2018/19 Financial Management Report Annex

INDEX

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**

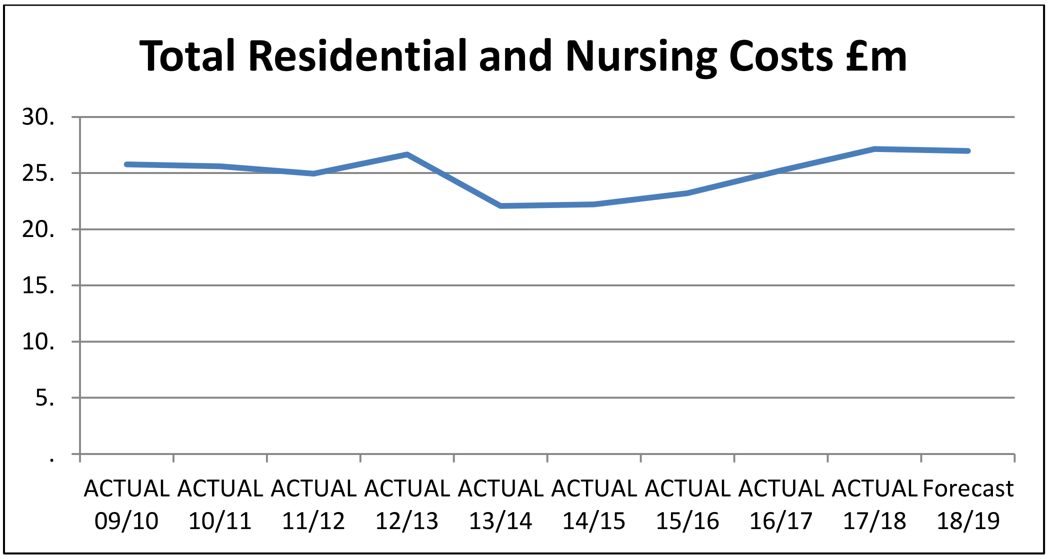
Residential and Nursing Care

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.

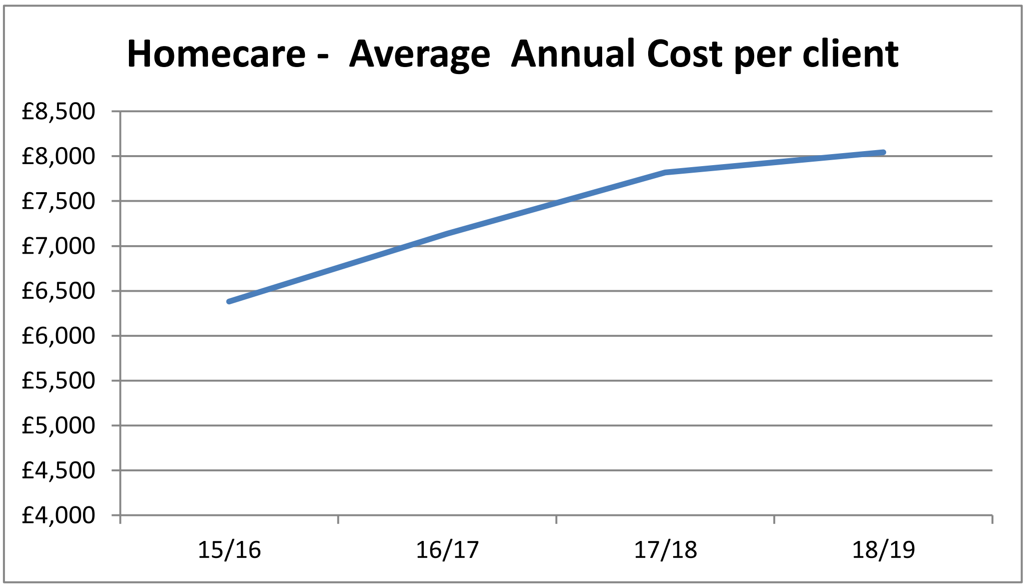
Chart: Movement in Total Residential and Nursing Costs since 2009/10



<u>Homecare and Extra Care</u>

3.2.12 As reported during 2017/18, the Authority in line with the national picture has seen an in 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

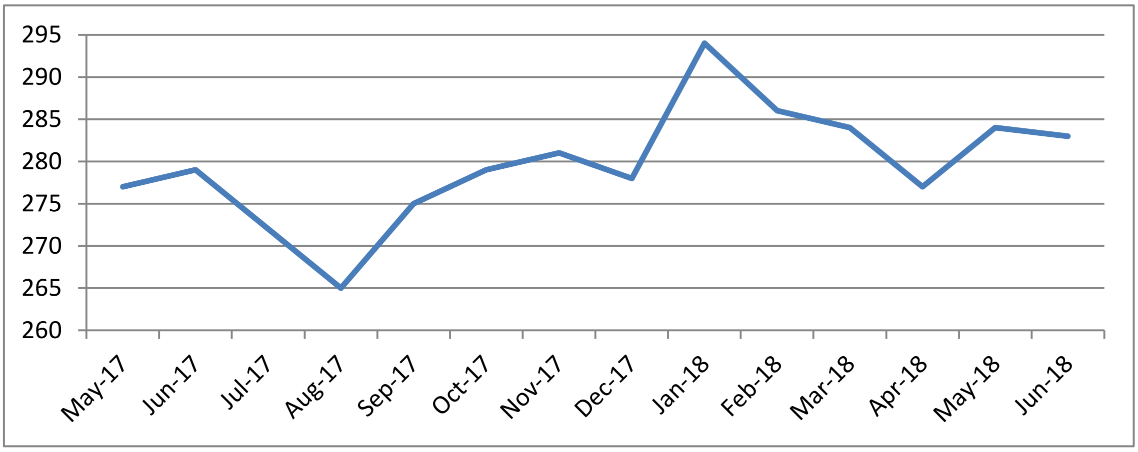
3.2.16 The pressure in placement costs and income is being partially mitigated by underspends in other areas amounting to £0.714m. This is comprised mainly of unspent transformation budgets within Wellbeing, Governance and Transformation (£0.394m) and underspending budgets in Integrated Services, partly 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.

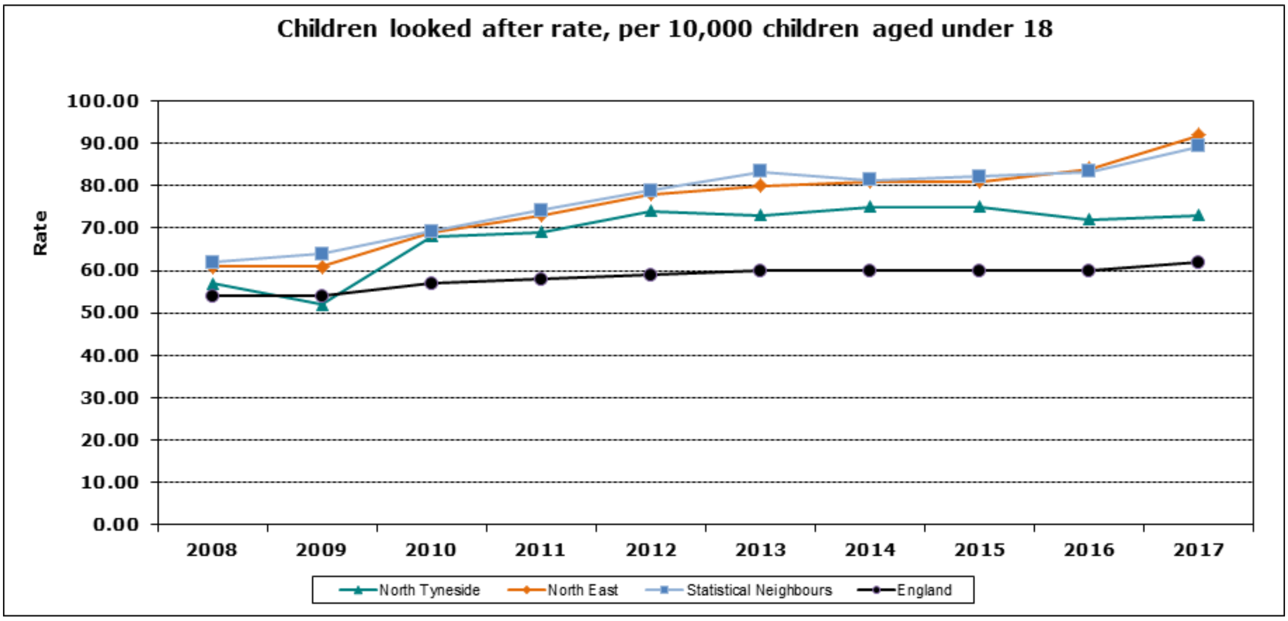
Corporate Parenting and Placements continues to experience pressure with a demand-led over commitment against budget of £2.796m. Over recent years, there has been an increase nationally in demand for children's residential placements but with no corresponding increase in central government funded provision. 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.

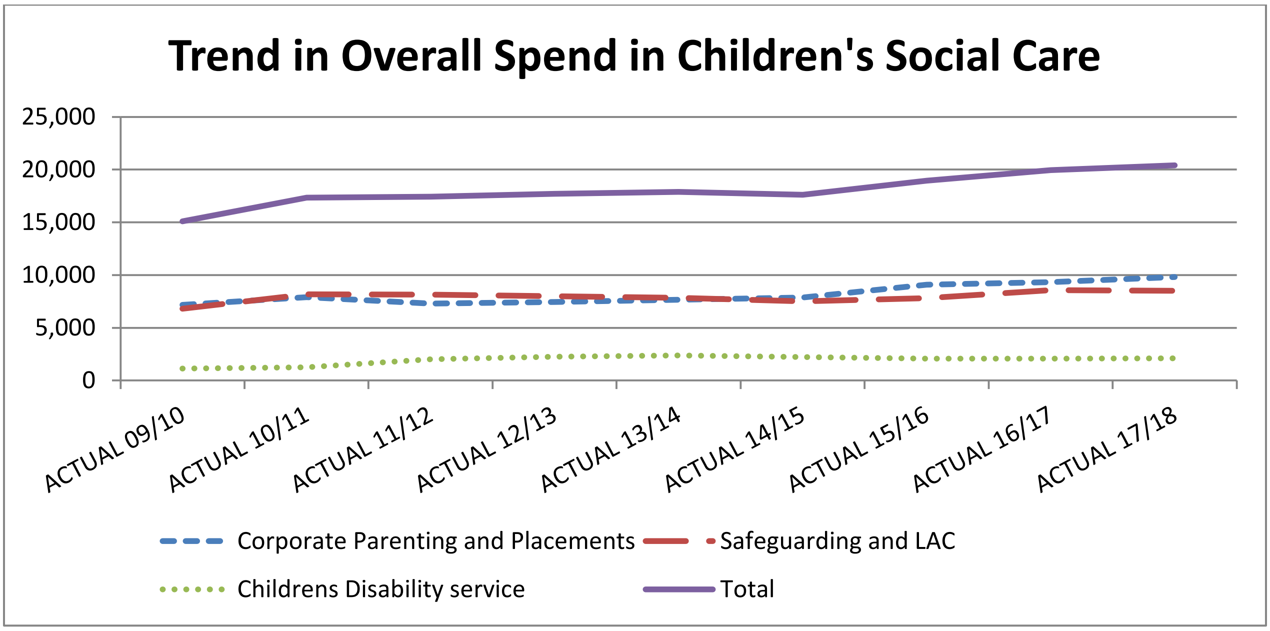
3.2.20 Chart: Comparative Performance in Rates of LAC per 10,000 Children under 18



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



<u>Staffing pressures</u>

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

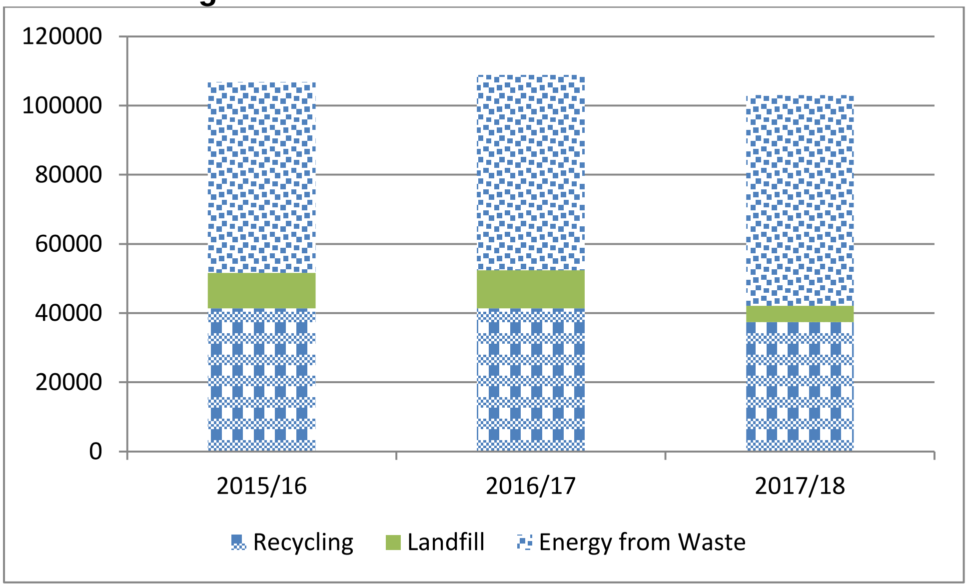
3.4.10 The net £0.062m pressure relates to current forecast underachievement of income £0.071m due to income targets (mainly at the Rising Sun), offset by expected savings due to managing vacancies. The Service is looking to mitigate these pressures over the year through managing discretionary spend.

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 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)	Forecas t (£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.

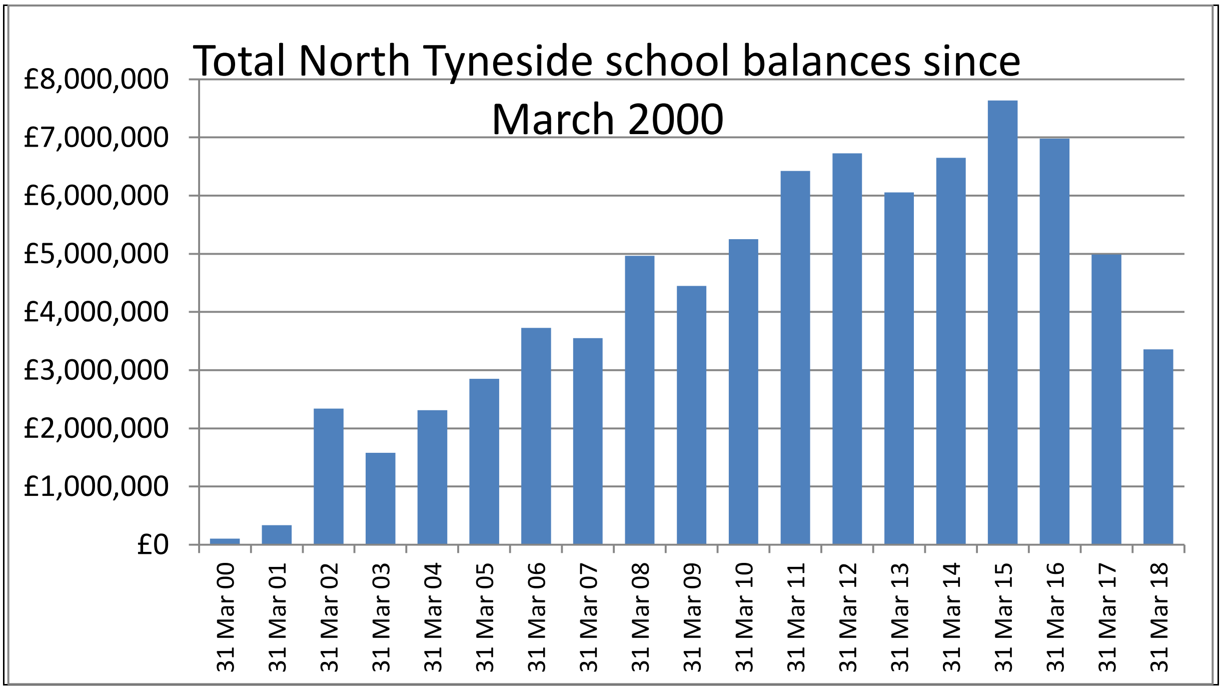
3.11.5 These underspends are partially offset by forecast pressures relating to the £2.483m of CBF Savings pressure relating to in year CBF targets (See Section 2.16 to 2.16) and the £0.500m forecast pressure relating to the 2017/18 Procurement saving (see Section 2.17). These savings targets held corporately 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

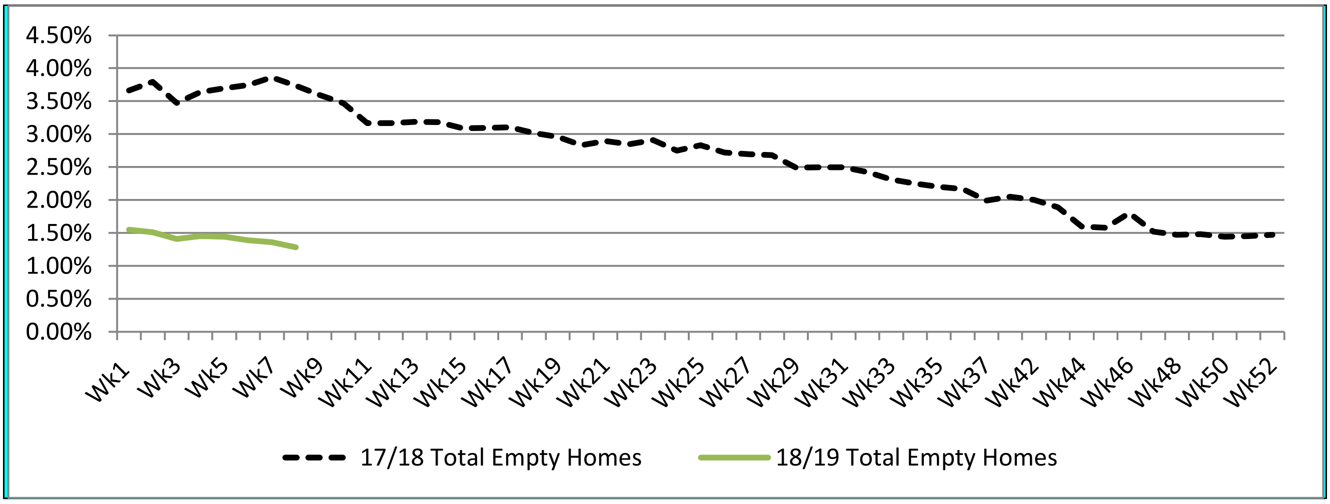
	FULL YEAR - 2018/19			Variance
		Forecast Outturn		
	Full Year Budget £m	Actual £m	May 2018 Variance £m	2017/18 £m
INCOME				
Rental Income	(58.960)	(59.291)	(0.331)	(0.548)
Other Rental Income - Shops & Offices etc.	(0.260)	(0.268)	(0.008)	(0.013)
Interest on Balances	(0.030)	(0.030)	0.000	(0.022)
PFI Credits	(7.693)	(7.693)	0.000	0.000
	(66.943)	**(67.282)**	**(0.339)**	**(0.583)**
EXPENDITURE				
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.

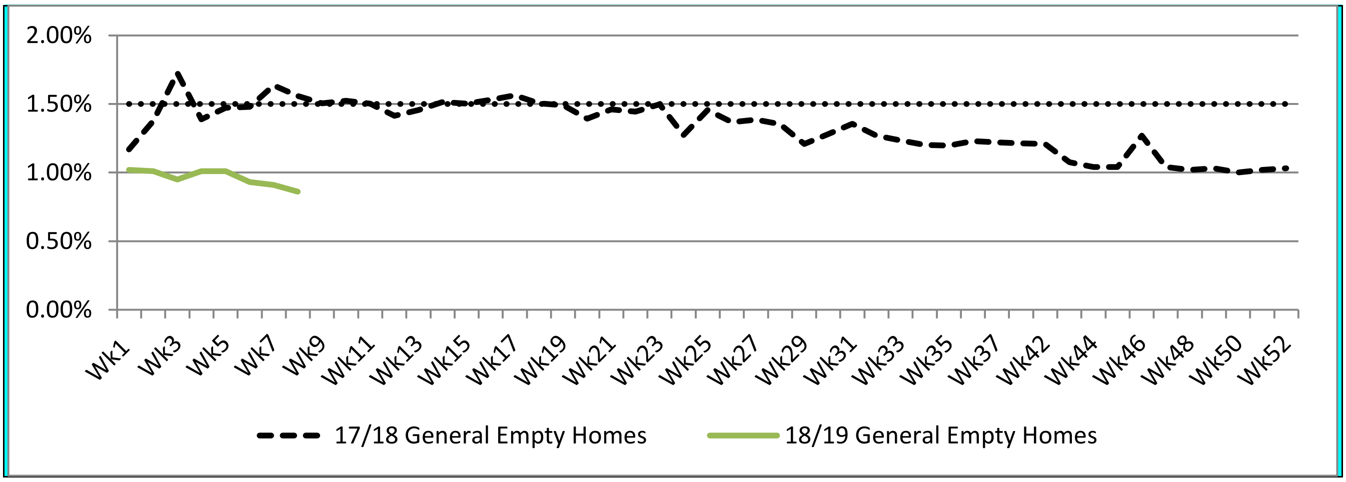
Empty homes

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.

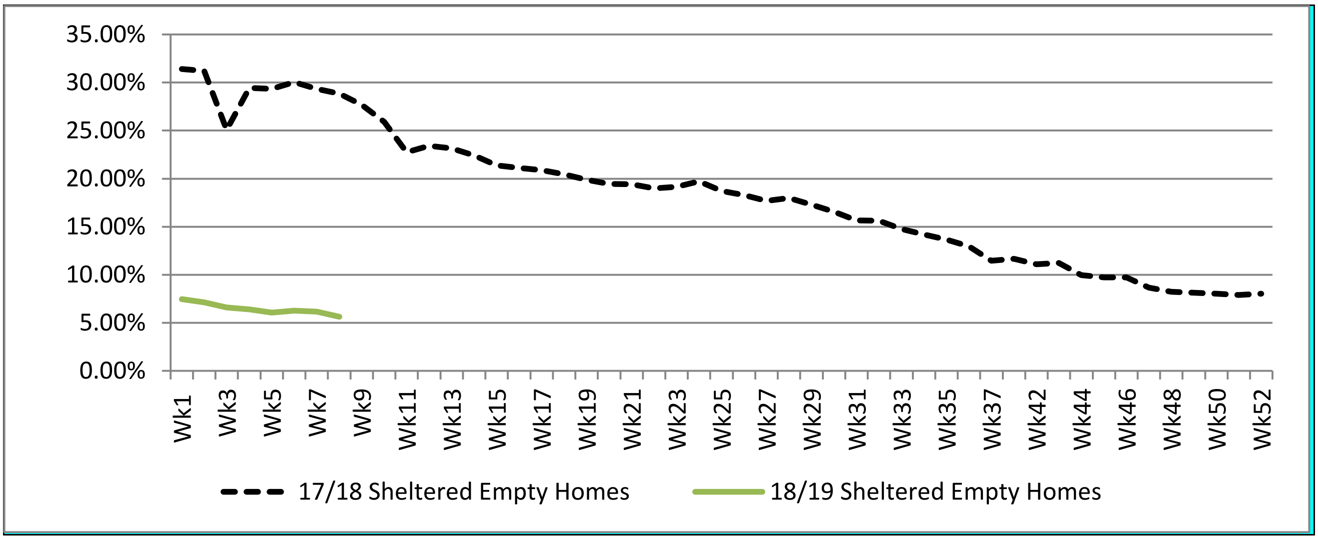
5.5 Table: All stock Empty homes as a percentage of total homes



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**

	Sales assumed by self-financing	Actual RTB Sales	Additional RTB Sales above Budget assumptions	Estimated lost rent per annum (£m)	Capital Receipts (£m)
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.

6.12.1Table: 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%**