Lake as well as further investment in the Authority's housing stock, highways and schools.

The purpose of this report is therefore to provide the Cabinet with an update on what has been achieved across the borough since the 'Ambition for North Tyneside' was adopted 12 months ago. It also sets out our future planned activities across the borough over the next 12 months and beyond. This includes plans for Segedunum World Heritage Site, further work to develop at Killingworth Lake, as well as completing public realm work at Whitley Bay. It also sets out the next steps for the regeneration and masterplanning of North Shields Town Centre and Fish Quay.

1.2 Recommendation(s):

It is recommended that Cabinet:

- (1) note the progress made in delivering the overall plan since November 2018;
- (2) agree that 'An Ambition for North Tyneside' will continue to be monitored by the Investment Programme Board and progress reported regularly to Cabinet.

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 24th October 2019.

1.4 Council Plan and Policy Framework

This report is directly concerned with the delivery of the entire Our North Tyneside Plan with direct benefits expected for Our People, Our Place and Our Economy.

1.5 Information:

1.5.1 Background

1.5.2 Scope and approach

As set out in the 26th November 2018 Cabinet Report, An Ambition for North Tyneside considers the borough as four areas namely:

- The South West area around Wallsend, including the communities who live in Howdon, Willington Quay, Hadrian Park, High Farm and Battle Hill
- The North West including Benton and Longbenton, Forest Hall and Killingworth, Dudley, Weetslade, Burradon, Camperdown and Fordley
- The North East area around Whitley Bay, including Monkseaton and Earsdon, Shiremoor, Backworth and West Allotment; and
- The South East area around North Shields, including Cullercoats and Tynemouth, Chirton and Percy Main

In order to realise the bold ambition for the borough, the Authority has been undertaking a broad range of activities across the whole borough that impact positively upon “Our People, Our Places and Our Economy and which will make a real difference. The Authority has been working with a range of partners that include the Local Enterprise Partnership, the National Heritage Lottery Fund, Historic England, businesses and land owners to deliver meaningful change and to unlock potential and opportunity.

The above includes heritage and culture led projects such as Segedunum, where the Authority has engaged specialist advice and are working with Tyne and Wear Archives and Museums to refine plans for the World Heritage site. It also includes engaging with the market in respect of the Swan Hunter site to bring it back into beneficial economic use in line with the Cabinet’s objectives agreed in May this year. The Authority is also engaged in delivering smaller but meaningful projects which resonate with our communities such as the restoration of the Wooden Dolly sculpture using the original family firm that created the original sculpture in the 1950s.

1.5.4 Borough-wide ambition

The Elected Mayor and Cabinet’s ambitions for the Borough are set out in the Our North Tyneside Plan. Specific commitments have been made and are being met in terms of Our People, Our Place and Our Economy.

Looking toward the next 15 years the current commitments are as follows:

Our People

Will be listened to. Will be ready for school. Will be ready for work and life. Will be healthy and well. Will be cared for, protected and supported. Will be encouraged to be more independent, volunteer and do more for themselves and local communities.

Cabinet has already considered, and the Authority is delivering detailed plans in all of these areas but in the coming years this will also specifically mean:

- Delivery of a programme to ensure the Authority works better for residents making sure they know we listen and we care
- Continued support to early years and education to give children and young people the best possible start in life
- Continued work to make sure as many people as possible have good physical and mental health
- Building on work to make sure the people of North Tyneside continue to have the right skills to take advantage of a growing economy; and
- Continuing work to tackle the impact of deprivation

Our Place

Will be a great place to live. Will offer a good choice of quality housing. Benefit from the completion of the North Tyneside Living Project. Provide a clean, green, healthy, attractive, safe and sustainable environment. Have effective transport and physical infrastructure. Continue to regenerate Wallsend, North Shields and Whitley Bay. Be a thriving place of choice for visitors.

Again, Cabinet has already considered, and the Authority is delivering detailed plans in all of these areas but in the coming years this will also specifically mean

- Delivery of a programme to encourage a greater sense of place, particularly in our areas of greatest deprivation
- Plans to tackle anti-social behaviour and promote community safety
- Delivery of the affordable homes programme and the Master Plans at Killingworth and Murton; and
- Development and delivery of a programme of public art to celebrate our communities and what makes them special.

Our economy

Will grow by supporting new businesses and building on our strengths. Will be business friendly, ensuring the right skills and conditions are in place to support

investment. Will continue to support investment in our business parks, units and town centres.

Cabinet has already worked to deliver detailed plans in all of these areas but in the coming years this will also specifically mean

- Work with Newcastle City Council and Northumberland County Council to make sure the Devolution Deal and the Combined Authority deliver inclusive growth; and
- Target infrastructure investment at improving the economy, particularly examining and adjusting the design of our town centres to improve access and traffic flow

1.5.5 The rest of this report explains in more detail progress that has been made on the Elected Mayor and Cabinet's ambitions for each part of the Borough. It sets out what has been achieved over the last 12 months, what is currently planned, what will happen next and what the Authority will do, if it can and when it can.

1.5.6 For the South West

What it has

The South West has some fantastic assets; a World Heritage site at Segedunum, the industrial north bank of the Tyne, with world leading business (including the Swans site), a great leisure offer with Hadrian Leisure Centre, well used libraries and the refurbished Richardson Dees Parks and, for some parts of the community, some strong transport links.

It also has some sharp contrasts between deprivation and affluence. It is the area of the Borough with the most students. It has more people who need help with mental health needs. It has concentrations of people suffering from deprivation who also work and concentrations of poor quality private rented housing.

What the Authority is trying to achieve

Based on those strengths and those needs the Authority is trying to support business and residents to create more and better jobs. The Authority also needs to help in the connections of those parts of the area that do not have strong transport links.

The Authority also wants to improve the housing offer and improve the sense of place and community: In doing so closing the gap in life chances.

How the Authority will achieve that

Right now: The investment and plans for the former Swan Hunter shipyard continue in line with the Mayor and Cabinet's objectives for the site. The Authority is currently on site delivering the next phase of the Centre for Innovation which will be completed in March 2020. This will bring forward some 10,000 sq. ft of commercial floorspace for businesses and will build on the success of the first phase of the scheme which is occupied by a range of companies related to the offshore / energy sectors.

The Authority is also reviewing offers for the wider Swan Hunter Site that were received on the 25 October 2019. This follows the Cabinet's decision in May 2018 to approach the market with a view to the sale or long leasehold of the site. This will see the site brought back into beneficial economic use which meets the Council's objectives around job creation and economic growth.

The Authority will continue to work with the Local Enterprise Partnership given their ongoing financial commitment to the site and new governance arrangements have been established with a Board to oversee the delivery of the Swan Hunters project in line with the Authority's objectives. It is anticipated that a decision on the site will be made early in the new year following full and detailed consideration of the offers received for the site.

Work is also ongoing to refine a Vision and Masterplan for Segedunum with Tyne and Wear Archives and Museums. Working with the Mayor and Deputy Mayor to develop a policy steer, specialist advice has been procured which has given the Authority intelligence on the market and will identify potential opportunities to grow the visitor offer. It will form the basis for a 15 year plan for the site and it is anticipated the Cabinet will be able to consider options in the first quarter of 2020.

Initial works have also commenced at the former Buddle Arts Centre which is being developed out as office space in partnership with a private developer. It is anticipated that the conversion works will commence later this year.

Next: Plans are being developed for Segedunum which will be the first steps in a 15 year masterplan and vision which will see incremental investment into the visitor offer over the plan period.

The Authority will continue to work with town centre land owners and healthcare providers to examine opportunities for new healthcare facilities to be brought forward in the heart of Wallsend Town Centre as part of the regeneration of the town centre.

Demolition work will also begin on the later extensions to the GB Hunter Memorial Hospital in 2020/21. Opportunities for the wider site will continue to be explored with the current operator of the Civic Hall. Work will continue with the private sector over the development of Centurion Park.

The Authority will vastly improve the quality of place for existing residents as well as creating new, high quality affordable housing options within the area. Work will commence on the properties in 2020 and is anticipated improvement works will be carried out over a 20 week period. The Authority will also review options for working with registered housing providers who may have an interest in the properties.

When funding and timing allows: Plans for housing renewal will be developed and delivered; as will a long term plan to redesign traffic and transport flows around the town centre.

1.5.7 For the North West

What it has

The North West is a great place to live across a range of historic communities with a mining past and a new town; the area has a broad range of housing and sees strong demand from families who want to live there. It has access to national infrastructure assets at the A1 and Newcastle Airport with a good leisure offer and a significant portion of the Borough's open land and major development sites.

It also has small pockets of deprivation with a gap in life chances and particularly towards Dudley, Fordley, Annitsford, Seaton Burn and Wideopen, a public transport deficit.

What the Authority is are trying to achieve

For the North West the Authority is trying to develop sustainable communities, supporting retail and bringing local centres to life while meeting housing need (particularly in and around the former mining communities). The Authority aims to grow the economy, seeing more and better jobs to which people are better connected. As well as delivering the Killingworth Master Plan in a way that promotes a richer living environment on human scale.

How the Authority will achieve that

Right now: A major £6m flood alleviation project has been delivered by the Authority and the Environment Agency at Killingworth Lake by recontouring parts of the site and introducing new planting. This will help improve the visitor experience and help make the drainage in the area more sustainable. The new surface water management arrangements also provide opportunities for further activities to be explored which will broaden the offer of the park.

Forest Hall shopping centre has also been improved with £600k investment into the public realm which was completed in April of this year. Working with the community and businesses, this scheme has transformed the appearance of this well used local centre and has acted as a catalyst for further private sector investment into commercial properties. It also helps reinforce positive perceptions of the area as a great place to live and invest.

A new 3G pitch has been developed at Killingworth Young People's Club (the KYPC) which represents £750K of investment. The KYPC is well used community asset and is home to some 20 teams ranging from toddlers to young adults. It is also home to the Pin Point football league which operates across the region.

Work has also been completed to add a new bus lane and improve access for cyclists and pedestrians along Salters' Lane between Haddrick's Mill and West Moor. This was completed in October and is part of the wider Salters Lane A189 Improvement Works which have a value of £5.5m which was funded through a successful bid to the National Productivity Investment Fund.

In terms of the Authority's plans for new housing, in September the Cabinet agreed to accept £10m of Housing Infrastructure Funding from Homes England. This will help deliver highways infrastructure as part of the Killingworth Moor Masterplan which will see 2000 new homes delivered as part of the Authority's Local Plan which was adopted in 2017. The wider development will also include new highways, schools and open space and associated green infrastructure required to deliver a high quality residential environment. Work is ongoing with developers and land owners to refine plans for the site which accord with the masterplan and which reflect the Authority's place-making aspirations for the development.

Next: Plans are being developed for projects such as Killingworth Lake to further develop facilities and to unlock additional opportunities and activities which will lead to increase patronage whilst preserving the ecology of the site and its landscape setting.

The Authority is also seeking to invest in the Wagonways infrastructure. This will celebrate the borough's rich mining heritage and will give an insight into how the industry shaped the borough and its communities. It will also build upon the unparalleled network of cycleways, footpaths and bridleways across the borough providing opportunities for improved health and wellbeing as well as sustainable travel options. It will also include historical interpretation both along the route and as part of a proposed digital app.

Work will also commence in 2020 on procuring the primary highway infrastructure associated with Killingworth Moor housing site which is funded through the Housing Infrastructure Fund. The procurement will be completed in late 2020 with construction works commencing in 2021 and completing in 2023. It is also anticipated that new housing will also be brought forward by the developer's subject to receipt of planning permissions.

When funding and timing allows:

The delivery of the Killingworth Master Plan in its entirety to include the right transport infrastructure and school capacity and other associated infrastructure.

The Authority will also seek to develop the transport network including continued lobbying for a Metro extension between North Tyneside and Newcastle Airport with a view to enhancing service provision for residents and visitors. The Authority will also work with partners for the delivery of the Northumberland / Tyne heavy rail link subject to a successful bid to the Transforming Cities Fund which is to be submitted to the Government by Transport North in November.

The Authority will also continue to look at options for the delivery of high quality employment / industrial accommodation at Indigo Park which is identified as a strategic employment site in the Local Plan.

1.5.8 For the North East

What it has

This part of North Tyneside contains some great places to live, work and visit. It has seen significant investment at the coast to create an asset for the Borough and the Region.

It contains some of our more affluent communities and significant migration out each day for work but also pockets of significant deprivation in Valley Ward, Collingwood Ward and parts of Whitley Bay. Its quality of life can create house price hotspots and concerns about volume of house building and volumes of traffic. The area has high levels of owner-occupied housing and an ageing population.

What the Authority is trying to achieve

For the North East and the surrounding communities, the Authority is investing in a fabulous environment to encourage visitors to support the local economy. The Authority aim to create at the coast a first class facility for all of North Tyneside and the Region. The Authority aims to meet housing and transport demand in a sustainable way.

How we will achieve that

Right now: The development of the former High Point Hotel to create 14 high quality sea front town houses has been completed. The scheme is a joint venture between the Authority and High Point View Ltd and has transformed the site which was previously occupied in part by a semi-derelict hotel. The town houses are currently on the market with a local agent and several properties have now been sold and are occupied. The scheme has had a major impact in improving the appearance of this part of the seafront and in improving perceptions of the area through its high-quality contemporary design. It has also brought new, high quality housing opportunities to the area for people seeking to live on the coast.

The redevelopment of the former Avenue Pub by the Authority's Trading Company, Aurora, has also completed with a hand over from the contractor at the end of October.

This scheme (Empress Point) comprises 12 high quality family homes at a prominent location has transformed this part of the seafront and has complemented investment at the Spanish City. Offers have been received and accepted for 6 of the properties which highlights the success of the scheme.

Also, 12 new homes have also been delivered by the Authority's Trading Company on the site of the former care home at Wallington Court on the Marden Estate of which 10 have now been sold. These new bungalows have provided a first class housing offer and greater choice for people wishing to live in the area. Collectively, the Authority's investment in housing across the borough will help deliver on the commitment to deliver 3000 new homes across the Borough by 2023.

The Authority has have also carried out remedial works to St. Mary's island causeway as part of initial steps to secure further investment into the island as part of the visitor offer.

Next: Plans are being developed to continue investment and to complete the refurbishment works to the rest of the Northern Promenade commencing with the area around the Rendezvous Cafe. This investment will improve the setting of this much loved local landmark and will hold true to delivering on the Elected Mayor's commitments to this part of the borough.

The Authority is also developing plans for sporting facilities at Churchill Playing fields. A long term investment strategy for the site will be refined which will see it developed as a regional centre for sporting activities which further broadens the boroughs offer and attractiveness as a place to live, work and visit.

When funding and timing allows: The delivery of the Murton Master Plan which will deliver 3000 homes over the Local Plan period. The development will include investment in new transport infrastructure including a new Metro Station as well as new schools. It is anticipated that the indicative allocation of £15m Housing Infrastructure Funding from Homes England to deliver enabling highways infrastructure will be confirmed later this year at which point Cabinet approval to accept the funding will be sought.

The Authority will also seek to further develop the transport network including continued lobbying for a Metro extension in the Cobalt corridor and the potential for a rail station at Northumberland Park as part of Northumberland / Tyne Railway proposals.

The Authority will also develop options and seek funding to manage and appropriately develop St Mary's Island. This will preserve and enhance the historic and iconic lighthouse and will seek to protect the ecology of the island with the focus for any new development on the landward side of the causeway.

The Authority will also examine options for future investment in the Southern Promenade as part of our ongoing investment on the coast.

Also, a longer term plan to redesign traffic and transport flows in and around Whitley Bay town centre will be developed to improve the pedestrian environment and visitor experience.

1.5.9 For the South East

What it has

The South East and the surrounding communities contain some significant assets, England and Wales' largest prawn landing port as part of an active Fish Quay as well as

longstanding fishing activity from Cullercoats Harbour. It contains the major Port of Tyne site, the north side of the Tyne Tunnels and a major site for Northumbrian Water as well as the two retail outlets at Silverlink and Royal Quays as well as the attractions of Tynemouth Village. Northumberland Park, Tynemouth Pool and The Parks are at the core of a significant leisure offer.

But it also contains the Wards with greatest levels of deprivation next to two of the more affluent. The town centre is well used but not as well connected as it might be to the rest of the area and nor to the river bank where an emerging food and drink offer is increasing its attraction as a destination.

What the Authority is trying to achieve

For the South East and its surrounding area the Authority is working towards raising the quality of the built environment, connecting a vibrant town centre and quayside. The Authority wants to tackle working poverty and poor quality private rented housing as part of the work to close the gap. The Authority wants to work in partnership to develop a master plan for the town centre and the riverside.

How the Authority will achieve that

Right now:

The Authority is investing £5.6m in the heart of the town centre with the restoration of the historic Grade 2 listed Georgian terrace at Northumberland Square further enhancing the character of the Conservation Area. This stunning scheme which will see 28 new family homes developed which will create a new residential quarter in the town centre which, in addition to providing a unique housing offer, will also drive footfall into the town centre helping to support local shops and services as part of the Authority's plans to diversify and broaden the town centre offer. The scheme will be completed in mid-2021.

Within Northumberland Square is the Wooden Dolly Sculpture which is part of the DNA of North Shields. There have been seven dollies over the course of the town's history with the current sculpture commissioned in the 1950's and carved by Robert Thompson Craftsmen Ltd. Unveiled in 1958, the current sculpture has weathered the last 61 years remarkably well but is now in need of some much needed restoration works to bring it back to its former glory. The sculpture will be removed later this year by Robert Thompson Craftsmen Ltd and will be taken to their workshops in York where it will be restored.

Having listened to the views of the town centre businesses, residents and visitors, the Authority is also investing in improved WC facilities in North Shields Central Library. These will improve the current facilities and, importantly, they will be accessible outside of library opening times. This work will have a value of circa £90K and will be completed within the current financial year.

Following the award of £200k Funding from the North of Tyne Combined Authority, work is underway to develop a masterplan for North Shields Town Centre and Fish Quay. Like many town centres, North Shields has suffered from the decline of town centre retailing which is a consequence of structural changes at a national level in the retailing and leisure industries. The purpose of the masterplan is to set out a vision for the town centre which reflects the Authority's policy objectives to broaden and diversify the visitor offer and to create a sustainable future for the town centre with improved links to the Fish Quay.

An initial draft of the masterplan will be completed this year and will comprise a series of projects which, collectively, will transform the town centre and create opportunities for

new commercial and residential developments as well as investment in the public transport infrastructure and public realm. In addition to the heritage based projects referred to above, these will include improvements to key gateways into the town centre, a proposed new bus station integrated with the existing Metro Station as well as other improvements to the highway network and public realm to improve the appearance of the town centre and enhance the visitor experience. Other interventions will see new housing identified for the former Tyne Brand Site and Bedford Street.

Once the emerging masterplan has been agreed by the Cabinet it is proposed that further engagement is undertaken with residents and businesses in early 2020. The masterplan work will also be augmented by additional technical studies which will provide an evidence base to inform overall costs and delivery strategies.

Next: The Authority will continue to work with funding bodies such as Historic England to further refine proposals to improve Northumberland Square Conservation Area. Having submitted a successful Expression of Interest in the first round of the Future High Streets Fund Heritage Action Zones earlier this year, we are currently refining a scheme and will submit a further funding application to the next round later this year.

If successful, this will see significant investment into the fabric of the Conservation Area including both buildings and public realm. This will improve the character and appearance of the Conservation Area and will build upon our investment at Northumberland Square. It will also provide new commercial opportunities for some of the buildings on Howard Street which could be repurposed toward high quality food and beverage / leisure uses and which would take advantage of this unique location.

In November 2019, Transport for the North on behalf of the Joint Transport Committee will submit a bid to the Transforming Cities fund. This includes major infrastructure projects such as Metro track improvements to improve rail capacity a train frequency as well as the Northumberland / Tyne Line. However, it also includes proposals for a new integrated transport facility within North Shields Town Centre which will link bus and Metro services and provide a better customer experience.

In addition to the Transforming Cities Bid, the Authority is also working with Nexus to explore options for of moving the Ferry Landing to Western Quay which is at the heart of the Fish Quay and which is a more appropriate location from a visitor / ferry patron standpoint. It will also examine the opportunity to connect the Shields Ferry to Royal Quays which would create new opportunities for visitors to explore our offer, especially those visiting the region by cruise ship.

Whilst it was disappointing that we were unsuccessful in progressing to the second round of the main Future High Streets Fund earlier in the year, the Authority continues to position itself for a successful bid once a second round is launched. Specifically, the Authority has confirmed with MHCLG that it would like to work with the emerging High Streets Task Force which is a consortium led by the Institute of Place Management. This will provide expertise, advice, training, data and insight to help people, partnerships and other organisations transform their high streets. For Local Authorities that have been unsuccessful in Round 1, this includes advice on how to improve applications for Round 2, which is to be announced in due course.

The Authority will also continue to work with the new owners of the Tyne Brand site on the Fish Quay, as well as funding bodies such as Homes England, to identify development solutions that will see this prominent site brought forward for residential purposes. In broadening the housing offer at this stunning and unique location, the

redevelopment of the site will address the issues of dereliction that blight the site and its surrounds. Moreover, it will open up new opportunities on Tanners Bank and Brew House Bank which will further improve the quality of place.

When funding and timing allows: The Authority will further develop infrastructure to support both the working quay and the Fish Quay as a food and drink destination. Subject to securing funding, the Authority will also seek to implement proposals contained in the emerging North Shields masterplan which will include improvements to gateways into the town centre, improvements to the public realm and improved connectivity between the town centre and the Fish Quay.

The Authority will also await Government funding decisions in respect of transport improvements that are planned at Tanners Bank and into North Shields town centre.

1.5.11 How the plan will be managed

Progress on the plan will be reported regularly to Cabinet. Property-related projects will be dealt with via the Strategic Property Group chaired by the Elected Mayor and investment projects overseen by the Investment Programme Board chaired by the Cabinet Member for Finance who will also oversee the programme. Specific project and working groups will be established to handle more significant projects with appropriate Elected Member and Chief Officer leadership.

1.5.12 Next steps

The next steps will include:

- agreeing the Authority's Budget and Investment Plan Proposals to reflect this programme;
- Options on the major projects moving through appropriate governance;
- Finalise the Investment Programme based on a £10m budget over 5 years.

1.6 Decision options:

There is no decision to be made as the report is for information purposes only.

1.7 Reasons for recommended option:

There is no recommended option as the report is for information purposes only.

1.8 Appendix:

Appendix One: An Ambition For North Tyneside – Regeneration Strategy: Delivery by Area

Contact officers:

Paul Hanson, Chief Executive, tel. (0191) 643 7000

1.9 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) Our North Tyneside Plan 2018-2021

(2) State of the Area 2018

(3) Cabinet report 26th November 2018 'An Ambition for North Tyneside'

(4) Cabinet report 1st April 2019 'An Ambition for North Shields'

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

The capital and revenue implications relating to those projects currently underway are included within the Authority's current Investment Plan and Financial Plan respectively. Any future proposals will be considered as part of the investment plan gateway process in line with the Authority's Capital Investment Strategy.

However, in order to support this ambitious programme the Elected Mayor and Cabinet are proposing a 5 year, £10m investment pot as part of their Budget Proposals. This will support specific projects but, crucially, be available as matched funding to take advantage of emerging public and private finance opportunities.

2.2 Legal

There are no direct legal implications arising from this report. As projects and plans come forward individual consideration of the legal implications of these plans and projects will be required.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

The report is based on discussions with the Elected Mayor and Cabinet Members as well as detailed technical discussions across the Senior Leadership Team.

2.3.2 External Consultation/Engagement

As the Authority has begun to mobilise on many of the key projects contained in Our Ambition for North Tyneside, the Authority has undertaken a numerous consultation events and have engaged with businesses and stakeholders to seek their views. This has included meeting with businesses at specific engagement events as well as meetings with the Chambers of Trade.

As proposals contained in Our Ambition for North Tyneside move towards delivery and where statutory processes are involved, for example Planning Applications, formal consultation will take place.

Future engagement will also build upon earlier consultation that has been undertaken which includes the Big Community Conversation; Budget Engagement and the engagement which supported the production of the North Tyneside Local Plan, Master Plans and Community Infrastructure Levy.

2.4 Human rights

There are no human rights implications arising from this report.

2.5 Equalities and diversity

Equality Impact Assessments will be carried out for each project where appropriate. This is a key part of project planning as it assesses the potential impact a project may have on people with protected characteristics.

2.6 Risk management

Specific projects will have their own risk management arrangements in line with the agreed corporate approach.

2.7 Crime and disorder

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

2.8 Environment and sustainability

The contents of the plan aim to support sustainable development and contribute to reducing carbon emissions and responding to our climate change emergency.

PART 3 - SIGN OFF

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

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North Tyneside Council

**2019/20 An Ambition for North Tyneside:
Progress Report**

Position as at: November 2019

This monitoring report reflects the Elected Mayor and Cabinet's ambitions for each part of the Borough, agreed as part of the report to Cabinet at the meeting in November 2018.

Index

Project	Project Start Date	Potential Funding requirement	Gateway Project Status	Delivery Status
Develop and deliver a long-term Master Plan for Segedunum	March 2019	£35k Feasibility Capital Investment Costs to be confirmed		On track
Consider the options for Swans	January 2019	To be confirmed as part of site disposal. Potential £500K LGF for enabling works with £100k NTC match	Gateway 1	On track
GB Hunter Memorial Hospital Building	April 2019	Demolition costs for 1950'S extension to be refined as part of 2020/21 programme. Enabling works undertaken through 2019/20 to inform tender	Gateway 1	On track
The Buddle	April 2019	Council assets within the scheme		On track
Work with the current leaseholder on options for the development of Centurion Park	April 2019	Council assets within the scheme		On track
Support the opportunity for a new health centre as part of the Wallsend Forum as part of the development option agreement with New River Retail	April 2019	Private sector led with anticipated capital receipt to be confirmed	Gateway 0	On track
Improve Wallsend Town Centre design and traffic flows	April 2019	NTC funding requirement to be confirmed on completion of scheme design and analysis of transport movements.		On track
Killingworth Lake flood alleviation project and further development of Killingworth Lake	March 2018	Scheme approaching completion. Joint scheme involving the Environment Agency, Northumbrian Water and North Tyneside Council.	Gateway 1	On track
Additional infrastructure works at the A189/A1056 'Weetslade' roundabout as part of Bellway scheme	March 2018	Developer funded		On track
Mining heritage and Waggonways development	April 2019	HLF Funding sought for scheme		On track
Consider options for Annitsford Farm	June 2019	Any funding to be confirmed following refinement of scheme		On track
Consider options for Indigo Park	March 2019	To be confirmed as part of ongoing financial and delivery modelling with Highbridge	Gateway 1	On track
Killingworth Master Plan	April 2019	£10m HIF Funding Approved by cabinet in September 2019	Gateway 1	On track
Transport network development including lobbying for Metro extension and Coast to airport through train	April 2019	No current cost estimate is available for Cobalt corridor extension. Metro Track Dualling project (to accommodate additional train movements and expand services)		On track
1. Northern Promenade & Rendezvous Café 2. Revise plan for facilities on Northern Promenade following completion 3. St Mary's Island causeway		Costs and funding to be confirmed on completion of outline design work Remedial works to causeway undertaken.		On track

Deliver the Murton Master Plan	2020	£15m HIF Funding	Gateway 1	On track
Continued lobbying for a Metro extension in the Cobalt corridor; potential for a rail station at Northumberland Park as part of Northumberland and Newcastle Railway proposals	April 2019	No current cost estimate is available for Cobalt corridor extension. Metro Track Dualling project (to accommodate additional train movements and expand services) and Northumberland Line (phase 1) project may both seek funding from the Department for Transport's Transforming Cities Fund (TCF).		On track
Working options to manage and appropriately develop St Mary's Island		Costs to be refined as part of scheme development. External funding being sought through Heritage Horizons Funding	Gateway 0 (November 2019)	On track
Masterplan for Churchill Playing fields		Costs to be refined as part of ongoing condition review of existing facilities and maintenance requirements		On track
Improve Whitley Bay Town Centre design and traffic flows	April 2019	NTC funding requirement to be confirmed on completion of scheme design and analysis of transport movements.		On track
Smiths Dock	Private sector delivering	Nil – private sector led		On track
Tanners Bank	March 2018	Preparing potential bid to next tranche of Highway Maintenance Challenge Fund. Value of potential bid and match funding requirement to be confirmed following publication of Government guidance.	Gateway 1	On track
Port of Tyne Enterprise Park		To be confirmed following discussions with Port of Tyne who are currently refining a masterplan for the site.		On track
Beach Road and Burnside Road bridges	March 2019	Funded and carried out by Nexus		On track
Public toilets – Remodeling of WC's in Central Library to provide 24 hours access,	December 2019	Works to be commenced in 19/20 financial year		On track
The Cedars - 12 Homes as part of HRA development programme	Early 2020	Commence early 2020 – costs being refined as part of tender process	Gateway 1	On track
Develop infrastructure and licensing policies to support both the working quay and the emerging food and drink destination		Costs to be refined as part of exploratory work		On track
Explore the feasibility of moving the Ferry Landing east towards the Fish Quay and connecting the Shields Ferry to Royal Quays	March 2019	Funding to be determined		On track
Light Collingwood Monument & The Priory	May 2020	To be undertaken in 2020/21		On track
Refurbish and re-set The Wooden Dolly in Northumberland Square	November 2019	Initial Costs to refurbish existing sculpture circa 6K.		On track
Consolidate and improve the town centre	March 2019	Received £200k NoTCA Devo feasibility funding, £20m EOI submitted for Future High Streets funding with decision due Autumn 2019, Looking at options to submit for a Heritage Action Zone for Northumberland Square conservation area.		On track

Swans Centre for Innovation Phase 2	March 2019	£1.65m Total LGF Funding £1.4m NTC Funding £0.25m	Gateway 2	On track
Swans Plot 6 demolition	April 2019	£588K Total LGF Funding £488K NTC Funding £100k	Gateway 1	Some Delay
North Bank of the Tyne Road Improvements				On track
Bonchester Court & Beadnell Court. Affordable Housing new build projects	July 2018	HRA Funded to be completed May 2020	Gateway 2	On track
Purley Close and Perth Gardens conversion to affordable homes	September 2017	HRA Funded to be completed May 2020	Gateway 2	On track
Tackle poor quality private rented property		To be confirmed on scheme by scheme basis		On track
Edwin Grove, options for affordable housing		Commence early 2020 HRA Funded	Gateway 2	On track
Amberley Playing Fields 3G pitch	April 2019	£750K Completed this year	Gateway 2	Complete
Redevelopment of the Authority's Killingworth site	April 2019			On track
Salters Lane – West Moor bus lane, cycle and pedestrian improvements		£5.5m National Productivity Investment Fund	Gateway 1	On track
The Dome		£27m mix of Heritage Lottery and capital Funding	Gateway 2	On track
High Point		£3.007m General Fund	Gateway 2	On track
Express Point (Former Avenue Pub)	Completed and at sales	£2.209m General Fund	Gateway 2	On track
Wallington Close	Completed and at sales	£1.5m General Fund	Gateway 2	On track
Briar Vale flood alleviation scheme	Completed	£2m Environment Agency Funding	Gateway 2	Complete
Cullercoats Primary School refurbishment	Completed	DfE Funded	Gateway 2	Complete
Southern Promenade		Costs to be refined as part of scheme development. Estimate at £550K	Gateway 2	On track
Northumberland Square new homes project		£5.6m Funding to deliver 28 new family homes	Gateway 2	On track
North Bank of the Tyne road improvements				On track
Steps at Fiddlers Green	Completed	General Fund £45K	Gateway 4	Complete
Tackle poor quality private rented housing		Costs to be refined as part of scheme development.		On track
Art at the Panama Swimming Club				
Backworth Primary				
Further work at Palmersville Sports facility				
Forest Hall Shopping Centre				

RAG Status

Category	Green	Amber	Red	Blue
Delivery	On Track	Some delay	Significant Delay	Complete
Expenditure	On Budget	Minor Variation (+/-) <5% or < £100k	Significant Cost overruns>5% or £100k	Complete

Project Status

Gateway 0 – Strategic Fit	Gateway 1 - Feasibility
Gateway 2 – Approval & Delivery	Gateway 3 – Exception Report
Gateway 4 – Project Close	

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North Tyneside Council Report to Cabinet Date: 25 November 2019

Title: Adoption of the National Register for Taxi Licence Revocations and Refusals

Portfolio: Community Safety and Engagement	Cabinet Member: Councillor Carole Burdis
Report from Service Area:	Environment, Housing and Leisure
Responsible Officers:	Phil Scott Head of Environment, Housing and Leisure
Wards affected:	All
	Tel: (0191) 643 7295

PART 1

1.1 Executive Summary:

This report details the proposed use of a National Register, referred to as the National Register of Taxi Licence Revocations and Refusals ("the National Register") and the steps that need to be taken by the Authority if it wishes to make use of the Register. In addition to referring to the Register, the Authority will provide information for inclusion in the Register regarding hackney carriage and private hire drivers that have either had a licence revoked or refused by the Authority.

The adoption of the use of the National Register by the Authority will enable officers to consult the Register as part of the application process for a hackney carriage and private hire driver's licence and therefore assist in protecting the public, which is the paramount consideration when dealing with the licensing of hackney carriage and private hire drivers.

1.2 Recommendation:

It is recommended that the Cabinet:

- (1) agree to the adoption by the Authority of the use of the National Register of Taxi Licence Revocations and Refusals developed by the Local Government Association and the National Anti-Fraud Network and to the sharing of information held by the Authority with the National Anti-Fraud Network and other licensing authorities as appropriate for inclusion in the National Register;

- (2) authorise the Head of Environment, Housing and Leisure to amend the Hackney Carriage and Private Hire Licensing Policy to make reference to the use of, and contribution to, the National Register of Taxi Licence Revocations and Refusals as appropriate; and
- (3) authorise the Head of Environment Housing and Leisure to enter into an appropriate Data Sharing Agreement and Data Processing Agreement and any other documentation that may be required from time to time as part of the adoption of the use of the National Register of Taxi Licence Revocations and Refusals and the sharing of information by the Authority with the National Anti-Fraud Network and other licensing authorities as appropriate, following consultation with the Head of Law and Governance.

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 September 2019.

1.4 Council Plan and policy framework:

This report relates to the following priorities in the 2018-2020 Our North Tyneside Plan:

Our Places will:

- Provide a clean, green, healthy, attractive, safe and sustainable environment

Our People will:

- Be healthy and well

1.5 Information:

1.5.1 Local context

When considering applications for hackney carriage and private hire driver's licences, the Authority must be satisfied that the applicant is a fit and proper person to be granted a licence. As part of the application process an applicant is asked if they have ever had a licence application refused or revoked by another licensing authority. Currently the answer given to this question is checked against a Regional Register that the 12 North East licensing authorities have adopted and update on a regular basis. However, before the introduction of the National Register it was not been possible to check for the refusal or revocation of an individual's licence outside the North East region.

1.5.2 National Register of Taxi Licence Revocations and Refusals

The Local Government Association and the National Anti-Fraud Network have implemented the National Register and this Register is to be known as the 'NR3 Register'. The National Register is a mechanism that enables licensing authorities to share details of individuals who have had a hackney carriage or private hire driver licence revoked or an application for such a licence refused and the reason for the revocation or refusal.

The adoption of the use of the National Register will enable the following to occur:-

- When a hackney carriage or private hire driver's licence is revoked, or an application for a licence is refused, the Authority will automatically record this decision for inclusion in the National Register;
- The checking of all applications for a new licence or licence renewal against the National Register.

The Local Government Association and National Anti-Fraud Network have issued guidance which is attached to Appendix A of this report. The guidance stipulates the procedure that a local authority should follow in order to provide information for inclusion in the National Register and for the Authority to access the Register.

The National Register will be hosted by the National Anti-Fraud Network. The information recorded in the Register will be limited to:

- Name
- Date of birth
- Address and contact details
- National Insurance number
- Driving licence number
- Decision taken
- Date of decision
- Date decision effective.

Information will be retained in the National Register for a period of 25 years as recommended in the Guidance.

If a search of the National Register results in a match with the applicant, or existing driver on renewal of a licence, the Authority will seek further information about the entry in the Register from the Authority that recorded that information. Any information received because of a Register search will only be used in respect of the specific licence application and will not be retained beyond the determination of that application.

Historic information concerning revocations and refusals of licences 7 years old and less will be added to the National Register. Before an individual's information is added to the National Register, the Authority will write to the individual whose information is recorded in the National Register stating that the information will be uploaded at a future date and informing the individual of the purpose of sharing that information and their legal right to object to the inclusion of their information in the National Register. The Authority will then consider any objections to their information being included in the Register.

1.5.2 Data Sharing and Data Processing Agreements

New applicants and existing drivers seeking to renew their licences will be made aware of the National Register by details of the Register being included in the application forms completed by them. The application form will inform applicants that their information may be uploaded to the National Register if their application is refused, a licence renewal refused or their licence subsequently revoked.

On subscribing to the use of the National Register the Authority will be required to sign up to a Data Sharing and Data Processing Agreements with the National Anti-Fraud Network.

In addition to signing up to the Data Sharing and Data Protection Agreements, the Authority will be required to operate in accordance with the attached Data Protection

Policy which governs the circumstances in which the Authority will share information with other licensing authorities that have requested more detailed information regarding a particular individual driver that appears in the National Register. The Authority will need to satisfy itself that it has followed the appropriate processes in sharing this information with other licensing authorities. The Data Protection Policy is attached at Appendix B to this report.

1.5.3 North Tyneside Council Hackney Carriage and Private Hire Licensing Policy

If the adoption of the use of the National Register is approved by Cabinet it will be necessary to amend the North Tyneside Hackney Carriage and Private Hire Licensing Policy to reflect the use of the National Register and new processes arising from it, including the sharing of data with the National Anti-Fraud Network and other licensing authorities.

1.6 **Decision Options:**

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet agree to the adoption by the Authority of the use of the National Register of Taxi Licence Revocations and Refusals and the sharing of information with the National Anti-Fraud Network and other licensing authorities as part of the use of the National Register in accordance with the Data Sharing Agreement, Data Processing Agreement and Data Protection Policy.

Option 2

Cabinet does not agree to the adoption of the use of the National Register of Taxi Licence Revocations and Refusals.

Option 1 is the recommended option.

1.7 **Reasons for Recommended option:**

Option 1 is recommended as it will enable the Authority to undertake checks of a National Register to ascertain if individuals applying to the Authority for a hackney carriage or private hire driver's licence have been refused a licence by a licensing authority or have had a licence revoked by a licensing authority in England or Wales. Having this additional information will assist in deciding if such individuals are fit and proper persons to hold such licences and will be an additional means of ensuring the safety of the travelling public in the Borough.

1.8 **Appendices:**

Appendix A: Guidance on adopting the National Register of Taxi Licence Revocations and Refusals .

Appendix B: Data Protection Policy

1.9 Contact Officers:

Colin MacDonald, Senior Manager Technical & Regulatory Services, (0191) 643 6620
Joanne Lee, Public Protection Manager, (0191) 643 6901
Alan Burnett, Trading Standards and Licensing Group Leader, (0191) 643 6621
John Barton, Lawyer, (0191) 643 5354
David Dunford, Acting Senior Business Partner, (0191) 643 7027

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 Council Hackney Carriage and Private Hire Licensing Policy](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and Other Resources:

There are no financial implications directly arising from the report. The Authority is already an existing member of National Anti-Fraud Network and there will be no additional costs associated with adoption of the NR3 register.

2.2 Legal:

The adoption of the routine use of the National Register of Taxi Licence Revocations and Refusals will permit the Authority to have access to information that it may not otherwise have had access to. Having access to such information will strengthen the Authority's ability to make an informed determination on whether an applicant or existing driver, is, or remains, a fit and proper person to hold a hackney carriage or private hire driver's licence.

Whereas the Executive cannot make decisions in relation to the licensing of individual drivers, under the legislation governing hackney carriage and private hire vehicles, it is permitted to adopt the use of a Policy such as the Hackney Carriage and Private Hire Licensing Policy that will be considered when individual decisions are made by the Regulation and Review Committee. It is proposed that the Hackney Carriage and Private Hire Licensing Policy will make reference to the use of the National Register of Taxi Licence Revocations and Refusals if the use of the National Register is approved by Cabinet. In addition, the Authority as a responsible licensing authority will share information with other licensing authorities seeking information on a particular driver for legitimate licensing purposes, and when it is deemed to be in the public interest to share this information.

Any information held by the Authority can only be shared with third parties if it is lawful to do so in accordance with the Data Protection Act 2018 and the General Data Protection Regulation. To ensure that any information held by the Authority is shared in a lawful manner, the Authority will enter into a Data Sharing Agreement and Data Processing Agreement with the National Anti-Fraud Network.

2.3 Consultation/Community Engagement:

2.3.1 Internal Consultation

Internal consultation has taken place with the service area.

2.3.2 External Consultation

Applicants and licensed drivers will be advised of the NR3 on application and when backdated information is entered onto the NR3.

2.4 Human Rights:

There are aspects of the administration of licences that may impact on the human rights of individuals residing in the Borough and licence holders.

Article 1 of the First Protocol entitles a person to the peaceful enjoyment of his possessions. A possession may include the goodwill that such a Licence may generate. However, balanced against that is the ability of the licensing authority to enforce such laws under the Act as is necessary to control the use of such property, including a licence.

2.5 Equalities and Diversity:

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

2.6 Risk Management:

There are no risk management implications directly arising from this report. Risks associated with delivery of the Authority's Public Protection function are monitored via the Technical Services Partnership risk arrangements included within the strategic partnership governance framework.

2.7 Crime and Disorder:

The National Register will enable applicants to be checked for previous revocation and refusals and will contribute towards ensuring the safety of the travelling public and preventing crime and disorder.

2.8 Environment and Sustainability:

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

PART 3 – SIGN OFF

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

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Guidance on adopting the National Register of Taxi Licence Revocations & Refusals (NR3)

Contents

1. Background
2. Objective of NR3
3. Voluntary disclosure of previous licensing history
4. NR3 - an overview
 - 4.1. Accessing the register
 - 4.2. Register functionality
 - 4.3. Historic data migration
5. Updating licensing processes and procedures
 - 5.1. Informing applicants of the NR3 register
 - 5.2. Adding details of a refusal or revocation
 - 5.3. Checking the register as part of the application and renewal process
 - 5.4. Acting on detailed disclosures
6. Complying with data protection requirements
 - 6.1. Updating the licensing policy, application forms and guidance
 - 6.2. Making existing licensees aware

Annex A – guidance on amendments to policies and forms

Annex B – suggested notification to existing licensees of NR3

Annex C - suggested notification to former licence holders or applicants whose details will be entered onto NR3

Annex D – Suggested template policy relating to requests for information, disclosure of information, and use of information as a result of an entry on NR3, including template disclosure form

1. Background

Licensing Authorities are required to satisfy themselves that those holding hackney carriage and Private Hire Vehicle (PHV) driver licences¹ are 'fit and proper' to do so. This is done firstly during the determination of an application for a licence, and then at any time during the currency of a licence. For example when evidence is obtained that suggests that a licensed individual is not a fit and proper person the licensing authority is entitled to suspend, revoke or refuse to renew a licence.

The process of assessing whether an applicant or licensee is 'fit and proper' may vary between authorities but there is widespread consensus on the need to increase consistency and set national minimum standards for the fit and proper test at a suitably high level. This would help prevent individuals who have had a licence revoked by one authority from simply going to another area and securing a licence - assuming the second authority was aware of the earlier revocation.

At the moment, if drivers do not disclose information about a previous revocation or refusal of a licence, there is often no way for a licensing authority to find this information out. This means that vital intelligence about an applicant's past behaviour is being missed and an individual might be able to get a new licence in another area, despite having their licence revoked elsewhere. High profile instances of this happening have undermined public confidence in the safety of hackney carriages and PHVs, and left licensing authorities open to criticism for something that is currently very difficult for them to control.

In response to this issue, the Local Government Association (LGA) has commissioned the development of a national register of hackney carriage and PHV driver licence refusals and revocations, the 'National Register of Refusals and Revocations' or NR3. The new register will allow licensing authorities to record details of where a hackney carriage or PHV drivers' licence has been refused or revoked, and allow licensing authorities to check new applicants against the register. This should help to prevent people found to be not fit and proper in one area from securing a licence somewhere else through deception and non-disclosure. For the avoidance of doubt, NR3 does not extend to vehicle or operator licensing decisions.

This guidance note provides information on the steps that licensing authorities should take to ensure that they have the necessary supporting procedures in place to make use of the register. Specific user guidance and training materials on using the register will be published separately.

Important

Licensing authorities will be data controllers in relation to their processing of personal data in connection with NR3, including in relation to uploading information to NR3, consulting NR3, and disclosing or receiving information about individuals who appear on NR3. Licensing authorities are therefore strongly advised to work closely with their information governance and legal teams to assure themselves that they are taking the necessary steps to comply with data protection and other laws in regard to NR3.

¹ Throughout this document, this term includes dual or combined Hackney / PHV licences.

2. Objective of NR3

The simple objective of the national register is to ensure that authorities are able to take properly informed decisions on whether an applicant is fit and proper, in the knowledge that another authority has previously reached a negative view on the same applicant. This will be achieved by providing a mechanism for licensing authorities to be able to check whether an individual has had a licence refused or revoked. Whenever a licensing authority processes a new application for a hackney carriage/PHV driver's licence, or for a renewal, it should check the register at a suitably early stage of the process to confirm whether the applicant was subject to a previous licensing decision that they should be aware of.

Every application must always be considered on its own merits. A licensing authority must not fetter its decision-making, or appear to have simply relied upon the previous decision of another authority. The purpose of the register is not to mean that an applicant who has been refused a licence on one occasion will always be refused.

However, it will always be relevant for an authority to consider a previous refusal or revocation, and the reasons for that decision. That previous decision may in many cases warrant significant weight to be given to it. Licensing authorities will wish to think carefully about taking a different view to an earlier decision. Depending on the nature and context of the earlier decision, they may require strong and new evidence to support a different view, having regard to the representations of the applicant. Any authority will wish to have proper respect for the decision of a previous authority, having regard to the fact that a driver had the right of appeal to the Magistrates' Court against a decision which was wrong or flawed. Without this approach, the objectives of safeguarding and consistency – and the reputation of local government – will be undermined.

The register will not record suspensions of drivers' licences. This is for the following reasons:

- i. any suspension that was later lifted because the original information was false or unsubstantiated would have to be removed from the register, but any search during the period that the information remained in the register might prejudice a subsequent application
- ii. suspension should not be used as an interim step pending revocation. If the matter is serious enough to warrant a driver being prevented from driving, revocation should be the action taken²; and
- iii. where a suspension period is imposed as a short-term punishment for minor transgression, this should not influence a subsequent decision, as further serious non-compliance should lead to revocation³. Accordingly any pattern of unacceptable behaviour should be identified by revocations or refusals to renew, rather than by a recurring pattern of suspensions.

For these reasons, no records of suspension should be included, including migration of historic records relating to suspension.

² See *R (on the application of Singh) v Cardiff City Council (Admin)*, [2013] LLR 108 and *Reigate & Banstead Borough Council v Pawlowski* [2018] R.T.R. 10

³ Suspension as a punishment is permissible – see *R (on the application of Singh) v Cardiff City Council* [2013] LLR 108

3. Voluntary disclosure of previous licensing history

NR3 provides a mechanism for sharing information about an individual's previous licensing history if they have had a licence revoked or an application for one refused. Most licensing authorities already ask applicants to indicate on their application forms whether they have previously had a licence revoked or refused. With the introduction of NR3, authorities should ensure that the request for this information is clearly set out on the application form and accompanying guidance notes. Where an applicant fails to volunteer information that has been clearly requested but which is subsequently identified through NR3, this may in itself raise questions about the applicant's integrity and status as a fit and proper person.

4. NR3 - an overview

4.1. Accessing the register

The national register is hosted by the National Anti-Fraud Network (NAFN). Access to the register is only available to members of NAFN. Licensing authorities are encouraged to join up to NAFN and recover the cost of this through their taxi licence fees. NAFN can be contacted by email on general@nafn.gov.uk.

NAFN members will need to sign up specifically to the NR3 element of the NAFN database, which will allow access to the dedicated portal. This is a relatively straightforward process and can be done by contacting NAFN.

A relevant officer will need to be designated as a single point of contact (SPOC) as part of the registration process. Authorities which already use the NAFN system will already have an existing SPOC in place (or potentially multiple SPOCs for different areas of functionality), so consideration will need to be given to the interaction between existing NAFN contacts and the new NR3 functionality.

Once set up on the register, other officers will be able to create user accounts which will allow them to submit data or search the register, but these accounts will need to be verified/ approved by the SPOC. Consideration should be given to the number of officers that need to be set up with user accounts to enable them to use the register to search / input information.

Subscribing to the national register will require local authorities to sign up to data sharing and data processing agreements with NAFN. These agreements outline the necessary steps the authority will need to take to ensure compliance and will cover requirements under both the General Data Protection Regulation (GDPR) and Data Protection Act 2018 (DPA).

4.2. Register functionality

The register has two basic elements of functionality; it enables authorities to record details of relevant drivers, and it enables them to undertake searches of the data held in the register.

Licensing authorities will be responsible for adding basic details of drivers who have had a licence revoked or an application for one refused. The intention is that when a licensing authority receives an application for a licence or a renewal, the applicant's details will be checked on the register to confirm that there is no record of them having being revoked or refused elsewhere.

Details contained on the register will be limited to information that will help to identify an individual to a certain degree of accuracy, but will not give a reason or explanation of why an action was taken. It will be up to individual authorities to follow up on any searches which come back with a match with the appropriate licensing authority, whose contact details will be included in the search result.

Details will be kept on the register for a period of 25 years, and local authorities will therefore need to ensure that their own information governance policies reflect this. The register has been developed to support public safety through the potential sharing of information that is relevant to consideration of whether an individual is a fit and proper person to hold a taxi licence. There will be instances where the basis for an individual's licence being revoked or refused is sufficiently serious as to remain relevant to a future taxi licence application however far in advance it is submitted; for example, where it concerns an issue of sexual misconduct in relation to a passenger. The data retention period for the register has therefore been set to reflect the potential gravity of some revocations and refusals, and the need for this information to be shared. However, as set out later in this document and in the supporting policy at Annex D, any information to be shared between authorities outside of the register must be shared on a proportionate and time limited basis, in accordance with the authority's policy for doing so. If an authority did not take a case specific approach but chose to share all data over the full retention period, this would be likely to be disproportionate and therefore unlawful.

Authorities will need to ensure that their information governance policies are updated to make reference to the NR3 retention period, the associated retention period for supporting taxi licence data, and the rationale for it.

4.3. Historic data migration

The first step once subscription to the register has been completed is to populate the register with historic data of licence revocations and refusals. To do this, licensing authorities will need to submit historic data via CSV file to NAFN. NAFN have provided a standard template to use to submit data.

The majority of licensing authorities will use an electronic licensing system, and therefore will be able to obtain extracts from their licensing systems which can then be cut and pasted into the spreadsheet. However, if authorities use a manual system to issue licenses, they will need to manually fill out the spreadsheet.

In order to comply with data protection law, there must be a point beyond which historic data will not be uploaded. It is difficult to determine what that should be. However as the retention period for data on the register is 25 years, this appears to an appropriate period. Accordingly no historic data more than 25 years old should be uploaded to the register. It is important to note here that the 25-year data retention period begins at the point at which a licence was refused or revoked, rather than the date when the data was uploaded to the register.

Crucially, it is vital to ensure that any historic data which is uploaded by a licensing authority has not been retained in contravention of that authority's own retention policy. It is accepted that this may lead to differing ages of historic data being uploaded, but that is unavoidable to ensure compliance with data protection law.

Before any historic data is uploaded, the authority must write to those individuals who the data concerns stating that the data will be uploaded at a future date, which should be a

period of not less than 28 days. Individuals should be informed about the purposes of the data processing, the legal basis for it, and their various rights to object in regard to this.

Although the letters do not specifically need to invite representations about the proposal, any representations that are made in that period should be considered by the authority and data should only be uploaded where the authority feels that it is fair and appropriate to do so. This will not prevent historic data being uploaded, but will ensure that where data is held which may be uploaded, there is an opportunity for the authority to reconsider whether that is the correct action to take. A template letter for contacting former licence holders is attached at Annex C.

Once historic data has been submitted, any new revocations or refusals will need to be entered onto the NAFN register portal by a licensing officer as and when decisions are taken.

5. Updating licensing processes and procedures

Using the register will necessitate some key changes to the way applications and renewals are processed and information recorded.

5.1. Informing applicants of the NR3 register

Applicants must be informed of the existence of the NR3 register and that it will be consulted in connection with their application (and subsequent applications to renew licences).

They must also be informed that their personal data will be placed on the register if at any time their licence is revoked or renewal is refused.

Licensing authorities in receipt of applications must ensure that applicants are given the contact details of the data protection officer for the licensing authority, contact details for NAFN, and are advised of the fact that the information can be retained for up to 25 years (which is the retention period) and the fact they have a right to lodge a complaint with the Information Commissioner, together with the contact details for the Information Commissioner. It is suggested that this information is included in the privacy information provided to individuals when they apply for a licence. This is discussed further in 6.1.

5.2. Adding details of a refusal or revocation

When an application for a licence is refused, or an existing licence is revoked, authorities will need to enter this information onto NR3. It will be important to ensure that authorities only enter refusals that have genuinely been considered and refused; NR3 is not intended to capture details of incomplete applications which an authority does not process. The key point is that a decision has been taken because there is evidence that an individual is not a fit and proper person to hold a licence.

Entering this information will be a simple and quick step, as only a limited amount of information will be added to the register: the individual's details; the date of the decision; the date it takes effect; and the decision taken – but not the reason for the decision.

Several authorities have reported that individuals who have had a licence revoked have previously moved very quickly to try to gain a licence elsewhere. It will therefore be important that authorities are prompt in adding the details of refusals or revocations to the register, so

that the information is available in the event that an individual does seek to secure a licence from another authority.

Authorities should ensure that they include the entries onto NR3 in their authority wide records of their data processing activities.

5.3. Checking the register as part of the application and renewal process

The second process change will relate to applications for hackney carriage/ PHV driver licences. Licensing authorities will also wish to check the register when they undertake licence renewals; firstly to confirm any historic information that may have been added in respect of one of their licensees, but also because it is possible that some drivers may hold more than one licence, and could therefore have one revoked in another area.⁴

This in itself is a two-stage process: stage one is the checking of the register; stage two is making a request to the authority that uploaded the information to the register for details of the revocation or refusal.

Once signed up to the register, licensing authorities will need to ensure that they check the details of new applicants on the register, to identify whether they have a previous licensing history (which may or may not have been disclosed on an application). Individual authorities will need to determine the appropriate point in their application process at which to check the register; however, it is suggested that this is done at a very early stage so that the authority can process the application with the knowledge of any previous history, if the applicant has one.

Guidance on using the register will set out the search parameters that authorities can use. It has been recognised throughout the process that individuals may use different names or provide different details to different authorities - perhaps in an attempt to avoid association with any previous issues – and searches should therefore take this into account.

If a search of the register does not indicate that an applicant has any previous history the authority should be aware of, then the authority should continue to process the application as normal. A negative search result will not, of course, mean that the applicant is a fit and proper person; that will be for the authority to assess in the usual way.

If a search does indicate a possible match on the register, then the authority will need to move on to stage two and seek further information. The register will indicate which authority has entered a possible match, and provide contact details for that authority.

It is suggested that an authority seeking information from another authority about an entry on the register should make a request in writing for the information on which the decision recorded in the register was based (a suggested form is included at the end of Annex D). Authorities are encouraged to respond to such requests as soon as possible, and ideally within 10 working days of receiving a request.

⁴ The growth of app-based models and sub-contracting changes introduced by the Deregulation Act have both facilitated increased 'out of area' working, and may therefore make it less likely that in the future, under the existing framework, a driver would hold more than one licence.

The sharing between licensing authorities of this more detailed data - which may often involve the processing of special category personal data⁵ - is not included within the data processing and data sharing agreements governing use of the register itself. Any authority which shares information in response to a request, and any authority which receives information having made a request, must have in place a clear and published policy which governs its approach to the circumstances in which it will share, receive and use information of this type. It must be recognised that information will not be shared following every request. The authority that receives the request must consider whether it is actually proportionate to share this information, and ensure that disclosures are not arbitrary. This must also be detailed in their policy document. Having such a policy is a requirement of data protection law, Article 8 of the European Convention on Human Rights and of public law.

If such a policy is in place which properly differentiates between circumstances, both authorities will be entitled to rely on processing conditions under Article 6(1)(e) and, in cases of special category data, Articles 9 and 10 GDPR⁶. Licensing authorities will need to satisfy themselves that they have followed the appropriate processes in sharing this more detailed data.

The authority that receives the request must consider what information, if any, to reveal to the requesting authority. This is not intended to undermine the effects of the register: it is essential to ensure that disclosures are compatible with the Data Protection Act, the General Data Protection Regulations, and the Human Rights Act. In making its decision the authority must consider the nature and seriousness of the conduct which led to the revocation or refusal to renew, and the time that has elapsed since the decision was made.

This will require not only a clear published policy, but also a decision-maker who has sufficient training and knowledge of the requirements to enable him/her to make an informed decision regarding disclosure.

It is suggested that where the time that has elapsed since the revocation or failure to renew exceeds the time limits relating to the particular conduct that are contained in the Institute of Licensing's "Guidance on Determining the Suitability of Applicants and Licensees in the Hackney and Private Hire Trades"⁷, serious consideration should be given as to whether or not the information should be revealed.

A suggested template policy is attached at Annex D.

To ensure compliance with article 30 of the GDPR, the authority must maintain a clear written record of every disclosure made following a search of the register. This should be a separate document, and it is not sufficient to simply mark an existing register of licences.

⁵ Special category personal data is sensitive data that could reveal someone's racial or ethnic origin, political opinions, religious beliefs, trade union membership, and data concerning health or sex life.

⁶ Found in Parts 1, 2 and 3 of the DPA 2018.

⁷

[https://cplresourcestorage.blob.core.windows.net/documents/226798_Guidance%20on%20Suitability%20ONLINE%20PDF%20\(2\).pdf?sv=2013-08-15&sr=b&sig=sLMffzDNvtMihhMQ2xu1vOIUEQbD1n05TTY%2BrDTv9UM%3D&st=2018-07-17T14%3A28%3A32Z&se=2018-07-17T14%3A34%3A32Z&sp=r](https://cplresourcestorage.blob.core.windows.net/documents/226798_Guidance%20on%20Suitability%20ONLINE%20PDF%20(2).pdf?sv=2013-08-15&sr=b&sig=sLMffzDNvtMihhMQ2xu1vOIUEQbD1n05TTY%2BrDTv9UM%3D&st=2018-07-17T14%3A28%3A32Z&se=2018-07-17T14%3A34%3A32Z&sp=r)

The document must include the fact that disclosure was made, but not specify the contents of that disclosure.

5.4. Acting on detailed disclosures

The licensing authority that receives a disclosure under stage two must then act upon it. As detailed above, the information may warrant significant weight being attached to it, but it is vital authorities do not use evidence of a previous refusal or revocation as the sole basis for their current decision.

To ensure compliance with article 30 of the GDPR, the authority must maintain a clear written record of the action that is taken following the receipt of information from the register. This should be a separate document, and it is not sufficient to simply mark an existing register of licences.

6. Complying with data protection requirements

Licensing authorities will need to ensure that any individuals whose data is uploaded or entered onto NR3 is made aware of this: it is a legal requirement that data subjects must be made aware of the collection, storage and use of their personal data via a privacy notice.

In relation to NR3, the following details must be included in a privacy notice:

- The name and contact details of the licensing authority.
- The contact details of the authority's data protection officer.
- The purpose of the processing.
- The lawful basis for the processing.
- The recipients or categories of recipients of the personal data.
- The retention periods for the personal data.
- The rights available to individuals in respect of the processing.
- The right to lodge a complaint with a supervisory authority.

For current licensees or applicants, authorities should ensure that information about NR3 is included in:

- licensing policies
- application forms
- correspondence to named individuals that confirms that a licence has been revoked, or that an application for a licence has been refused.

These should fulfil the requirements for privacy notices, and suggested wording is provided in Annexes A and B.

Authorities will also need to ensure that they inform individuals in respect of whom a historic decision has been entered onto the register. Again, this correspondence should fulfil the legal requirements for privacy notices, and the LGA has developed a template letter that licensing authorities may wish to use for this purpose (Annex C).

Individuals whose details are contained on the register may submit a 'subject access request' (SAR) seeking copies of their details from the register at any point. **Full details of the process, mechanism and suggested point of contact for submitting a SAR must therefore be included within each local authority's policy, and also contained within application forms and supporting documentation when a licence is issued.** Should a SAR be received by an individual licensing authority, it should be dealt with as per the relevant authority's process. Licensing authorities, as the data controller, will need to liaise with NAFN, as the data processor, to fulfil SARs.

Licensing authorities will need to ensure that anyone whose details are included on NR3 is aware of their rights in relation to their data. In addition to the right to being informed, under the Data Protection Act, data subjects may have other rights in relation to the processing of their data. Various of these rights will apply in relation to the NR3, including: the right to object, the right to request access to data; the right to rectification or erasure of data, and the right to restrict processing of data.

It is important to note that although data subjects have the right to make these requests, the licensing authority does not have to agree to them. The fact that NR3 has been deemed necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in the controller makes it very unlikely that an authority would agree to these rights, other than the rights to access individual data on the NR3 and the rectification of data where an error has been made. However, authorities will need to respond to these requests within thirty days, setting out their decision.

6.1. Updating the licensing policy, application forms and guidance

Licensing authorities will therefore need to update their hackney carriage / PHV licensing policies to reflect the use of the register and the new processes arising from it, including that relevant information on the register will in future be part of the process for assessing licence applications and whether an individual is a fit and proper person.

Authorities will similarly need to update their application forms and related paperwork (such as guidance notes) to make it clear that:

- all applicants will have their details checked against the register, and any relevant information taken into account in assessing the application
- where an application is refused, or where a licence is granted but subsequently revoked, this information will be entered into the register.

These statements should provide assurance that this information will be processed in accordance with the DPA and GDPR. Suggested forms of words are included at Annex A.

Where an authority decides to refuse or revoke a hackney carriage / PHV licence (the first authority), the decision notice should refer to the authority's earlier notification in guidance and on application forms that the decision will be entered onto NR3. It should also make clear that if the individual makes an application to another licensing authority (the second authority) for a drivers' licence at a later date, the second authority will check the register, and the details of the refusal or revocation may be provided to them by the first authority, in line with their policy for disclosing information.

6.2. Making existing licensees aware

As well as new applicants, you will also need to make existing licensees aware of the fact that the authority has signed up to the register, and that if their licence is subsequently revoked or not renewed, this will be recorded. A suggested form of words is included at Annex B.

Annex A – guidance on amendments to policies and forms

Authorities will need to update their application forms and related paperwork (such as guidance notes) to make it clear that:

- all applicants will have their details checked against the register, and any relevant information taken into account in assessing the application
- where an application is refused, or where a licence is granted but subsequently revoked, this information will be entered into the register.

The statements included in forms and guidance should provide assurance that this information will be processed in accordance with the DPA and GDPR. Critically, it should also make clear that there is a lawful basis for processing the data, which is necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in the controller – that is, assessing whether an individual is a fit and proper person to hold a hackney carriage or PHV licence.

Where an authority decides to refuse or revoke a hackney carriage / PHV licence, the decision notice should refer to the authority's earlier notification in guidance and on application forms that the decision will now be entered onto the national register.

I. Suggested form of additional wording for licensing policy document and application paperwork

The licensing authority provides information to the National Register of Taxi Licence Refusals and Revocations (NR3), a mechanism for licensing authorities to share details of individuals who have had a hackney carriage or Private Hire Vehicle (PHV) licence revoked, or an application for one refused. This is necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in the licensing authority – that is, assessing whether an individual is a fit and proper person to hold a hackney carriage or PHV licence

Therefore:

- Where a hackney carriage/ PHV licence is revoked, or an application for one refused, the authority will automatically record this decision on NR3.
- All applications for a new licence or licence renewal will automatically be checked on NR3. If a search of NR3 indicates a match with an applicant, the authority will seek further information about the entry on the register from the authority which recorded it. Any information received as a result of an NR3 search will only be used in respect of the specific license application and will not be retained beyond the determination of that application.

The information recorded on NR3 itself will be limited to:

- name
- date of birth
- address and contact details
- national insurance number
- driving licence number
- decision taken

- date of decision
- date decision effective

Information will be retained on NR3 for a period of 25 years.

This is a mandatory part of [applying for] [being granted], a hackney carriage / PHV driver licence. The authority has a published policy on the approach it will take to requests by other authorities for further information about entries on NR3, and about the use it will make of any further information provided to it. You can read that policy at [link / set out separately].

Information will be processed in accordance with the Data Protection Act (DPA) and General Data Protection Regulation (GDPR). Any searches, provision or receipt of information of or under NR3 are necessary to the authority's statutory licensing functions of ensuring that all drivers are fit and proper to hold the applicable licence. It is not intended that any NR3 data will be transferred out of the United Kingdom.

If you wish to raise any issue related to the data protection legislation, including by relying on any of the rights afforded to data subjects under the GDPR, you can do so to the authority's Data Protection Officer at [contact details]. This includes submitting a subject access request.

You always have the right to make a complaint to the Information Commissioner's Office (ICO). Advice on how to raise a concern about handling of data can be found on the ICO's website: <https://ico.org.uk/make-a-complaint/>

II. Suggested form of additional wording for decision letter concerning refusal of an application

In accordance with [insert appropriate reference to policy document or application paperwork explaining membership and implications of NR3], the decision to refuse your application will be entered onto the National Register of Taxi Licence Refusals and Revocations (NR3). The information entered onto NR3 will be limited to you:

- name
- date of birth
- address and contact details
- national insurance number
- driving licence number
- decision taken (but not the reason for it)
- date of decision
- the date the decision took effect.

This information will be processed and shared in accordance with the Data Protection Act (DPA) and General Data Protection Regulation (GDPR), and is necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in the licensing authority – that is, assessing whether an individual is a fit and proper person to hold a hackney carriage or PHV licence.

Recording this information on NR3 does not mean that you will be automatically prevented from securing a licence in future, but is intended simply to ensure that licensing authorities

are able to access your full licensing history should you make further licence applications elsewhere. Information will be held on the register for 25 years. If during that time another authority requests further details relating to this decision because you have applied to it for a licence, we may provide our reasons for the refusal of this application, in accordance with our policy at [details/link].

You have various rights in relation to your data: the right to request access to your data; the right to rectification or erasure of your data; the right to restrict processing of your data, and the right to object to the processing of your data for this purpose. The authority will consider any such requests and respond within one month.

If you wish to raise any issue related to the data protection legislation, including by relying on any of the rights afforded to data subjects under the GDPR, you can do so to the authority's Data Protection Officer at [contact details]. This includes submitting a subject access request.

You always have the right to make a complaint to the Information Commissioner's Office.

III. Suggested form of additional wording for decision letter concerning revocation

In accordance with [insert appropriate reference to policy document / application paperwork / letter to existing licence holders explaining membership and implications of NR3], the decision to revoke your licence will be entered onto the National Register of Refusals and Revocations (NR3). The information entered onto NR3 will be limited to your:

- name
- date of birth
- address and contact details
- national insurance number
- driving licence number
- decision taken (but not the reason for it)
- date of decision
- the date the decision took effect.

This information will be processed and shared in accordance with the Data Protection Act (DPA) and General Data Protection Regulation (GDPR), and is necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in the licensing authority – that is, assessing whether an individual is a fit and proper person to hold a hackney carriage or PHV licence.

Recording this information on NR3 does not mean that you will be automatically prevented from securing a licence, but is intended simply to ensure that licensing authorities are able to access your full licensing history should you make further licence applications elsewhere. Information will be held on the register for 25 years. If during that time another authority requests further details relating to this decision because you have applied to it for a licence, we will provide our reasons for the revocation of this licence in accordance with our policy at [details/link].

You have various rights in relation to your data: the right to request access to your data; the right to rectification or erasure of your data; the right to restrict processing of your data, and

the right to object to the processing of your data for this purpose. The authority will consider any such requests and respond within one month.

If you wish to raise any issue related to the data protection legislation, including by relying on any of the rights afforded to data subjects under the GDPR, you can do so to the authority's Data Protection Officer at [contact details]. This includes submitting a subject access request.

You always have the right to make a complaint to the Information Commissioner's Office.

Annex B – suggested notification to existing licensees of NR3

To all hackney carriage / PHV / dual [combined] licence holders

Dear licensee

National Register of Taxi Licence Refusals and Revocations

I am writing to make you aware of a new initiative which X authority is involved in to help strengthen hackney carriage/ Private Hire Vehicle (PHV) licensing for the benefit of both passengers and responsible hackney carriage and PHV drivers.

As you may be aware, the Local Government Association (LGA), the representative body for local councils, has commissioned a new National Register of Taxi Licence Refusals and Revocations (NR3). The register will be hosted by the National Anti-Fraud Network (NAFN). The intention of this is to prevent drivers who have had a hackney carriage or PHV licence revoked or an application for one refused, going to another authority to dishonestly secure a licence by failing to disclose their previous licensing history.

Instances of drivers doing this in the past have undermined public confidence in the hackney carriage and PHV trade and licensing authorities. The purpose of the NR3 initiative is therefore to provide a mechanism for licensing authorities to share details of individuals who have had a hackney carriage or PHV licence revoked or an application for one refused. The development of NR3 has been welcomed by all sections of the taxi trade, safety groups and charities, the Department for Transport and by licensing authorities.

From [insert date], this authority will begin using the NR3. This means that from that point:

- Applications for new hackney carriage/PHV licences and for renewals will be checked on the NR3.
- Where an existing licence is revoked or an application for renewal or a new licence is refused, this will be recorded on NR3.

This authority, and other licensing authorities, will also be adding historic information on refusals and revocations of licences to the register. Historic data will not go back beyond the retention period of 25 years. Any relevant data entered onto NR3 which relates to existing licence holders may be considered as part of future renewal processes.

The information recorded on NR3 will be limited to your:

- name
- date of birth
- address and contact details
- national insurance number
- driving licence number
- decision taken
- the date of the decision
- the date decision was effective

Information will be retained on NR3 for 25 years.

Where an applicant's details are flagged on NR3 during a search, this will be followed up separately between the authorities. Any such request in relation to your record will be responded to in accordance with the authority's published policy at [details/link]. Licensing authorities will still be required to consider each application on its own merits, but the introduction of NR3 will help ensure that they are able to do so on the basis of all the information that is relevant to an application.

All data processing and sharing undertaken by this authority on the NR3, and with individual authorities in regard to entries on the NR3 will be undertaken in accordance with the Data Protection Act (DPA) and the General Data Protection Regulations (GDPR). The legal basis for processing this information is that it is necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in the licensing authority – that is, assessing whether an individual is a fit and proper person to hold a hackney carriage or PHV licence. It is not intended that any NR3 data will be transferred out of the United Kingdom.

If you wish to raise any issue related to the data protection legislation, including by relying on any of the rights afforded to data subjects under the GDPR, you can do so to the authority's Data Protection Officer at [contact details].

You always have the right to make a complaint to the Information Commissioner's Office.

Yours sincerely

Licensing authority

Frequently asked questions

Why has the register been set up?

NR3 has been developed to improve public safety and confidence in hackney carriage and PHV licensing. There have been numerous high profile cases where drivers who have been refused licences or had a licence revoked in one area have gone to another area and received a licence in that area by failing to disclose their previous history. This undermines public safety, if there are legitimate reasons why a licence was refused or revoked, and damages confidence in the hackney carriage / PHV licensing regime and trade. This is why the initiative has been widely supported by reputable drivers and firms, as it will provide a mechanism for ensuring information about refusals and revocations can be shared between all licensing authorities in a safe and secure way, removing this potential loophole.

How will the register work – what information will be recorded?

When an authority revokes a licence, or refuses an application for one, it will record this information on NR3. The information recorded will be limited to:

- name
- date of birth
- address and contact details
- national insurance number

- driving licence number
- decision taken
- date of decision
- date decision effective

Licensing authorities will then search the register when they are processing new applications or renewals. Where an authority finds a match for their applicant on NR3, it will contact the licensing authority that recorded the entry to seek more information, which, if shared, will then be used to help reach a decision on the application.

Will I automatically be refused a licence if I am on the register?

No. Licensing authorities are legally required to consider each licence application on its own merits, and cannot refuse an application simply because an applicant may be recorded on NR3. The purpose of NR3 is to ensure that authorities have the full information necessary to help them reach a decision on whether an individual is fit and proper. If circumstances have materially changed since the decision that has been recorded on NR3, it may be appropriate for another authority to award a licence.

What if my licence is suspended?

Suspensions of licences will not be recorded on NR3. This is because suspension should be used as either a short-term punishment or to overcome a short-term situation (e.g. driving or medical issues). Where a driver is no longer considered to be a fit and proper person to hold a licence, the licence should be revoked.

Can I find out if my details are on the NR3?

Individuals whose details are added to NR3 will be notified of this at the point at which they are advised of the decision to refuse or revoke a licence.

Outside of these times, an individual can make a subject access request (SAR) for any of their personal data held on NR3. The 'data controller' in respect of this data is this licensing authority, to whom a SAR should be submitted in the first instance. As the 'data processor', that is the organisation storing the data, the National Anti-Fraud Network will fulfil this request. Similarly, the exercise of any other rights provided under data protection legislation should be made to this authority in the first instance.

How long will details be held on NR3 for?

Data will be retained on the register to help licensing authorities fulfil their statutory duty to be satisfied that a person is a fit and proper person to hold a taxi or PHV licence. These duties are set out under sections 51, 59 and 61 of the Local Government (Miscellaneous Provisions) Act 1976; sections 13, 16 and 17 of the Private Hire Vehicles (London) Act 1998; section 3 of the Private Hire Vehicles (London PHV Driver's Licences) Regulations 2003; sections 25 and 30 of the London Cab Order 1934; sections 9 and 19 of the Plymouth City Council Act 1975 and section 46 of the Town Police Clauses Act 1847. In accordance with this purpose, data will remain on NR3 for 25 years.

Annex C - suggested notification to former licence holders or applicants whose details will be entered onto NR3

Dear XXX

National Register of Refusals and Revocations

I am writing to make you aware of a new initiative which X authority is involved in to help strengthen hackney carriage / Private Hire Vehicle (PHV) licensing for the benefit of both passengers and responsible hackney carriage and PHV drivers.

The Local Government Association (LGA), the representative body for local councils, has commissioned a new National Register of Refusals and Revocations (NR3). The register will be hosted by the National Anti-Fraud Network (NAFN). The intention of this is to prevent drivers who have had a hackney carriage or PHV licence revoked or an application for one refused, going to another authority to dishonestly secure a licence by failing to disclose their previous licensing history.

Instances of drivers doing this in the past have undermined public confidence in both the hackney carriage and PHV trade and licensing authorities. The purpose of the NR3 initiative is therefore to provide a mechanism for licensing authorities to share details of individuals who have had a taxi or PHV licence revoked or an application for one refused. The development of NR3 has been welcomed by all sections of the hackney carriage and PHV trade, safety groups and charities, the Department for Transport and by licensing authorities.

From [insert date], this authority will begin using the NR3. This means that from that point:

- applications for new hackney carriage/PHV licences and for renewals will be checked on the NR3
- where an existing licence is revoked, or an application for renewal or a new licence is refused, this will be recorded on NR3.

This authority, and other licensing authorities, will also be adding historic information on refusals and revocations of licences to the register. Historic data will not go back beyond the retention period of [25 years / the authority's own data retention period]. As part of this process, it is intended that the details of your previous [licence revocation / refusal] will be added to the register in 28 days' time.

The information recorded on NR3 in respect of your case is limited to:

- name
- date of birth
- address and contact details
- national insurance number
- driving licence number
- decision taken
- date of decision
- date decision effective.

Information will be retained on NR3 for 25 years.

Where an applicant's details are flagged on NR3 during a search, this will be followed up separately between the authorities. Any such request in relation to your record will be responded to in accordance with the authority's published policy at [details/link].

Licensing authorities will still be required to consider each application on its own merits, but the introduction of NR3 will help ensure that they are able to do so on the basis of all the information that is relevant to an application.

All data processing and sharing undertaken by this authority on the NR3, and with individual authorities in regard to entries on the NR3 will be undertaken in accordance with the Data Protection Act (DPA) and the General Data Protection Regulations (GDPR). The legal basis for processing this information is that it is necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in the licensing authority – that is, assessing whether an individual is a fit and proper person to hold a hackney carriage or PHV licence. It is not intended that any NR3 data will be transferred out of the United Kingdom.

You have various rights in relation to your data: the right to request access to your data; the right to rectification or erasure of your data; the right to restrict processing of your data, and the right to object to the processing of your data for this purpose. The authority will consider any such requests and respond within one month.

If you wish to raise any issue related to the data protection legislation, including by relying on any of the rights afforded to data subjects under the GDPR, you can do so to the authority's Data Protection Officer at [contact details]. This includes submitting a subject access request.

You always have the right to make a complaint to the Information Commissioner's Office.

Yours sincerely

Licensing authority

Frequently asked questions

Why has the register been set up?

NR3 has been developed to improve public safety and confidence in taxi and PHV licensing. There have been numerous high profile cases where drivers who have been refused licences or had a licence revoked in one area have gone to another area and received a licence in another area by failing to disclose their previous history. This undermines public safety, if there are legitimate reasons why a licence was refused or revoked, and damages confidence in the hackney carriage / PHV licensing regime and trade. This is why the initiative has been widely supported by reputable drivers and firms, as it will provide a mechanism for ensuring information about refusals and revocations can be shared between all licensing authorities in a safe and secure way, removing this potential loophole.

How will the register work – what information will be recorded?

When an authority revokes a licence, or refuses an application for one, it will record this information on NR3. The information recorded will be limited to:

- name
- date of birth
- address and contact details
- national insurance number
- driving licence number
- decision taken
- date of decision
- date decision effective.

Licensing authorities will then search the register when they are processing new applications or renewals. Where an authority finds a match for their applicant on NR3, it will contact the licensing authority that recorded the entry to seek more information, which, if shared, will then be used to help reach a decision on the application.

Will I automatically be refused a licence if I am on the register?

No. Licensing authorities are legally required to consider each licence application on its own merits, and cannot refuse an application simply because an applicant may be recorded on NR3. The purpose of NR3 is to ensure that authorities have the full information necessary to help them reach a decision on whether an individual is fit and proper. If circumstances have materially changed since the decision that has been recorded on NR3, it may be appropriate for another authority to award a licence.

Can I find out if my details are on the NR3?

Individuals whose details are added to NR3 will be notified of this at the point at which they are advised of the decision to refuse or revoke a licence.

Outside of these times, an individual can make a subject access request (SAR) for any of their personal data held on NR3. The 'data controller' in respect of this data is this licensing authority, to whom a SAR should be submitted in the first instance. As the 'data processor', that is the organization storing the data, the National Anti-Fraud Network will fulfil this request. Similarly, the exercise of any other rights provided under data protection legislation should be made to this authority in writing in the first instance.

How long will details be held on NR3 for?

Data will be retained on the register to help licensing authorities fulfil their statutory duty to be satisfied that a person is a fit and proper person to hold a taxi or PHV licence. These duties are set out under sections 51, 59 and 61 of the Local Government (Miscellaneous Provisions) Act 1976; sections 13, 16 and 17 of the Private Hire Vehicles (London) Act 1998; section 3 of the Private Hire Vehicles (London PHV Driver's Licences) Regulations 2003; sections 25 and 30 of the London Cab Order 1934; sections 9 and 19 of the Plymouth City Council Act 1975 and section 46 of the Town Police Clauses Act 1847. In accordance with this purpose, data will remain on NR3 for 25 years.

Annex D – Suggested template policy relating to requests for information, disclosure of information, and use of information as a result of an entry on NR3

Once an authority has signed up to the NR3, it is able to search the register when an application is received for a new drivers licence, or to renew an existing drivers licence. In this annex, the searching authority is referred to as ‘the second authority.’

If a match is found, then a request can be made to the authority that entered the information onto the NR3 (in this annex, this authority is referred to as ‘the first authority’) asking for more details of the revocation or refusal of a drivers’ licence by the first authority.

The first authority can then provide information to the second authority, enabling the second authority to take the earlier action into account and make an informed decision as to whether or not the licence should be granted or renewed.

To comply with the Data Protection Act, the General Data Protection Regulations, and the Human Rights Act, it is essential that the first authority which provides information about entries on the NR3 register, and the second authority that requests and receives such information, have a clear policy detailing how and when such information will be requested, provided, and how any information provided can then be used.

This is a suggested policy to address those situations. As each authority that signs up to the NR3 may at some point be both the first authority and the second authority for the purposes of this policy, the policy is drafted as a chronological progression through the process an authority may work through as either the first or second authority.

Policy for **Council/TfL** in respect of requests for information, disclosure of information, and use of information as a result of an entry on NR3

In this policy, the ‘first authority’ refers to a licensing authority which made a specific entry onto the National Register of Refusals and Revocations; the ‘second authority’ refers to a licensing authority which is seeking more detailed information about the entry.

I. Overarching principles

This policy covers the use that this authority **Council/TfL** will make of the ability to access and use information contained on the National Register of Taxi Licence Revocations and Refusals (NR3). The NR3 contains information relating to any refusal to grant, or revocation of, a taxi drivers’ licence⁸. This information is important in the context of a subsequent application to another authority for a drivers’ licence by a person who has had their licence refused or revoked in the past.

This authority **Council/TfL** has signed up to the NR3. This means that when an application for a taxi drivers’ licence is refused, or when an existing taxi drivers’ licence is revoked, that information will be placed upon the register.

⁸ Throughout this policy reference is made to ‘taxi drivers licence.’ This generic term covers a hackney carriage drivers licence, a private hire drivers licence and a combined/dual licence.

When an application for a new drivers' licence, or renewal of an existing drivers' licence is received, this authority [Council/TfL] will make a search of the NR3. The search will only be made by an officer who has been trained in the use of the NR3 and who is acting in accordance with this policy. If details are found that appear to relate to the applicant, a request will be made to the authority that entered that information for further details.

Any information that is received from any other authority in relation to an application will only be used in relation to that application, and the determination of it, and will not be used for any other purpose. Any data that is received will only be kept for as long as is necessary in relation to the determination of that application. This will include the period of processing that application, making a decision, notifying the applicant of the outcome of that decision, and the appeal processes.

For the avoidance of doubt, any such data will be kept for a period of no more than 35 days from the date of the service of the written notification of the determination of the application⁹.

Where an appeal to the magistrates' court is made, the data will be retained until that appeal is determined or abandoned. Where the appeal is determined by the magistrates' court, there is a further right of appeal to the Crown Court. In these circumstances, the data will be retained for a period of no more than 35 days from the date of the decision of the magistrates' court. If an appeal is made to the Crown Court, the data will be retained until that appeal is determined or abandoned. Where the appeal is determined by the magistrates' court or the Crown Court, it is possible to appeal the decision by way of case stated¹⁰. Accordingly, the data will be retained for a period of no more than 35 days from the date of the decision of the Crown Court (if the decision was made by the magistrates' court, the retention period has already been addressed). If an appeal by way of case stated is made, the data will be retained until all court proceedings relating to that appeal by way of case stated (which will include potential appeals to the Court of Appeal and Supreme Court) have been determined¹¹.

The data will be held securely in accordance with this authority's [Council/TfL] general policy on the secure retention of personal data [which is available at...]. At the end of the retention period, the data will be erased and/or destroyed in accordance with this authority's [Council/TfL] general policy on the erasure and destruction of personal data (which is available at....).

⁹ The appeal period is 21 days from the date on which the written notification of the decision was received by the applicant/licensee. An appeal must be lodged within that time period, and no extension of that period is permissible (see *Stockton-on-Tees Borough Council v Latif* [2009] LLR 374). However, to ensure that the information is available if an appeal is lodged and there is a dispute over time periods, a period of 35 days is specified.

¹⁰ Any appeal by way of case stated must be lodged within 21 days of the decision of either the magistrates court or the Crown Court (see The Criminal Procedure Rules R35.2). To ensure that the information is available if an appeal is lodged by way of case stated and there is a dispute over time periods, a period of 35 days is specified.

¹¹ Decisions of the local authority, magistrates' Court and Crown Court are also susceptible to judicial review. Generally any right of appeal should be exercised in preference to judicial review, but there are occasions when leave has been granted for judicial review in the circumstances. Any application for judicial review must be made "promptly; and in any event not later than 3 months after the grounds to make the claim first arose" (see The Civil Procedure Rules R54.5). If an application for judicial review is made after any relevant data has been destroyed, this authority will request the information again and then retain that information until all court proceedings relating to that judicial review (which will include potential appeals to the Court of Appeal and Supreme Court) have been determined.

II. Making a request for further information regarding an entry on NR3¹²

When an application is made to this authority [Council/TfL] for the grant of a new, or renewal of, a taxi driver's licence, this authority [Council/TfL] will check the NR3.

This authority [Council/TfL] will make and then retain a clear written record¹³ of every search that is made of the register. This will detail:

- the date of the search;
- the name or names searched;
- the reason for the search (new application or renewal);
- the results of the search; and
- the use made of the results of the search (this information will be entered to the register at a later date).

This record will not be combined with any other records (i.e. combined with a register of licences granted) and will be retained for the retention period of 25 years.

If this authority [Council/TfL] discovers any match (i.e. there is an entry in the register for the same name and identifying details) a request will be made to the authority that entered those details (the first authority) for further information about that entry. That request will also include details of this authority's [Council/TfL] data protection policy in relation to the use of any data that is obtained as a result of this process.

This request will be made in writing in accordance with the form at appendix 1 of this policy. It will be posted or emailed to the contact address of the authority that entered those details (the first authority) which will be detailed in the register.

III. Responding to a request made for further information regarding an entry on NR3¹⁴

When this authority [Council/TfL] receives a request for further information from another authority a clear written record will be made of the request having been received. This record will not be combined with any other records (i.e. combined with a register of licences granted) and will be retained for the retention period of 25 years¹⁵.

This authority [Council/TfL] will then determine how to respond to the request. It is not lawful to simply provide information as a blanket response to every request.

This authority [Council/TfL] will conduct a Data Protection Impact Assessment. This will consider how the other authority (the second authority) will use the data, how it will store that data to prevent unauthorised disclosure, the retention period for that data, and the mechanism for erasure or destruction of the data at the end of that period. It is expected that

¹² This section of the template policy relates to the submission of a request by the second authority.

¹³ This can be electronic, rather than "pen and paper" hard copy.

¹⁴ This section of the template policy relates to the handling by the first authority of a request for information by the second authority.

¹⁵ This record can be combined with the written record of the action taken as a result of the request.

if the second authority has adopted a policy similar to this, that should be a reasonably straightforward process.

If this authority [Council/TfL] is satisfied that the other authority's (the 2nd authority) data protection procedures are satisfactory, consideration will then be given as to what information will be disclosed¹⁶. This will be determined by an officer who has been trained to discharge this function.

Any disclosure must be considered and proportionate, taking into account the data subjects' rights and the position and responsibilities of a taxi driver. Data is held on the NR3 register for a period of 25 years, but this authority [Council/TfL] (the 1st authority) will not disclose information relating to every entry. Each application will be considered on its own merits.

This authority [Council/TfL] will disclose information relating to a revocation or refusal to grant a drivers' licence in accordance with the timescales contained within the Institute of Licensing's "*Guidance on Determining the Suitability of Applicants and Licensees in the Hackney and Private Hire Trades*"¹⁷ [or own policy if this differs]. Where the reason for refusal to grant or revocation relates to a conviction (or similar as defined in the IoL guidance) which is within the timescales determined in those guidelines, the information will be disclosed. Where the reason for refusal to grant or revocation relates to a conviction (or similar as defined in the IoL guidance) which is outside the timescales determined in those guidelines, the information will not be disclosed. However, in every case, consideration will be given to the full circumstances of the decision and there may be occasions where information is provided other than in accordance with this policy.

Any information about convictions will be shared in accordance with this policy under part 2 of scheduled 1 to the Data Protection Act (DPA) 2018; that is, the processing is necessary for reasons of substantial public interest in connection with the exercise of a function conferred on the authority by an enactment or rule of law.

The officer will record what action was taken and why. This authority [Council/TfL] will make and then retain a clear written record¹⁸ of every decision that is made as a result of a request from another authority. This will detail:

- the date the request was received
- how the data protection impact assessment was conducted and its conclusions
- the name or names searched
- whether any information was provided
- if information was provided, why it was provided (and details of any further advice obtained before the decision was made)
- if information was not provided, why it was not provided (and details of any further advice obtained before the decision was made) and
- how and when the decision (and any information) was communicated to the requesting authority.

¹⁶ If the 1st authority is not satisfied that the 2nd authority's data protection policy is satisfactory, no disclosure can be made. In such circumstances it is essential that discussion takes place as a matter of urgency between the data protection officers of the 1st authority and the 2nd authority.

¹⁷ Available at

<https://www.instituteoflicensing.org/NewsJobsArticle.aspx?NewsID=11318&NewsOrJob=news>

¹⁸ This can be electronic, rather than "pen and paper" hard copy.

This record will not be combined with any other records (i.e. combined with a register of licences granted) and will be retained for the retention period of 25 years.

IV. Using any information obtained as a result of a request to another authority

When this authority [Council/TfL] receives information as a result of a request that has been made to another authority, it will take that information into account when determining the application for the grant or renewal of a taxi drivers' licence. This will be in accordance with the usual process for determining applications [insert reference to the [Council/TfL]'s policy for determining applications].

This authority [Council/TfL] will make and then retain a clear written record of the use that is made of the results of the search (this information will be added to the register detailed above).

Information that is received may warrant significant weight being attached to it, but it will not be the sole basis for any decision that this authority [Council/TfL] will make in relation to the application.

Appendix 1 - information disclosure form

This form is submitted following a search of the National Register of Refusals and Revocations (NR3).

(For completion by requestor authority)

Name of licensing authority requesting information:

Requestor authority reference number:

Name of licensing authority from which information is sought:

Name of individual in respect of whom the request is made:

Decision in respect of which the request is made: Refusal / revocation

Other details for this record:

Address:

Driving licence #:

NI #:

Reference number:

Declaration by requesting authority:

The authority hereby confirms that this information is being sought in connection with the exercising of its statutory function to ensure that holders of taxi / PHV licences are fit and

proper persons, and that the processing of this data is therefore necessary in the performance of a task carried out in the public interest.

The information provided below will only be processed, used and saved by the authority in connection with this particular application and in accordance with all relevant data and privacy requirements, as previously advised by the authority to applicants for and existing holders of taxi and PHV licences, and will be retained in accordance with the Authority's retention policy relating to the provision of such information.

To enable the authority to conduct a data protection impact assessment, details of this authority's policy in relation to the use of information obtained as a result of this request is attached to this document/can be accessed at ??.

Signed:
Name:
Position:
Date.....

(For completion by providing authority)

Further information to support the decision recorded on NR3 in respect of the above named individual

Declaration by providing authority

The authority hereby confirms that it has conducted a data protection impact assessment.

It also confirms that the information above is accurate, and has been provided after thorough consideration by the authority as to the proportionality and lawfulness of making this disclosure. The information reflects the basis on which the decision recorded in the National Register of Refusals and Revocations was made. In the event that the authority becomes aware that this information is no longer accurate, we will advise the above named authority accordingly.

The authority also confirms that, as part of the basis for securing, retaining or applying for a taxi / PHV licence, the above named individual has been made aware of to the fact that this information will be shared, in accordance with all relevant data and privacy requirements

Signed:
Name:
Position:
Date:

Appendix B

Policy in respect of requests for information, disclosure of information, and use of information as a result of an entry on NR3

In this policy, the 'first authority' refers to a licensing authority which made a specific entry onto the National Register of Refusals and Revocations; the 'second authority' refers to a licensing authority which is seeking more detailed information about the entry.

I. Overarching principles

This policy covers the use that this authority, North Tyneside Council, will make of the ability to access and use information contained on the National Register of Taxi Licence Revocations and Refusals (NR3). The NR3 contains information relating to any refusal to grant, or revocation of, a taxi drivers' licence. This information is important in the context of a subsequent application to another authority for a drivers' licence by a person who has had their licence refused or revoked in the past.

This authority has signed up to the NR3. This means that when an application for a taxi drivers' licence is refused, or when an existing taxi drivers' licence is revoked, that information will be placed upon the register.

When an application for a new drivers' licence, or renewal of an existing drivers' licence is received, this authority will make a search of the NR3. The search will only be made by an officer who has been trained in the use of the NR3 and who is acting in accordance with this policy. If details are found that appear to relate to the applicant, a request will be made to the authority that entered that information for further details.

Any information that is received from any other authority in relation to an application will only be used in relation to that application, and the determination of it, and will not be used for any other purpose. Any data that is received will only be kept for as long as is necessary in relation to the determination of that application. This will include the period of processing that application, making a decision, notifying the applicant of the outcome of that decision, and the appeal processes.

For the avoidance of doubt, any such data will be kept for a period of no more than 35 days from the date of the service of the written notification of the determination of the application.

Where an appeal to the magistrates' court is made, the data will be retained until that appeal is determined or abandoned. Where the appeal is determined by the magistrates' court, there is a further right of appeal to the Crown Court. In these circumstances, the data will be retained for a period of no more than 35 days from the date of the decision of the magistrates' court. If an appeal is made to the Crown Court, the data will be retained until that appeal is determined or abandoned. Where

the appeal is determined by the magistrates' court or the Crown Court, it is possible to appeal the decision by way of case stated. Accordingly, the data will be retained for a period of no more than 35 days from the date of the decision of the Crown Court (if the decision was made by the magistrates' court, the retention period has already been addressed). If an appeal by way of case stated is made, the data will be retained until all court proceedings relating to that appeal by way of case stated (which will include potential appeals to the Court of Appeal and Supreme Court) have been determined.

The data will be held securely in accordance with this authority's general policy on the secure retention of personal data, which is available at www.northtyneside.gov.uk. At the end of the retention period, the data will be erased and/or destroyed in accordance with this authority's general policy on the erasure and destruction of personal data which is available at www.northtyneside.gov.uk.

2. Making a request for further information regarding an entry on NR3

When an application is made to this authority for the grant of a new, or renewal of, a taxi driver's licence, this authority will check the NR3. This authority will make and then retain a clear written record of every search that is made of the register. This will detail:

- the date of the search;
- the name or names searched;
- the reason for the search (new application or renewal);
- the results of the search; and
- the use made of the results of the search (this information will be entered to the register at a later date).

This record will not be combined with any other records (i.e. combined with a register of licences granted) and will be retained for the retention period of 25 years.

If this authority discovers any match (i.e. there is an entry in the register for the same name and identifying details) a request will be made to the authority that entered those details (the first authority) for further information about that entry. That request will also include details of this authority's data protection policy in relation to the use of any data that is obtained as a result of this process.

This request will be made in writing in accordance with the form at appendix 1 of this policy. It will be posted or emailed to the contact address of the authority that entered those details (the first authority) which will be detailed in the register.

3. Responding to a request made for further information regarding an entry on NR3

When this authority receives a request for further information from another authority a clear written record will be made of the request having been received. This record will not be combined with any other records (i.e. combined with a register of licences granted) and will be retained for the retention period of 25 years. This authority will then determine how to respond to the request. It is not lawful to simply provide information as a blanket response to every request.

This authority will conduct a Data Protection Impact Assessment. This will consider how the other authority (the second authority) will use the data, how it will store that data to prevent unauthorised disclosure, the retention period for that data, and the mechanism for erasure or destruction of the data at the end of that period. It is expected that if the second authority has adopted a policy similar to this, that should be a reasonably straight forward process.

If this authority is satisfied that the other authority's (the 2nd authority) data protection procedures are satisfactory, consideration will then be given as to what information will be disclosed. This will be determined by an officer who has been trained to discharge this function.

Any disclosure must be considered and proportionate, taking into account the data subjects' rights and the position and responsibilities of a taxi driver. Data is held on the NR3 register for a period of 25 years, but this authority (the 1st authority) will not disclose information relating to every entry. Each application will be considered on its own merits.

This authority will disclose information relating to a revocation or refusal to grant a drivers' licence in accordance with the timescales contained within the North Tyneside Council Hackney Carriage and Private Hire Licensing Policy. Where the reason for refusal to grant or revocation relates to a conviction which is within the timescales determined in those guidelines, the information will be disclosed. Where the reason for refusal to grant or revocation relates to a conviction which is outside the timescales determined in those guidelines, the information will not be disclosed. However, in every case, consideration will be given to the full circumstances of the decision and there may be occasions where information is provided other than in accordance with this policy.

Any information about convictions will be shared in accordance with this policy under part 2 of scheduled 1 to the Data Protection Act (DPA) 2018; that is, the processing is necessary for reasons of substantial public interest in connection with the exercise of a function conferred on the authority by an enactment or rule of law.

The officer will record what action was taken and why. This authority will make and then retain a clear written record of every decision that is made as a result of a request from another authority. This will detail:

- the date the request was received

- how the data protection impact assessment was conducted and its conclusions
- the name or names searched
- whether any information was provided
- if information was provided, why it was provided (and details of any further advice obtained before the decision was made)
- if information was not provided, why it was not provided (and details of any further advice obtained before the decision was made) and
- how and when the decision (and any information) was communicated to the requesting authority.

4. Using any information obtained as a result of a request to another authority

When this authority receives information as a result of a request that has been made to another authority, it will take that information into account when determining the application for the grant or renewal of a taxi drivers' licence. This will be in accordance with the usual process for determining applications contained within the North Tyneside Council Hackney Carriage and Private Hire Licensing Policy.

This authority will make and then retain a clear written record of the use that is made of the results of the search (this information will be added to the register detailed above).

Information that is received may warrant significant weight being attached to it, but it will not be the sole basis for any decision that this authority will make in relation to the application.

Appendix 1 - information disclosure form

This form is submitted following a search of the National Register of Refusals and Revocations (NR3).

(For completion by requestor authority)

Name of licensing authority requesting information:

Requestor authority reference number:

Name of licensing authority from which information is sought:

Name of individual in respect of whom the request is made:

Decision in respect of which the request is made: Refusal / revocation

Other details for this record:

Address:

Driving licence #:

NI #:

Reference number:

Declaration by requesting authority:

The authority hereby confirms that this information is being sought in connection with the exercising of its statutory function to ensure that holders of taxi / PHV licences are fit and proper persons, and that the processing of this data is therefore necessary in the performance of a task carried out in the public interest.

The information provided below will only be processed, used and saved by the authority in connection with this particular application and in accordance with all relevant data and privacy requirements, as previously advised by the authority to applicants for and existing holders of taxi and PHV licences, and will be retained in accordance with the Authority's retention policy relating to the provision of such information.

To enable the authority to conduct a data protection impact assessment, details of this authority's policy in relation to the use of information obtained as a result of this request is attached to this document/can be accessed at www.northynteside.gov.uk

Signed:

Name:

Position:

Date:

(For completion by providing authority)

Further information to support the decision recorded on NR3 in respect of the above named individual:

Declaration by providing authority

The authority hereby confirms that it has conducted a data protection impact assessment.

It also confirms that the information above is accurate and has been provided after thorough consideration by the authority as to the proportionality and lawfulness of making this disclosure. The information reflects the basis on which the decision recorded in the National Register of Refusals and Revocations was made. In the event that the authority becomes aware that this information is no longer accurate, we will advise the above named authority accordingly.

The authority also confirms that, as part of the basis for securing, retaining or applying for a taxi / PHV licence, the above named individual has been made aware of to the fact that this information will be shared, in accordance with all relevant data and privacy requirements.

Signed:

Name:

Position:

Date:

North Tyneside Council Report to Cabinet Date: 25 November 2019

Title: 10 Year Plan for Waste

Portfolio: Environment and Transport	Cabinet Member: Councillor Carl Johnson
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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:

The Authority has a statutory duty to collect and dispose of household waste arising within the borough. Annually it deals with around 94,000 tonnes of waste material with an overall cost to the Authority of £11.339million to collect, dispose of and treat.

In October 2013, Cabinet adopted a Waste Strategy 2013-2030 with the overarching strategic aim to reduce waste and use it as a resource. Since then the average waste per household has reduced and more waste is being diverted away from landfill. Over 90% of waste material is either recycled or converted into energy and, following the introduction of alternate weekly household collections in August 2018, kerbside recycling is increasing.

The government published its new strategy for waste in December 2018 and has stated its intention to introduce legislation aimed at creating a 'circular economy': minimising waste and using it as a resource. This will have a direct impact on local authorities.

Within North Tyneside, the number of households in the borough is set to grow in line with the housing requirement within the Local Plan, the Elected Mayor has outlined her ambition to create a borough free of single-use plastics and full Council declared a Climate Emergency in July of this year. All of these drivers will have an impact on future waste management in the borough.

The Authority therefore needs a plan to guide its approach for the remaining 10 years of its waste strategy, an action that was identified in Cabinet's budget proposals which formed part of the 2019-2023 Financial Planning and Budget process.

This report presents the 10 year plan for waste. It sets out the strategic landscape for waste by describing the international, national and local drivers that are shaping our

thinking. It then identifies actions that the Authority will need to take in order to address the future challenges that are anticipated. This includes a proposal to extend the Authority's successful waste disposal contract arrangements over the medium-term to ensure that it has the required flexibility to secure the right decisions for the longer-term.

This report seeks approval of the 10 year plan for waste and to delegate authority to enter into the necessary contractual arrangements to extend the current residual waste contract.

1.2 Recommendations:

It is recommended that Cabinet:

- i. approve the 10 year plan for waste attached as **Appendix 1** to this report; and
- ii. delegate authority to the Head of Environment, Housing and Leisure in consultation with the Head of Law and Governance, Head of Resources, Cabinet Member for Finance and Resources, Cabinet Member for Environment and Transport to conclude and enter into the necessary agreements to extend the residual waste contract with the current waste provider.

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 27 September 2019.

1.4 Council Plan and Policy Framework

The Plan relates to the following priorities in Our North Tyneside Plan 2018-2021; in particular:

Our places will...

- Provide a clean, green, healthy, attractive, safe and sustainable environment
- Be great places to live

1.5 Information:

1.5.1 Background

The Authority has a statutory duty to collect and dispose of household waste arising within the borough. To achieve this, it directly provides a kerbside collection service and contract arrangements are in place to dispose of residual waste, reprocess recyclable material and operate a Household Waste Recycling Centre (HWRC).

The Authority currently has 98,600 households and annually collects 94,000 tonnes of waste in the borough. This consists of:

- 60,000 tonnes of 'residual' waste (waste that cannot be recycled);

- 15,000 tonnes of dry recyclable household waste such as paper, tins, plastic bottles, card and glass at the kerbside via the grey bin;
- 9,500 of garden waste;
- 6,500 tonnes of recyclable material delivered to the HWRC; and
- 3,000 tonnes of other recyclable material delivered to the Transfer Station.

The overall annual cost to the Authority of providing these services is £11.339m.

Overall, 90% of waste material is either recycled or converted into energy - 35% of is recycled and 52% is made into energy using 'Energy from Waste' as a disposal treatment. The remaining 10% is sent to landfill. Since the introduction of alternate weekly collection in August 2018, kerbside recycling has increased by 10%.

Waste generated by households is also decreasing. The average household produces 814kg of waste compared to 918kg in 2015/16.

1.5.2 National Policy Context

The approach to waste is changing across the world and governments are having to react.

In addition to the statutory duties that fall to the Authority to collect and dispose of household waste, there are also a number of European targets that have been transposed into domestic law which apply to local authorities. These are:

- The Waste Framework Directive 2008 - sets recycling targets for member states
- The Packaging Waste Directive 2005 - sets a target for 55% municipal waste to be recycled or reused by 2025, increasing to 65% by 2035
- The Landfill Directive 2018 - limits municipal waste landfilled to less than 10% by 2030.

In January 2018, government published its plan for the environment '*A Green Future: Our 25 Year Plan to Improve the Environment*'. In relation to waste it pledged to meet all existing waste targets.

This was followed in December 2018 by government's publication of its new waste strategy '*Our waste, our resources: A strategy for England*'. The strategy sets out how the government plans to minimise waste, promote resource efficiency and move towards a 'circular economy' in England. It reinforces the 'polluter pays' principle such as extending responsibility for producers to cover the full lifetime costs of packaging they produce.

The impact of the government's strategy is currently being shaped by public consultation and the intention to legislate was set out in the Environment Bill introduced on 15 October 2019, following the Queen's Speech.

What is clear now

It is known that the Government intends to:

- extend producer responsibility for the cost of disposal which will cover the collection, transportation and sorting of materials prior to their end of life. This will also be extended to the cost of providing public information about the disposal of products or materials;

- require local authorities to introduce separate weekly collection of food waste. The aim is to have this in place by 2023;
- require local authorities to collect a standard range of materials for recycling as a minimum by 2023. The range of materials comprises of:
 - glass;
 - metal;
 - plastic;
 - paper and card;
 - food waste;
 - garden waste.

This requirement, in some format, will be extended to businesses and organisations that produce waste which is like that of households.

- introduce the principal of a Deposit Return Scheme (DRS) for drinks containers by 2023; and
- implement new charges on single use plastic items, these charges may be made on items that are:
 - single use;
 - made wholly or partially of plastic;
 - supplied in connection with goods or services.

What remains uncertain

The key issues that remain unconfirmed and that the government will explore further through another round of consultations in 2020, include:

- how extended producer responsibility cost will be calculated in detail;
- bin colour standardisation for households;
- a standard method of recycling collection from households based on each stream being collected separately;
- a standard frequency of collections from households for recycling, food, garden and residual waste;
- if, how and when a plastics tax may be introduced;
- extended producer responsibility cost calculations;
- deposit return scheme implementation and regulatory framework;
- targets based on carbon and natural capital impacts.

The mechanisms by which the costs of new obligations on local authorities will be funded has yet to be made clear.

1.5.3 The Authority's Waste Strategy 2013-2030

The Authority has in place its “*Waste Management Strategy 2013-2030: Changing our thinking away from rubbish and towards a resource*”, adopted by Cabinet in October 2013. The strategy includes the following strategic aims:

1. *Work with our residents to reduce rubbish produced by each household;*
2. *Maximise the amount of rubbish that is reused, recycled or composted;*
3. *Put technology in place to recover value from our rubbish and minimise the amount we send to landfill; and*
4. *Reduce our carbon footprint through better management of our waste.*

There is an action plan within the strategy to 2023 with a commitment to review it in 2019.

The Authority has made significant progress in delivering the strategic aims. A summary of the key outcomes are outlined in the table below.

Table 1: Waste Strategy 2013-2030 Progress

Objective	Outcome
<i>Work with our residents to reduce rubbish produced by each household</i>	<ul style="list-style-type: none"> • Average waste per household has reduced by 114kg per annum • 'Wash, Squash and Recycle' campaign introduced which has received over 5,500 pledges; • Directly engaged with thousands of residents about the importance of recycling and minimising waste at local events.
<i>Maximise the amount of rubbish that is reused, recycled or composted</i>	<ul style="list-style-type: none"> • Introduced alternative weekly collections in August 2018. This has improved kerbside recycling rates by 10%; • Extended the kerbside garden waste scheme by an additional 3,000 households; • Increased the tonnage of reused materials by 120%.
<i>Put technology in place to recover value from our rubbish and minimise the amount we send to landfill</i>	<ul style="list-style-type: none"> • Ensured that at least 55,000 tonnes per annum of municipal waste (52%) is converted to energy until the end of the current contract in 2022; • Renewed kerbside recycling contract with access to automated materials recycling facility.
<i>Reduce our carbon footprint through better management of our waste</i>	<ul style="list-style-type: none"> • Replaced all diesel fuelled vehicles with 26 new 'Euro 6' emission standard engines; • Reduced the fleet size by 3 vehicles following the introduction of alternative weekly collection; • Route optimisation of waste collection rounds which has reduced the annual distance travelled by the waste fleet by approximately 20,000 miles.

To supplement the strategy an action plan has been developed to reduce the use of single-use plastics based on achieving short, medium and long-term goals and good progress is being made. For example, within the Authority it has:

- Replaced single-use plastic cutlery
- Introduced biodegradable hot drinks containers and promoted re-usable ones
- Introduced paper cones at water dispensers
- Trialled the reduction in use of plastic bottles in favour of glass bottles at Quadrant
- Sought to reduce plastics within the supply chain.

Within the borough the Authority has:

- Supported the Young Mayor's campaign to increase the number of water refill stations
- Constructed a mobile water fountain for use at public events such as the 10km road race to reduce the single-use of bottles.

1.5.4 North Tyneside Policy Context

In the Our North Tyneside Plan, the Elected Mayor has set out bold ambitions for making North Tyneside an even greater place to live, work and visit. One of the themes of that plan is the borough will have a sustainable environment. The Authority's approach to managing waste is key to delivering that commitment.

In March 2018 the Elected Mayor voiced her concerns about the prevalence of single-use plastics and the damage it creates to the environment. As a result, she outlined her ambition for a borough free of single-use plastics.

In June 2019, Cabinet recognised the excellent progress being made against the Low Carbon Plan but requested that a Climate Emergency should be declared by Full Council. In July 2019 Council declared a Climate Emergency. Cabinet will be considering an update report on that matter separately. It will be essential that the Authority continues to improve its management of waste as part of its long-standing commitment to protecting the environment.

Although the average amount of waste collected from each household has reduced, the borough is set to grow. Through its Local Plan the Authority has made provision to meet the government's requirement to meet the additional housing requirement. The impacts of this will need to be managed in a sustainable way in accordance with the infrastructure objectives of the plan. The waste management policy within the Local Plan follows the waste hierarchy and aims to minimise waste.

On 20 February 2019, Council approved Cabinet's budget proposals as part of the 2019-2023 Financial Planning and Budget Process. Within that, the proposals included plans to develop a 10 year plan for waste. The efficiency statement concluded that, for ecological and financial reasons, it is imperative that local authorities have long term plans for waste. The proposal aimed to establish a 10 year plan to increase recycling and contain the growth of waste costs as well as developing a post 2022 solution for disposal of residual waste.

1.5.5 Contract arrangements

In the coming years, the type of consumer products that producers place on the market will have a direct impact on what material the Authority will need to collect, reprocess and dispose of. Key to how the Authority does that will be to ensure that it has arrangements in place that remain fit for purpose. As part of that the Authority needs to ensure that the contractual arrangements which supplement in-house operations continue to provide the right fit, deliver value for money, and remain flexible enough to deliver change when it is needed.

The Authority currently has two significant contracts in place to help deliver its waste services for:

- Reprocessing of our kerbside recyclable material: undertaken by J&B Recycling Limited ('J & B'); and
- Disposal of our non-recyclable waste, reprocessing of kerbside garden waste, and operation of our HWRC: undertaken by Suez Recycling and Recovery Limited ('Suez').

Kerbside recycling contract

Following a procurement exercise, on 1 October 2019 the Authority commenced a 2-year contract with J & B to reprocess recyclable material collected in the grey bin. The contract has started well and is already bringing benefits with an increase in the amount material being recovered. Also, joint working is being undertaken to expand the range of materials that can be recycled e.g. pots, tubs and trays.

The Authority has the option to extend this contract on a '1-year plus 1' basis therefore providing it with flexibility on when it may opt to re-procure in response to changes in the market and legislative changes.

Waste disposal contract

The Authority's waste disposal contract is with Suez. On behalf of the Authority, Suez disposes of non-recyclable waste, reprocesses garden waste, and operates the HWRC. Suez also manages the Waste Transfer Station at Wallsend Road, North Shields.

The contract with Suez has been varied during its lifetime and, in its current form, has proven to be effective in both diverting significant amounts of waste away from landfill to create energy (using 'Energy from Waste' facilities) and in supporting improvements with our recycling performance.

The contract began in March 1997 and expires in March 2022. It is therefore necessary to make a decision regarding the future of this contractual arrangement. The incumbent contractor is working with the Authority to determine the extent and terms on which the current arrangement may be extended.

Soft Market Testing

Officers conducted a soft market testing exercise in February 2019. The objective was to seek the views of industry to shape the thinking for the future and consider what procurement routes were available to take for the Authority.

In order to do this, a Prior Information Notice (PIN) was issued to invite the market to informally discuss future options with the Authority around its recycling and residual waste contract. The purpose of this exercise was to ensure the Authority shapes its future contracts to be attractive and realistic to the market.

The soft market testing exercise established that the future direction of waste will be heavily influenced by the way on which the government strategy is delivered. The combined effects of what is being proposed (as set out in Section 1.5.2 above) means that local authorities will need to reconsider their approach to waste collection and disposal at the same time as industry rethinking the way in which it operates.

The soft market testing indicated that re-procuring the waste contract at this time would not be beneficial as the market would over price risk given the uncertainty in legislation and direction of waste collection.

In terms of waste disposal, an assessment of the future changes which may occur has been undertaken. Advice has been sought as to whether the existing waste contract may be extended. The advice concluded; in accordance with procurement regulations; that the contract can be extended for up to a period equivalent to 50% of its overall initial value.

At its meeting on 1 April 2019 Cabinet agreed to re-procure the kerbside materials recycling contract and this was awarded in July 2019 to J & B on a short arrangement which was deemed to be pragmatic to ensure flexibility given the future changes that are likely to affect the market and therefore secure best value.

In reviewing the contractual arrangements for waste disposal, in-house service delivery has been considered however this is not a viable option for the Authority at this time. Reasons include, the high up-front capital investment costs required to build a suitable facility, the planning and regulatory restraints, and the continuing uncertainty within the market.

1.5.6 The Authority's 10 Year Plan for Waste

The Authority has developed the 10 year plan for waste and it is included as **Appendix 1** to this report.

It is clear from the detail of what has been outlined in the preceding sections of this report that a number of policy, legislative and contractual drivers have had to be taken into account.

In summary, over the next 10 years the Authority expects that:

- The borough will grow in line with the housing requirement projections within the Local Plan
- Government will introduce new legislation which will:
 - change the nature of the composition of waste material that it collects
 - require it to collect, dispose and treat waste in a different way
 - require it to meet more stretching recycling targets
- Contract arrangements for waste disposal and treatment will need to be reviewed and, where necessary, renewed
- The ambition of the Elected Mayor for North Tyneside to be a borough free of single-use plastics needs to be delivered and this will need to involve businesses and other organisations to successfully do so
- The local declaration of a Climate Emergency and the action plan resulting from it will drive innovation in waste management
- Provision will need to be made for the likely additional costs that will be incurred in delivering its waste services (the additional funding that will be made available is yet to be clarified by government).

The Authority proposes that it will need to undertake the actions outlined in the table below to achieve a number of key outcomes.

Table 2: 10 Year Plan for Waste Actions and Expected Key Outcomes

Actions	Expected Key Outcomes
Investigate and implement separate food waste collections	<ul style="list-style-type: none"> • Increase recycling rates • Meet statutory obligations
Upgrade its HWRC to meet changing customer needs	<p>A facility that:</p> <ul style="list-style-type: none"> • Remains fit for purpose • Can address changing customer needs • Promotes the waste hierarchy: prevent, reuse and recycle
Commence new arrangements for materials recycling, waste disposal and treatment	<ul style="list-style-type: none"> • Access the best available treatment technology to recycle more • Secure best value for money • Meet statutory obligations
Refresh its approach to waste awareness campaigns and initiatives to improve recycling and promote the latest thinking	<ul style="list-style-type: none"> • Improve the quality of recycled material • Promote the waste hierarchy of prevent, reuse and recycle with residents • Promote the waste hierarchy with businesses to reduce commercial waste generated within the borough • Innovate within the waste hierarchy. For example, investigating the use of building and highways materials with reused/recycled material content
Deliver the short, medium and long-term goals of its action plan to create a borough free of single-use plastics.	<ul style="list-style-type: none"> • Phase out single-use plastics at Council buildings • Promote the Young Mayor’s refill campaign • Update contract arrangements to introduce alternatives to plastics.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet approves the recommendations at Section 1.2 of this report agreeing to the 10 year plan for waste.

Option 2

Cabinet does not approve the recommendations at Section 1.2 of this report.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Approval of the 10 year plan for waste will clearly set out the Authority’s approach to waste and meets Cabinet’s budget proposals as part of the 2019-2023 Financial Planning and Budget Process to develop it. It also meets the commitment within the Authority’s Waste Strategy 2013-2030 to review and update the action plan, which expires in 2023.

Approval of the delegation to extend the waste disposal contract will allow the Authority to achieve best value from the market for the reasons set out in the report.

1.8 Appendices:

Appendix 1 - 10 year plan for waste.

1.9 Contact officers:

Colin MacDonald, Senior Manager, Technical and Regulatory Services, 0191 643 6620
Sarah Heslop, Senior Manager (Contracts) (0191) 643 5456
David Dunford, Senior Business Partner, Strategic Finance, 0191 643 7027
Claire Emmerson, Senior Manager, Financial Strategy and Planning, 0191 643 8109
Emma Simson, Legal Manager, Commercial & Development, Tel: (0191) 643 5375

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 Waste Strategy 2013-2030](#)
- 2) [North Tyneside Waste Strategy 2013-2030, Cabinet Report 14 October 2013](#)
- 3) [Waste Framework Directive, 2008/98/EC](#)
- 4) [Circular Economy Package, EU 2018](#)
- 5) [A Green Future: Our 25 Year Plan to Improve the Environment, HM Government 2018](#)
- 6) [Our Waste, Our Resources: A Strategy for England, HM Government 2018](#)
- 7) [Environment Bill, HM Government 2019](#)
- 8) [Household Waste Recycling Centre Operations, Cabinet November 2017](#)
- 9) [North Tyneside Local Plan, 2017-2032](#)
- 10) [Climate Change Emergency Declaration, Full Council July 2019](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

There are no finance and other resources implications directly arising from this report. Finance Officers however were closely involved in the soft market testing exercise that took place in February 2019 and are involved in the on-going work with the incumbent waste disposal contractor, as outlined in the report.

Delivery of the 10 year plan for waste is likely to lead to additional costs for the Authority however the exact detail of the extent of that impact is not yet known. Estimates for the potential impacts are being recognised in the Medium-Term Financial Plan 2020 – 2024

which will initially be presented to Cabinet on 25 November 2019 and will be agreed as part of the 2020-21 budget setting process scheduled for full Council in February 2020.

2.2 Legal

The Authority has a number of statutory duties relating to waste. These include the duty to collect and dispose of household waste arising within the Borough (Section 12 of the Control of Pollution Act 1974, Section 4 of the Environmental Protection Act 1990); the duty to collect at least two types of recyclable waste from all households (Section 1 of the Waste Minimisation Act 1998, Section 45 of the Environmental Protection Act 1990); and the duty to ensure the provision of a commercial waste collection service (Section 45(2) of the Environmental Protection Act 1990).

There are also a number of international and national targets for waste that have been transposed into domestic law, to which local authorities are subject, for example: The Waste Framework Directive 2008 sets targets for member states to recycle 50% of household waste by 2020 and to introduce separate collection of at least four materials by 2015. The Packaging Waste Directive 2005 sets a target for 55% municipal waste to be recycled or reused by 2025, increasing to 65% by 2035. The Landfill Directive 2018 limits municipal waste landfilled to less than 10% by 2030.

The adoption of the 10 year plan for waste will assist the Authority in achieving its statutory obligations.

The variation and extension to the waste contract are permitted pursuant to Regulation 72 of the Public Procurement Regulations. This allows the contract to be extended by 50% of its original value provided that a change of contractor cannot be made for economic reasons. At this time carrying out a procurement exercise for a residual waste provider would significantly increase risk to the Authority given the uncertainty of the legislative changes and is likely to lead to increased costs.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

Internal consultation has taken place with the Senior Leadership Team and Cabinet Members on the proposals contained within this report.

2.3.2 External Consultation/Engagement

Engagement has taken place with waste management companies as part of the soft market testing exercise outlined in Section 1.5.5 of the report. The 10 year plan for waste was also presented to a waste and recycling workshop at the State of the Area Event on 8 November 2019.

2.4 Human rights

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

2.5 Equalities and diversity

There are no equalities and diversity implications directly arising from this report. Equality impact assessments will be completed prior to the implementation of the changes proposed by government legislation.

2.6 Risk management

Risks associated with the Authority's delivery of its responsibilities for waste are managed through the established corporate risk management arrangements. Strategic risks have been identified in relation to the impacts of the government's waste strategy (No. 14-1198) and in relation to future waste disposal arrangements (reference No 1-1181).

2.7 Crime and disorder

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

2.8 Environment and sustainability

The 10 year plan for waste takes into account the policy and legislative drivers that will impact on the future approach for waste and what that will mean for the Authority. The changes predicted are aimed at making a positive impact on the environment and moving towards a more sustainable 'circular economy' that uses waste as a resource and raises recycling rates. The report highlights an approach to its waste contracts designed to provide the Authority with flexibility in its ability to respond appropriately to the legislative changes.

Additionally, the 10 year plan supports Council's declaration of a Climate Emergency.

PART 3 - SIGN OFF

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

OUR 10 YEAR PLAN FOR WASTE

OBJECTIVES:

- Extend delivery plan within our waste strategy 2013-2030
- Deliver the objectives set out in 2019-20 budget proposals

WHAT WE NEED TO ANTICIPATE:

- How extended producer responsibility cost will be calculated.
- Bin colour standardisation, standard methods and frequency of collections.
- How plastic tax may be introduced.
- Deposit return scheme implementation and regulatory framework.
- Targets based on carbon and natural capital impacts.

A GROWING BOROUGH: LOCAL PLAN 2017 - 2032

DRIVERS	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2050
<p>50% of household waste to be reused or recycled.</p> <p>Ban on plastic stirrers, buds and straws</p> <p>Market demand for better quality recyclables</p>	Introduction of new legislation in response to the Resources and Waste Strategy			<p>Implementation of new legislation</p> <ul style="list-style-type: none"> - Food waste, - Plastic tax, - Deposit return schemes, - Extended producer responsibility. 	Revision of the Resources and Waste Strategy	55% recycling rate for municipal solid waste (MSW)	Response to the implications arising from the revision of the Resources and Waste Strategy				EU Target of 60% of household waste to be reused or recycled	Eliminate avoidable waste of all kinds.
YEAR	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	
ACTIONS	Investigate food waste options	Extend or re-procure materials recycling contract arrangements	Extend our residual waste contract arrangements Commence HWRC improvement programme	Commence separate food waste collections to meet legislative requirement. Renew waste awareness and initiatives campaign contract arrangements	Commence options appraisal for waste treatment	Complete options appraisal for waste treatment	Approval of future waste treatment arrangement	Renew Waste awareness and initiatives campaign contract arrangements	Work with businesses, schools and residents to improve recycling rates	Develop new Waste Strategy for the Borough	Launch new Waste Strategy	<10% of waste to landfill & 65% recycling for
												2035

SHORT, MEDIUM & LONG TERM GOALS OF SINGLE USE PLASTICS ACTION PLAN 2018 - 2030

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North Tyneside Council Report to Cabinet Date: 25 November 2019

Title: Climate Emergency Update

Portfolio:	Environment & Transport	Cabinet Member:	Councillor Carl Johnson
Report from Service Area:	Environment Housing and Leisure		
Responsible Officer:	Phil Scott, Head of Environment, Housing and Leisure	(Tel: (0191)6437295)	
Wards affected:	All		

PART 1

1.1 Executive Summary:

In July 2019 Council declared a Climate Emergency, setting a target to reduce the carbon footprint of the Authority and the Borough by 50% by 2023 and to become carbon neutral by 2050.

In the report to Council of 25 July 2019, Council noted that Cabinet would receive an update report within six months, by January 2020. Cabinet places such significance and importance on the Climate Emergency that it has requested an update two months early.

This report therefore provides the requested update to Cabinet on the work undertaken since the declaration of a Climate Emergency. It also describes a number of cross-cutting themes that will form the basis of an action plan to tackle the Climate Emergency and requests Cabinet's approval to establish a Climate Emergency Board which will:

- Shape the action plan that will be presented to Cabinet in the summer of 2020.
- Receive regular updates on a number of workstreams.
- Consider and advise on key issues as they emerge.
- Oversee performance and budget management.

1.2 Recommendation:

It is recommended that Cabinet:

1. notes the actions taken to date in response to the declaration of a Climate Emergency;
2. notes the cross-cutting themes that will form the basis of an action plan to tackle the Climate Emergency;

3. grants delegated authority to the Head of Environment, Housing and Leisure, in consultation with the Cabinet Member for Environment and Transport, to establish a Climate Emergency Board and set its terms of reference; and
4. notes that a further report and action plan will be presented to Cabinet in the summer of 2020.

1.3 Forward Plan:

This report first appeared on the Forward Plan that was published on 27 September 2019.

1.4 Council Plan and Policy Framework

This report relates to the following priorities in the 2018-20 Our North Tyneside Plan

Our Places will...

- Provide a clean, green, healthy, attractive, safe and sustainable environment
- Be great places to live

1.5 Information

In June 2019 Cabinet received a progress report on the Authority's Low Carbon Plan. The report provided Cabinet with a summary of the progress being made to reduce the carbon footprint of the Authority and the Borough. Whilst Cabinet recognised excellent progress was being made against original targets and paid credit to the leadership shown on this issue, particularly by the Youth Council, they requested that a Climate Emergency should be declared by Full Council along with the steps the Authority proposed to take in response to this emergency. In July 2019 Council agreed that the Authority should:

- a. declare a climate emergency;
- b. seek to halve the Authority's and the Borough's carbon footprint by 2023, four years ahead of the current target; and
- c. commit that itself and Borough will be carbon neutral by 2050 in line with the national target.

Council also requested the Elected Mayor to instruct the Head of Environment, Housing and Leisure, in consultation with the Cabinet Member for Environment and Transport to:

- a. publish an annual report on the Authority's website that details performance against carbon reduction targets;
- b. include young people in the development, delivery and review of actions, ensuring that they have a voice in shaping the future;
- c. work with partners across the Borough and region to deliver this new goal through all relevant strategies and plans;
- d. call on Central Government to provide powers and resources to reduce carbon emissions;
- e. ensure that all strategic decisions, budgets and approaches to planning decisions are in line with this climate emergency declaration; and
- f. ensure that the Authority Senior Leadership Team embed carbon reduction work across the Authority and take responsibility for reducing, as rapidly as possible, the carbon emissions resulting from the Authority's activities.

1.5.1 What action has been taken?

The Authority is clear in its commitment to tackling the Climate Emergency and has taken a number of immediate steps. These include;

- As part of the Mayor's initial budget proposals, a budget is to be included in the 2020/21 Investment Plan for projects to address the Climate Emergency. The final budget proposals will be submitted to Full Council for approval in February.
- The Authority is conducting a review of over 22,000 street lights to assess the feasibility of converting them to LED.
- The Authority is reviewing the potential to generate renewable electricity at Authority public buildings.
- The Authority published its 2018/19 Annual Greenhouse Gas Report, detailing performance on reducing the carbon footprint of the Authority and the Borough.
- Officers have met with members of the Young Cabinet and Youth Council to help to shape future plans to address the Climate Emergency.
- The Young Cabinet has published a ten-step guide in the Our North Tyneside resident's magazine on how residents can take simple steps to mitigate against climate change.
- The Authority hosted the 2019 State of the Area event in November, which focussed on the Climate Emergency and sought the views of stakeholders and partner organisations in how to address the Climate Emergency.
- The Authority responded to the recent consultation on the Government's proposals to amend building regulations and legislation to require greater provision of charging infrastructure for electric vehicles (EVs). The Authority's response supports this aim and suggests that the proposed requirements should be strengthened in some areas, for example, residential buildings undergoing major renovations with more than 10 car parking spaces should be required to install an EV chargepoint, in addition to the Government's suggestion of cable routes suitable for EV charging.
- Cabinet agreed to consult affected stakeholders and the public for six weeks on a Clean Air Zone Class C and associated traffic management measures in order to deliver compliance with legal limits for NO₂ in the Authority's administrative area in the shortest possible time.
- The Authority is developing a response to the Government's consultation on changes to Part L (conservation of fuel and power) and Part F (ventilation) of the Building Regulations for new dwellings. It is proposed that this will lead to a reduction in carbon emissions from new homes of between 20% and 31% compared to the current standard for an average home from 2020. It will also help to shape 'The Future Homes Standard' that is expected to reduce carbon emissions from new homes by 75% to 80% from 2025.

- Cabinet agreed to commence a public consultation exercise on a new taxi licensing policy which includes, for the first time, the proposed introduction of emissions standards for North Tyneside licensed taxis and private hire vehicles.
- Following a procurement exercise, on 1 October 2019 the Authority commenced a new 2-year contract with J & B Recycling Ltd to reprocess recyclable material collected in the grey bin. The contract has started well and is already bringing benefits with an increase in the amount of material being recovered. Also, the Authority is working with the new contractor to expand the range of materials that can be recycled e.g. pots, tubs and trays.
- The Authority is continuing the refurbishment of the Killingworth Depot, which will be a regional exemplar in energy efficiency and renewable energy generation systems.
- The Authority is working with the North of Tyne Combined Authority on the development of a Citizens Assembly as a means of consulting residents on the approach to and opportunities and challenges of the Climate Emergency.

1.5.2 Developing an action plan and providing governance

The Authority's carbon footprint is made up of the power, heat and water used to run its operational buildings, the electricity used to power over 31,000 street lighting apparatus, the fuel used to operate over 400 fleet vehicles and the business related miles staff travel in their own vehicles (not including commuting to and from work). The Borough's carbon footprint is made up of the power and heat used in the commercial, industrial and domestic buildings across the whole of the Borough, emissions from road and rail transport, and land use and forestation activities, which can result in either a release into or removal of emissions from the atmosphere.

To build on the Authority's track record of reducing carbon emissions and the actions it has already taken since the declaration of a Climate Emergency, the Authority is developing an action plan to identify carbon reduction projects that can be delivered across its own estate. In addition to this, the Authority is procuring external specialist support to develop the actions that can be taken across the Borough by the Authority, residents, businesses and land owners to tackle the Climate Emergency and this will form part of the action plan.

As part of the work programme associated with the declaration of the Climate Emergency, including the development and delivery of an action plan, it is considered appropriate to create a clear and accountable governance structure.

Cabinet is therefore asked to approve the establishment of a Climate Emergency Board which will:

- Shape the action plan that will be presented to Cabinet in the summer of 2020.
- Receive regular updates on a number of workstreams.
- Consider and advise on key issues as they emerge.
- Oversee performance and budget management.

The Climate Emergency Board will be co-chaired by the Head of Environment, Housing and Leisure and the Cabinet Member for Environment and Transport.

The action plan will address a number of cross-cutting themes within the Climate Emergency. These include:

1.5.3 Collective approach to environmental protection

This is not a challenge that belongs to, nor can solely be delivered by Government, either at a national or local level. Residents, visitors, businesses, public, academic and the third sector all have a role to play in reducing reliance on fossil fuel-based energy and heat generation. The action plan will set out the steps that can be taken to encourage appropriate actions to be taken by these important stakeholders.

1.5.4 Improving energy efficiency in building stock

In order to reduce the demand for power and heat in buildings across all sectors, the energy efficiency of existing buildings must continue to improve.

The Authority will continue to improve the energy efficiency of its own public buildings. This is in line with the 'energy hierarchy' approach set out in the Low Carbon Plan which has to date led to a 45% reduction in the Authority's carbon footprint.

Housing across the Borough is the biggest contributor to carbon emissions (37%), through the electricity and gas used to power and heat our homes. The Government Clean Growth Strategy sets a target of all fuel-poor homes to be upgraded to Energy Performance Certificate (EPC) Band C by 2030 and an aspiration for as many homes as possible to be EPC Band C by 2035 where practical, cost-effective and affordable. It also sets a long-term trajectory to improve the energy performance standards of privately rented homes, with the aim of upgrading as many as possible to EPC Band C by 2030 where practical, cost-effective and affordable.

To meet a carbon neutral target will require retrofit activities in cross tenure housing. This should be subject to appropriate consideration of the character and construction fabric of buildings and also reflect the need to avoid overheating as the risk of summer heatwaves increases.

Similarly, the energy efficiency of industrial and commercial properties must continue to improve. These currently contribute 28% of the Borough's carbon emissions.

The action plan will consider practical options to improve the energy efficiency of existing building stock.

1.5.5 Cleaning up (de-carbonising) our electricity supply

Electricity used to power our homes and businesses contributes to 22% of the Borough's carbon footprint. Nationally, approximately 29% of electricity is generated from renewable sources and this has led to significant decarbonisation of the national grid in recent years. This important work must continue to enable the United Kingdom to meet its carbon reduction targets. Action can be taken locally to support this work.

The Authority, in partnership with E.On installed a solar PV system on 1,500 council houses and over 2,100 solar PV systems have been installed on private residential properties. Developments in home battery storage, increased uptake of electric vehicles, smart home energy systems, energy storage systems, commercial power purchase agreements and continued decline in PV panel prices and rising energy prices are likely to ensure a continued uptake.

The Authority, residents and businesses can play a key role in increasing generation of new renewable electricity through the installation of solar PV, battery storage and smart grid technology on appropriate commercial buildings, homes and land. The roll out of decentralised renewable energy systems will be further explored in the action plan.

1.5.6 Cleaning up (de-carbonising) our heat supply

Natural gas used to power our homes and businesses contributes to 41% of the Borough's carbon footprint. The Committee on Climate Change stated that by about 2040 the UK will need to stop relying on carbon-based fuels (coal, oil and gas) to generate heat to keep buildings warm or produce hot water or steam in order to be on target to meet national carbon emission reduction targets for 2050. While the detail of how this will be done remains unclear, there are several different approaches which will need to be considered:

- a. reducing demand for heat in existing and new buildings;
- b. Optimising the roll-out of heat networks in urban centres and delivery of zero carbon heat supplies through them using waste heat and/or renewable heat;
- c. Identifying and realising opportunities to recover waste industrial heat to supply heating locally (displacing other fuels);
- d. overcoming barriers to increase take up of renewable heat technologies and/or fuels including air, water and ground source heat pumps, biomass and bio-wastes in buildings and industrial processes;
- e. Generating and using green gas locally, either directly or via the gas network; and
- f. Injecting hydrogen into the gas network to displace fossil fuel gas (whilst ensuring the hydrogen production is zero carbon rather than derived itself from fossil fuels through reforming natural gas).

Clearly it is a significant challenge to remove fossil fuel-based gas from the process of generating heat. The options and opportunities of doing so will be further explored in the action plan.

1.5.7 Cleaning up (de-carbonising) our travel

Travel contributes to 37% of the Borough's carbon footprint. Reducing vehicle emissions and usage by encouraging modal shift and accelerating the transition to low carbon transport is integral to decarbonisation and improving air quality. Decarbonising road transport is a national ambition, with the Government recently reiterating its intention to end the sale of new conventional petrol and diesel cars and vans by 2040 in the Road to Zero strategy.

The rise in electric vehicles is currently very rapid, driven largely by the development of technology and market forces, with their registration doubling every year. It is expected that by or before 2028, every second new car will be an electric vehicle. The demand for home charging points will increase rapidly and, whilst the proportion of cars parked on-street in the LA7 area (30%) is not unusually high, relative to the rest of the UK (27%), consideration will have to be given to how the roll out of recharging infrastructure is supported.

There is also an important role for the District Network Operator, Northern Power Grid, in ensuring there is enough grid capacity to enable this important transition.

The action plan will consider the necessary steps to transition to low and zero carbon travel.

1.5.8 Waste

Although the disposal of waste does not form part of the Authority's or Borough's respective carbon footprints, it is nevertheless essential that the Authority continues to improve in this area as part of its long standing commitment to protecting the environment. The action plan will consider the introduction of carbon and natural capital impact targets, in line with the proposals contained in the Government's Resource and Waste Strategy. These specific proposals will be subject to a spring 2020 consultation by Government. The action plan will naturally be aligned to the Authority's Waste Strategy 2013-2030 and 10 Year Plan for Waste.

Delivering the 10 Year Plan for Waste is being considered by Cabinet separately. Promotion of the waste hierarchy is a key action. The Authority will continue to encourage residents to prevent, reuse, and recycle materials and will work with businesses to reduce the amount of commercial waste it generates within the borough.

1.6 Decision options:

The following decision options are available for consideration by Council:

Option 1

To agree to the recommendations set out in paragraph 1.2 of the report.

Option 2

To not approve the recommendation set out in paragraph 1.2 of the report.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Agreeing the recommendations set out in paragraph 1.2 of the report will support the delivery of the commitments made in the Climate Emergency report to Council of 25 July 2019.

1.8 Appendices:

None.

1.9 Contact officers:

Paul Nelson, Environmental Sustainability & Street Lighting Manager, Technical & Regulatory Services, tel. (0191) 643 6467

Colin MacDonald, Senior Manager, Technical & Regulatory Services, tel. (0191) 643 6620

Michael Keenlyside, Environmental Sustainability Officer, tel. (0191) 643 6505

Cathy Davison, Principal Accountant Investment (Capital) and Revenue, tel. (0191) 643 5727

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) [Annual Greenhouse Gas Report 2018-19](#)
- (2) [Low Carbon Plan 2016-2027](#)
- (3) [BEIS Local Authority and regional carbon dioxide emissions national statistics 2005-2017](#)
- (4) [Intergovernmental Panel on Climate Change report 2018: Summary for Policymakers.](#)
- (5) [Committee on Climate Change: Net Zero](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

As part of the Mayor's initial budget proposals, a budget is to be included in the 2020/21 Investment Plan for projects to address the Climate Emergency. The final budget proposals will be submitted to Full Council for approval in February.

The financing of specific additional projects to reduce carbon emissions will be considered as part of the development of each business case. Any investment required in addition to existing budgets will be reported to Cabinet / Council, with analysis of any savings projected and how these are to be accounted for as appropriate, for a decision before any expenditure is incurred.

2.2 Legal

There are no direct legal implications arising from this report.

2.3 Consultation/community engagement

Individual residents, community groups and businesses have demonstrated a passion to ensure North Tyneside is sustainable. Our low carbon work has been informed by working with business on specific technologies, with cycling organisations as we increase North Tyneside's cycling infrastructure and working with our Young Mayors, Members of the Young Parliament and Youth Councillors to listen to their views about how we protect North Tyneside for their future. As a landlord, the Authority has worked with Tenants' representatives and individual tenants on energy efficient products and how to use them. As a leisure business, the Authority has worked with its customers, experts and the sector to reduce energy consumption and as a waste business, the Authority has spent time working on best practice with the sector and local universities to review and revise operations. Recently we have been working closely with our bus operators to apply Government funding to their fleet to reduce emissions.

Additionally, the Authority recently hosted the 2019 State of the Area event, which focussed on the Climate Emergency and sought the views of stakeholders and partner organisations in how to address the Climate Emergency.

2.4 Human rights

There are no human rights implications arising from this report.

2.5 Equalities and diversity

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

2.6 Risk management

There are no risk issues directly arising from this report.

2.7 Crime and disorder

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

2.8 Environment and sustainability

This report supports the recent declaration of a Climate Emergency and includes a number of cross-cutting themes that will form the basis of an action plan to tackle the Climate Emergency.

PART 3 - SIGN OFF

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

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North Tyneside Council

Report to Cabinet

Date: 25 November 2019

Title: Construction Project – Delivery and Benefits Realised

Portfolios: Finance and Resources Housing and Transport Deputy Mayor	Cabinet Members: Cllr Steve Cox Cllr Ray Glindon Cllr Bruce Pickard
Report from: Housing Property and Construction Manager	
Responsible Officer: David Foster, Housing Property and Construction Manager	Tel: (0191) 643 7801
Wards affected: All	

PART 1

1.1 Executive Summary:

1.1.1 At its meeting on 27th September 2017, Cabinet agreed not to extend the agreement with Kier and bring delivery arrangements back into the direct management of the Authority from 1st April 2019.

1.1.2 In making this decision Cabinet agreed a set of policy objectives which apply to all the construction needs of the Authority. The agreed policy priorities were

- Having taken a view on the delivery of the rest of the Authority’s construction work, the majority of the requirement is about housing
- Value for money; and
- Flexibility

1.1.3 A project team was subsequently created on 10 October 2017 to develop and deliver the correct arrangements to deliver the construction needs of the Authority from 1 April 2019.

1.1.4 Following a 2 year delivery period, the project has now successfully concluded and the repairs and maintenance and construction services have transferred back to the Authority. This report provides details on the objectives achieved, lessons learned and the benefits realised through the project.

1.2 Recommendations:

It is recommended that Cabinet note the content of this report.

1.3 Forward Plan:

Twenty-eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 18 October 2019.

1.4 Council Plan and Policy Framework

This report relates to the following priorities in the 2016/19 Our North Tyneside Plan.

Our People will:

- Be listened to, and involved by responsive, enabling services
- 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 cared for and safeguarded if they become vulnerable

Our Place 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

Our Economy will:

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

1.5 Information:

1.5.1 Background

1.5.2 At its meeting on 12 September 2016, Cabinet agreed to establish a Working Group to consider the future construction needs of the Authority and the options available to meet those needs. At the time this work was being done in line with the process outlined in Clause 3.2 of the Agreement made with Kier Group plc (“Kier”) in September 2009.

1.5.3 Following a period of comprehensive review by the Working Group, at its meeting on 27 September 2017, Cabinet agreed not to extend the agreement with Kier and bring delivery arrangements back into the direct management of the Authority from 1 April 2019.

1.5.4 In considering the future construction requirement, the Cabinet Working Group agreed a set of policy objectives which apply to all the construction needs of the Authority. The agreed policy priorities were

- Having taken a view on the delivery of the rest of the Authority’s construction work, the majority of the requirement is about housing
- Value for money; and
- Flexibility

- 1.5.5 To oversee the successful implementation of the agreed recommendations against the policy priorities Cabinet also agreed to establish a Steering Group consisting of the Deputy Mayor, the Cabinet Member for Finance and Resources, the Cabinet Member for Housing and Transport, the Deputy Chief Executive (now Chief Executive), the Head of Environment, Housing and Leisure, the Head of Commissioning and Investment, and the Head of Law and Governance.
- 1.5.6 A project team was subsequently created on 10 October 2017 to develop and deliver the correct arrangements for the construction needs of the Authority from 1 April 2019.
- 1.5.7 In delivering the policy priorities the project was required to deliver seven objectives:
- Prepare for and manage the TUPE transfer of around 400 colleagues landing those colleagues in an overhauled housing organisation
 - Source and prepare an appropriate range of IS/IT services
 - Source a set of supporting logistics
 - Source and prepare a delivery supply chain
 - Organise the right accommodation
 - Work across the financial landscape to shape the books and resource the work; and
 - Work across both organisations to begin creating the right culture for our customers.
- 1.5.8 In order to successfully deliver the project objectives the project was divided between 8 work streams, with associated expected outcomes. In turn, each work stream lead was accountable to a Project Manager. The identified work streams were
- People
 - Technology
 - Logistics
 - Supply Chain
 - Accommodation
 - Design for non-housing construction work
 - Finance
 - Culture
- 1.5.9 Project Delivery
- 1.5.10 The Construction Project formally concluded on 31 October 2019 having successfully established the correct arrangements to ensure the smooth transition of services between Kier and the Authority.
- 1.5.11 During the delivery period of the project a number of key decisions were made by the established Steering Group to enable the Authority to deliver services which align with the policy priorities agreed by Cabinet.
- 1.5.12 Prepare for and manage the TUPE transfer of around 400 colleagues landing those colleagues in an overhauled housing organisation

This was completed. Over 360 staff successfully transferred to the Authority on 1 April 2019 and a further 30 were migrated into the service from existing North Tyneside Council teams. All transferring staff were auto-enrolled on to the Local Government Pension Scheme and successfully paid on 15 April 2019. In addition, all staff underwent comprehensive induction training on the Authority's corporate policies and procedures.

1.5.13 Source and prepare an appropriate range of IS/IT services

This was completed. A new ICT system solution, AccuServ, was procured and implemented to manage the repairs and maintenance and construction business. Training was provided to all system users with over 600 individual ICT devices (i.e. desktops, laptops, tablets and mobile phones) issued to staff to enable them to deliver services in an agile manner. The service will continue to review and develop the procured system solution to meet business and customer needs.

1.5.14 Source a set of supporting logistics

This was completed. A fleet of circa 130 vehicles was established with a further 10 electric vehicles being piloted. All service area staff were provided with new uniform and protective equipment. Alongside the purchase of new plant and equipment hire arrangements were established to ensure the team have the necessary tools for the job. It was also determined that the in-house stores solution would be retained and this was mobilised to ensure the smooth transition of services on the 1 April, including a full audit over the last weekend in March.

1.5.15 Source and prepare a delivery supply chain

This was completed. Comprehensive soft market engagement was undertaken with supplier and stakeholders to allow a better understanding of how businesses of all sizes could be engaged in procurement. Frameworks were successfully established and appointed to, including a Dynamic Purchasing System which provides greater opportunities for smaller, local businesses to deliver work on behalf of the Authority. The service area will continue to monitor the supply chain to ensure that it represents value for money and meets business requirements.

1.5.16 Organise the right accommodation

This was completed. Refurbished staff welfare and training facilities were provided at Block E of the Killingworth Depot site. This includes the provision of catering services. Ongoing work to modernise the Killingworth Depot will continue with the service area contributing to the design and delivery of this.

1.5.17 Work across the financial landscape to shape the books and resource the work

This was completed. The 30 year Business Plan was reviewed and reprofiled. Further detail on the benefits realised can be found at paragraphs 1.5.43 to 1.5.49 of this report.

1.5.18 Work across both organisations to begin creating the right culture for our customers

This was completed. During the transfer a series of staff engagement events were held to provide regular project updates. Staff were successfully inducted into the Authority's policies and procedures and have continued to be consulted regarding continuous service improvements. Customers were also engaged in a review of the service offer to ensure it met customer expectations, with a revised Repairs Handbook being created. The necessary Safety, Health and Environment frameworks in place and gas and electric accreditations secured to ensure the service is compliant and that staff can be safely put to work.

1.5.19 A full log of all achieved milestones can be found at Appendix 1.

1.5.20 In delivering the project the established Policy Objectives were also achieved. The following sections provide detail in to how they were realised.

1.5.21 About housing

Customers and service users were engaged throughout the project to ensure that services continued to reflect customer demands. As part of this customers were involved in a review of the service offer. Based upon their feedback changes to the repairs and maintenance service were made to provide services with greater flexibility. Improvements included:

- Provision of AM/PM appointment slots
- No appointment required for external works (unless requested)
- Provision of online self-help tools
- Provision of text messaging notifications

1.5.22 Table 1 provides a summary of work delivered by the Housing Property and Construction Service since transfer (to 31st August 2019).

Table 1 – Summary of works

Measure	Total
Number of repairs completed	15,701
Number of calls answered	29,076
Number of empty homes ready to be re-let	480
Number of gas services completed	7,597
Adaptations completed	1,288
Number of planned housing improvement schemes	4 Completed 9 On Site 23 Still to commence
Number of public building improvement schemes completed	11
Number of schools improvement schemes completed	21

1.5.23 Whilst it has been possible to draw comparisons between service level performance prior to the transfer and post transfer, it is important to note that due to a number of factors, such as the agreed changes to job priorities and appointments slots, like for like comparisons are more difficult.

1.5.24 Following the transfer of a £40m service, circa 400 staff and the successful implementation of new ICT and supply chain arrangements it would be reasonable to expect changes in performance. However, the early indications are that despite such a significant change and transfer the Service continues to deliver a high performing service offer and this should be recognised.

1.5.25 Table 2 provides a comparison of Kier’s 2018/19 year performance and North Tyneside Council performance since transfer. Year To Date (YTD) refers to 1st April 2019 to 31st August 2019. It demonstrates a strong start for the new service and in some instances is already performing the same or better in some areas after under 6 months. The teams will continue to focus performance levels with our customers as we move into the business as usual phase of the project.

Table 2 – Performance comparison

Measure	Performance			
	2018/19 Target	2018/19 Actual	2019/20 YTD	August 2019
Percentage of properties with a valid gas servicing certificate	100%	100%	100%	100%
Percentage of emergency repairs completed on time	99.79%	100%	98.87%	99.52%
Percentage of repair appointments made and kept	96.62%	99.33%	93.75%	96.16%
Average number of calendar days to repair empty homes	18.01 days	14.73 days	15.26 days	16.61 days
Percentage of empty homes repairs completed right first time	77.50%	85.59%	85.21%	79.25%
Percentage of contact centre calls answered within 20 secs	85.00%	84.08%	94.80%	94.21%
Percentage of contact centre calls lost/abandoned	3.00%	1.61%	0.63%	0.50%

1.5.26 The table above shows that prior to transfer Kier North Tyneside was meeting or exceeding the key performance indicators, as set out in the Agreement between Kier and North Tyneside Council in September 2009.

1.5.27 Where year to date performance is lower than the 2018/19 performance target reference should be made to the August 2019 data. This monthly snapshot data suggests that performance has improved and shows a positive trend towards meeting the targets.

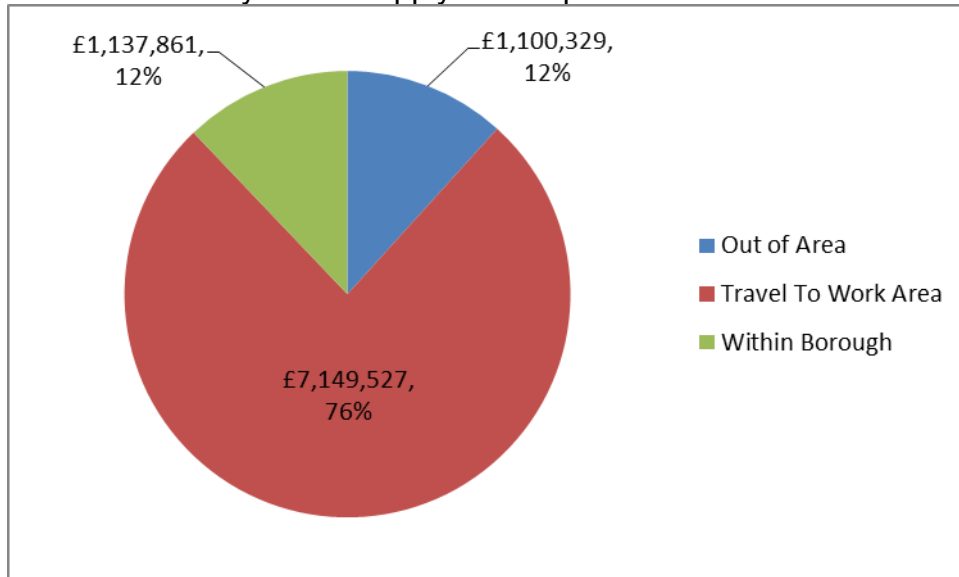
1.5.28 It is particularly worth noting that performance data indicates that more calls are being answered within target time, with fewer lost or abandoned. Customers will have experienced an improvement in the level of customer service they are receiving from the in-house contact centre.

1.5.29 Flexibility

As mentioned, the Authority undertook a significant procurement exercise to establish frameworks of suppliers and subcontractors to deliver the business’ needs.

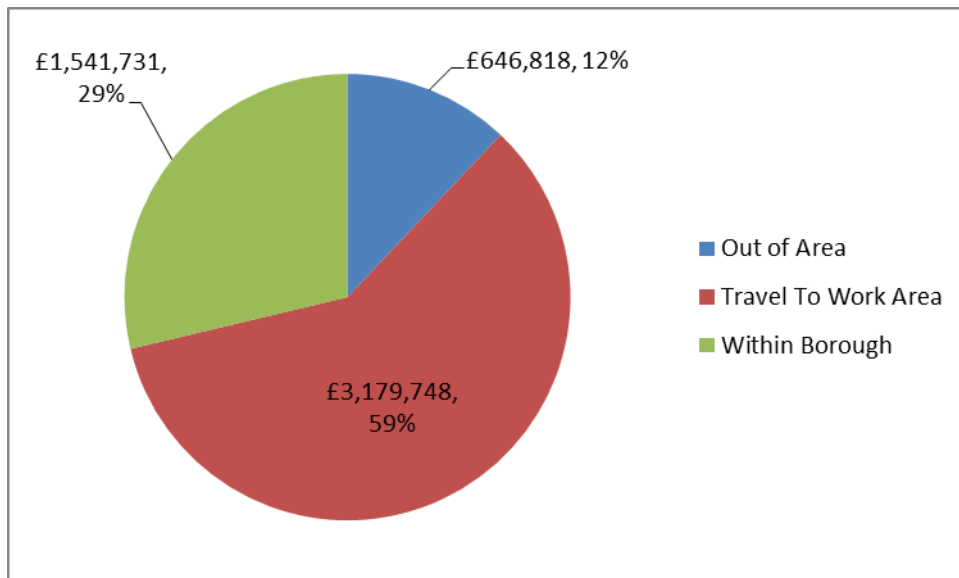
1.5.30 The following graph (Graph 1) shows the total Kier North Tyneside spend for all supplier and subcontractors for the 2017/18 financial year. It shows that 12% was Out of Area, 76% fell within the Travel To Work Area, and 12% was within the borough.

1.5.31 Graph 1 – Kier North Tyneside supply chain spend for 2017/18



1.5.32 In comparison to this, Graph 2 shows North Tyneside Council's spend for the year to date.

1.5.33 Graph 2 – North Tyneside Council supply chain spend to date (to 31 August 2019)



1.5.34 Out of Area spend has remained consistent at 12%, this is largely due to the majority of manufacture for materials suppliers being out of area. However, through the Authority spend within the Borough has increased from 12% to 29%.

1.5.35 This upward trend is expected continue for the rest of the year and significantly increase next year as the procurement strategy is further refined.

1.5.36 Further to this, additional service flexibility was provided by the establishment of a Dynamic Purchasing System. This allows for smaller subcontractors and suppliers to engage with the Authority and tender for smaller works, providing further opportunity for local businesses to deliver services.

1.5.37 Value for Money

In October 2017 a project budget of £8.332m was established to provide the required revenue and capital funding.

1.5.38 At the closure of the project in October 2019 an efficiency of £2.830m was achieved against the allocated budgets, across both revenue and capital provision within the HRA.

1.5.39 Over the life of the project revenue costs came in £1.795m under budget, with in-year HRA savings for 2019-20 forecast at £0.710m. This position will be reported as part of the Council's budget monitoring process for 2019-20 and the Statement of Final Accounts for 2019-20.

1.5.40 The capital budget for 2019-20 generated savings totalling £1.035m. These savings resulted from efficiencies relating to both the capital expenditure on fleet and ICT. The majority of this saving (£0.790m) is being offered up as a saving via the Council's budget monitoring process and Final Accounts process for 2019-20 and will be carried forward in the HRA Business Plan allowing for the redirection of budgets to meet the future needs of our HRA Investment priorities, as Cabinet see fit.

1.5.41 In establishing the service, a baseline budget for the 2019/20 financial year was created. From the inception of the Construction project back in October 2017 through to the end of the 2019-20 financial year, it is forecast that total savings of £6.395m will have been achieved. These are a combination of one-off capital and revenue savings totalling £4.895m over that period, along with a total of £1.500m of revenue savings in 2019-20 which will be a permanent adjustment to the base HRA budget moving forward.

1.5.42 The circa £1.500m of permanent revenue savings per year will be recognised over the lifetime of the 30 year HRA Business Plan, and this equates to somewhere approaching a total forecast revenue saving of £60.000m over the 2020-50 HRA Plan period.

1.5.43 Further to this, the HRA Asset Management Plan has been reworked to build in the impact of potential capital savings of circa £1.000m per year. Again, over the lifetime of the 30 year Business Plan including indexation assumptions this equates to forecast capital savings of over £40.000m, which will be re-directed to meet Cabinet and tenant priorities including new build.

1.5.44 Hence, over the lifetime of the 30 year HRA Business Plan, taking into account the one-off savings, forecast revenue savings and forecast capital savings, savings of the best part of £100.000m should be achievable over the lifetime of the 30 year Business Plan which can be re-profiled and re-invested back in to the service to meet Cabinet and tenant priorities.

1.5.45 The service area will continue to review and benchmark where possible to ensure that services provided represent value for money. Any further benefits will be reported as part of the Council's budget monitoring process.

1.5.46 Total benefits and savings in 2019-20 across both service delivery in the first year of operations and the bringing of the Construction project to a conclusion, will total circa £5.311m. This along with tables of benefits and savings realised during the project can be found at Appendix 2.

1.5.47 Lessons Learned

Following the completion of the project a comprehensive lessons learned exercise has been undertaken. This exercise has now concluded and identified a number of lessons which will be of benefit to the Authority should a similar project be undertaken in the future. A log of high level themes and associated lessons can be found at Appendix 3.

1.6 **Decision options:**

The following decision options are available for consideration by Cabinet:

Option 1

To note the findings of the report.

1.7 **Reasons for recommended option:**

Option 1 is recommended for the following reasons:

- The report is for information and noting.

1.8 **Appendices:**

Appendix 1: Log of achieved milestones

Appendix 2: Benefit Realisation

Appendix 3: Log of lessons learned

1.9 **Contact officers:**

Phil Scott, Head of Environment, Housing and Leisure, tel. (0191) 643 7295

David Foster, Senior Manager Housing Property and Construction, tel. (0191) 643 7801

Adam Hagg, Customer Interface and Service Improvement Manager, tel. (0191) 643 6684

Darrell Campbell, Senior Business Partner, Finance

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) 12th September 2016 Cabinet Report

- (2) 27th September 2017 Cabinet Report
- (3) Construction Project - Project Brief
- (4) Construction Project Lessons Learned Report

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

- 2.1.1 The financial implications are documented within sections 1.5.17 to 1.5.46 as well as appendices 1 and 2

2.2 Legal

- 2.2.1 There are no direct legal implications.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

The project team consulted with a wider range of officers including the Kier North Tyneside team. Overview, Scrutiny and Policy Development Committee and Housing Sub-Committee were provided with progress updates throughout. Trades Union representatives were regularly and engaged and consulted throughout the TUPE process. Consultation was also undertaken with the Senior Leadership Team, Cabinet Members and Steering Group.

2.3.2 External Consultation/Engagement

In delivering the project and transferring services the existing Kier North Tyneside workforce was regularly updated and consulted regarding progress. More detailed engagement work was undertaken with service managers to ensure the smooth transition of service from Kier to North Tyneside Council.

The project team also ensured that it learned lessons from others who had recently delivered similar projects; partners included Stoke City Council, Sheffield City Council and Gateshead City Council.

Customers were also comprehensively consulted to ensure that the service offer continued to meet customer expectations. Any changes were consulted on, with customer sign off being sought before making amends.

2.4 Human rights

There are no direct human rights implications.

2.5 Equalities and diversity

There are no direct equalities and diversity implications.

2.6 Risk management

Throughout the project a risk register was monitored and managed. As the project closes any remaining risks will continue to be subject to appropriate risk management in line with the agreed arrangements of the Authority.

2.7 Crime and disorder

There are no direct crime and disorder implications.

2.8 Environment and sustainability

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

PART 3 - SIGN OFF

- Chief Executive X
- Heads of Service X
- Mayor/Cabinet Members X
- Chief Finance Officer X
- Monitoring Officer X
- Head of Corporate Strategy X

Appendix 1 – List of high level milestones achieved

Prepare for and manage the TUPE transfer of around 400 colleagues landing those colleagues in an overhauled housing organisation

- Successfully TUPE transferred circa 360 staff to North Tyneside Council from Kier North Tyneside
- Migrated circa 30 existing North Tyneside Council staff into the new service area from the client team to establish a structure to reflect business need, including comprehensive consultations and briefing sessions
- Developed an operating structure with full consultation and involvement with Trade Unions
- Successfully auto-enrolled transferring staff on to the Local Government Pension Scheme
- Successfully paid transferring staff on 15th April

Source and prepare an appropriate range of IS/IT services

- Procured a new systems solution, AccuServ
- Developed, tested and implemented systems solution, including interfaces with existing housing management and finance systems
- Provided new hardware to workforce to enable agile working, including laptops, tablets and smartphones
- Delivered systems training to all service staff
- Delivered further upgrades to the system solution

Source a set of supporting logistics

- Established a fleet of circa 130 North Tyneside Council branded vehicles to support operational delivery
- Established a pilot of 10 electric vehicles
- Procured and provided new plant and equipment to meet service need
- Established new hire arrangements with plant and tool providers
- Established contracts for site set up and safety equipment to allow for early implementation of housing schemes
- Provided new North Tyneside Council branded uniform and PPE to circa 400 staff
- Reviewed and retained the in-house stores solution for the provision of materials

Source and prepare a delivery supply chain

- Undertook soft market testing with the market to raise awareness of procurement activity
- Established supplier and subcontractor frameworks to deliver business requirements
- Raise initial orders to suppliers and subcontractors
- Established contractual review mechanisms to monitor supply chain performance

Organise the right accommodation

- Delivered a refurbished staff welfare facility at Block E, Harvey Combe

Work across the financial landscape to shape the books and resource the work

- Reviewed and updated 30 year business plan
- Developed and implemented an ICT solution, including interfaces with council's finance system, to support the collection of all costs (labour, plant, materials, sub-contract, etc).
- Developed a benefits realisation framework to capture benefits flowing from the project

Work across both organisations to begin creating the right culture for our customers

- Successfully implemented a Safety, Health and Environment system across internal service area and subcontractors
- Successful induction of staff to North Tyneside Council policies and procedures and continued on the job training with a focus on a changing culture
- Consulted with customers to reviewed our repairs offer, aligning it with customer need
- Consulted on, reviewed and published a Repairs Handbook
- Successfully secured gas and electric accreditation to ensure compliance
- Successfully delivered a staff survey to capture culture with a 48% return rate

Appendix 2 – Benefit Realisation

HPC Service Budgets – Benefits Realised 2019/20

Description	£000
Kier NT Profits (no longer applicable)	1,188
Management Fee on Turnover	1,355
Management Fee (contractual)	700
Goodwill payment (contractual)	683
New Vehicle Fleet (annual savings)	211
Non-Housing Investment Plan delivery savings	600
Plant Provision - initial estimated savings p.a	108
Initial Staff Savings identified	221
Total Initial Savings identified	5,066
Additional HRA Management savings from integration of Housing Client and Support recharges into HPC budgets	1,000
Revised Savings	6,066
Additional Costs borne from 1 April regardless of decision to transfer:	
Pension contributions for all staff joining LGPS	-2,000
Additional Central Support recharges to the HRA	-500
Revised Forecast Savings 2019-20	3,566

Construction Project Budget Savings 2017-20

	Budget	Actual/Forecast	Variance
2017-19			
Revenue	2,382	1,297	-1,085
Capital	3,150	3,150	0
Total	5,532	4,447	-1,085
2019-20			
Revenue	1,300	590	-710
Capital	1,500	465	-1,035
Total	2,800	1,055	-1,745
Total Project budget savings 2017-20			
Revenue	3,682	1,887	-1,795
Capital	4,650	3,615	-1,035
Total	8,332	5,502	-2,830

Total Benefits and savings 2019-20

	£000
Benefits Realisation	3,566
Construction Project Budget Savings	1,745
Total Benefits and savings 2019-20	5,311

Appendix 3 – High Level Lessons Learned by Theme

Theme	Lesson
Resourcing	<ul style="list-style-type: none"> • It is important that the project team are released from their substantive posts quickly to allow work to start in earnest • If the appropriate resource doesn't exist internally a timely decision should be made to seek support from external parties • It is important that the demobilisation team are given sufficient time away from business as usual to support the project. This should be formally agreed • Additional resource should be planned for during mobilisation to support the increase in workload • It is important that the other party makes the necessary resources available to respond to information requests and complete tasks in a timely fashion
Engagement	<ul style="list-style-type: none"> • It is important that customers are regularly consulted and are involved in any service reviews that take place • It is important that engagement activity is regular to ensure continued buy in from stakeholders • It is important that staff at all levels have the time and opportunity to engage and shape services • The rules of engagement with other parties need to be formally agreed to ensure commitment from all parties
Communications	<ul style="list-style-type: none"> • It is important that communication is structured and consistent across the business. • It is important that appropriate channels of communication are open across all levels to ensure messages reach all staff • It is important that changes and opportunities are clearly communicated to manage expectations • It is important that feedback to comments and suggestions are provided in a timely manner
Procurement	<ul style="list-style-type: none"> • Engage with the market early to tailor the procurement activity according to size of supplier or subcontractor • Team involved in evaluation and award need to be released from business as usual to produce documentation and review tenders • Introduce word limit on tender submissions • Establish KPI capture mechanisms as soon as possible to inform reviews
Governance	<ul style="list-style-type: none"> • It is important that the Steering Group is established from the outset to provide the initial steer for the project • It is important that the Project Brief provides a clear mandate to progress at pace • It is important that when presented with options the Steering Group are able and do make prompt decisions • It is important that the Project Team regularly review progress against the critical path and adjust plans accordingly

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North Tyneside Council Report to Cabinet 25 November 2019

Title: Annual Review of Council Policy on Covert Surveillance

Portfolio(s): Elected Mayor	Cabinet Member(s): Mrs N Redfearn
Report from Service Area	Law and Governance
Responsible Officer:	Bryn Roberts – Head of Law and Governance (Tel: 0191 643 5339)
Wards affected:	All

PART 1

1.1 Executive Summary:

This report seeks Cabinet’s approval of an updated Covert Surveillance Policy. In accordance with the Statutory Codes of Practice applying to the Regulation of Investigatory Powers Act 2000 (RIPA) the Authority is required to review its use of RIPA and set the general surveillance policy at least annually. The report also explains that there have been no RIPA authorisations granted in the last year.

A copy of the draft Policy is attached at Appendix 1. No amendments (save for minor typographical amendments) have been made to the draft policy from last year’s policy as it remains fit for purpose.

1.2 Recommendation(s):

It is recommended that Cabinet:

1. approve the Authority’s draft Policy on Covert Surveillance (attached at Appendix 1); and
2. note the use of surveillance by the Authority in the preceding year.

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 October 2019.

1.4 Council plan and policy framework

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

Our people will:

- Be cared for and safeguarded if they become vulnerable

1.5 Information:

1.5.1 Introduction

The Authority's current Surveillance Policy was approved by Cabinet in November 2018 and is subject to annual review. A draft policy is attached at Appendix 1. The draft Policy has been considered by the Regulation and Review Committee and has been referred to Cabinet for further consideration and, if appropriate, approval.

The aims of the Authority's Policy are to:

- Set out the Authority's arrangements for complying with RIPA; the relevant Codes of Practice and guidance issued by the Home Office; and guidance from the Investigatory Powers Commissioner's Office (IPCO);
- Give effect to the rights of citizens to respect for their private and family lives (pursuant to the Human Rights Act 1998); and
- Protect the Authority from legal challenge when undertaking surveillance.

1.5.2 The RIPA Shield

The Regulation of Investigatory Powers Act 2000 (RIPA) puts covert surveillance on a statutory basis. RIPA enables certain public authorities, including this Authority, to carry out surveillance operations with statutory protection from legal challenge. It is often referred to as the "RIPA shield".

Three covert investigatory techniques are available to local authorities under RIPA:

- i. the acquisition and disclosure of communications data such as telephone billing information or subscriber details e.g. to tackle rogue traders;
- ii. directed surveillance - covert surveillance of individuals in public places e.g. to tackle criminal activity arising from anti social behaviour; and
- iii. covert human intelligence sources (CHIS) such as the deployment of undercover officers.

The RIPA provisions may only be used to authorise surveillance activities in order to detect and prevent serious crime and any authorisation is subject to a requirement to seek authorisation from an 'Authorising Officer' and to obtaining judicial approval from a Justice of the Peace before any surveillance is undertaken. The Authorising Officers within the Authority are:

Paul Hanson – Chief Executive; and
Colin MacDonald – Senior Manager, Technical & Regulatory Services

Officers from Law and Governance accompanied by the relevant Authorising Officer will present any authorisation to a Justice of the Peace for judicial approval. All authorisations will be subject to an internal scrutiny process prior to being submitted for such approval.

Local authorities may undertake surveillance for other purposes but such surveillance will not benefit from the RIPA shield and will leave a local authority vulnerable to challenge. For this reason all surveillance activity undertaken by the Authority, whether within the RIPA regime or not, must be appropriately authorised by one of the Authorising Officers and is subject to central monitoring and challenge.

Use of Social Media for the collection of personal information

The application of the requirements of RIPA to the use of informants via, in particular, social media is a developing area of surveillance law. Social Media provides the opportunity for the Authority to monitor, for example, individual rogue traders who trade on-line in the context of trading standards investigations. The continued monitoring of the activities of an individual or the development of a relationship with a trader with the purpose of eliciting information from the trader may fall within the RIPA regime.

As stated above this is an area which is continuing to be monitored as it develops and Officers from Law and Governance and Trading Standards are considering how such activities should actually be undertaken and whether those activities go as far as requiring a RIPA authorisation.

The most recent Guidance does provide some limited guidance on this matter and refers to the implications of interference through such activities with an individual's rights to a private and family life under Article 8 of the Human Rights Act 1998.

In addition as mentioned above the Authority may undertake such surveillance for activities that could not benefit from the protection of the RIPA shield i.e. the activity being investigated would not meet the serious crime test (the serious crime test is explained below). In these circumstances whilst the surveillance is not unlawful it leaves a local authority more vulnerable to challenge as it still entails the collection of information about an individual. For this reason the Authority requires that all surveillance activity undertaken by the Authority outside of the RIPA regime must be appropriately authorised by one of the Authorising Officers and is subject to central monitoring.

Further information has been provided to Heads of Service to raise awareness of RIPA, the circumstances when a RIPA authorisation is necessary and those circumstances where surveillance activity outside of the RIPA regime must still be appropriately authorised. In addition specific training is also to be provided to Officers who are most likely to use surveillance outside of the RIPA regime, particularly in relation to the monitoring of social media websites.

1.5.3 Central Register

The Authority has a Central Register of all RIPA and non-RIPA surveillance activity. The Central Register is maintained and monitored by Law and Governance.

1.5.4 Inspection

Organisations using RIPA are subject to regular inspection by the Investigatory Powers Commissioner's Office (IPCO). On 1 September 2017, the Office of Surveillance Commissioners (OSC) and the Interception of Communications Commissioner's Office (IOCCO) were abolished by the Investigatory Powers Act 2016. The IPCO is now responsible for the judicial oversight of the use of covert surveillance by all public authorities throughout the United Kingdom including the intelligence agencies, police forces and local authorities.

The Authority received an inspection visit from the OSC in June 2017 prior to its abolition. The purpose of the OSC inspection was to examine the policies, procedures, operations and administration the Authority has in place in relation to directed surveillance and covert human intelligence sources.

The outcome of the inspection was very supportive of the Authority's actions to manage its responsibilities under RIPA.

1.5.5 Summary of Use of Surveillance, Acquisition of Communications Data and CHIS

It should be noted that following the changes to the RIPA regime from 1 November 2012, reported to Cabinet in November 2012, there have been no authorisations granted. The ground most commonly used by the Authority for authorising covert surveillance addressing anti-social behaviour was removed on 31 October 2012. Authorisations may now only be sought on the grounds that it relates to the prevention and detection of serious crime. Serious crime is defined as crime punishable, whether on summary conviction or on indictment, by a maximum term of at least 6 months of imprisonment, or would constitute an offence under sections 146, 147 or 147A of the Licensing Act 2003, section 7 of the Children and Young Persons Act 1933 and sections 91 and 92 of the Children and Families Act 2014. The latter are all offences involving sale of tobacco/e-cigarettes and alcohol to underage children.

1.5.6 Corporate Responsibilities

The Codes of Practice advise that a Senior Responsible Officer (SRO) should be identified to ensure the Authority has appropriate policies and processes that accord with RIPA and the related Codes of Practice.

The Officer Delegation Scheme places the Senior Responsible Officer role with the Head of Law and Governance. This role is undertaken by in the Head of Law and Governance.

Each Head of Service is responsible for ensuring effective and legally compliant systems and procedures are in place for surveillance work within their Service Areas.

All employees connected with surveillance and handling of evidence are responsible for ensuring that they act only in accordance with their level of responsibility and training and in accordance with this Policy and associated documents. To assist in this an 'Employee Handbook: Use of Covert Surveillance, Covert Human Intelligence Sources and Communications Data', has been prepared. The Handbook provides key information for Officers and directs them towards key sources of detailed guidance. It will be kept under review and revised as necessary to ensure it reflects current procedures and best practice.

If Officers wish to undertake surveillance that falls outside of the RIPA regime they must take legal advice and seek appropriate authorisation. Information regarding surveillance (whether under RIPA or not) must be held centrally by the Senior Responsible Officer to enable the Authority to have an overview of all surveillance activities being undertaken by the Authority.

1.5.7 Compliance and Oversight

The Codes of Practice indicate that elected members of a local authority should review its use of RIPA and set the general surveillance policy at least annually. A local authority should also consider internal reports on the use of RIPA to ensure that it is being used consistently in compliance with the Authority's Policy and that the Policy remains fit for purpose.

To meet this policy requirement:

- Cabinet receives an annual report covering the Authority's use of RIPA powers, and review of the Policy for the following year;
- Reports will be presented to the Regulation and Review Committee on the Authority's use of RIPA powers. The Committee's role is to look at compliance,

oversight and use of RIPA. The Committee will also consider whether the Policy remains fit for purpose and recommend changes to the Policy as appropriate for Cabinet's consideration; and

- The Elected Mayor who has responsibility for RIPA related activities receives updates from the Senior Responsible Officer regarding the use of the Authority's powers.

1.6 Decision options:

Option 1

Cabinet may:

1. Approve the Authority's Policy on Covert Surveillance (attached as Appendix 1); and
2. Review and note the use of surveillance by the Authority in the preceding year.

Option 2

Cabinet may ask Officers to revise the draft Policy and/or provide additional information regarding any matters contained in the report.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Approving the Authority's Policy on Covert Surveillance will secure adherence to the recommended best practice contained within the Codes of Practice. In particular, the Code of Practice – Covert Surveillance and Property Interference indicates that elected members should review the Authority's use of Part II of the Regulation of Investigatory Powers Act 2000 and set the policy at least once a year.

1.8 Appendices:

Appendix 1: Authority Policy on Covert Surveillance (draft)

1.9 Contact officers:

Stephen Ballantyne, Legal Manager – Governance and Employment (0191 643 5329)

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:

Employee Handbook: Use of Covert Surveillance, Covert Human Intelligence Sources and Communications Data

Home Office Codes of Practice <https://www.gov.uk/government/collections/ripa-codes>

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

The provisions of the Policy can be implemented within the Law and Governance Service's existing resources.

2.2 Legal

The Policy has been prepared with reference to the relevant law and Codes of Practice. A number of Statutory Instruments and Codes of Practice published by the Home Office govern the operation of RIPA.

The Authority may only authorise directed surveillance where it is both necessary and proportionate to the investigation or operation being undertaken and to what is being sought to achieve in terms of evidence gathering. Senior Officers are appointed as Authorising Officers and have a key role in carefully scrutinising all applications for the use of RIPA powers under a specific authorisation.

Authorising Officers must ensure that authorisations are granted only in appropriate cases and that the extent of all authorisations are clearly set out.

The Authority cannot authorise intrusive surveillance under RIPA. Intrusive surveillance would involve placing an investigator on residential premises or in a private vehicle or allowing the use of an external surveillance device outside of the premises or vehicle that gives the same quality of information as if it was on the premises or in the vehicle.

The Policy, together with the Employee Handbook covers the procedures to be followed in seeking authorisations, maintaining appropriate oversight of the Policy and the central record of decisions.

2.3 Consultation/community engagement

The Policy is aimed at ensuring adherence to the best practice contained within the Codes of Practice and feedback from the Investigatory Powers Commissioner's Office as well as the law.

Internal consultation has taken place with officers with responsibility for the management and supervision of surveillance activity as well as the Regulation and Review Committee.

2.4 Human rights

Human rights implications are addressed within the report and the Policy. RIPA provides a framework under which surveillance activity can be authorised and conducted in a way that is compatible with the rights of individuals.

The Authority must also ensure that activity that falls outside of the RIPA regime is subject to careful scrutiny and authorisation to ensure that human rights are respected and the activity is lawfully undertaken.

2.5 Equalities and diversity

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

2.6 Risk management

The Authority's Policy and the procedures contained in the Employee Handbook are designed to ensure the Authority complies with the law and Codes of Practice and thereby reduce the risks associated with surveillance activity.

2.7 Crime and disorder

RIPA may only be utilised by the Authority for the purposes of detecting and preventing crime.

2.8 Environment and sustainability

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

PART 3 - SIGN OFF

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

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(November 2019)



North Tyneside Council

Covert Surveillance Policy

(Regulation of Investigatory Powers Act 2000) (RIPA)

1. INTRODUCTION

This is North Tyneside Council's Covert Surveillance Policy document. It sets out the adopted approach of the Authority to ensure that any surveillance activity undertaken by the Authority is conducted in a way that is compatible with the human rights of individuals, in particular the right to respect for private and family life (in accordance with Article 8 of the European Convention on Human Rights).

The aim of the Policy is to:

- Explain the Authority's arrangements for authorising surveillance activity;
- Direct Officers to the key sources of guidance to ensure compliance with the Policy;
- Give effect to the rights of citizens to respect for their private and family lives (pursuant to the Human Rights Act 1998);
- Protect the Authority from legal challenge when undertaking surveillance; and
- Assist the Authority in complying with the Codes of Practice, Regulations and Orders issued under the Regulation of Investigatory Powers Act 2000 (RIPA) and to meet the requirements of the Inspectors from the Investigatory Powers Commissioner's Office (IPCO).

2. POLICY STATEMENT

The Authority agrees that as a matter of policy:

- The Authority is committed to complying with:
 - (a) the Regulation of Investigatory Powers Act 2000 (RIPA) and the Codes of Practice issued under RIPA by the Home Office; and
 - (b) guidance supplied by the Investigatory Powers Commissioner's Office (IPCO);
- Surveillance that falls outside of the RIPA regime will be subject to the Non-RIPA authorisation procedure and central monitoring to ensure:
 - (a) the Authority has an overview of all surveillance activity it undertakes;
 - (b) such activity is appropriately scrutinised; and
 - (c) the rights of individuals are appropriately safeguarded.
- Relevant Officers shall receive sufficient training and guidance so as to reasonably ensure such compliance;
- Any Officer shall, if in any doubt about whether the legislation applies in a particular case or how to comply with it, seek guidance from an Authorising Officer and/or the Head of Law and Governance.

3. REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)

The Regulation of Investigatory Powers Act 2000 (RIPA) provides a framework under which covert surveillance activity can be authorised and conducted in a way that is compatible with the rights of individuals. Where RIPA is complied with it provides statutory protection from legal challenge to the local authority and for this reason it is often referred to as the "RIPA shield".

Three covert investigatory techniques are available to local authorities under RIPA:

- i. directed surveillance – covert surveillance of individuals in public places e.g. to tackle criminal activity;
- ii. covert human intelligence sources (CHIS) such as the deployment of undercover officers; and
- iii. the acquisition and disclosure of communications data such as telephone billing

information or subscriber details e.g. to tackle rogue traders.

The Authority will use RIPA authorised surveillance where appropriate in order to detect and prevent crime. Authorisation will only be given where the proposed surveillance is both necessary and proportionate.

The Protection of Freedoms Act 2012 requires local authorities to obtain the prior approval of a Justice of the Peace before the use of any one of the three covert investigatory techniques available as detailed above. An approval is also required if an authorisation to use such techniques is being renewed.

In each case, the role of the Justice of the Peace is to ensure that the correct procedures have been followed and the relevant factors have been taken into account. Approval can only be given if the Justice of the Peace is satisfied that:

- a) There were reasonable grounds for the Authority's Authorising Officer approving the application to believe that the Directed Surveillance or deployment of a CHIS was necessary and proportionate and that there remain reasonable grounds for believing so;
- b) The Authorising Officer was of the correct seniority within the organisation i.e. a Head of Service, Service Manager or equivalent in accordance with the relevant Regulations;
- c) The granting of the authorisation was for the prescribed purpose of preventing or detecting crime and satisfies the Serious Offence Test for Directed Surveillance (see below); and
- d) Any other conditions set out in any order under Part 2 of RIPA are satisfied (there are none at present).

In addition to the above, where the authorisation is for the deployment of a CHIS, the Justice of the Peace must be satisfied that:

- a) the local authority can ensure that there are officers in place to carry out roles relating to the handling and management of the CHIS as well as the keeping of records;
- b) Where the CHIS is under 16 or 18 years of age, the necessary requirements in relation parental consent, meetings, risk assessments and the duration of the authorisation have been satisfied. Note that the authorisation of such persons to act as a CHIS must come from the Head of Paid Service.
- c) Where the application is for the renewal of a CHIS authorisation, a review has been carried out by the local authority and the Justice of the Peace has considered the results of the review.

The provisions in relation to judicial approval make it clear that the Authorising Officer is not required to apply in person and there is no need to give notice to either the subject of the authorisation or their legal representatives. This reflects the covert nature of the exercise of the investigatory powers under RIPA. The Authority would be represented in any application to a Justice of the Peace by the Authority's Legal Service and the Authorising Officer.

There is no requirement for a Justice of the Peace to consider either cancellations or internal reviews of authorisations.

At all times the risk of obtaining private information about persons who are not subjects of the surveillance must be considered (collateral intrusion) and steps must be taken to avoid or minimise it.

Examples of investigations where it is envisaged that covert techniques may be utilised to enable local authorities to gather evidence and offer evidence in legal proceedings include:

- Trading Standards e.g. action against loan sharks and rogue traders, car fraud, consumer scams, deceptive advertising, counterfeit goods, unsafe toys and electrical goods; and
- Environmental protection e.g. action to stop large scale waste dumping, the sale of unfit food etc.

Serious Offence Test

Local authorities may only use the RIPA provisions to authorise surveillance activities in order to detect and prevent crime as defined by the Regulations. In particular the crime which is sought to be prevented or detected by the surveillance activity must be punishable, whether on summary conviction or on indictment, by a maximum term of at least 6 months of imprisonment, or would constitute an offence under sections 146, 147 or 147A of the Licensing Act 2003, section 7 of the Children and Young Persons Act 1933 and sections 91 and 92 of the Children and Families Act 2014. The latter are all offences involving sale of tobacco and alcohol to underage children.

4. NECESSARY AND PROPORTIONATE

The Authority may only authorise directed surveillance, CHIS or the acquisition of communications data where it is both necessary and proportionate to what it seeks to achieve. Senior Offices are appointed as Authorising Officers (or Designated Persons for communications data purposes) and have a key role to play in carefully scrutinising all applications. Authorising Officers/Designated Persons must ensure that authorisations are granted only in appropriate cases and that the extent of all authorisations are clearly set out.

5. COLLATERAL INTRUSION

Collateral intrusion is obtaining private information about persons who are not subjects of the surveillance. The risk of collateral intrusion must be considered and measures should be taken to avoid or minimise it.

6. NON-RIPA SURVEILLANCE

Surveillance activity which falls outside of RIPA, for example, monitoring of employees, does not benefit from the RIPA shield. When operating outside of the RIPA regime there is a greater risk of breaching an individual's rights or being successfully challenged.

The Authority via its Senior Responsible Officer retains a central register of Non-RIPA surveillance activity. Officers are required to take great care to appropriately record, authorise, monitor and scrutinise such activity.

The principles of proportionality and necessity and the requirement to avoid or minimise collateral intrusion also apply to Non-RIPA surveillance.

7. CLOSED CIRCUIT TELEVISION (CCTV) SYSTEMS

Overt surveillance via CCTV is covered by the Data Protection Act 2018 and not by RIPA. CCTV is subject to the Surveillance Camera Code of Practice under the Data Protection Act, which is overseen by the Surveillance Camera Commissioner.

Signage must be in place to inform the public when they enter zones covered by CCTV equipment.

A central record of all CCTV in buildings operated by the Authority is held by the Senior Responsible Officer.

If CCTV cameras are used for covert surveillance (whether by the Authority or the Police), a RIPA authorisation is required.

North Tyneside Council's CCTV control room operates cameras throughout the North Tyneside area. The Police may make formal written requests for surveillance of a target for which they have a RIPA authorisation. Confirmation by sight of this authorisation will be sought and a copy will be retained (redacted as appropriate) by the CCTV Control Room Co-Ordinator.

Employees using CCTV covertly must be aware of the possibility of collateral intrusion (invading the privacy of people other than the target) and take steps to avoid or minimise it.

The Protection of Freedoms Act 2012 makes provision for the further regulation of surveillance camera systems. These are defined as Closed Circuit Television (CCTV), Automatic Number Plate Recognition (ANPR) and other surveillance camera technology.

The Surveillance Camera Code of Practice also includes guidance in relation to the development or use of such systems, and the use and processing of information derived from them. The Code of Practice includes provisions about:

- considerations as to whether to use surveillance camera systems;
- types of systems or apparatus
- technical standards for systems or apparatus
- locations for systems or apparatus
- the publication of information about systems or apparatus
- standards applicable to persons using or maintaining systems or apparatus
- standards applicable to persons using or processing information obtained by virtue of systems
- access to, or disclosure of, information so obtained
- procedures for complaints or consultation

The Authority must have regard to the Code if they operate or intend to operate any surveillance camera systems covered by the Code.

Failure to adhere to the Code will not in itself render an organisation liable to legal proceedings, but the Code is admissible in civil or criminal proceedings. The Code could also be enforced by way of judicial review in the High Court.

The CCTV provisions in the Protection of Freedoms Act 2012 add a completely new layer of control over the use of CCTV by local authorities.

8. CORPORATE RESPONSIBILITIES

The Authority's Senior Responsible Officer (currently the Head of Law and Governance) has overall responsibility for RIPA.

The Senior Responsible Officer appoints Authorising Officers and Designated Persons. A list of Authorising Officers/Designated Persons is held with the Central Record. This list may change as required. Only Authorised Officers named in the list may authorise covert surveillance activities under RIPA. Only Designated Persons named in the list may authorise the acquisition of communications data. The Senior Responsible Officer may remove an Officer from the list where they consider it is appropriate to do so.

In particular, the Senior Responsible Officer ensures that:

- Only Officers who have received appropriate training on RIPA are permitted to become Authorising Officers/Designated Persons.
- Refresher training is provided as required and training records are maintained.
- Monitoring arrangements are in place in each Service to ensure that the Authority is meeting its obligations under RIPA, the Codes of Practice, and this Policy.
- Reviews of authorisation documentation take place to ensure that they are completed in accordance with the requirements of RIPA, the Codes of Practice and Authority guidance. Appropriate feedback is given to officers to ensure high standards are encouraged and maintained.
- The Central Record is maintained in accordance with the requirements of the Codes of Practice and Authority guidance.
- An up-to-date copy of this Policy and associated guidance is available to all relevant employees.
- An annual review of this Policy is undertaken and presented to Cabinet for approval, in addition to provision of monitoring information.

The RIPA Co-ordinating Officer (currently the Legal Manager – Governance and Employment) supports the Senior Responsible Officer in relation to the discharge of that role. The RIPA Co-ordinating Officer also monitors all authorisations and provides robust challenge to authorisations to ensure they meet the requirements of the law and this Policy.

Each Head of Service is responsible for ensuring effective and legally compliant systems and procedures are in place for surveillance work within their Service Areas in respect of any surveillance activity whether undertaken within or outside of the RIPA provisions.

The Senior Responsible Officer is also responsible for ensuring that:

- Relevant officers receive appropriate training on RIPA before undertaking investigations that include (or may include) Directed Surveillance, the use of a CHIS or the acquisition or disclosure of communications data.
- Refresher training is provided as required and training records are maintained and supplied to the Senior Responsible Officer.
- Authorisations are approved, reviewed, renewed, and cancelled by the Authorising Officer/Designated Person as necessary, and such actions are reported to the Senior Responsible Officer.

- Records and evidence obtained as a result of surveillance/investigation are kept and destroyed in accordance with Authority Policy.

All employees connected with surveillance and handling evidence are responsible for ensuring that they act only in accordance with their level of responsibility and training and in accordance with this Policy and associated documents.

9. GUIDANCE

The Authority's intranet has a surveillance page containing the key guidance documents, including this Policy, the Employee Handbook, the relevant Codes of Practice, a guide to completing RIPA forms and a link to the Home Office RIPA forms.

The Authority has prepared the 'Employee Handbook: Use of Covert Surveillance & Covert Human Intelligence Sources & Communications Data (Regulation of Investigatory Powers Act 2000 (RIPA))' to provide guidance to Authority Officers regarding the use of RIPA and the procedures that must be followed.

The Employee Handbook may be revised by the Senior Responsible Officer during the year to reflect changes in procedures or best practice.

All Authority Officers who may authorise or undertake surveillance work must read the Handbook and follow the procedures within it.

Authority Officers are encouraged to seek guidance on the procedures from the Authorising Officers/Designated Persons and the Senior Responsible Officer.

If Officers wish to undertake surveillance which falls outside of the RIPA regime they must seek appropriate authorisation. This is covered in the Employee Handbook. Information regarding surveillance (whether under RIPA or not) must be held centrally by the Senior Responsible Officer to enable the Authority to have an overview of all surveillance activities being undertaken.

10. COMPLIANCE AND OVERSIGHT

The Senior Responsible Officer will assess compliance with this policy and associated guidance. The Senior Responsible Officer may seek support from Internal Audit as appropriate.

A random sample of authorisations will be checked monthly by the Senior Responsible Officer and on receipt by the RIPA Co-Ordinating Officer and any incorrect or incomplete authorisations will be reported to the relevant Authorising Officer and Head of Service. In addition to the sample checks the Senior Responsible Officer will provide feedback and guidance to Officers as needed throughout the year.

Elected Members have a key role in setting policy and overseeing the use of RIPA within the Authority. Members do not make investigatory/enforcement casework decisions in relation to specific authorisations.

The Elected Mayor is designated to champion compliance with RIPA within the Authority processes. The Elected Mayor receives regular updates from the Senior Responsible Officer regarding the use of the Authority's powers.

The Senior Responsible Officer presents reports to Regulation & Review Committee at least annually on the Authority's use of the powers but will also usually report the use of RIPA to the

next available committee meeting. The Committee looks at compliance, oversight and use of RIPA. The Committee considers whether the policy remains fit for purpose and will recommend changes where appropriate for Cabinet's consideration.

Cabinet will receive an annual report upon the Authority's use of the powers and will set the policy for the following year.

The Authority has designated a Cabinet Member (currently the Elected Mayor) and a Senior Responsible Officer (currently the Head of Law and Governance) to champion and oversee compliance with this Policy and associated procedures. Each Head of Service is responsible for ensuring compliance with RIPA in their service area.

Cabinet will review the RIPA policy and the Authority's use of RIPA on an annual basis.

11. REVIEW OF THIS POLICY

The Senior Responsible Officer will review this policy and associated controls as follows:

- Annually.
- Following legislative changes.
- Following any recommendations received as a result of inspections and reviews undertaken by the Investigatory Powers Commissioner's Office.
- Following any major breach in compliance.

12. RECORD KEEPING

Authorising Officers must send the originals of all applications, reviews, renewals and cancellations to the Senior Responsible Officer for filing with the Central Record. In light of the confidential nature of the data original documents should be hand delivered and must be stored securely. Documentation must not be altered in any way following its completion. If any clarification is needed regarding the content of a document this must be done via a separate document which must be signed and dated.

All documentation received as a result of an authorisation must be handled and stored securely and in line with data protection principles.

13. DESTRUCTION OF MATERIAL

Any material obtained during covert surveillance that is wholly unrelated to the operation and where there is no reason to believe that it will be relevant to future civil or criminal proceedings will be destroyed immediately.

In North Tyneside Council the retention period for the central record and associated material is six years from the end of each authorisation or the conclusion of connected court proceedings (whichever date is last).

Where the retention period has expired, the authorisation and any other material obtained or created during the course of the covert surveillance under the unique reference number will be destroyed.

The Authorising Officer/Designated Person will be responsible for ensuring that all material held in the department relating to the unique reference number is destroyed.

The Authorising Officer/Designated Person will notify the Senior Responsible Officer that the retention period has expired, giving the unique reference number and authorise destruction of the material held in the Central Record of Authorisations.

All material to be destroyed will be treated as confidential waste.

Officers should also refer to the Authority's Record Retention Guidelines before destroying any document or evidence obtained under RIPA.

Further guidance on record keeping is available in the Codes of Practice.

14. TRAINING

The Senior Responsible Officer will train the senior managers responsible for overseeing and monitoring RIPA activities, all other employees involved in RIPA activities, and ensure that they understand this Policy.

The Senior Responsible Officer will keep a record of the training undertaken by employees.

15. CODES OF PRACTICE & RELATED AUTHORITY DOCUMENTS

The following Codes of Practice have been issued by the Home Office:

1. Code of Practice - Covert Surveillance and Property Interference
2. Code of Practice - Covert Human Intelligence Sources
3. Code of Practice - Acquisition and Disclosure of Communications Data

All employees involved in surveillance activities must have regard to and act in accordance with:

- the Codes of Practice;
- the Employee Handbook: Use of Covert Surveillance & Covert Human Intelligence Sources & Communications Data (Regulation of Investigatory Powers Act 2000) (RIPA); and
- instruction and guidance from Authorising Officers/Designated Persons and the Senior Responsible Officer.

The Employee Handbook includes appendices providing detailed guidance to assist in the completion of RIPA forms.

16. MISCONDUCT

All employees involved in RIPA activities will comply with this Policy. Failure to comply with this Policy may be dealt with as misconduct or gross misconduct under the disciplinary procedures depending upon all of the circumstances of the case.

17. COMPLAINTS

Any complaint made to the Authority will be dealt with in accordance with the corporate complaints procedure.

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North Tyneside Council Report to Cabinet Date: 25 November 2019

Title: Integrated Sexual Health Services Procurement Exercise 2020/21

Portfolio(s):	Public Health and Wellbeing	Cabinet Member(s):	Councillor Margaret Hall
Report from Service Area:	Public Health Commissioning and Asset Management		
Responsible Officer:	Wendy Burke, Director of Public Health Mark Longstaff, Head of Commissioning and Asset Management	Tel: (0191) 6432104 Tel: (0191) 6438089	
Wards affected:	All		

PART 1

1.1 Executive Summary:

North Tyneside Council has a statutory duty to improve the health of the population and to provide local public health services.

The specific responsibilities are set out in the Health and Social Care Act 2012 and associated regulations and include a mandated requirement for local authorities to provide or make arrangements to secure the provision of comprehensive open access **sexual health services**.

The current contract for the open access sexual health service in North Tyneside is held by Northumbria Healthcare NHS Foundation Trust (NHCFT). It went live on 1 October 2015 and is due to expire on 31 March 2021. In accordance with Contract Standing Order 8(4), this Report requests approval to proceed with a re-procurement exercise as the estimated potential total contract value to be procured will exceed £500,000.

1.2 Recommendation(s):

It is recommended that Cabinet delegate authority to the Director of Public Health, in consultation with the Head of Health, Education, Care and Safeguarding, Head of Commissioning and Asset Management, Head of Resources, Head of Law and Governance and the Cabinet Members for Public Health and Wellbeing and Finance and Resources to:

- i. undertake a procurement exercise for Sexual Health services in North Tyneside to identify a provider(s);
- ii. appoint and award following the procurement exercise, a Contract for the provision of a Sexual Health Service across the borough for an initial contract

period of 36 months, with an option to extend for a further two 12 months periods.

This length of contract is designed to encourage interest from a wide range of organisations and to provide financial sustainability to the successful provider who will be expected to act as a strategic lead for sexual health services in the Borough.

1.3 Forward Plan:

28 days notice of this report has been given and it first appeared on the Forward Plan that was published on 24 October 2019.

1.4 Council Plan and Policy Framework:

This report directly links to the Our North Tyneside Plan 'People' Theme and to the priorities of 'Our people will be healthy and well – with the information, skills and opportunities to maintain and improve their health, well-being and independence.

1.5 Information:

1.5.1 Background

Sexual health is an important part of people's lives and the consequence of poor sexual health can be serious both in terms of the health and wellbeing of individuals but can also be costly to healthcare services. Prevention is central to achieving good sexual health outcomes and entails changes that reduce the risks of poor outcomes and activities that encourage healthy behaviours.

There is strong evidence to suggest that sexual health outcomes can be improved by easy access to high quality information and good quality sexual health services that provide:

- accurate, high-quality and timely information that helps people to make informed decisions about relationships, sex and sexual health
- preventative interventions that build personal resilience and self-esteem and promote healthy choices
- rapid access to confidential, open-access, integrated sexual health services in a range of settings, accessible at convenient times
- early, accurate and effective diagnosis and treatment of sexually transmitted diseases (STIs), including HIV, combined with the notification of partners who may be at risk
- joined-up provision that enables a seamless journey for individuals across a range of sexual health and other services including community gynaecology, antenatal and HIV treatment and care services in primary, secondary and community settings.

The commissioning of sexual health services largely falls within the remit of local authorities' public health departments, rather than the NHS. However, some aspects of sexual health are commissioned by CCGs and NHS England (NHSE).

The responsibility of Local Authorities, in accordance with the mandated duties under the Health and Social Care Act 2012, are set out below.

- i) Community contraception and:

- Long Acting Reversible Contraception (LARC) in general practice
 - Emergency Hormonal Contraception (EHC) in pharmacies
- ii) Community STI diagnosis and treatment, Chlamydia screening as part of the National Chlamydia Screening Programme (NCSP); HIV testing and partner notification for STIs and HIV
 - iii) Targeted Sexual Health Promotion and HIV prevention
 - iv) Free Condom scheme (C-Card)
 - v) Psychosexual services (sexual health element)

The ambition of the NHS Long Term Plan published in January 2019 is for the NHS and local authorities to work together at the community level to tackle the root causes of poor health and provide targeted services for those most at risk particularly in sexual health services. This ambition is underpinned by the findings from the House of Commons Health and Social Care Committee report on sexual health published in June 2019 which recommends that the NHS should work much more closely with local authorities to ensure collaborative commissioning of sexual health services.

1.5.2 Sexual Health in North Tyneside – Regional and National Comparisons

The sexual health service in North Tyneside is well used with a throughput of almost 20,000 clients in 2018/19.

In the last quarter of 2018/19 75% of attendances for diagnosis and treatment of STI's were from the under 35 year old age group, with over half of these being under the age of 25 years. In terms of gender, there is an even split between males and females and people attend from all wards in the borough.

The contraception element of the service is predominately used by females over the age of 25. In the last quarter of 2018/19 40% of attendances were from the under 25 year old age group.

The importance of improving sexual health is acknowledged in the Public Health Outcomes Framework with the inclusion of three sexual health indicators: the rate of under 18 conceptions; chlamydia diagnoses in 15-14 year old and late presentation of HIV. The borough performs favourably against the North East and National averages in all three indicators.

At a national level there has been an increase in new STI diagnoses in 2018. In the same period in North Tyneside the number of new STI diagnoses has remained stable with decreases in the number of the major STIs (notably syphilis) but there has been a slight increase in number of new diagnoses of genital warts and herpes.

According to NICE guidelines prevalence of HIV is considered low in the North Tyneside and there has been a decrease in new diagnoses in 2018. This is a general trend nationally. However, rates of late diagnoses, the most important predictor of morbidity and mortality among those with HIV infection has increased in 2018 nationally, regionally and in North Tyneside, although the numbers are small.

1.5.3 Proposal for a Sexual Health Service from 1 April 2021

In line with the Authority's Procurement Strategy consideration must be given to whether any part of the service can be directly delivered by the Authority. There is no evidence of any Local Authority in England in-sourcing a sexual health service. This is likely to be due to the highly specialist and clinical nature of the service.

The procurement will be guided by a detailed phased project plan. A brief outline of the plan is set out below:

Phase 1	Sept to Nov 2019	Scoping/Design and Development
Phase 2	Sept 2019 – March 2020	Engagement and Development
Phase 3	April to July 2020	Pre-tender period
Phase 4	Aug – Sept 2020	Main procurement activity
Phase 5	October 2020	Evaluation of bids/selection of provider
Phase 6	October 2020	Decision and Approval to Award
Phase 7	November 2020	Contract let and Final Contract conclusion
Phase 8	Dec 2020 – March 2021	Service Transition/mobilisation
Phase 9	April 2021 onwards	Contract management and monitoring

A Procurement Steering Group (PSG) will be convened with representatives from the LA, CCG and NHSE to enable a whole system review of sexual health services for residents in North Tyneside and to facilitate more collaborative approaches to commissioning.

1.5.4 Engagement and Development

A detailed Needs Assessment is currently being carried out. It is anticipated that this will be concluded by December 2019 and will form the basis for a comprehensive consultation exercise planned for January – March 2020.

The proposed consultation exercise will entail consultation with service users, potential service users, the general public and professionals and other organisations.

1.6 **Decision options:**

Option 1:

Cabinet to not approve the suggested Integrated Sexual Health Services Procurement Exercise 2020/21 set out at 1.2 and request Officers to look at alternative options.

Option 2:

Cabinet to approve the proposed Integrated Sexual Health Services Procurement Exercise 2020/21 set out at 1.2.

1.7 **Reasons for recommended option:**

Option 2 is recommended in order to continue to provide and improve a model of integrated sexual health services that is based on expressed local need and evidence of effectiveness, also ensuring best value for the Authority.

Local Authorities have the duty to reduce health inequalities and improve the health of their local population. The provision of open access sexual health services is mandated under the provisions of the Health and Social Care Act 2012. The current contract for the delivery of a sexual health service will terminate on 31 March 2020. If approved, the Authority will be in a position to commence a procurement exercise to appoint a replacement provider when the current contract comes to an end, allow for a comprehensive consultation exercise to be carried out and provide a sufficient transition period.

If the preferred option is not approved, the Authority will be unable to undertake the proposed procurement exercise and will be unable to meet its obligations under the Health and Social Care Act 2012.

1.8 Appendices:

There are no Appendices to this report.

1.9 Contact officers:

Wendy Burke, Director of Public Health	tel: (0191) 643 2104
Mark Longstaff, Head of Commissioning and Asset Management	tel: (0191) 6438089
Oonagh Mallon, Commissioning Manager	tel: (0191) 643 6434
Lynne Allen, Category Manager	tel: (0191) 643 5661
Sue Graham Finance Business Manager	tel: (0191) 643 7038

1.10 Background information:

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

- (1) [The NHS Long Term Plan](#) (Department of Health and Social Care – online version)
- (2) [The Prevention Green Paper](#) (Cabinet Office/Department of Health and Social Care, July 2019)
- (3) [Health Matters: preventing STIs](#) (Public Health England, 21 August 2019)
- (4) [Commissioning local HIV sexual and reproductive health services](#) (Public Health England, 26 March 2018)
- (5) [Making it work: a guide to whole system commissioning for sexual health, reproductive health and HIV](#) (Public Health England, 2 March 2015)
- (6) [House of Commons, Health and Social Care Committee – Sexual Health](#) (House of Commons, 2 June 2019)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

2.1.1 Out of the Authority's £12.102m Public Health ring-fenced grant, £1.850m is currently spent on Sexual Health Services. Procurement decisions will be made within the envelope of the funding available.

2.1.2 Procurement is an important tool in the drive for both quality improvement and greater efficiency.

2.1.3 Re-procuring Sexual Health Services may have the potential to achieve efficiencies.

2.2 Legal

- 2.2.1 The commissioning responsibilities of local government, Clinical Commissioning Groups and NHS England are set out in the Health and Social Care Act 2012. Additionally, local government responsibilities for commissioning most sexual health services and interventions are further detailed in The Local Authorities (Public Health Functions and Entry to Premises by Local Healthwatch Representatives) Regulations 2013. These mandate local authorities to commission confidential, open access services for sexually transmitted infections and contraception as well as reasonable access to all methods of contraception.
- 2.2.2 The procurement of a provider to deliver Sexual Health Services under a contract with the Authority will be a contract for services and as such will be governed by the Public Contracts Regulations 2015 (PCR). The Authority will carry out an open procurement exercise through the North East Procurement Organisation portal to determine the most suitable provider for this service. In doing so, the Authority will comply with the PCR 2015.
- 2.2.3 The nature of this service falls under schedule 3 of the PCR 2015 and to which Regulations 74, 75 and 76 apply, which means that what is commonly known as the 'Light Touch Regime' can apply to this procurement. This allows the Authority some degree of flexibility in the procurement process (including over the time periods for the procurement). There is potential risk of challenge with any procurement using a mechanism not expressly authorised by the PCR but the level of risk will be mitigated by the service falling under Schedule 3 provided that the Authority still complies with the European Commission's overarching principles of fairness, transparency and equal treatment for all bidders.
- 2.2.4 If Cabinet agree to the recommendations contained in this report, a further delegated officer decision will need to be taken by the Director of Public Health in consultation with the Head of Health, Education, Care and Safeguarding, Head of Commissioning and Asset Management, Head of Finance and Head of Law and Governance prior to the award of the contract to the identified provider. Twenty eight days notice on the Forward Plan of the delegated officer decision must be given and a record of the decision taken together with the report to the officer making the decision will need to be produced and published on the Authority's website (unless the matter for decision involves exempt or confidential information in accordance with Part 1 of Schedule 12A to the Local Government Act 1972).
- 2.2.5 The Authority also has a duty to secure best value from any procurement that it undertakes. The duty to secure best value applies to all procurements equally, and this is achieved by compliance with the Authority's Contract Standing Orders.
- 2.2.6 The regulatory requirements applicable to the Public Health services procurement exercise detailed in this report will be undertaken in such a way to take account of the procurement regulations prevailing at the time.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

Consultation will take place with internal stakeholders such as the 0-19 Public Health Service, North Tyneside YOS, Schools, Housing and Homelessness services and will be guided by the Integrated Sexual Health Procurement 2020/21 – Communication and Engagement Strategy, which is currently being produced.

2.3.2 External Consultation/Engagement

Discussions at contract meetings with providers have taken place since 2013. A letter to the current provider has been sent informing them of the expiry of the current Contract and our intention to commence a re-procurement exercise.

Additionally, extensive consultation will take place with stakeholders including service users and will be guided by the Integrated Sexual Health Procurement 2020/21 – Communication and Engagement Strategy.

2.4 **Human rights**

There are no Human Rights implications arising from this report.

2.5 **Equalities and diversity**

Currently there is a difference in the life expectancy between the most deprived and least deprived communities in the borough. The commissioning and delivery of services will aim to focus on closing this gap by ensuring that services target those who are most vulnerable and at highest risk of developing disease.

The procurement of sexual health services will be progressed in accordance with the aims and requirements of the 2010 Equality Act and the Public Sector Equality Duty.

The Tender documentation will require potential providers of sexual health services to confirm that they comply with all legal obligations for those with protected characteristics; an assurance that they are up to date with all relevant in legislation and that they have not been the subject of formal investigation on the grounds of unlawful discrimination.

The Contract will also contain a specific section in relation to equity of access, equality and non discriminatory practice which outlines the obligation on the provider to assure the Council on how it will comply with the requirements of the 2010 Equality Act and Public Sector Equality Duty.

Equality Impact Assessments are integral to the commissioning and procurement process. The Integrated Sexual Health Procurement – Communication and Engagement Strategy contains the commitment to undertake an Equality Impact Assessment at each stage of the consultation process.

2.6 **Risk management**

2.6.1 There are specific risks in procuring clinical services. It is anticipated that these risks will be managed through:

- Robust Service Specification following national guidance provided by Public Health England in 'Making it work: A guide to whole system commissioning for sexual health, reproductive health and HIV' – 2014
- Clear standards
- A system of reporting for serious untoward incidents
- Adequate clinical governance arrangements

2.6.2 In particular the following risks will require specific attention by senior managers:

- Political issues may arise with the possibility of awarding contract/s to private provider/s.
- There is the risk of service disruption during the transition period which may lead to increases in teenage pregnancy, increase in unintended pregnancy rates, late diagnosis of HIV which have health and cost implications
- Budgetary risks associated with the requirement for access to assessment and treatment for emerging conditions such as mycoplasma genitalium and resistant gonorrhoea

2.6.3 In procuring services from new providers there are risks of service disruption during transition. These risks will be managed as part of the project plan.

2.6.4 The risks associated with re-procuring sexual health services will be fully assessed and a detailed delivery plan will be developed to mitigate the risks identified.

2.6.5 Current providers:

- Impact upon relationships with current provider
- TUPE implications where it is decided that the service is provided by a new provider, either private or public sector.

2.7 Crime and disorder

There are no crime and disorder issues arising directly from this report. The tender specification will highlight the importance of safeguarding issues and this aspect will form part of the evaluation process.

2.8 Environment and sustainability

There are no Environment and Sustainability Implications arising from this report.

PART 3 - SIGN OFF

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

North Tyneside Council Report to Cabinet Date: 25 November 2019

Title: Council Tax Empty Homes Premium

Portfolio(s): Finance and Resources	Cabinet Member(s): Councillor Ray Glindon
Report from Service Area: Resources	
Responsible Officer:	Janice Gillespie, Head of Resources (Tel: (0191) 643 5701)
Wards affected:	All Wards

PART 1

1.1 Executive Summary:

In November 2017 the Chancellor of the Exchequer announced the government's intention to legislate to tackle the number of empty domestic properties. Parliament introduced the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 which amended section 11b of the Local Government Finance Act 1992. These changes to the 1992 Act enabled local authorities to increase Council Tax charges by applying premiums to long term empty properties.

On 14 October 2019 Cabinet was provided with a report outlining options to consider for the potential to introduce Council Tax premiums from 1 April 2020. At that meeting Cabinet authorised the Head of Resources to undertake consultation on the options being considered and to bring the results of the consultation back to Cabinet for consideration at its meeting on 25 November 2019.

This report provides the result of the consultation undertaken and makes recommendations based upon the consultation outcomes.

1.2 Recommendation(s):

1.2.1 It is recommended that Cabinet:

- (a) note the responses to the consultation exercise which are set out in paragraphs 1.5.18 to 1.5.21 of this report, and
- (b) invite Council to determine that, with effect from 1 April 2020 and 1 April 2021, the Council Tax empty homes premiums as set out in Option 1 of paragraph 1.6 of this report will apply across the Borough.

1.3 Forward Plan:

- 1.3.1 Twenty-eight days' notice of this report has been given and it first appeared on the Forward Plan that was published on 21 October 2019.

1.4 Council Plan and Policy Framework

This report links directly to priorities identified in the 2018-2020 Our North Tyneside Plan.

These are Our People; be cared for, protected and supported if they become vulnerable including if they become homeless. The proposed introduction of a Council Tax Premium is to tackle the number of properties that are left vacant for a considerable length of time and increase housing stock, which will support homeless intervention.

Our Places; be a great place to live by focusing on what is important to local people, such as tackling the derelict properties that are blighting some of our neighbourhoods.

1.5 Information:

- 1.5.1 Since April 2013, local authorities have been able to apply a maximum 50% Council Tax premium on properties which have been unoccupied and unfurnished for more than two years. To date the charging of a 50% premium was not considered viable, due to government guidance on best practice of exempting any properties from the additional premium that are actively up for sale or let, as well as the low collection rates of the premium elsewhere in the country and the low additional debit that would be gained against increased administrative costs.

New Legislation

- 1.5.2 In the November 2017 Budget, the Chancellor of the Exchequer announced the government's intention to legislate to bring the maximum charge for long term empty homes in England up to 200%, with the following statement: 'I want to address the issue of empty properties. It cannot be right to leave property empty when so many are desperate for a place to live, so we will legislate to give local authorities the power to charge a 100% Council Tax Premium on empty properties'.
- 1.5.3 Parliament introduced the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 which inserted sub-sections (1A), (1B) and 1(C) to section 11B, of the Local Government Finance Act 1992 (the 1992 Act).
- 1.5.4 These changes to the 1992 Act enabled local authorities to increase Council Tax empty property premiums at the rates sets out in paragraph 1.5.5 below.
- 1.5.5 a) From 1 April 2019 local authorities have the power to charge a 100% Council Tax premium for properties that have been unoccupied and unfurnished for more than two years.
- b) From 1 April 2020 local authorities will be able to charge a 200% premium on those properties which have been empty for five years or more.

c) From 1 April 2021 local authorities will be able to charge a 300% premium on those properties which have been empty for ten years or more.

Current position in North Tyneside

- 1.5.8 In North Tyneside, as at 1 September 2019, the total number of properties that could attract the Council Tax Premium stood at 460. Of those properties 305 have been empty for a period of between 2 and 5 years, 104 properties empty for a period of between 5 and 10 years with 51 properties empty for more than 10 years.
- 1.5.9 The Cabinet report of 14 October 2019 sets out the numbers of long term empty properties in North Tyneside by Council Tax band and the additional Council Tax debit that would be created if Council chose to introduce Council Tax empty homes premiums.
- 1.5.10 The concept behind the introduction of Council Tax premiums is to encourage owners to bring their long term empty properties back in to use by providing a financial disincentive for absentee landlords or owners to retain on a long term basis empty properties. It is therefore anticipated that if the initiative is successful the amount of additional Council Tax debit created will diminish considerably.
- 1.5.11 The majority of long term empty properties in North Tyneside are in the lowest Council Tax band (A), often in the more deprived areas of the borough and if brought back in to occupation could be a useful source of more affordable housing.
- 1.5.12 However, the potential benefits of the proposals do need to be considered in the context that in some areas where there may currently be a lower demand for rental properties, some owners may feel forced into letting properties to avoid paying the premium. This in turn could result in property management problems if properties were let to unsuitable tenants.
- 1.5.15 Cabinet may wish to consider proposing that some of the additional Council Tax income gained from introducing the premiums is used to support the initiatives already in place to tackle empty homes in the Authority's Housing and Regeneration Teams.
- 1.5.16 The Empty Homes and Private Sector Housing Officer within the Regeneration Team works with owners of empty properties to identify the most appropriate action to bring such property back in to use. A combination of support, guidance and enforcement can be used to reach a satisfactory result. Additional services provided include referral to the Authority's Deposit Guarantee Scheme for help setting up tenancies and finding tenants, advice on how to claim back Value Added Tax on renovation works for long term empty properties and how to find a suitable builder and access to other Authority services.
- 1.5.17 The Authority also operates an Empty Homes Leasing Scheme. This offers owners of long-term empty properties the opportunity to voluntarily lease their properties for use as affordable housing. The Authority will repair the empty property, let the property and manage the tenancy as part of the Authority's housing stock. The Authority recovers the refurbishment costs, a management fee and any day to day repair costs through the rental income gained. The scheme is aimed at addressing the issues caused by long term problematic empty properties which require a high level of investment to return them to occupation. The scheme has been successful in procuring 23 affordable housing units (for the Authority and partners) in recent years and will successfully return 18 properties to occupation in the next two years.

Consultation outcomes

1.5.18 The response from the National Landlords Association is as follows;

“As many councils have already implemented this strategy, we cannot object to a policy which is reasonable. If the person is not making efforts to get the property back into use, they are not acting as a responsible landlord, a two year window is reasonable.

One caveat would be if the landlord has done all in their power to provide a property which is fit for letting and the property remains empty due to environmental factors i.e. the property is in an area suffering from criminal activity or anti-social behaviour and therefore there is no demand for property from any suitable tenants then perhaps the council could work with the landlord to find a solution, and take these factors into account regarding Council Tax.”

1.5.19 The environmental issue raised by the National Landlords Association was also highlighted by a local landlord who asked that the government guidance on this issue was expressly noted in any Council decision in relation to the empty home premium. The guidance states that any owner of a property that has been empty in excess of two years who can demonstrate that the property is actively being marketed for sale or for rent at a reasonable level means that their property can be exempted from the Council Tax empty home premium.

1.5.20 From the Community and Voluntary Sector comment was fed back by the Director of North Tyneside Citizens Advice. “I have read the consultation proposals on introduction of Council Tax premiums for domestic properties that have been unoccupied and unfurnished for a period in excess of two years. I can confirm that we agree with the proposals to introduce Council Tax premiums and the objective of minimising empty properties.

1.5.21 The question posed in the on-line consultation engagement portal was: -

Please indicate whether you agree or disagree with the proposal to introduce Council Tax premiums in order to discourage owners from leaving properties empty for long periods, in excess of two years.

33 responses (67%) agree with proposal to introduce Council Tax premiums

0 responses (0%) neither agreed or disagreed with the proposal

16 responses (33%) disagreed with the proposal to introduce Council Tax premiums.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Based on the outcome of the consultation, to make a recommendation to Council at its meeting on 20 January 2020, to determine that the Council Tax empty homes premium set out below will apply across the Borough.

a) From 1 April 2020 charge a 100% Council Tax premium for properties that have been

empty for more than two years

b) From 1 April 2020 charge a 200% premium on those properties which have been empty for five years or more.

c) From 1 April 2021 charge a 300% premium on those properties which have been empty for ten years or more.

In line with Government recommendation agree that owners of properties that can demonstrate that the property is actively being marketed for sale or rent at a reasonable level are exempt from the premium on that property.

Option 2

Cabinet may choose to reject Option 1 and ask that the Service consider an alternative approach.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reason:

Consultation responses from the National Landlords Association and our Community & Voluntary Sector are in favour of the introduction of Council Tax premiums. The request to ensure Government guidelines are followed to protect owners who are doing everything in their power and actively trying to sell or let the property is noted and proposed as part of the recommendation.

The potential to incentivise owners of long term empty properties to bring them back into use, should prove positive for those groups more likely to experience housing issues such as younger people, single men and women and single parent families. This proposal may lead to positive impacts in relation to the Authority's approach to housing and homelessness.

1.8 Appendices:

1) Equality Impact Assessment

1.9 Contact officers:

Janice Gillespie, Head of Resource, tel. (0191) 643 5701

Andrew Scott, Senior Client Manager, Revenues, Benefits and Customer Service, tel. (0191) 643 7150

Tracy Hunter, Client Manager Revenues, Benefits and Customer Service, tel. (0191) 643 7228

1.10 Background information:

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

- (1) [Local Government Finance Act 1992](#)
- (2) [The Rating \(Property in Common Occupation\) and Council Tax \(Empty Dwellings\) Act 2018](#)
- (3) [Cabinet Report 14 October 2019- Council Tax Empty Homes Premium](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

If a decision is made to implement Council Tax Premiums as set out in the Cabinet report of 14 October 2019 then an initial increase in Council Tax income would be gained in the sum of £474,167 based on figures as at 1 September 2019. If initiatives are successful in bringing empty properties back in to use, then the amount received from Council Tax premiums will reduce accordingly.

Cabinet may wish to consider proposing that some of the additional Council Tax income gained from introducing the premiums is used to support the initiatives already in place, or consider new initiatives, to tackle empty homes.

2.2 Legal

The amendments made to section 11B of the Local Government Finance Act 1992 have been set out in the body of the report and the amendments specify the maximum percentage of Council Tax Premium that can be applied to properties that have been empty for the relevant periods of time as set out in section 11B..

Section 67 of the Local Government Act 1992 states that the function of making a determination under section 11B of the 1992 Act - Higher amount for long-term empty dwellings: England - is matter for full Council.

2.3 Consultation/community engagement

An e-form was made available on the Authority's website engagement portal. In addition, the National Landlords Association and Residents Landlords Association, through their local representatives and affiliated groups, were asked to seek views of their members and to feed back any views to the Authority. The Authority's Community and Voluntary Sector partners were also contacted directly asking for their views. Articles also appeared in the Newcastle Journal and the News Guardian making readers aware of the consultation exercise. A summary of the consultation responses are set out in the Information section of the report.

2.4 Human rights

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

2.5 Equalities and diversity

An EIA has been carried out and is appendix 1 to this report.

Should Council decide to implement Empty Homes premium from 2020/21, there would be a negative financial impact on the owners of these properties which remain unoccupied. There is no evidence to demonstrate a disproportionate impact in relation to those who have a protected characteristic.

The potential to incentivise owners of long term empty properties to bring them back into use, should prove positive for those groups more likely to experience housing issues such as younger people, single men and women and single parent families. Therefore this proposal may lead to positive impacts in relation to the Authority's approach to housing and homelessness.

2.6 Risk management

Where owners of long term empty properties feel forced into letting properties to avoid paying the premium, this could lead to some property management issues if properties were let to unsuitable tenants.

2.7 Crime and disorder

The reduction of long term empty properties in the borough may lead to a potential reduction in vandalism and anti-social behaviour associated with these properties.

2.8 Environment and sustainability

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

PART 3 - SIGN OFF

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

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Appendix 2 – Equality Impact Assessment for removing Risk Based Verification of Housing Benefit and Council Tax Support new claims

Equality Impact Assessment (EIA)

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

1. Author, service area, date

Andy Scott, Senior Client Manager Revenues, Benefits & Customer Services, 13 September 2019

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

Tracy Hunter, Client Manager Revenues, Benefits and Customer Services

3. What proposal is this EIA assessing?

To consider implementing Council Tax Premiums to long term empty properties. .

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

The purpose of the proposal is to incentivise owners of long term empty properties to bring them back in to use. The majority of long term empty properties in North Tyneside are in the lowest Council Tax band, often in more deprived areas of the borough. If these were brought back in to occupation it would offer a useful source of more affordable housing.

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

Aim	Yes, No, or N/A	Details if 'yes'
Eliminate unlawful discrimination, victimisation and harassment	N/A	
Advance equality of opportunity between people who share a protected	N/A	

characteristic and those who do not		
Foster good relations between people who share a protected characteristic and those who do not	N/A	

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

Page 352

Protected characteristic	Potential positive or negative impact?	Explanation and evidence
All protected characteristics	Yes	There is potential for negative financial impact on some individuals where they will be required to pay more Council Tax if they own a property which has been empty for more than two years.
Age	Yes	The proposal to introduce Empty Homes Premiums should incentivise owners to bring long term empty properties back in to use. This will potentially boost the supply of properties available to buy or rent, leading to a positive impact on our Housing and Homeless Strategies. This should prove positive for groups more likely to experience housing issues such as younger people, single residents and single person families. This decision may lead to positive impacts in terms of age, sex and potentially pregnancy/maternity.
Disability	No	
Gender	Yes	The proposal to introduce Empty Homes Premiums should incentivise owners to bring long term empty properties back in to use. This will potentially boost the supply of properties available to buy or rent, leading to a positive impact on our Housing and Homeless Strategies. This should prove positive for groups more likely to experience housing issues such as younger people, single residents and single person families. This decision may lead to positive impacts in terms of age, sex and potentially pregnancy/maternity.
Gender reassignment	No	
Marriage and civil	No	

partnership status		
Pregnancy and maternity	Yes	The proposal to introduce Empty Homes Premiums should incentivise owners to bring long term empty properties back in to use. This will potentially boost the supply of properties available to buy or rent, leading to a positive impact on our Housing and Homeless Strategies. This should prove positive for groups more likely to experience housing issues such as younger people, single residents and single person families. This decision may lead to positive impacts in terms of age, sex and potentially pregnancy/maternity.
Race	No	
Religion or belief	No	
Sexual orientation	No	

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

- We have discussed the process internally with the Head of Finance and the Lead member for Finance and Resources has also been consulted.
- We have discussed impacts with the other 11 North East regional authorities.
- We are seeking permission from Cabinet to consult externally by way of an online questionnaire, liaison with national landlords association and our Community and Voluntary Sector Partners.

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

No

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

Action	Responsibility	Timescale

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

No negative impacts have been identified. We will carry out regular reviews of this process to ensure that no negative impacts emerge.

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

Cabinet will consider the report on the 14 October 2019

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

We will have regular review meetings to discuss outcomes of this proposal if the premiums are ultimately introduced to identify any emerging issues.

13. When will this EIA be reviewed?

The EIA will be reviewed annually.

North Tyneside Council Report to Cabinet Date: 25 November 2019

Title: Whitley Bay Crematorium and Cemetery upgrade

Portfolio: Environment and Transport	Cabinet Member: Councillor Carl Johnson
Report from Service Area:	Environment, Housing and Leisure
Responsible Officer:	Phil Scott, Head of Environment, Housing and Leisure Tel: (0191) 6437295
Wards affected:	All wards

PART 1

1.1 Executive Summary:

On 9th December 2013, Cabinet approved the investment for the refurbishment of Tynemouth Crematorium, (including the provision of fully mercury abated cremators) and at the same time committed to an improvement plan for Whitley Bay Crematorium, at a later date.

The Cremators at Whitley Bay Crematorium were installed in 2000 and are coming to the end of their useful life.

This report seeks Cabinet approval to commence a procurement exercise in line with section 8(6) of Contract Standing Orders, supporting the upgrade and refurbishment of Whitley Bay Cemetery and Crematorium. The total cost of the works to be procured is expected to exceed £500,000 in value.

This project has been included in the Council's Investment Programme.

1.2 Recommendations:

It is recommended that Cabinet:

- 1) approve the upgrade and refurbishment and the provision of a new cremator at Whitley Bay Cemetery and Crematorium subject to approval of the budget by full Council;
- 2) delegate authority to the Head of Environment, Housing and Leisure in consultation with the Cabinet Member for Environment and Transport, Head of Resources and Head of Law and Governance to commence a procurement and subject to budget

approval award a contract to the bidder who represents the most economically advantageous tender.

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 28th October 2019.

1.4 Council Plan and Policy Framework

This report relates to the “Our Places” priority in the 2018-2020 Our North Tyneside Plan.

1.5 Information:

1.5.1 Background

The Authority operates two crematoria in the Borough (Tynemouth and Whitley Bay). Both carry out around 1,000 cremations per annum. In 2015, Tynemouth Crematorium was refurbished at a cost of £2.777m, (cremators £1.886m and building work £0.891m).

Following the completion of the upgrade at Tynemouth an improvement plan for Whitley Bay has been considered. The cremators at Whitley Bay are approaching the end of their economic life and it is considered best practice that any replacement cremators are mercury abatement compliant.

All new cremators as defined in Process Guidance Note 5/2(04) Secretary of State's Guidance for Crematoria and note AQ1 (05) Control of Mercury Emissions from Crematoria, should be fitted with mercury abatement. The notes provide information on the conditions appropriate for the control of emissions into the air from crematoria processes/ installations and guidance on using the Best Available Techniques (BAT).

1.5.2 Whitley Bay

The two cremators at Whitley Bay were fully commissioned in January 2000. They are nearly 20 years old and use outdated technology with no mercury abatement in place.

Historically, Tynemouth Crematorium carried out the most cremations, however, over the past few years demand for both Crematoriums has become similar. This is largely due to residents from outside of the Borough choosing to use Whitley Bay.

The average number of cremations carried out at Whitley Bay over the last three years is 1,015 per annum and 30% of these services were from outside the Borough. The average out of Borough income equates to £225k per annum, so there is a risk of losing potential future income if Whitley Bay Crematorium was not upgraded. It is also important to note that not all custom would transfer to Tynemouth.

1.5.3 Design and Procurement

The upgrade at Whitley Bay Crematorium will include the following improvements;

- Replacement of the two cremators with one larger capacity fully mercury abated cremator
- A new vehicle exit will be introduced at the north west corner to create a one way system within the Cemetery

- Provision of a car park for approximately 15 cars plus 2 disabled parking bays
- Relocation of the Book of Remembrance to an unused building near the main entrance
- Minor refurbishment work to the public toilets
- Changing the use of the current Book of Remembrance room into a waiting/overflow area for services.

The Authority will be able to maintain a cremation service at Tynemouth Crematorium during the period of time that Whitley Bay Crematorium is closed for refurbishment. Funeral Directors will liaise directly with families, so they are aware of the alternative options available in respect of the cremation service.

A competitive tendering exercise will be carried out for the provider of the cremation equipment.

1.5.4 Project Timetable

The overall programme of works is proposed to take place in the financial year 2020/2021 and is scheduled to take 26 weeks.

1.6 **Decision options:**

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet may approve the recommendations set out in paragraph 1.2 to upgrade Whitley Bay Cemetery and Crematorium including the installation of one larger size fully mercury abated cremator and commence a procurement.

Option 2

Cabinet may not approve the recommendations and continue to run the cremators with no improvements and defer a decision to later a date. However, this option increases the risk of unforeseen breakdowns and unplanned downtime, which could lead to disruption in the cremation service and unnecessary distress for bereaved families.

Option 1 is the recommended option.

1.7 **Reasons for recommended option:**

Option 1 is recommended for the following reasons:

The Authority, as the Cremation Authority, is required in accordance with the Cremation Acts of 1902 and 1952 and the Cremation (England and Wales) Regulations 2008 to ensure that crematoria are maintained and in good working order.

The cremators are coming to the end of their useful life and becoming more difficult to repair. Not only will on-going maintenance costs increase but there is also a high risk of breakdowns. Unplanned repairs would cause operational difficulties and potential distress for bereaved families.

If DEFRA increase the target for reducing the amount of mercury emitted into the atmosphere to 100%, the Authority would not be able to continue operating the current cremators. The average number of cremations carried out at Whitley Bay Crematorium over the last three years is 1,015 per annum, 30% of these services were from outside the Borough. The average out of Borough income equates to £225k per annum so there is a risk of losing potential future income as not all custom would transfer to Tynemouth.

1.8 Appendices:

None.

1.9 Contact officers:

Phil Scott – Head of Environment, Housing and Leisure. Tel 0191 6437295
Samantha Dand – Senior Manager, Local Environmental Services. Tel 0191 6437294
Andrea Taylor – Operations Manager, Bereavement Services. Tel 0191 6436076
Cathy Davison – Principal Accountant, Finance. Tel 0191 6435727

1.10 Background information:

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

- Pollution Prevention and Control Act 1999
- Pollution Prevention and Control Regulations 2000
- Environmental Permitting (England & Wales) Regulations 2010
- Process Guidance Note PG5/2(04)
- Additional Guidance Note AQ1(05)
- Cabinet report 8 July 2013
- Cabinet report 9 December 2013
- Cabinet report 23 January 2014

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

The current estimated cost for the refurbishment of Whitley Bay Cemetery and Crematorium, including the replacement of the two cremators with one larger size fully mercury abated cremator is £1.541m. If approved this scheme will be included in the budget setting process and the project will be carried out in financial year 2020/21.

It is proposed that the costs of borrowing will be funded through Bereavement Services revenue budget. The service has a budget to generate £0.741m of net controllable income every year. The annual cost of the minimum revenue provision (MRP) and interest costs associated with the investment are estimated to be no more than £0.073m.

The asset lives for the buildings and equipment at Tynemouth Crematorium have been reviewed and as a result extended, resulting in a budget saving of £0.058m per annum. Therefore, this saving plus £0.015m income from this service will fund the additional costs of borrowing associated with this investment.

2.2 Legal

The Authority, as the Cremation Authority, is required in accordance with the Cremation Acts of 1902 and 1952 and the Cremation (England and Wales) Regulations 2008 must ensure that crematoria are maintained in good working order.

A crematorium may be closed by a Cremation Authority, even temporarily for refurbishment, where the Cremation Authority has given not less than one month's notice. This must be done by an advertisement in a local newspaper and by a written notice fixed at the entrance to the crematorium where it can be easily read. The Cremation Authority must give one month's notice in writing to the Secretary of State for the permanent closing or the opening of a new crematorium.

The procurement shall be carried out in compliance with the Public Procurement Regulations 2015 and the Authority's Contract Standing Orders.

The Authority does not guarantee the acceptance of any tender therefore should Council not approve the budget the Authority may abort the procurement process.

2.3 Consultation/community engagement

Consultation has been carried out with the Cabinet Member for Environment and Transport.

2.4 Human rights

There are no human rights issues directly arising from this report

2.5 Equalities and diversity

There are no equality and diversity issues which arise directly from this report

2.6 Risk management

Any risk management issues are included within the Authority's risk register and will be managed by this process.

2.7 Crime and disorder

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

2.8 Environment and sustainability

Replacing two cremators with one mercury abated cremator should result in a reduction to the Council's carbon footprint due to lower gas and electricity consumption. This will be further assessed during the procurement exercise. The carbon footprint of Whitley Bay Crematorium is monitored through the Council's carbon budget reporting process. Additionally, the mercury abated cremator will stop the release of mercury related emissions into the atmosphere.

PART 3 - SIGN OFF

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

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