



North Tyneside Council

20 July 2018

Monday, 30 July 2018 Room 0.02, Ground Floor, Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside **commencing at 6.00pm.**

Cabinet

Agenda Item

Page(s)

1. **Apologies for Absence**

To receive apologies for absence from the meeting.

2. **To Receive any Declarations of Interest and Notification of any Dispensations Granted**

You are invited to **declare** any registerable and/or non-registerable interests in matters appearing on the agenda, and the nature of that interest.

You are also invited to disclose any dispensation in relation to any registerable and/or non-registerable interests that have been granted to you in respect of any matters appearing on the agenda.

Please complete the Declarations of Interests card available at the meeting and return it to the Democratic Services Officer before leaving the meeting.

3. **Minutes**

To confirm the minutes of the meeting held on 25 June 2018 (Ordinary Meeting) (previously circulated).

Continued overleaf

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

North Tyneside Council wants to make it easier for you to get hold of the information you need. We are able to provide our documents in alternative formats including Braille, audiotape, large print and alternative languages.

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

Agenda Item	Page(s)
<p>4. 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>5. Key (and non-key) Decisions</p>	
<p>(a) Business Factory European Regional Development Fund Extension (All Wards)</p> <p>To seek approval, once it has been approved by the Ministry of Housing, Communities and Local Government, to receive grant funding to deliver the business support programme between April 2019 and December 2021.</p>	5-14
<p>(b) Partners in Practice (All Wards)</p> <p>To receive an update in relation to the positive developments of Partners in Practice and to seek authorisation to accept funding from the Department of Education.</p>	15-20
<p>(c) The findings of the Ofsted Focused Visit (All Wards)</p> <p>To receive the findings of the Ofsted Focused Visit of North Tyneside to review the Authority's Children's Services Front Door arrangements, and to agree the plans to deal with the areas for development identified by Ofsted for improvement.</p>	21-26
<p>(d) Education for North Tyneside (All Wards)</p> <p>To consider a report on progress in the local context of the Education Review carried out in North Tyneside between October 2013 and January 2015.</p>	27-47
<p>(e) Tackling Deprivation in North Tyneside (Chirton, Riverside, Howdon and Wallsend Wards)</p> <p>To consider a report on the evaluation of the work tackling deprivation in North Tyneside and the proposed expansion of the approach to include Howdon and Wallsend Wards, and to seek approval for a revised set of policy priorities and actions to steer the next phase of this effort.</p>	48-59
<p>(f) 2018-19 Financial Management Report to 31 May 2018 (All Wards)</p> <p>To receive the first budget monitoring report for the current financial year which reflects the forecast financial position to 31 May 2018.</p>	60-103

(6) 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 6(a) below in private.

Cabinet is requested to consider passing the following resolution:

Resolved that under Section 100A (4) of the Local Government Act 1972 (as amended) and having applied a public interest test as defined in Part 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.

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

(a) Land Adjacent to the A187, Howdon (Howdon Ward)

104-108

To seek approval to declare the land adjacent to the A187, Howdon surplus to the Authority's requirements and make it available for sale by private treaty to Nexus.

(7) Date and Time of Next Meeting(s)

Monday 10 September 2018 at 6.00pm (Ordinary Meeting)

Circulation overleaf.....

Circulated to Members of Cabinet: -

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

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

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

North Tyneside Council

Report to Cabinet

30 July 2018

ITEM 5(a)

Title: Business Factory
ERDF Extension

Portfolio(s): Economic Development

Cabinet Member(s): Cllr Bruce Pickard

Report from Service
Area:

Business and Economic Development

Responsible Officer:

Patrick Melia – Chief Executive

Tel: (0191)
6432001

Wards affected:

All

PART 1

1.1 Executive Summary:

This report is concerned with the bid to the European Regional Development Fund (ERDF), by North Tyneside Council ('the Authority') to extend its offering of enterprise and business support for a further 3 years.

The Authority has delivered an ERDF funded enterprise support programme since 2009 and during this time, the self-employment rate in North Tyneside has risen from 4.3% of the population to 9.6% of the population and the number of businesses has increased from 3,790 to 5,060. The Authority was also awarded the Enterprising Britain Award in November 2017 from the Department of Business, Energy and Industrial Strategy (BEIS) for the best enterprise support programme in Great Britain.

The proposed programme will be delivered between 1 April 2019 and 31 December 2021 offering a comprehensive package of support to start-up a minimum of 203 new businesses and assist a minimum of 406 growing businesses.

The additional ERDF funding is yet to be approved. If successful, the Authority expects to receive confirmation from the Ministry of Housing, Communities and Local Government (MHCLG) in Autumn 2018.

This report seeks approval, once it has been approved by MHCLG, to receive grant funding totalling £0.825m to deliver the business support programme between April 2019 and December 2021.

1.2 Recommendation(s):

It is recommended that Cabinet authorise:

1. the Head of Finance to accept the offer of the grant of £0.825m ERDF funding (subject to formal approval of the same, as above) from MHCLG;

2. the Chief Executive in consultation with the Deputy Mayor, Head of Finance and Head of Law and Governance to:
 - i. take all necessary steps to complete the grant funding agreement pursuant to the above; and
 - ii. to undertake a procurement exercise for a contractor(s) to deliver pre-start up and business growth services; and
 - iii. to award contracts to the successful bidders, for the works set out in the report, who present the most economically advantageous tender to the Authority.

1.3 Forward Plan:

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

1.4 Council Plan and Policy Framework

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

Our economy will:

- Grow by supporting new businesses and building on our strengths
- Be business friendly. Ensuring the right skills and conditions are in place to sort investment

1.5 Information:

1.5.1 Background

Cabinet approval was received in March 2009 to accept ERDF funding of £0.749m to commence a comprehensive programme of enterprise support which was delivered under the Authority's Business Factory brand. In total £2.775m of ERDF funding has been awarded to deliver enterprise support alongside the Authority's own contribution with the current project ending in March 2019.

In September 2017, the Ministry of Housing, Communities and Local Government (MHCLG) invited outline applications for new and extension projects to deliver projects under ERDF European Growth Programme, Priority Axis 3, Enhancing the Competitiveness of Small and Medium-Sized Enterprises.

On 10 November 2017 the Authority submitted an outline application to extend the current project for a further three years. This outline application was approved and the Authority was invited to submit a full business case. On 8 May 2018, the Authority submitted a full business case to receive further ERDF funding of £0.825m. It is proposed that this will assist 406 residents to become 'enterprise ready', help start-up a minimum of 203 new businesses and support 406 existing enterprises. Over the three year period, the £0.825m of ERDF funding will be used alongside the Authority's existing enterprise budget of £0.300m per annum, to deliver a £1.650m project which will commence on 1 April 2019 and continue until 31 December 2021.

In October 2017 the current business support project was recognised by the Department of Business, Energy and Industrial Strategy (BEIS) and awarded an Enterprising Britain Award as the best in the country at promoting entrepreneurial spirit. The project was also chosen by BEIS to represent the UK at the European Enterprise Promotion Awards in Estonia in November 2017.

The Business and Economic Development service within the Authority has delivered the comprehensive Enterprise Programme using ERDF for over eight years (as detailed above). The project was expanded in 2016 to include support to existing businesses and since the project started, the numbers of self-employed residents in the borough of North Tyneside has risen from 5,800 (4.3% of the population) to 13,200 (9.6% of the population), the table below outlines the progress in the last eight years.

Percentage of economically active residents who are self-employed

	Dec 2009	Dec 2017
North Tyneside	4.3%	9.6%
North East Average	5.8%	7.8%
GB Average	9.0%	10.6%

Source: ONS Annual Population Survey

The total number of businesses has increased from 3,790 to 5,060 since 2010 – an increase of 34%, which is significantly above the regional and national averages. The unemployment rate has also reduced from 8.7% to 5.8% as outlined in the tables below:

Total number of enterprises

	2010	2017	% Increase
North Tyneside	3,790	5,060	34%
North East	55,865	69,830	25%
GB	2,031,845	2,598,095	28%

Source: ONS Inter Departmental Business Register

Percentage of economically active residents who are unemployed

	Dec 2009	Dec 2017
North Tyneside	8.7%	5.8%
North East Average	9.7%	6.2%
GB Average	7.6%	4.4%

Source: ONS Annual Population Survey

1.5.2 Procurement Process

The Authority will carry out a significant procurement exercise which will be advertised on the NEPO portal and the Official Journal of the European Union (OJEU) in line with European Structural and Investment Fund Procurement requirements, in order to deliver the pre-start up and business growth services. The estimated value of this contract is £1.141m over the three years and will consist of the following activities:

1. Staffing costs to deliver the pre-start service – The Business Factory
2. The social enterprise service
3. Innovation programme
4. Specialist consultancy for small to medium enterprises

The procurement exercises will utilise the 'open procedure', will be carried out in accordance with the Public Contracts Regulations 2015 and will have regard to the European Treaty principles of openness, fairness and transparency.

The remainder of the funding for the project will be utilised as follows:

In order to manage the programme and deliver support to existing businesses, five existing staff posts will be funded at a value of £0.486m.

The remaining £0.023m will be used to deliver the website and evaluate the project. All web and evaluation services will be procured in accordance with European requirements (where applicable) and the Authority's Contract Standing Orders. These elements of the project will be procured as and when required.

1.5.3 Priority Groups

Although a non-exclusive project, the priority target groups for this project extension are:

1. Individuals located within North Tyneside's areas of disadvantage. Within this group, it is anticipated that this will include: individuals with a disability, ex-offenders, long-term unemployed, young people (aged 16-24), older people (aged over 50), women, black and minority ethnic people, lone parents and people with care responsibilities.
2. Those that have become unemployed through redundancy or are at risk of being made redundant.
3. Under-represented groups, in particular budding women entrepreneurs. For example, the project will target lone parents and, as part of the new programme, it will work in schools not only to encourage enterprise among 16-18 year olds, but also to access parents, especially women. The Authority also intends to hold "enterprising mums" workshops which have proved highly successful in the current project.
4. People who are employed or underemployed, especially those on low wages with the skills and resources to start a business and raise their standard of living.
5. Those new and existing businesses in the borough with potential to grow and go on to create additional employment opportunities.
6. Individuals wishing to explore Social Enterprise.

1.5.4 Key delivery initiatives:

- Business Factory

This will build on the work of the current Business Factory in providing advice, workshops and business planning support to those residents of North Tyneside interested in starting a business. Significant progress has been made in North Tyneside with a large increase in the number of self-employed residents; however, the borough still ranks lower than other parts of the country in terms of business start-ups particularly from those living in the more deprived areas. Accepting the ERDF funding to extend this project will ensure that the current work in breaking down these barriers continues. This service is a vital component of enterprise support provision for the borough, which may not otherwise be tackled or commissioned through other funding sources.

The Business Factory will consist of a three-strong team of business start-up advisers, who will be supported by an administration assistant and team leader offering direct interaction and support through the initial stages of the enterprise journey.

In addition to helping beneficiaries in disadvantaged areas, the Business Factory team will also focus on both public and private sector redundancies involving people who have either been made redundant or who are at risk of redundancy. This team will have additional support from three existing North Tyneside Council Business Development Officers and the North Tyneside Business Forum Officer to help existing businesses to scale up.

- New product development / intellectual property support

This service will support beneficiaries who have ideas for a new product or innovation, but do not know how to take their idea forward. The extension of the product development / intellectual property support service will provide the necessary information to help these people through the early steps in taking their idea to the point of becoming a viable business. This element will also be available to the existing businesses to help them embrace innovation and growth, and give those businesses with new product ideas access to a 3-D printer to help with rapid prototype development.

- Encourage and develop social enterprise activity

Social enterprise support is helping to put more power and opportunity into the hands of local people. The service will support a new generation of community organisers, especially those based in the most deprived areas, giving them the opportunity to work with a social enterprise specialist. The project will encourage those non active members of local communities to raise their levels of aspiration by encouraging and helping beneficiaries create mutuals and social enterprises. Help will be given to the 40 plus social enterprises supported to start-up in the previous programme to survive and grow.

- Specialist Consultancy

This support will assist new and existing businesses to thrive by offering a minimum of two days intensive one to one consultancy in areas such as marketing, social media and design. It is expected that this support will help business stock grow and create further job opportunities in the borough.

1.5.5 Delivery Model

The specialist provision will be openly procured (as identified in 1.5.3 above) to identify a partner to deliver the start-up development, consultancy support, new product development and social enterprise initiatives within the project. This has worked successfully with the existing project which has been delivered through a performance-related contract. There will be additional staffing costs recovered under the programme and there will be significant interest in the tender which will enable the Authority to achieve financial efficiencies over the lifetime of the project.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet to approve the recommendations set out in paragraph 1.2 of this report to accept the offer of ERDF funding (once approved) and delegate authority to deliver the project as set out in this report.

Option 2

Cabinet not to accept the offer of grant funding (if approved) and for the Authority to continue to invest in a reduced business start-up service without external funding.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

Accepting the ERDF grant offer (if approved) will provide the resources needed to deliver a comprehensive business start-up programme. Significant progress has been made since the commencement of the project in 2009 to close the gaps in business start ups identified earlier in this report between the borough of North Tyneside and the national average, but there is still some way to go.

The North East traditionally falls behind the rest of the UK in business creation rates and the project has already proven its value in closing the gap and creating record breaking numbers of new businesses and job opportunities, achieving national recognition from the Department of Business, Energy and Industrial Strategy (BEIS) Enterprising Britain competition.

1.8 Appendices:

Appendix: ERDF Bid Summary Outcomes

1.9 Contact officers:

Patrick Melia – Chief Executive, tel. 0191 643 2001

Sean Collier – Senior Manager - Business and Enterprise, tel. 0191 643 6409

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

1.10 Background information:

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

(1) ERDF Business Case

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

The Authority is accountable to the European Regional Development Fund and MHCLG for the financial management of the grant. The Authority's existing Business and Economic Development budget will be used as match funding for the project extension. Other than this, no additional funding is required.

The Authority will account for the use of this grant and the associated match funding clearly within one cost centre and financial controls are in place to maintain transparency in the flow of funding in and out of this account. This will ensure that upon and the spending of the grant funding can be easily verified internally and by the funders if required.

2.2 Legal

2.2.1 Funding Terms and Conditions

In terms of the ERDF grant funding, the Authority must adhere to the European Regional Development Fund's terms and conditions of funding these terms shall be reviewed by the Head of Law and Governance.

2.2.2 Procurement

All procurement activity, utilising the ERDF grant funding, and the funding provided by the Authority will be carried out in accordance with the Authority's Contract Standing Orders and the Public Contracts Regulations 2015. Where appropriate, tenders will be advertised in the Official Journal of the European Union (OJEU) in line with European Structural and Investment Fund Procurement requirements.

2.2.3 State Aid

In utilising both the grant funding and the Authority's own resources in the manner set out in this Report, the Authority will need to be mindful of the European rules on State aid.

The purpose of the State Aid Rules is to ensure that public money is not used to give financial advantage to businesses or 'undertakings' in such a way that would distort competition.

The State Aid rules apply when assistance is given using public resources on a selective basis, to Undertakings (organisations that put goods and services on the market). The proposed use of the project funding (both ERDF and Authority funding) to individuals (pre-start up support) prior to them setting up an Undertaking is therefore not caught by the State Aid Rules.

The proposed post-start up support that will be given to existing Undertakings, and consequently does have State Aid implications for the Authority. An explanation of these implications is given below:

2.2.4 De Minimis regulation

The De Minimis regulation declares that aid of up to €200,000 to an individual Undertaking over a rolling period of 3 years will not distort competition between the European Member States and as such, is not notifiable aid for which European Commission approval is required.

Although the financial limit of €200,000 aid over a 3 year period applies to each individual Undertaking, the obligation to ensure that each individual Undertaking is within this limit rests with the Authority. With this obligation comes a risk. Should an individual Undertaking be found to be in receipt of aid given on the basis of the de minimis rule, which results in the Undertaking exceeding the limit of €200,000 in the 3 year period, the funding provided over and above the €200,000 limit will be impermissible aid and will be recoverable from the Undertaking. Any recovery of sums would be for the Authority to pursue as the Funder and may lead to reputational damage.

2.2.5 The Authority's obligations in relation to De minimis aid

The Authority must ensure that the aid provided by it does not exceed the €200,000 limit over the previous 3 year period detailed above. To meet the obligation placed on the Authority, it will:

- ask each Undertaking to whom monies are to be granted to confirm in writing what money / grant it has received over the last 3 years under the de minimis regulation, to ensure that there is scope within their limit for the aid proposed by the Authority.

- accurately value the aid it is providing to the Undertaking and inform the Undertaking that this valuation must be provided in the future, if the Undertaking is to receive any further de minimis aid from the Authority or any other organisation providing State aid.

In providing the funding the Authority will require that the Undertaking financially indemnify it should the Authority rely on information provided by the Undertaking which is incorrect or misleading in order to provide the de minimis aid.

2.3 Consultation / community engagement

Consultation has been sought from a wide range of service users, partners and stakeholders through an independent evaluation of the project. The interim evaluation report has shown that 90% of start-up clients and 96% of existing businesses have rated the project as useful or very useful. The project has also evidenced that it is particularly successful in supporting female entrepreneurs (54% of participants to date) and lone parents (11% of participants).

The Management Group of the North Tyneside Business Forum has expressed its support for an extended Business Factory programme and a number of focus groups have been held which included residents, council officers and partners to ensure the current and planned service are meeting the needs of the public and not creating duplication of other support in the borough.

2.4 Human rights

There are no human rights issues arising from this report.

2.5 Equalities and diversity

The funding is directly targeted at vulnerable and under-represented groups in order to increase their participation in enterprise activities. Those involved in the project will commit to appropriate equality legislation and relevant advisory bodies to whom they can refer where appropriate. The programme being delivered has been designed to combat the multiple barriers faced by the target groups across all stages of design and delivery. Marketing and publicity will take account of the various needs and characteristics of the target groups in order to maximise the levels of engagement. The programme's targeted nature goes beyond equality of access and seeks to proactively re-engage those who have been disadvantaged by their circumstances.

2.6 Risk management

Project management arrangements include the establishment of a project steering group which will create and manage a risk register for the initiative. The register will identify key risks and appropriate mitigation of those risks.

2.7 Crime and disorder

Reducing reoffending rates among residents is a key area for development. Ex-offenders and long-term unemployed are some of the groups targeted by this initiative.

2.8 Environment and sustainability

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

PART 3 - SIGN OFF

- Deputy Chief Executive

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- Head(s) of Service

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- Mayor/Cabinet Member(s)

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- Chief Finance Officer

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- Monitoring Officer

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- Head of Corporate Strategy

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Appendix 1

ERDF Summary of Performance Indicators

Outputs	Total
Enterprises receiving information, diagnostic and brokerage support	406
Number of new enterprises supported	203
Individuals assisted to be enterprise ready (minimum of 12 hours support)	406
Results	
Jobs created in existing businesses	294
Jobs created in new businesses	203
New businesses created	203

North Tyneside Council

Report to Cabinet

Date: 30 July 2018

ITEM 5(b)

Title: Partners in Practice

Portfolio(s): Children, Young People and Learning

Cabinet Member(s): Councillor Peter Earley

Report from Service

Area: Health, Education, Care and Safeguarding

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

Wards affected: All

PART 1

1.1 Executive Summary:

Cabinet will know that North Tyneside Council (the Authority), in partnership with South Tyneside Council, has successfully secured national Partner in Practice status and funding from the Department for Education (DfE).

Acting as the Tyneside Alliance, the Authority together with South Tyneside Council will jointly deliver sector-led improvement activity to local authorities across the country that have been identified as, or identified themselves as, requiring improvement to their children's services. Both authorities have received funding for two years from the DfE in order to deliver this work.

In addition, both authorities have been funded to invest in innovative new projects within their own organisations. In North Tyneside, this funding will support the development and implementation of a new Keeping Families Connected service. This service aims to deliver the Elected Mayor and Cabinet's priority objective that Our People will be cared for, protected and supported.

The purpose of the report is update Cabinet in relation to these positive developments and to seek authorisation to accept the funding from the DfE.

1.2 Recommendation(s):

It is recommended that Cabinet note the Partners in Practice status awarded to the Authority, in partnership with South Tyneside Council, and authorise the Head of Health, Education, Care and Safeguarding, Director of Children's and Adult Services, in consultation with the Head of Finance, the Cabinet Member of Finance, and the Head of Law and Governance, to:

- (1) accept the funding from the Department for Education from the joint allocation for Sector Led Improvement, in accordance with the level of activity undertaken and resource committed by the Authority, as set out in section 1.5.2 of this report, over the 2018/19 and 2019/20 financial years;
- (2) accept £1,086,760 funding, as set out in section 1.5.3 of this report, from the Department for Education over the 2018/19 and 2019/20 financial years;
- (3) use the funding to resource the projects, as set out in sections 1.5.2 and 1.5.3 of this report, over the 2018/19 and 2019/20 financial years, in line with the agreed financial plan for the Authority.

1.3 Forward Plan:

Twenty eight days notice of this report has been given and it first appeared on the Forward Plan that was published on 27 June 2018.

1.4 Council Plan and Policy Framework

This report relates to the following priorities in the 2018-20 Our North Tyneside Plan:

- (1) Our People will be ready for school
- (2) Our People will be ready for work and life
- (3) Our People will be cared for, protected and supported
- (4) Our People will be healthy and well

1.5 Information:

1.5.1 Background

The Partners in Practice (PiP) programme is a national initiative developed and funded by the Department for Education. The programme aims to increase joint working between central and local government, by working with the best performing local authorities in relation to children's social care, to improve the overall system.

There are three strands of the national programme:

- Driving sector-led improvement by injecting capacity into the sector to support authorities in need of support to improve
- Continuing to demonstrate excellent practice and driving innovation, building understanding of what works; and
- Supporting wider programmes to raise the standard of frontline practice, including piloting new initiatives, and supporting the department with policy development.

The first phase of the PiP programme commenced in 2016, with ten local authorities given PiP status. The second phase of the PiP programme was launched in 2017.

The Authority together with South Tyneside Council – acting as the Tyneside Alliance – submitted a joint bid at the end of 2017 and were notified of their success in receiving PiP status and funding in March 2018.

There are three components to the successful bid:

- Joint Sector Led Improvement as the Tyneside Alliance;
- the Authority's innovation project – Keeping Families Connected; and
- South Tyneside Council's innovation project – WorkPlace. The money for this is being paid directly to South Tyneside and this element of the grant is not being managed by North Tyneside

The PiP status and funding covers a period of two financial years (2018/19 – 2019/20), with the Authority guaranteed £1,086,760 for its innovation project, and the Authority receiving a share of £1,600,000, dependent on the level of activity undertaken and resource attached to the joint Sector Led Improvement work.

1.5.2 Tyneside Alliance – Sector Led Improvement

The Sector Led Improvement support is targeted at local authorities (host authorities) that are judged by Ofsted as “requiring improvement”, with concerns that sufficient progress is not being made or that the quality of services is reducing. As part of the joint application from both authorities to the DfE, the Tyneside Alliance committed to delivering improvement activity with up to ten local authorities over a period of two years. It is anticipated that the improvement projects with each authority will involve approximately 60 people days on average, although it is recognised that this could vary from authority to authority. The improvement work will be a mixture of onsite and offsite activity, including review and analysis, collaborative improvement work, monitoring and evaluation.

Funding across both authorities for the Sector Led Improvement work is £1,600,000 over two years: £860,000 in 2018/19 and £740,000 in 2019/20. Expenditure of the grant will cover:

- Funding to enable the Authority and South Tyneside Council respectively to resource sufficient capacity within their own organisation, enabling senior managers and practitioners to work with host authorities to help them improve – this is shared equally across both authorities but will be monitored and, if necessary, adjusted in line with level of resource each authority commits to improvement projects with other authorities
- Funding for ‘Improvement Associates’ – a pool of highly skilled and experienced sector experts that will work with the Tyneside Alliance to deliver improvement work – this is a centrally managed budget, which the Authority will hold on behalf of both the Authority and South Tyneside Council
- Funding for a core team that will support the mobilisation and delivery of the programme through all phases – this is allocated to each authority on the basis of the level of resource they are contributing to the core team
- Funding for travel, accommodation, supplies and services associated with delivery of work with individual authorities as well as hosting regional and national events to share best practice - this is a centrally managed budget, which the Authority will hold on behalf of both the Authority and South Tyneside Council.

1.5.3 Keeping Families Connected Project

This project will create a new, integrated service to support children to live safely at home. A new multi-professional model that integrates edge of care services with support for children in care will be designed and implemented. This will be a key component of our strategy to deliver the Elected Mayor and Cabinet's priority that our people are cared for protected, and supported. The integration with education and health provision will also work towards delivering the priorities that our people are ready for work and life, and healthy and well.

The primary objective is to maximise the number of children and young people supported to remain at home, by having effective edge of care provision that reduces the number of Looked After Children and effectively enables those children that are looked after to return home safely.

The service model will incorporate:

- A multi-professional, co-located team (including clinical psychology, youth offending, education, nursing, fostering, and outreach staff)
- Additional therapeutic restorative services
- Additional programmes of education support to keep children in school
- New short stay provision via foster care
- Shared staff training and development, including foster carers
- A single key worker model with safeguarding oversight and risk management from Social Workers

The Authority has been awarded £1,086,760 over a period of two years; £538,380 in 2018/19 and £548,380 in 2019/20.

This funding will cover all costs of the project, with no additional expenditure incurred directly by the Authority to deliver the project during 2018/19 and 2019/20. A key element of the service design and project delivery is establishing an effective mechanism to monitor and track the outcomes of the children that the service works with. This will identify whether the project is delivering the desired quality and financial benefits and will, in turn, inform the business case for investment in the continuation of the model.

1.6 **Decision options:**

The following decision options are available for consideration by Cabinet:

Option 1

Cabinet may accept the funding allocated from the DfE to deliver and resource the Partners in Practice sector-led improvement and innovation project in partnership with South Tyneside Council

Option 2

Cabinet may not accept the funding allocated from the DfE to deliver and resource the Partners in Practice sector-led improvement and innovation project

Option 1 is the recommended option.

1.7 **Reasons for recommended option:**

Option 1 is recommended for the following reasons:

If Cabinet approves the recommended option, the Authority will secure funding that has been successfully bid for and will enable the Authority, in partnership with South Tyneside Council, to meet its obligations to deliver Sector Led Improvement activity and to invest in a new, innovative Keeping Families Connected service, which will help deliver the Elected Mayor and Cabinet's priorities for Our People and improve outcomes for children, young people and their families.

If the preferred option is not approved, the Authority will be unable to meet its obligations under the Partners in Practice Programme.

1.8 Appendices:

None.

1.9 Contact officers:

Jacqui Old, Director of Children's and Adult Services, tel. (0191) 643 7317
Mark Jupp, Senior Manager Commercial & Business Redesign, tel. (0191) 643 5332
Alison Campbell, Senior Business Partner, tel. (0191) 643 7038

1.10 Background information:

None.

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

The Authority received £375,352 from the DfE in March 2018 and has carried this forward to match associated spend. Both elements of the grant will be accounted for discretely with due financial diligence and reporting both internally and externally. There is no requirement for cash match funding and the projects can be delivered within the grant funding available.

2.2 Legal

To ensure the effective operation of the partnership between the Authority and South Tyneside Council, a memorandum of understanding will be agreed which sets out the governance, decision-making principles, roles, and responsibilities of each authority in order to deliver the sector-led improvement offer.

The project is to be resourced from existing staff members and no external organisation is to be procured / contracted to deliver the project.

During engagements with individual local authorities, as part of the sector-led improvement offer, information governance and data protection policies will be applied to ensure compliance with the General Data Protection Regulations (GDPR).

2.3 Consultation/community engagement

2.3.1 Internal Consultation

In developing and designing the Keeping Families Connected service, which is the focus of the Authority's funded innovation project, extensive consultation will be undertaken with all key internal stakeholders, including Cabinet Members.

2.3.2 External Consultation/Engagement

Extensive consultation and engagement will also be undertaken with key external partners and stakeholders, including children, young people and their families, to inform the design of the service model.

2.4 Human rights

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

2.5 Equalities and diversity

An equality impact assessment will be undertaken as part of the design of the edge of care service, which is the Authority's funded innovation project.

2.6 Risk management

A risk register has been developed for both the sector-led improvement and the innovation project elements of the Partners in Practice programme and will be actively managed by the project board and project group, respectively.

2.7 Crime and disorder

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

2.8 Environment and sustainability

There are environment and sustainability implications directly arising from this report.

PART 3 - SIGN OFF

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

North Tyneside Council

Report to Cabinet

Date: 30 July 2018

ITEM 5(c)

Title: The findings of the
Ofsted Focused Visit

Portfolio(s): Children, Young People and Learning

Cabinet Member: Councillor Peter Earley

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

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

Wards affected: All

PART 1

1.1 Executive Summary:

On 9 and 10 May 2018 North Tyneside Council's arrangements for the receipt, response and assessment of referrals of safeguarding concerns relating to children and young people was subject to a two-day 'Focused Visit' by Ofsted as part of their national inspection programme.

Ofsted published their findings by way of a Letter to the Director of Children's Services on 4 June 2018. This letter has been made publically available by Ofsted.

In contrast to the process following a full inspection of services for children and young people, Ofsted do not provide a graded judgment after a Focused Visit but, instead, a narrative judgment. Of particular note, Ofsted found:

- Strong corporate leadership and ambition to improve services for children and their families
- That Senior Leaders know the service well
- Evidence of sound social work practice in the Multi-Agency Safeguarding Hub (MASH) and Social Work Assessment Teams
- A strong commitment to safeguarding from a wide range of partner agencies
- Staff that value the leadership, support, supervision and training that is provided for them.

1.2 Recommendation(s):

It is recommended that Cabinet:

1. Note the positive findings of the Ofsted Focused Visit, in particular that the Front Door arrangements effectively responded to safeguarding concerns in relation to children and young people;

2. Note the finding that there is strong corporate leadership and ambition to improve services for children and their families;
3. Agree the plans to deal with the areas for development identified by Ofsted and the commitment by the Authority to address these, and to continue to improve and develop services for children and young people, parents and carers.

1.3 Forward Plan:

This report first appeared on the Forward Plan that was published in June 2017.

1.4 Council Plan and Policy Framework

The 2018-20 Our North Tyneside Plan states that '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.

The Ofsted Focused Visit of the Authority's services confirms the quality and performance of Children's Services contribution to these priorities.

1.5 Information:

Background to the Focused Visit

In January 2018 Ofsted (the Office for Standards in Education, Children's Services and Skills) introduced 'ILACS' (Inspection of Local Authority Children's Services) to replace the 'SIF' (Single Inspection Framework) inspection process by which North Tyneside Council's services for children in need of help and protection, children in care and care leavers were inspected in March 2017 and graded 'Good'. ILACS is described by Ofsted as a 'system of inspection' rather than a framework because it seeks to introduce a more proportionate and differentiated approach in which the Regional Director of Ofsted will use intelligence and information to inform decisions about how best to inspect each local authority.

On 1 May 2018, the Authority was notified by Her Majesty's Inspector Ms. Jan Edwards that she and Mr. Graham Reiter HMI would undertake a two-day Focused Visit on 9 and 10 May 2018 of North Tyneside Council's arrangements for the receipt, response and assessment of referrals of safeguarding concerns relating to children and young people.

Ms. Edwards advised that the scope of the Focused Visit would be the Authority's services that receive all contacts and referrals where decisions are made about:

- child protection enquiries – strategy discussions, section 47 enquires, etc.
- emergency action – liaison with police to use powers of protection, applications for emergency protection order

- child in need assessments
- decisions to accommodate
- step-up from and step-down to early help; and
- no further action/sign-posting.

Ms. Edwards also noted that the Focused Visit would additionally cover the effectiveness of:

- performance management
- management oversight
- supervision
- quality assurance; and
- continuous professional development of the workforce.

Ms. Edwards and Mr. Reiter attended the offices of the Authority on 9 and 10 May 2018. They were given access to case files, observed staff at work in the Multi-Agency Safeguarding Hub and Social Work Assessment Teams and, significantly, spoke with staff and safeguarding partners about their work and the help and care given to children and young people.

Additional lines of enquiry by Ms. Edwards and Mr. Reiter included:

- Response of the Authority to referrals of concerns relating to the actual or potential sexual exploitation of children and young people
- Response of the Authority to referrals of concerns in relation to homelessness of 16 and 17 year old young people; and
- Response of the Authority to referrals of concerns relating to domestic abuse

Outcome of Focused Visit

Ofsted published their findings by way of a Letter to the Director of Children's Services on 4 June 2018.

Key Findings by Ofsted following the Focused Visit to North Tyneside Council

Full findings are contained within the written Letter. However, the following key findings are summarised for reference:

- Since the last Ofsted inspection in March 2017, senior managers and leaders have led an extensive transformation programme
- In the cases audited and in all other work considered, the local authority had acted appropriately to safeguard children and keep them safe
- The MASH works effectively to safeguard children. Partners are well engaged, which ensures timely information-sharing, the consistent application of thresholds and proportionate responses for children and their families who need help and support
- Risk is at the forefront of decision-making, with a well-embedded and rigorous system of management oversight and challenge

- Parental consent to share information and for service referrals is understood and consistently sought and recorded in the MASH
- Referrers are routinely contacted and informed of the outcome of their referral to children's services
- Immediate risk of significant harm is identified effectively and responses are prompt and well-coordinated
- When children are referred out of hours, the emergency duty team responds appropriately to contacts and communicates effectively with the MASH
- Decisions to step down to early help from the MASH are clear, appropriate and seamless
- When risks escalate, decisions to step back to children's social care are appropriate
- The arrangements for the designated officer ensure that children are safeguarded where allegations are made against people who work with children. However, the recording of these meetings does not support clear identification of key issues and decisions and outcomes are not always supported by a clear rationale. Actions do not identify timescales for completion, including the timeliness for feedback to the designated officer. Support for the alleged perpetrator is not consistently identified
- Risks to the most vulnerable young people, such as the risk of exploitation, and to those exposed to domestic abuse and homelessness, are well recognised and responded to, with the provision of appropriate support and services
- Child sexual exploitation is identified effectively
- The risks associated with the complexities of domestic abuse, including coercive control, are well understood
- Good, thorough assessments were seen, balancing and analysing risk and protective factors to underpin decision-making and future planning
- Contingency arrangements, known as the bottom line, are often confused and require clarity around expectations for families
- Clear management oversight at key points in the assessment and sign-off is supporting decision-making
- Inspectors saw some very good work with the absent parent and significant other people in the lives of children, but this was inconsistent
- The stable staff group and the small team structure enable management grip of staffing issues and caseloads; and
- Staff are extremely positive about working in North Tyneside and morale is high. They cite the support, supervision, training, clear career progression and the high visibility and approachability of senior managers as contributing to the positive learning culture in the council.

Formal Recommendations resulting from the Focused Visit to North Tyneside Council

Three formal recommendations were made. These are taken verbatim from the Letter to the Director for reference:

1. Ensure that the key issues and rationale for decisions arising from designated officer meetings are clear, that support for the alleged perpetrator is identified and that actions have clear timescales for completion.
2. Fine tuning of the new electronic system is required to introduce consistency of practice across the service. This includes improvement to the way that social workers are using contingency planning to be clear and meaningful to families.
3. Ensure that manager guidance with clear timescales is provided at the outset of an assessment.

An Improvement Plan has been developed to address the recommendations made by Ofsted, which will be overseen by the Cabinet Member for Children, Young People and Learning and the Head of Health, Education, Care and Safeguarding.

1.6 Decision options:

The following options are available for consideration by Cabinet

Option 1

Cabinet accepts the recommendations set out in paragraph 1.2 above.

Option 2

Cabinet does not accept the recommendation set out in paragraph 1.2 above and provides an alternative response to the findings by Ofsted following the Focused Visit on 9 and 10 May 2018.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

The recommendations support an acknowledgement by Cabinet of the positive findings by Ofsted and the performance of North Tyneside in comparison with other local authorities both regionally and nationally.

1.8 Appendices:

The Ofsted Letter to the Director of Children's Services of the 04 June 2018.

1.9 Contact officers:

Jacqui Old, Head of Health, Education, Care and Safeguarding Tel. 0191 643 7317
Nik Flavell, Senior Manager for Quality Assurance Tel. 0191 643 7219
Majella Tallack, Senior Manager for the Front Door Tel. 0191 643 7982
Alison Campbell, Senior Business Partner, Tel. 0191 643 7038

1.10 Background Information

The following background papers/information have been used in the compilation of this report and are available at the office of the author. This report is appended and is also available electronically at:

[Ofsted Focused Visit - Letter](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

There are no direct financial implications as a result of implementing the proposed recommendations.

2.2 Legal

The Focused Visit of North Tyneside Council by Ofsted (the Office for Standards in Education, Children's Services and Skills) was carried out under section 136 of the Education and Inspections Act 2006.

2.3 Consultation/community engagement

Ofsted have made publically available the letter to the Director of Children's Services on 4 June 2018.

2.4 Human rights

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

2.5 Equalities and diversity

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

2.6 Risk management

The Ofsted Focused Visit of North Tyneside Council's arrangements for the receipt, response and assessment of referrals of safeguarding concerns relating to children and young people focused on the management of risk to children and young people. They report finding the Authority manages risk well, including responses to child abuse and neglect, child sexual exploitation, missing children and radicalisation.

2.7 Crime and disorder

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

2.8 Environment and sustainability

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

PART 3 - SIGN OFF

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

North Tyneside Council

Report to Cabinet

Date: 30th July 2018

ITEM 5(d)

Title: Education for North Tyneside

Portfolio: Children, Young People and Learning

Cabinet Member: Cllr Peter Earley

Responsible Officers: Paul Hanson, Deputy Chief Executive
Jacqui Old, Head of Health, Education, Care and Safeguarding
Mark Longstaff, Head of Commissioning and Investment
Janice Gillespie, Head of Finance

Tel: 0191 643 7000

Wards affected: All

PART 1

1.1 Executive Summary:

North Tyneside has an education system to be proud of. A strong performer regionally and nationally, this is a reflection of the hard work done by our head teachers and their teams, governing bodies, Elected Members, Authority staff and our fantastic children and young people.

Education in England continues to change. A new funding formula is being introduced for 2018/19 with full implementation in 2020/21 and the Fostering and Adoption Act passed in 2016 provided the Secretary of State with a power to convert schools judged as Inadequate or "Coasting" to academy status. In November 2016 the Government published a Green Paper, "Schools that work for everyone." While the policy intention of the Green Paper was to use incentives to encourage private schools, universities, selective schools and Faith schools to provide more good school places, the headlines focussed on a suggestion that selection would return and grammar schools expanded. Working with Chairs of Governing Bodies and Head Teachers, the Authority responded to the consultation in December 2016. The Government finally published its response in May this year. However, there are no plans for an education bill in this parliamentary session. Recent announcements have included a simpler accountability system in which the DFE will only intervene if Ofsted judge a school's performance as Inadequate, the pilot sites for T Levels and for the new Institutes of Technology.

All of this continues to happen in the local context of the Education Review carried out in North Tyneside between 14th October 2013 and 12th January 2015. This report considers progress against the recommendations of that review, the current position of education for North Tyneside and asks Cabinet to consider the issues and the proposed approach in the context of national changes and local challenges. It pays particular attention to the need to continue to manage the impact of surplus places at secondary

level and the consequence financial challenge for the Dedicated Schools Grant; and the approach to the North of Tyne Devolution Deal Education Challenge.

1.2 Recommendation(s):

It is recommended that Cabinet:

- (1) note progress on the recommendations of the Education Review
- (2) note the improved position between April 2014 and June 2018
- (3) note the continued financial challenges faced by schools and the joint work to deal with those challenges
- (4) agree the next set of priorities which will be important to the Authority and schools
- (5) agree the approach being taken to work with schools
- (6) agree to support the work of the North of Tyne Education Challenge; and
- (7) agree to receive further reports as required.

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 1st June 2018.

1.4 Council Plan and Policy Framework

This report is directly concerned with:

- “Our People will be ready for school”
- “Our People will be ready for work and life; and
- “Our Economy will be business friendly, ensuring the right skills and conditions are in place to support investment.”

1.5 Information:

1.5.1 Background

North Tyneside has an education system to be proud of. A strong performer regionally and nationally, this is a reflection of the hard work done by our head teachers and their teams, governing bodies, elected members, Authority staff and our fantastic children and young people.

Education in England continues to change. A new funding formula is proposed for 2018/19 with full implementation next year and the Fostering and Adoption Act passed in 2016 provided the Secretary of State with a power to converts schools judged as Inadequate or “Coasting” to academy status.

In November 2016 the Government published a Green Paper, “Schools that work for everyone.” While the policy intention of the Green Paper was to use incentives to encourage private schools, universities, selective schools and Faith schools to provide more good school places, the headlines focussed on a suggestion that selection would return and grammar schools expanded. Working with Chairs of Governing Bodies and Head Teachers, the Authority responded to the consultation in December 2016. The Government finally published its response in May this year. However, there are no plans for an education bill in this parliamentary session.

1.5.2 All of this is happening in the local context of the Education Review carried out in North Tyneside between October 2013 and January 2015. Cabinet will remember that the Cabinet Member for Children, Young People and Learning worked with the officer team, head teachers and governors to consider education for North Tyneside and, after extensive consultation, made a number of proposals which were subject to further consultation and agreed by Cabinet at its meeting in 12th January 2015.

1.5.3 The body of this report covers four issues:

- An update on the recommendations of the Education Review and progress since it was last considered by Cabinet in July 2017;
- A summary of the issues for North Tyneside implied by the current position and the national context;
- An updated proposal for how the Authority, head teachers, governing bodies and other partners will work together on the key issues; and
- The proposed approach to the North of Tyne Devolution Deal Education Challenge developed in partnership with the North of Tyne Authorities, Head Teachers and other school leaders.

1.5.4 **What matters most to children, young people, their families and carers**

Before discussing the policy and technical matters, Cabinet will wish to be assured the absolute focus of everyone involved is what matters most to children, young people, their families and carers. In particular

- At the end of the reception year, 70.2% of children reached a good level of development in 2017 this is slightly (0.5 percentage points) higher than in 2016 and in line with the national average (70.7%)
- 81% of pupils in year 1 reached the threshold score in the phonics test. This is in line with the national figure
- At key stage 1 across reading, writing, maths and the combined measure, North Tyneside have performed significantly better than the national figure at both the expected level and at the higher, greater depth standard
- 66% of pupils achieved at least the expected level in reading, writing and mathematics (combined) at key stage 2. This is 5% above the national figure and significant increase from 2016. Therefore, at the expected standard at key stage 2 the local authority performance is significantly above the national
- At key stage 4 attainment in 2017 remains higher than the latest national averages: 65% of students achieved 4 or above in English and maths well above the national average of 59%

- Attainment 8 (the attainment of students across 8 qualifications) is 47.0 points which is above the national average of 44.6 points
- 25% of pupils in North Tyneside achieved the English Baccalaureate in 2017; this is above the national average (all schools 22%).
- At key stage 5:
 - The point score per academic entry is 31.4 which is above the England state-funded schools but below all schools and colleges. When expressed as a grade this is grade C
 - The average point score per vocational entry is 42.4 (distinction*-). This is well-above last year's national average of 35.7 points (distinction).
- 87.8% of children go to a good or outstanding school. The National % of pupils in good or outstanding schools is 86.8%
- 93% of parents and carers received their first choice Primary School
- 93% of parents and carers received their first choice Secondary School.

1.5.5 Update on the recommendations of the Education Review and Progress since July 2017

1.5.6 Cabinet will remember that one of the tools used in the Education Review was a “rich picture which looked at the secondary school system in terms of pupil numbers, performance, finance and building condition. Appendix 1 contains the original rich picture (based on April 2014) presented to Cabinet as part of the review and an updated version (based on June 2018), drawing out some of the changes. Cabinet will note some continued challenges but also some significant improvements which are described below.

1.5.7 **The delivery of major investment projects to improve the education estate**

Four major projects were delivered; **Whitehouse Primary School**; a £2.7m project delivered to plan in April 2016, **Longbenton Community High School**; an £11.8m PFI project delivered to plan in September 2016, **John Spence Community High School**; a £9.4m project delivered two months later than planned in October 2016; and **Marden High School**; a £10.1m project delivered to plan in September 2016.

In total, over 2500 North Tyneside students moved into four new school buildings between April and October 2016. The last year has seen work with each school and the EFA to resolve snagging and finishing touches to the externals of each site.

Two more projects are in flight

- **Backworth Park Primary School**; a £4.9m new build project due to be handed over for occupation in September this year;
- **Cullercoats Primary School**; a c. £5.5m extensive refurbishment on site now and due to complete in February 2020

1.5.8 **The Development and delivery of Ready for School Services**

Work has continued to develop and deliver an entitlement to ensure that all children are ready for school. This clearly outlines what every child in the borough needs to be able to do by the time they enter Reception class at age 4. The Authority knows that the vast majority of parents and carers in the borough do not need any support to provide the right

sort of experiences for their children in order for them to be school ready: However a very small minority do and it is this group which have been the focus of a whole family approach where the Authority and other agencies will work together to ensure parents deliver the entitlement for their children.

Cabinet will be very clear that the child care review and the work to reshape our 0-19 services have been specifically done with this in mind. Successful partnerships with our primary schools have meant they have taken the lead in early years work and the Authority services are increasingly focussed on those families who are at risk of not supporting children to be ready for school. We have ensured a sufficiency of high quality provision to deliver the 2 year old offer for economically disadvantaged families, the 3 and 4 year old universal offer and 30 hours of free childcare for working parents. All nurseries, playgroups, childminders and after schools clubs are judged by Ofsted to be good or better.

The most significant change in the last 12 months has been the transfer of the team responsible for school nursing and health visiting to the Authority. The Staff are now well embedded with locality teams and the service has been subject to an Inspection by CQC with very favourable outcomes This move has meant a step change for the Authority's Locality Teams who work with families and schools to ensure children are ready for school. The focus has been on ensuring good quality universal contact in the perinatal period for all families and ensuring that those families who require additional support receive this as early as possible. The impact can be seen in the numbers of young people who are reaching a good level of development. At the end of reception, 70.2% of children reached a good level of development in 2017 this is broadly in line with the national average.

1.5.9 Development and delivery of Ready for Work and Life

As with Ready for School, a very similar approach has been taken with Ready for Work and Life where the Authority has been working with school, businesses and other agencies to ensure that all young people are as ready for work and life as possible when they leave school at 16 or 18. The Authority also wants to provide support to adults to be ready for employment throughout their working life.

Mental health and emotional wellbeing is a key priority for us in ensuring that our young people can develop skills in personal resilience and have good access to support services. Addressing the mental health needs of young people is critical in ensuring that they can reach their full potential and are ready for work and life. The launch of Kooth.com a digital platform with access to online counselling across our high schools, college and with voluntary sector partners has widened access to mental health support.

At its meeting on 16th January 2017, Cabinet agreed a new Employment and Skills Strategy for North Tyneside and since then there has been a review undertaken of the Employment and Skills teams to ensure the service is appropriately organised to meet the Authority's priorities. There has been an increased focus placed on ensuring the next steps to training or employment for priority groups especially those students who are looked after or have special educational needs and disabilities; outcomes for learners continues to improve.

A full course review was undertaken of the Adult Learning Service Curriculum. That resulted in the removal of around 100 courses to ensure the programme was focussed on priority areas and people. All of this work was vindicated in April 2018 when an OFSTED Inspection of the service found the Service to be a strong Good with a

suggestion that the Inspection timetable might be foreshortened if a trajectory continued toward Outstanding. The leadership and governance of the service was commended in the inspection and the report comments on leaders ambitious vision and passionate belief in the importance of the service in delivering the wider Authority strategy for the local area; this includes maintaining the very low levels of young people not engaged in education, employment or training.

1.5.10 An updated financial picture

Cabinet know that school funding is a matter for the Department for Education; either by direct funding agreements with Academy Sponsors or delegated by local authorities to schools where budget management is the delegated responsibility of each Governing Body. Cabinet also know that, while some funding is retained by the Authority the vast majority of North Tyneside funding for services to schools comes from the schools themselves, who pay in the order of £8m per annum for a full range of support services.

Governing Bodies, Head Teachers and their teams, the members of the Schools Forum and the Officer team have continued to work hard to handle the financial challenges outlined to Cabinet as part of the Education Review. At the end of the financial year 2017/18 the position was

- Overall level of School Balances at the end of March 2018 was £3.356m compared to £5.470m as at March 2017. A reduction of £2.114m (These figures exclude Seaton Burn which converted to an Academy in January 2018). This position is significantly better than forecast at the start of the year where the position for schools was expected to be an overall deficit balance of £2.228m - a £5.584m improvement
- Within the March 2018 balance, there was a total, improved deficit value of £0.564m for those schools who had requested deficit approval. The total initial deficit approval requested at the start of the year was £6.212m; and
- Of the nine schools who requested deficit approval in 2017/18 two schools reported an improved forecast position for the 2018/19 financial year and are no longer in deficit.

As an indication of the scale of the work done; the position predicted during the “Rich Picture” discussions during the summer of 2014 was that at the end of 2015/16 10 Secondary schools would be in deficit with a total deficit value of -£4.4m. The prediction for the financial year 2017/18 at June 2017 was a deficit of -£4.811m. The actual overall position for our Secondary schools at the end of 2017/18 was an overall net deficit of -£2.062m and 5 schools in deficit.

The 3 year budget planning submissions received from Schools in June 2017 relating to the period 2017-2020 indicated that 42 schools would require deficit approval in 2018/19. Revised 3 year budget plans received in May 2018 have seen this position improve significantly. Despite this improvement the emerging position for 2018/19 is one of continued financial challenge for a number of schools, both in terms of deficit approvals and reduced surplus balances held by schools. 10 Schools (6 Secondary, 3 Primary and 1 Special) have sought deficit approval for 2018/19 to the value of -£8.634m.

It is important to note that this position is based on two sets of issues. In the first instance, the pressure in some parts of the Secondary School system is a direct

consequence of the current surplus capacity. While this has dropped from the peak of 20% explained during the Education Review to 15.3%, it will take another four years for the numbers to return and start to expand. It is also the case, as a consequence of parent choice, settlement patterns and individual school choices, that surplus is concentrated in three Secondary Schools and specifically causes the challenges at Norham High School and Monkseaton High School. Appendix 2 shows the surplus places picture for all schools, Secondary and Primary.

However, as has been widely publicised, school budgets are also under pressure as a consequence of national policy and, while the move to the National Funding Formula has once more been postponed, Head Teachers in all of our schools are facing rising costs.

Work continues with schools to manage the situation and establish long term sustainable solutions. The proposed next steps are described below as part of an update on work with specific schools and localities.

1.5.11 Whitley Bay and Monkseaton

Cabinet will remember specific work was proposed for the Whitley Bay and Monkseaton group of schools

- *“Propose work with Headteachers and Governing Bodies across the Whitley Bay and Monkseaton group of schools to retain the three-tier system while managing places, raising standards and controlling costs. This would mean work to develop a stronger federation or federations to share costs and resources but preserve the aspects of the system that are important to many families in the area”*

Work with Head Teachers and Governing Bodies continued during the last year. More recent work has focussed on specific issues in the Monkseaton area where the Authority and both Governing Bodies have generated significant joint working between Monkseaton High School and Monkseaton Middle School.

Whilst at the end of 2017/18 all of the First and Middle Schools in the area ended with a financial surplus and Whitley Bay High School was showing improvement against its deficit approval, it is important to note that, Monkseaton High School continues to face a significant financial challenge as consequence of pupil numbers: It is expected that achieving its Outstanding rating and population changes will improve this but that is not a short term solution.

1.5.12 The Seaton Burn area

Cabinet will remember the specific work for Seaton Burn was proposed to be

- *“Recognising and develop the role of the Business and Enterprise College in the community*
- *Working with the primary-secondary partnership on standards, assets, costs and leadership*
- *Developing the College Campus as a hub for community activity, drawing in wider public services including the John Willie Sams Centre*
- *As part of wider work exploiting technology and employer links to improve access to post-16 opportunity”*

Cabinet will remember that this work was done but events overtook this recommendation.

In January 2016 the DFE informed the local authority and governing body that it was expected that Seaton Burn would convert to an academy and a sponsor was being sought. The Regional Schools Commissioner, using the powers in the Education and Adoption Act, placed an Academy Order on Seaton Burn Business and Enterprise College on 19th April 2016.

On 2nd March 2016 the Regional Schools Commissioner informed the Local Authority and Chair of Governors that, as no suitable Academy Sponsors existed in North Tyneside, the Department for Education had looked outside the Borough and asked Gosforth Academy to consider sponsorship.

On 21st September 2016 the Director of Children's Services was advised of the decision of the Regional Schools Commissioner to impose an Interim Executive Board from 1 November 2016. Formal notification followed that an Interim Executive Board would be established.

In 2017, the Governing Body of Gosforth Academy agreed to sponsor Seaton Burn. Conversion took place in January 2018. The Authority continues to build on existing relationships and support to the new North Gosforth Academy.

1.5.13 Norham High School

Cabinet will remember the specific work proposed at Norham High School was

- *“Acknowledging family choice already being made*
- *Managing a reduction in size, not just letting it happen*
- *Working to create a new model that would*
 - *Include the closest Primary Schools*
 - *Develop a partnership with Churchill Community College and TyneMet College*
 - *Improve standards*
 - *Directly involve employers and pathways to work*
- *Continuing to deliver the National Curriculum*
 - *But include direct work with employers to prepare students for work*
 - *And engage them with wider opportunities, particularly science, technology, engineering and maths*
- *Building a plan to redevelop the campus”*

The partnership, particularly between Churchill Community College and Norham has proven particularly effective with the Principle of Churchill taking over as Executive Head Teacher. An OFSTED Inspection moved the school from Inadequate to Requires Improvement and in summer of 2016 Norham High School saw a 19% increase in its GCSE results. Following the changes to Maths and English GCSEs the results for 2017 were less positive and reflected a pattern across North Tyneside and more nationally. Alongside all of our Secondary schools, the leadership team at Norham have made every effort to support pupils, particularly those from more deprived areas, to deal with the increased examination content of the changing GCSEs.

As well as the focus on improving results, a great deal of work has been done to ensure Norham High School becomes financially sustainable. This has proven a significant challenge and will remain central to the work between the Authority and the School. Current admissions data for September 2018 shows 71 places allocated, which is similar to last year and, for the first time in some time a higher number than the leaving year 11 (albeit only a few students.)

1.5.14 Other specific areas of work agreed at Cabinet on 8th September 2014

There were other specific areas where Cabinet agreed to further work

- **Reviewing the Post-16 Offer;** since the Education Review and, as reported to Cabinet last year, the work done at Post-16 has now placed North Tyneside above the national average. While there is work to do, this represents significant progress. The next steps for the local team will be paying close attention to the introduction of T Level¹ for 2020/21. Across the North East, Durham Sixth Form Centre, Gateshead College and New College Durham are among the first 52. St Thomas More, Blaydon will be one of the first local schools to teach the new levels providing important learning for everyone in the area. In addition, New College Durham is alone in the North East as one of the final 16 to be considered as an Institute of Technology²
- **Planned Admission Numbers and Catchment Areas;** this work has continued to focus on the impact of the proposed level of growth in the draft Local Plan. At its meeting on 18th December 2017 Cabinet agreed the Master Plans for Killingworth and Murton Gap. These spatial plans now allow the Officer Team to work with schools and communities to review current Planned Admission Numbers and Catchment Areas making any necessary adjustments and planning for the additional Secondary and two Primary schools required by 2032. Paragraph 1.5.34 below, asks Cabinet to agree some principles to provide policy direction to this work
- **Transport and accessibility;** the Transport Strategy for North Tyneside was agreed by Cabinet at its meeting on 8th June 2017. The needs and priorities for young people are included in that strategy and the associated delivery plan. At its meeting on 12th March 2018, Cabinet agreed the Travel Safety Strategy for North Tyneside, aspects of which were specifically shaped by our young people.

1.5.15 A summary of the issues for North Tyneside implied by the current position and the national context

1.5.16 The current national position means that local authorities are responsible for sufficiency, standards and additional needs as well as a list that runs to 43 pages. To date, the Government has not made any practical changes to those responsibilities and the issues raised by the 2016 White Paper were overtaken by the change of Prime Minister, change in Secretary of State and the publication of the Green Paper “Schools that work for everyone.”

1.5.17 The only other practical actions taken at this stage are the deferral of the new National Funding Formula to 2018/19 with full implementation in 2020/21. And some signals that the Government considers Local Authorities to have an important role in school improvement; going as far to include some modest funding in the 2016 Budget and providing some additional capital and revenue funding opportunities for alternative provision, additional need and healthy eating related to the “Sugar Tax”.

¹ T Levels are courses, which will be on a par with A levels and are designed to provide young people with a choice between technical and academic education post 16. Courses in construction, digital and education & childcare will be first taught from September 2020. A further 22 courses are planned to be rolled out in stages from 2021

² Institutes of Technology are intended to be high-quality, employer-led institutions specialising in the delivery of higher level technical skills.

1.5.18 Following the 2017 General Election, the Government announced there will be no education bill during this Parliament. While this uncertainty continues it has been as important as ever to focus on the needs of our children and young people and to listen to Head Teachers and their Governing Bodies.

1.5.19 Listening to Head Teachers and Governing Bodies

1.5.20 The Mayor, Cabinet and the officer team have been listening to head teachers and governors to identify the issues for the Authority and the issues for schools.

1.5.21 Cabinet will remember that work included an extensive series of one to one conversations, discussions with Secondary Head Teachers, a detailed session at Head Teachers' Briefing on 13th May 2016, a Mayor's Listening Event on 10th June 2016 and a session at the Primary Head Teachers Conference. A further follow-up Listening Event, led by the Mayor, took place on 8th December 2016. This informed the Authority's response to the Government Green Paper and reflection on the next set of priorities for education in North Tyneside. Further work has continued to be done via a customer survey of Head Teachers and their teams asking about services to schools and in discussion with Head Teachers at their regular briefings.

1.5.22 In November 2017, building on the report to Cabinet at its meeting on 19th July 2017, Head Teachers agreed to a programme of work to tackle the issues agreed with Cabinet. Through the Spring of 2018, including an event on 2nd May 2018, and at Head Teacher Briefing on 18th May 2018, Head Teachers tested and contributed to the programme of work supporting the North of Tyne Education Challenge.

1.5.23 Issues for education in North Tyneside – the next set of priorities

1.5.24 Cabinet will remember the proposed approach is to focus on areas that make the most difference for children and young people and are therefore a priority for Head Teachers and their teams, Governing Bodies and the Authority: But also represented those areas where the Authority has most influence on the system. Those areas were finance, school improvement, alternative provision and additional needs plus a model for a high performing local authority in the emerging landscape.

1.5.25 Working with Head Teachers, the specific work has been described as

- Financial review and analysis
- Planning and modelling
- Tools for schools
- Keeping children and young people in school; and
- Closing the gap.

1.5.26 These are being managed as individual workstreams with direct Head Teacher involvement. Progress is regularly reported to Head Teacher Briefing. The rest of this report explains what is being done.

1.5.27 Financial review and analysis

1.5.28 This workstream includes the local work to convert the new National Funding Formula into local action. Schools Forum has been particularly involved in leading this preparation through its established finance sub group. Schools Forum agreed to maintain stability for all North Tyneside schools by continuing to apply the local funding formula to distribute Schools Block funding in 2018/19 and 2019/20. This has afforded schools sufficient time to be able to work collaboratively with the Authority to model the impact of the National Funding Formula and ensure schools can plan for the changes due to be implemented in 2020/21. In addition, the Authority and schools have worked together to sharpen individual schools forecasts, looking at those schools who do it well and those who require more support.

1.5.29 A financial governance review has been undertaken and the Head of Finance and the Head of Education, Care and Safeguarding have reviewed and revised processes including the approach to Deficit Clinics. Both have also been directly involved with the schools with the greatest Deficit challenge. Deficit Clinics took place in May 2018 for those schools who were subject to deficit approval during the 2017/18 financial year. This was a month earlier than in previous years. The changes implemented following the review were well received by schools and the standard of deficit plans submitted had improved from those submitted previously.

1.5.30 Finally the work has also begun to develop an approach to longer term planning. In particular, helping schools and their Governing Bodies to look further into the future and plan accordingly. Officers from the Authority have visited schools to review systems and best practice with regards to forecasting. This has been crucial to allow officers to understand the complexities involved and the challenges that schools face when trying to make estimates for the future.

1.5.31 Planning and modelling

1.5.32 Supporting that longer term planning has been work on pupil planning and modelling. Appendix 2 shows the overall picture that has been shared with Head Teachers and relates directly back to the Local Plan and the work done with the Education Funding Agency to secure the investment in Longbenton, Marden and John Spence.

1.5.33 Work under way includes a review of pupil admission numbers and revised pupil modelling with ongoing support to Head Teachers, Governing Bodies and school leaders.

1.5.34 Within the Authority, the focus is increasingly on planning for the implications of the Local Plan and the Master Plans for Killingworth and Murton. Some work has already been done to tidy up Secondary Catchment Areas while the spaces involved have no residents. However, more work will be required as the strategic sites come on line.

1.5.35 In the first instance it is important Cabinet note any changes of catchment areas would only result from the following

- the relocation of an existing school to a new site
- the establishment of a new school
- the closure of a school
- significant housing developments or road infrastructure changes

- changes to existing school capabilities
- changes to admission arrangements as a result of change in status of schools; and/or
- the need to simplify catchment anomalies

Where changes are required it is suggested to Cabinet that some guiding principles will be applied. Those principles are, that catchment areas should as far as possible

- reflect changes in the status of schools
- reflect infrastructure developments in the locality (housing, highways and transport)
- reflect a sense of place; and
- be clear, logical and easily understood

At this stage the proposal would be to develop a three year plan to review catchment areas to address the following issues

- amend catchment boundaries for Shiremoor, Backworth and Holystone Primary Schools to recognise new and significant housing developments
- address any anomalies within the existing network; and
- consider broader catchment changes to take account of Local Plan development sites and new school provision

Head Teachers and Governing Bodies are aware of the issues but Cabinet will wish to note that any changes can only happen through a statutory consultation process which would be subject to both Governing Body and Cabinet consideration and approval.

1.5.36 Tools for schools

1.5.37 This work stream includes reviewing the Finance Service offer to schools and the financial systems which underpin that service. It also includes considering how to move to cashless transactions, applying for and handling grants as well as procurement best practice. Analysis and tools are being provided and developed to help staff benchmarking and demand planning. Finally, the workstream seeks to identify financial training needs.

1.5.38 Keeping children and young people in school

1.5.39 This workstream seeks to provide strategic leadership to a whole system solution to how we keep children and young people in a stable educational placement and preferably in their mainstream school. The primary driver being that, for the majority of students educational outcomes will be better if they are retained in mainstream education.

1.5.40 Headteachers are exceptionally committed to addressing the challenges this presents and have agreed a range of policies and procedures to secure consistent practice across

all schools. This has included improving managed move and fair access processes and transition arrangements when a change of educational placement is needed.

1.5.41 A review of our alternative provision offer is underway to ensure when young people are not able to be maintained in a mainstream school they experience high quality provision that addresses their underlying issues and prepares them effectively for the next steps in education, employment or training. This also includes a review of the outreach support available to mainstream schools to enable them to maintain the educational placement for a vulnerable student.

1.5.42 The workstream also focuses on early intervention and how to tackle the rising number of complex mental health issues as well as promoting positive mental health among all of our young people. An extensive training programme has been available for school staff to enable them to be more effective in their support of vulnerable students and this has included the roll out of the Thrive programme. A full social, emotional and mental health review of alternative provision will be completed with a view to significant redesign.

1.5.43 Work has already begun with Head Teachers to look at funding distribution and additional leadership and governance to begin to manage the challenge differently.

1.5.44 Closing the gap

1.5.45 There is clear evidence that the attainment gap begins in early years and then widens at an accelerated rate through primary and secondary school. North Tyneside's challenge is reflective of the national picture but our gaps are above national average at key stage 2 and particularly wide at key stage 4. Changes to GCSE content in 2018 contributed to the weaker performance by disadvantaged students. There is significant variability in outcomes for disadvantaged pupils between schools with similar levels of disadvantage.

1.5.46 To address this issue a Primary Head Teacher has been seconded into the School Improvement Service to provide strategic leadership and a steering group of Head Teachers across all phases has been established. The work is closely aligned to the work on Keeping Children in School as addressing the issues creating vulnerability for students will lead to higher educational outcomes.

1.5.47 HMI have been supporting our work with Secondary Head Teachers to review their pupil premium strategies and ensure plans are suitably focussed and effective. A pupil premium review process has been established and all schools are being encouraged to engage not just those with the widest gaps. The best practice in meeting the needs of disadvantaged students is being identified and shared across schools.

1.5.48 A Model for High Performing Local Authority Areas

1.5.49 As explained to Cabinet last year in the absence of any national indication of what this is, the Authority has set about creating one. That has included working with Governing Bodies, Head Teachers and school leaders to ensure our service offering meets their needs. To date the Authority continues to deliver a sustainable business with an annual turnover in excess of £8m. That includes:

- | | |
|-------------------------|--------|
| • Catering Services | £3.39m |
| • Claims and Insurance | £1.31m |
| • ICT Technical Support | £0.65m |
| • School Improvement | £0.42m |
| • SIMS Support | £0.42m |

- Payroll / Pensions £0.39m
- Financial Services £0.38m
- Cleaning Services £0.27m
- HR Advisory Service £0.26m
- Capital Support £0.25m

1.5.50 Over the last year the team have spent time with ENTRUST who run school services in Staffordshire. While the context is very different a programme of shared learning has been agreed.

1.5.51 In terms of the Camden model where the Authority established a “Head Teacher-led Arms Length Organisation”. The company, The Camden Schools Led Partnership (CSLP) was formally established in April 2017 and began trading from September 2017 offering a similar range of services currently being offered within North Tyneside. The governance is overseen by a Board of Directors that includes Head Teachers, Governors, Council officers and Elected Members.

1.5.52 Camden Council agreed to facilitate and financially support the arrangements in the first year of trading and that financial commitment being £1.722m. An Annual Report on the first full year of trading is expected in the summer and Officers will be looking to share any additional learning or best practice.

1.5.53 Following discussion at Cabinet, it is proposed that these six priorities will provide focus for the Authority’s work on education as they both pick up the remaining work required from the Education Review and start to shape our relationship with schools in a way that ought to be fit for the emerging future.

1.5.54 North of Tyne Education Challenge

1.5.55 As part of the “Minded To” Devolution Deal a work stream has been created to develop a north of Tyne Education Challenge. Learning from the London and Manchester Challenge, this is a programme of co-operative working across North Tyneside, Newcastle and Northumberland with the expectation that further powers and delegated funding will be available.

1.5.56 The political lead is Cllr Wayne Daley from Northumberland County Council and the lead Chief Officer, is our own Chief Executive, Patrick Melia. Our Head of Education, Care and Safeguarding, Jacqui Old and Assistant Director for Education, Angela James, are developing the content of the challenge in partnership with key officers from the 3 authorities and a wide group of stakeholders.

1.5.57 Cabinet will notice a strong overlap with the issues and priorities identified for North Tyneside. The 5 priority areas that have been agreed are:

- Ready for school
- Educational achievement for all
- Closing the gap
- Career pathways; and
- Leadership recruitment and retention.

1.5.58 At this stage, Cabinet are asked to support the priorities and receive further reports as required.

1.6 Decision options:

The following decision options are available for consideration by Cabinet.

Option 1

Agree the recommendations in paragraph 1.2

Option 2

Not agree the recommendations in paragraph 1.2 and request further work

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

It reflects the recommendations agreed by Cabinet as part of the Education Review and the work done with the Elected Mayor, Cabinet Member, Head Teachers and Chairs of Governing Bodies.

1.8 Appendices:

Appendix 1: Rich picture at 2014(1) and at 2018 (1a)

Appendix 2: Surplus place, all schools, Secondary and Primary

1.9 Contact officers:

Paul Hanson, Deputy Chief Executive tel. 0191 643 7000

Jacqui Old, Head of Health, Education, Care and Safeguarding, tel. 0191 643 7006

Mark Longstaff, Head of Commissioning and Investment, tel. 0191 643 8089

Alison Campbell, Senior Business Partner, tel. 0191 643 7038

1.10 Background information:

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

(1) [Review of Secondary School Provision Cabinet Report 14th October 2013](#)

(2) [Education Review Cabinet Report 8th September 2014](#)

(3) [Education Review – Feedback from Prepublication Cabinet Report 10th November 2014](#)

(4) [Education Review – Feedback from Publication Consultation 12th January 2015](#)

- (5) [Education Review – Feedback from Publication Consultation Supplementary Report 12th January 2015](#)
- (6) [Education Review Update Report 13th July 2015](#)
- (7) [Education Review Cabinet Report 11th July 2016](#)
- (8) [Education for North Tyneside Cabinet Report 10th July 2017](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

There are no direct financial implications from this report. The net overall financial position has improved between April 2014 and June 2018. Schools continue to face financial challenges and the Authority is working with them to deal with those challenges. Any future proposals as a result of national policy or local decisions that have financial implications will be brought to Cabinet as appropriate.

2.2 Legal

There are no direct legal implications arising from this report.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

Discussions have been held with the Elected Mayor and Cabinet Members and with the senior team leading services for our schools.

2.3.2 External Consultation/Engagement

Discussion with all Secondary Head Teachers on 21st March 2016

Discussion with all Head Teachers at Head Teacher Briefing on 13th May 2016

Mayor's Listening Event with Chairs of Governing Bodies and Head Teachers on 10th June 2016

Discussion with Primary Head Teachers 16th June 2016

Mayor's Listening Event with Chairs of Governing Bodies and Head Teachers on 8th December 2016

One to one discussions with a range of Head Teachers between March and June 2017

Head Teacher Briefing, 24th November 2017

Visioning Event – North of Tyne Education Challenge, 2nd May 2018

Head Teacher Briefing, 18th May 2018

2.4 Human rights

There are no human rights issues arising directly from this report

2.5 Equalities and diversity

There are no equalities and diversity issues arising directly from this report

2.6 Risk management

There are no risk issues arising directly from this report

2.7 Crime and disorder

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

2.8 Environment and sustainability

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

PART 3 - SIGN OFF

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

NORTH TYNESIDE COUNCIL
Children, Young People and Learning / Commissioning and Fair Access
RAG rating of Secondary Schools as at April 2014 - School Estate

Appendix 1

	Surplus Capacity		Financial Summary (Outturns)					Intake year - Pupils from within catchment	Ofsted	Building Condition
	2013	2018 (projected)	12/13	13/14	14/15	15/16	16/17		As at April 2014	As % of PSBP** rebuild costs
Burnside Business & Enterprise College										
Churchill Community College										
George Stephenson High										
John Spence Community High										
Longbenton Community College										
Marden Bridge Middle										
Marden High										
Monkseaton High										
Monkseaton Middle										
Norham High										
Seaton Burn College										
St Thomas More RC Academy										
Valley Gardens Middle										
Wellfield Middle										
Whitley Bay High										
Kings Priory Academy										
Tyne Mer Queen Alexandra College										

* Including pupils in catchment attending NT Mainstream and Academics, Non/underland and Newcastle schools
** Priority Schools Building Programme

Key

> 25% surplus	Surplus	> 80% Green	Good or Outstanding	< 20% Green
>10%-<25% surplus	Deficit	50% - 80% Amber	Satisfactory or Requires Improvement	20% - 30% Amber
> 10% over subscribed		<50% - Red	In Category	> 30% Red



North Tyneside Council

NORTH TYNESIDE COUNCIL Commissioning and Investment

RAG rating of Secondary Schools as at June 2018 - Secondary School Estate

	Surplus Capacity			Financial Summary (Outturns)					Intake year - Pupils from within catchment - Sept	Ofsted As at June 2018	Building Condition As % of PSBP** rebuild costs
	Jan-13	Jan-18	Jan-20	15/16	16/17	17/18	18/19 (projected)	19/20 (projected)			
Burnside Business & Enterprise College											
Churchill Community College											
George Stephenson High											
John Spence Community High											
Longbenton Community College											
Marden Bridge Middle											
Marden High											
Monkseaton High											
Monkseaton Middle											
Norham High											
Valley Gardens Middle											
Wellfield Middle											
Whitley Bay High											
St. Thomas More RC Academy				0	0	0	0	0	#DIV/0!		
North Gosforth Academy						0	0	0			#N/A
Kings Priory Academy									#DIV/0!		
Tyne Met/Queen Alexandra College			0.00%						#N/A		

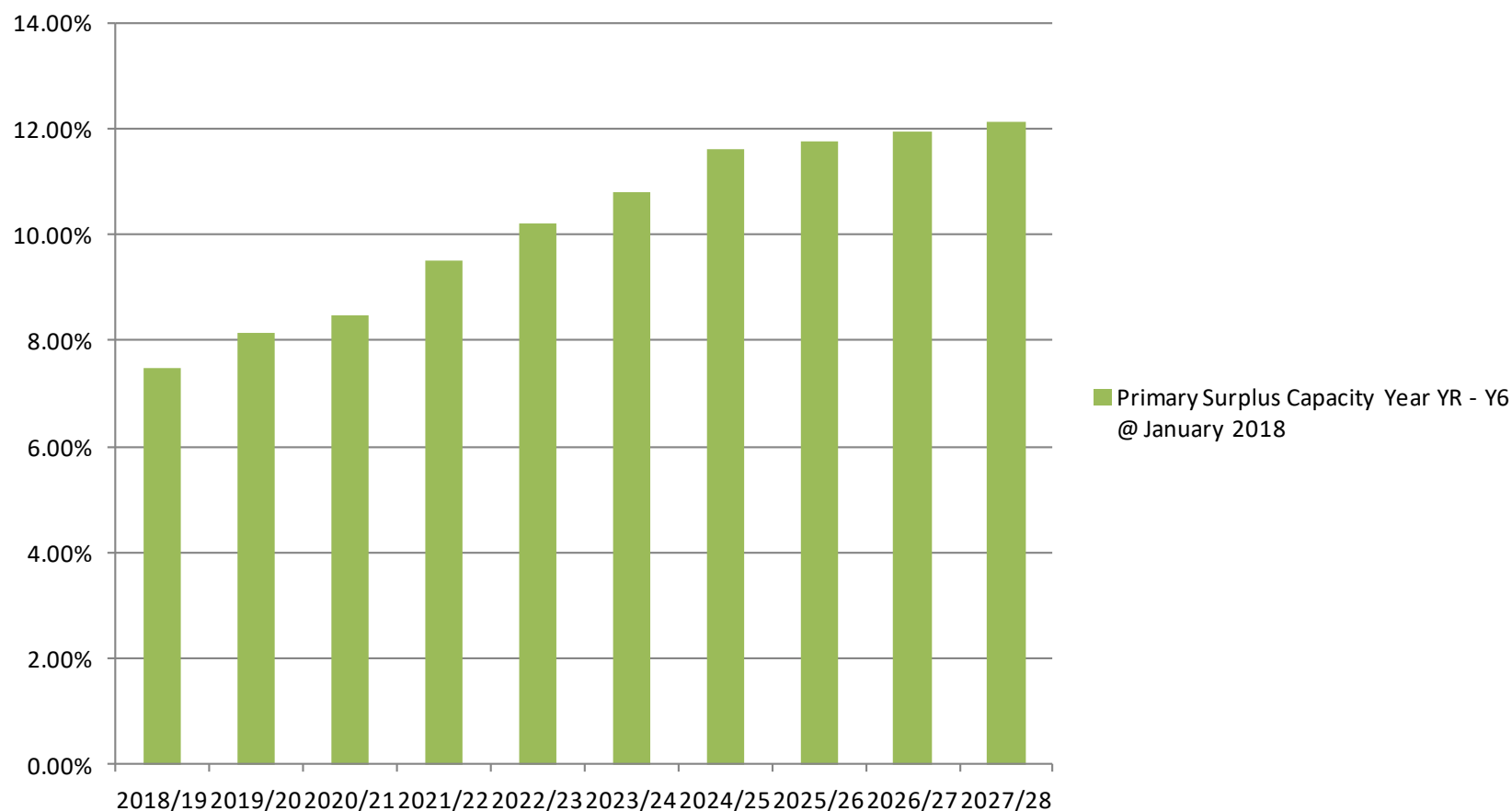
* Including pupils in catchment attending NT Mainstream and Academies, Northumberland and Newcastle schools

** Priority Schools Building Programme

Key

> 25% surplus	Surplus	> 80% Green	Good or Outstanding	< 20% Green
>10%<25%surplus	Deficit	50% - 80% Amber	Satisfactory or Requires improvement	20% - 30% Amber
> 10% over subscribed		<50% - Red	In Category	> 30% Red
No date held				

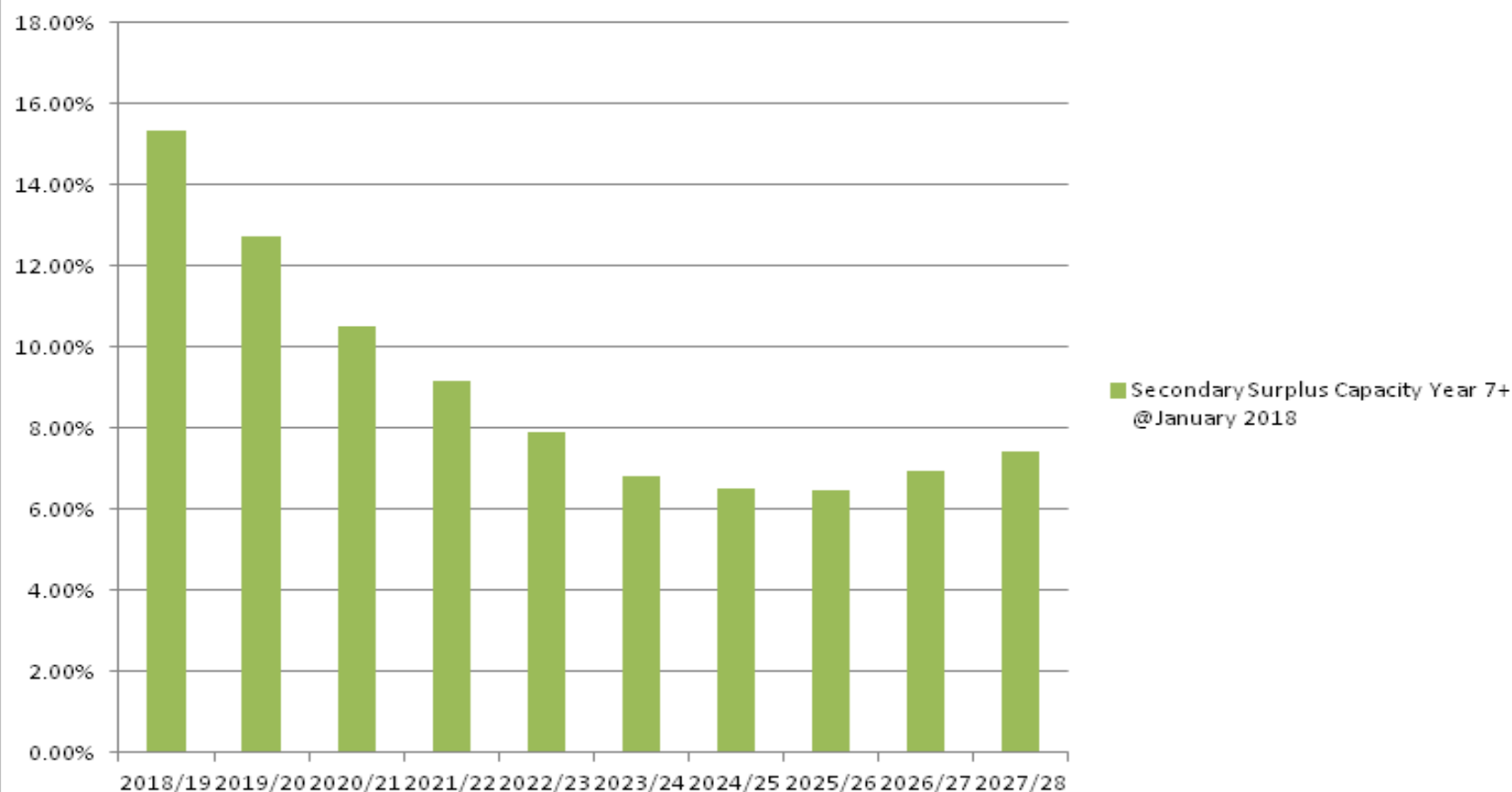
Primary Surplus Capacity Year YR - Y6 @ January 2018



Academic Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
PAN/ CAPACITY	17,648	17,648	17,648	17,648	17,648	17,648	17,648	17,648	17,648	17,648
Projections	16,326	16,209	16,153	15,969	15,847	15,741	15,599	15,571	15,537	15,507
Surplus Capacity	7.49%	8.15%	8.47%	9.51%	10.21%	10.81%	11.61%	11.77%	11.96%	12.13%

Should start to see some impact of Local Plan
housebuilding programme

Secondary Surplus Capacity Year 7+ @January 2018



Academic Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
PAN/ CAPACITY	14,081	14,081	14,081	14,081	14,081	14,081	14,081	14,081	14,081	14,081
Projections	11,926	12,288	12,604	12,792	12,967	13,120	13,167	13,171	13,102	13,036
Surplus Capacity	15.30%	12.73%	10.49%	9.15%	7.91%	6.82%	6.49%	6.46%	6.95%	7.42%
						Should start to see some impact of Local Plan housebuilding programme				

North Tyneside Council

Report to Cabinet

Date: 30th July 2018

ITEM 5(e)

Title: Tackling deprivation
in North Tyneside

Portfolio: Deputy Mayor

Cabinet Member: Cllr Bruce Pickard

Responsible Officer: Paul Hanson, Deputy Chief Executive Tel: (0191) 643 7000

Wards affected: All: Chirton, Riverside, Howdon and Wallsend specifically for this report

PART 1

1.1 Executive Summary:

At its meeting on 14th December 2015, Cabinet agreed an approach to tackling deprivation in North Tyneside beginning with a pilot in Chirton and Riverside Wards. As that effort has had some success this report provides a summary of the evaluation of the work, proposes the expansion of the approach to include Howdon and Wallsend Wards and asks Cabinet to agree a revised set of policy priorities and actions to steer the next phase of this effort.

1.2 Recommendations:

It is recommended that Cabinet considers the evaluation and agrees that:

- (1) the evaluation of the pilot supports a decision to continue and expand the work;
- (2) the policy priorities for this next phase of work outlined at paragraph 1.5.16; and
- (3) the specific action summarised at paragraph 1.5.5.

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 22nd June 2018.

1.4 Council Plan and Policy Framework

This report relates to delivering the Our North Tyneside Plan 2018-2020 to the most deprived parts of the Borough.

1.5 Information:

1.5.1 Background

1.5.2 The report to Cabinet on 14th December 2015 explained the policy context for focussing on deprivation and for taking a different approach. It went on to record the process led by the Deputy Mayor and the Deputy Chief Executive to arrive at a set of guiding priorities and an associated Action Plan. Those priorities were

- Secondary Education was not good enough at Norham High School
- Too many people were out of work
- Environmental concerns focused on housing; and
- As a consequence of the education, employment and housing issues, health was not good enough.

1.5.3 Following Cabinet's agreement to the approach officers from the Authority led a partnership of community and voluntary organisations, statutory partners and other partnerships linked to the priorities. That partnership has met regularly over the last two years to develop relationships, work together and to report progress. Over the summer and autumn of 2017 the work done to date was evaluated to support the regular monitoring by Cabinet of the Our North Tyneside Plan.

1.5.4 Before describing the action taken and the outcomes, it bears repeating the point made in the original report to Cabinet: In both Chirton and Riverside Wards the majority of residents have happy and fulfilling lives and both areas contain strong and vibrant communities. They are also the location of significant assets for North Tyneside and the North East. The premise of this work remains straightforward; the number of people who do not have the same life experience or access to those assets is higher than in other parts of the Borough.

1.5.5 Action

1.5.6 Over a two-year period, significant action has been taken against each priority. The highlights can be summarised as follows

- **Secondary Education was not good enough at Norham High School;** working with a new Chair of Governors and in line with the work underpinning the Education Review undertaken between 2013 and 2015, school to school support was secured from Churchill Community College and the Head Teacher took over as Executive Head Teacher for Norham High School. Significant capital investment was made in the fabric of the building and some investment made in immediate teaching support. Extensive work was undertaken at the High School led by the Governing Body and Executive Head Teacher who drew on existing and new partnerships to improve leadership, teaching and learning and the overall experience at the school. In addition, the Authority asked Capita, as its technical partner, to specifically focus its contribution to education in the Borough at Norham High School
- **Too many people were out of work;** working closely with partners within both Wards and building on the work done by the Elected Mayor's Welfare Reform Task Force, the effort focused on support to individuals to get into work. This

included targeted activity in the Chirton and Riverside Wards by the Authority's commercial partners and wider supply chain as well as work through the Adult Learning Alliance, Connexions and the wider Employment and Skills Service securing additional employability funding with key partners to specifically support residents of the Wards. In addition, Meadow Well Connected continued work readiness support for individuals and Phoenix Detached Youth Project brought individual young people into specifically tailored work experience and apprenticeships

- **Environmental concerns focused on housing;** work on this priority focused on the consequences of a high concentration of poor quality rented property. As well as continued investment in the Authority's own stock, private sector renewal and fuel poverty activity specifically prioritised the high levels of need in both Wards and support was particularly sought from North Tyneside Warm Zone. Strategically, the Authority worked with the National Landlords Association and signed up to a Partnership Agreement designed to encourage private landlords to access training and support from the Association incentivised by access to benefit advice and free waste disposal. In addition, the Authority worked with Norham High School, Tyne and Wear Fire and Rescue and Northumbria Police to tackle environmental crime and other local risks
- **As a consequence of the education, employment and housing issues, health was not good enough;** work on this priority began with efforts to change some of the input and output activity, acknowledging that the health of some people in both Wards is a very long-term issue. Specifically, the Authority's Director of Public Health led work with the Sport and Leisure Team to ensure the Active North Tyneside Service targeted both Wards and the priority residents who needed healthy living support. The Director of Public Health also altered the payment structure behind Health Checks to incentivise GP practices in areas of higher deprivation. Finally, in line with concerns raised by Ward Councillors, the agreed Local Plan introduced a local policy designed to restrict the location and prevalence of hot food takeaways in areas with high levels of obesity.

1.5.7 Evaluation

1.5.8 The evaluation of the pilot work was conducted in the summer and autumn of 2017. It combined both quantitative and qualitative analysis. Having based the original policy priorities on the data for the Borough compared to performance in Chirton and Riverside, it was a relatively straightforward matter to continue to examine those numbers through the period. This was supplemented by asking leaders responsible for each of the four priorities to work with partners to examine their experience of the work done together and the impact made.

1.5.9 The headlines from the evaluation are as follows

- **Education;** the immediate impact of the changes at Norham were impressive with a 19% increase in 5A* to C including English and Maths in 2016. In particular, there was a significant increase in performance in Maths for young men. Under the banner of "Norham is changing" there has been an increase in families choosing to send their children to the school. However, it is important that Cabinet note that the 2017 changes to Maths and English GCSEs have had a Borough-wide impact on pupils from more deprived backgrounds and had a negative effect on the 2017 results, including those at Norham. This has been confirmed as a Borough-wide priority for the Authority and our school leaders and will be subject

to a further report to Cabinet in July 2018. Cabinet also know that, despite increases in admission, the financial position of Norham High School remains very difficult and is subject to continued support and challenge by everyone involved. However, a significant partnership approach has enabled the school and the wider community to benefit from investment and resources in kind. The façade of the building has been enhanced to promote a welcoming environment for young people along with teaching and learning facilities. There has been increased opportunities for partnership engagement with local employers and some brilliant work done around health and wellbeing with a focus on cycling

- **Employment;** the number of people claiming income related benefits has reduced in North Tyneside since 2013. This has been replicated in Chirton and Riverside Wards. Participation and engagement data from the Employment and Skills Service demonstrates that support is targeted with over 30% of interventions delivered by the service supporting residents from both Wards. As part of the annual service planning process for the Technical Partnership with Capita, the local team were asked to encourage applications from Chirton and Riverside Ward. Against a target of 5 successful recruitments for 2016/17, the team achieved 6 and in 2017/18 (no target) the team achieved another 4, making a total of 10 successful recruitments.
- **Housing and the environment;** over the two-year period of the pilot the Authority invested in 1 469 of its own homes in Chirton and Riverside Wards. The Safe and Healthy Homes Project focussed on the Wards and saw 385 referrals of which 301 households received assistance and had Category 1 Hazards¹ removed. The Authority's team worked with 148 owners of long-term empty homes resulting in 24 individual projects to bring homes back into use plus the conversion of a long-term empty retail premises into a viable home. Finally, in the same period, as part of the Elected Mayor's commitment to deliver 3 000 affordable homes in North Tyneside by 2023, 17 new affordable homes were delivered in Chirton and Riverside Wards using £275k of national grant funding. The partnership with the National Landlords Association transferred 215 landlords from the Authority's past scheme into a new relationship with the Association whose local numbers have begun to rise. Fourteen landlords from North Tyneside joined the NLA between July and December 2017 and three 'Foundation Days' provided training to 39 landlords, (responsible for over 100 properties), regarding all aspects of letting homes safely and responsibly.
- **Health;** against the 2013/14 figures, used in the 2015 analysis, there has been a significant shift. Residents from more deprived backgrounds are now more likely to be accessing NHS Health Checks; rising from 1 in 6 to 1 in 4. In the same period, smoking quit rates have risen faster in Chirton and Riverside Wards than the borough-wide figures. And, access to drug and alcohol treatment has risen in North Tyneside's more deprived areas and fallen in its less deprived areas. While this input measure may seem a negative, it represents a shift in access and prioritisation.

1.5.10 In addition to the performance data, partners in the pilot had a consistently positive view of the work done together. They all felt there was real evidence of collaboration and new relationships being forged. In addition, community and voluntary sector organisations could demonstrate that the policy priority given to the work by Cabinet, had allowed them access additional external funding, particularly via The Big Lottery.

¹ Category 1 Hazards are those which pose highest risk to a resident. They are usually related to significant heating and electrical issues.

1.5.11 Finally, Cabinet will remember that the pilot took a very different approach to learn from previous work on this subject and in this area

- It avoided any complex governance structure while maintaining specific accountability through the Deputy Mayor and Deputy Chief Executive to Cabinet
- No specific funding was set aside
- Following engagement to set the priorities, engagement work was done by partners in their context and related directly to the policy priorities; and
- Communication work was related to specific issues, partners and successes rather than raising expectations around the pilot itself.

1.5.12 This seems to have kept things simple, allowed an organic development of the partnership and secured some positive results. Based on the evaluation, the Chirton and Riverside Partnership has continued to meet and focus on the agreed priorities.

1.5.13 It is also important to note that the work focussed on Chirton and Riverside Wards but had a more fundamental impact on how the Authority works across the entire Borough. For example, the review of Adult Learning was conducted with a clear eye on those who were farthest from work and in more deprived areas. Commended by OFSTED this approach was driven by the policy direction to tackle deprivation and applied across North Tyneside.

1.5.14 Next steps

1.5.15 Over the last few months the evaluation has been considered by the Deputy Mayor and the officer team with support from Cabinet Members. Given the evidence and support from Ward Councillors and partners, the recommendation is that Cabinet agree to continue and expand the work: Specifically, to Howdon and Wallsend Wards which include the areas of most concentrated deprivation after Chirton and Riverside Wards.

1.5.16 However, within the broad headlines of education, employment, housing and health analysis of the data suggests a sharpening of those priorities is required. Recent resident surveys, performance data, national policy changes and the refresh of the Our North Tyneside Plan mean that greater focus can be applied beneath those broader issues.

1.5.17 Policy Priorities for the next phase of work

1.5.18 Before suggesting the policy priorities for the next phase of this work, since starting in 2015, there have been three important pieces of work which set a national context. Together all three make it clear that poverty and deprivation have a cost; that deprivation in the North East and North Tyneside put a significant break on social mobility; and that, while education has been strong in North Tyneside, there is still a gap in attainment for young people from deprived homes.

1.5.19 Those pieces of work are

- **Cost of Poverty**²; Appendix 2 shows how poverty costs the state £78bn per annum. This runs across the gamut of services from education, health and criminal justice. This effect is echoed in North Tyneside where, for example, costs of social care are higher in wards which have higher levels of deprivation
- **Social Mobility**; the Social Mobility Commissioner's report published 28th November 2017 "Social Mobility in Great Britain: Fifth state of the nation report" demonstrates there is still a great deal of work to be done to help young people experiencing deprivation to fulfil their full potential
- **Education**; the Children's Commissioner's report published on 26th March 2018 "Growing up North" makes very clear the impact of deprivation on attainment and subsequent life chances.

1.5.20 In addition to the effort applied in the pilot being continued across Chirton and Riverside and expanded to Howdon and Wallsend, the suggested policy priorities for the next phase of work are as follows

- **For education, children and young people**; in line with the Elected Mayor and Cabinet's priority to ensure children are ready for school, the work will prioritise building on the Authority's successful implementation of the Two Year Old Offer ensuring the remaining families in all four wards (around 50) are supported to access the help. Further consideration will also be given to the "childcare gap"; that is those who fall between the income-related qualification for the Two Year Old Offer and those accessing the 30 Hour Offer qualifying for neither. Finally, in line with the Elected Mayor and Cabinet's priority to ensure North Tyneside residents are ready for work and life, work will concentrate on closing the gap in attainment between pupils from more deprived backgrounds and pupils from the rest of the borough
- **For employment**; national research³ has confirmed that 55% of people who are in poverty are in work. Examination of local data demonstrates those individuals and families are particularly concentrated in poor quality housing in the centre of Wallsend and North Shields. As well as our work to tackle unemployment the Authority will focus its efforts in this work on those households in poverty and in work
- **Housing and the environment**; linked to the employment priority there is a need to focus on the quality of the housing stock in parts of all four wards and support lower turnover and longer tenure. This will mean fostering a sense of place while mixing incentives and enforcement where the quality and management of non-Council housing is having a negative impact on that sense of place. Attention is also required on issues of crime and anti social behaviour where feedback from residents and Elected Members has shown the feelings of safety are less strong in areas of greater deprivation; and
- **Health**; the data suggests there are three jobs to do. Continue to promote a healthy lifestyle among young people supporting positive physical and mental

² <https://www.jrf.org.uk/report/uk-poverty-causes-costs-and-solutions>

³ Monitoring poverty and social exclusion 2016

health, find ways to tackle loneliness and isolation among older residents (particularly those who are out of work, have a disability or poor health or are older) and help those over 50 to make the best choices to secure a healthy older age.

1.5.21 Specific action

1.5.22 Some specific action is proposed for each priority

- **For education, children and young people;** we will continue to ensure that there is a growing and high quality childcare offer that meets the needs of all families in the Borough. This includes families needing additional support as well as families needing childcare to access work. A regular review of the families entitled to but not accessing their 2 Year Old place will enable the 0 – 19 and Locality staff to take a more targeted approach to engaging families and encouraging take-up. Working with the providers we will also re-emphasise the need for all children accessing a 2 Year Old place to have an Early Help Assessment to identify if their families have additional needs they need support with such as debt, worklessness or health issues. We will also take the emerging model at the Ready for School centre in Riverside to see how we may encourage other childcare providers to provide additional support for families in their settings. Changes to Apprenticeship funding and the Local Offer for SEND and Care Leavers will help us to further develop our progression pathways for young people into employment
- **For employment;** acknowledging this is a very tricky area two initial actions will take place. In the first instance local academic research and work with partners will be secured to understand the nature of the issue and suggest how best to engage with individuals and families who may already be busy, challenged and unlikely to have time and energy to devote to improving their employment status or housing situation. In parallel, building on the delivery of the North Tyneside Living Wage and the local implementation of the Apprenticeship Levy practical steps will be explored with the Authority's own work force whose income overlaps with these individuals and families. Work will continue with our key partners to secure funding to provide intensive employability support to address unemployment and economic inactivity and deliver skills training to meet employer's needs within our main priority sectors
- **For housing and the environment;** building on work already done by Cabinet in reviewing enforcement and creating public space protection areas, the refreshed Safer North Tyneside Strategy will set a policy context for work to tackle anti-social behaviour. A renewed policy approach is being developed to tackle private sector market renewal and tackle fuel poverty; this is supported by a revised policy for the Disabled Facilities Grant, agreed by Cabinet at its meeting on 12th March 2018, which can be shaped to help people with social care needs in poor quality housing. A policy review is underway to ensure those services which contribute to a sense of place (environment, highways, culture, sport and leisure) are aligned to the priorities of the Elected Mayor and Cabinet: This will include ensuring effort is focussed on creating a stronger sense of place in our more deprived areas
- **For health;** the work led by the Director of Public Health will continue. Active North Tyneside already works in partnership with schools and community and voluntary sector to support children and young people to make healthy choices. Design work is underway to encourage over 50s to make the best choices. Finally, reflecting the greater need for adult social care services in all four wards

as compared to the rest of the Borough, work done on community hubs and Care and Connect will be developed to make sure all of the assets in the four wards are used to tackle loneliness and isolation. The links between deprivation and mental health are well understood. Whilst our ambition is for young people to have the best start in life, all too often, young people with a mental health problem are not able to fulfil their potential. Mental ill-health costs individuals, and the local area. In recent years, we have seen a welcome shift in attitudes to mental health and want to deliver and build upon the strong foundation of work already achieved. We will undertake a programme of work to transform children and young people's mental health services. In particular we will increase support for earlier intervention and prevention, boost support for the role played by schools, and increase better, faster access to NHS services.

1.5.23 Again, while this work will now focus on Chirton, Riverside, Howdon and Wallsend, it is expected to influence wider work to tackle deprivation across North Tyneside.

1.6 Decision options:

The following decision options are available for consideration by Cabinet

Option 1

Agree the recommendations at paragraph 1.2; or

Option 2

Ask for more work to be done to evaluate the pilot and shape the priorities.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

- A full evaluation of the pilot has been completed and those findings have shaped the proposal; and
- Examination of a range of data, local engagement and the stated policy priorities of the Mayor and Cabinet have shaped the proposed priorities for the next phase of this work.

1.8 Appendices:

Appendix 1: Organisations participating in the Chirton and Riverside Partnership

Appendix 2: The cost of poverty

1.9 Contact officers:

Paul Hanson, Deputy Chief Executive, tel. (0191) 643 7000

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

1.10 Background information:

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

- (1) Tackling Deprivation in North Tyneside. Report to Cabinet 14 December 2015
- (2) Joseph Rowntree Foundation; comprehensive report, UK poverty: Causes, costs and solutions, September 2016. <https://www.jrf.org.uk/report/uk-poverty-causes-costs-and-solutions>
- (3) Social Mobility Commission
- (4) Children's Commissioner Growing Up North

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

The work proposed in this report has no specific financial impact. As was the case with the pilot, existing resources and additional funding secured by partners were directed towards the agreed priorities.

2.2 Legal

There are no specific legal implications of this report.

2.3 Consultation/community engagement

2.3.1 Internal Consultation

As the Cabinet Member responsible for this work, extensive work has been undertaken with the Deputy Mayor. That work has been tested with the Mayor and Cabinet and Ward Councillors for Chirton, Riverside, Howdon and Wallsend. School leaders have been involved in considering the priority and action around closing the gap.

2.3.2 External Consultation/Engagement

The Chirton and Riverside Partnership have been involved in the evaluation of the pilot and community and voluntary sector organisations operating in all four wards have been involved in considering the priorities for the next phase. The Residents' Survey and wider Authority engagement have also informed this report.

2.4 Human rights

The purpose of the report is to protect and enhance human rights.

2.5 Equalities and diversity

The purpose of the report is to continue and develop work to tackle inequality.

2.6 Risk management

The proposed approach has been based on risk.

2.7 Crime and disorder

Northumbria Police and Tyne and Wear Fire and Rescue Service are involved in the work and have taken the opportunity to work in partnership to enhance community safety.

2.8 Environment and sustainability

Tackling inequality is a key tenet of sustainable communities.

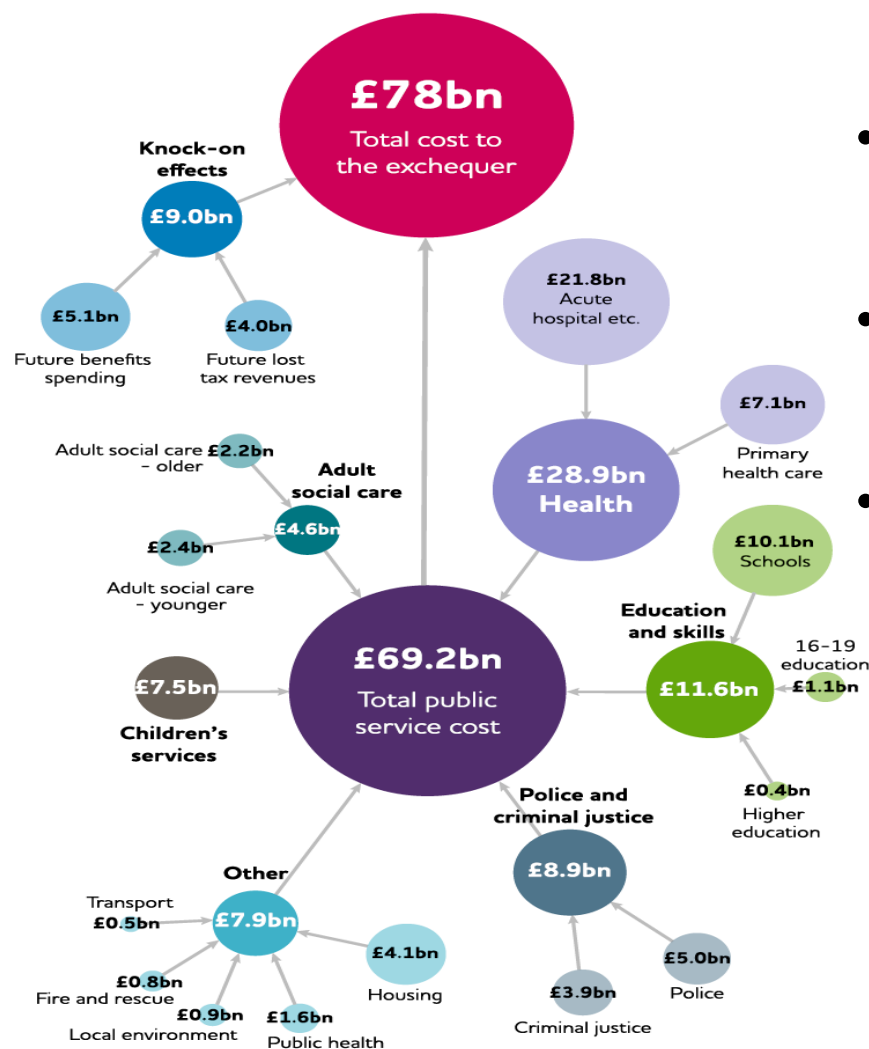
PART 3 - SIGN OFF

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

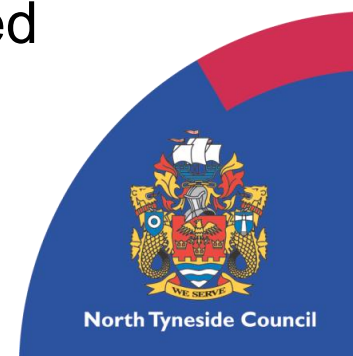
Organisations participating in the Chirton and Riverside Partnership

Capita
Cedarwood
Meadow Well Connected
National Landlord Association
Norham High School
North Tyneside Council
Northumbria Police
Phoenix Detached Youth Project
Tyne Gateway
Tyne & Wear Fire & Rescue Services

Impact of poverty



- Poverty costs the state £78bn
- 50% of spending in the North East is on welfare
- Nationally, 1 in 60 children in care is from the most deprived areas. This compares with 1 in 660 from the least deprived



North Tyneside Council Report to Cabinet 30 July 2018

Item 5(f)

2018/19 Financial Management
Report to 31 May 2018

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

PART 1

1.1 Executive Summary:

This report is the first monitoring report to Cabinet on the 2018/19 financial position. The report brings together financial and relevant performance information with the intention of explaining the current financial position in the context of the policy priorities in the Our North Tyneside Plan. It provides the first indication of the potential revenue and capital position of the Authority at 31 March 2019.

This is the first report of the financial year and necessarily reflects known pressures at this time. It is anticipated that the out-turn forecast will improve over the course of the financial year as planned remedial actions being to impact.

At this stage in the financial year, Cabinet will understand that there are still aspects of the £10.143m 2018/19 savings programme to be met in order to deliver the General Fund budget approved by Council on 15 February 2018. A number of sessions have already been held by senior management to give early consideration as to the actions required to manage the financial risk identified for 2018/19, including what additional actions can be taken in line with the Authority's Efficiency Statement and the Creating a Brighter Future Programme.

The report also explains where the Authority continues to manage financial pressures. Like most local authorities, North Tyneside Council continues to face financial pressures which were reported in the 2017/18 Outturn Report and continue to manifest in 2018/19.

The report includes details of an additional grant received by the Authority since the budget was set. The report also advises Cabinet of the position so far on the 2018/19 Schools budgets, planning for 2019/20 Schools funding and the forecast outturn for the Housing Revenue Account as at 31 May 2018.

Finally, the report provides an update on the 2018/19 Investment Plan, including delivery so far this year, along with details of variations and reprofiling of the Investment Plan which are presented to Cabinet for approval.

1.2 Recommendations:

It is recommended that Cabinet:

- (a) notes the forecast budget monitoring position for the General Fund, Schools' Finance and Housing Revenue Account (HRA) and as at 31 May 2018 (Annex sections 1, 4 and 5);
- (b) approves the receipt of £0.010m new revenue grants;
- (c) notes the Authority's Investment Plan spend of £4.246m to 31 May 2018 and the financing of the Plan to the end of the year (Annex Section 6); and
- (d) approves variations of £5.736m and reprogramming of £20.349m for 2018/19 within the 2018 - 2021 Investment Plan (Annex Section 6).

1.3 Forward Plan:

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

1.4 Authority plan and policy framework:

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

1.5 Information:

1.5.1 Financial Position

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

The report covers:

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

General Fund Revenue Account:

The budget for 2018/19 was approved by full Council at its meeting on the 15 February 2018. The net General Fund revenue budget was set at £154.724m. This included £10.143m of savings to be achieved.

This is the first financial monitoring report of the year. The forecast overall pressure is estimated at £5.593m against an approved net budget of £154.724m. This is driven

mainly by continued pressure in Children's Services of £3.915m and Adult Services of £3.206m, partly mitigated by the contingency balances that were created as part of the 2018/19 Budget setting process and are held centrally to reflect the on-going pressures in social care being felt locally and nationally.

Included in this projection is £3.644m of pressures in Corporate Parenting and Placements, £2.523m in Wellbeing and Assessment and £1.483m in Disability & Mental Health. The drivers for these pressures continue from 2017/18 and arise from:

- Continued growth in demand in Adult and Children's Social Care Services;
- The timing of delivery of some aspects of the Creating a Brighter Future Programme to the extent that achievement of some savings may be at risk;
- Ongoing issues around agreeing adequate levels of contributions from the North Tyneside Clinical Commissioning Group for clients with health needs and to support social care; and
- Negotiations with care providers to assess the impact of the National Living Wage and the consequential impact on our commissioning costs are at an early stage for 2018/19

Service areas have held sessions over the course of May and June 2018 in order to develop further actions to mitigate identified financial pressures. It is anticipated that the out-turn forecast will improve over the course of the financial year as planned remedial actions being to impact on both expenditure and income.

Housing Revenue Account (HRA):

The HRA is forecast to have year-end balances at 31 March 2019 of £4.407m, which are £1.737m higher than budget which was set at £2.670m. The higher than forecast balances are mainly as a result of higher opening balances due to the impact of the previous year's financial performance (£1.443m) but there is also an in-year estimated underspend of (£0.294m), against an in-year budget of £1.970m, due to additional income of (£0.339m) offset, in the main, by additional HRA management costs of £0.043m.

Universal Credit was fully implemented across North Tyneside on 2 May 2018. As of May 2018, 208 North Tyneside Homes tenants have moved on to Universal Credit and a team is working proactively with tenants to minimise arrears. This position will be closely monitored as the year progresses to identify any adverse impacts on the budget position.

School Funding:

School funding is an area that has been subject to review by Cabinet and a further update on these issues is included in the Education report being considered by Cabinet later in this meeting. The Annex to this report includes an update in respect of work in progress with regard to school funding (Section 4). 10 schools are requesting deficit approval for 2018/19 (10 in 2017/18).

Investment Plan:

The 2018-2021 Investment Plan, as adjusted for proposed reprogramming, totals £174.256m (£78.285m 2018/19) and is detailed in Appendix 1 table 6.7.1. The Annex to this report also sets out in Section 6 delivery progress to date, planned delivery for

2018/19, reprogramming and other variations identified through the Investment Programme Governance process.

New Revenue Grants:

The following revenue grants have been received during April and May 2018:

Table 1: Revenue Grants Received during April and May 2018

Service	Grant Provider	Grant	Purpose	2018/19 value £m
HECS	Department For Education	S31 Extended Personal Adviser Duty Implementation Grant (New Burdens)	To provide support to local authorities requiring them to offer Personal Adviser support to all care leavers up to the age of 25.	0.010
Total				0.010

1.5.2 Performance against Council Plan

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

Our People will:

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

Our Places will:

- Be great places to live by focusing on what is important to local people.
- Be a thriving place for choice of visitors through the promotion of our award winning parks, beaches, festivals and seasonal activities.
- Offer a good choice of quality housing appropriate to need, including affordable homes.
- Benefit from the completion of the North Tyneside Living project and by North Tyneside Council's housing stock being decent, well managed and its potential use maximised.
- Provide a clean, green, healthy, attractive and safe environment.

- Have an effective transport and physical infrastructure - including our roads, cycle ways, pavements, street lighting, drainage and public transport.
- Continue to regenerate Wallsend and Whitley Bay while ambitious plans will be developed for North Shields, Forest Hall and Killingworth.

Our Economy will:

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

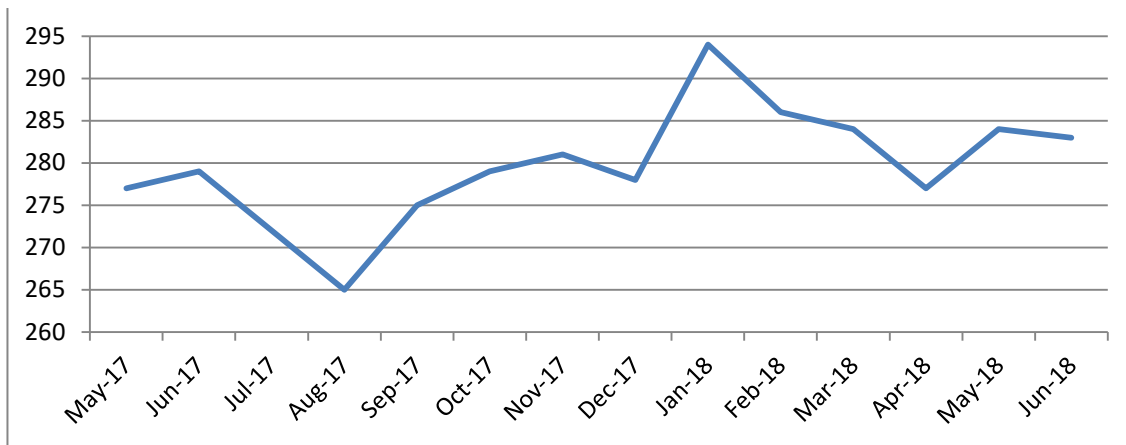
The Authority has plans in place to deliver all elements of the Council Plan and performance against these plans is carefully monitored. The area under most financial pressure is Health Education Care and Safeguarding.

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

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

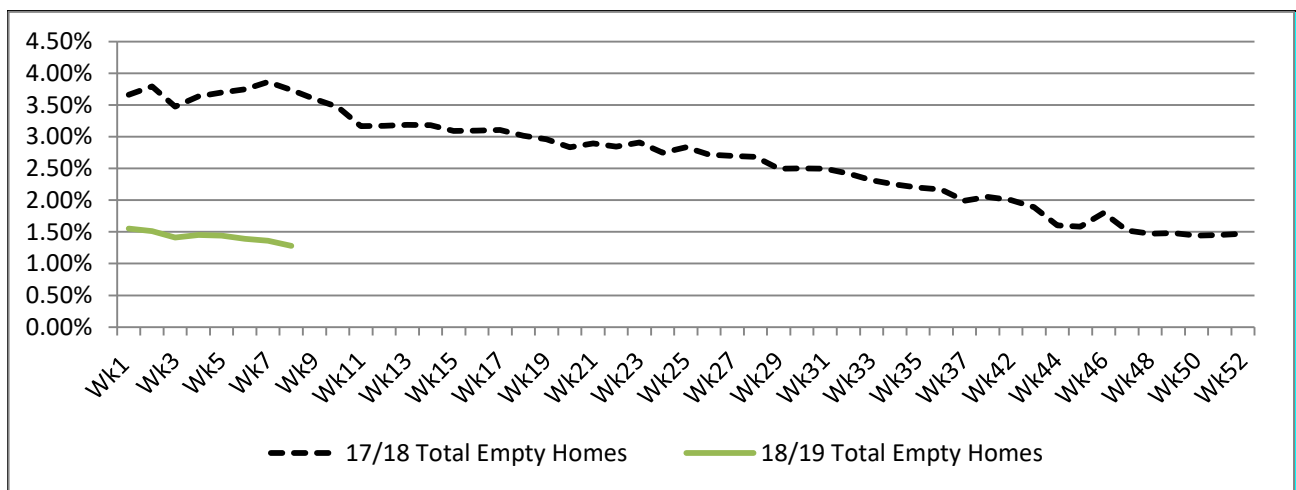
The levels of looked after children (LAC) and children who require supervision after leaving care continue to generate a significant financial pressure. In year data suggests that our LAC levels, whilst fluctuating, are on average, remaining constant (as per Table 2 below) but there are a wide range of levels of care provided, with more complex cases now being faced. Current demand continues to drive financial pressure in 2018/19. The Authority is forecasting a pressure of £3.644m in Corporate Parenting and Placements (2017/18, £3.817m). The new model for children has been designed in part to address the financial pressures and more details are set out in sections 2 and 3 of the Annex to this report.

Table 2: Looked After Children comparators at each month end



1.5.3 HRA

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



1.5.4 Investment Plan

An officer led review of the Investment plan has resulted in proposals for reprogramming of (£20.349m) and variations of £5.736m of which more details are set out in Section 6 of the Annex to this report. The revised Investment plan stands at £78.285m for 2018/19 and to the end of May 2018 spend of £4.246m had been incurred which represents 5.4% of the revised plan. This is the highest percentage and the second highest actual spend reported in May Budget Monitoring reports for the last 5 years and reflects an improvement in delivery against the phased plan.

1.6 Decision options:

The following decision options are available for consideration by Cabinet:

Option 1

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

Options 2

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

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

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

1.8 Appendices:

Annex: Financial Management Report to 31 May 2018
Appendix 1: 2018-2021 Investment Plan

1.9 Contact officers:

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

1.10 Background information:

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

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

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

As this is a financial report, implications are covered in the body of the report. This report will also be presented to the Authority's Finance Sub-Committee at its meeting on 19 July 2018.

2.2 Legal

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

2.3 Consultation/community engagement

2.3.1 Internal Consultation

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

2.3.2 External Consultation / Engagement

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

2.4 Human rights

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

2.5 Equalities and diversity

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

2.6 Risk management

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

2.7 Crime and disorder

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

2.8 Environment and sustainability

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

PART 3 - SIGN OFF

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

2018/19 Financial Management Report Annex

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SECTION 1 - GENERAL FUND SUMMARY

1 General Fund Revenue Forecast

- 1.1 The Authority's approved net revenue Budget of £154.724m is forecast to overspend by £5.593m. The budget includes £10.143m of budget savings as agreed at Council on 15 February 2018. The table in 1.2 below sets out the variation summary across the General Fund.

Table: 1.2 2018/19 General Fund Revenue Forecast Outturn as at 31st May 2018

	Gross Expenditure			Income			Net Expenditure		
	Budget	Forecast	Variance	Budget	Forecast	Variance	Budget	Forecast	Variance
Services	£m	£m	£m	£m	£m	£m	£m	£m	£m
Health, Education, Care and Safeguarding	168.597	175.718	7.121	(104.762)	(104.762)	0.000	63.835	70.956	7.121
Commissioning and Investment	199.478	202.484	3.006	(181.249)	(184.052)	(2.803)	18.229	18.432	0.203
Environment, Housing and Leisure	69.031	70.558	1.527	(28.651)	(29.528)	(0.877)	40.380	41.030	0.650
Chief Executive Office	0.533	0.561	0.028	(0.447)	(0.447)	0.000	0.086	0.114	0.028
Business and Economic Development	2.176	2.041	(0.135)	(0.919)	(0.773)	0.146	1.257	1.268	0.011
Commercial and Business Redesign	6.999	7.050	0.051	(5.426)	(5.364)	0.062	1.573	1.686	0.113
Corporate Strategy	2.140	2.271	0.131	(1.500)	(1.500)	0.000	0.640	0.771	0.131
Finance	69.648	69.559	(0.089)	(70.412)	(69.865)	0.547	(0.764)	(0.306)	0.458
Human Resources and Organisational Development	2.129	2.417	0.288	(2.248)	(2.480)	(0.232)	(0.119)	(0.063)	0.056
Law and Governance	3.616	3.836	0.220	(3.727)	(3.778)	(0.051)	(0.111)	0.058	0.169
Central Items	21.527	18.612	(2.915)	(11.649)	(12.081)	(0.432)	9.878	6.531	(3.347)
Support Services	19.840	19.840	0.000	0.000	0.000	0.000	19.840	19.840	0.000
Total Authority	565.714	574.946	9.232	(410.990)	(414.630)	(3.640)	154.724	160.317	5.593

SECTION 2 - DELIVERY OF BUDGET SAVINGS PROPOSALS

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

2.2 Table: Year on Year savings since 2010 CSR

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
Total Savings	120.076

2.3 In tracking progress made against each individual saving proposal (as set out in 2.4 below), £6.369m (63% of the target) is already forecast to be saved in 2018/19. At this early stage in the financial year, a prudent approach is taken to reporting efficiency saving and they will only be reported as achieved in the forecast position when the impact can be seen flowing into the financial ledger system. The table below shows the delivery by Service;

2.4 Table: Creating a Brighter Future (CBF) savings by at May 2018

Service	Savings Target £m	Assumed in Forecast £m	To Be Delivered £m	% Achieved
Business & Economic Development	0.121	0.121	0.000	100%
Central Items	3.370	0.887	2.483	26%
Commercial & Business Redesign	0.060	0.060	0.000	100%
Commissioning & Investment	0.464	0.419	0.045	90%
Corporate Strategy	0.160	0.160	0.000	100%
Environment, Housing & Leisure	1.158	1.138	0.020	98%
Finance	0.305	0.305	0.000	100%
Health, Education, Care and Safeguarding (HECS)	4.364	3.144	1.220	72%
HR & Organisational Development	0.025	0.025	0.000	100%
Law & Governance	0.116	0.110	0.006	95%
Grand Total	10.143	6.369	3.774	63%

- 2.5 The governance structure of the CBF programme includes a monthly review of progress at Senior Leadership Team. In addition in-year finance and performance progress meetings are held between officers and Cabinet Members to consider progress and actions being taken to deliver savings. The main areas of variation in relation to delivery of savings targets at this stage in the year are the cross-cutting procurement and management savings shown within Central Items and savings related to care costs within HECS. Further details are provided below.

Central Items

- 2.6 The £2.483m of savings targets which are currently forecast as non-delivered within Central Items are the cross-cutting targets for Procurement Savings (£1.407m) under the Maximising Resources Business Case and Management Savings (£1.076m) under Fit for Purpose – How we are Organised.
- 2.7 Progress has been made against the Procurement target of £1.500m with £0.093m identified and a further £0.441m of firm proposals being investigated and monitored but not yet forecasted as achieved at this early stage in the year. These proposals include community equipment, catering expenditure, spend on voice and data services, spend on an IT system used within Reablement and external homecare provision, purchase card spend and high cost placements. Work continues, in conjunction with our partner, Capita, to identify remaining savings.
- 2.8 To date saving of £1.424m in relation so Management Savings have been secured. Reshaping of the Senior Leadership Team (SLT) is expected to make a further contribution to the target, Heads of Service has a range of plans that are currently in development to address the remaining balance to be achieved, These plans includes consideration of the opportunities arising from devolution and regional joint working in regard to the provision of Children's Social care Services, consideration of the arrangements in place to manage our major contracts, and delivery of our Transformation and ICT requirements.

Commissioning and Investment

- 2.9 The Service has made good progress and delivered 90% of its target at May 2018 however £0.045m remains to be delivered. Work continues to look at options to at least secure the remaining balance.

Environment, Housing and Leisure

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

Health Education, Care and Safeguarding

- 2.11 The Service is forecasting to deliver £3.144m (72%) of its targets at this stage in the year. Projects around Public Health contracts, reductions in block contracts and staffing restructures in Integrated Services are all complete.
- 2.12 A total of £0.489m of the target of £1.713m savings relating to achieving income within the People Wellbeing Services Business Case is currently assumed to be unachieved. Income has been agreed in relation to a grant for the Partners in

Practice work and for work associated with the Alternative Delivery Model (ADM) project. The Service is working hard to identify the balance. Further income is anticipated from the ADM project as currently the funding agreement covers the period to December 2018.

- 2.13 In addition, an amount of £0.300m relating to banding of care home fees is currently shown as unachieved as the negotiation of fee rates for 2018/19 has met with significant challenge from the care providers. A commitment has been made to reset the negotiations by taking time to fully consider the financial challenges faced by the sector. As a consequence, this saving is shown as unachieved pending further discussions.
- 2.14 The service is taking a prudent view around savings to be delivered against care provision and its related income as these are delivered over the course of the year by on-going robust review and management actions rather than as a one-off activity with a discrete start and end date as in, for example, a staffing restructure. Amber-rated projects around Health Funding, Children's Placements, Customer Demand Pathway, Direct Payments and Client Charging are all on track in terms of management actions and the Service is reasonably confident of delivering fully against targets in cash terms in due course. However, at this early stage in the year, these savings have been assumed at 50% delivery while careful monitoring of actual results continues and this makes up the balance of the savings shortfall.

Impact of Unachieved 2017/18 Savings

- 2.15 The vast majority of the ambitious savings target of £18.338m was delivered during 2017/18 but there remains some savings from 2017/18 that need to be delivered in 2018/19. The table below outlines these savings by project and service.

2.16 Table of 2017/18 Unachieved Savings Impacting in 2018/19 in £m

2017/18 Savings not delivered in 2017/18	Service	18/19 Pressure
Procurement	Central	0.500
Children with Disabilities	HECS	0.350
Adults - Specialist Housing	HECS	0.109
New Model to Support Children (part only)	HECS	0.097
IRO Staffing	C&I	0.055
Total		1.111

- 2.17 The cross-cutting savings in procurement are being managed alongside the 2018/19 target of £1.500m but are unachieved at this stage in the year.
- 2.18 The savings targets relating to HECS have been subsumed within the normal budget monitoring processes. In relation to the Children with Disabilities target, work has been on-going to develop a revised plan to achieve these savings and a report will be taken to Cabinet in September outlining these proposals. The saving is currently being reported as unachieved until Cabinet report is in place for the revised plan.

- 2.19 The saving in relation to the reduction of an Independent Review Officer within Commissioning and Investment was contingent on the workload around Looked After Children's placements reducing. This has not, however, been the case and it has not been safe to release a post. The service will continue to monitor closely staff caseloads as well as looking at further opportunities to bridge the gap.

SECTION 3 – SERVICE COMMENTARIES

3.1 Meetings have been held between finance officers and budget managers to review the forecast positions for 2018/19, with forecasts being prepared on a prudent basis at this early stage in the financial year. Meetings have been planned for July with officers, Cabinet Member for Finance and Resources, the Deputy Mayor and the relevant Cabinet Member to discuss the in-year finance and performance position. Heads of Service and their senior teams will also attend to discuss plans in progress to mitigate any pressures.

3.2 Health, Education, Care & Safeguarding (HECS)

3.2.1 HECS is forecasting an over-commitment against its £63.835m net controllable expenditure budget by £7.121m. This forecast position excludes the application of contingency budgets set aside in Central Items for demand-led pressures in adult services of £1.800m and within children's services of £2.616m.

3.2.2 Table: Financial Summary for HECS

	Budget (£m)	Forecast (£m)	Variance (£m)	Variance 17/18 (£m)
Corporate Parenting and Placements	13.953	17.597	3.644	3.817
Early Help and Vulnerable Families	2.202	1.982	(0.220)	(0.393)
Employment and Skills	0.601	0.667	0.066	0.165
Integrated Disability and Additional Needs Service	1.993	2.508	0.514	0.401
School Improvement	0.051	(0.038)	(0.089)	(0.088)
Wellbeing, Governance & Transformation	2.315	1.921	(0.394)	(0.182)
Disability & Mental Health	28.341	29.824	1.483	4.018
Wellbeing & Assessment	11.246	13.769	2.523	0.611
Integrated Services	2.678	2.402	(0.276)	(0.018)
Business Assurance	0.435	0.305	(0.130)	(0.058)
Public Health	0.019	0.019	0.000	0.000
Total before Improved Better Care Fund Grant (IBCF)	63.835	70.956	7.121	8.273
IBCF Grant 17/18 - announced after budget set				(4.579)
Total HECS	63.835	70.956	7.121	3.694

Main budget pressures across HECS

- 3.2.3 In addition to its normal complex budget management, the Service has been required to deal with a combination of demand-led pressures and national policy changes. There have been upward pressures on care provider's fees partially resulting from the National Living Wage and reduced income from the NHS largely due to the on-going financial challenges faced by the North Tyneside Clinical Commissioning Group (NTCCG).
- 3.2.4 The main factor behind the significant overspend is third party payments in relation to fees for care homes and community-based packages for adults. In addition, there remains significant pressure within Corporate Parenting and Placements in relation to care provision for Looked After Children (LAC) and Care Leavers despite the overall numbers of LAC stabilising and showing a reduction from 2017 (see 3.2.18 below). This has combined with the on-going pressures in the workforce arising from staff retention costs and recruitment costs. As indicated in section 2, the Service is making progress in delivering another demanding set of savings projects but the 2018/19 total of £1.22m and 2017/18 total of £0.556m targets which are, as yet, unachieved are contributing to the overall overspend position.

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

3.2.5 Table: Summary of Factors Driving the Overspend within HECS

Sub-service	Savings still to be delivered 2018/19 £m	Savings still to be delivered 2017/18 £m	Demand Pressures £m	CCG Income £m	Staff £m	Other £m	Total £m
Adult Services	0.751	0.109	2.281	0.954	(0.175)	(0.714)	3.206
Children's Services	0.469	0.447	2.796	0.070	0.188	(0.055)	3.915
Total	1.220	0.556	5.077	1.024	0.013	(0.769)	7.121

Adult Services

- 3.2.6 In Adults the £3.2m pressure relates to £0.9m of as yet not fully delivered CBF targets mostly from 18/19 but with a small element relating to prior year, circa £1m of pressures from CCG income mainly around the s256 mental health agreement and the balance to demand pressures foreseen by Cabinet and backed by £1.8m of contingencies held centrally.

In common with most local authorities, North Tyneside 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.

3.2.7 In order to manage this demand as effectively as possible and ensure that the most intensive services are targeted at those in the greatest need, the Service has been going through transformation to 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.

3.2.8 Demand-led pressures (excluding those which form part of savings targets as yet unachieved outlined in 2.12 and 2.13) total £2.281m above budget. These are analysed into the following service types;

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

Type of Service	Demand-led Pressure £m
Residential and Nursing care	1.157
Homecare and Extra Care	0.933
Other Community-Based Care	0.191
Total	2.281

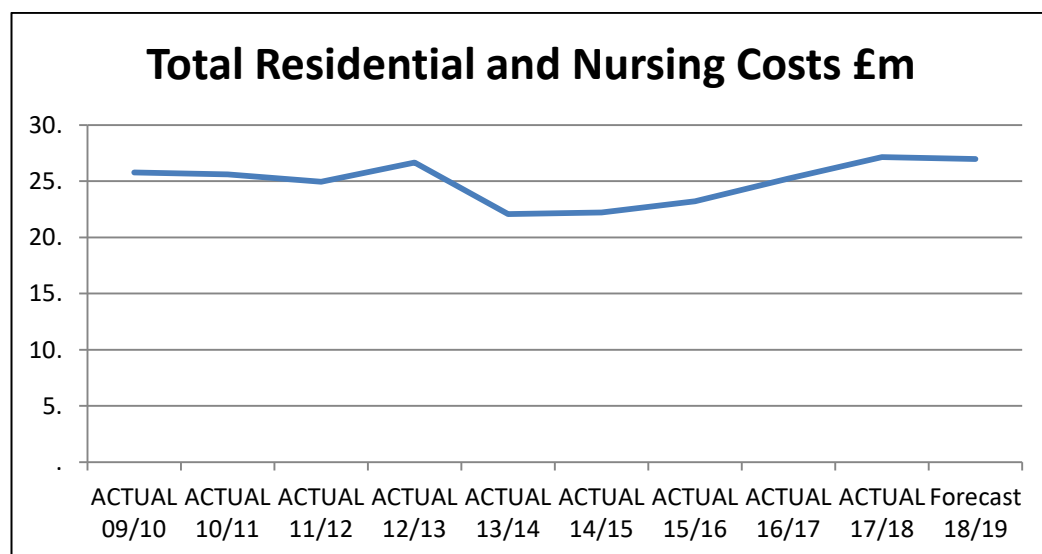
Residential and Nursing Care

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

3.2.10 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. The service is having a focused review of all short-term placements with support from colleagues from sheltered accommodation and with a view to maximising the appropriate use of assistive technology to identify exit plans for those people needing to move on from short-term residential placements.

3.2.11 This approach is starting to have a positive impact on the numbers of placements overall and the cost of residential and nursing care is starting to fall despite an assumed fee increase of 3.6%. However, these costs are still showing a pressure of £1.157m when forecast forward at current levels of provision.

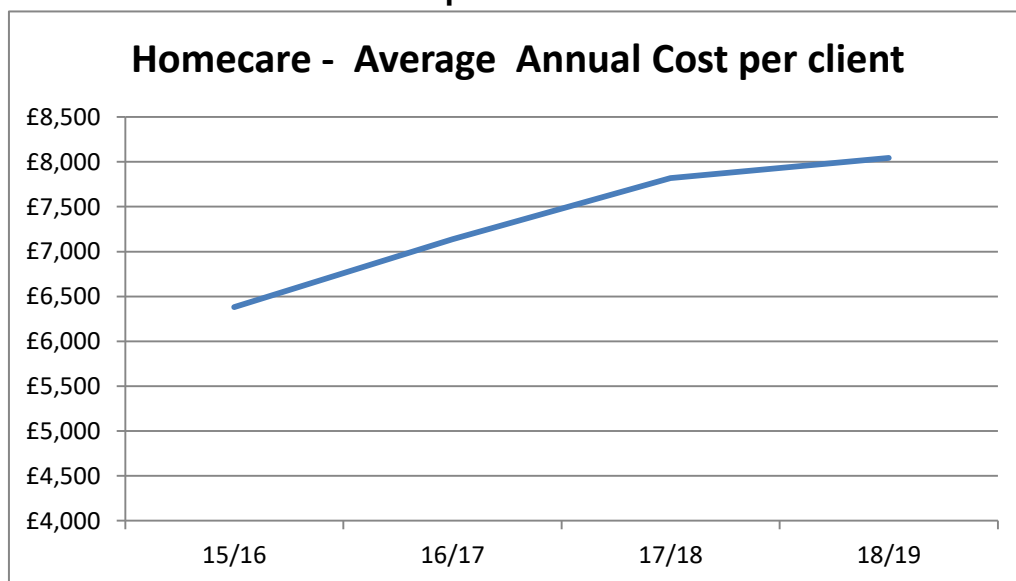
Chart: Movement in Total Residential and Nursing Costs since 2009/10



Homecare and Extra Care

3.2.12 As reported during 2017/18, the Authority in line with the national picture has seen an increase in the average cost of homecare as more intense support for an aging population results in higher average package costs as indicated by the chart below.

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



3.2.14 The Service is working hard to continue embedding 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.

CCG Income

3.2.15 There is a pressure in relation to CCG income of £0.954m within adult services budget areas. This mainly relates to the CCG decision to remove a contribution to Mental Health Resettlement which funds vital infrastructure for a cohort of clients and their successors who have enduring, complex mental health conditions and who, at one time, would have been permanently supported in a health setting. The Service is prudently forecasting a loss of income of £0.831m in relation to this issue but is taking advice in its pursuit of the full funding amount. The remainder of the income issue relates to shared care income for clients with a significant health need where the CCG is continuing to seek to withdraw funding support by proposing that existing NHS commissioned services will meet needs. The Authority is robustly challenging this on a case by case basis where it is identified that a client has significant health needs. However, if a client has not been assessed as fully meeting the threshold for continuing healthcare, there are no clear statutory guidelines outlining the CCG's responsibility.

Other

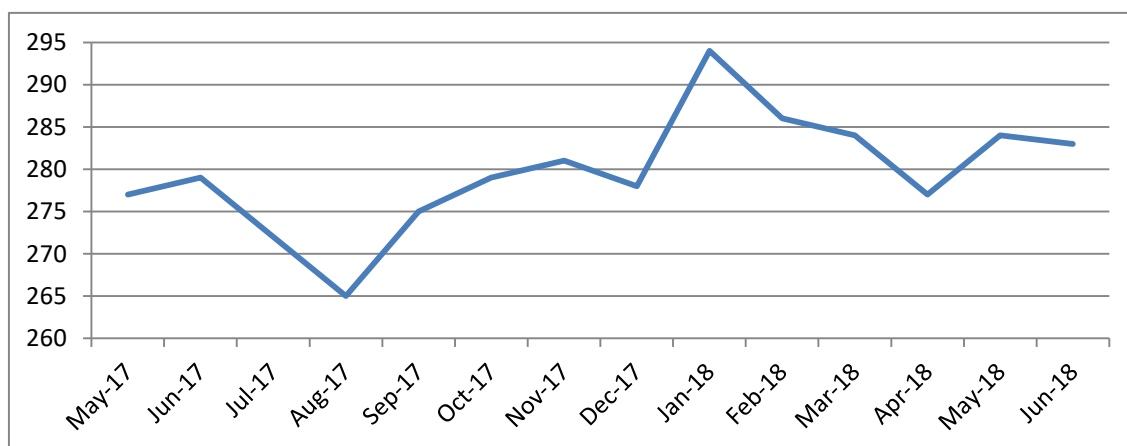
3.2.16 The pressure in placement costs and income is being partially mitigated by underspends in other areas amounting to £0.714m. This is comprised mainly of unspent transformation budgets within Wellbeing, Governance and Transformation (£0.394m) and underspending budgets in Integrated Services, partly in relation to client transport where a range of approaches have successfully managed costs down (£0.276m).

Children's Services

3.2.17 In Children's services the £3.9m pressure relates to demand pressures of £2.8m mainly in Corporate Parenting and Placements, which were foreseen by Cabinet and backed by £2.6m of contingencies held centrally, £0.9m of as yet not fully delivered CBF targets mostly from 18/19 and the balance of circa £0.2m of staffing pressures.

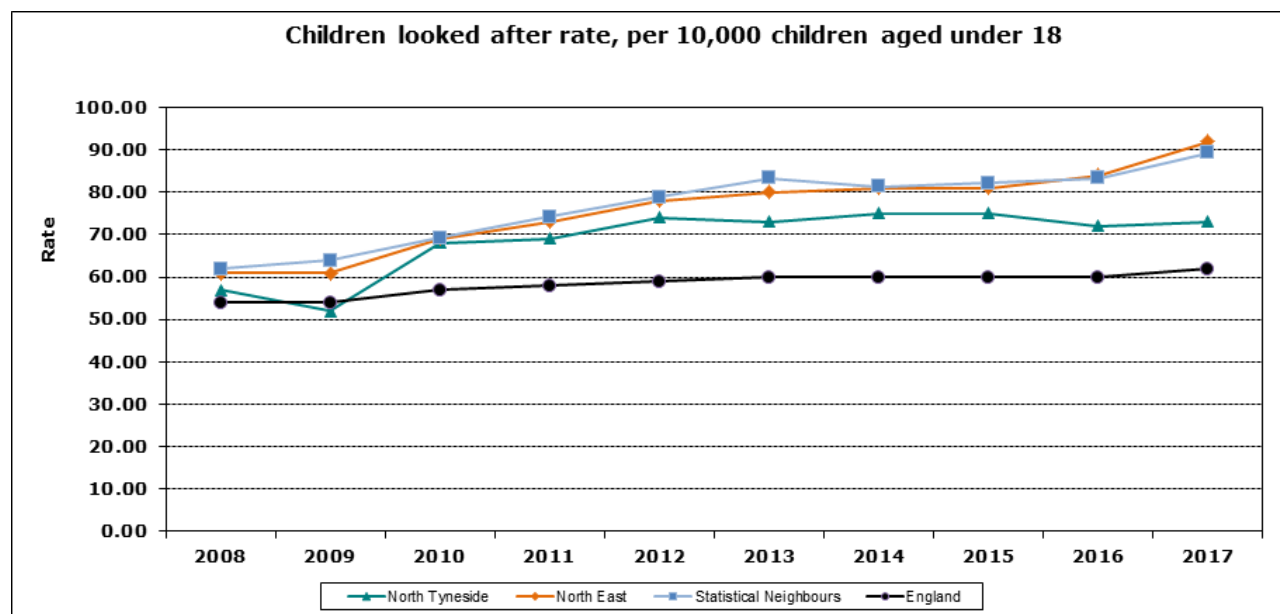
Corporate Parenting and Placements continues to experience pressure with a demand-led over commitment against budget of £2.796m. Over recent years, there has been an increase nationally in demand for children's residential placements but with no corresponding increase in central government funded provision. In North Tyneside over the last few years the overall number of Looked After Children has mirrored the increases felt nationally but is now lower than the peak in January 2017 as demonstrated in chart 3.2.18 below:

3.2.18 Looked after Children numbers at each month end



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

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

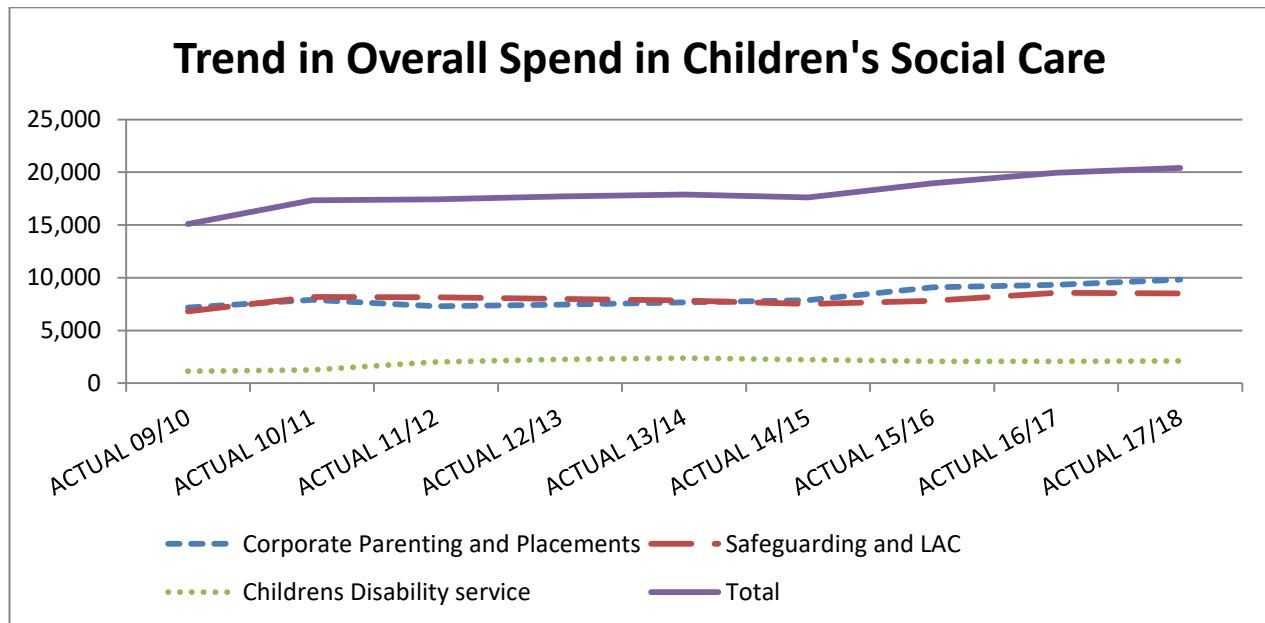


3.2.21 Although the number of placements has not increased, the placement mix has changed significantly. Placements for adolescents (particularly males) with a combination of risks including aggressive behaviour, offending, substance use and sexualised behaviour are increasingly difficult to source.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

3.2.22 These factors have resulted in a continuing rise in overall spend, despite the Service's on-going efforts to contain costs throughout the whole pathway from

managing demand by early intervention through to developing alternative provision for young people with the most complex needs. The rise of costs over the period since 2009/10 is shown below. This graph covers external and internally-provided care costs and associated staffing costs for LAC and children with disabilities.

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



Staffing pressures

3.2.24 Cabinet are aware of the particular challenges faced nationally across the children's social care sector and this has led to staffing costs being overspent by a net £0.188m through the necessary use of agency workers and market supplement payments.

3.3 **Commissioning & Investment**

3.3.1 Commissioning and Investment is forecasting an over-commitment of £0.203m as set out in 3.3.2 below compared to the 2017/18 position of £0.563m.

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

	Budget (£m)	Forecast (£m)	Variance (£m)	Variance 2017/2018 (£m)
School Funding & statutory staff costs	15.342	15.342	0.000	(0.082)
Commissioning Service	0.405	0.405	0.000	(0.007)
Child Protection independent assurance and review	0.672	0.702	0.030	0.092
Facilities and Fair Access	0.126	0.225	0.099	0.803
Strategic Property and Investment	0.275	0.320	0.045	(0.320)
High needs Special Educational Needs	0.000	0.000	0.000	0.000
Property	1.336	1.365	0.029	0.116
Commissioning & Investment Management & support	0.152	0.152	0.000	0.009
Internal Audit & Risk	(0.038)	(0.038)	0.000	(0.031)
Procurement	(0.041)	(0.041)	0.000	(0.017)
Total Commissioning & Investment	18.229	18.432	0.203	0.563

3.3.3 The main budget pressures across Commissioning and Investment relate to Facilities and Fair Access where there is a £0.060m overspend within Catering Services due mainly to inflationary pressures. There has been a 2.7% increase in the specific Consumer Price Index for food and beverages which, on an annual spend of £2.2m, equates to a pressures of £0.060m across the Service.

3.3.4 There are staffing pressures affecting Strategic Property and Investment where a CBF target of £0.045m relating to management savings remains unachieved (see 2.9 above). A 2017/18 savings target reduced the level of Independent Review Officers, assuming that the numbers of Looked After Children would reduce sufficiently to allow this. This has not been the case and workloads have continued at a level which has resulted in higher staffing costs. The Service will continue to monitor closely staff caseloads as well as looking at further opportunities to bridge the gap.

3.3.5 Within Property there is a small remaining pressure residing with the Council which relates to areas outside the management agreement with Capita. The

majority of this pressure is caused by a historic pressure of £0.020m relating to the Sir G.B. Hunter Memorial Hospital site, which the Authority is responsible for meeting. The remaining pressure is due to costs of preventing and managing vandalism.

3.4 **Environment, Housing & Leisure**

3.4.1 Environment, Housing and Leisure Service is reporting a pressure of £0.650m as set out in Table 3.4.2 below.

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

	Budget (£m)	Forecast (£m)	Variance (£m)	Variance 2017/2018 (£m)
Sport & Leisure	3.114	3.292	0.178	0.446
Arts, Tourism & Heritage	1.679	1.781	0.102	0.065
Libraries & Community Centres	5.105	5.468	0.363	0.369
Security & Community Safety	0.176	0.203	0.027	0.077
Fleet/Facilities Management	0.591	0.516	(0.075)	(0.329)
Waste Strategy	11.147	11.102	(0.045)	(0.479)
Bereavement	(0.761)	(0.774)	(0.013)	(0.061)
Street Environment	7.824	7.886	0.062	(0.030)
Head of Service and Resilience	0.110	0.139	0.029	0.024
Street Lighting PFI	4.294	4.294	0.000	0.000
Consumer Protection & Building Control	0.779	0.780	0.001	(0.061)
Transport and Highways	5.320	5.332	0.012	(0.271)
Planning	0.109	0.109	0.000	0.232
General Fund Housing	0.893	0.902	0.009	(0.004)
Total Environment, Housing and Leisure	40.380	41.030	0.650	(0.022)

3.4.3 The main factors driving the overspend in EHL are premises-related energy and rates costs (£0.310m) together with pressures associated with PFI costs (£0.220m). There are staffing pressures (£0.168m) principally in Sport and Leisure relating to prudent estimates made in the early part of the year in respect of backfilling for sickness absence and a range of other miscellaneous operational pressures across the service. The overspends are being partially offset by additional income, including an estimated £0.270m resulting from a change in VAT treatment of Sport and Leisure income.

Libraries & Community Centres

- 3.4.4 The main pressure within Libraries & Community Centres relates to increasing annual inflation pressures on PFI contract costs. An overall pressure of £0.220m is forecast across John Willie Sams Centre, Shiremoor Library and Whitley Bay Joint Service Centre, based on modelled increases in contract costs. The overall position across all PFI contracts is a prudent initial estimate while a review is being undertaken to ensure the 2017/18 restatement of reserves is correctly reflected in future forecasts.
- 3.4.5 Libraries & Community Centres are also forecasting energy and rates pressures of £0.095m and an income pressure of £0.059m. The Service is looking to manage these pressures over the year through managing discretionary spend. The Libraries and Community Centres service area are expecting to deliver the CBF savings associated with the reduced opening hours.

Sport & Leisure

- 3.4.6 Sports & Leisure income is now treated as non-business and a VAT element is no longer payable to Her Majesty's Revenue and Customs (HMRC). This will increase the amount retained in the service by approximately £0.270m, based on current forecast take-up levels on indoor activities and gym memberships.
- 3.4.7 There are operational premises pressures, mainly relating to energy and rates of £0.230m. The Service will continue to work with colleagues in Asset Management to explore new energy efficient lighting, pool plant, and building management systems to support the control of energy and water costs. At this stage a pressure of £0.168m is forecast to ensure adequate staffing cover across the sites in relation to sickness and other paid absences but the teams are working hard to ensure that this is managed down. This continues to be carefully managed across the year. There are other operational non-pay expenditure pressures totalling £0.050m relating to supplies and services across the various sites.

Arts, Tourism & Heritage

- 3.4.8 There continues to be a £0.072m pressure arising from The Playhouse due to reduced Authority income and operational cost inflation. In addition, there are energy and rates pressures of £0.046m, which are being partially offset by managing discretionary spend. As yet, no increase has been included for profit share from the Playhouse, which has been variable over the last few years and will be factored into the forecast later in the year once known. In addition, the Service continues to maximise income generation linked to the events programme.

Security & Community Safety

- 3.4.9 The net £0.027m pressure relates to current forecast underachievement of income of £0.089m, offset by expected savings on employee budget costs, both in relation to the budgeted income targets and due to managing vacancies. The service is looking to reduce costs and increase potential income generation following the relocation to the White Swan Centre and new investment in CCTV

Street Environment

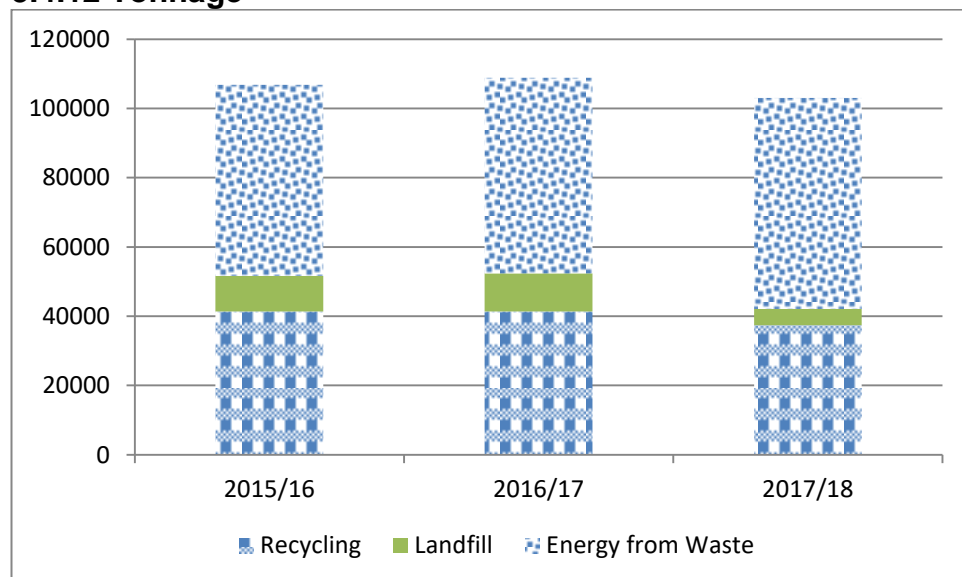
- 3.4.10 The net £0.062m pressure relates to current forecast underachievement of income £0.071m due to income targets (mainly at the Rising Sun), offset by expected savings due to managing vacancies. The Service is looking to mitigate these pressures over the year through managing discretionary spend.

Waste Strategy

- 3.4.11 Waste Strategy is forecasting an overall underspend for 2018/19 of £0.045m despite a predicted increase in costs for both recyclable and non-recyclable waste collection. Recyclable costs are expected to increase by £0.250m from 2017/18 due to price increases, though this will still show a nominal underspend against budget. The Service is currently expecting the first year costs of introducing the alternate weekly collections will be met within this forecast. However, waste volumes and the waste market can be volatile, directly and quickly changing costs. This initial forecast is based on prudent assumption of disposal rates for the second half of the year as rates as the rates paid will change at that point dependent on market conditions. Detail of the historical position to 2017/18 is shown in 3.4.12 below. The Authority collected slightly less waste overall during 2017/18 mostly as a result of changes at the household waste recycling centre. The Authority also sent the lowest tonnage for decades to landfill during 2017/18 partly as a result of less waste coming through the household waste recycling centre but also because we were able to send more to the Energy From Waste (EFW) plant.

The impact of the new arrangements will be carefully monitored as part of ensuring the environmental and financial benefits are secured.

3.4.12 Tonnage



Fleet Services/Facilities Management

- 3.4.12 Fleet Services continue to underspend against budget despite the planned increased financing costs in 2018/19 relating to the capital programme to replace vehicles. These increased costs are offset by prudently forecasted reductions in

maintenance costs, employee savings and other related operational costs and the Service will make a net in year saving against budget of £0.075m. Fleet management are also looking at the potential to provide additional Services to external bodies to further improve this position in 2018/19.

3.5 **Business & Economic Development**

3.5.1 This Service is not forecast to have a major variance from budget in 2018/19 with a forecast pressure of £0.011m as seen in table 3.5.3 below. There have been reductions in the Swans site operational costs since 2017/18, particularly in relation to security and utility costs. To a lesser extent, income forecasts have also reduced due to uncertainty over the level of berthing fees. Overall forecasts show an improved position compared to the 2017/18 outturn. Berthing income will continue to be a closely monitored aspect of the Swans site operations.

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

	Budget (£m)	Forecast (£m)	Variance (£m)	Variance 2017/2018 (£m)
Regeneration	0.330	0.347	0.017	0.170
Business & Enterprise	0.774	0.769	(0.005)	(0.020)
Resources & Performance	0.153	0.152	(0.001)	0.003
Total Corporate Strategy	1.257	1.268	0.011	0.153

3.6 **Commercial & Business Redesign**

3.6.1 This Service is showing an expected overspend of £0.113m, as shown in table 3.6.2 below. The largest contributor to this is £0.090m on staff pressures. The Service is planning to manage this during the year as staff continue to be allocated to projects. However, at this early stage forecasts are on a prudent basis.

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

	Budget (£m)	Forecast (£m)	Variance (£m)	Variance 2017/2018 (£m)
Head of Commercial & Business Redesign	(0.023)	0.090	0.113	0.023
ICT	1.596	1.596	0.000	0.002
Total Commercial and Business Redesign	1.573	1.686	0.113	0.025

3.7 **Corporate Strategy**

3.7.1 Corporate Strategy is forecasting an over-commitment of £0.131m as set out in Table 3.7.3 below. This over-commitment is primarily of staff cost pressure where resources are in place to support the organisation through the changes arising from the implementation of the Creating a Brighter Future programme and resources supporting work in respect of devolution. Consideration is being given

to this on-going support and funding opportunities that will arise following the implementation of devolution and the requirements to deliver the change programme.

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

3.7.3 Table: Forecast Variation Corporate Strategy

	Budget (£m)	Forecast (£m)	Variance (£m)	Variance 2017/2018 (£m)
Corporate Strategy Management	0.078	0.086	0.008	0.015
Policy, Performance & Research	(0.172)	(0.161)	0.011	0.007
Community and Voluntary Sector Liaison	0.438	0.443	0.005	0.042
Marketing	0.122	0.222	0.100	0.100
Elected Mayor and Executive Support	(0.005)	0.000	0.005	(0.002)
Children's Participation & Advocacy	0.179	0.181	0.002	0.012
Total Corporate Strategy	0.640	0.771	0.131	0.174

3.8 Finance including Revenues & Benefits and Customer Services

- 3.8.1 The forecast pressure of £0.458m in the Finance Service as set out in the table below relates to the Revenues & Benefits Service. There are three main causes of this pressure which are detailed below. At this early stage in the year, a prudent estimate of the position is being reported, in line with the 2017/18 outcome.
- 3.8.2 For the Finance Service, the underspend position reported in 2017/18 has now moved to a balanced position reflecting successful recruitment to vacant posts.

3.8.3 Table: Forecast Variation Finance

	Budget (£m)	Forecast (£m)	Variance (£m)	Variance 2017/2018 (£m)
Finance Service	(0.485)	(0.485)	0.000	(0.233)
Revenue & Benefits and Customer Services	(0.279)	0.179	0.458	0.458
Total Finance	(0.764)	(0.306)	0.458	0.225

Revenues and Benefits

- 3.8.4 In the early part of the financial year a prudent assessment of the impact of the move to Universal Credit on the Benefits position has been made, in particular in relation to overpayment recovery (£0.377m)
- 3.8.5 In addition the Authority faces a pressure in region of £0.170m in relation to enforcement income which is driven by 2 issues. Business Rate Revaluation and the additional reliefs available have improved affordability and increased collection rates but have however also brought a consequential reduction in the level of referrals for enforcement action and as a consequence the enforcement income generated. Enforcement fees associated with Council Tax support are also a pressure.

3.9 Human Resources & Organisational Development

- 3.9.1 The pressure relates mainly to a savings target which was applied to staff budgets which originally transferred out to the Authority's business partner and were subsequently transferred back in (£0.048m).

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

	Budget (£m)	Forecast (£m)	Variance (£m)	Variance 2017/2018 (£m)
Human Resources & Organisational Development	(0.119)	(0.063)	0.056	0.131

3.10 Law & Governance

- 3.10.1 Law & Governance is forecasting an overspend of £0.169m. The underlying issue in Law & Governance is a staffing pressure of £0.181m, which is partially offset by in net forecast increase in income.

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

	Budget (£m)	Forecast (£m)	Variance (£m)	Variance 2017/2018 (£m)
Customer, Governance & Registration	(0.391)	(0.338)	0.053	0.134
Democratic & Electoral Services	(0.076)	(0.060)	0.016	(0.048)
Information Governance	0.270	0.291	0.021	0.113
Legal Services	(0.207)	(0.141)	0.066	0.001
North Tyneside Coroner	0.293	0.306	0.013	(0.049)
Total Law and Governance	(0.111)	0.058	0.169	0.151

- 3.10.3 The Service has transferred Governor Services to the HECS Service and merged customer and member liaison teams into the Information Governance section, reducing expected costs for the year. These improvements are, however, offset by increased requirements to use legal locums to cover four vacant posts at a cost of £0.050m above the amount saved from the vacant posts. There are posts within the Courier Service which are unfunded, following a decision to retain the service after an original savings proposal to delete the posts in 2016/17 (£0.050m).
- 3.10.4 In addition to pay pressures, there are increased coroner costs from undertakers for removal of bodies and reduction of outside funding contributions for NECA. The service is, however, forecasting additional income resulting from an increase in support requests from schools, mainly in relation to training for the General Data Protection Regulation (GDPR).

3.11 Central Budgets & Contingencies

- 3.11.1 The 2018/19 forecast outturn set out in Table 3.11.3 below reflects an underspend of £3.347m on central budgets.

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

	Budget (£m)	Forecast (£m)	Variance (£m)	2017/2018 (£m)
Corporate & Democratic Core	9.545	9.370	(0.175)	(0.603)
Other Central Items	0.333	(2.839)	(3.172)	(5.175)
Total Central Items	9.878	6.531	(3.347)	(5.778)

- 3.11.3 The forecast underspend in Corporate and Democratic Core relates to a forecast saving against Pensions out of Revenue of £0.100m and Corporate and Democratic Core recharges in respect of the Housing Revenue Account (HRA) and the General Fund of £0.075m.
- 3.11.4 Within Other Central Items there are several areas where spend and income is forecast to deviate from Budget. A forecast underspend of 1.500m against external interest charges reflects the level of temporary borrowing currently held and the continuation of internal borrowing. There is £0.204m of additional income forecast relating to recharges to services for costs of borrowing to finance investment in new vehicles and other assets being higher than originally planned. £0.153m of additional income is forecast from Section 31 grants for Small Business Rate Relief. As referenced earlier in this Annex as part of the budget setting process for 2018/19 in response to the level of risk associated with aspects of the Adults and Children's social care budgets Contingency budgets were created and held corporately for demand pressures within Adult Services (£1.800m) and Children's Services (£2.616m). The demand pressures are shown within the HECS service and the Central budget within Other Central Items is shown as underspent to offset this pressure.

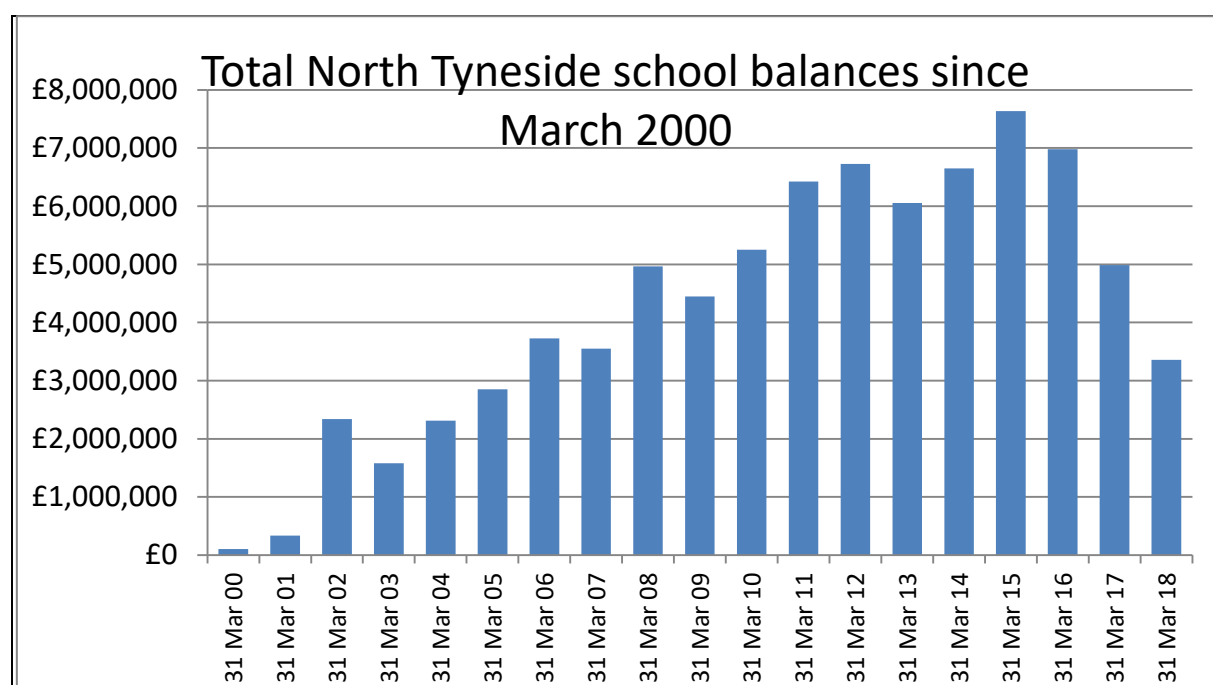
- 3.11.5 These underspends are partially offset by forecast pressures relating to the £2.483m of CBF Savings pressure relating to in year CBF targets (See Section 2.16 to 2.16) and the £0.500m forecast pressure relating to the 2017/18 Procurement saving (see Section 2.17). These savings targets held corporately are coded out as savings are identified and it is anticipated that this pressure will reduce as we move through the year.

SECTION 4 - SCHOOLS FINANCE

Starting Position

- 4.1 The Overall level of School Balances at the end of March 2018 was £3.356m compared to £5.470m as at March 2017. This represents a reduction of £2.114m. (N.B. these figures exclude Seaton Burn College which converted to an Academy in January 2018. This was the third year of balances decreasing following a long-term trend of rising balances in North Tyneside, and the table below sets out the long-term trend of the position of North Tyneside schools. In 2016/17, North Tyneside school balances at March 2017 represented 3.3% of total school income in that year. This is significantly lower than the national figure of 6.4%. The result of the Consistent Financial Reporting (CFR) national data collection exercise will be available in the autumn and will allow us to compare North Tyneside with an updated national picture.

Table: The trend of total North Tyneside school balances.



- 4.2 Cabinet should note that the overall position at the 31 March 2018 was significantly different to that predicted at the start of the year when schools submitted their budget plans. In the May 2017 budget submissions for 2017/18 committed balances were forecast to be in an overall deficit position of £2.228m. This compares with an uncommitted balance of £3.356m at 31 March 2018, so the actual outturn balance was significantly higher.
- 4.3 Schools have been reminded of the need to forecast as accurately as possible so that decisions are taken in the light of accurate budget projections. The Finance team is undertaking a review of a number of schools where final balances differed considerably from initial budget forecasts to gain a better understanding of the main issues for schools with a view to providing targeted guidance and support. Cabinet will be aware that schools retain a high degree of autonomy when setting budgets, unless they are in a deficit position. Therefore,

whilst Elected Members and officers are able to advise schools on the adequacy of balances, they cannot intervene.

Schools Budgets 2018/19

- 4.4 As part of schools' budget setting processes for 2018/19, ten schools indicated that they needed the Authority's approval to set a deficit budget. Ten schools in 2017/18 were managed under the deficit approval process. Of these ten schools requiring approval in 2017/18, Seaton Burn College became an Academy in January 2018 and two schools, Fordley Primary and Marden Bridge Middle School are no longer in a deficit position. However, two new primaries and a special school have come forward with a deficit request in 2018/19. It should be noted that out of the ten schools requesting deficit approvals, six are secondary schools, of which most continue to have significant surplus school places.
- 4.5 All schools requesting deficit approval met with the Head of Finance and the Director of Children's and Adult Services or their representatives by the end of June 2018 to ensure all appropriate steps had been taken to improve each school's position prior to formally approving deficit arrangements. Additional governance arrangements and monitoring meetings have been put in place with the relevant schools. School Improvement, HR and Finance officers will continue to meet with Head Teachers and Governing Body representatives to monitor the specific requirements of each individual school's deficit approval. Formal deficit approval letters are expected to be sent out in July 2018. The table below lists the schools requesting a deficit approval and the associated deficit values:

Table: Schools seeking deficit approval for 2018/19

School	Outturn Balance 2017/18 £m	Deficit Approval Sought 2018/19 £m
Backworth Park Primary	0.000	(0.071)
Ivy Road Primary	(0.123)	(0.278)
Percy Main Primary	0.001	(0.097)
Monkseaton Middle	0.034	(0.088)
Marden High	(0.429)	(0.646)
Norham High	(1.168)	(1.549)
Longbenton High	(0.916)	(1.702)
Monkseaton High	(2.464)	(3.606)
Whitley Bay High	(0.516)	(0.393)
Beacon Hill	0.315	(0.204)
Total	(5.266)	(8.634)

- 4.6 The total deficit balance value requested is £8.634m compared to £6.212m in 2017/18.
- 4.7 The deficit position is significantly driven by surplus capacity. A programme of work is in progress with schools to consider further actions required to address the longer term approach to financial planning for schools in North Tyneside.

The programme is focussing on three new work streams and is also consolidating work on two existing projects. The workstreams are:-

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

4.8 Details on progress in relation to these workstreams is regularly outlined at Schools Forum and Cabinet have received further information within the Education for North Tyneside Report dated 30 July 2018.

4.9 The first set of budget monitoring with schools for 2018/19 takes place in September 2018 and will be reported to Cabinet in due course.

SECTION 5 - HOUSING REVENUE ACCOUNT

Forecast Outturn

- 5.1 The forecast set out in Table 5.2 below is based on the results to May 2018 and reflects a balanced position or underspends across all cost areas except capital charges, where there is a small forecast overspend £0.002m, and HRA Management costs, where there is a pressure £0.043m. Rental income continues to perform well against budget forecast due to the reduction in the number of empty homes being maintained, leading to a forecast over-recovery against budget (£0.099m). In addition, the income from temporary dispersed accommodation continues to trend above budget (£0.115m), whilst service charge income (including furniture packs) is also maintaining the positive trend linked to the improving position on empty homes (£0.112m). All of the £0.858m of savings identified in the 2018/19 budget approved by Cabinet are on target to be delivered in full.

5.2 Table: Forecast Variance Housing Revenue Account

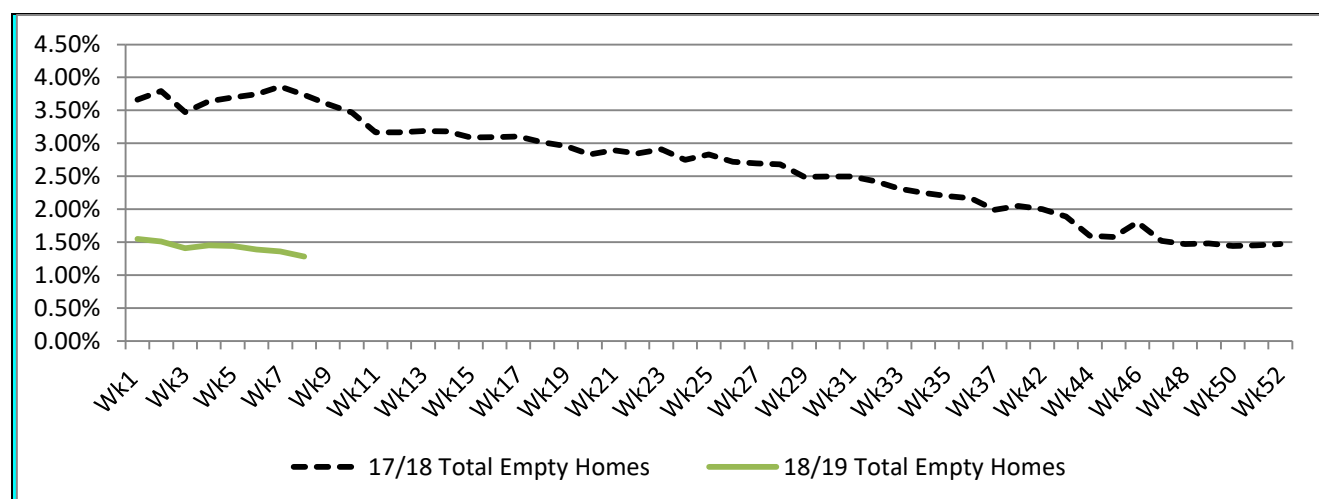
	FULL YEAR - 2018/19			Variance
		Forecast Outturn		2017/18 £m
	Full Year Budget £m	Actual £m	May 2018 Variance £m	
<u>INCOME</u>				
Rental Income	(58.960)	(59.291)	(0.331)	(0.548)
Other Rental Income - Shops & Offices etc.	(0.260)	(0.268)	(0.008)	(0.013)
Interest on Balances	(0.030)	(0.030)	0.000	(0.022)
PFI Credits	(7.693)	(7.693)	0.000	0.000
	(66.943)	(67.282)	(0.339)	(0.583)
<u>EXPENDITURE</u>				
Capital Charges - Net Effect	12.093	12.095	0.002	0.250
HRA Management Costs	12.338	12.381	0.043	(0.643)
PFI Contract Costs	9.597	9.597	0.000	0.000
Repairs	11.478	11.478	0.000	0.001
Revenue Support to Capital Programme	9.570	9.570	0.000	2.824
Contribution to Major Repairs Reserve – Depreciation	11.972	11.972	0.000	(3.102)
Contingencies, Bad debt Provision & Transitional Protection Payments	1.010	1.010	0.000	(0.630)
Pension Fund Deficit Funding	0.855	0.855	0.000	0.000
	68.913	68.958	0.045	(1.299)
	1.970	1.676	(0.294)	(1.883)
BALANCES BROUGHT FORWARD	(4.640)	(6.083)	(1.443)	(1.339)
BALANCES TO CARRY FORWARD	(2.670)	(4.407)	(1.737)	(3.222)

- 5.2 Universal Credit was fully implemented across North Tyneside on 2 May 2018. The Authority continues to work with residents to provide ICT support to help them make applications and to provide personal budget support to help residents manage their household finances. At the time of writing, 208 North Tyneside Homes tenants have moved on to Universal Credit and a team is working proactively with tenants to minimise arrears. This will be closely monitored as the year progresses to identify any adverse impacts on the budget position.

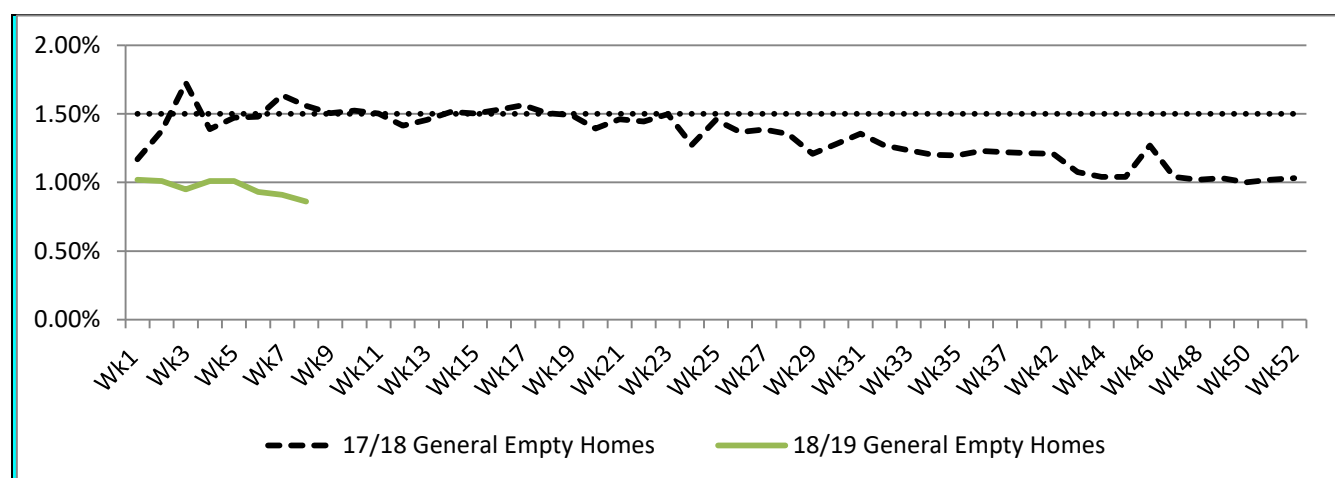
Empty homes

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

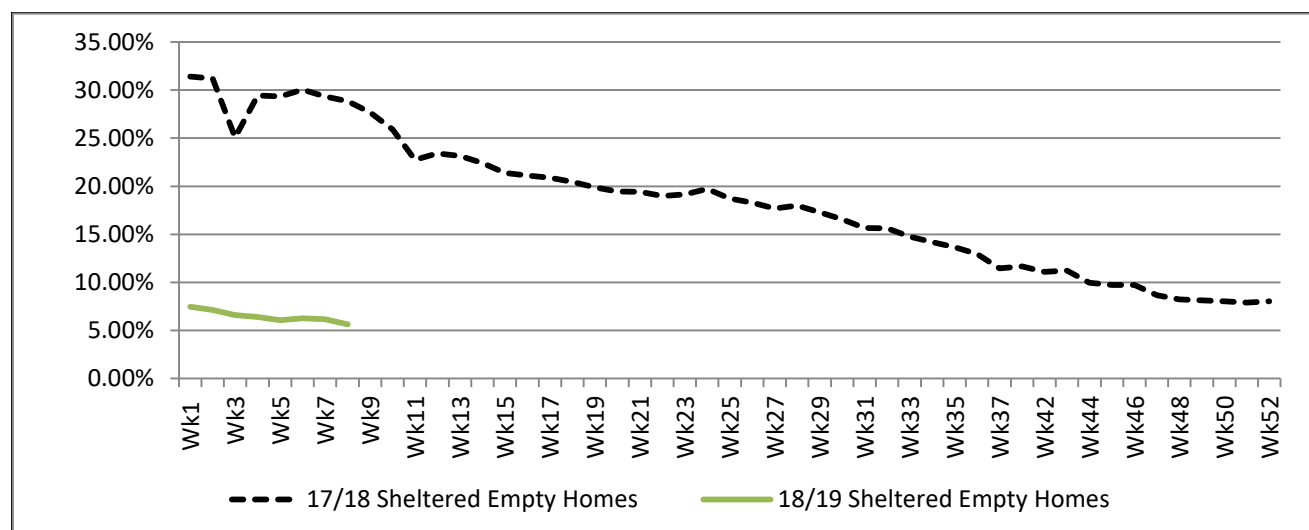
5.5 Table: All stock Empty homes as a percentage of total homes



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



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



Right to Buy (RTB) Trends

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

5.9 Table: RTB Trends and Financial Impact

	<u>Sales assumed by self-financing</u>	<u>Actual RTB Sales</u>	<u>Additional RTB Sales above Budget assumptions</u>	<u>Estimated lost rent per annum (£m)</u>	<u>Capital Receipts (£m)</u>
2012-13	40	85	45	0.315	3.477
2013-14	47	122	75	0.457	4.957
2014-15	53	100	47	0.397	3.938
2015-16	55	135	80	0.577	5.548
2016-17	55	136	81	0.557	5.632
2017-18	56	158	102	0.630	7.758
2018-19 YTD	9	27	18	0.107	1.347
	315	760	445	3.040	32.657

5.10 In the period (2012-2018), the Authority has built over 130 new homes through the HRA, which has helped mitigate a portion of the revenue loss from the 733 sales in the same period. However, the cumulative impact on HRA annual rental income from RTB over this period is £3.0m

SECTION 6 - INVESTMENT PLAN

Review of Investment Plan - Position Statement

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

Affordable Homes New Build and Conversion Works

- 6.2 There are currently 4 projects that will complete during 2018/19; these include:
- The construction of 20 new affordable units in Dudley, on the former Dudley & Weetslade Club site. Work is now due for completion in June 2018;
 - The conversion of Perth Gardens into 7 new affordable units. These works were due for completion in June 2018 but subcontractor issues have delayed delivery till August. There will be no additional cost to the Authority;
 - The construction of 13 new affordable homes in Battle Hill, on the former Bonchester Court site. Works are due to complete March 2019; and
 - The construction of 9 new affordable homes in Battle Hill, on the former Beadnell Court site. Works are due to complete March 2019.

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

Housing Investment Work

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

Education Investment Works

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

commence at the end of May 2018 with the main contract commencing mid June 2018. It is expected that the works programme will conclude early 2020;and

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

Highways and Infrastructure Works

6.5 The main Highways & Infrastructure works include:

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

Regeneration Works

6.6 Regeneration Works for 2018/19 include:

- Coastal regeneration
- Spanish City Dome – works to The Dome are progressing well and nearing completion with the opening scheduled for July 2018;
- Northern Promenade phase 1 works are nearing completion with detailed design work underway for phase 2;
- High Point development – the new show home was officially opened by the Mayor on 5 June 2018 and two promotional launch events took place on 22 and 23 June 2018;
- Forest Hall – improvements to include: footpath widening and resurfacing, replacement street lighting, introduction of trees, reconfiguration of parking arrangements, improvements to Station Road and Forest Hall Road Junction and refreshing street furniture; and
- Swans – the next phase of works will cover feasibility and upgrade of the Swans Quay and load out facilities plus further asbestos removal, demolition works and Centre For Innovation (CFI) Phase 2 refurbishment.

Variations to the 2018-21 Investment Plan

6.7 In addition to the regular investment programme monitoring process, officers have carried out an in depth review of the Investment Plan in order to identify areas of reprogramming. As result of this, reprogramming of £20.349m has been identified from 2018/19 into future years. In addition, there have been a number of funding announcements since the original budget was set in February that require variations totalling £5.736m in 2018/19 (£6.069m across the 2018-21 plan).

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

6.7.1 Table: 2018 - 21 Investment Plan changes identified

	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
Approved Investment Plan – Council 15 February 2018	84.059	43.216	32.073	159.348
Previously Approved Reprogramming/Variations				
Cabinet 12 March 2018	0.709	0	0	0.709
Cabinet 29 May 2018	8.130	0	0	8.130
Approved Investment Plan	92.898	43.216	32.073	168.187
April/May Variations	5.736	0.167	0.166	6.069
Reprogramming	(20.349)	15.415	4.934	0
Total Variations	(14.613)	15.582	5.100	6.069
Revised Investment Plan	78.285	58.798	37.173	174.256

6.8 The details of the main elements of the £6.069m variations are shown below:

- (a) **ED132 School Capital Allocation £3.524m** – On 15 March 2018 the Education and Skills Funding Agency (ESFA) announced the annual budget allocations for 2018/19. North Tyneside's allocation is £3.524m;
- (b) **ED187 Healthy Pupils Capital Fund (HPCF) £0.253m** - A grant has been awarded by the ESFA. The HPCF is intended to improve children's and young people's physical and mental health by improving and increasing availability to facilities for physical activity, healthy eating, mental health and wellbeing and medical conditions;
- (c) **ED188 Special Education Needs and Disabilities Fund (SEND) £0.500m** – North Tyneside has been allocated grant from the ESFA. The purpose of the special provision capital fund is to support local authorities to make capital investments in provision for pupils with special educational needs. This grant has been profiled across 3 financial years to reflect expected spend at this stage (2018/19 £0.167m, 2019/20 £0.167m and 2020/21 £0.166m);
- (d) **EV034 Local Transport Plan £1.435m** –The Integrated Transport element of the grant has been announced, the allocation for 2018/19 is £0.958m. The Department for Transport has also announced the allocations for the following funds: Incentive Fund £0.381m and Pothole Fund £0.068. There is also a variation of £0.028m relating to an annual contribution towards Public Transport Schemes;
- (e) **ED120 Basic Need £0.253m** – Works to replace modular accommodation at Wellfield Middle School have now been identified and agreed with the school. Section 106 funding £0.250m is available to contribute towards the scheme and the school has agreed to contribute £0.003m from its Devolved Capital budget;

- (f) **GEN12 Local Infrastructure Projects £0.068m** – There is section 106 funding of £0.058m available to fund improvement works at Benton Quarry Park and the Friends of Benton Quarry Park have also secured £0.010m from the Banks Group to fund the project; and
- (g) **GEN03 Contingencies Drawdown £0.426m** – allocation to Central Lower Promenade project to meet additional costs due to unforeseen pressures arising from sand inundation and additional preliminaries (total spend on the sea defence wall remains over £1m below the original estimate provided).

6.9 An exercise has been undertaken to review all projects in the Investment Plan to align the budget profile with the project's expected delivery. Total reprogramming to the end of May 2018 of £20.349m has been identified and is detailed in Table 6.9.1 below:

6.9.1 Table: Reprogramming by Project

	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
DV066 Investment in North Tyneside Trading Company	(3.275)	3.275	0	0
DV058 Swan Hunters Redevelopment	(8.561)	5.407	3.154	0
EV076 Operational Depot Accommodation Review	(2.000)	2.000	0	0
GEN03 Contingency Provision	(1.300)	1.300	0	0
HS004 Disabled Facilities Grants	(1.060)	1.060	0	0
HS051 Private Sector Empty Homes Programme	(0.373)	0.373	0	0
HS052 Killingworth Moor Infrastructure	(1.780)	0	1.780	0
HS044 HRA New Build	(2.000)	2.000	0	0
Total Reprogramming	(20.349)	15.415	4.934	0

6.10 The impact of the changes detailed above on capital financing is shown in Table 6.10.1 below.

6.10.1 Table: Impact of variations on Capital financing

	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
Approved Investment Plan – Cabinet 29 May 2018	92.898	43.216	32.073	168.187
Council Contribution	(9.670)	8.093	1.577	0.000
Grants and Contributions	(2.943)	5.489	3.523	6.069
HRA Capital Receipts	(2.000)	2.000	0.000	0.000
Total Financing Variations	(14.613)	15.582	5.100	6.069
Revised Investment Plan	78.285	58.798	37.173	174.256

Capital Receipts – General Fund

6.11 There were no General Fund Capital Receipts brought forward at 1 April 2018. All receipts received in 2017/18 were either applied to finance capital expenditure or to pay off debt.

The capital receipts requirement for 2018/19 approved by Council on 15 February 2018 was £Nil (£1.080m for 2018-21). To date no capital receipts have been received in 2018/19. The receipts position is shown in Table 6.11.1 below.

6.11.1 Table: Capital Receipt Requirement – General Fund

	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
Requirement reported to 15 February 2018 Council	0.000	1.080	0.000	1.080
Reprogramming from 2017/18	0	0	0	0
Revised requirement	0.000	1.080	0.000	1.080
Useable Receipts received 2018/19	0	0	0	0
Balance to be generated	0.000	1.080	0.000	0.000

Capital receipts – Housing Revenue Account

6.12 Housing Capital Receipts brought forward at 1 April 2018 were £7.014m. The Housing receipts are committed against projects included in the 2018-21 Investment Plan. The approved Capital Receipt requirement for 2018/19 was £2.261m. This, together with the reprogramming reported to 29 May 2018 Cabinet, gives a requirement of £2.779m. As part of the May monitoring £2.000m receipts are to be reprogrammed to 2019/20. To date, £1.349m receipts have been received in 2018/19 of which a proportion will be pooled as part of the quarterly returns to Central Government. In total, subject to future pooling, this leaves a surplus balance of £7.584m to be carried forward to fund future years.

6.12.1 Table: Capital Receipt Requirement - Housing Revenue Account

	2018/19 £m	2019/20 £m	2020/21 £m	2018-21 £m
Requirement reported to 15 February 2018 Council	2.261	4.763	1.367	8.361
Reprogramming from 2017/18	0.518	0	0	0.518
Reprogramming 2018/19	(2.000)	2.000	0	0.000
Revised Requirement	0.779	6.763	1.367	8.909
Receipts Brought Forward	(7.014)	(7.584)	(0.821)	
Receipts Received 2018/19	(1.349)	0	0	
Receipts Pooled Central Government	0	0	0	
Surplus Balance to fund future years (subject to further pooling)	(7.584)	(0.821)	0.546	

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

Investment Plan Monitoring Position to 31 May 2018

6.13 Actual expenditure in the General Ledger was £4.246m, 5.42% of the total revised Investment Plan at 31 May 2018.

6.13.1Table: Total Investment Plan Budget & Expenditure to 31 May 2018

	2018/19 Revised Investment Plan £m	Actual Spend to 31 May 2018 £m	Spend as % of revised Investment Plan %
General Fund	51.083	4.159	8.14%
Housing	27.202	0.087	0.32%
TOTAL	78.285	4.246	5.42%