

Finance Sub-Committee

18 September 2018

Present: Councillor A McMullen (Chair)
Councillors D Cox, N Craven, E Hodson, J O'Shea
and J Stirling

F09/09/18 Apologies

Apologies were received from Cllr J Wallace

F10/09/18 Substitute Members

Pursuant to the Council's constitution the appointment of the following substitute Member was reported: - Councillor E Hodson for Councillor J Wallace.

F11/09/18 Declarations of Interest and Dispensations

There were no Declarations of Interest

F12/09/18 Minutes

Resolved that the Minutes of the meeting held on 19 July 2018 be confirmed.

F13/09/18 2018/19 Financial Management Report to 31 May 2018

The Sub-Committee considered the report which was the first monitoring report on the 2018/19 financial position and provided the first indication of the potential revenue and capital position of the Authority at 31 March 2019.

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

The first financial monitoring report had a forecast overall pressure estimated at £5.593m against the approved net budget of £154.724m. This is driven mainly by continued pressure in Children Services of £3.915m and Adult Services of £3.206, 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 the projection was £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 the 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;

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- 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 held sessions over the course of May and June 2018 in order to develop further actions to mitigate identified financial pressures and it was anticipated that the out-turn forecast would improve throughout the financial year as planned remedial actions being to impact on both expenditure and income.

With regards to Housing Revenue Account (HRA) the sub-committee were informed that the forecast was for year-end balances at 31 March 2019 of £4.407m, which were £1.737m higher than the budget which was set at £2.670m. This was due the impact of the previous year's financial performance (£1.443) and an in-year underspend of £0.294m against an in-year budget of £1.970 due to additional income of £0.339m offset by additional HRA management costs of £0.043m.

Members were reminded that Universal Credit (UC) was implemented in North Tyneside in May 2018 where 208 tenants moved to UC and a team was working proactively with tenants to minimise arrears.

With regards to School funding the overall balance s at the end of March 2018 was £3.356m compared to £5.470m at March 2017. North Tyneside balances at March 2017 represented 3.3% of total school income which was significantly lower than the national figure of 6.4%. The sub-committee was updated the deficit position of schools and it was noted that ten schools requested deficit approvals with six being secondary of which most continued to have a significant surplus school places.

In relation to the 2018-2021 Investment Plan had been adjusted for proposed programming and totalled £174.256m (£78.285m in 2018/19).

The sub-committee was also provided information to new revenue grants received during April and May 2018 for £10k for S31 Extended Personal Advisor to support care leavers up to the age of 25.

In relation to the content of the annex to the report members raised a number of questions that were responded to appropriately, the subject of the questions were on:

- The use of contingency budgets
- Savings yet to be achieved in relation to Maximising Resources Business Case and Management Savings (£1.076m) under Fit for Purpose – How we are Organised.
- Unachieved savings in relation to HECS Alternative Delivery Model.
- Unachieved savings in relation to Procurement (£0.500m).
- Explanation of KPI around Procurement.
- Pressure in placement costs and the approaches to manage costs successfully in relation to client transport.
- Any trend in academisation of schools and actions to address the longer term approach to financial planning for schools.
- The balanced position in relation to Finance Service staff restructures.
- Forecasted overspend in relation to Law & Governance staffing pressures.
- Regeneration work with regards to High Point development.

AGREED that the 2018/19 Financial Management Report to 31 May 2018 be noted.

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F14/09/18 Exclusion Resolution

Resolved that under Section 100A (4) of the Local Government Act 1972 (as amended) and having applied a public interest test as defined in Part 3 of Schedule 12A of the Act, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act.

F15/09/18 Business and Technical Partnership Risks

The Sub-committee considered the report that set out the latest monitoring update on risks which are rated high within the Strategic and Operational Risk Registers of the Business and Technical Partnerships with Engie and Capita.

Following the request of the Sub-committee at its last meeting information was provided that gave members a greater understanding to how risks were determined.

AGREED that Business and Technical Partnership Risks report noted.