

CABINET AGENDA

Tuesday, 20 June 2017 at 10.00 am in the Blaydon Room - Civic Centre

From the Chief Executive, Sheena Ramsey

Item	Business
1	Apologies for absence
2	Minutes (Pages 3 - 8) Cabinet is asked to approve as a correct record the minutes of the last meeting held on 23 May 2017. Key Decisions
3	Recommission Day Service Activity (Pages 9 - 14) Report of the Chief Executive and Interim Strategic Director, Care, Wellbeing and Learning Recommendations to Council
4	Substance Misuse Strategy 2017-2022 (Pages 15 - 58) Report of the Strategic Director, Communities and Environment and the Director of Public Health
5	Revenue Budget - Outturn Position 2016/17 (Pages 59 - 70) Report of the Strategic Director, Corporate Resources
6	Capital Programme and Prudential Indicators 2016/17 – Year End Outturn (Pages 71 - 88) Report of the Strategic Director, Corporate Resources
7	Treasury Annual Report 2016/17 (Pages 89 - 102) Report of the Strategic Director, Corporate Resources
8	Implementation of Procurement Protocols (Pages 103 - 128) Report of the Strategic Director, Corporate Services and Governance
9	Review of Electoral Arrangements (Pages 129 - 152) Report of the Chief Executive

Non Key Decisions

- 10 Consultation response on proposed approach to commissioning a new model of primary Additionally Resourced Mainstream School (ARMS) provision 2017-18** (Pages 153 - 162)
- Report of the Service Director, Early Help, Care, Wellbeing and Learning
- 11 Care, Wellbeing and Learning: Annual Reports and Plans for 2016/17** (Pages 163 - 168)
- Report of the Chief Executive and Interim Strategic Director, Care, Wellbeing and Learning
- 12 Community Infrastructure Levy (CIL) neighbourhood portion** (Pages 169 - 176)
- Report of the Strategic Director, Communities and Environment
- 13 Exclusion of the Press and Public**
- The Cabinet may wish to exclude the press and public from the meeting during consideration of the following item(s) on the grounds indicated:
- | Item | Paragraph of Schedule 12A to the Local Government Act 1972 |
|------|--|
| 14 | 3 |
- 14 Grant of Long Lease at Chad House, Tynegate Precinct to Facilitate New Residential Accommodation** (Pages 177 - 184)
- Report of the Strategic Director, Corporate Services and Governance

GATESHEAD METROPOLITAN BOROUGH COUNCIL

CABINET MEETING

Tuesday, 23 May 2017

PRESENT: Councillor M Gannon

Councillors: C Donovan, M Brain, M Foy, L Green, G Haley,
J McElroy, M McNestry and L Twist

C1 MINUTE'S SILENCE

A minute's silence was observed as a mark of respect for the victims of the Manchester terrorist attack on 22 May 2017.

C2 APOLOGIES FOR ABSENCE

An apology for absence has been received from Councillor A Douglas.

C3 MINUTES

The minutes of the last meeting held on 25 April 2017 were approved as a correct and signed by the Chair.

C4 CONTRACT FOR THE SUPPLY OF GOODS AND SERVICES

Consideration has been given to tenders received for the contract for the provision of payment card services.

RESOLVED - That the tender from Allpay Ltd, Whitestone, Hereford, be accepted for the contract for the provision of payment card services for a period of 24 months commencing 1 October 2017 with the option to extend for a further 2 x 12 month periods.

The above decision has been made because a comprehensive evaluation of the tenders received has been undertaken and the approved tender is the most economically advantageous tender submitted.

C5 CALENDAR OF MEETINGS 2017/18

Consideration has been given to revising the calendar of meetings for 2017/18 by realigning meetings of the Cabinet and Council so they are held in the same week with effect from July 2017 in order to make the Council's decision making process more effective and efficient. This will result in Cabinet meetings continuing to meet on the current frequency of once per month but will require the frequency of Council meetings to be changed from every six weeks to bi-monthly.

RESOLVED - That the Council be recommended to approve the revised calendar of meetings for 2017/18 as set out in appendix 3 to the report.

The above decision has been made to make the Council's decision making process more effective and efficient.

C6 APPOINTMENTS TO ADVISORY GROUPS, OTHER BODIES OF THE COUNCIL, JOINT COMMITTEES AND OUTSIDE BODIES

Consideration has been given to the nominations of the Labour and Liberal Democrat Groups to advisory groups, other bodies of the Council, joint committees and outside bodies.

- RESOLVED -
- (i) That the nominations of the Labour and Liberal Democrat Groups to advisory groups, other bodies of the Council, joint committees and outside bodies as set out in appendices 2 and 3 to the report be approved.
 - (ii) That the Strategic Director, Corporate Services and Governance, following consultation with the Leader of the Council and/or Leader of the Opposition, be authorised to agree any further necessary changes to the list of annual appointments.

The above decisions have been made for the following reasons:

- (A) To ensure that the views of the political groups are taken into account when the appointments are made.
- (B) To ensure that the most appropriate councillors are appointed to each body.

C7 REVIEW OF CHILDREN AND YOUNG PEOPLE'S ORAL HEALTH

Consideration has been given to the findings and recommendations of a review by Families Overview and Scrutiny Committee (OSC) in relation to children and young people's oral health.

- RESOLVED -
- That the recommendations, findings and analysis of evidence as set out in appendix 2 to the report be endorsed.

The above decision has been made to ensure that the Council is able to meet its statutory duties and responsibilities in relation to oral health.

C8 SEND POST 16 HOME TO SCHOOL/COLLEGE TRAVEL CONTRIBUTION AND REVIEW OF TRAVEL CARE POLICIES

Consideration has been given to proposed changes to Travel Care policies and a funding contribution towards the provision of Post 16 Home to School/College Travel from September 2017.

The alternative options to those being recommended, but which were discounted, included, not introducing a funding contribution; introducing charging to all learners, introducing a lower or higher rate of charging.

- RESOLVED -
- (i) That the proposal of a parental/learner contribution charge of £650 per year for Post 16 travel support be approved.

- (ii) That subject to (iv) below, low income families be exempt from charges.
- (iii) That the additional changes to Pre 16, Post 16 and Adult Social Care Assisted Travel Policies as set out in paragraph 12 to the report be approved in principle.
- (iv) That the Interim Service Director, Commissioning following consultation with the Strategic Director, Corporate Services and Governance, the Leader of the Council and relevant portfolio holders, be authorised to make any necessary final amendments to the policies referred to at (iii) above prior to their publication.
- (v) That the impact of the policies be reviewed after 12 months and a further report submitted to Cabinet.

The above decisions have been made for the following reasons:

- (A) The Council has indicated through previous budget and service user consultations the intention to introduce a contributory charging policy for Post 16 home to school and college transport. The introduction of charging is permitted within the relevant guidance and is required in order to meet the proposed budget savings identified against this budget.
- (B) The exemption of charges for low income families acknowledges the recommendation within the Department for Education (DfE) Post 16 Transport to Education & Training Statutory Guidance for Local Authorities.

C9 HARD FEDERATION OF ESLINGTON AND FURROWFIELD SCHOOLS

Consideration has been given to endorsing the decisions of the governing bodies for Eslington and Furrowfield Schools to be a Hard Federation.

- RESOLVED -
- (i) That the governing bodies of Eslington and Furrowfield schools' decision to move to Hard Federation based on the successful outcomes from the Soft Federation demonstrated well by the Ofsted Inspections for both schools be endorsed.
 - (ii) That the process of the governing bodies moving forward in their consultation and the appointments needed to establish a Hard Federation of the schools be endorsed.

The above decisions have been made for the following reasons:

- (A) This will support greater sharing of curriculum expertise and skills across both schools.
- (B) It will also provide opportunities to maximise the use of ever reducing resources to achieve best value.

C10 COMMUNITY SAFETY BOARD PARTNERSHIP PLAN 2017/18

Consideration has been given to the Community Safety Board Partnership Plan 2017/18.

RESOLVED - That the Community Safety Board Partnership Plan 2017/18 be endorsed.

The above decision has been made to introduce the priorities for 2017/18 for the Community Safety Board.

C11 TRIALLING AN ON-STREET ENVIRONMENTAL ENFORCEMENT SERVICE

Report withdrawn.

C12 RESPONSE TO CONSULTATION

Consideration has been given to the response to the NHS England consultation on Congenital Heart Disease Services for Children and Adults.

RESOLVED - That the response be endorsed.

The above decision has been made to enable the Council to contribute a response to the consultation.

C13 PETITIONS SCHEDULE

Consideration has been given to an update on petitions submitted to the Council and the action taken on them.

RESOLVED - That the petitions received and the action taken on them be noted.

The above decision has been made to inform Cabinet of the progress of the petitions received.

C14 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED - That the press and public be excluded from the meeting during consideration of the remaining business in accordance with paragraph 3 of Schedule 12A to the Local Government Act 1972.

C15 PROVISION OF SUPPORT, DEVELOPMENT, NETWORKING AND REPRESENTATION TO THE VOLUNTARY AND COMMUNITY SECTOR IN GATESHEAD

Consideration has been given to a further extension to the current agreement between the Council and Newcastle Council for Voluntary Service (NCVS) to provide support, development, networking and representation to the Voluntary and Community Sector (VCS) in Gateshead up to 31 December 2017 whilst a joint procurement exercise is undertaken with Newcastle City Council as partners to secure an infrastructure support service for the VCS across both authorities.

RESOLVED - (i) That the further extension of the current agreement with NCVS

until 31 December 2017 (in accordance with the agreement's extension clause) be approved.

- (ii) That a joint procurement exercise proceed in accordance with one of the two options outlined in the report, with the aim of implementing the new service from 1 January 2018, subject to further Cabinet approval and budget considerations.

The above decisions have been made for the following reasons:

- (A) To enable the discussions regarding the potential for jointly commissioned support for the VCS in Newcastle and Gateshead to continue towards procurement.
- (B) To build capacity and sustainability in voluntary and community organisations in Gateshead.

C16

FUNDING FOR THE LAND OF OAK & IRON HERITAGE CENTRE

Consideration has been given to the provision of a financial contribution towards the construction of the Land of Oak & Iron Heritage Centre at Winlaton Mill and to the associated design fees.

- RESOLVED -
- (i) That the partnership approach with Groundwork NE & Cumbria to develop the Heritage Centre at Winlaton Mill continues.
 - (ii) That the Council provides an additional capital contribution of a maximum of the amount set out in the report, towards the construction phase of the project to facilitate the development and that the Strategic Director, Corporate Services & Governance and the Strategic Director, Corporate Resources be authorised to negotiate a profit share agreement with Groundwork NE & Cumbria.
 - (iii) That a formal project board is set up that will include senior representation from the Council, Groundwork and the contractor.

The above decisions have been made for the following reasons:

- (A) Significant progress has been made thus far and to ensure that that external funding investment within Gateshead is not lost.
- (B) To deliver meaningful long term economic benefits in rural Gateshead and to raise the profile of the area to potential visitors.
- (C) To tell the little known story of Gateshead's internationally significant place in industrial history.
- (D) To give confidence that sufficient funding is available for the project to be delivered and that governance arrangements are robust.

Copies of all reports and appendices referred to in these minutes are available online and in the minute file. Please note access restrictions apply for exempt business as defined by the Access to Information Act.

The decisions referred to in these minutes will come into force and be implemented after the expiry of 3 working days after the publication date of the minutes identified below unless the matters are 'called in'.

Publication date: DeadlinePubminutes

Chair.....

TITLE OF REPORT: **Recommission Day Service Activity**

REPORT OF: **Sheena Ramsey - Chief Executive and Interim Strategic Director – Care, Wellbeing & Learning**

Purpose of the Report

1. The report asks Cabinet to approve a plan to recommission the current day service provision to people with disabilities within Wrekenton Community Base, thus, leading to the closure of the service. The plan will also include providing alternative forms of support to existing service users who access in house disability services who do not have complex needs.

Background

2. The budget proposal 'recommissioning day service activity' had an initial saving target of £1million (£0.5m for 2016/17 and £0.5m for 2017/18). The £0.5m for 2017/18 was subsequently deferred pending the outcome of the review of day services.
3. The proposal centred on an overarching intention that through a review / reassessment process:
 - Existing service users without complex needs who currently use various in-house disabilities provider services could potentially be able to be provided with alternative support to in-house provision which may reduce social care costs to the Council.
 - Existing service users with complex needs would continue to use in-house provision within the facilities of Blaydon Lodge, Marquisway Bungalow, Blaydon Resource Centre and Marquisway Resource Centre.
 - The Council would be able to determine the need for future provision within the Community Bases of Phoenix, Winlaton and Wrekenton.
4. At the time of the budget proposal being agreed, there were 277 service users using in- house disability day service provision.
5. The 2017/18 net budget for the provision of in house day services is £2.507m.

Proposal

6. The Adult Social Care Provider service, alongside Assessment and Personalisation and Commissioning colleagues, have established a delivery plan which will have the effect of closing Wrekenton Community Base. Some service users with complex needs can transfer to other in-house services such as Marquisway Resource Centre, Phoenix Community Base, Shared Lives or accessing the sporting clubs of Special Olympics Gateshead Tyne & Wear and Angling 4 All. A number of relatively

independent Wrekenton service users, can alternatively access the 3 'drop-in' Guidepost groups across the borough.

7. The service will seek to cease the unnecessary 'double running' costs being borne by the Council in some cases whereby service users living within independent sector Independent Living Schemes (ISLs) and residential care also attend In-House disability day services. Furthermore, this approach provides fragmented support to individuals with a mixture of staff providing day support. Adult Social Care Commissioning, are currently working with those respective independent sector providers for the delivery of day support to existing Wrekenton service users as opposed to their continued attendance at the Community Base.
8. Of those service users affected by the proposal to recommission day service activity, 44% will continue to receive In-House disability provision from Marquisway Resource Centre (20%), Shared Lives (12%), Phoenix Community Base (8%) and Sporting Clubs (4%). The remaining service users will either: be provided with support from their own ISL or residential care provider (34%), no longer require a service (18%); one individual (2%) has gained paid employment and a remaining individual has secured his own tenancy and no longer needs day provision.
9. All 15 employees employed at Wrekenton Community Base will be at risk of compulsory redundancy. Initial scoping work has shown that most, if not all, employees 'at risk' can be redeployed into vacant positions or into other suitable positions on a 'bumped redundancy' basis.
10. Marquisway and Blaydon Resource Centres will continue their provision for service users with complex needs who require building based provision
11. Phoenix and Winlaton will continue their functioning as Community Bases for people with complex needs
12. The proposal describes stage 1 of the in-house disability day service review. Stage 2 of the project will centre on the In-House provision adopting an Enablement framework to increase people's skills, independence and work based skills/competencies, thus, reducing people's reliance on social care services. As such there will be a transient client group within the service.
13. The service intends to increasingly withdraw from provision in which service users are supported within one static service area and alternatively, the service users can grow and ameliorate their abilities by using the "sessional activities" within the service's 2 main sporting clubs 'Angling 4 All' and Special Olympics Gateshead Tyne & Wear and also 'Next Steps' user led enterprises – creating a more flexible and multi based offer.
14. It is anticipated that the proposal to close Wrekenton Community Base will be resisted by some family carers of service users at the Base. The closure is planned for late September 2017.
15. As part of this service review it is proposed that some existing Marquisway service users transfer out of the centre. As some of these service users have used the facility for over 20 years, this naturally requires the utmost sensitivity from Provider and Assessment and Personalisation teams.

Recommendations

16. It is recommended that Cabinet supports the proposal to recommission disability day service activity.

For the following reasons:

- (i) To generate estimated savings of £0.3m for the Council by closing the Wrekenton Community Base service and providing service users without complex needs with other types of community support;
- (ii) To allow the Council to deliver stage 1 of the disability day services review and proceed with stage 2 of embodying an Enablement Framework within the service provision, ensuring people's skills and confidence are developed to secure a combination of: paid employment; enterprise; volunteering or independent living outcomes to reduce their reliance on social care services
- (i) To enable service users to benefit from the future 'pick' and 'mix' style service model allowing people to access an increased range of activities during their daily week.

CONTACT: Steph Downey

extension: 3919

Policy Context

1. The Care Act (2014) part 1 focuses on Adult Social Care reform. Section 2(1) places a duty on local authorities to provide a range of services that reduce needs for support for people with care needs and their informal carers, and contribute towards preventing or delaying the development of such needs.
2. The Care Act gives councils new obligations to shape the local care market to promote quality and choice.

Background

3. The budget proposal 'recommissioning day service activity' had an initial saving target of £1 million (£0.5m for 16/17 and £0.5m for 17/18). The £0.5m for 2017/18 was subsequently deferred pending the outcome of the review of day services.
4. The proposal centred on an overarching intention that through a review / reassessment process:
 - Existing service users without complex needs who currently use various In-House disabilities Provider services could potentially be able to be provided with alternative support to In-House provision which may reduce social care costs to the Council.
 - Existing service users with complex needs would continue to use In-House provision within the facilities of Blaydon Lodge, Marquisway Bungalow, Blaydon Resource Centre and Marquisway Resource Centre.
 - The Council would be able to determine the need for future provision within the Community Bases of Phoenix, Winlaton and Wrekenton.
5. At the time of the budget proposal being set, there were 277 service users using In-House disability day service provision.
6. The total net budget for the provision of in house day services is £2.507m.and the gross saving from the proposals outlined in this report is £0.465m (full year effect). The estimated savings of £0.3m (full year effect) includes the potential reprovision costs associated with the proposed changes in the way in which day services are provided.

Consultation

7. The Council consulted on the budget proposals to recommission day service activity as part of the budget planning process for 2016/2017 and 2017/2018. Specific consultation has been undertaken with service users / family carers within service user reviews and all service users and family carers have been notified of the 'recommissioning day service activity' proposal relating to all service areas.
8. The Cabinet Members for Adult Social Care have been consulted.

9. The High Fell Ward Councillors have been consulted in respect of the closure of Wrekenton Community Base.

Alternative Options

10. The alternative is to remain as we are now; this will not deliver budget savings or the disability day services review outcomes

Implications of Recommended Option

11. Resources:

- a) **Financial Implications** – The Strategic Director, Corporate Resources confirms that the proposals outlined in this report will generate estimated savings of £0.3m (£0.150m in 2017/18).
- b) **Human Resources Implications** – 20 (15.92 FTE) employees will be ‘at risk’ of redundancy as a result of this proposal. Initial scoping work has shown that most if not all employees ‘at risk’, can be redeployed into vacant positions or into other suitable positions on a ‘bumped redundancy’ basis.
- c) **Property Implications** - The closure of Wrekenton Community Base will have an impact on the Wrekenton Community Hub. Colleagues across Adult Social Care and Communities and Neighbourhoods will work collaboratively on reviewing the revenue stream and use of facilities within the Hub.

12. **Risk Management Implications** – The proposal (particularly the closure of Wrekenton) will be resisted by service users / family carers. Extensive support will be provided to service users / family carers to minimise the impact of changes and to ensure that people’s needs are consistently met.

13. **Equality and Diversity Implications** – The proposal will support parity of esteem on addressing the needs of those with protected characteristics. The service is utterly responsive to the feedback received from service users and family carers on the proposal.

14. **Crime and Disorder Implications** – No impact

15. **Health Implications** – Whilst the proposal may evoke changes to people’s service provision, the service will continue to support accessibility to health services and appropriate care and treatment, as well as being responsive to adverse reactions from notice of such changes.

16. **Sustainability Implications** – The proposal will ensure that through the combination of In-House disability Provider services and alternative community options, service users and their family carer’s needs continue to be met.

17. **Human Rights Implications** - There are no human rights implications arising out of the report.

18. **Area and Ward Implications** – The closure of Wrekenton Community base affects the High Fell ward and a high proportion of service users live either within this ward

or close proximity to it. Any alternative provision will be considered in light of service users own/the service's transport capabilities, enabling people to be able to adequately access those alternative facilities.



**REPORT TO CABINET
20 June 2017**

TITLE OF REPORT: **Substance Misuse Strategy 2017-2022**

REPORT OF: **Paul Dowling, Strategic Director Communities
and Environment
Alice Wiseman, Director of Public Health**

Purpose of the Report

1. The purpose of this report is to seek endorsement of the Substance Misuse Strategy and action plans 2017-2022.

Background

2. The Substance Misuse Strategy (attached at appendix 2) has been finalised following a thorough consultation process and extensive partnership engagement. The strategy has joined the two issues of drug misuse and alcohol misuse due to the many similarities in the actions required to address this agenda.
3. Although an integrated strategy has been developed, it is acknowledged that some distinctively different approaches are also required to address drug and alcohol harm. Alcohol requires a population approach to address availability, acceptability and safer use. Substance misuse relates to a more specific client group and has a greater crime and disorder focus. This strategy has two chapters; Alcohol and Drugs, to outline the specific work relating to each area.

Proposal

4. Cabinet is asked to endorse the Substance Misuse Strategy as set out in Appendix 2.

Recommendations

5. Cabinet is asked to recommend the Council to endorse the Substance Misuse Strategy 2017-2022 for the following reasons:

To reduce the harms caused by substance misuse and make Gateshead a safer and healthier place, where less alcohol and fewer substances are consumed, and where:

- professionals are confident and well-equipped to challenge behaviour and support change

- recovery is visible bringing about enduring change to local communities
- substances are no longer a driver of crime and disorder
- the health inequalities between socio-economic groups are reduced
- we all work in partnership to identify gaps and work to resolve these
- an integrated and comprehensive approach to tackling harm is employed
- possibilities of pooled budgets and joint commissioning are explored.

CONTACT: Peter Wright

extension 3901

Policy Context

1. The proposals support Vision 2030 and the Council's Corporate Plan particularly Live Well Gateshead – A healthy, inclusive and nurturing place for all.

Background

2. The Crime and Disorder Act 1998 places a statutory duty on Community Safety Partnerships to address substance misuse issues. The Substance Misuse Strategy has been produced following a thorough consultation and engagement process with key partners and stakeholders.
3. The joint approach is highlighted by the following shared objectives:

REDUCE DEMAND / PREVENTION ACROSS THE LIFE COURSE

Aim: To ensure that a coordinated 'whole family' approach is taken for initiatives working with children, young people, working age, older people, individuals, families and communities, protecting those most affected by substance misuse.

Aim: To create an environment where people who have never taken drugs continue to resist any pressures to do so and fewer people are using drugs at levels or patterns that are damaging to themselves or others.

REDUCE SUPPLY / PROTECTION AND RESPONSIBILITY

Aim: To ensure all sections of the trade promote responsible retailing to support a reduction in substance misuse-related harm. To mitigate the role of substance misuse in fuelling crime, anti-social behaviour, violence and domestic abuse.

Aim: To ensure a joined up approach to disrupt the drugs trade by targeting activity along the entire supply chain, from organised crime groups that import drugs from source to the dealers that sell drugs in our communities.

BUILD RECOVERY / HEALTH AND WELLBEING SERVICES

Aim: To ensure an evidence based 'health and wellbeing' focused prevention, treatment and recovery approach is employed to address the needs of service users and their families experiencing alcohol related issues.

Aim: To support people who wish to tackle their dependency on drugs and/or alcohol and achieve lives free from substance dependence.

4. The need for high level, strategic action was also identified which has been incorporated within the final strategy document. Multi-agency action plans sit underneath the Substance Misuse Strategy and provide a detailed breakdown of how partners will take forward key actions to deliver the objectives of the strategy.
5. The Substance Misuse Strategy Group will prepare quarterly reports to track progress against the outcomes and indicators set out in this strategy, with remedial action being taken by partners in areas where there is under-performance or blockages. The Substance Misuse Strategy Group is directly accountable to the Community Safety Board.

Consultation

6. Members of the following groups have been consulted:
 - Community Safety Board
 - Health and Wellbeing Board
 - Substance Misuse Strategy Group
 - Cabinet Members for Adult Social Care/Health and Wellbeing and Communities and Volunteering.
7. Key changes/additions made since the first draft strategy was presented to the above groups include:
 - The new Chief Medical Officers guidelines low-risk drinking guidelines and the need to raise public awareness of these revised levels.
 - Increased recognition of the Carers' role and needs in supporting those who misuse substances
 - Further detail of the contribution of the Making Every Contact Count programme
 - A commitment to explore the possibility of pooled budgets and joint commissioning of services.
 - The actions arising from the joint Health and Wellbeing and Community Safety Board meeting.
8. The Substance Misuse Strategy has been developed following the review of the most recent evidence base and data available from a range of sources and partner organisations including:
 - Public Health England
 - National Institute of Health and Care Excellence
 - National Drug Treatment Monitoring System (NDTMS)
 - Community Safety Strategic Assessment

Alternative Options

9. There are no alternative options available to the Council.

Implications of Recommended Options

10. Resources

- a) **Financial Implications** – The Strategic Director, Corporate Resources confirms that there are no financial implications arising directly from this report.
 - b) **Human Resources Implications** – There are no human resource implications arising directly from this report.
 - c) **Property Implications** – There are no property implications.
11. **Risk Management Implications** – There are no risk management implications arising directly from this report.
 12. **Equality and Diversity Implications** – The Equality Impact Assessment found that the Strategy should not have a disproportionate negative impact on any of the protected characteristics. The purpose of the strategy is to improve health and wellbeing, reduce health inequalities and reduce the levels of crime and disorder in Gateshead. The actions identified, therefore are to have no impact or a positive impact on these groups.
 13. **Crime and Disorder Implications** – The Strategy will seek to address some of the crime and disorder issues linked to substance misuse
 14. **Health Implications** – The purpose of the strategy is to improve the health and wellbeing and reduce health inequalities. The strategy and resulting action plans aim is to have a positive impact on health; measuring impact is a key aim of this work.
 15. **Sustainability Implications** – There are no sustainability implications arising directly from this report.
 16. **Human Rights Implications** – There are no human rights implications arising directly from this report.
 17. **Area and Ward Implications** – This strategy will be implemented equally across all wards here are, therefore, no area and ward implications human resource implications arising directly from this report.

Background Information

18. The following reports and documents were used as background information in the preparation of this report:
 - Local Alcohol Profiles for England (PHE)

- NICE Guidelines
- NDTMS reports
- Hospital admissions qualitative and quantitative data
- Government reports on Drug Related Deaths
- EIA
- Community Safety Strategic Assessment
- National Drug Strategy

Preventing Harm Improving Outcomes

Gateshead's Substance Misuse Strategy 2017-22



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Foreword

Gateshead's Substance Misuse Strategy, Preventing Harm, Improving Outcomes, comes at an economically challenging time for all stakeholders. This strategy places its focus on the added value we can bring by working together to deliver on key priority areas.

National policy implementation and overarching strategic objectives are needed to address several determinants of substance misuse related harm, such as supply, availability, pricing, education, and employment. However, there is much that can be done locally to improve the health, safety and wellbeing of our population.

This strategy aims to galvanise partners to collectively reduce the harms of substance misuse. To do this we need a range of measures, which together provide a template for an integrated and comprehensive approach to tackling the harm associated with both drugs and alcohol, addressing short term and long term outcomes.

This strategy will build on and extend current work and outline ambitious strategic aims. The most important aspect of this strategy is to have dynamic and responsive action that reflect our local need and assets. Such an approach, which is built upon existing partnerships and local engagement, will enable local plans to evolve as new data, research and intelligence emerge.

We would like to acknowledge all those whose efforts have been successful in introducing effective programmes of work and policy implementation. We intend that this strategy will go above and beyond the excellent work that we have already progressed across Gateshead. Our focus is to reinforce the strong partnerships and collaborative working that we have here in Gateshead empowering our local population to make decisions and to take control of their own lives, therefore impacting on long term prevention.

Vision

Our vision is to reduce the harms caused by substance misuse and make Gateshead a safer and healthier place, where less alcohol and fewer substances are consumed, and where:

- professionals are confident and well-equipped to challenge behaviour and support change
- recovery is visible bringing about enduring change to local communities
- substances are no longer a driver of crime and disorder
- reduction in the health inequalities between socio-economic groups are reduced
- we all work in partnership to identify gaps and work to resolve these
- an integrated and comprehensive approach to tackling harm is employed
- possibilities of pooled budgets and joint commissioning are re-explored



Councillor John McElroy
Chair of Community Safety Board



Councillor Lynne Caffrey
Chair of Health and Wellbeing Board

Governance

Alcohol and drug misuse remain a cross-cutting theme that requires an on-going, joined-up partnership response. The delivery of the Substance Misuse Strategy is the responsibility of the Substance Misuse Strategy Group and will be supported, from an operational perspective, by the Substance Misuse Sub Group.

The Strategy Group is accountable to the Community Safety Board, but will also work closely with the other statutory partnerships within Gateshead.

A multi-agency Implementation Plan will sit underneath the Substance Misuse Strategy and provide a detailed breakdown of the actions that partners will undertake to deliver the strategy.

The Strategy Group will be required to present quarterly reports to the Community Safety Board in order to track progress against the outcomes and indicators set out in this strategy, with remedial action being taken by partners in areas where there is under-performance or blockages.

ALCOHOL

Introduction

The consumption of alcohol is an established part of life in the UK today. Perhaps contrary to common belief, nationally alcohol sales per head have actually declined since 2004. However, it still leaves them at roughly twice the level of the 1950s; the UK now having one of the highest levels of alcohol consumption in Europe.

It has been suggested that even if everybody stopped drinking above recommended levels tomorrow, demands on hospitals would remain relatively high for a further decade.

The harms caused by drinking are as complex as our relationship with alcohol. Alcohol may cause or exacerbate problems, its harms may be acute or chronic and issues may arise from individuals' binge drinking or addiction.

While many chronic health harms caused by drinking alcohol increase with the level of consumption and often over a period of many years, other harms – such as accidents, crime and the loss of productivity - are associated with other patterns of consumption including binge drinking.

The evidence base is growing:

- **For individuals**, regular drinking increases the risks of a future burdened by illnesses including cancer, liver cirrhosis and heart disease, and a taste for alcohol can turn all too easily into dependence.
- **For families**, alcohol misuse and dependence can lead to relationship breakdown, domestic violence and impoverishment.
- **For communities**, alcohol misuse can fuel crime and disorder and transform town centres into no-go areas.
- **For society** as a whole, the costs of alcohol consumption include both the direct costs to public services and the substantial impact of alcohol-related absenteeism on productivity and earnings. Indeed, it can be a barrier to achieving the outcomes we wish for our local community.

Figure 1: Passive Drinking - the harm arising from alcohol

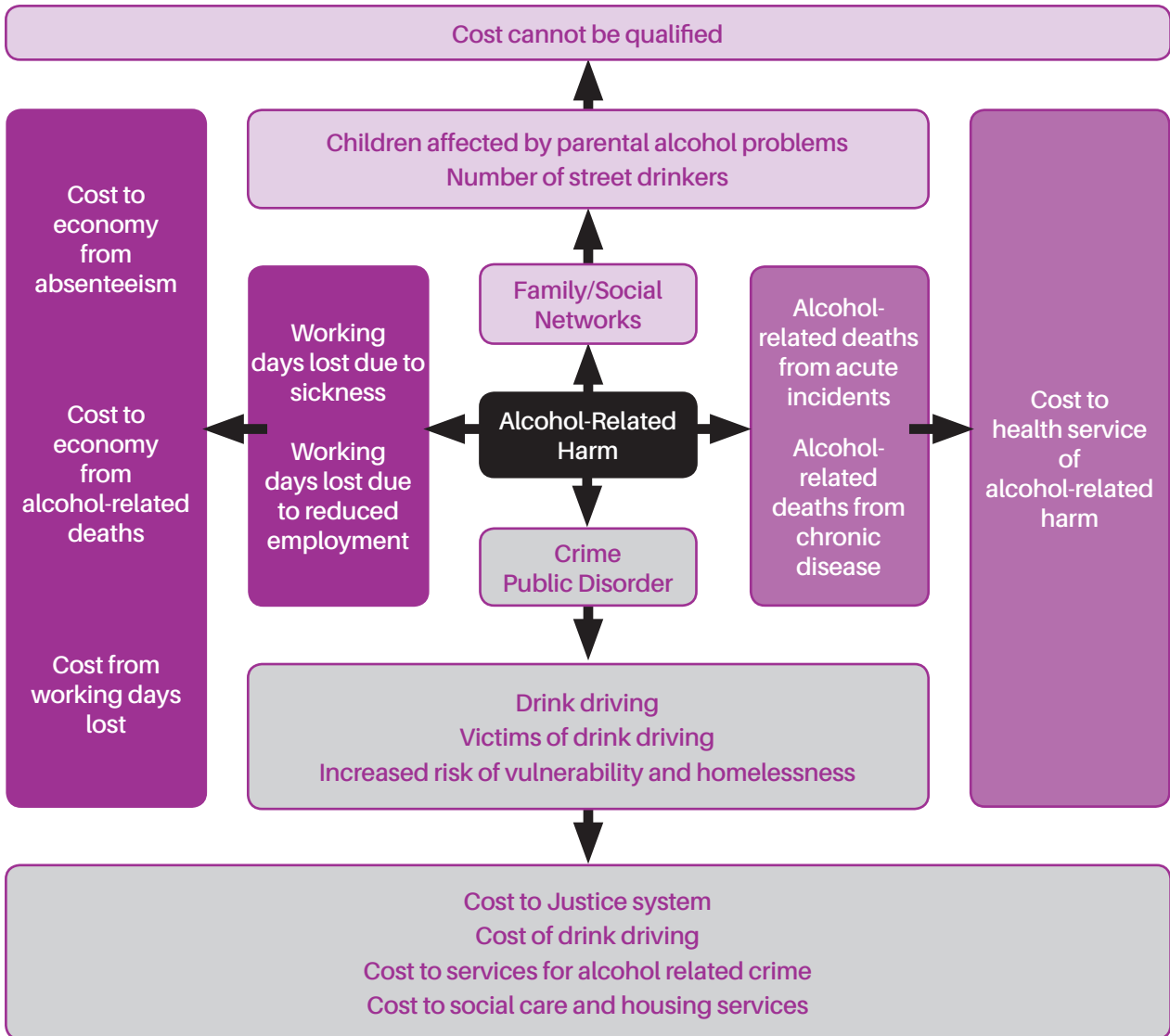
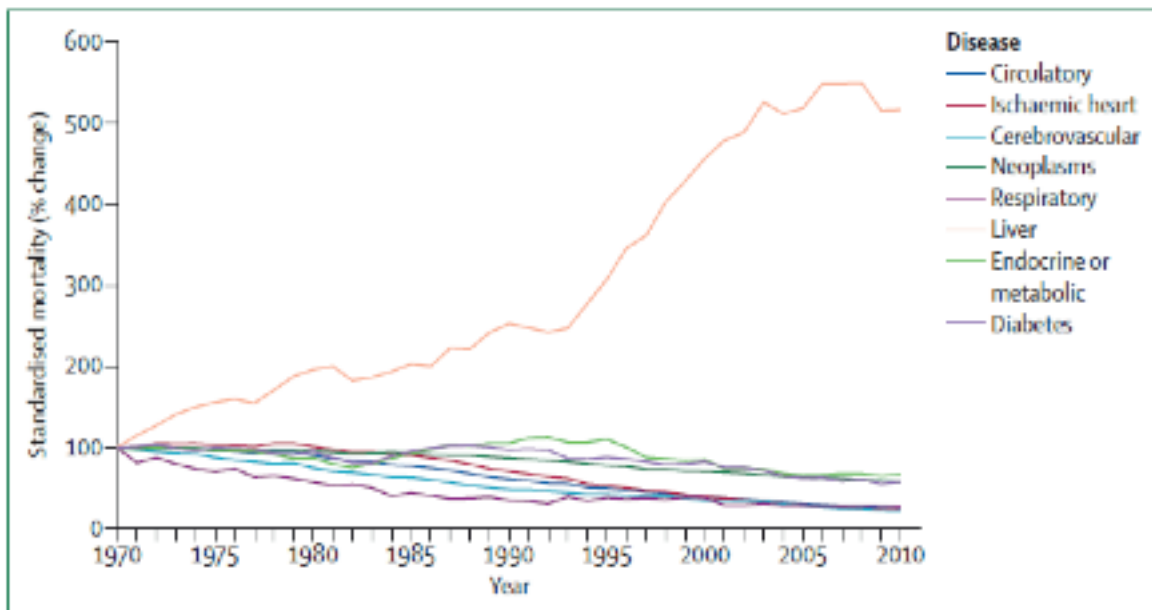


Figure 2: Rising trend in liver disease mortality (Lancet 2015)



Lancet Commission - Liver Disease, The Lancet, Vol. 384, No. 9958, p1953-1997

National context

Policy and evidence

The recent Chief Medical Officers' guidelines (2016) for both men and women are as follows:

- **14 units per week**, to keep health risks from drinking alcohol to a low level it is safest for men and women not to drink more than 14 units a week on a regular basis.
- **Alcohol free days**, it is best to spread this evenly over three days or more and have several alcohol-free days each week. One or two heavy drinking sessions increases the risks of death from long term illnesses and from accidents and injuries.
- **No alcohol during pregnancy**

The National Institute for Health and Care Excellence (NICE) has produced five key evidence guidelines that relate to alcohol:

- Alcohol Use Disorders: Preventing harmful drinking (PH Guidance 24, 2010)
- Alcohol Dependence and harmful alcohol use (G 115, 2011)
- Alcohol use disorders: diagnosis and clinical management of alcohol-related physical complications (CG 100, 2010)
- School-based interventions on alcohol (PH Guidance 7, 2007)
- Behaviour change: individual approaches (PH Guidance 49, 2014)

NICE describe two approaches to reducing alcohol related harm:

1. Population-level approaches are important because they can help reduce the aggregate level of alcohol consumed. They can help those who are not in regular contact with the relevant services; and those who have been specifically advised to reduce their alcohol intake, by creating an environment that supports lower-risk drinking.

2. Individual-level interventions can help make people aware of the potential risks they are taking (or harm they are doing) at an early stage.

NICE evidence based activity focuses on:

- Prevention and education - availability, licensing and education
- Early identification and harm minimisation - whole system approach, community, primary and secondary care especially targeting vulnerable groups
- Treatment and rehabilitation - provision, promotion and referral pathways

The evidence shows that individuals drinking at increasing and higher risk level (but not dependent) benefit from brief intervention, while those drinking at dependent levels are best supported by specialist alcohol services.

The strategy resulting action plans will also incorporate recommendations from the following newly published papers:

- The public health burden of alcohol and the effectiveness and cost-effectiveness of alcohol control policies (PHE 2017)
- An independent review into the impact on employment outcomes of drug or alcohol addiction, and obesity (Dame Carol Black 2016)

Local context

Current position

Current methods for estimating levels of alcohol consumption rely on self-reported surveys. Recent research suggests these underestimate the amount we drink, and therefore underestimate the size of the population at risk of alcohol-related harms, which often cannot be further segmented by different population groups, such as ethnicity.

We know that nationally:

- 83% of those who regularly drink above the guidelines do not think their drinking is putting their long term health at risk.
- Only 18% of people who drink above the lower-risk guidelines say they actually wish to change their behaviour.
- External and environmental factors can hugely influence both positively and negatively, the amounts that individuals or groups of the population drink and the ways they drink.

Health related harms in Gateshead are worse than the England and regional average, though there are some positive trends developing including a decline in young people's drinking and resulting hospital admissions.

Under 18s

For young people the rate of admissions has decreased by 54% to 58.8 per 100,000 since 2006/07. However, the rate of admissions is still significantly higher than the England value 36.6 per 100,000.

Alcohol consumption by under 18's continues to fall, however, evidence suggests that though fewer young people are drinking, those who do drink, drink at excessive and harmful levels.

Alcohol related hospital admissions (persons)

Gateshead currently has the 3rd highest rate of alcohol related admissions (2015/16 persons, narrow definition) to hospital in England

Gateshead has the highest rate for alcohol related hospital admissions for males in the North East (2015/16) The rate of admissions to hospital for alcohol related conditions has increased by 23.63% Since 2008/09 For women the rate of admissions to hospital for alcohol related conditions has increased by 34.33% Since 2008/09.

For older people (65 and over), the number of alcohol related hospital admissions has more than doubled in the recent years - 197,000 to 461,000 between 2002-2010. (NHS Information Centre, 2011).

Emerging trends

A number of clear national trends have emerged in recent years, which require a response from local agencies and are addressed in this strategy:

- An increase in the number of women and mid- and older age people drinking to excess
- A rise in consumption of alcohol within the home
- An increase in the mortality rate from liver disease

Cross cutting priority groups

Health inequalities

“There is a social gradient in the harms from alcohol consumption but not in alcohol consumption itself.”

Evidence suggests that while drinking is most common among many of our more affluent communities, those who drink at the greatest levels (and suffer the greatest health harms) live in some of the borough’s most deprived neighbourhoods.

Alcohol and its impact on Children and Young People

“The drinking behaviours of our children are some of the worst in Europe, the health consequences are alarming and this is a situation that must change.”

National guidance recommends that no alcohol at all should be consumed before the age of 15. Drinking at age 15-17 should be confined to no more than one day a week and strictly supervised, as binge drinking at this age may lead to violent behaviour, risky sexual activity, low educational attainment and a drift into crime and drugs.

40% of 13 year olds and 58% of 15 year olds who have drunk alcohol have had a negative experience including taking drugs/having unprotected sex.

It is imperative that we continue to support children and young people to reduce their levels of alcohol consumption, delay the age at which they may choose to start drinking alcohol and support venues to be alcohol free for those young people who choose not to consume alcohol and, provide a family approach to understanding the risks from alcohol consumption.

The issue of parental responsibility also needs to be addressed, with evidence suggesting that most young people do not buy alcohol illegally; they get it from their parents and/or older siblings, often within the home and sometimes without their parents realising.

Further, there is a considerable body of evidence which indicates that parental alcohol issues can lead to risky attitudes among young people and, in turn, risky behaviours can lead to problematic consumption in later adult life.

Children and young people’s perceptions of their parents’ attitudes to their drinking is strongly related to whether or not they have drunk alcohol; if their parents would disapprove, they were less likely to consume alcohol.

Alcohol and families

Alcohol is a teratogen (an agent which causes malformation of an embryo) that freely crosses the placenta. Drinking during pregnancy can cause premature birth, low birth weight, damage to the central nervous system, physical abnormalities and the difficult to diagnose condition Foetal Alcohol Spectrum Disorder (FASD). In turn, this condition may not be identified in future diagnosis including Attention Deficit Hyperactivity Disorder (ADHD) and dyspraxia.

Nationally, it is estimated that only 7% of babies with FASD are diagnosed at birth, the average age of diagnosis being 3.3 years. Earlier diagnosis would help prevent this condition in future siblings. Diagnosis is improving and Gateshead has been a regional leader in this area, but there is much to be done to address the knowledge and skills regarding this disorder and the health and social care system and the stigma associated with this neuro developmental disorder.

Children of parents who drink excessive amounts, i.e. above the recommended limit, may suffer a lack of supportive and consistent parenting, and even be thrust into the role of carer themselves, often without anyone knowing, the so-called 'silent carers', for parents and younger siblings.

Growing up amid the conflict and disharmony associated with alcohol misuse can result in children and young people having increased:

- Anti-social behaviour such as aggression, hyperactivity
- Emotional problems such as bed-wetting, depression
- Problems at school such as learning difficulties, truancy

Alcohol and older people

"Between 2001 and 2031, there is projected to be a 50% increase in the number of older people in the UK. The percentage of men and women drinking more than the weekly recommended limits has also risen, by 60% in men and 100% in women between 1990 and 2006" (NHS Information Centre, 2009a).

Given the likely impact of these two factors on health and social care services, there is now a pressing need to address substance misuse in older people and to understand the picture locally.

As we get older, the negative impact of alcohol on our physical and mental health increases. Ageing slows down the body's ability to break down alcohol and so alcohol remains in the system for longer. This in turn results in the older person reacting more slowly and they tend to lose balance more easily and lead to an increased risk of falls and other accidents, leading to long term injury and can be a cause for residential care.

It may also cause serious complications with any medication(s) the individuals may be taking. Data on numbers of falls and their association with alcohol is limited and further research is needed regarding this.

About a third of older people with alcohol problems develop them for the first time in later life. Bereavement, physical ill-health, becoming a carer, loneliness, difficulty in getting around, unhappiness and depression can all lead to increased alcohol consumption. Social isolation can result from a loss of contact with family members, loss of partners, loss of mobility, less contact with friends and less involvement with, and action in, the community.

The Community Mental Health Survey (2011) found that older adults are one group that is least likely to be asked about their alcohol use, especially older women. Increased alcohol intake is often hidden in the older population and not always identified because:

- Older people do not talk about it, possibly because of the perception of shame, stigma or embarrassment
- Alcohol problem can be mistaken for physical or mental health problem
- Assumed not to be a problem for this population group
- Older people have a poor awareness of lower risk drinking limits

Alcohol across the life course

The life-course approach must be adopted to stop the negative impact of alcohol on children and link with other strategies and developments in addition to alcohol alone.

Due to the complexity of this issue it is important that interventions take a multi-agency and whole-family approach. The relationships between universal and specialist services, adult/child and family services, and drug/alcohol treatment services is crucial as well as the relationship with other activity areas, including health and wellbeing, crime and disorder, housing, planning and licensing.

Early intervention and prevention

There are real opportunities, often under-exploited, for health services to identify those at risk and provide advice and support to those who need it, whether via regular contact with NHS staff, or in particular settings such as A&E and Gastroenterology departments, through well evidenced brief interventions. Identification and Brief Advice (IBA) is a simple, evidence based intervention aimed at individuals who are at risk through drinking above the guidelines, but not typically seeking help for an alcohol problem.

Have a word and making every contact count

Making every contact count, is a train the trainer approach which enables health improving conversations to be delivered at scale, as part of existing job roles across many organisations, facilitating the reach of very brief alcohol interventions. Have a Word is one tool that can be used to support workforce development enabling intervention in a teachable moment.

NHS health checks

Since April 2013, the Department of Health has included alcohol identification and any subsequent brief advice needed within the NHS Health Checks for any adults aged 35-75 years.

A&E departments

A&E departments can be a particular flashpoint for those who have drunk to excess, causing fear and distress to others awaiting and administering treatment. The NHS does not tolerate any violence or disorder in hospitals to its staff and to those waiting for medical attention, which is often fuelled by alcohol consumption. Locally, there is an agreed referral pathway with the commissioned service's outreach worker who works out of the Acute Trust (A and E and Gastroenterology) three times a week.

Alcohol-related assault data

Cardiff Model data is an excellent opportunity to understand the local picture more, and to identify hotspots for violence and excessive alcohol consumption, whether it is a personal home address or, a licensed premise. Work is underway to improve the collection and sharing of this data.

Recovery Orientated Treatment Service

The continued development and promotion of a Recovery Orientated Treatment Service is a positive approach within Gateshead. This puts the person who requests help at the centre, surrounding them with options and choices so that they can design their own support and recovery journey.

People who have experienced alcohol problems and service users themselves have made it clear that recovery is best supported by peers and allies who are trained, competent, and supervised: mutual support and mutual aid groups including the sharing of experiential knowledge and skills, as well as social learning, play an invaluable role in recovery. Those in recovery are 'assets' who contribute to community developments.

Dual diagnosis

Gateshead is currently developing a strategy and action plan in response to the NICE Guidance 58 co existing severe mental illness and substance abuse; community health and social care services, this guidance proposes ways to address the need of co-existing mental health and substance misuse.

Carers

Gateshead has a strong history of understanding and seeking to support the carers of those with an addiction to substances, by commissioning services reflecting this priority. Carers are defined as *'a person who provides, or intends to provide, care for another adult'*.

Like someone with a drug or alcohol problem, those affected also find themselves on a journey which may require different types of support at each stage. Typically, carers first access services at a time of crisis or after stress and strain has been building for some time. Allowing them time to simply talk, express their feelings and be heard in a supportive, non-judgemental environment is important.

Specific information, programmes or interventions, signposting and referring to additional support services (eg debt advice, counselling and support groups) may be offered alongside but it is important to recognise that individuals experiencing high levels of stress may struggle to engage immediately. Feeling heard, learning they are 'not the only one', receiving basic information and perhaps meeting others in similar circumstances all help to provide a level of support and reduce stress so that family members can benefit from other programmes or types of support.

Protected characteristics

It is well recognised that there is often a lack of information available concerning specific groups, e.g. older people, the Jewish Community, those suffering from mental ill health; unfortunately this is sometimes most pronounced in the protected groups, although not exclusive.

Through the development and refinement of the local action plans, we aim to gain intelligence around such barriers and challenges, identifying gaps and opportunities. We must build upon local intelligence and contribute to the refresh of the Joint Strategic Needs Assessment when relevant.

Crime and Disorder

Alcohol misuse places a profound burden on the social fabric of the UK. In addition to the extensive healthcare costs, lost productivity and premature deaths, there are a range of crime and disorder problems associated with excessive consumption of alcohol. This includes alcohol-specific crime, such as being drunk and disorderly in public, criminal damage and, drink-driving.

Many other offences can take place under the influence of alcohol, such as alcohol related violence, anti-social behaviour, domestic violence, property damage and arson. It is well evidenced that alcohol consumption is a risk factor for many types of violence, including child abuse, youth violence, intimate partner violence and elder abuse.

Individuals who start drinking at an earlier age, who drink frequently and who drink in greater quantities, are at increased risk of involvement in violence as both victims and perpetrators (World Health Organization, 2012).

In its report "Alcohol misuse: tackling the UK epidemic" the British Medical Association outlined the extent and impact of alcohol-related crimes and behaviours in the UK:

- Among victims of violent crimes in England and Wales 44% perceived the offender as under the influence of alcohol at the time of the crime.
- Alcohol consumption is strongly associated with anti-social behaviour such as nuisance and rowdy behaviour, noise disturbance, littering, and harassment.
- Nearly half of domestic violence offenders were under the influence of alcohol at the time of their offence, and alcohol-fuelled domestic violence is more likely to result in victim injury and the need for medical care.

Domestic abuse is a priority for the borough; the number of reported incidents of domestic violence has increased to 4,476. A total of 1,558 crimes were generated from these incidents. 677 crimes involved alcohol (43% of domestic abuse crimes).

Nationally, domestic abuse was linked to almost 70% of all child protection cases and victims of domestic abuse are 15 times more likely to abuse alcohol.

Licensing

Nationally, in April 2012, Health was added to the list of 'responsible authorities' invited to comment upon licensing applications. Public Health departments have retained this responsibility since transferring to local government control in April 2013. Listed below are recommendations for licensing, devised by Public Health England:

- Ensure sufficient resources are available to prevent under-age sales, sales to people who are intoxicated, proxy sales (that is, illegal purchases for someone who is under-age or intoxicated), non-compliance with any other alcohol license condition and illegal imports of alcohol.
- Work in partnership with the appropriate authorities to identify and take action against premises that regularly sell alcohol to persons who are under-age, intoxicated or making illegal purchases for others.

- Undertake test purchases (using 'mystery' shoppers) to ensure compliance with the law on under-age sales. Test purchases should also be used to identify and take action against premises where sales are made to people who are intoxicated or to those illegally purchasing alcohol for others.
- Ensure sanctions are fully applied to businesses that break the law on under-age sales, sales to those who are intoxicated and proxy purchases. This includes fixed penalty and closure notices (the latter should be applied to establishments that persistently sell alcohol to children and young people).

Locally, we have recently revised Gateshead's Statement of Licensing Policy to increase the emphasis on the licensee to promote the licensing objectives and public health.

Gateshead has recently participated in the Public Health England, Health as a licensing objective pilot, building an analytical data tool and exploring the impact a public health objective might have in licensing representations and decisions.



Our response

Reduce demand/prevention across the life course

Aim: To ensure that a coordinated 'whole family' approach is taken for initiatives working with children, young people, working age, older people, individuals, families and communities, protecting those most affected by alcohol.

Restrict supply / protection and responsibility

Aim: To ensure all sections of the trade promote responsible retailing that supports a reduction in substance misuse related harm, to mitigate the role of alcohol in fuelling crime, anti-social behaviour, violence and domestic abuse.

Build recovery/health and wellbeing services

Aim: To ensure an evidence based 'health and wellbeing' focussed prevention, treatment and recovery approach is employed to address the needs of service users and their families experiencing substance misuse related issues.

THEME 1

Reducing Demand: Prevention across the life-course

To ensure that a coordinated 'whole family' and population approach is taken for initiatives that work with children, young people, working age and older people, families and communities, to lower the population's risk of alcohol-related harm.

What is known to be effective?

NICE Guidance (2013) and PHE Evidence Review (2017) state that population-level approaches are important because they can help reduce the aggregate level of alcohol consumed and therefore lower the whole population's risk of alcohol-related harm. They can help:

- Those who are not in regular contact with the relevant services.
- Those who have been specifically advised to reduce their alcohol intake, by creating an environment that supports lower-risk drinking.

A life course approach, from pre and early pregnancy through to older age, should be taken to address health and social consequences of alcohol use/misuse.

IBA has been proven to reduce drinking, leading to improved health and reduced calls on hospital services. At least one in eight 'at risk drinkers' reduce their drinking as a result of IBA.

The National Institute for Health and Clinical Excellence (NICE) recommends that NHS health professionals routinely carry out alcohol screening as an integral part of their practice, focusing on groups at increased risk.

Action needs to be taken to address this increasingly significant issue, such as developing the skills of frontline workers to be aware of the needs of the ageing population and to 'Make Every Contact Count' with this and every group. It must also be ensured that services are accessible for older people especially those with disabilities.

At the service delivery level, access to prevention and treatment should be enhanced by removing barriers, training of healthcare staff, use of valid screening instruments and developing closer working models – including innovative paradigms – between services at all levels.

In Gateshead we will:

Employ a population approach to address the needs and issues of all population groups by:

- Challenging drinking culture by increasing awareness of the harms of alcohol
- Communication/engagement activities, eg Dry January, FASD Day, Balance campaigns
- Further develop the Council's work supporting the Alcohol Declaration
- Ensure partner agencies are aware of their safeguarding responsibilities relating to alcohol
- Improve quality and increase access to low level interventions (further development of IBA, increased training and clear referral pathways to support)
- Routine enquiry (including NHS Health Checks)

Use a targeted approach to address the needs and issues of specific groups/communities by:

- Supporting local people to understand the true long term health impact of alcohol

- Explore needs of various groups (Jewish Community, dual diagnosis, isolated older people)
- Empowering local people to understand the impact of alcohol misuse on their mental health and wellbeing, in particular those living in more disadvantaged areas
- Workforce development - raising awareness of the harms and the opportunities for alcohol brief interventions e.g. 'Have a Word'
- Address issues of intergenerational drinking and proxy purchasing by parents and siblings
- Introducing interventions to reduce the cycle of harm

THEME 2

Reducing Supply: Protection and Responsibility

To ensure all sections of the alcohol trade promote responsible retailing that supports a reduction in alcohol-related harm and to mitigate the role of alcohol in fuelling Crime, Anti-Social Behaviour, Violence and Domestic Abuse.

One of the biggest challenges that we face is the availability of the 'off trade' sales, i.e. the low cost sales within local supermarkets/local shops, which can be open 24 hours a day, as opposed to more controlled purchases through 'on-trade' sales, i.e. pubs/clubs.

Because alcohol is so cheaply available off-trade, and the strength of alcoholic drink products has increased over time, people are frequently drinking more units of alcohol at home, often without realising it.

The numbers of people drinking at home are increasing, which includes those who are pre-loading (where a person drinks large amounts of alcohol before going out for the evening).

Alcohol misuse is a risk factor for many types of violence including child abuse, violence in public settings, youth violence, sexual violence, intimate partner violence and elder abuse.

In England and Wales, alcohol is thought to play a part in approximately 1.2 million violent incidents per year - almost half of all violent crimes, with devastating health consequences for victims, their family, friends and the wider community.

While health, police and other public services deal with the consequences of alcohol-related violence, the same workers are also victims; for example, 116,000 NHS staff are assaulted each year, primarily by patients and relatives.

What is known to be effective?

Controls on price and availability have been identified by the World Health Organization (World Health Organization Europe, 2011) as the most effective measures that governments can implement to reduce the harm caused by alcohol. Minimum Unit Price for Alcohol (MUP) is considered the most effective approach to reduce the levels of consumption of very low cost alcohol.

Other initiatives have been found to have a positive impact on reducing the harm caused by low cost, high alcohol content drinks, i.e. reducing the strength.

There is evidence that initiatives which: prevent under-age sales and Challenge 25; sales to people who are intoxicated; proxy sales (i.e. illegal purchases for some-one who is under-age or intoxicated); non-compliance with any other alcohol license condition and preventing illegal imports of alcohol, are effective (NICE PH 24, 2010).

In Gateshead we will:

Ensure that there is commitment to address the problems associated with very cheap and high alcohol content drink; encouraging availability to be restricted in areas of most need by:

- Supporting and lobbying (locally, regionally and nationally) for a minimum unit price for alcohol (MUP).

- Exploring the opportunities to reduce the availability of super-strength alcohol that is on sale in Gateshead, focusing on the off-trade licensees, and learning from other areas.
- Reinforcing 'Challenge 25' as a whole system wide approach and, proxy sales messages.

Ensure that we continue to develop and implement robust systems and have procedures in place to support a positive and responsible alcohol trade by:

- Supporting the use of 'Challenge 25' policies.
- Working with Trading Standards to address the sale of illicit and below duty alcohol.
- Ensure robust proactive licensing procedures, utilising HALO data to reduce the impact of alcohol related harm for the public.

- Provide training to the Licensing Committee
- Explore the possibilities of implementing a Gateshead levy in partnership with the Community Safety and Health and Wellbeing Boards.
- Use tools and powers within the Criminal Justice System to take appropriate and robust action on those who cause harm.

THEME 3

Building Recovery: Health and Wellbeing Services

To ensure an evidence based 'health and wellbeing' focussed treatment and recovery approach is employed to address the needs of people and their families experiencing alcohol related misuse.

The complex and problematic behaviour associated with alcohol misuse impacts negatively on the lives of others, placing significant pressures to bear on their own family life, reducing their ability to function positively within society, and our public service provision. They also affect a range of provisions and increase demands faced by our accident and emergency departments, hospitals and other emergency services, families and wider communities.

Local Authorities, Clinical Commissioning Groups, the wider NHS, the Police and other statutory bodies and the voluntary, faith and community sector must work together to address local needs.

Treatment services which take a recovery orientated approach are already being commissioned in Gateshead and excellent services are provided.

Furthermore, interventions aimed at individuals can help make people aware of the potential risks they are taking (or harm they may be doing) at an early stage. This is important, as they are most likely to change their behaviour if tackled early. In addition, an early intervention could prevent extensive damage.

Involvement in service planning and delivery by people who are able to contribute to the growth of innovative recovery focussed projects that are developed and underpinned by volunteer advocates is crucial. This ensures positive influence and role model opportunities to contribute to the on-going support needs of others, many of whom place high demands on their families, communities, hospitals, the criminal justice system, and other universal services.

Recovery orientated community support which goes beyond addressing the medical or mental health complexities associated with alcohol related behaviours also needs to be promoted.

By reinforcing responsibility and resilience among recovery focussed networks we should promote awareness, information and advice within communities to ensure improved outcomes for all.

The extension of alcohol screening involves identifying people who are not seeking treatment for alcohol problems but who may have an alcohol-use disorder; the scope for delivering these brief (and often low level) interventions is vast, for example, community pharmacists, wellbeing services, community assets.

What is known to be effective?

Promoting and enabling the delivery of effective specialised treatment and recovery services is important to improve public health and social outcomes.

In Gateshead we will:

- Ensure that we have high quality services for individuals and families, developed in partnership, with service user representation and volunteer advocates, which enhance the wider developing recovery system of support that is asset based.
- Continue to develop and increase the effectiveness of the drug and alcohol treatment and recovery services including on-going opportunities to enhance outcomes, including working collaboratively with community treatment services.
- Address the needs of complex, hazardous and harmful drinkers to improve outcomes.
- Support and champion the development of knowledgeable Health and Wellbeing services that promote and deliver prevention, sensible drinking and abstinence programmes as their core business, as appropriate.
- Ensure the involvement and support of carers in the treatment and recovery process in line with the responsibilities outlined in the Care Act 2014.
- Work with emergency services to encourage alcohol screening and brief interventions and referrals to reduce the risk within alcohol abusing client's homes.
- Continue to the development of the Dual Diagnosis strategy and Action Plan

Outcome and Indicators

The overall success of this strategy will be measured through the achievement of a number of high-level performance indicators including:

- Reduction in young people's alcohol consumption/Increase the age young people start to drink (Balance surveys)
- Increased awareness of alcohol-related harm across the whole population (Balance surveys)
- Reduction in alcohol related hospital admissions
- Minimum Unit Prices in place
- Test purchasing scheme continued
- Reduction in under-age sales
- HALO data used to inform licensing
- Reduction in number of alcohol related complaints from residents.
- Reduction in alcohol related crime
- Increased numbers accessing the treatment, successful discharge
- Increase referrals from secondary care to Specialist Recovery and Treatment Service
- Increase in number of interventions 'protected groups'

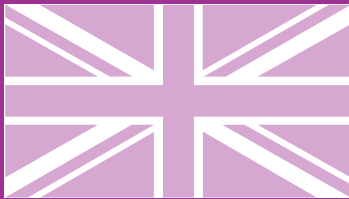
Public Health Outcome Framework

- Hospital admissions for alcohol-related conditions (narrow definition), all ages, directly age standardised rate per 100,000 population European standard population.
- Number of alcohol only clients that left substance misuse treatment successfully who do not then re-present to treatment within 6 months as a proportion of the total number of alcohol only clients in treatment.
- Age-standardised rate of mortality from liver disease in persons less than 75 years of age per 100,000 population.
- Age-standardised rate of mortality that is considered preventable from liver disease in persons less than 75 years of age per 100,000 population.

The Multi-Agency Substance Misuse Strategy Group will monitor performance against outcomes and take remedial action where improvement is needed.

Effects of **ALCOHOL** abuse in the UK

Alcohol causes **60** medical conditions and contributes to over **22,000** deaths a year



Social care **£7.5m**

NHS **£18.4m**

Crime and licensing **£15.3m**

Workplace **£26.2m**

£67.2m

Overall cost of alcohol harm



4,182

Alcoholic liver disease

7,634

Cancers

2,195

Cardiovascular disease

3,335

Injuries

Equivalent to **£763** cost to each taxpayer per year

How **drinking** affects Gateshead



55%

residents drink at increasing and high risk levels



Over **1 in 2** people have been harmed by someone else's drinking in the last 12 months



11-15 year olds become regular drinkers every year

5,106

alcohol related hospital admissions - over 20 are children with alcohol specific conditions



11,735

estimated number of alcohol related crimes

Challenges	Priority Actions	Key Outcomes
<p>Cultural acceptance include high level of lifestyle risk</p> <p>Low aspirations for good health behaviour</p> <p>Historic high drinking levels</p>	<p>Reduce demand</p> <ul style="list-style-type: none"> • Ensure all agencies are aware of their safeguarding role re: children, young people and alcohol • Raise awareness of the harms of alcohol with all population groups • Increase awareness of the needs of most vulnerable groups and alcohol • Increase understanding of the alcohol consumption in these groups • Support national and develop local communications, campaigns, and engagement work • Increase the quality/effectiveness/uptake of brief interventions in all settings • Lobby locally, regionally and nationally for minimum unit price (MUP) and increased health information on labels eg units, calories, no drinking in pregnancy • Increased dissatisfaction amongst residents regarding price and availability of alcohol 	<p>Reduction in young people's alcohol consumption</p> <p>Increase the age young people start to drink</p> <p>Increased awareness of alcohol related harm across population</p> <p>Reduction in alcohol related morbidity and mortality</p>
<p>Increase opportunities for early interventions in the wider community</p> <p>The industry: eg advertising and cheap sales</p> <p>Reduce availability of cheap and high alcohol drinks</p>	<p>Restrict Supply</p> <ul style="list-style-type: none"> • Support Balance as a regional and national leader to build appetite and understanding for MUP and increased taxation on alcohol • Membership of proactive Responsible Authorities Group to influence licensing reviews • Training to Licensing Committee to increase use of alcohol related harm data in licensing hearings • Use local health, crime and social care data to inform licensing policy and decisions • Undertake and extend alcohol test purchasing operations • Reinforce 'Challenge 25' • Target and prosecute sellers of illicit alcohol and less than duty sales • Explore the possibilities of implementing a Gateshead levy • Use tools/powers within the Criminal Justice System to take appropriate and robust action on those who cause harm • Encourage and challenge the council to model behaviour eg alcohol endorsed events/advertising via alcohol declaration • (Facilitate, support and commission recovery services/support groups including mutual aid) 	<p>Minimum Unit Price in place regionally and/or nationally</p> <p>Test purchasing scheme continued</p> <p>Reduction in under-age sales</p> <p>Increase in use of HALO data to inform licensing</p> <p>Reduction in number of alcohol related complaints from residents.</p> <p>Reduction in alcohol related crime and disorder</p>
<p>Alcohol declaration commitment</p> <p>Address the needs of the most vulnerable groups e.g. older people</p> <p>Historic high drinking levels</p> <p>Complexities of addiction</p>	<p>Build Recovery</p> <ul style="list-style-type: none"> • Challenge developing drinking culture within Gateshead • Further more develop the recovery oriented treatment service for all population groups, provide training and monitor the effects on practice. • Increase reach and monitor effectiveness of drug and alcohol treatment and recovery services in secondary care and ensure referral pathways are effective • Alcohol advocates active in communities, raising awareness and delivering brief interventions Identify and increase support and training to those who need it most, including 'protected groups' i.e. offenders, Jewish community and children and young people etc. • Ensure support and involvement of carers in recovery process • Work with emergency services to encourage alcohol screening and brief interventions and referrals to reduce the risk within alcohol abusing clients homes • Promote activities and events to ensure recovery is visible in Gateshead 	<p>Increased numbers accessing and successfully completing treatment</p> <p>Increase referrals from secondary care to Specialist Treatment & Recovery Service</p> <p>Reduction in alcohol related admissions.</p> <p>Increase in number of interventions 'protected groups' & reduce demand on housing services</p>

DRUGS

Introduction

Drug misuse is a significant issue for individuals, families and communities alike. The estimated annual cost of drug-related harm in England is estimated to be around £15.4 billion.

While most people do not use drugs, drug misuse can be found across all communities in society. From heroin and crack use among adults, to cannabis use amongst young people, to the use of novel psychoactive substances ('legal highs') used by the most vulnerable, drugs are available and misused by a wide range of people.

The harms caused by drugs are wide-ranging. Drug misuse may cause or exacerbate existing problems, its harms may be acute or chronic, and issues may arise from recreational use as well as dependency or problematic use.

Drug misuse is strongly related to crime, but harms are not just related to crime. Substance misuse can be found amongst homeless populations and those with mental health problems.

Problematic drug use is associated with unemployment, domestic abuse, poor living conditions, ill-health and safeguarding concerns.

Whilst drug dependence can affect anyone, we know that those in our society with a background of childhood abuse, neglect, trauma or poverty are disproportionately likely to be affected. In turn, the children of those dependent on drugs have to cope with the impact on their own lives and some may end up in care.

Some drug concerns are familiar and long-standing - for example inter-generational substance misuse and the negative impact of parental drug use on children. However, there are new concerns as well, especially around young adults and the purchasing of drugs over the internet.

Finally, a number of trends have emerged in recent years, which require a response from local agencies:

- An ageing opiate population with chronic health and social care needs
- A secret/undisclosed addiction
- A slowly growing market of novel psychoactive substances (NPS) sometimes known as 'legal highs'
- An increase in the number of people misusing medicines such as Gabapentin and Pregabalin
- An increase in drug related deaths
- Dual diagnosis - patients who have both substance misuse and mental health problems



National context

Policy and evidence

Public Health England took responsibility of drug and alcohol treatment in 2012 and their work builds on the work of the National Treatment Agency, which spent ten years building the evidence base for treatment in the UK.

With data collected via the National Drug Treatment Monitoring System (NDTMS), the UK now has a robust evidence base for treatment and interventions.

Treatment in the UK is underpinned by clinical advice and quality standards provided by **NICE (National Institute for Health and Care Excellence)** in a number of key documents:

- Drug misuse: psychosocial interventions (CG51) 2007
- Drug misuse: opioid detoxification (CG52) 2014
- Interventions to reduce substance misuse among vulnerable young people (PH4) 2007
- Needle and syringe programmes (PH52) 2009
- Drug misuse - naltrexone (TA115) 2007
- Drug misuse - methadone and buprenorphine (TA114) 2007
- Drug use disorders (QS23) 2012
- Coexisting severe mental illness and substance misuse : Community health & social care services (NG58)

Drug misuse and dependency can lead to a range of harms for the user including:

- Poor physical and mental health
- Unemployment
- Homelessness
- Family breakdown
- Criminal activity

But drug misuse also impacts on all those around the user and the wider society.

The National Drug Strategy, published in 2010, outlined the ambition to provide recovery-focused treatment in the UK rather than a maintenance programme focused on harm minimisation as previously advocated. It also strengthened the focus on families, carers and communities.

The cost to society

The Home Office estimated in 2010-11 that the cost of illicit drug use in the UK is £10.7bn per year, this figure includes:

- 8% health service use
- 10% enforcement
- 28% deaths linked to eight illicit substances
- 54% drug related crime

The annual cost to family members and carers of heroin and/or crack cocaine users is estimated to be £2bn.

The economic costs to society from drug misuse are high and there is a strong invest-to-save argument for providing drug treatment. Research has shown that for every £1 invested in drug treatment results in a £2.50 benefit to society.

The changing treatment population and its impact on outcomes

Around 75% of people in drug treatment in England are receiving help for problems related to the use of opiates, mainly heroin. Public Health England estimates that the proportion of people in treatment with entrenched dependence and complex needs will increase, and the proportion who successfully complete treatment, will therefore continue to fall.

The proportion of older heroin users, aged 40 and over, in treatment with poor health has been increasing in recent years and is likely to

continue to rise. An ageing cohort of heroin users (many of whom started to use heroin in the 1980s and 1990s) is now experiencing cumulative physical and mental health conditions. Older heroin users are also more susceptible to overdose.

Drug misuse harms families and communities

Risk factors are all negatively associated with health status and there is a complex and reciprocal association between social factors and illicit substance misuse. Homelessness, for example, is a complex problem that occurs for many different reasons. Some individuals may later turn to addiction as a means of coping with their lack of a fixed home.

There have also been recent increases in the number of people rough sleeping, the number of statutory homeless applications accepted and the number of households in temporary accommodation.

Drug misuse can cause social disadvantage and socioeconomic disadvantage may lead to drug use and dependence. In addition, risk factors associations with drug misuse often lead to other adverse outcomes such as poor physical or mental health, often offending or risky behaviour.

- Parental drug use is a risk factor in 29% of all serious case reviews.
- Heroin and crack addiction causes crime and disrupts community safety.
- A typical heroin user spends around £1,400/month on drugs (2.5 times the average mortgage).

Drug related deaths

The drug related death rate in England is substantially higher than elsewhere in Europe. The number of drug misuse deaths has increased over the past 20 years, with a significant rise in the last three years, to the highest number on record. In the next four years, PHE estimates that there will be an increase in

the proportion of people in treatment for opiate dependence who die from long-term health conditions and overdose.

Drug use and drug dependence are known causes of premature mortality. There were 3,674 drug poisoning deaths involving both legal and illegal drugs registered in England and Wales in 2015, the highest since comparable records began in 1993. Of these, 2,479 (or 67%) were drug misuse deaths involving illegal drugs only. The mortality rate from drug misuse was the highest ever recorded, at 43.8 deaths per million population.

Males were almost three times more likely to die from drug misuse than females (65.5 and 22.4 deaths per million population, for males and females respectively). Deaths involving heroin and/or morphine doubled in the last 3 years to 1,201 in 2015, and are now the highest on record. Deaths involving cocaine reached an all-time high in 2015 when there were 320 deaths - up from 247 in 2014.

People aged 30 to 39 had the highest mortality rate from drug misuse (98.4 deaths per million population), followed by people aged 40 to 49 (95.1 deaths per million).

Within England, the North East had the highest mortality rate from drug misuse in 2015 for the third year running (68.2 deaths per million population), while the East Midlands had the lowest (29.8 deaths per million).

The overall increase in drug-related deaths is largely made up of the increase in deaths among older drug users, with significant rises seen in those aged 30-70. It is likely that many of these deaths occurred in people who were long-term users of heroin and are more susceptible to the risk of a drug overdose because of their poor health.

Public Health England recently published the findings of an inquiry into the recent increases in drug-related death and concluded that the factors responsible are multiple and complex. The most notable factor was the ageing cohort of heroin users experiencing cumulative physical and mental health conditions that make them more susceptible to overdose.

Other factors included increasing suicides, increasing deaths among women, improved reporting, an increase in poly-drug and alcohol use, and an increase in the prescribing of some medicines.

Novel Psychoactive Substances

The number of individuals presenting with problematic use of NPS or a so-called 'club drug' has dramatically increased in recent years (below 500 presentations in 2013/14 to more than 2000 in 15/16). Robust data on the prevalence of NPS use in England is limited, as is evidence on long-term harms.

There is increasing evidence that NPS are being used by increasingly diverse groups, many of who are from vulnerable groups, including the homeless and people with coexisting mental health problems. NPS have also been identified as a significant issue in some prisons and attributed to significant mental health and behavioural reactions among users.

Synthetic cannabinoids (which mimic the effects of cannabis) are increasingly prevalent in England, with widespread reports of severe mental and physical health problems associated with its use. There is evidence that they are increasingly used by vulnerable groups, particularly the homeless and prison populations. Prison staff consistently express concern about high rates of synthetic cannabinoid use, including by prisoners without a prior history of drug misuse. Controlling the availability of NPS in prisons is a significant challenge.

The number of people recorded by NDTMS who have reported problems with NPS increased significantly in 2015-2016. Mephedrone is the mostly widely used NPS among those presenting for drug treatment. The number of presentations for treatment for ecstasy-related problems has been falling since 2009-2010. Though this partly reflects an increase in use of these substances, it is also because new reporting codes for NPS were introduced in the previous year.

There are also concerns that some NPS are injected. This appears to be linked to members of three distinct populations: those who only use NPS but do so frequently; older drug users who appear to be supplementing or switching from established drugs that are prepared for injection; and those engaging in 'chemsex'.

A frequent pattern of NPS injecting among all these groups represents a significant concern for BBV transmission and health damage.

Prescription and over-the-counter medicines

Problems of misuse and dependency of some prescribed medicines (principally benzodiazepines), have been reported in England since at least the 1980s. Drug treatment services and primary healthcare have developed interventions to meet local need but self-help and patient-led groups have also provided specialist support. Drug related deaths from prescription and over the counter medicines have increased in the past few years.

Statistics from the National Drug Treatment Monitoring System (NDTMS) 15/16

In all, 288,843 individuals were in contact with drug and alcohol services in 2015-16; this is a 2% reduction on last year. Of these, 138,081 commenced their treatment during the year, with the vast majority (97%) waiting three weeks or less to do so.

Individuals that had presented with a dependency on opiates made up the largest proportion of the total numbers in treatment in 2015-16 (149,807, 52%). This is a fall of 2% in the number since last year and substantial reduction (12%) since a peak in 2009-10, when there were 170,032 opiate clients in treatment.

The decrease in opiate clients in treatment is most pronounced in the younger age groups with the number of individuals aged 18-24 starting treatment for opiates having reduced substantially from 11,351 in 2005-06 to 2,367 now, a decrease of 79%.

Alcohol presentations make up the second largest group in treatment, with a total of 144,908 individuals exhibiting problematic or dependent drinking. Of these, 85,035 were treated for alcohol treatment only and 59,873 for alcohol problems alongside other substances.

Specialist substance misuse services saw fewer young people in 2015-16 than in the previous year (17,077, a drop of 1,272 or 7% compared to 2014-15). This continues a downward trend, year-on-year, since a peak of 24,053 in 2008-09.

Just under two-thirds of the young people accessing specialist substance misuse services were male (65%), and just over half (52%) of all persons were aged 16 or over. Females in treatment had a lower median age (15) than males (16), with 26% of females under the age of 15 compared to 20% of males.

The most common drug that young people presented to treatment with continued to be cannabis. More than four-fifths (87%) of young people in specialist services said they have a problem with this drug compared to 86% in 2014-15. The numbers in treatment for cannabis as a primary substance have been on an upward trend since 2005-06, although numbers have dipped slightly in the last two years. Alcohol is the next most commonly cited problematic substance with just under half the young people in treatment (48%) seeking help for its misuse during 2015-16.

Alongside cannabis and alcohol, young people in specialist substance misuse services used a range of substances. Of those who were in contact with services, 1,605 cited problematic ecstasy use (9%), 1,477 cocaine use (9%), 1,152 amphetamine use (7%), and 1,056 (6%) with concerns around the use of new psychoactive substances (NPS).

Although the proportion of young people reported by specialist services as having problems with NPS rose for the second year (from 5% in 2014-15 to 6% in 2015-16), it is still relatively small. Specialist services will want to remain alert to the possibility that young people may develop problematic use of NPS in the future and ensure that services continue to be accessible and relevant to their needs.

Local context

Young people

There were 145 young people in treatment in 15/16, 117 of these were new presentations.

- The majority were male (66%).
- 75% of young people in treatment were classed as living with parents or other relatives.

Alcohol and cannabis were joint highest substances with 71% of young people listing these as the primary substance they need help with.

In terms of vulnerabilities disclosed at first assessment:

- 12% were Looked after Children
- 29% disclosed domestic abuse
- 31% disclosed self-harm
- 20% disclose NEET
- 35% disclose anti-social behaviour or criminal acts

NPS use continues to be low. While wider services cite the increase in the use of NPS in young people there were only eight referrals into the service in 15/16 where NPS were disclosed as one of the misused drugs.

The 2015 Health Related Behaviour Survey was completed by 11 primary schools. It had the following key drug related indicators:

- 42% of pupils said their parents have talked with them about drugs; 29% said their teacher has talked with them in school lessons.
- 11% of pupils responded that they are 'fairly sure' or 'certain' that they know someone who uses drugs (not as medicines).
- 1% of pupils responded that they have been offered cannabis. 8% said they 'don't know' if they have been.

- 3% of pupils responded that they have been offered other drugs (not cannabis). 4% said they 'don't know' if they have been.

Adults

The number of people in treatment in Gateshead is increasing, there were 1989 clients in treatment in 15/16 compared to 1826 in 2014/15. The majority are male (69.6%), aged between 30-34 (19.8%).

The primary referral source in 15/16 was self, family and friends with 55.2% of all new presentations to treatment coming from this referral source compared to 2014/15 where it was 50.4% of all new presentations from self, family and friends.

There has been a notable shift in the main substances that people seek help for. In 15/16 alcohol was the main reason for treatment (54.1%) compared to 53.2% in 14/15. In 15/16 47.1% of clients cited opiates compared to 51.6% in 14/15. 16.8% of people sought help for Cannabis in 15/16.

In 15/16 New Psychoactive Substances accounted for only 1.2% of the substances cited for treatment; however since Q4 14/15 this rate has gone up from 0.7% to 1.2% (12 clients to 22 clients). This rate has increased by 84% in the percentage of clients citing this type of substance as one of the reasons for being in treatment over the last 3 quarters.

In contrast to the national picture where only 0.8% of all users cited these as their reason for treatment. This is the highest overall percentage increase of any of the substances cited as a reason for treatment.

Drug related deaths

The local picture is reflective of the national picture. Deaths in Gateshead have more than tripled since 2012.

The characteristics of the deceased remain similar - with the majority of deaths continuing to be male, white, aged 25-34yrs and male. A number of other trends have also been identified:

- Living alone
- Single
- Unemployed
- In substance misuse treatment
- Using a cocktail of drugs
- Involvement with mental health services
- Previous overdoses
- Complex/chaotic lifestyle

Gateshead's Drug Related Death annual report 2016 gives additional information.

Cross cutting priority groups

While efforts to reduce the harms caused by drug use must be delivered across the whole population, interventions must be targeted on those who need it most.

Intervening early, with at-risk groups and when people are in greatest need of support is critical. 'At risk' groups include a diverse range of individuals who are particularly susceptible to drug use and are more likely than others to experience adverse outcomes and would include:

- Children from households where there is drug use;
- Looked After Children;
- Offenders;
- People with mental health problems; and
- People from deprived neighborhoods.

It is well-known that while drug use can affect anyone, problematic heroin and opiate use is concentrated in areas of deprivation, where residents tend to have lower levels of recovery capital (supportive friends, family, educational qualifications, mental strength, money, employment, and so on).

In light of this, the following main groups will be prioritised across all three of the strategy's priority themes:

- Children and young people
- Opiate and crack users
- Residents of priority (most deprived) neighbourhoods
- Families involved in the 'Troubled Families' programme

In addition to the above, Gateshead will also look to focus efforts and resources to the following:

- Adults with complex health and social problems
- Dual diagnosis patients (mental health problems and substance misuse problems)
- Offenders
- Vulnerable individuals, including rough sleepers and the homeless
- Young adults (16-24)

Our response

Reduce Demand

Aim: To create an environment where people who have never taken drugs continue to resist any pressures to do so and fewer people are using drugs at levels or patterns that are damaging to themselves or others

Restrict Supply

Aim: To ensure a joined up approach to disrupt the drugs trade by targeting activity along the entire supply chain, from organised crime groups that import drugs from source to the dealers that sell drugs in our communities.

Build Recovery

Aim: To support people who wish to tackle their dependency on drugs and/or alcohol and achieve lives free from substance dependence.

THEME 1

Reduce Demand

To create an environment where people who have never taken drugs continue to resist any pressures to do so and fewer people are using drugs at levels or patterns that are damaging to themselves or others.

In Gateshead we will:

- Provide specific education and information for targeted groups e.g. Troubled Families, Looked After Children, in an effort to divert or stop potential drug use.
- Take a whole system approach and support individuals in treatment on a range of issues including training, employment, housing, family relationships.
- Support schools and other youth settings in their efforts to challenge young people's attitudes to drugs.
- Recognise the importance of early intervention and intensive support for young people, those at risk of becoming involved with crime and families where there is drug misuse, and provide appropriate support and help to those who need it, in times and places which suit individuals.
- Establish and promote clear pathways into services to ensure those using substances receive the most appropriate support.
- Raise awareness about the harms of drugs and encourage agencies to put measures in place to support those individuals at risk.
- Implement approaches to modify risky behaviours amongst high prevalence or high risk groups.
- Gain a better understanding of prescription and non-prescription medication.
- Provide effective substance misuse treatment in the criminal justice system including prisons, and ensure that support is in place to reduce the chances of re-offending and encourage a successful reintegration into society.

THEME 2

Restrict Supply

To ensure a joined up approach to disrupt the drugs trade by targeting activity along the entire supply chain, from organised crime groups that import drugs from source to the dealers that sell drugs in our communities.

In Gateshead we will:

- Improve the quality of data collection to understand the full impact of drugs on crime, health, offending, re-offending and the community.
- Improve our ability to develop and share data/intelligence to support evidence informed approaches to drug misuse and better target services or schemes, focussing on those in greatest need.
- Work with primary care to ensure that prescription drugs and over the counter medication are not misused or causing patient's problems.
- Protect vulnerable residents by providing local housing which is safe and drug free.
- Lobby for change and work in partnership to tackle supply and drug dealing in Gateshead, ensuring a tough local stance.
- Tackle organised crime groups and drug dealing and undertake robust offender management to those who have committed drug related crime, making best use of positive disposals/requirements.
- Encourage housing providers to take appropriate action when drugs are sold/cultivated in their properties.
- Undertake clinical audit of prescribing arrangements in Gateshead.

THEME 3

Build Recovery

To support people who wish to tackle their dependency on drugs and/or alcohol and achieve lives free from substance dependence.

Research literature suggests that investment in drug treatment is likely to substantially reduce social costs associated with drug misuse and dependence.

Social factors are important influences on treatment effectiveness. Drug use and misuse tend to be clustered; for example, areas of relatively high social deprivation have a higher prevalence of illicit opiate and crack cocaine use and larger numbers of people in treatment.

Unemployment and housing problems have a marked negative impact on treatment outcomes and exacerbate the risk that someone will relapse after treatment. Alongside other benefits, employment support and achieving good employment may lead to improvements in treatment outcomes and reduced relapse.

Today, drug misuse and dependency is associated with a range of harms including poor physical and mental health, unemployment, homelessness, family breakdown and criminal activity. The health and wellbeing of family members and carers can also be affected. Heroin and cocaine are associated with the majority of social costs associated with drug misuse and heroin dependence continues to be the most common problem treated in England. People with heroin dependence usually develop a tolerance through daily use, which can result in an expensive addiction and a motivation to commit crime.

In Gateshead we will:

- Commission effective, accessible treatment and support services for drug users, carers and families.
- Further develop recovery orientated treatment services and workforce that is focussed on all aspects of recovery - housing, employment, mental health, family life - and not just medical treatment.
- Make a commitment to the roll out of substance misuse awareness and overdose awareness training for frontline staff, partner agencies, carers and family members.
- Tackle dual-diagnosis to ensure those who mental health and substance misuse issues receive the most appropriate and effective treatment.
- Increase the visibility of, and access to, a wide range of recovery communities across the borough.
- Facilitate peer support and mutual aid networks so communities become empowered and individuals who have exited services can continue to receive support that enables them to sustain their recovery.
- Establish a recording, monitoring and referral pathway to reduce the number of overdoses.

Outcomes and indicators

The overall success of this strategy will be measured through the achievement of a number of high-level performance indicators, including:

- Increases in number of young people leaving treatment with reduced drug use or drug free
- Increase in number of young people leaving treatment with reduced risky behaviours
- Increase in the number of people leaving treatment and not representing
- Reduction in number of young people presenting with complex issues
- Increase in proportion of adult opiate & crack users exiting treatment successfully
- Increase in the number of new referrals into treatment services
- Decrease in the number of those offending/re-offending linked with drugs
- Increase in number of people in treatment
- Decrease the number of people who think drug dealing is an issue

Public Health Outcome Framework

- Number of users of opiates that left drug treatment successfully (free of drug(s) of dependence) who do not then re-present to treatment again within six months as a proportion of the total number of opiate users in treatment.
- Number of users of non-opiates that left drug treatment successfully (free of drug(s) of dependence) who do not then re-present to treatment again within six months as a proportion of the total number of non-opiate users in treatment.
- The rate of drug misuse deaths per million population over a three year period.
- Adults with a substance misuse treatment need who successfully engage in community-based structured treatment following release from prison'.

The multi-agency Substance Misuse Strategy Group will monitor performance against outcomes and take remedial action where improvement is needed.

Effects of **DRUG** harm in the UK

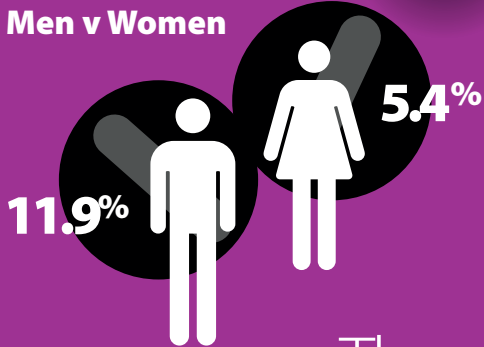
In one year **2.8m** people aged 16-59 used illicit drugs:

6.7% cannabis
2.3% powder cocaine
1.7% ecstasy

279,000

adults used a NPS ('Legal highs')

Men v Women



Young people are more likely to take drugs



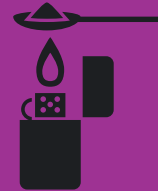
The **cost** of drug harm in UK

Overall cost of drug harm **£15.4bn**



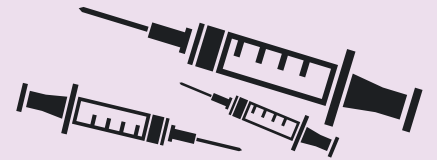
NHS **£488m**
Crime **£13.9bn**
Annual cost of deaths **£2.4bn**

A typical heroin user spends around **£1,400** per month on drugs (2.5 times the average mortgage)



4% of crime was drug related

How **drug harm** affects Gateshead



Average of **300** visits each month to needle exchange



80% of drug offences were possession

18 drug related deaths
145 young people in treatment
1,989 adults in treatment

Challenges	Priority Actions	Key Outcomes
<p>Inequality and deprivation</p> <p>Low aspirations for good health behaviour</p> <p>Unemployment and rise in homelessness</p>	<p>Reduce demand</p> <ul style="list-style-type: none"> • Target specific education/information in an effort to divert/stop potential drug use • Take a whole system approach and support individuals in treatment on a range of issues • Support schools/youth settings to challenge young people's attitudes to drugs • Recognise importance of early intervention/intensive support for young people, those at risk of becoming involved with crime and families where there is drug misuse, providing appropriate support • Establish and promote clear pathways into services so users receive support • Raise awareness about drugs and encourage agencies to put measures in place • Implement approaches to modify risky behaviours in high prevalence/high risk groups • Gain a better understanding of prescription and non-prescription medication • Provide effective substance misuse treatment in the criminal justice system including prisons with support in place to reduce chances of re-offending and encourage successful reintegration into society 	<p>Reduction in Drug Related Deaths</p> <p>Reduction in overdoses</p> <p>Reduction in number of young people presenting with complex issues</p> <p>Increase in the number of people presenting for treatment</p>
<p>Recent spike in drug related deaths</p> <p>Ageing population of drug users</p> <p>Availability of drugs and diversion of prescription</p>	<p>Restrict Supply</p> <ul style="list-style-type: none"> • Improve the quality of housing data collection to understand the full impact of drugs on crime, health, offending, re-offending and the community • Improve development/sharing of data/intelligence to support evidence informed approaches to drug misuse and better target services/schemes, focussing on those in greatest need • Work with primary care to ensure that prescription drugs and over the counter medication are not misused or causing patients problems • Protect vulnerable residents by providing local housing which is safe and drug free • Lobby for change working in partnership to tackle supply/drug dealing, ensuring a tough local stance • Tackle organised crime groups and drug dealing and undertake robust offender management making best use of positive disposals/requirements • Encourage housing providers to take action when drugs are sold/cultivated in their properties • Undertake clinical audit of prescribing arrangements in Gateshead 	<p>Decrease in the number of those offending/re-offending linked with drugs</p> <p>Increase in drug seizures</p> <p>Decrease the number of people who think drug dealing is an issue</p>
<p>Dual diagnosis and healthcare system issues</p> <p>Complex and chaotic lifestyles</p> <p>Under developed recovery community</p> <p>Secret / undisclosed addiction</p>	<p>Build Recovery</p> <ul style="list-style-type: none"> • Commission effective, accessible treatment and support services for drug users, carers and families • Further develop recovery orientated treatment services/workforce focussed on all aspects of recovery • Commit to roll out of awareness training for frontline staff, partners/carers/family members • Tackle dual-diagnosis to ensure those with mental health and substance misuse issues receive the most appropriate and effective treatment • Increase visibility of and access to a wide range of recovery communities across Gateshead • Facilitate peer support and mutual aid networks to empower communities/individuals who have exited services so they can continue to receive support that enables them to sustain their recovery • Establish a recording, monitoring and referral pathway to reduce the number of overdoses 	<p>Increase in number of people in treatment</p> <p>Increase in the number of people leaving treatment</p> <p>Increase in number of young</p> <p>Reduced demand on housing support services</p> <p>Increase in number of tenancies sustained</p>

Contact information

If you require further information of Gateshead's Substance Misuse Strategy, please contact Gateshead Council on the contact details below.

Public Health
Gateshead Council
Telephone: 0191 433 2421

Community Safety
Telephone: 0191 433 3910

Website: www.gateshead.gov.uk

TITLE OF REPORT: Revenue Outturn 2016/17

REPORT OF: Darren Collins, Strategic Director, Corporate Resources

Purpose of the Report

1. This report sets out the Council's revenue outturn position for the financial year 2016/17 prior to audit.
2. This report also recommends to Council appropriations to and from reserves consistent with previous decisions, accounting policies, the principles set out in the Medium Term Financial Strategy (MTFS) and requirements of the Accounting Code of Practice.

Background

3. Cabinet has received quarterly reports throughout the year on the revenue budget so that any variances can be identified and addressed. This report sets out the final revenue outturn position for 2016/17 on a consistent basis to the revenue budget monitoring framework.

Revenue Outturn 2016/17

4. Council agreed the original revenue budget for 2016/17 on 23 February 2016. This was set at £198.883m.
5. Monitoring during the year projected an over spend of £1.359m as reported to Cabinet on 24 January 2017 although it was concluded that the outturn would be delivered within budget.
6. The final revenue outturn on services compared with budget is £197.453m. There was also a reduction in funding from original budget of £0.125m which results in an under spend of £1.305m after proposed movement of reserves.
7. In addition to the monitored outturn position and as previously reported in the quarterly revenue monitoring updates, the council has secured dividend income in year in respect of Newcastle Airport of £2.897m.
8. The under spend will result in an increase in the level of General Fund reserves of £0.456m, and a decrease in the level of Earmarked reserves of £2.692m. The Council's reserves position and strategy will be reviewed as part of the Medium Term Financial Strategy (MTFS) to be reported to Cabinet on 18 July 2017.
9. Whilst the outturn position is positive, it should be noted that some one-off areas of under spend and additional income have contributed to this position:

- There is a £1.276m under spend on Capital Financing which is due to active management of debt including deferral of borrowing by using cash balances which has resulted in reduced borrowing costs during 2016/17, as well as some slippage on the programme itself.
 - Traded and Investment Income overachieved budget by £2.750m due to savings delivered by the Insurance Fund, a higher surplus than projected within Construction Services, and income received in relation to the Trinity Square Partnership with Northumbria University.
 - An under spend of £2.750m on Other Services and Contingencies was mainly a result of an under use of Contingency funding.
10. The outturn position includes a provision for workforce management totalling £1.412m.
11. Further detail on the outturn position can be found in Appendix 1.

Appropriations to/from Reserves

12. The proposed movement of Earmarked reserves is outlined below:
- The agreed budget framework allows flexibility to carry forward appropriate underspent balances for reinvestment the following year. A total of £2.171m is proposed to be transferred from this reserve to match expenditure incurred with £0.969m appropriated into this reserve.
 - Appropriations to and from the Revenue Grants and Receipts Unapplied reserve reflect the requirements of the Accounting Code of Practice whereby unused grants and contributions, without conditions attached, should be appropriated to reserves to fund future expenditure rather than creating creditors on the Balance Sheet. A total of £1.156m is proposed to be transferred from this reserve to match expenditure incurred with £0.539m appropriated into this reserve
 - Public Health expenditure was £0.659m under budget and so it is proposed that this be appropriated into the ring-fenced Public Health reserve.
 - Appropriate expenditure totalling £0.176 is proposed to be funded from the Discretionary Social Fund reserve.
 - Receipts from Section 106 and Section 38 agreements should be appropriated into the Developers' Contributions reserve which can then be used to fund specific development expenditure. A total of £0.373m was received in year to be appropriated to the reserve with £0.472m being used to fund expenditure incurred in the current year.
 - Appropriate expenditure totalling £0.067m is proposed to be funded from the Economic Growth reserve.
 - Appropriate expenditure totalling £1.191m is proposed to be funded from the Strategic Change reserve.

13. These proposals would result in a reduction in Earmarked reserves of £2.692m.
14. The proposed movement of General Fund reserves is outlined below:
 - In the Budget and Council Tax Level 2016/17 report on 23 February 2016 Council approved the use of the General Fund to mitigate the impact of budget proposals in 2016/17. In line with this a total of £3.746m is required to mitigate savings within Care, Wellbeing and Learning.
 - The Council received a dividend of £2.897m from Newcastle Airport arising from a refinancing exercise. It is proposed that this is transferred to the General Fund reserves pending the full review of reserves which will be part of the Medium Term Financial Strategy (MTFS) to be reported to Cabinet on 12 July 2017.
15. These proposals would result in a movement from General Fund reserves of £0.849m. It is proposed that the overall under spend against budget of £1.305m is moved to the General Fund reserve which therefore results in a net overall increase of £0.456m.
16. In addition to this it is proposed that the over spend on schools budgets in 2016/17 of £1.573m is appropriated from the ring-fenced Schools LMS Budget Share reserve and the over spend of £0.190m on Dedicated Schools Grant (DSG) be transferred from the Earmarked DSG reserve.
17. There is an overall surplus on the Housing Revenue Account (HRA) of £3.250m. The HRA is ring-fenced and does not form part of the General Fund reserve. It is proposed that the surplus be transferred to the HRA reserve.
18. The outcomes set out in this report have been reflected in the draft Statement of Accounts for 2016/17 that is subject to audit.

Recommendations

19. Cabinet is requested to:
 - (i) Note the 2016/17 revenue outturn position of the Council as an under spend of £1.305m, subject to audit.
 - (ii) Recommend to Council the appropriations to and from reserves outlined in paragraphs 12-17.

For the following reason:

- To contribute to the sound financial planning and management of the Council to ensure financial sustainability.

CONTACT: Deborah Clark - Extension 2093

Policy Context

1. This report meets the standards required to comply with the Accounts and Audit Regulations 2015. It is also consistent with Vision 2030 and the Council Plan of ensuring a sustainable financial position for the long term.

Background

2. The Accounts and Audit Regulations 2015, which represent financial management good practice, recommend that councillors should receive regular reports on performance against revenue and capital budgets. The frequency of the reports is determined following a risk assessment of the budget, and Cabinet currently receives a report on a quarterly basis.
3. This report sets out the final outturn position on the 2016/17 revenue budget.
4. Council agreed the original revenue budget for 2016/17 on 23 February 2016. This was set at £198.883m.
5. Appendix 2 details the agreed budget for 2016/17 compared to the outturn for the year, along with the proposed movement of General Fund and Earmarked reserves.
6. Appendix 3 provides further details the expected use of reserves for 2016/17. The actual year end proposed use of reserves is £9.978m compared with an estimated use of £11.431m. It is also proposed that £6.742m be transferred to reserves which gives a net movement of £2.236m

Revenue Outturn 2016/17

7. Monitoring during the year projected an over spend of £1.359m as reported to Cabinet on 24 January 2017 although it was concluded that the outturn would be delivered within budget.
8. The final revenue outturn on services compared with budget is £197.453m. There was also a reduction in funding from original budget of £0.125m which results in an under spend of £1.305m after proposed movement of reserves and excluding the airport dividend receipt. This outcome, subject to the approval of proposed appropriations to and from reserves, means that there would be a reduction in Earmarked reserves of £2.692m, and an increase in General Fund reserves of £0.456m in the 2016/17 financial year. The overall reserves position will be considered further with a review of the Council's reserve strategy as part of the Medium Term Financial Strategy (MTFS) to be reported to Cabinet on 18 July 2017.
9. Service outturn is shown in Appendix 2. Although the outturn is positive, it masks over spends in some services and also includes a number of areas of one-off additional funding. The positive outturn remains a significant achievement given the financial pressures faced by all services and enables the Council's sound financial position to be maintained within an extremely challenging economic and financial context.

10. Quarterly reports to Cabinet have identified that the Council's budget has continued to face increasing pressures in a number of areas. The main variances to budget on a group basis are outlined below:

Care, Wellbeing and Learning

11. The over spend of £2.469m on Social Work - Children and Families relates mainly to placement expenditure for Looked After Children in Independent Fostering and Supported Accommodation, and higher than expected staffing costs.
12. The over spend of £0.594m on Early Help and Education relates mainly to Home to School/College transport costs.
13. The over spend of £0.958m on Commissioning and Quality Assurance relates to higher than budgeted employee costs and over spends in relation to voluntary organisations and Mental Capacity Act Deprivation of Liberty Safeguards.
14. The under spend of £0.438m on Learning and Schools relates to an overachievement of income within Adult Learning.
15. The over spend of £1.380m on Adult Social Care relates to an over spend on employee expenditure, higher than expected care costs for Direct Payments, and one off reductions in income.
16. Public Health expenditure benefitted from lower than expected contract costs. It is proposed that the under spend of £0.659m be moved to the ring fenced Public Health reserve.

Communities and Environment

17. The over spend of £0.833m on Housing General Fund mainly relates to delays in the delivery of agreed savings.
18. The under spend of £0.349m on Council Housing, Design and Technical Service relates to an overachievement in grant income and under spends on staffing costs.
19. The over spend of £0.469m on Culture, Communities, Leisure and Volunteering relates mainly to an underachievement of income across all leisure facilities which is offset by under spends within other service areas.
20. The under spend of £0.480m on Facilities Management relates to an overachievement of income for School Meals and Building Cleaning.
21. The under spend of £0.311m on Waste Services, Grounds Maintenance and Fleet Management relates to reductions in utility charges and additional income for trade waste.

Corporate Services and Governance

22. The under spend of £0.420m on Human Resources and Litigation relates to an overachievement of income in relation to elections, litigation and registrars.

Corporate Resources

23. The over spend of £0.423m on Housing Benefits relates mainly to an increase in the bad debt provision due to the ongoing impact of Welfare Reform on the Council.

Other Services and Contingencies

24. An amount of £3.597m of Contingency remained unused at the end of the year. This relates to savings mitigation, invest to save, winter maintenance and workforce management. Within Other Services £1.412m was moved to the redundancy provision to cover the expected costs for the next two financial years. The dividend from Newcastle Airport of £2.897m is shown within Other Services and it is proposed that this be appropriated to the General Fund reserves pending a review of reserves.

Capital Financing Costs

25. The under spend of £1.276m on Capital Financing Costs is mainly due to active management of the Council's cash balances.

Traded and Investment Income

26. The under spend of £2.061m relates to an increase in expected income from the Trinity Square Partnership with Northumbria University and an increase in the expected surplus from Construction Services. The Insurance Fund also delivered a saving against budget due to an overall reduction in claim costs.

Schools

27. Schools reserves have decreased from £7.046m to £5.473m as there was an over spend on schools of £1.573m for 2016/17 which is proposed to be funded from the LMS Schools reserve. This forms part of the total General Fund reserve.
28. The Dedicated Schools Grant (DSG) also over spent in 2016/17 by £0.190m and it is proposed that this be met from the DSG reserve which is a ring-fenced Earmarked reserve.

Housing Revenue Account

29. There is an overall surplus on the Housing Revenue Account (HRA) of £3.250m. The HRA is ring-fenced and does not form part of the General Fund reserve. It is proposed that the surplus be transferred to the HRA reserve which will increase from £24.109m to £27.359m.

Savings

30. The overall target for revenue savings in 2016/17 was £18.795m. The final outturn for achieved savings was £16.579; a shortfall of £2.217m, the majority of which relates to the delivery of the Social Care re-organisation saving. This shortfall formed part of the approach to the financial planning underpinning the setting of the 2017/18 revenue budget.

Reserves

31. A summary of the proposed movements to and from reserves is attached at Appendix 3. It was estimated that £11.431m would be required to support the revenue budget in 2016/17 and the actual proposed usage of reserves for the year is £9.978m. In addition it is also proposed that £6.742m is moved to reserves; this includes the £2.897m dividend from Newcastle Airport, the £1.305m budget surplus, £0.969m budget flexibility and £1.571m ring-fenced reserves.
32. The final position on reserves will be reflected in the 2016/17 Financial Statements. The overall reserve position and strategy will be reviewed as part of the Medium Term Financial Strategy (MTFS) to be reported to Cabinet on 18 July 2017. The 2016/17 Financial Statements are subject to audit.

Consultation

33. The Leader of the Council has been consulted on this report.

Alternative Options

34. There are no alternative options proposed.

Implications of Recommended Option

35. Resources

- a. **Financial Implications** – The Strategic Director, Corporate Resources confirms these are as set out in the report and Appendix 2 and 3.
- b. **Human Resource Implications** – There are no direct Human Resource implications as a consequence of this report.
- c. **Property Implications** – There are no direct property implications as a consequence of this report.

36. Risk Management Implication

Regular budget monitoring and the associated action planning that arise from this activity assists in reducing the risk of the Council overspending its agreed budget. This enables effective financial planning which allows the Council to deploy resources in line with priorities over the medium and long term and deliver sustainable budgets.

37. Equality and Diversity Implications - Nil.

38. Crime and Disorder Implications - Nil.

39. Health Implications - Nil

40. Sustainability Implications – Regular budget monitoring and allocated actions contributes to the financial sustainability of the Council.

41. Human Rights Implications - Nil.

42. **Area and Ward Implications** - Revenue spending supports the delivery of services across the whole of Gateshead

Appendix 2 - Revenue Outturn Summary 2016/17

Service	Revised Budget £'000	Outturn Before Reserves £'000	Proposed Movement of General Fund Reserves £'000	Proposed Movement of Earmarked Reserves £'000	Final Outturn Position £'000	Variance £'000
Care, Wellbeing & Learning						
Social Work - Children & Families	19,929	22,996	(598)	0	22,398	2,469
Early Help & Education	7,430	8,141	(216)	99	8,024	594
Commissioning & Quality Assurance	7,364	8,472		(150)	8,322	958
Learning & Schools	2,162	1,826		(102)	1,724	(438)
Adult Social Care	56,749	61,707	(2,932)	(646)	58,129	1,380
Public Health	17,380	16,721		659	17,380	0
Communities & Environment						
Housing General Fund	(149)	684		0	684	833
Development & Public Protection	2,380	2,555		(71)	2,484	104
Council Housing, Design & Technical Services	(796)	(1,145)		0	(1,145)	(349)
Transport Strategy	1,808	1,816		(132)	1,684	(124)
Culture, Communities, Leisure & Volunteering	7,115	7,849		(265)	7,584	469
Commissioning & Business Development	3,645	3,562		(28)	3,534	(111)
Facilities Management	3,374	2,954		(60)	2,894	(480)
Waste Services, Grounds Maintenance & Fleet Management	9,849	9,808		(270)	9,538	(311)
Construction General Fund	3,817	3,928		(111)	3,817	0
Economic & Housing Growth	1,404	853		381	1,234	(170)
Office of the Chief Executive						
Policy, Performance, Communications and Change	1,233	2,329		(1,163)	1,166	(67)
Corporate Services & Governance						
Legal, Democratic & Property Services	815	624		0	624	(191)
Human Resources & Litigation	2,936	2,516		0	2,516	(420)
Corporate Commissioning & Procurement	426	485		0	485	59
Corporate Resources						
Corporate Finance	1,344	1,342		0	1,342	(2)
Customer & Financial Services	3,352	3,595		(176)	3,419	67
Housing Benefits	(406)	17		0	17	423
ICT Services	2,599	2,416		(17)	2,399	(200)
Other Services & Contingencies	5,307	(340)	2,897	0	2,557	(2,750)
Capital Financing Costs	30,500	29,224		0	29,224	(1,276)
Traded and Investment Income	(2,620)	(4,040)		(641)	(4,681)	(2,061)
Expenditure Passed outside the General Fund	(1,896)	(1,732)		0	(1,732)	164
Levies	11,832	11,832		0	11,832	0
NET BUDGET	198,883	200,995	(849)	(2,693)	197,453	(1,430)
Financed By						
Settlement Funding Assessment (SFA)	(91,427)	(91,138)		0	(91,138)	289
Other Grants	(12,829)	(12,993)		0	(12,993)	(164)
Public Health	(17,380)	(17,380)		0	(17,380)	0
Council Tax	(77,236)	(77,236)		0	(77,236)	0
Collection Fund (Council Tax)	(11)	(11)		0	(11)	0
TOTAL FUNDING	(198,883)	(198,758)	0	0	(198,758)	125
PROJECTED (UNDER) / OVER SPEND	0	2,237	(849)	(2,693)	(1,305)	(1,305)

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Appendix 3 - Useable General Fund Reserves Summary 2016/17 (prior to review)

	Opening Balance	Estimated Use	Movement to	Movement from	Net Movement	Closing Balance
	£'000	£'000	£'000	£'000	£'000	£'000
GENERAL FUND RESERVES (excl Schools)						
General Reserve Savings Mitigation:						
Adult Social Care	0	2,933		3,932	2,932	0
Children's Services	0	814		814	814	0
Communities and Environment	0	174		0	0	0
Governance and Resources	0	50		0	0	0
Total General Reserve Savings Mitigation	0	3,971		4,746	3,746	0
Airport Dividend	0	0	(2,897)		(2,897)	0
Under spend on Revenue Budget 16/17	0	0	(1,305)		(1,305)	0
TOTAL GENERAL FUND RESERVES (excl Schools)	(16,341)	3,971	(4,202)	4,746	(456)	(16,797)
EARMARKED FUND RESERVES						
Strategic Reserves						
Budget Flexibility Reserve	(2,996)	2,563	(969)	2,171	1,202	(1,794)
Economic Growth Reserve	(3,456)	500		67	67	(3,389)
Discretionary Social Fund Reserve	(957)	250		176	176	(781)
Strategic Change Reserve	(2,500)	1,600		1,191	1,191	(1,309)
Total Strategic Reserves	(9,909)	4,913	(969)	3,605	2,636	(7,273)
Ring-fenced Reserves						
Unapplied Revenue Grants	(4,259)	1,252	(539)	1,155	616	(3,643)
Developer's Contributions	(2,036)	446	(373)	472	99	(1,937)
Public Health Reserve	(1,772)	849	(659)		(659)	(2,431)
Total Ringfenced Reserves	(8,067)	2,547	(1,571)	1,627	56	(8,011)
TOTAL EARMARKED FUND RESERVES	(17,976)	7,460	(2,540)	5,232	2,692	(15,284)
TOTAL GENERAL FUND AND EARMARKED RESERVES	(34,317)	11,431	(6,742)	9,978	2,236	(32,081)

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REPORT TO CABINET
20 June 2017

TITLE OF REPORT: Capital Programme and Prudential Indicators 2016/17 – Year End Outturn

REPORT OF: Darren Collins Strategic Director, Corporate Resources

Purpose of the Report

1. This report presents the 2016/17 capital programme which included capital expenditure of £65.061m. The report assesses reasons for the variances from the third quarter review and details the proposed financing of the capital programme. In addition the report considers the impact of CIPFA’s Prudential Code on the capital programme and the monitoring of performance against the statutory Prudential Indicators.

Background

2. The original budget for the capital programme for 2016/17 as agreed by Council on 25 February 2016, totalled £71.069m. The projected year end expenditure was revised to £69.614m at the end of the third quarter, reflecting changes to project delivery programmes.
3. The outturn of £65.061m is £4.553m less than the third quarter review, with the main variances summarised in Appendix 2 and shown in detail in Appendix 4.
4. The reduction from the position reported at the third quarter comprises of the following movements:

	£m
Acceleration of resources from 2017/18	1.570
Additional external funding	0.786
Re-profiling of resources and slippage to future years	(6.455)
Other increases/reductions to planned expenditure	(0.454)
Total Capital Programme Variance	<u>(4.553)</u>

5. A total of £1.4m of investment originally planned in 2017/18 relating to energy infrastructure was brought forward into the 2016/17 financial year reflecting the good progress made in scheme delivery. This included £0.8m towards the Council’s District Energy Scheme which became operational during 2016/17 and almost £0.6m towards the expansion of the associated battery storage infrastructure, which will help to store and release the electricity generated by the District Energy Scheme to improve the resilience of the network and enhance commercial returns.
6. Other significant changes within the capital programme during the final quarter included the following:

- Slippage of almost £2.8m relating to planned improvements to the Council's housing stock within the HRA. This included almost £0.9m of investment in an energy efficiency improvement scheme at Fell, Lough and Beacon Court which has required additional design work, given the complexity of the scheme, and following programme delays due to access issues. The scheme is expected to complete during the second quarter of 2017/18. In addition, there has been slippage in a number of ongoing investment programmes within the HRA including £0.7m relating to decent homes improvement works and £0.4m relating to the estate regeneration programmes at Clasper Village, Dunston and Bleach Green;
- Re-profiling of almost £2.0m relating to investment in the Council's ICT infrastructure. This has occurred as a result of a more competitive market from a price perspective and the implementation of alternative solutions, which have led to a combined reduction of £0.75m, as well as from a number of changes to the timings of initial investment programmes to reflect the latest delivery programmes and installation timescales;
- Re-profiling of £0.5m of resources as part of the construction of Ravensworth Terrace Primary School due to technical difficulties encountered on site in the latter stages of the financial year. These issues have since been resolved and the school is expected to be completed by the Autumn term as expected;
- The inclusion of additional external funding received during the final part of the year, primarily the School devolved formula capital (£0.5m) and developer contributions towards fixed play equipment (£0.2m).

7. The use of available external capital resources and capital receipts to fund the 2016/17 Capital Programme has been maximised and this means that the Council has not lost any of the external funding that it has been awarded.

Proposal

8. The report identifies a capital outturn of £65.061m for the 2016/17 financial year. The resources required to fund the 2016/17 capital programme are as follows:

	£m
Prudential Borrowing	28.358
Capital Grants and Contributions	12.642
Major Repairs Reserve (HRA)	18.839
Capital Receipts	2.394
Revenue Contributions	2.828
Total Capital Programme	65.061

9. Capital expenditure of £65.061m represents a significant contribution to the delivery of Vision 2030 and this includes investment in a number of high priority schemes as follows:

- £19m in the Council's Housing stock, including energy efficiency improvements and investment to maintain decency in over 1,900 homes;

- £13m in sustainability projects to reduce carbon emissions and generate ongoing revenue benefits including the Energy Network (£12m), which became operational during the year, and associated Battery storage infrastructure (£1m);
 - £9.5m in Transport Infrastructure within Gateshead, including highway maintenance, street lighting column replacement and sustainable transport improvements;
 - Over £5.5m of improvements to the Council's Schools, including the ongoing construction of Ravensworth Primary School in Birtley to provide additional capacity;
 - £2.5m in the Council's ongoing fleet replacement programme, primarily relating to Refuse Collection vehicles;
 - £2.3m in improvements to the Council's ICT infrastructure including the programmed replacement of desktop equipment, improvements to the network infrastructure to improve resilience, security and capacity as well as the development of the Council's digital platform;
 - £2.1m in the Council's Non Operational property portfolio, including the acquisition of retail and residential units at St Mary's Green, Whickham as well as improvements aimed at enhancing the level of rental income that is generated by the portfolio.
 - £1.4m of investment in providing Disabled Facilities Grants, helping over 300 people to undertake adaptations to their properties to continue to live independently within their homes.
10. In addition to the above investment, the Council has continued to utilise capital resources to encourage housing growth and development in Gateshead. During 2016/17 the Council has invested:
- £2.7m in the Council's Accelerated Development Zone helping to bring forward development at Gateshead Quays and Baltic Business Quarter, where the Council is progressing the Northern Centre for Emerging Technologies scheme to establish dedicated research and design testing facilities and workshop space for technology driven SME's;
 - £2.7m of investment targeted at bringing forward housing development, including the conclusion of the ten year Saltwell and Bensham acquisition and clearance programme to prepare sites for development as part of the Council's Housing Joint Venture as well as the provision of loans to Keelman Homes and settlement of the S106 obligations at Northside Birtley to release a Council owned site for further development;
 - £0.7m investment in two housing renewal sites at Clasper Village and Bleach Green in Blaydon, to prepare the sites for the future development of a significant number of family homes.
11. CIPFA's Prudential Code advises the regular monitoring of performance against the prudential indicators which regulate borrowing and investment. Targets and limits for the prudential indicators for 2016/17 were agreed at Council on 25 February 2016. Borrowing and investment levels have remained within the limits set by Council.

Recommendations

12. Cabinet is asked to:

- (i) Recommend to Council that all variations to the 2016/17 capital programme as detailed in Appendix 2 are agreed.
- (ii) Recommend to Council the financing of the 2016/17 capital programme.
- (iii) Confirm to Council that the capital expenditure and capital financing requirement indicators have been revised in line with the revised budget and that none of the approved Prudential Indicators set for 2016/17 have been breached.

For the following reasons:

- (i) To ensure the optimum use of the Council's capital resources in 2016/17.
- (ii) To accommodate changes to the Council's in-year capital expenditure plans.
- (iii) To ensure performance has remained within the approved Prudential Limits.

CONTACT: David Mason extension 3686

APPENDIX 1

Policy Context

1. The proposals contained within this report are consistent with the objectives contained within the Council's corporate Capital Strategy and will contribute to achieving the objectives set out in Vision 2030 and the Council Plan.

Background

2. The original budget for the capital programme for 2016/17, as agreed by Council on 25 February 2016, totalled £71.069m.
3. The projected year-end expenditure was £69.614m at the end of the third quarter.
4. The actual capital payments for 2016/17 were £65.061m. This represents a reduction of £4.553m from the third quarter.
5. The £4.553m variance from the third quarter is due to a combination of slippage occurring within the current programme, reviewing existing schemes, the receipt of additional resources and other variances. All variations which have occurred in the programme during the fourth quarter are detailed in Appendix 2.
6. Appendix 3 summarises the original budget and actual year end payments by Corporate Priority. The third quarter forecasts, year end payments and comments on the progress of each scheme are detailed in Appendix 4.
7. The Prudential Code sets out a range of Prudential Indicators that were agreed by the Council on 25 February 2016. None of these indicators were breached during 2016/17 and performance against the indicators for 2016/17 is set out in Appendix 5.

Consultation

8. The Leader of the Council has been consulted on the contents of this report.

Alternative Options

9. The proposed financing arrangements are the best available in order to ensure the optimum use of the Council's capital resources in 2016/17.

Implications of Recommended Option

10. **Resources:**
 - a) **Financial Implications** – The Strategic Director, Corporate Resources confirms that the financial implications are as set out in the report.

- b) **Human Resources Implications** – There are no human resources implications arising from this report.
 - c) **Property Implications** - There are no direct property implications arising from this report. Capital investment optimises the use of property assets to support the delivery of corporate priorities. The property implications of individual schemes are considered and reported separately.
11. **Risk Management Implication** - Risks are assessed as part of the process of monitoring the programme and treasury management. This assessment concludes that the increased uncertainty over the level of resources means that Cabinet should continue to receive quarterly reports for recommendation of any issues to Council, together with any necessary action to ensure expenditure is managed within available resources.
 12. **Equality and Diversity Implications** - There are no equality and diversity implications arising from this report.
 13. **Crime and Disorder Implications** - There are no direct crime and disorder implications arising from this report.
 14. **Health Implications** - There are no health implications arising from this report.
 15. **Sustainability Implications** - The works will help to make the environment more attractive and reduce health and safety hazards.
 16. **Human Rights Implications** - There are no direct human rights implications arising from this report.
 17. **Area and Ward Implications** - Capital schemes will provide improvements in wards across the borough.
 18. **Background Information**
 - i. Report for Cabinet, 23 February 2016 (Council 25 February 2016) - Capital Programme 2016/17 to 2020/21.
 - ii. Report for Cabinet, 12 July 2016 - Capital Programme and Prudential Indicators 2016/17 – First Quarter Review.
 - iii. Report for Cabinet, 8 November 2016 - Capital Programme and Prudential Indicators 2016/17 – Second Quarter Review.
 - iv. Report for Cabinet, 24 January 2017 - Capital Programme and Prudential Indicators 2016/17 – Third Quarter Review.

Reason for Movement	Vision 2030	Group	Project Title	Variance (£'000)	
Other Increases	City of Gateshead	CAE	Housing JV - Brandling	1	
			Urban Core - Creative Quarter	4	
			Urban Core - Retail Quarter	3	
	Sustainable Gateshead	CAE	Gateshead Millennium Bridge Strategic Maintenance	24	
			Highways Strategic Maintenance	551	
			Infant Free School Meals Funding	10	
			Metrogreen	5	
			Quay Wall	2	
			Strategic Maintenance	484	
			Street Lighting Column Replacement	15	
			Team Valley Flood Alleviation	2	
			CWL	ASC System	1
			HRA	Boiler Replacement Investment (Including Back Boiler Renewal)	61
				Decent Homes – Backlog/Ad-hoc Works	39
	Door Entry System Upgrades	1			
	Heights	52			
	Accelerated from 2017/18	Sustainable Gateshead	CAE	Battery Storage	585
Gateshead Energy Network Extension - Gateshead Leisure Centre				20	
Gateshead Town Centre District Energy Network				824	
Land of Oak and Iron				19	
Replacement of Fleet and Horticultural Equipment				100	
Funeral Director Premises				22	
Additional External Funding	Active & Healthy Gateshead	CAE	Fixed Play S106	220	
	Sustainable Gateshead	CAE	Salix Energy Efficiency Works	51	
		CWL	Schools Devolved Formula Funding	515	
Total Increases				3,613	
Other Reductions	Active & Healthy Gateshead	CAE	Equality Act 2010 (former DDA)	-42	
			Falls Prevention	-1	
		CWL	Disabled Facilities Grants (DFGs)	-44	
	City of Gateshead	CAE	City Boulevard	-11	
			Housing JV - Bensham & Saltwell	-52	
Creative Gateshead	CRS	Broadband Delivery UK	-14		

Reason for Movement	Vision 2030	Group	Project Title	Variance (£'000)	
Other Reductions	Sustainable Gateshead	CAE	Bus Based Major Transport Scheme	-12	
			CIL System	-9	
			Civic Centre Workspace Strategy	-101	
			Leisure Centres ICT Infrastructure	-5	
			Street Lighting Phase 3 LED Lanterns	-34	
		CRS	Agresso Development	-37	
			Technology Plan: Infrastructure	-750	
		HRA	Aids and Adaptations	-55	
			Risers (Services)	-34	
			Strategic Maintenance	-491	
			Window Replacement	-18	
Slippage to 2017/18	Active & Healthy Gateshead	CAE	Chase Park Restoration	-181	
			Secondary Disinfection Systems in all five Leisure Pools	-101	
	City of Gateshead	CAE	ADZ Investment – BBQ	-405	
			ADZ Investment - Gateshead Quays	-83	
			Coatsworth Road Regeneration - THI	-153	
			Development Site Preparation Works	-202	
			Empty Property Programme 2015/18	-25	
			Urban Core - Exemplar Neighbourhood	-12	
		CSG	Non Operational Portfolio - Strategic Investment Plan	-103	
	Creative Gateshead	CAE	GRP Public Art	-14	
	Gateshead Goes Global	CAE	Ravensworth Terrace Primary School	-504	
		CWL	Additional Childcare Provision	-75	
	Sustainable Gateshead	CAE	Flood Alleviation Investment	-269	
			Great North Cycleway	-11	
			Health & Safety	-22	
			Local Transport Plan	-89	
			Public Realm Improvement	-22	
			s106 Highways Works Boroughwide	-37	
			Street Lighting LED Replacement - Phase 4	-10	
			Waste Infrastructure Grant	-39	
			CRS	Digital Gateshead	-120
				Technology Plan: Infrastructure	-575
		Technology Plan: Transformation Through Technology		-474	

Reason for Movement	Vision 2030	Group	Project Title	Variance (£'000)
Slippage to 2017/18	Sustainable Gateshead	HRA	Decent Homes - Investment Programme	-659
			Equality Act Works	-37
			Estates Regeneration	-390
			External Wall Insulation Works to Non-Traditional Properties	-2
			Fire Safety Works - General	-50
			Improvement Works - Boiler Plant Renewal	-22
			Lift Replacement / Refurbishment	-269
			New Build	-205
			Regent Court Improvement Works	-145
			Replacement of Communal Electrics	-77
			T-fall Insulation	-73
			Tower Block Energy Efficiency Improvements	-870
			CWL	School Capital Improvements
		Total Reductions		
Total Variance from Q3				-4,553

Vision 2030	Revised Forecast Q3 31 December 2016	Actual Spend Q4 31 March 2017	Variation From Q3
	£000	£000	£000
Active & Healthy Gateshead	4,363	4,212	-151
City of Gateshead	7,021	5,984	-1,037
Creative Gateshead	110	81	-29
Gateshead Goes Global	3,274	2,695	-579
Sustainable Gateshead	54,846	52,088	-2,758
TOTAL	69,614	65,061	-4,553

Vision 2030	Group	Project Title	Revised Budget at Q3 (£'000)	Outturn 16/17 (£'000)	Comments	
Active & Healthy Gateshead	CAE	Chase Park Restoration	355	174	Slippage to 17/18 (Borrowing / External Funding)	
		Equality Act 2010 (former DDA)	150	108	Reductions (Borrowing)	
		Falls Prevention	100	99	Reductions (Borrowing)	
		Fixed Play S106	70	290	Increases (External Funding)	
		Secondary Disinfection Systems in Leisure Pools	120	19	Slippage to 17/18 (Borrowing)	
	CSG	Northside Birtley	1,733	1,733		
	CWL	Changing Lives	280	280		
		Disabled Facilities Grants (DFGs)	1,480	1,436	Reductions (External Funding)	
		Telecare Equipment	75	75		
Active & Healthy Gateshead Total			4,363	4,212		
Page 11 City of Gateshead	CAE	ADZ Investment – BBQ	3,039	2,634	Slippage to 17/18 (Borrowing)	
		ADZ Investment - Gateshead Quays	150	67	Slippage to 17/18 (Borrowing)	
		City Boulevard	130	119	Reductions (Borrowing)	
		Coatsworth Road Regeneration - THI	215	62	Slippage to 17/18 (Borrowing / External Funding)	
		Development Site Preparation Works	370	168		
		Empty Property Programme 2015/18	106	81	Slippage to 17/18 (Borrowing / External Funding)	
		Housing JV - Bensham & Saltwell	250	198	Reductions (Borrowing)	
		Housing JV - Brandling	0	1	Increases (Borrowing)	
		Keelman Homes - Affordable Housing Development	500	500		
		Urban Core - Creative Quarter	10	14	Increases (Borrowing)	
		Urban Core - Exemplar Neighbourhood	21	9	Slippage to 17/18 (Borrowing)	
		Urban Core - Retail Quarter	0	3	Increases (Borrowing)	
		CSG	Non Operational Portfolio - Strategic Investment Plan	2,230	2,127	Slippage to 17/18 (Borrowing)
		City of Gateshead Total			7,021	5,984
	Creative Gateshead	CAE	GRP Public Art	25	11	Slippage to 17/18 (External Funding)
CRS		Broadband Delivery UK	85	71	Reductions (Borrowing)	
Creative Gateshead Total			110	81		
Gateshead Goes Global	CAE	Ravensworth Terrace Primary School	3,060	2,556	Slippage to 17/18 (Borrowing)	
	CWL	Additional Childcare Provision	214	139	Slippage to 17/18 (DSG Resources)	
	Gateshead Goes Global Total			3,274	2,695	

Vision 2030	Group	Project Title	Revised Budget at Q3 (£'000)	Outturn 16/17 (£'000)	Comments
Page 8 Sustainable Gateshead	CAE	All Round Camera System for Collection Vehicles	88	88	
		Battery Storage	340	925	Accelerated from 17/18 (Borrowing)
		Bus Based Major Transport Scheme	25	13	Reductions (Borrowing)
		CIL System	30	22	Reductions (Borrowing)
		Civic Centre Workspace Strategy	400	299	Reductions (Borrowing)
		Flood Alleviation Investment	452	183	Slippage to 17/18 (External Funding)
		Gateshead Energy Network Extension - Gateshead Leisure Centre	124	144	Accelerated from 17/18 (Borrowing)
		Gateshead Millennium Bridge Strategic Maintenance	53	77	Increases (Borrowing)
		Gateshead Town Centre District Energy Network	10,800	11,624	Accelerated from 17/18 (Borrowing)
		Great North Cycleway	827	816	Slippage to 17/18 (External Funding)
		Health & Safety	500	478	Slippage to 17/18 (Borrowing)
		Highways Strategic Maintenance	750	1,301	Increases (Borrowing)
		Infant Free School Meals Funding	40	50	Increases (External Funding)
		Land of Oak and Iron	184	203	Accelerated from 17/18 (External Funding)
		Leisure Centres ICT Infrastructure	60	55	Reductions (Borrowing)
		Local Transport Plan	4,825	4,736	Slippage to 17/18 (External Funding / Borrowing)
		Metrogreen	0	5	Increases (Borrowing)
		Public Realm Improvement	113	91	Slippage to 17/18 (Borrowing)
		Quay Wall	90	92	Increases (Borrowing)
		Replacement of Fleet and Horticultural Equipment	2,410	2,510	Accelerated from 17/18 (Borrowing)
		s106 Highways Works Boroughwide	73	36	Slippage to 17/18 (External Funding)
		Salix Energy Efficiency Works	210	261	Additional External Funding (SEELS)
		Strategic Maintenance	1,050	1,534	Increases (Revenue Contributions)
		Street Lighting Column Replacement	1,900	1,915	Increases (Borrowing)
		Street Lighting LED Replacement - Phase 4	10	0	Slippage to 17/18 (Borrowing)
		Street Lighting Phase 3 LED Lanterns	250	216	Reductions (Borrowing)
		Team Valley Flood Alleviation	11	13	Increases (Borrowing)
		Waste Infrastructure Grant	125	86	Slippage to 17/18 (External Funding)
	Funeral Director Premises	0	22	Accelerated from 17/18 (Borrowing)	
	CRS	Agresso Development	230	193	Reductions (Borrowing)
		Digital Gateshead	300	180	Slippage to 17/18 (Borrowing)
		Technology Plan: Infrastructure	2,537	1,212	Reductions / Slippage to 17/18 (Borrowing)
Technology Plan: Transformation Through Technology		1,074	600	Reductions / Slippage to 17/18 (Borrowing)	

Vision 2030	Group	Project Title	Revised Budget at Q3 (£'000)	Outturn 16/17 (£'000)	Comments
Sustainable Gateshead	CWL	ASC System	75	76	Increases (Revenue Contributions)
		School Capital Improvements	2,100	1,971	Slippage to 17/18 (External Funding)
		Schools Devolved Formula Funding	400	915	Additional External Funding (School Devolved)
	HRA	Aids and Adaptations	1,500	1,445	Reductions (HRA)
		Boiler Replacement Investment (Including Back Boiler Renewal)	1,660	1,721	Increases (HRA)
		Decent Homes – Backlog/Ad-hoc Works	235	274	Increases (HRA)
		Decent Homes - Investment Programme	7,710	7,051	Slippage to 17/18 (HRA)
		Door Entry System Upgrades	160	161	Increases (HRA)
		Equality Act Works	296	259	Slippage to 17/18 (HRA)
		Estates Regeneration	1,400	1,010	Slippage to 17/18 (HRA)
		External Wall Insulation Works to Non-Traditional Properties	990	988	Slippage to 17/18 (HRA)
		Fire Safety Works - General	100	50	Slippage to 17/18 (HRA)
		Heights	485	537	Accelerated from 17/18 (HRA)
		Improvement Works - Boiler Plant Renewal	300	278	Slippage to 17/18 (HRA)
		Lift Replacement / Refurbishment	535	266	Slippage to 17/18 (HRA)
		New Build	400	195	Slippage to 17/18 (HRA)
		Programme Management	1,000	1,000	
		Regent Court Improvement Works	150	5	Slippage to 17/18 (HRA)
		Replacement of Communal Electrics	495	418	Slippage to 17/18 (HRA)
		Risers (Services)	34	0	Reductions (HRA)
		Strategic Maintenance	2,000	1,509	Reductions (HRA)
		T-fall Insulation	170	97	Slippage to 17/18 (HRA)
		Timber Replacements	105	106	Increases (HRA)
	Tower Block Energy Efficiency Improvements	1,840	970	Slippage to 17/18 (HRA)	
	Warden Call	250	251	Increases (HRA)	
	Window Replacement	575	557	Slippage to 17/18 (HRA)	
	Sustainable Gateshead Total			54,846	52,088
Total Capital Investment 2016/17			69,614	65,061	

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Prudential Indicators 2016/17

The 2016/17 Prudential Indicators were agreed by Council on 23 February 2016. This is now compared with the 2016/17 actual position as at 31 March 2017.

Certain Treasury Management indicators must be monitored throughout the year on a regular basis in order to avoid breaching agreed limits. The capital expenditure and capital financing requirement indicators have been revised in line with the revised budget and none of the other approved Prudential Indicators set for 2016/17 have been breached.

Capital Expenditure		
	2016/17 £000 Reported Indicator	2016/17 £000 Actual
Non-HRA	48,799	45,914
HRA	22,270	19,147
Total	71,069	65,061
To reflect the reported capital monitoring agreed by Council during the year		

Ratio of Financing Costs to Net Revenue Stream		
	2016/17 Reported Indicator	2016/17 Actual
Non-HRA	13.77%	11.41%
HRA	46.36%	43.44%

Capital Financing Requirement		
	2016/17 £000 Reported Indicator	2016/17 £000 Actual
Non-HRA	317,655	301,792
HRA	345,505	345,505

There were no breaches to the Prudential Indicators set for 2016/17.

Authorised Limit for External Debt	
	2016/17 £000 Reported Indicator
Borrowing	750,000
Other Long Term Liabilities	0
Total	750,000
Maximum YTD £617,319	

Operational Boundary for External Debt	
	2016/17 £000 Reported Indicator
Borrowing	725,000
Other Long Term Liabilities	0
Total	725,000
Maximum YTD £617,319	

The Council's actual external debt at 31 March 2017 was £610,189. It should be noted that actual external debt is not directly comparable to the Authorised Limit and Operational Boundary, since the actual external debt reflects the position at one point in time.

Estimated Incremental Impact on Council Tax and Housing Rents

This indicator is set at the time the Council's budget is set. Therefore, there is no requirement for this Indicator to be monitored on a quarterly or annual basis.

Adherence to CIPFA code on Treasury Management

The Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Services.

Upper Limit on Fixed and Variable Interest Rates Exposures		
Range	2016/17 £000 Reported Indicator	2016/17 £000 Actual Position
Fixed Rate	Max 624,164 Min 357,170	500,817 Max 512,154 Min 468,307
Variable	Max 152,227 Min -30,000	40,500 Max 41,000 Min 18,000
All within agreed limits. (Max and Min YTD)		

Upper / Lower Limits for Maturity Structure of Fixed Rate Borrowing				
	2016/17 Reported Indicator		2016/17 Actual Position	
	Upper Limit	Lower Limit	Actual Percentage	Maximum YTD
Under 12 months	20%	0%	3.25%	6.91%
12 months to 24 months	20%	0%	4.01%	10.50%
24 months to 5 years	50%	0%	19.47%	20.51%
5 years to 10 years	50%	0%	6.98%	8.06%
10 year to 20 years	50%	0%	14.71%	15.39%
20 years to 30 years	50%	0%	0.00%	0.00%
30 years to 40 years	50%	0%	12.92%	12.92%
40 years to 50 years	60%	0%	28.17%	29.13%
50 years and above	30%	0%	1.97%	2.05%
All within agreed limits.				

On 8 March 2007, Council agreed to the placing of investments for periods of longer than 364 days in order to maximise investment income before forecasted cuts in interest rates. An upper limit was set and agreed as a new Prudential Indicator.

Upper Limit on amounts invested beyond 364 days			
	2016/17 £000 Reported Indicator	2016/17 £000 Actual Position	2016/17 £000 Maximum YTD
Investments	15,000	0	0

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Title of Report: Treasury Annual Report 2016/17

Report of: Darren Collins – Strategic Director, Corporate Resources

Purpose of the Report

1. Cabinet is asked to recommend to Council the attached Treasury Annual Report for 2016/17.

Background

2. In line with what the Government defines as best practice and the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management, the Council must consider a Treasury Annual Report each year.
3. The attached Treasury Annual Report has been prepared taking into account the Local Government Act 2003, Communities and Local Government's (CLG) Guidance on Local Government Investments, CIPFA's Prudential Code for Capital and CIPFA's Code of Practice on Treasury Management. The document is also consistent with the Council's approved Treasury Management Policy and Strategy, which require an annual report to be presented to Council prior to the end of September each year.

Proposals

4. Cabinet is asked to recommend to Council the Treasury Annual Report attached at Appendices 2 and 3 in order to ensure that the Council fully complies with the requirements of good practice.

Recommendation

5. Cabinet is asked to recommend to Council the Treasury Annual Report for 2016/17.

For the following reason:

To ensure that the Council fully complies with the requirements of Financial Regulations and good practice as recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) in its Code of Practice on Treasury Management.

Policy Context

1. The proposals in this report are consistent with the vision and key priorities as set out in the Council Plan to deliver Vision 2030 and in particular contribute to maintaining a sustainable financial position.

Background

2. The Council fully complies with the requirements of good practice as recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) in its Code of Practice on Treasury Management and its Prudential Code for Capital and the Department for Communities and Local Government (CLG) Guidance on Local Authority Investments, which include the:
 - Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities;
 - Creation and maintenance of Treasury Management Practice Statements which set out the manner in which the Council will seek to achieve those policies and objectives;
 - Receipt by the Council of an annual strategy report for the year ahead and an annual review report of the previous year;
 - Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions; and
 - Delegation by the Council of the role of scrutiny of treasury management strategy and policies and receipt of a mid-year review report to a specific named body which in this Council is the Audit and Standards Committee.
3. Comprehensive details of procedures in place to ensure compliance with the Code are included within the Council's Treasury Management Practices and these procedures are followed without exception.
4. Treasury Management in this context is defined as:

“The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks. ”
5. Taking into account the annual reporting requirements stipulated in the Code of Practice, this Annual Treasury Report covers:
 - The strategy for 2016/17 (including investment and borrowing strategies);
 - Treasury Management approach to risk;
 - Outturn 2016/17 performance measurement (including market interest rates, investment and borrowing performance and compliance with treasury limits set prior to the start of the financial year as Prudential Indicators);
 - Debt restructuring and repayment; and
 - Summary of Treasury Management performance for the year 2016/17.

Consultation

6. Consultation on the production of the Treasury Annual Report has taken place with the Council's treasury advisors Capita Asset Services. The outcome of the consultation process, along with guidance issued by CIPFA, has informed the format and content of the annual report.

Alternative Options

7. There are no alternative options, as the Treasury Annual Report is required in order to comply with CIPFA's Code of Practice on Treasury Management.

Implications of Recommended Option

8. Resources:

- a) **Financial Implications** - The Strategic Director, Corporate Resources confirms that there are no direct financial implications associated with this report. The Annual Report sets out a financial summary of Treasury Management activity for the 2016/17 financial year end and compares this to budget.
- b) **Human Resources Implications** - There are no human resources implications arising from this report.
- c) **Property Implications** - There are no property implications arising from this report.

9. Risk Management Implications

The Treasury Annual Report has been prepared to report on performance against the annual Treasury Policy and Strategy. These are prepared with the primary objective of safeguarding the Council's assets and a secondary objective of maximising returns on investments and minimising the costs of borrowing.

10. Equality and Diversity Implications

There are no equality and diversity implications arising from this report.

11. Crime and Disorder Implications

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

12. Sustainability Implications

There are no sustainability implications arising from this report.

13. Human Rights Implications

There are no human rights implications arising from this report.

14. Area and Ward Implications

There are no direct area and ward implications arising from this report.

15. Background Information:

The following documents have been relied on in the preparation of the report:

- Local Government Act 2003
- CLG Guidance on Local Government Investments
- CIPFA's Prudential Code for Capital
- CIPFA's Code of Practice on Treasury Management
- Council's approved Treasury Policy & Strategy Statements 2016/17 to 2018/19
- Council's approved Treasury Management Practice Statements

Treasury Management Annual Report 2016/17

The Strategy for 2016/17

1. The 2016/17 Treasury Management Strategy was approved by Council on 17 March 2016.
2. The formulation of the 2016/17 Treasury Management Strategy involved determining the appropriate borrowing and investment decisions with the primary objective of safeguarding the Council's assets and a secondary objective of maximising returns on investments and minimising the costs of borrowing.
3. The Treasury Management Strategy fully complies with the requirements of CIPFA's Treasury Management Code of Practice and covered the following:
 - prospects for interest rates;
 - treasury limits in force including prudential indicators;
 - the borrowing strategy;
 - the extent of debt rescheduling opportunities; and
 - the investment strategy.

Investment Strategy

4. Part 1 of the Local Government Act 2003 relaxed the constraints under which local authorities can invest. These investment regulations came into force on 1 April 2004 and in conjunction with supplementary guidance are considered best practice.
5. Investments are managed in-house using counterparties listed in an approved lending list. Investments are placed over a range of periods and are dependent on the assessed security of the counterparty, the liquidity requirements of the cash flow, interest rate expectations and the interest rates actually on offer.
6. The expectation for interest rates within the Treasury Management Strategy for 2016/17 anticipated a low but rising Bank Rate, (starting in quarter 1 of 2017), and gradual rises in medium and longer term fixed borrowing rates during 2016/17. Variable or short-term rates were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.
7. In this scenario, the Treasury Strategy was to delay borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.

Borrowing Strategy

8. Based on the advice of Capita Asset Services and other information the borrowing strategy for 2016/17 was as follows:
 - When 25 year Public Works Loan Board (PWLB) rates fall back to or below 3.20% borrowing should be considered, with preference given to terms of less than 35 years to enhance the diversity of the borrowing portfolio.

- Consideration will be given to borrowing market loans which are at least 20 basis points below the PWLB target rate.
9. Any potential opportunities for repaying debt before the maturity date to reduce borrowing costs was monitored and assessed throughout the year. However, the cost of premiums on any early repayment of debt was considered prohibitive for any debt restructuring.

Treasury Management Approach to Risk

10. The primary objective is to protect funds and minimise risk. Procedures have been put in place to ensure this takes place and these are fully documented in the Council's Treasury Management Practice Statements (TMPS), which are constantly kept under review. These procedures are followed without exception. The most recent Internal Audit report concluded that Treasury Management control systems and procedures are operating well. All funds were safeguarded in 2016/17.

Outturn 2016/17 – Performance Measurement

11. It should be noted that procedures in relation to the Prudential Code were effective from 1 April 2004 and continue to apply to this report on 2016/17 performance. The performance, against limits in respect of borrowing set prior to the start of the financial year as Prudential Indicators, will be reported to Cabinet on 20 June 2017 as part of the Capital Monitoring process. None of the approved Prudential Indicators set for 2016/17 were breached in the year. For completeness the Prudential Indicators are shown at Appendix 4.

Market Interest Rates

12. Performance must be considered in conjunction with actual rate movements over the financial year which were as follows:
- **Shorter-term interest rates** – Following the EU referendum in August 2016 the Monetary Policy Committee (MPC) reduced the Base Rate to 0.25% and it remained at that level for the rest of the year.
 - **Longer-term interest rates** – Market expectations as to the timing of the start of monetary tightening started the year at quarter 3 2018, but then moved back to around the end of 2019 in early August before finishing the year back at quarter 3 2018. Deposit rates continued into the start of 2016/17 at previous depressed levels but then fell during the first two quarters and fell even further after the 4 August (MPC) meeting resulted in a large tranche of cheap financing being made available to the banking sector by the Bank of England. Rates made a weak recovery towards the end of 2016 but then fell to fresh lows in March 2017.

Investment Performance

13. The major issue for treasury management in 2016/17 has been ensuring the security of investments whilst generating a reasonable rate of return. Due to the difference between the cost of borrowing and investment interest and the reduction in suitable counterparties the Council has continued to use investment balances to temporarily fund the capital programme. This has resulted in a saving on borrowing costs.

14. The Council's investment policy is governed by CLG guidance, which has been implemented in the annual investment strategy approved by the Council on 14th March 2017. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.) The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.
15. There has been a continued use of a range of investment instruments in order to increase flexibility, spread risk, maximise liquidity and obtain attractive rates. There has been an increased use of Notice Reserve accounts, and money market funds with high rated banks to maintain the security of the funds and enhance the rate of return on investments.
16. A summary of the year's activity is shown at Appendix 3. The investment interest earned in the year was £0.413m (2015/16 £0.582m) with an average interest rate of 0.55% (2015/16 0.54%). Interest earned on loans to third parties, agreed as part of the capital programme, increased total interest to £1.667m which was £0.042m less than the original budget of £1.709m. This includes £0.887m interest relating to Newcastle International Airport.
17. The overall return for the year of 0.55% exceeds the accepted benchmark for 2016/17, which was 0.20%. This benchmark is the 7-day London Interbank Bid Rate (LIBID), which is traditionally linked to the base rate.
18. Furthermore, the Council is a member of Capita Asset Services Investment Benchmarking Group which assesses both the rate of return and the risk of the counterparty to calculate a weighted average rate of return, which is used for comparison across other local authorities. The Council achieved an average return of 0.42% on its investments for Quarter 4 2016/17 which is in line with the risk adjusted expectations defined in the Benchmarking Report. The Council is between the lower (0.34%) and upper (0.46%) performance boundaries which compares to other Local Authorities in the group against an expected rate of return based on the amount of risk applied.

Heritable Bank

19. The Council had a deposit of £2.792m at risk in Heritable Bank, a wholly owned subsidiary of an Icelandic bank, Landsbanki, when it entered administration in October 2008. The full deposit in Heritable was due to mature by the end of 2008/09 with interest.
20. To date dividends totalling £2.736m (98.00p in the £) have been received. This is an overachievement against the estimated return of 90p in the £. As the original investment was impaired in 2010/11 to reflect the expected return, all additional income above 90p in the £ is revenue income. The additional 8.00p in the £ recovered to date equates to £283,049 revenue income.
21. The most recent update from the administrators, Ernst and Young, in March 2017, provided detail of all dividends received to date and advised that no further dividend is expected until the conclusion of the matter. Ernst and Young intend to issue a further report early within the next accounting period.

Borrowing Performance

22. The total external borrowing at 31 March 2017 was £610.189m, which was within the operational borrowing limit of £725m. This is a net reduction of £7.131m from the opening figure of £617.320m. The reduction is represented by £31m of new borrowing offset by £38.131m repayment of borrowing.
23. Investment returns/interest rates were low during 2016/17 and were well below long term borrowing rates. Therefore value for money considerations indicated that best value could be obtained by delaying new external borrowing by using internal cash balances to finance new capital expenditure in the short term (this is referred to as internal borrowing). In 2016/17 there was £37.108m of internal borrowing. Any short term savings gained from adopting this approach was weighed against the potential for incurring additional long term costs by delaying unavoidable new external borrowing until later years when PWLB long term rates are forecast to be higher.

	31 March 2016 Actual	31 March 2017 Actual
CFR General Fund (£m)	286.125	301.792
CFR HRA (£m)	345.505	345.505
Total CFR (£m)	631.630	647.297

24. The details of the borrowing taken during 2016/17 are as follows:

Date	Term (years)	Amount £m	Interest Rate (%)	Source
14/06/2016	45	5.000	2.62	PWLB
21/02/2017	48	6.000	2.33	PWLB
28/02/2017	11	10.000	2.08	PWLB
28/02/2017	36.5	10.000	2.56	PWLB
		31.000		

25. At 31 March 2017 £490.189m of the total borrowing was from the PWLB and £120m was in the form of market loans. The average interest rate on borrowing has reduced from 4.49% in 2015/16 to 4.37% during 2016/17 which will reduce borrowing costs.
26. There was no short-term borrowing taken during 2016/17. The majority of the loans taken in 2016/17 were over 35 years which lengthens the life of the debt portfolio and provides long term security in terms of borrowing costs by securing loans at historically low rates.
27. The overall revenue cost of borrowing in 2016/17 was £26.284m. As a consequence of the level of capital expenditure and the application of the Treasury management Strategy this was £1.441m less than the budget.

Debt Restructuring & Repayment

28. Due to the reintroduction of redemption rates on the early repayment of PWLB debt it was anticipated that there would be little scope to restructure PWLB debt.
29. The rates payable on the early redemption of debt was monitored throughout the year. The cost of early repayment outweighed any savings and therefore there was no early redemption of debt.

Summary of Treasury Management Performance for the Year 2016/17

30. Total interest income was £0.042m less than the budget, which was mainly due to using internal cash balances to finance new capital expenditure in the short term, resulting in lower balances available to invest.
31. Borrowing costs were £1.441m less than budget due to borrowing being taken at lower interest rates than estimated and the decision to temporarily fund the capital programme from cash balances.
32. There were no opportunities for restructuring debt during 2016/17.
33. Overall Treasury Management performance against budget for 2016/17 generated net savings of £1.399m, this is summarised in the following table:

	Budget	2016/17	Saving
	£m	Actual	£m
		£m	
Cost of Borrowing	27.725	26.284	(1.441)
Interest Income	(1.709)	(1.667)	0.042
Net Position	26.016	24.617	(1.399)

34. Treasury Management remained challenging throughout 2016/17 with the continuation of the lowest bank interest rate in history and continuing pressure on available counterparties.

Appendix 3

Investment Activity

	2015/16	2016/17
Number of investments made in 2014/15 maturing in 2015/16	8	n/a
Number of investments made in 2015/16 maturing in 2015/16	44	n/a
Number of investments made in 2015/16 maturing in 2016/17	n/a	14
Number of investments made in 2016/17 maturing in 2016/17	n/a	41
Total number of investments maturing in year	<u>52</u>	<u>55</u>
Number of investments made in 2016/17 maturing in 2017/18	n/a	14
Average duration of investments (including overnight)	5 days	4 days
Average duration of investments (excluding overnight)	102 days	84 days
Non-specified investments:		
Rated non-high		
Approved limit	55%	55%
Maximum level invested	34%	41%
Not Rated		
Approved limit	0%	0%
Maximum level invested*	0.14%	0.06%
Investments greater than 364 days		
Approved limit	£15m	£15m
Maximum level Invested	£0m	£0m

*Relates to local authority investments greater than 364 days and the impaired investment with Heritable Bank.

Prudential Indicators 2016/17

The 2016/17 Prudential Indicators were agreed by Council on 23 February 2016. This is now compared with the 2016/17 actual position as at 31 March 2017.

Certain Treasury Management indicators must be monitored throughout the year on a regular basis in order to avoid breaching agreed limits. The capital expenditure and capital financing requirement indicators have been revised in line with the revised budget and none of the other approved Prudential Indicators set for 2016/17 have been breached.

Capital Expenditure		
	2016/17 £000 Reported Indicator	2016/17 £000 Actual
Non-HRA	48,799	45,914
HRA	22,270	19,147
Total	71,069	65,061
To reflect the reported capital monitoring agreed by Council during the year		

Ratio of Financing Costs to Net Revenue Stream		
	2016/17 Reported Indicator	2016/17 Actual
Non-HRA	13.77%	12.82%
HRA	46.36%	43.44%

Capital Financing Requirement		
	2016/17 £000 Reported Indicator	2016/17 £000 Actual
Non-HRA	317,655	301,792
HRA	345,505	345,505

There were no breaches to the Prudential Indicators set for 2016/17.

Authorised Limit for External Debt	
	2016/17 £000 Reported Indicator
Borrowing	750,000
Other Long Term Liabilities	0
Total	750,000
Maximum YTD £617,319	

Operational Boundary for External Debt	
	2016/17 £000 Reported Indicator
Borrowing	£725,000
Other Long Term Liabilities	0
Total	£725,000
Maximum YTD £617,319	

The Council's actual external debt at 31 March 2017 was £610,189. It should be noted that actual external debt is not directly comparable to the Authorised Limit and Operational Boundary, since the actual external debt reflects the position at one point in time.

Estimated Incremental Impact on Council Tax and Housing Rents

This indicator is set at the time the Council's budget is set. Therefore, there is no requirement for this Indicator to be monitored on a quarterly or annual basis.

Adherence to CIPFA code on Treasury Management

The Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Services.

Upper Limit on Fixed and Variable Interest Rates Exposures		
Range	2016/17 £000 Reported Indicator	2016/17 £000 Actual Position
Fixed Rate	Max 624,164 Min 357,170	500,817 <i>Max</i> 512,154 <i>Min</i> 468,307
Variable	Max 152,227 Min -30,000	40,500 <i>Max</i> 41,000 <i>Min</i> 18,000
All within agreed limits. (Max and Min YTD)		

Upper / Lower Limits for Maturity Structure of Fixed Rate Borrowing				
	2016/17 Reported Indicator		2016/17 Actual Position	
	Upper Limit	Lower Limit	Actual Percentage	Maximum YTD
Under 12 months	20%	0%	3.25%	6.91%
12 months to 24 months	20%	0%	4.01%	10.50%
24 months to 5 years	50%	0%	19.47%	20.51%
5 years to 10 years	50%	0%	6.98%	8.06%
10 year to 20 years	50%	0%	14.71%	15.39%
20 years to 30 years	50%	0%	0.00%	0.00%
30 years to 40 years	50%	0%	12.92%	12.92%
40 years to 50 years	60%	0%	28.17%	29.13%
50 years and above	30%	0%	1.97%	2.05%
All within agreed limits.				

On 8 March 2007, Council agreed to the placing of investments for periods of longer than 364 days in order to maximise investment income before forecasted cuts in interest rates. An upper limit was set and agreed as a new Prudential Indicator.

Upper Limit on amounts invested beyond 364 days			
	2016/17 £000 Reported Indicator	2016/17 £000 Actual Position	2016/17 £000 Maximum YTD
Investments	15,000	0	0

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TITLE OF REPORT: Implementation of Procurement Protocols

REPORT OF: Mike Barker, Strategic Director, Corporate Services and Governance

Purpose of the Report

1. To seek approval for the adoption of two new procurement protocols for Off Payroll Working (IR35) and Trade Union Commissioning and Procurement and request Cabinet to recommend that Council approve an amendment to the Constitution to reflect this change.

Background

2. Off Payroll Working legislation came into effect from 6 April 2017 to ensure that individuals engaged by public sector bodies pay the correct amount of tax and National Insurance Contributions.
3. HMRC regularly inspect the records of organisations and has the power to impose substantial penalties and require the repayment of lost revenues with interest for failure to comply with regulations and guidance in relation to employment status and IR35.
4. The Council therefore has a legal duty to satisfy itself that any individuals engaged by the Council pay the correct amount of tax and National Insurance Contributions in line with this new legislation. This must happen in a consistent and objective way following corporate procedures.
5. In January 2017, Cabinet approved the adoption and implementation of an overarching Protocol for the Procurement of all Services, supplemented by specific protocols for Works and Construction related activity, ICT and Forestry and Grounds Maintenance. This protocol provides basic guidance for procuring any service that the Council may require and the specific protocols highlight the requirements of officers when engaging Construction Contractors, the considerations and processes relating to the procurement of ICT hardware, software and services together with the considerations and processes relating to the procurement of all forestry and grounds maintenance activity
6. The Off Payroll Working (IR35) protocol is required to clarify the considerations and processes relating to the engagement of individuals by the Council to ensure that the Council remains compliant with HMRC regulations and guidance in relation to employment/IR35 status. It is intended to be read in conjunction with the Protocol for the Procurement of all Services.

7. The Trade Union Commissioning and Procurement protocol is a way of improving our working with trade unions and clarifies the trade unions role within commissioning and procurement activity.

Proposal

8. It is proposed that:
- The Off Payroll Working (IR35) protocol is adopted for the engagement of all contractors that may fall within this legislation.
 - The Trade Union Commissioning and Procurement protocol is adopted in the key stages of any commissioning activities, service reviews, service transformation and/or procurement process involving changes to the number or terms and conditions of existing employees.
9. The Contract Procedure Rules within the Constitution will require amendment to provide for the application of the Protocols to all services, works and construction related activity and the engagement of individuals. The proposed amendment is detailed in Appendix 2.
10. Discussions are currently taking place with representatives from The Gateshead Housing Company to encourage them to adopt the same protocols. Should the Board of the Housing Company agree to adopt the protocols it would be beneficial to dual badge them with the name of the Council and also the name of the Gateshead Housing Company.
11. Approval is sought to authorise the Service Director, Corporate Commissioning and Procurement to make minor amendments to the Protocols to ensure that they remain current and comply with best practice guidance that is still emerging from Central Government as a result of the Public Contract Regulations 2015.

Recommendations

12. It is recommended that:
- (i) The Protocols are adopted and implemented across the Council.
 - (ii) Council is recommended to approve an amendment to the Constitution to provide for the Protocols.
 - (iii) Training, which will be linked to the Workforce plan, is developed and will be mandatory for all officers involved in procurement.
 - (iv) Approval be given to the Service Director, Corporate Commissioning and Procurement to make minor amendments to the protocols and also dual badge them with the name of the Council and also the name of the Gateshead Housing Company if appropriate.

For the following reasons:

- (i) To ensure the Council remains compliant with HMRC regulations and guidance in relation to employment/IR35 status.
- (ii) To clarify the trade union role within commissioning and procurement activity.

APPENDIX 1

Policy Context

1. The Council has a legal duty to satisfy itself that any individuals engaged by the Council pay the correct amount of tax and National Insurance Contributions in line with this new legislation. This must happen in a consistent and objective way following corporate procedures.
2. The Trade Union Commissioning and Procurement protocol provides a consistent and common approach to involving and consulting the recognised unions appropriately in the commissioning and procurement cycle and before any key decisions are made that may have an impact on employees.

Background

3. On 6 April 2017 Off Payroll Working legislation came into effect to ensure that individuals engaged by public sector bodies pay the correct amount of tax and National Insurance Contributions.
4. Building on the success of the adoption and implementation of the Procurement Protocols approved by Cabinet in January 2017 for Services, supplemented by specific protocols for Works and Construction related activity, ICT and Forestry and Grounds Maintenance it is considered appropriate to extend this approach to the engagement of all individuals to ensure the Council remains compliant with HMRC regulations and guidance in relation to employment/IR35 status.
5. The Protocol has been developed using expertise and knowledge from a number of services and key officers from across the Council to ensure that it is robust and practical.
6. It is proposed that further protocols may be added where deemed necessary.
7. The implementation of the Protocol would tighten the procedures around the engagement of individuals and reduce the risk of failure to comply with regulations and guidance in relation to employment status and IR35.
8. The Corporate Commissioning and Procurement Strategy included a commitment to collaborate with trade union representatives to develop a Trade Union Agreement for Commissioning and Procurement.
9. A working group was established and a protocol has been developed in consultation with representatives from Unison and GMB to enable improved consultation between officers of the Council and trade union representatives on all matters relating to commissioning and procurement.

Consultation

10. Consultation has taken place with representatives from Unison and GMB.

Alternative Options

11. There are no alternative options.

Implications of Recommended Option

12. **Resources:**
 - a) **Financial Implications** – The Council will be responsible for the payment of employers National Insurance contributions where IR35 applies.
 - b) **Human Resources Implications** – Specific tasks or procedures will be required by services as a result of the protocols.
 - c) **Property Implications** – There are no property implications with the implementation of the protocols.
13. **Risk Management Implication** – The Off Payroll Working protocol minimises the risk of failure to comply with regulations and guidance in relation to employment status and IR35.
14. **Equality and Diversity Implications** - Nil.
15. **Crime and Disorder Implications** – Nil.
16. **Health Implications** - Nil.
17. **Sustainability Implications** - Nil.
18. **Human Rights Implications** - Nil.
19. **Area and Ward Implications** - Nil.

Background Information

20. The document that have been relied on in preparation of the report include:
The Protocols are attached as Appendix 3.

PROPOSED ADDITION TO THE CONSTITUTION

Page	Previous Wording	New Wording	Reason
160	N/A	<p>Part 3 – Rules of Procedure</p> <p>Contract Procedure Rules</p> <p>3. Consolidated Procurement Principles</p> <p>Amend paragraph 3.2:</p> <p>3.2 All procurement for services, works and construction related activity and the engagement of individuals are subject to the Council’s Procurement Protocols.</p>	To make provision for the application of the Procurement Protocols.

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APPENDIX 4 - PROTOCOL FOR OFF PAYROLL WORKING (IR35)

Version 1

Definitions	
Off Payroll Working	Payment for services provided by an individual by any means other than through the corporate payroll system
Employment Status Service (ESS)	HMRC tool to determine the employment/IR35 status for the purposes of PAYE tax and National Insurance
Employees	Contract of service relationship as determined by the ESS Tool
HMRC	Her Majesty's Revenue and Customs
Self Employed	Contract for service relationship as determined by the ESS Tool
Office Holders	Appointment to a statutory position that will last beyond the tenure of one person
PAYE	Pay as you Earn
IR35	Legislation to ensure the appropriate payment of PAYE tax and National Insurance for engagements through third parties
Personal Service Company	HMRC do not provide a definition for this term but it can be taken to mean a company that sells the work of an individual or group of individuals, and which is owned and operated by that individual or group of individuals

1. Background

- 1.1 This protocol describes the procedure to be followed when engaging an individual to ensure that the Council remains compliant with HMRC regulations and guidance in relation to employment/IR35 status.
- 1.2 Before a decision is taken to engage a third party, services should ensure that all options are considered and explored so that the most appropriate solution is identified. This would include determining whether either a solution could be provided in-house within existing resources or by establishment of new positions where this is

appropriate. Other alternatives may include the appointment of agency workers on a short term basis. Advice can be sought from Strategic HR as required.

- 1.3 It should be noted that the Council's recruitment policy must be followed for appointments to established posts. Advice can be sought from Strategic HR as required.
- 1.4 Where it is deemed that recruitment is not the appropriate way of engaging a person then it becomes a procurement matter. Where this is the case and the value of work is expected to be more than £25,000, advice must be sought from Corporate Commissioning and Procurement to ensure all procurement requirements are met prior to proceeding any further.
- 1.5 As it will not always be known at the beginning of a procurement exercise if the delivery of the service(s) will result in the engagement of an individual, the procedure at section 4 includes the procurement stages which must be followed.
- 1.6 Whenever an individual is engaged to undertake work it is necessary to ascertain the employment status of that individual or, if the engagement is through an intermediary such as a personal service company, to determine whether IR35 rules apply.
- 1.7 IR35 rules (often known as off payroll rules or intermediaries legislation) ensure that individuals who work through their own company pay broadly equivalent taxes as employees.
- 1.8 Prior to 6th April 2017, where an organisation engaged an individual through an intermediary, such as a Personal Service Company or a limited company, the intermediary would be responsible for determining whether IR35 rules applied and where this was the case deduct tax and National Insurance accordingly.
- 1.9 From 6th April 2017, where a public sector body enters into such an arrangement, it must determine whether IR35 rules apply and where the rules do apply, calculate, deduct and report PAYE to HMRC. Where the public sector body engages an individual through an agency and IR35 rules apply, the agency will be responsible for the PAYE calculation, deduction and reporting. However, it is the public sector body which must determine whether IR35 rules apply and notify the agency accordingly.
- 1.10 HMRC regularly inspect the records of organisations and has the power to impose substantial penalties and require the repayment of lost revenues with interest for failure to comply with regulations and guidance in relation to employment status and IR35. During an inspection HMRC will wish to interview officers responsible for engaging individuals and will expect them to be able to fully justify decisions on employment/IR35 status.

1.11 Some of the factors which HMRC use to determine employment/IR35 status are:

- Control – where, when and how the work is done
- Personal Service – can the worker send a substitute
- Equipment – does the worker supply equipment
- Economic Reality – is the worker responsible for the success or failure of their business
- Mutuality of Obligation – is there an obligation to use an individual on a committed regular basis and is there an obligation on the individual to provide committed and continuous service
- Length of Engagement – longer engagements tend to point toward employment

This is by no means an exhaustive list and no single factor will determine employment/IR35 status.

2. Scope & Responsibilities

2.1 The Council requires that this protocol is followed for all engagements where the Council's recruitment policy does not apply to ensure that all corporate and legal requirements are considered and risks identified and managed appropriately. This includes the engagement of:

- Office Holders, (see section 3 for further details)
- Self Employed Workers, (see section 4 for further details)
- Individuals through an intermediary such as a Personal Service Company (PSC), limited company, partnership or other individual, (see section 4 for further details)
- Other Workers, (see section 4 for further details)

2.2 This protocol does not apply for engagements via an employment agency. In these circumstances see the document "Procedure for the Engagement of Agency Workers and Appointment of Interims" held by Strategic HR.

2.3 This protocol does not detail all of the checks which must be carried out when engaging an individual as these can vary depending on the circumstances. The engager must ensure that checks such as the right to work in the UK, DBS, identity etc. are carried out as appropriate to the engagement. Strategic HR can be contacted for more detail as required.

2.4 The legislation equally applies to small value, ad-hoc pieces of work or service provision undertaken on behalf of the Council, which would not normally follow a formal process due to its value.

3. Office Holders

- 3.1 There is no statutory definition of the word 'office'. It has been judicially defined as a 'permanent, substantive position which had an existence independent from the person who filled it, which went on and was filled in succession by successive holders.' (Rowlatt J in Great Western Railway Company v Bater 8TC231).
- 3.2 An office may be created by a charter, statute, or other document which is, or forms part of, the constitution of an organisation or which governs its operation. It is a separate and independent position to which duties are attached; it does not owe its existence to the incumbent or the discretion of an organisation. An office holder is not an employee.
- 3.3 Within the Council, office holders include the following:
- Elected Members
 - Chair of the Local Safeguarding Board (LSCB) (Children's Act 2004)
 - Members of Fostering and Adoption Panels (Fostering Services (England) Regulations 2007) (Adoption and Children's Act 2002)
 - School Improvement Partners (The Education (Schools Improvement Partners) England Regulations 2007)
 - Coroners (Coroners Act 1988)
 - Best Interest Assessors (The Mental Capacity Regulations 2008)
- 3.4 There may be other examples of office holders which arise over time due to statutory, regulatory or other changes. In order to establish whether or not a position holds the status of 'office holder', this will be determined by reference to the relevant legislation, regulations or other documentation and HMRC guidance. Service Directors must seek advice from Payroll and Human Resources in relation to any new positions which they consider may fall within the definition of an 'office holder'.
- 3.5 Any fees payable to office holders shall be subject to PAYE and NIC and deductions in this respect will be made via the Council's payroll. Payment of expenses should be in accordance with Council policy on expense payments to employees. All expenses must be properly receipted and will be assessed for PAYE. This paragraph applies whether the office holder is paid direct or through an intermediary.

4. Procedure for Engaging Individuals other than via a Recruitment Process

- 4.1 Seek approval for the engagement from Service Director in writing.
- 4.2 In line with the Contract Procedure Rules, competitive quotations or tenders are to be obtained using the approved electronic e-tendering

system(s). Corporate Commissioning and Procurement can be contacted for advice if required.

- 4.3 The following wording must be contained within the Quotation or tender documentation to ensure suppliers know what they are bidding for and on what basis they will be paid. *“The Council reserves the right to carry out the Employment Service Status test to determine your status in accordance with HMRC guidance and deduct and make payment of tax and NI contributions accordingly.”*
- 4.4 In order to assess PAYE status each bidder must complete a “PAYE Status Questionnaire” which can be found at the end of this protocol. The answers provided on the questionnaire are for information purposes only and will not form any part of the evaluation process.
- 4.5 Terms and Conditions must be included with the quotation documentation and must include the following wording. *“The Council reserves the right in relation to the Contractor to carry out H.M. Revenue and Customs’ (“HMRC”) PAYE status test and, in accordance with HMRC Guidance, to deduct from the Price and pay to HMRC such sums in respect of tax and National Insurance as it may be required to deduct and pay in accordance with that guidance.”* Standard Terms and Conditions are available and are held within the NEPO Portal, the Council’s electronic tendering system. Where the standard Terms and Conditions are not appropriate, you must consult with Corporate Commissioning and Procurement and/or Legal.
- 4.6 Following evaluation of quotations or tenders if the preferred bidder is an individual, whether supplied by an intermediary or not then approval to appoint must be granted by Strategic Director, Corporate Services and Governance and the Service’s Business Partner in Corporate Finance using form HR141. A copy of form HR 141 is attached to this protocol.
- 4.7 Once approval has been granted, as outlined in 4.6 above, issue an Intention to Award letter/notification which must include the following words *“The Council may carry out the Employment Status Service (ESS) check to determine PAYE status in accordance with HMRC guidance and it shall be a condition of your contract that the Council may deduct and make payment of tax and NI contributions if required to do so in accordance with the outcome of that test.”* A standard template Intention to Award letter is obtainable from Corporate Commissioning and Procurement upon request, together with advice on how to adapt the template for this purpose.
- 4.8 Prior to awarding the contract or engaging the individual you must arrange to meet with a member of Payroll and HR Support who will determine whether an ESS check is required. The Payroll and HR Support officer will record their decision on form HR141. Where an ESS check is required, it is the result of the check that determines the

employment /IR35 status. It is not for Officers to make judgement on the result.

- 4.9 Where Payroll and HR Support have determined that an ESS check is required, use of the ESS tool is compulsory when engaging an individual whether that individual is appointed directly or through a third party such as those described above. The ESS tool must be completed by the engaging officer in the presence of the officer from Payroll and HR Support. There must be no reliance on ESS results provided by the individual or other third party. Any wilful non-compliance may result in disciplinary action being taken.
- 4.10 If the ESS tool determines that the Council must apply PAYE it will state either “The engagement should be classed as employed for tax purposes” or “The intermediaries legislation applies to this engagement.” Issue an Award letter stating the outcome of the ESS check and that tax and NI contributions will be deducted at source. Go to section 5 of this protocol.
- 4.11 If ESS determines that the Council does not need to operate PAYE it will state either “This engagement should be classed as self-employed for tax purposes” or “The intermediaries legislation does not apply to this engagement”. Issue an Award letter stating the outcome of the ESS check and that tax and NI contributions will not be deducted. Go to section 6 of this protocol.
- 4.12 On occasion the ESS tool may state “Unable to determine the tax status of this engagement”. In these circumstances Payroll and HR Support will work with you to determine the appropriate outcome.
- 4.13 The preferred bidder may not change their pricing as a result of the outcome from the ESS check. Contact Corporate Procurement and Commissioning for advice if this situation occurs.
- 4.14 If Payroll and HR Support determine that no ESS check is required issue an award letter and go to section 6 of this protocol.

5. Payroll Procedure

- 5.1 Payroll will require a copy of the HR141 approval form, the Employment Status Service results including the questions and answers, the first invoice from the worker, and the covering HR142 form. A copy of form HR142 is attached to this protocol. In addition if the worker is claiming any travel or expenses payment, receipts will be required.

The invoice should be itemised to show:

- Payment for Services
- Expenses

- Travel – including home to work travel

Paperwork can be submitted via post or email – email @ CS Paymaster Global

- 5.2 Workers will receive a payslip to confirm payment and the breakdown of statutory deductions. Pay date is 19th of each month- except in cases where 19th falls on a weekend when pay day will be the Friday before. Payroll will require invoices no later than the 9th of the month in order for payment to be received in the next available pay date.

6. Exchequer Procedure

- 6.1 If the process deems that an individual is self-employed and IR35 does not apply then all invoices for payment should be sent to Exchequer Services, Corporate Resources.
- 6.2 Invoices can be submitted via post or email (CS Creditor Invoices).
- 6.3 Before approving the payment in Agresso the budget holder must ensure that the proper procedure has been followed and confirm that IR35 does not apply to this engagement.
- 6.4 Payments will then be made via the Council's Financial System and a remittance advice will be sent to the contractor.

7 Ongoing Reviews

- 7.1 Payroll and HR Support must be contacted if the engagement is extended beyond its original term to determine whether a further ESS check is required.
- 7.2 Each contract should be regularly reassessed by the engaging service to ensure that ongoing work is in accordance with the original contract. Any variation will require that a further ESS check is carried out with a representative from Payroll and HR Support.

8 Status Enquiries

- 8.1 The Council must inform the intermediary with whom they have a contract to provide services that the contract falls within the IR35 rules or that it does not. This should be included in the contract.
- 8.2 If the intermediary asks how the IR35 determination has been reached, the Council Officer responsible for the engagement must answer such an enquiry within 31 days of receiving the request. Failure to comply may result in the Council becoming responsible for the PAYE tax and NIC.

9 Data Collection and Record Keeping

- 9.1 It is essential that services keep full records including forms HR 141 / HR 142 and ESS evaluation forms which can be used as evidence during an HMRC inspection. Records must be kept for a minimum of the previous 6 years plus the current year.

PAYE STATUS QUESTIONNAIRE

Whenever an individual is engaged to undertake work it is necessary to ascertain the employment status of that individual. The individual may be engaged as a sole trader or a self-employed person and may not have any employment rights. However, this does not necessarily mean that they fall outside the scope of PAYE tax and national insurance. There may still be a requirement to deduct tax and national insurance contributions from payments made.

Tax legislation also exists in relation to the engagement of individuals through their own company. This is known as IR35 legislation (sometimes called intermediaries' legislation or off payroll working) and it ensures that individuals engaged through an intermediary pay taxes similar to employees, where they would be employed were it not for the company or other intermediary that they work through.

The intermediary can be:

- Your own limited company
- A service or personal company
- A partnership

The Council reserves the right to carry out the Employment Service Status test to determine your status in accordance with HMRC guidance and deduct and make payment of tax and National Insurance contributions accordingly.

In order to ensure compliance with Intermediaries legislation, it is necessary for the Council to fully understand the circumstances in which the work specified in the tender document will be carried out. Please complete the following questions accordingly. These questions are asked for information purposes only and will not form any part of the evaluation process.

No	Question	Response
1	Will you be carrying out the work as a sole trader/self-employed person (if you indicate "Yes" no further questions need to be answered)	Yes <input type="checkbox"/> No <input type="checkbox"/>
2	<p>This Section should be completed if any part of the work will be carried out by the organisation bidding for the work</p> <p>2 (a) If the organisation is a company (not a partnership): In respect of any individual providing work through the company:</p> <p>i. does the individual have beneficial ownership of, or the ability to control, directly or through the medium of other companies or by any other indirect means, more than 5% of the ordinary share capital of the company; or</p> <p>ii. does the individual have possession of, or entitlement to acquire, rights entitling the holder to receive more than 5% of any distributions that may be made by the company; or</p> <p>iii. where the company is a close company, does the individual have possession of, or entitlement to acquire, rights that would in the event of the winding up of the company, or in any other circumstances, entitle the holder to receive more than 5% of the assets that would then be available for distribution among the participators?</p> <p>2 (b) If the organisation is a partnership: If any individual is providing the work through a partnership then in relation to any payment or benefit received or receivable by the worker as a member of the partnership:</p> <p>i. is that worker alone or with one or more relatives, entitled to 60% or more of the profits of the partnership; or</p> <p>ii. do most of the profits of the partnership concerned derive from the provision of services under engagements a) to a single client or b) to a single client together with associates of that client to which Part 2, Chapter 8 of the Income Tax (Earnings and Pensions) Act 2003 applies; or</p> <p>iii. under the profit sharing arrangements, is the income of any of the partners based on the amount of income generated by that partner by the provision of services under engagements to which Part 2, Chapter 8 of the Income Tax (Earnings and Pensions) Act 2003 applies.</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>

3	This section should be completed where some or all of the work is sub-contracted by the bidder.
	<p data-bbox="277 271 911 304">Name each sub-contractor carrying out the work</p> <hr data-bbox="264 371 1406 374"/> <hr data-bbox="264 423 1406 425"/> <hr data-bbox="264 474 1406 477"/> <hr data-bbox="264 526 1406 528"/> <hr data-bbox="264 577 1406 580"/> <hr data-bbox="264 629 1406 631"/> <p data-bbox="277 674 1066 745">Bidders must now complete section 3.1 A separate form must be completed for each sub-contractor.</p>

No	Question	Response
3.1 (a)	Is the sub-contractor a sole trader/self-employed person (if yes no further questions need to be answered)	Yes <input type="checkbox"/> No <input type="checkbox"/>
3.1 (b)	<p>If the sub-contractor is a company (not a partnership): In respect of any individual providing work through the company:</p> <p>i. does the individual have beneficial ownership of, or the ability to control, directly or through the medium of other companies or by any other indirect means, more than 5% of the ordinary share capital of the company; or</p> <p>ii. does the individual have possession of, or entitlement to acquire, rights entitling the holder to receive more than 5% of any distributions that may be made by the company; or</p> <p>iii. where the company is a close company, does the individual have possession of, or entitlement to acquire, rights that would in the event of the winding up of the company, or in any other circumstances, entitle the holder to receive more than 5% of the assets that would then be available for distribution among the participators?</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>
3.1 (c)	<p>If the sub-contractor is a partnership: If any individual is providing the work through a partnership then in relation to any payment or benefit received or receivable by the worker as a member of the partnership:</p> <p>i. is that worker alone or with one or more relatives, entitled to 60% or more of the profits of the partnership; or</p> <p>ii. do most of the profits of the partnership concerned derive from the provision of services under engagements a) to a single client or b) to a single client together with associates of that client to which Part 2, Chapter 8 of the Income Tax (Earnings and Pensions) Act 2003 applies; or</p> <p>iii. under the profit sharing arrangements, is the income of any of the partners based on the amount of income generated by that partner by the provision of services under engagements to which Part 2, Chapter 8 of the Income Tax (Earnings and Pensions) Act 2003 applies.</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>

4	If any arrangement exists other than those described in 1 – 3 above please provide full details below:
---	--

Declaration

I/We confirm that the above information is correct and accurate

Signed By	
Name(s)	
Position	
For and on Behalf of	[Insert Organisation Name]

HR 141: Request for approval to engage an Individual to carry out a service

Group	
Service	
Function	
Engaging Manager	
Nature of service to be provided	
Reason	
Budget/Estimated Cost	
Estimated Duration of work	

I certify that in house service provision has been fully explored and the service required cannot be carried out by any in house provider.

Signature of Engaging Manager.....

Service Director Approval		Date	
Strategic Director, Corporate Services & Governance Approval		Date	
Corporate Finance Business Partner Approval		Date	

If approved please refer to appendix 4 of the 'Protocol for Procurement of all Services' document which details the procedure to be followed for payment to the individual engaged to carry out the work

To be completed by Payroll and HR Support

Based on the information detailed on the PAYE Questionnaire, does an Employment Status Service Check (ESS) need to be completed for this engagement?

Yes No

Name of Payroll and HR Support Officer.....

Date.....

HR 142 - Payment authorisation for Individuals engaged to carry out a service

Engaging Manager: _____ Group & Service: _____

Extension Number: _____

Is this Initial payment?	Yes	Attached to this form must be a copy of the approval form HR 141, ESS tool results - including questions and answers, Invoice for the work along with any other evidence for payment i.e. receipts etc.
	No	Attached to this form must be a copy of the invoice for work along with any other evidence for payment i.e. receipts etc.

Please note invoices must be clearly itemised to show payment for services, expenses and travel - including home to work travel. All receipts for travel and expenses will be required. Failure to submit all relevant paperwork will result in a delay of payment

Contractor Details										
Name										
Nature of service										
Address (including post code)										
Contact Number										
Email Address										
BACS Payment details	Account Name									
	Account Number									
	Sort Code			-			-			
NI Number										
Date of Birth										
Is employment deemed or does IR35 apply in this case?	<input type="checkbox"/> Yes	Please forward to Payroll for payment along with the relevant invoice and any other necessary paperwork- email to CS Paymaster Global								
	<input type="checkbox"/> No	Please forward to Exchequer services for payment along with the relevant invoice and any other necessary paperwork - email to CS Creditor Invoices								
Cost of service										
Cost of expenses										
Other payments										
Total Cost										
Cost code										
Engaging officer details	Name					Signature				

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**APPENDIX 5 - TRADE UNION COMMISSIONING AND
PROCUREMENT PROTOCOL**

Version 2

Definitions	
Strategic Commissioning	Describes a cycle of activity that begins by considering what evidence is telling us about our community, and then leads us to determine the needs of our local population and analyse what must be done to achieve the best possible outcomes within our available resources.
Service Commissioning	Incorporates an inclusive approach to the design, prioritisation, management, delivery and monitoring of services and is an ongoing, cycle which should focus on outcomes. It is not to be confused with outsourcing, however if service provision is potentially to be satisfied via a source external to the Council, it is often <i>procured</i> .
Procurement	Means the process by which we acquire goods, works, services and assets from external providers, spanning the whole life cycle from the identification of need (usually via a commissioning process), to the end of the useful life of an asset or contract or of the need for an activity
Outsourcing	Is where the Council has determined that service provision is to be satisfied by a source external to the Council or any of its associated companies.

1. Background

- 1.1 Gateshead Council will involve and consult the recognised trade unions appropriately in the commissioning and procurement cycle and before any key decisions are made that may have an impact on employees.

- 1.2 The Council and the trade unions are committed to providing affordable, high quality services that meet the needs of local communities. The Council recognises that trade union involvement is positive for facilitating change (including transformational change), protecting the workforce, reducing costs, encouraging positive staff engagement and raising service standards.
- 1.3 There will be regular engagement and consultation with the trade unions throughout the commissioning process and trade unions will have an opportunity to input and comment on all aspects before key decisions are made. The parties will seek to agree structures and timetables that enable this to happen.
- 1.4 The Council will provide the trade Unions with access to any equality impact assessments, which include consideration of the impact on staff and on equal pay, to ensure 'due regard' to equalities considerations is taken.
- 1.5 A consistent and common approach, based on the principles of this protocol, will be applied by all Service and Strategic Directors to activities relating to commissioning that impact on employees.

2.0 Scope & Responsibilities

- 2.1 All officers are required to follow this protocol in the key stages of any commissioning activities, service reviews, service transformation and/or procurement process involving changes to the number or terms and conditions of existing employees.

3 Service Review and Options appraisals

- 3.1 Services will carry out a full options appraisal on a wide range of delivery models before any formal procurement process is commenced. Trade unions will be consulted over the appraisal method and assessment criteria as set out in the Commissioning Toolkit, and be consulted on the results of the options appraisal itself.
- 3.2 Prior to deciding to outsource any service, the Council will consider the implementation of a properly resourced in-house service improvement plan. This will form part of the options appraisal exercise.

4 The Procurement Process

- 4.1 The Service Director for Corporate Commissioning and Procurement will send copies of the procurement work plan to the trade unions on a quarterly basis.
- 4.2 In the event that the Council decides to outsource a service, Trade unions will be invited to participate in the appropriate elements of the

selection or award process of contractors. The trade unions will be given the opportunity to play a role in the evaluation of specific and agreed areas of the tender, where the Council considers it appropriate to do so. This must be agreed upfront and potential bidders must be notified as part of the procurement process. Should any provider raise an objection to trade union representatives being involved in the appropriate elements of the selection or award process, the Service Director, Corporate Commissioning and Procurement will review this situation and if necessary facilitate their removal from the process.

5 Access to Information

- 5.1 The trade unions will be given timely access to all of the relevant information at each stage of the service review options appraisal process.
- 5.2 Gateshead Council will seek agreement with bidders that will ensure appropriate and timely access by the trade unions to all relevant information following contract award for appropriate outsourced contracts.
- 5.3 Information that is provided to the trade unions, on the basis that they may use it for reasonable communication of relevant issues with their members and advisers will be clearly marked as such. All other information shared with the trade unions will remain confidential unless agreed otherwise with the relevant Service Director. The trade union(s) will be required to agree to ensure all information is kept securely.
- 5.4 Where the Council considers that any information is commercially confidential the union(s) will be informed that the information is being withheld and the reasons.
- 5.5 The Council will provide assistance to the trade unions in the interpretation of information and proposals if required.

6 Workforce Issues

- 6.1 The Council is committed to workforce development which maximises opportunities for affordable training and development and recognises the positive role of trade unions and union learning reps in workforce development. A similar approach will be required from bidders for the local authority's contracts to provide services.
- 6.2 The Council will support its own compliance with the statutory public sector equality duty and its own equalities scheme(s) by including specific requirements for contractors to comply with equality legislation and improve equality for the workforce providing public services. Compliance with this requirement will be monitored as part of the overall contract monitoring arrangements.

- 6.3 Should the trade unions become aware of serious workforce issues between employees and their employing contractors, they will inform the Service Director, Corporate Commissioning and Procurement who will determine what, if any, action might be taken.
- 6.4 The Council will seek to ensure that employing contractors have appropriate methods of managing employee relations, to the extent permissible having regard to s.17 of the Local Government Act 1988 and the Local Government Best Value (Exclusion of Non-commercial Considerations) Order 2001/909,
- 6.5 The Council must ensure that where TUPE applies all contractors have Admitted Body Status (ABS) to the Local Government Pension Scheme (LGPS) or a pension scheme broadly comparable to, or better than the LGPS, in advance of the commencement of any contract.



REPORT TO CABINET
20 June 2017

TITLE OF REPORT: **Review of Electoral Arrangements**

REPORT OF: **Sheena Ramsey Chief Executive**

Purpose of the Report

1. To present a review of the Council's electoral arrangements with a request that, following full consideration, Cabinet make appropriate recommendations to Council.

Background

2. At its meeting on 2 February 2016 Council agreed the following motion:

"Council requests the Chief Executive to investigate and report on the financial, operational and governance implications for the authority of a review of election arrangements. Such a review should be comprehensive and consider all options to reduce cost, including the number of councillors and the frequency of elections".
3. The review has been completed and is attached as Appendix 2.

Changing to a 'whole council' scheme of elections

4. The Council can, at any time, pass a resolution in full Council, to change its electoral scheme from its current, 'by thirds' arrangement to a 'whole council' scheme.
5. The process involves a period of consultation followed by a specially convened Council meeting at which a majority of two-thirds of those voting must do so in favour for the resolution to be passed.
6. The first election under the new scheme must be held in one of the existing election years under the current 'by thirds' scheme. The most cost effective year to effect the change would be 2020. This would ensure that, as a minimum, 'whole-council' and PCC elections would be held in the same years and there would be a joint Parliamentary, whole-council' and PCC election every 20 years.

Reducing the number of councillors

7. The Council cannot, of its own volition, reduce its number of elected councillors but can invite the Local Government Boundary Commission (the Commission) to carry out an electoral review.
8. An electoral review determines the total number of councillors to be elected to a council (council size), the number, boundaries and names of its wards and how many councillors should represent those wards.
9. Where a council elects 'by thirds' the Commission starts with a presumption that they will recommend a uniform pattern of three member wards and by inference a council size that is divisible by three. Should the Council be minded, as part of an electoral review, to propose anything other than three member wards it would be advisable to move to a 'whole council' scheme of elections in advance of the review.
10. The Council does not currently meet the criteria which would add it automatically to the Commission's work programme but this does not preclude the Council from inviting the Commission to undertake an electoral review.
11. Schedule 2 to the Local Democracy, Economic Development and Construction Act 2009 sets out the statutory criteria to which the Commission must have regard in conducting a review. In broad terms, the Commission must have regard to the need to secure equality of representation, reflect the identity and interests of local communities and secure effective and convenient local government.
12. In determining the right size for a council the Commission will look at its governance and scrutiny arrangements and any anticipated changes to those arrangements. They will also consider the representational role of councillors in the local community including the number of external bodies on which councillors sit to represent the council.
13. Although the Commission will determine a council size which is appropriate for the individual characteristics of a local authority they will need strong evidence before proposing a council size which differs to a significant extent from similar authorities.
14. The Commission will consult for 12 weeks on its initial conclusions on council size before determining the number, boundaries and names of wards and the number of councillors to be elected to each ward. At this stage councils are invited to submit 'warding' proposals.
15. In practice reviews do not result in wards of equal size as the approach to electoral equality is tempered by other considerations which reflect the particular characteristics of an area and its communities. The Commission will, for example, take into account geographical considerations, community identity and interest and the need to ensure that wards are internally coherent.

16. 'Warding' proposals submitted by a council need, therefore, to be well reasoned and to clearly demonstrate the individual characteristics and needs of that council and its communities and how its circumstances relate to the number of councillors it suggests are elected.
17. The Commission will consult for eight weeks on its draft recommendations and will only enter into further consultation if it is minded to significantly change those recommendations. The Commission give effect to their proposed changes by making a statutory instrument or order and a council would then conduct its local elections on the basis of the new arrangements.
18. There would be a cost saving of approximately £15,420 for every councillor reduction effected as a result of an electoral review. These savings would need to be balanced against the needs of the Council for swift and effective decision making and the ability and capacity for councillors to undertake their role within the community, including sitting on a number of outside bodies where the Council has an important stake on behalf of its residents.

Proposal

19. Cabinet is asked to consider the implications of seeking to effect any changes to the Council's electoral arrangements and make appropriate recommendations to Council.

Recommendations

20. It is recommended that Cabinet consider the implications of the review and, after full consideration, make appropriate recommendations to Council.

For the following reason:

To determine whether it is appropriate to take action to effect changes to the Council's current electoral arrangements.

APPENDIX 1

Policy Context

1. The review has considered the implications of any changes to the Council's electoral arrangements in terms of its resources and its ability and capacity to take decisions and effectively manage the business of the Council including supporting delivery of Vision 2030 and the Council Plan.

Consultation

2. The Leader, Deputy Leader and the Corporate Resources Advisory Group have been consulted on the review. Their views are attached as Appendix 3.

Alternative Options

3. There are no alternative options

Implications of Recommended Option

4. Resources:

- a) **Financial Implications** – The Strategic Director, Corporate Resources confirms that the following budget savings are achievable based on the options highlighted:

- i. £150,000 to move to a 'whole council' scheme of elections in 2020, with the saving recognised in 2020/21;
- ii. £15,420 for each councillor reduction the Commission recommends as a result of an electoral review.

- b) **Human Resources Implications** – Moving to a 'whole council' scheme of elections would mean fewer council employees would be required to man polling stations, open postal votes etc, but this would not be achieved until 2023 (and only every three years thereafter) given that employees would be needed to support delivery of intervening PCC and General Elections.

- c) **Property Implications** - Moving to a 'whole council' scheme of elections would mean less disruption to public buildings used as polling stations but this would not be achieved until 2023 (and only every three years thereafter) given that public buildings would still be needed to deliver the intervening PCC and General Elections.

5. **Risk Management Implication** - Nil
6. **Equality and Diversity Implications** – Nil
7. **Crime and Disorder Implications** – Nil

8. **Health Implications** – Nil
9. **Sustainability Implications** - Nil
10. **Human Rights Implications** - Nil
11. **Area and Ward Implications** - Any changes to the Council's electoral arrangements would impact on all wards.
12. **Background Information**
The Local Democracy, Economic Development and Construction Act 2009.
The Local Government Boundary Commission – Electoral Reviews Technical Guidance.
The Local Government Boundary Commission – An Introduction to the Local Government Boundary Commission for England and electoral reviews

Appendix 2
Review of Electoral Arrangements

1. Background

- 1.1 This report has been written in response to the following motion agreed by Council at its meeting on 2 February 2016:

‘Council requests the Chief Executive to investigate and report on the financial, operational and governance implications for the authority of a review of election arrangements. Such a review should be comprehensive and consider all options to reduce cost, including the number of councillors and the frequency of elections’.

2. The current position

- 2.2 The Council is composed of 66 councillors. There are 22 wards across the borough, each returning 3 councillors. Each councillor serves a four year term, with elections for one third of council seats taking place in three years out of four.

3. This report looks at:

- The process, advantages/disadvantages and cost implications of moving to a ‘whole council’ scheme of elections; and
- The process involved in seeking to achieve a reduction in the number of councillors and the advantages/disadvantages and cost implications associated with such a change.

4 Changing to a ‘whole council’ scheme of elections (‘all out’ elections every four years)

- 4.1 Under the provisions of the Localism Act 2011, the Council can, at any time, pass a resolution in full Council to change its electoral scheme from its current ‘by-thirds’ arrangement to a ‘whole council’ scheme.
- 4.2 The Council cannot pass such a resolution unless it has taken reasonable steps to consult such persons as it thinks appropriate on the proposed change. Once appropriate consultation has taken place, a special council meeting must be convened for the purpose of deciding the resolution. Notice of the purpose of the meeting must be given in advance. A majority of two-thirds of councillors voting at the meeting must do so in favour for the resolution to be passed.
- 4.3 The Localism Act determines that the first election under the new scheme can be held in any of the existing election years under the current ‘by-thirds’

scheme. As 2017 is not an election year under Gateshead's present scheme, the first 'whole council' elections could not be held until May 2018.

4.4 As soon as possible after the passing of the resolution the Council would need to comply with a number of legal requirements in order to publicise the change. This would be achieved by making an explanatory document available for public inspection at the Civic Centre and through any other means deemed appropriate.

4.5 The Council would also need to publicise the following matters:

- That it has become subject to the scheme for 'whole council' elections;
- When the first elections under this scheme will take place; and
- Where and how the explanatory document is available.

4.6 As soon as practicable after a resolution is passed, notice of the change of scheme must also be given to the Electoral Commission.

4.7 Having resolved to make the change from the existing 'by-thirds' scheme to one of 'whole council' elections, no further resolution to revert back can be made until a period of five years from the initial resolution has elapsed.

5. Advantages/disadvantages

5.1 Electing 'by thirds':

- Avoids large scale changes to a council's composition which could be caused by a 'protest' vote to an unpopular government policy – 'all out' elections are a snap shot in time and leave the possibility that in one bad year dissatisfaction can lead to a result that is an anomaly that cannot be altered for four years;
- Avoids the potential of appointing a large number of new/inexperienced councillors. Continuity of councillors avoids disruption to ongoing direction, policies, strategies etc.;
- Councillors who lose their seat are presented with an earlier opportunity to stand again;
- One councillor is elected for each ward at a time, allowing the electorate to focus on the particular candidates being put forward in their ward;
- Encourages people into the habit of voting and voting for one person is well understood by voters. Voting for three councillors under 'whole council' elections could cause confusion;
- Allows judgement of a council annually rather than every four years and allows the electorate to react sooner to local circumstances – thereby providing more immediate political accountability; and

- More likely to be influenced by local rather than national politics – this national influence will increase given the trend towards national elections/referenda being held on the same day as local elections.

5.2 'Whole-council' elections

- The Council has a four year mandate allowing it to adopt a strategic approach to policy and decision making in line with its medium term financial strategy;
- Increased continuity and certainty enabling strong leadership as a result of a four year mandate;
- The Council has a longer term to deliver its mandate before being judged by the electorate;
- Ability for electors to completely change the political leadership of the council and therefore its direction;
- Holding elections less frequently may increase turnout for local elections – it avoids election fatigue.
- The Electoral Commission suggests that electorates associate more clearly with 'whole council' elections. The results are simpler and more easily understood;
- Reduced expenditure by political parties because of fewer elections and less campaigning required; and
- 'Whole council' elections would mean better and more efficient use of council resources – less disruption to public buildings used as polling stations etc.

6. Cost implications

- 6.1 Parliamentary, European and Police and Crime Commissioner (PCC) Elections and all national referenda are funded by central government. Local elections and referenda are funded by the Council. In the event of combined elections, costs are shared.
- 6.2 If the Council moved to 'whole council' elections in 2018 there would be no other elections with which the local elections could be combined and the Council would not recover a contribution to election costs. Save for 2022, when there would be a combined local and General Election all subsequent 'whole council' elections would be stand- alone and, therefore, at full cost to the Council until 2042.
- 6.3 There would be savings associated with this; however, a budget saving of £150,000 could be made if the Council moved to 'whole council' elections, beginning in 2020 as this would coincide with a PCC election, maximising the potential for sharing costs and potentially providing greater value for money for the residents of Gateshead.

6.4 This would ensure that, as a minimum, ‘whole-council’ and PCC elections would be held in the same years and there would be a joint Parliamentary, ‘whole-council’ and PCC election every 20 years. The potential cycle of elections associated with moving to ‘whole council’ elections starting in 2018 or in 2020 is set out in Appendix 1.

7. Reducing the number of councillors

7.1 The Council cannot, of its own volition, reduce its number of elected members. The Council can, however, invite the Local Government Boundary Commission for England (the Commission) to carry out an electoral review either because it has moved to a ‘whole council’ scheme or simply because it wishes to effect a change to its number of elected members.

7.2 An electoral review is an examination of a council’s electoral arrangements.

This means:

- The total number of members to be elected to the council;
- The number and boundaries of electoral areas (wards) for the purpose of the election of councillors;
- The number of councillors for any electoral area of a local authority; and
- The name of any electoral areas.

7.3 It is important to note that as part of an electoral review the Commission cannot make recommendations about how often local authorities hold elections (the electoral cycle) and, by law, must have regard to the desirability of recommending that the appropriate number of councillors is returned for each ward: where councils elect by thirds this is three. As such the Commission starts with a presumption that for local authorities that elect by thirds they will recommend a uniform pattern of three-member wards (and by inference a council size that is divisible by three) so that every elector has the same opportunity to vote whenever local elections take place.

7.4 If, as part of an electoral review, the Council was minded to propose anything other than three member wards it would be advisable to move to a ‘whole council’ scheme of elections prior to the commencement of the review.

7.5 The Commission must review the electoral arrangements of every principal local authority from time to time. These are called periodic electoral reviews (PERs) and are undertaken as and when the Commission deem them necessary. The last round of PERs was commenced in 1996 and completed in 2004.

- 7.6 In addition, the Commission monitors the electoral imbalance across all principal local authorities annually and those that meet the following criteria are, at some point, added to their review programme:
- More than 30% of a council's wards have an electoral imbalance of more than 10% from the average ratio for that authority; and/or
 - One or more wards have an electoral imbalance of more than 30%: and
 - The imbalance is unlikely to be corrected by foreseeable changes to the electorate within a reasonable period.
- 7.7 Based on data available following this year's canvass, Gateshead does not meet these criteria. The current ward electoral imbalances are attached at Appendix 2. The 'average ratio' refers to the average number of electors represented per councillor and this is worked out by dividing the electorate by the number of councillors. Appendix 3 sets out Gateshead's 'average ratio' as compared with other similar authorities.
- 7.8 Although Gateshead does not meet the criteria for an electoral review this would not preclude the Council from inviting the Commission to include Gateshead in its review programme. In undertaking an electoral review, whether of its own volition or by request, the Commission is required, by Schedule 2 to the Local Democracy, Economic Development and Construction Act 2009, to have regard to:
- The need to secure equality of representation;
 - The need to reflect the identities and interests of local communities; and
 - The need to secure effective and convenient local government.
- 7.9 The Commission is also required to take into account any changes to the number and distribution of electors that is likely to take place within the five years following the end of the review.
- 7.10 The first part of every review is a consideration of council size i.e. how many councillors should be elected to the council. Up to six months before the formal start of a review the Commission will hold informal dialogue with the council. They will collect electoral data and hold meetings with councillors and officers. At the end of this process the council will be asked to submit its council size proposals for the Commission to consider.
- 7.11 The Commission's aim is to recommend electoral arrangements, including a council size, which is right for the local authority in question. Consistent with its desire to reflect local circumstances, the Commission is not willing to apply strict mathematical criteria or impose a national formula for its calculation.
- 7.12 The council size stage of the review includes a period of public consultation. The Commission aims to recommend a council size that allows the council to

take decisions effectively, manage the business and responsibilities of the council successfully and provide effective community leadership and representation.

7.13 Broadly speaking the Commission will take a view on the right council size by considering three areas:

- The governance arrangements of the council, how it takes decisions across the broad range of its responsibilities and whether there are any planned changes to those arrangements;
- An examination of the council's scrutiny functions relating to its own decision making and the council's responsibilities to outside bodies and whether any changes to them are being considered; and
- The representational role of councillors in the local community and how they engage with people, conduct casework and represent the council on local partner organisations.

7.14 This approach means that, as part of any review, councils need to develop well-reasoned proposals, clearly demonstrating the individual characteristics and needs of their council and its communities and how its circumstances relate to the number of councillors it suggests be elected to the authority.

7.15 An increase in council size due, for example, solely to reflect population growth or a reduction in numbers solely to achieve financial savings are both arguments that have previously failed in trying to persuade the Commission that changes would promote effective and convenient local government.

7.16 Although the Commission will propose a council size which is appropriate for the individual characteristics of a local authority they will seek to put the council's proposal in context. To provide context they will identify the authority's 15 'Nearest Neighbours' authorities and assess where the council size proposal would place the authority compared to its statistical neighbours. Strong evidence would be needed before the Commission would propose a council size which differs to a significant extent from similar authorities.

7.17 Newcastle City Council is the only Tyne and Wear authority to have undergone an electoral review since 2004. The review was triggered because of electoral imbalances across a number of the city's wards (probably due to the student population). The review resulted in no change to the number of councillors or wards but all ward boundaries and some ward names have been changed. The council will hold 'all-out' elections in May 2018 and thereafter revert to voting by thirds.

- 7.18 The Commission will publish and consult for 12 weeks on its initial conclusions on council size and, at that juncture, invite submissions on warding proposals (for local authorities that elect 'by thirds' the Commission will invite proposals based on a uniform pattern of three member wards).
- 7.19 Having determined the council size the Commission will progress to consider the number and boundaries of wards, how many councillors should represent those wards and what the wards should be called.
- 7.20 The optimum number of electors each councillor should represent is worked out by dividing the total number of electors by the number of councillors. In practice, reviews do not result in wards of equal size because the approach to electoral equality is tempered by other considerations which generally reflect the particular characteristics of an area and its communities. This recognises that councillors represent both individual electors and collective communities.
- 7.21 The Commission will, therefore, look for some rationale as to why a particular pattern or set of boundaries is being proposed. They will take into account geographic considerations.
- 7.22 The Commission will also take into account community identity and interest. This is harder to measure, so when putting forward proposals councils need to set out what the community is that they wish to preserve and, more importantly, what defines it and marks it out as distinct from others.
- 7.23 Effective and convenient local government is a further consideration. The Commission will want to ensure that wards are internally coherent; for example, that there are reasonable road links across the ward so that it can be easily crossed and that all electors in the ward can engage in the affairs and activities of all parts of it without having to travel through an adjoining ward.
- 7.24 Councils and their communities are usually able to suggest appropriate names for wards. The Commission aims to avoid causing confusion amongst electors and its approach is usually to retain the existing name where wards remain largely unchanged. This supports continuity of identification with an area and voting processes.
- 7.25 The Commission will consult for 8 weeks on draft recommendations. A further 5 week consultation will only take place where the Commission is minded to make significant changes to its draft recommendations. The Commission will then publish its final recommendations. There is no provision in law for representations to be made on the final recommendations.
- 7.26 The Commission is responsible for putting any changes into effect and does so by making a Statutory Instrument or Order and the local authority then

conducts local elections on the basis of the new arrangements set out in the Order.

8. Advantages/disadvantages associated with a reduction in the number of councillors

- 8.1 Discussions in relation to the optimum number of councillors appear to relate more to assumptions about the process and efficiency of decision making. One school of thought is that a smaller number of people operate as more efficient and effective decision makers. Others, however, believe that having fewer councillors might mean a council cannot take important decisions quickly and the council could lack democratic accountability in some areas of its work.
- 8.2 Any proposal to reduce the number of councillors might mean there were insufficient councillors to appropriately and effectively carry out the responsibilities associated with sitting on local partnerships, trusts and other organisations (e.g. school governing bodies, charities, services delivered with other agencies such as the NHS or Police) where the Council has an important stake on behalf of its community. Appendix 4 shows the total number of appointments the Council and Cabinet make at their annual meetings. If the number of councillors was reduced the average number of bodies to which councillors would be appointed would increase. This would inevitably place additional pressure on councillors especially given the extra demands on their time through the anticipated higher level of case workload from residents
- 8.3 A reduction in the number of councillors might similarly impact on the ability of the council to meet the needs of and effectively represent the diverse communities in its area.
- 8.4 Any reduction in the number of councillors would need to be balanced against the invaluable nature of the role. It has been suggested that a reduction in numbers would impose an unrealistic workload on what is a volunteer, part-time position and reduce the number of people willing to stand as councillors.
- 8.5 The role of the Council has, without doubt, changed significantly since the last electoral review in 2004 as regards its powers and duties, and the resources it has to exercise them in pursuit of its policy priorities. However, a direct comparison between these changes and the number of councillors is extremely difficult to establish. For example, while the academisation of secondary schooling within the borough has had an impact on the Council's role and resources, arguably the need for involvement of councillors in school governance in all the greater; also, new functions and resources have been passed to councils, not least licensing and public health, in the face of overall reduced grant funding from government. Ultimately, however, the spend on

councillors has, as a proportion of gross expenditure, remained consistent at 0.2%.

9. Cost implications

- 9.1 If the Commission made a recommendation to reduce the number of councillors, there would be a saving of approximately £15,420 for each councillor reduction. The modelled saving was calculated by dividing the total cost of councillors' allowances in 2016/17 by the current number of councillors (66) to give an average cost per councillor of £15,420.

Deborah Hill
Service Director
Human Resources and Litigation
19 May 2017

APPENDIX 1

Year	Current Electoral Cycle	Potential All out Elections starting in 2018	% savings	Potential All out Elections starting in 2020	% savings
2017	General	General	100%	General	100%
2018	Local (full cost)	Local (full cost)	0%	Local (full cost)	0%
2019	Local and European	European	100%	Local and European	50%
2020	Local and PCC	PCC	100%	All out Local and PCC	50%
2021	No elections	No elections	100%	No elections	100%
2022	Local and General	Local and General	50%	General	100%
2023	Local (full cost)	No elections	100%	No elections	100%
2024	Local and PCC	PCC	100%	Local and PCC	50%
2025	No elections	No elections	100%	No elections	100%
2026	Local (full cost)	Local (full cost)	0%	No elections	100%
2027	Local and General	General	100%	General	100%
2028	Local and PCC	PCC (100% can be reclaimed)	100%	Local and PCC	50%
2029	No elections	No elections	100%	No elections	100%
2030	Local (full cost)	Local (full cost)	0%	No elections	100%
2031	Local (full cost)	No elections	100%	No elections	100%
2032	Local, PCC and General	PCC and General	100%	Local PCC and General	66%

2033	No elections	No elections	100%	No elections	100%
2034	Local (full cost)	Local (full cost)	0%	no elections	100%
2035	Local (full cost)	No elections	100%	No elections	100%
2036	Local and PCC	PCC	100%	Local and PCC	50%
2037	General	General	100%	General	100%
2038	Local (full cost)	Local (full cost)	0%	No elections	100%
2039	Local (full cost)	No elections	100%	No elections	100%
2040	Local and PCC	PCC	100%	Local and PCC	50%

Average Savings

74.00%

78.64%

APPENDIX 2

Table showing Gateshead ward electoral imbalances of more than/less than 10% of the 'average ratio'

	Ward Name	Electorate	Variance	Equivalent to Average
A	Crawcrook and Greenside	6822	2%	less than 10% over
B	Ryton, Crookhill and Stella	7120	7%	less than 10% over
C	Chopwell and Rowlands Gill	7007	5%	less than 10% over
D	Winlaton and High Spen	6794	2%	less than 10% over
E	Blaydon	7298	10%	less than 10% over
F	Whickham North	6409	-4%	less than 10% under
G	Whickham South and Sunnyside	6525	-2%	less than 10% under
H	Dunston Hill and Whickham East	6808	2%	less than 10% over
I	Dunston and Teams	6319	-5%	less than 10% under
J	Lobley Hill and Bensham	7244	9%	less than 10% over
K	Saltwell	6014	-10%	less than 10% under
L	Low Fell	7049	6%	less than 10% over
M	Chowdene	6932	4%	less than 10% over
N	Bridges	6006	-10%	less than 10% under
O	Deckham	6662	0%	less than 10% over
P	High Fell	6196	-7%	less than 10% under
Q	Felling	5829	-12%	more than 10% under
R	Windy Nook and Whitehills	7309	10%	more than 10% over
S	Pelaw and Heworth	6506	-2%	less than 10% under
T	Wardley and Leam Lane	6163	-7%	less than 10% under
U	Lamesley	7279	9%	less than 10% over
V	Birtley	6213	-7%	less than 10% under

Total Electorate 146504

Average Ratio 2220

10% of Average Ratio 222

APPENDIX 3

Gateshead 'average ratio' as compared with other similar authorities

Local Authority	No. of Councillors	Wards	Electorate	No. of electorate/cllrs	By thirds/all out elections
DURHAM	126	63	377,715	5,637	All out
STOKE-on-TRENT	44	37	179,857	4,087	All out
NORTHUMBERLAND	67	66	232,448	3,469	All out
CHESHIRE WEST & CHESTER	75	46	256,498	3,420	All out
CENTRAL BEDFORSHIRE	59	31	197,493	3,347	All out
PLYMOUTH	57	20	176,755	3,100	By thirds
SOUTH GLOUCESTERSHIRE	69	35	202,593	2,936	All out
BEDFORD	41	27	118,210	2,883	All out
NORTH LINCOLNSHIRE	43	17	119,916	2,788	All out
SUNDERLAND	75	25	205,546	2,740	By thirds
NORTH EAST LINCOLNSHIRE	42	15	112,541	2,679	By thirds
WARRINGTON	58	22	152,989	2,637	All out
N TYNESIDE	60	20	151,045	2,517	By thirds
STOCKTON-ON-TEES	56	26	137,838	2,461	All out
KNOWSLEY	45	15	109,974	2,444	By thirds

BLACKPOOL	42	21	97,419	2,320	All out
NEWCASTLE	78	26	180,183	2,310	By thirds
GATESHEAD	66	22	140,942	2,135	By thirds
S TYNESIDE	54	18	115,022	2,130	By thirds
HARTLEPOOL	33	11	68,201	2,067	By thirds
MIDDLESBROUGH	45	20	90,162	2,003	All out
WINDSOR & MAIDENHEAD	57	23	97,048	1,702	All out
REDCAR & CLEVELAND	59	22	100,365	1,701	All out
DARLINGTON	50	20	74,929	1,499	All out

Near and statistical councils have been identified using a CIPFA tool based on unitary status and population.

Electorate figures are taken from the Parliamentary Boundary Review 2018

APPENDIX 4

The table below shows the number of councillor appointments made by the Council and Cabinet at their annual meetings. This totals 483.

Type of Body	Number of Councillor Appointments
Decision Making Committees	120
Advisory Groups	32
OSCs	90
Partnerships	34
Other Bodies of The Council	40
Joint Committees	27
Outside Bodies	140
Total	483

The average number of bodies that councillors are appointed onto based on 66 councillors is 7.32 bodies per person.

If the Council was to be reduced to 63 councillors this number would increase to 7.67 bodies per councillor.

If the Council was to be reduced to 60 councillors this number would increase to 8.05 bodies per councillor.

If the Council was to be reduced to 44 councillors this number would increase to 10.97 bodies per councillor.

CORPORATE RESOURCES ADVISORY GROUP

Monday, 8 May 2017

Report to Cabinet

Review of Electoral Arrangements

Purpose of Meeting

For Councillors to consider the outcome of the Chief Executive's review of electoral arrangements within Gateshead.

Views were sought on; the possibility of moving to a 'whole council' scheme of elections ('all out' elections every four years); and the requirement to invite the Local Government Boundary Commission for England to examine and determine the total number of members elected to the Council.

Summary of Advice

The group:

- Queried why the identified savings were regarded as 'one off' savings. It was clarified that if there were to be a reduction in the number of councillors and/or a move to a whole council scheme of elections, there would be a budget saving in that initial year. The new arrangements would then be budgeted for in subsequent years and therefore there would be no further saving.
- Noted that there was little or no evidence that a move to a whole council scheme of elections would impact on turnout.
- Agreed that electing by thirds avoids large scale change to the composition of the council and is therefore less disruptive to its operations.
- Agreed that electing by thirds provides voters with an annual opportunity to judge the council and is therefore a more democratic approach.
- Suggested that there was not a strong enough case to either; reduce the number of councillors or move to a whole council scheme of elections due to the resultant impact on democracy.
- Acknowledged that the council cannot, of its own volition, reduce the number of elected councillors but instead can invite the Local Government Boundary Commission for England to carry out an electoral review.
- Considered the changing role of the council, in particular how some duties had reduced and others had increased. It was agreed that objective information in respect of this could be included in the report to Cabinet. It was commented that community need had not diminished.
- Noted the request by one councillor for data to be provided showing the number of residents per councillor and for this to then be compared with that of other similar local authorities.
- Agreed that councillors have a significant workload and warned that a reduction in the number of councillors could see this become unmanageable. It was noted that this would have a detrimental impact on the wellbeing, recruitment and attendance of councillors.

- Agreed with the suggestion by one councillor that before requesting an electoral review there could be an impact assessment undertaken in respect of councillor workloads.

PRESENT: Councillor C Donovan (Chair)

MEMBERS PRESENT: Councillors: R Beadle, M Brain, L Caffrey, M Charlton, S Dickie, P Dillon, D Duggan, John Eagle, T Graham, J Green, L Green, S Green, G Haley, M Hood, J Lee, C McHugh, P Mole, M Ord, I Patterson, J Simpson, J Turnbull, J Wallace, N Weatherley, A Wheeler and D Bradford

OFFICERS PRESENT:

Deborah Hill	Service Director - Human Resources, Litigation and Electoral Services
Mike Barker,	Strategic Director, Corporate Services and Governance
Neil Porteous	Democratic Services

TITLE OF REPORT: Consultation response on proposed approach to commissioning a new model of primary Additionally Resourced Mainstream School (ARMS) provision 2017-18

REPORT OF: Val Hall, Service Director - Early Help, Care, Wellbeing and Learning

Purpose of the Report

1. To inform Cabinet about the response to the consultation exercise on the proposed approach to commissioning a new model of Additionally resourced mainstream school (ARMS) provision in the primary sector in Gateshead for 2017-18 onwards and to seek approval to further develop the new model in partnership with schools.

Background

2. ARMS provision aims to meet the needs of children and young people with special educational needs and disabilities (SEND) who may not meet the criteria to be taught in a special school or would benefit from being taught in a mainstream school and receive specialist support that meets their individual needs.
3. There is a need to review the current ARMS provision in Gateshead due to current pressures on special school places within the primary sector at both Gibside School and The Cedars Academy with very limited availability of places for the 2017-18 academic year. In addition, requests have been made by the governing bodies of Rowlands Gill and Eslington Primary Schools to discontinue their ARMS provision at the end of the 2016-17 academic year. At January 2017, 27 out of 67 potential primary ARMS places were vacant, due mainly to the previously agreed phasing out of the Bill Quay ARMS provision and the requests by Rowlands Gill and Eslington Schools to discontinue ARMS provision and a subsequent reduction in new admissions. This represents 40% of potential ARMS provision capacity not currently being delivered to address the individual needs of primary school aged children with SEND. This is an inefficient use of resources, adds pressure to High Needs Block funding and is resulting in the need for additional capacity in special schools.
4. It is therefore vital that a future model of ARMS in Gateshead is implemented during 2017-18, which will successfully meet the needs of individual children and deliver positive outcomes for them, and be delivered to the highest quality.

Proposal

5. The Council consulted between 31 March and 31 May 2017 on the proposal of a pilot process being implemented during the 2017-18 academic year leading to the implementation of a new primary ARMS model from September 2018. Further details about the proposals and the consultation responses can be found in appendix 1.

Recommendations

6. It is recommended that Cabinet:
 - (i) Notes the responses to the consultation exercise; and
 - (ii) Endorses the implementation of the proposed pilot process during 2017-18.

For the following reasons:

The pilot process will inform a new ARMS model being developed in partnership with schools and implemented from September 2018 which will be delivered to the highest quality, enable the needs of children with SEND to be met and deliver positive outcomes for them and will reduce the strain on places required in special schools.

CONTACT: Val Hall

extension: 2782

Policy Context

1. The Council has statutory duties to promote high educational standards; ensure fair access; promote diversity and ensure education is appropriate to meet the different age, aptitudes and abilities of pupils in its area and make efficient use of its resources. The proposals in this report are consistent with statutory duties and with the vision for children and young people as set out in Vision 2030, Children Gateshead; the plan for children, young people and families and Gateshead's Special Educational Needs and Disability (SEND) Strategy.

Proposed Pilot Process

2. The proposed pilot process leading to new model from September 2018 was set out in the consultation as follows:

Firstly, we propose that the current ARMS and Gateshead special schools work together to form collaborative partnerships to share expertise and skills. It is proposed that pupils in ARMS provision could be registered with special schools with the special schools providing expert staffing and assistance on an outreach basis. We propose that this type of provision is known as Special/Mainstream Host Schools (SMHS).

Secondly, we propose that all Gateshead mainstream primary schools would be invited to express an interest in working in partnership with special schools to host provision initially for children with autism/social communication difficulties. This is in recognition of increasing numbers of children being identified with these needs in the primary sector.

Thirdly the governing bodies of Rowlands Gill and Eslington Schools would be invited to trial the new proposed model which would involve Rowlands Gill working with staff from Gibside School to offer provision for children with learning difficulties and Eslington working with a mainstream school for Key Stage 2 children with social emotional and mental health difficulties.

Fourthly, all existing ARMS schools will be offered the opportunity to comment on a proposed new model which would be based on an outreach basis from Gateshead special schools. This could also enable greater movement of children between mainstream and special schools if it is considered that needs are changing or to provide additional support if needed for a temporary period. As part of this process, we would formally require all existing ARMS host schools to indicate their continued willingness to host a provision or to formally withdraw.

Consultation

3. Using the Council's online consultation portal, the Council consulted between 31 March and 31 May 2017 on the proposal of a pilot process being implemented during the 2017-18 academic year leading to the implementation of a new primary ARMS model from September 2018. Parents in Power, Gateshead's Parent-Carer Forum,

also carried out independent consultation on the proposals with parents and carers of children with SEND.

4. 39 people responded to the online consultation. 20% of respondents were employees in a school without ARMS provision, 10% were parents of children in ARMS provision, 5% were employees in existing ARMS school and the majority were 'Other' – ranging from ex-teachers or education professionals, parents/carers/grandparents/relatives of children in special schools/mainstream schools, school governors, SEN support staff and social workers.
 - Of the 39 respondents, 49% strongly agreed that the current ARMS Gateshead special schools should form collaborative partnerships to share expertise and skills. 38% tended to agree with this proposal. 8% strongly disagreed and 5% tended to disagree.
 - Of the 39 respondents, 41% strongly agreed that pupils in ARMS provision should be registered with special schools, with special schools providing expert staffing and assistance on an outreach basis. This type of provision would be known as Special/Mainstream Host Schools (SMHS). 33% tended to agree with this proposal. 23% tended to disagree or strongly disagree with this proposal. The reasons given for not agreeing with this proposal were around concerns about 'buy-in' to the new model from special schools and whether they would have sufficient resources to fund/staff high quality SMHS provision. 3% didn't know.
 - Of the 39 respondents, 36% strongly agreed with the proposal to move away from a one size fits all model of 8 places in Special/Mainstream Host Schools (SMHS) to one based on predicted levels of need, which is based on our evidence base. 46% tended to agree while 13% tended to disagree or strongly disagreed. 5% didn't know.
 - Of the 39 respondents, 44% strongly agreed with the proposal whereby where there is a short term drop in demand, schools would be supported to maintain the provision on the understanding that unutilised resources will be redeployed to ensure best value for money is maintained. 36% tended to agree while 15% tended to disagree or strongly disagreed. 5% didn't know.
5. Additional comments received via the online consultation and the report of the consultation carried out with a group of parents by Parents in Power can be found in Appendix 2 and 3.
6. The Cabinet Members for Children and Young People have been consulted.

Alternative Options

7. Cabinet could decide to not approve the further implementation of the proposed pilot process during 2017-18. However, this would result in a delay to a new ARMS model being developed which could result in a further increase in numbers of places required in special schools, some of which are already oversubscribed. It would also mean that a number of ARMS places would remain unutilised which is an inefficient use of Council resources and a further strain on the High Needs Block.

Implications of Recommended Option

8. **Resources:**
 - a) **Financial Implications** – The Strategic Director, Corporate Resources confirms that there are no financial implications arising from this report.
 - b) **Human Resources Implications** – There are no specific HR implications at this point in time.
 - c) **Property Implications** - None
9. **Risk Management Implication** - None
10. **Equality and Diversity Implications** - No specific Equality and Diversity implications at this point in time.
11. **Crime and Disorder Implications** – None
12. **Health Implications** - None
13. **Sustainability Implications** - None
14. **Human Rights Implications** - None
15. **Area and Ward Implications** - None

Additional comments received via the online consultation portal about the Council's commissioning intentions for Additionally Resourced Mainstream School (ARMS) provision? (17 respondents)

Response
All of this should have happened from the start.
ARMS placements really do work for some children, particularly those with language difficulties but also some with SEMH who need more of a nurture group input. Frequently, when in the ARM at Bede, we discuss how, in actuality, it is the small group input, multisensory teaching and nurturing environment that these children are responding to. The mainstream classroom was just too much for them. I would say a model that funds nurture groups for KS1 AND KS2 in key communities around the Borough (not linked to Eslington at all) would be a more appropriate model to meet the needs of these pupils. South Tyneside also provides excellent time limited intervention for children with SEMH in primary schools which have a good success record.
Commissioning should concentrate on making sure front line services are maintained in relation to trying if staff and provision of equipment. And not around commissioning of staff to promote ARMS and management schools receiving or who have received additional funding as ARMS should maintain and improve provision and this should be monitored and maintained by commissioners, if they fail to provide appropriate support then funding should be withheld.
Currently not enough provision to meet the needs of children whose needs cannot be met in mainstream.
Do special school provision have the staff expertise and knowledge to be able to manage the specialist staff in mainstream settings to support pupils? There are centrally based Teams of specialist teachers with additional qualifications who may be more appropriate to advise in the mainstream settings?
I feel the needs of pupils in the ARMS must also include as much integration with mainstream schools wherever possible whilst their special needs are paramount.
I have not had the opportunity to read the full document. It all sounds like an improved system, there are many children who do not fully fit the criteria for a plan or special school who fall through the cracks, my son did not attend school from age 13 and was left to languish at home, so much for inclusion [this was Northumberland], I fought his case until eventually he was provided with a place at NETA in the Team Valley when he was 16. I would not want this to happen to any other child. My intelligent son who has ADHD now lacks some very basic knowledge. Children who have attachment issues may present with similar difficulties, one size does not fit all unfortunately.
I think it is really important to extend the links between all schools to enable staff to best meet the needs of our more complex pupils. I think it is important to maintain availability in the system to avoid children being educated in mainstream provision when that is the wrong provision for them.
I think what's needed is more specialist school places. It all sounds good in theory but have outlined my concerns about decommissioning if host school doesn't feel it's working , when vulnerable children are caught in the middle.. If all children requiring ARMS require an EHCP will more EHCP's be required? What's the impact of this? I'm sure there will be children not in ARMS now who would be if the new model was in place (especially as no ARMS now for ASD and so many more children diagnosed with ASD who will need some additional support). Also how can the LA cope with this if the SEN team has been reduced? Is this about the best model for children with additional needs or about the best model in terms of financial efficiency? Investing in nurturing and educating those who will be in our places in a generations time is the most important investment of all. There are some children with SEN who can do great things in their life with the

right investment in their education now.

My daughter is in year 2. She is settled into the school, well supported, making progress and feels safe. That is all we want for our children. As a teacher myself I say that as a parent and a professional. Changing the provision at such an important time in her development will have an impact on her. These children are those who particularly need the continuity and care that this school provides. Being registered at another school will only have one benefit - to improve SATs results. Is that what we have become? Where it is no longer about what is best for the children - just what data looks best?! My daughter deserves better. If it was your child's provision would you be happy?

No but I will seek more information.

Reduce class sizes as it takes one child to distract the teacher and the other five needing help to sit and be disruptive. Whoever makes these proposals must spend at least three months back in a classroom and be confident the proposal will work.

Sounds much better than provision currently in place.

These kids already have a very difficult time spreading the expertise more thinly will not help teachers or the children themselves.

This will be quite a challenging situation for the host school staff, particularly when ARMS children are integrated into mainstream classrooms. Very few mainstream class teachers have the expertise to support the children with complex learning needs, therefore free training and support is essential within this plan.

Whilst agreeing that the children should be registered with the special school, it is vital for the language ARMS that the existing Dual registration with their home school is continued as a high percentage of these children return to their home school. Parents would be unwilling to use the facility if they did not have the assurance that the place was held for their child. Obviously agreeing a suitable level of funding for running and staffing costs would need to be agreed in the service level agreement as well as establishing a clear set of entry and exit requirements understood by all. This is vital to ensure best value from the resources provided as children with language disorders or other barriers will not make the expected progress to allow them to return to their home school. Relationships and working models with the Gateshead CCG are strong and we highly value the expertise of the speech and language therapists. This has been stable for many years. Ensuring funding models are clarified is important. However we feel that existing delivery models for these services work well with all stakeholders.

Yes...these Arms units cost a huge amount of money 5 years ago keeping the existing bases open or set up new ones around the borough. So much money wasted each time they change. Also we need to make the process of getting children into these Places easier for maintained Schools....could children not go for this specialist provision for further assessments to help maintained School whose budgets are being slashed!



Parents In Power

Gateshead Parent Carer Forum

Response to Gateshead Council Consultation
May 2017

Additionally Resourced Mainstream School (ARMS) Provision

Parents In Power fully understand the reasoning behind the consultation to remodel and pilot the current ARMS resources. In a time of Austerity and major cutbacks there has to be better efficiencies and resources to ensure the child's needs are being met as set out in their EHCP. However we have had 3 group consultations with parents after sending out letters to the ARM schools and would like to respond to you with their concerns and views.

"Firstly, we propose that the current ARMS and Gateshead special schools work together to form collaborative partnerships to share expertise and skills."

Q1. To what extent do you agree or disagree with this proposal?

The parents/carers strongly agreed with this statement.

Q2. If you disagree with this proposal, please explain why you feel that way and, if possible, suggest an alternative approach.

Although the parents strongly agreed with this they wanted to add a few comments:

- But it is a two way street with skills and expertise in both
- Skill sets are both ways. Arms staff are skilled in all areas of supporting children in mainstream education, accessing curriculum and meeting needs i.e. Braille and medical needs
- Working together is just good practice

Page 3 of the ARMS commissioning intentions report continues:

"It is proposed that pupils in ARMS provision could be registered with special schools with the special schools providing expert staffing and assistance on an outreach basis. We propose that this type of provision is known as Special/Mainstream Host Schools (SMHS)."

Q.3. To what extent do you agree or disagree with this proposal?

Parents either strongly disagreed with this or tend to agree.

Q4. If you disagree with this proposal, please explain why you feel that way and, if possible, suggest an alternative approach.

- This question only identifies the skills of special school staff as "expert" there are numerous ARMS staff providing expert support which is skilled in a variety of areas of need.

- Hearing Impaired: (High Spen) who would they liaise with in this which Special School?
- Who does this benefit? Is this discrimination not identifying ability and need but looking at the disability.
- If a child has a complex combination of needs could he/she be linked to more than one school and if so how would this work.
- Children with Special Needs need inclusion with mainstream kids. Mainstream kids need the understanding of children with special needs. Beneficial for all.
- Being identified as SMHS show no equality or recognition of Arms children to be equal/part of their school.
- Needs to be pointed out that ARMS provision meets the needs of a wide variety of children some with no cognitive issues.

We are proposing to move away from a one size fits all model of 8 places in Special/Mainstream Host Schools (SMHS) to one based on predicted levels of need, which is based on our evidence base

Q5. To what extent to you agree or disagree with this?

Parents tend to strongly disagree with this although some also did tend to agree.
 “Predicted level of need? This concerns me”

Q6. If you disagree with this proposal, please explain why you feel that way and, if possible, suggest an alternative approach.

- Are needs blocked together or individual needs looked at. Will you have 3 at one special school and the others at another?
- What are the predicted level of needs and how will you predict this
- Already have places where there are already challenges to raise numbers.

Where there is a short term drop in demand schools will be supported to maintain the provision on the understanding that unutilised resources will be re-deployed to ensure best value is maintained.

- Only comment on this: Feels like going back to old support services. Staff meeting needs, need to be consistent and not changed then returned, leaving a gap from where they’ve left.
 - If demand is linked to a child needs not a number (Arms Placement) then that can be catered for.
-

Other points families wanted to make:

- No information/direction about ARMS so parents can choose this instead of mainstream or specialist provision
- Parents don't know about Local Offer or SENDIASS
- Extra funding from HNB. i.e. ARMS Budget if Swalwell and Gibside were working together how would Gibside manage the ARMS Budget. Concerns that not looking at need but how to manage budget.
- How will it be decided what uniform the children will there. The uniform of the ARMS or the School they are matched with. Could be confusing for children and they would stand out more in their ARMs setting
- Is problem that the current ARMs are not being used because parents do not know about them and therefore do not choose them. Not all parents use the Local Offer or go to SENDIASS for advice.
- Also when professionals come to meet parents at home no one mentions ARMs at all and parents hardly have the time to go on the internet and search for ARMs especially when they are constantly doing other stuff and juggling appointments
- See the child and not the disability allows you to see that they can maintain cognitively in mainstream.
- Parent mentioned that she knows 2 parents who never received letter and is it considered that not everyone is on the internet. Letters received day before Easter Holidays plus on letter no person to contact.
- Special Schools not specific to particular issues such as V.I. (Visually Impaired)
- For Example, child with H.I (Hearing Impaired) where there is no specific special school who are arms going to collaborate with in those circumstances.

Any queries please contact Pat Bolton MBE via patbolton@parentsinpower.co.uk

TITLE OF REPORT: Care, Wellbeing and Learning: Annual reports and plans for 2016/17

REPORT OF: Sheena Ramsey, Chief Executive and Interim Strategic Director, Care Wellbeing and Learning

Purpose of the Report

1. This report seeks Cabinet approval of a suite of annual reports for adults, children, young people and families.

Background

2. This suite of annual reports is presented together to illustrate the considerable level of activity across services for adults, children, young people and families in Gateshead, and to fulfil the requirement for the Council to approve and publish a range of statutory annual reports.
3. Annual reports are also produced for the LSCB on the Independent Reviewing Officer function and around child protection.
4. The Council is also required to produce an annual report into its activities around fostering, adoption, and to publish a report into social care complaints.
5. The Council also publish an annual report for Education Gateshead and FamiliesGateshead.

Proposal

6. The annual reports presented here provide a look back at key activity in 2016/17.
7. A summary of the key issues from each document is outlined below.
8. **Children's Services Complaints and Representations Annual Report 2016/17**

The Health and Social Care (Community Health and Standards) Act 2003 requires that Councils with Social Services responsibilities produce an Annual Report of their Statutory Children's Services Complaints Procedure. This annual report sets out details of the complaints and representations made during the period April 2016 – March 2017.

Information contained in the report provides the numbers and types of complaint received during this period and outlines changes or improvements to services as a result of complaints and other formal representations received. The report also

provides statistical information regarding the issues received and the effectiveness of the Children's Services Complaints and Representations Procedure.

10. Annual Report on Adults Complaints & Representations (Social Services) April 2016 – March 2017

The Local Authority Social Services and National Health Service Complaints (England) Regulations 2009 came into force on 1 April 2009. As part of the responsibilities set out in the Act, local authorities must produce an annual report on all complaints and representations received. This report fulfils Gateshead Council's obligations and provides information on all representations received about the Council's Adult Social Care Services between 1 April 2016 – 31 March 2017.

Information contained in the report provides a summary of the statistical information regarding the numbers and themes of complaints received together with a review of the effectiveness of the procedure. Some examples of service improvement are also included within the report.

11. Adoption Annual Report

The Adoption Service Annual Report 2016/2017 outlines the performance of the service during this period, detailing numbers of children adopted and adopters assessed and approved. The report also includes comments from users of the service in relation to the performance of the Service and evidences that the service continues to perform well in relation to key areas such as adoption support, recruitment of adopters for children requiring adoption and the secure placement of children with their new families, with very low levels of disruption. Recruitment of suitable adopters to meet the complex needs of waiting children will remain a priority as will the continuing provision and development of post adoption support. Ongoing reform including the regionalization of adoption services remains a central Government priority and the service will continue to adapt to meet evolving demands.

12. Fostering Service Annual Report

This is the Annual Report for Gateshead Council's Fostering Service covering the following areas for the period 1 April 2016 to 31 March 2017:

- Structure of the Fostering Service
- Payment for Skills
- Current foster carer population within Gateshead Council
- Referrals for fostering placements
- The use of Independent Fostering Agencies
- Recruitment and retention of foster carers
- Business undertaken by the Fostering Panel
- Service development

The report highlights the activities and work undertaken within the Service within this period.

13. Independent Reviewing Officers Annual Report

The Statutory Guidance for Independent Reviewing Officers (2010) sets a clear framework for the production of the annual report.

The Independent Reviewing Officers' annual report 2016/17 outlines the performance of the service, the context and requirements within which it operates, the effectiveness and impact of the service and planned developments for 2016/17.

The service continues to have good and above national average outputs regarding the timeliness of reviews (98% held within timescale) whilst there has been an increase of 4% in the number of meetings held as well as a significant increase in child protection activity. The service continues to improve its practice in relation to the involvement of children and young people and maintains the focus on establishing stable relationships between IROs and the looked after children and young people.

A full review of the service has been undertaken to ensure that the Safeguarding Children Unit continues to provide a robust service for our most vulnerable children now and in the future.

14. Child Protection Conference Chairs Annual Report

This report outlines the work of the Chairs of Child Protection Conferences. Although there is no statutory requirement to produce a report, this report is produced for the LSCB as part of its oversight and challenge role, and sets out the key performance data and outcomes from this part of the child protection system.

15. EducationGateshead (Learning and Schools) Annual Report

The Annual Report for educationGateshead assesses the performance of the Council's School Improvement Services using the following indicators;

The performance of Gateshead children and young people in national assessments and examinations, ranging from the Early Years' Foundation Stage to Key Stage 5. The performance of schools in Gateshead in Ofsted Inspections.

This year see the introduction of new assessment procedures in primary and secondary schools and so the report is not able to show results over time.

All publically funded schools in Gateshead are considered within the report including academies and those locally maintained. The Annual Report identifies strengths and challenges for further improvement faced by the Schools and the Council's services working in partnership.

16. FamiliesGateshead Annual Report

The Annual Report for 2016-17 for FamiliesGateshead covers year three of the five year programme due to end in March 2020 under Phase 2 which began 1 April 2015. The annual report covers performance, payment by result claims and key priorities for 2017/18.

Recommendations

17. It is recommended that Cabinet:

- (i) Endorse the following reports
 - a. Independent Reviewing Officers annual report for 2016/17
 - b. Child Protection Conference Chairs Annual report for 2016/17
- (ii) Approve the following reports:
 - a. Children's and Adult Services Annual Complaints Reports
 - b. Adoption Annual Report
 - c. Fostering Annual Report
 - d. EducationGateshead Annual Report
 - e. FamiliesGateshead Annual Report

For the following reasons:

- (i) To continue to ensure that the needs of children, young people and families continue to be met
- (ii) To ensure most effective use of resources and alignment of programmes to achieve the priorities in the council plan,
- (iii) To ensure the Council fulfils its statutory duties.

CONTACT: Sheena Ramsey

extension: 2052

Policy Context

1. The proposals in this report are consistent with Vision 2030, and in particular Creative Gateshead, Active Health Gateshead and Sustainable Gateshead.
2. The proposals also directly support the delivery of the Council Plan, and Children Gateshead, the plan for children, young people and families in Gateshead.

Background

3. The Council and its partners remain engaged in the delivery of a wider range of activity to support children, young people and families across Gateshead.
4. There remain statutory requirements around children's trust arrangements, and in Gateshead partners have agreed to retain a plan as the basis for strategic action.
5. There is a statutory duty to publish annual reports of the activities around fostering and adoption, as well as an annual complaints report. All such reports are presented here for approval.

Consultation

6. The Cabinet Members for Children and Young People and Adult Social Care have been consulted. A variety of agencies have been engaged in the development of these strategies and annual reports, details of which are included in the reports themselves.

Alternative Options

7. The Council must produce annual reports into complaints, fostering and adoption. Therefore there are no alternatives to these reports being presented.
8. By publishing this suite of reports at the same time, partners and residents have the opportunity to review the wide range of activity across all themes.

Implications of Recommended Option

9. **Resources:**
 - a) **Financial Implications** – The Strategic Director, Corporate Resources confirms that there are no financial implications as a result of this report. Specific proposals arising from implementation will be presented to Cabinet for approval as required.
 - b) **Human Resources Implications** – There are no specific implications arising from this report. Specific proposals arising from implementation will be presented to Cabinet for approval as required.
 - c) **Property Implications** - There are no specific implications arising from this report. Specific proposals arising from implementation will be presented to Cabinet for approval as required

10. **Risk Management Implications** - The development of effective strategies forms part of control measures for Care, Wellbeing and Learning.
11. **Equality and Diversity Implications** – No major implications
12. **Crime and Disorder Implications** – There are a range of proposals in each strategy which seek to safeguard children and to reduce their risk taking behaviour where necessary. Specific issues are referenced in each document.
13. **Health Implications** –There are a range of proposals in the strategy documents which address tackling the causes of ill health and also reducing health inequality, both key elements in the Active, Healthy and Well strategy for Gateshead
14. **Sustainability Implications** - No major implications.
15. **Human Rights Implications** - Proposals in the strategies support Article 6 – the right to education and article 8 – the right to a family life.
16. **Area and Ward Implications** - No specific implications

**TITLE OF REPORT: Gateshead Community Infrastructure Levy –
Neighbourhood Portion**

REPORT OF: Paul Dowling, Strategic Director, Communities and Environment

Purpose of the report

1. This report explains the process for the governance for the collection and spending of the neighbourhood portion of the Community Infrastructure Levy (CIL) in Gateshead but excluding Lamesley Parish which has separate arrangements required under the CIL regulations.

Background

2. A previous report was considered by Cabinet on 8 November 2016 on the collection, monitoring, governance and spending of CIL. This report set out that 15% of CIL (other than Lamesley Parish) could be used as a neighbourhood portion. It was resolved (section vii of the table in paragraph C106 of the minutes) that “a further report be submitted to Cabinet on the implementation of the 15% communities’ element with proposals for governance and distribution of this element of CIL.

Proposal

3. When CIL is received by the Council for a new development, 15% of this would be set aside to be spent in the areas where the chargeable CIL development takes place. The CIL regulations set out that the neighbourhood portion should be used to address the significant impact of a particular development through either the provision, improvement, replacement, operation or maintenance of infrastructure or anything else that is concerned with addressing the demands that development places on an area.
4. It is proposed that this neighbourhood portion would be operated as a supplementary component of the Gateshead Fund (GF) to be administered by the Community Foundation for Tyne and Wear and Northumberland and made available for constituted community groups and organisations to apply for with priority given to those within the ward in which the chargeable development takes place and secondly to those in the nearest neighbouring ward to the chargeable development. If funding is not taken up within the ward in which the development takes place or the nearest neighbouring ward then the neighbourhood portion would become eligible to those in the remaining wards in the Borough.

5. In terms of the assessment of applications this would be based on the extent to which they would align with addressing the significant impact of a particular development through either the provision, improvement, replacement, operation or maintenance of infrastructure or anything else that is concerned with addressing the demands that development places on an area.
6. In making decisions on applications it is proposed that a panel (CIL Neighbourhood Advisory Panel) would be set up to meet on an annual basis which would be chaired by the Communities and Volunteering Portfolio Holder and made up of Ward Members and representatives from the Community Foundation for Tyne and Wear and Northumberland who would be charged with making recommendations on applications subject to due diligence on these application by the foundation board.

Recommendations

7. It is recommended that Cabinet approve:
 - i. 15% (neighbourhood portion) of all the CIL receipts resulting from chargeable development outside Lamesley Parish to be administered by the Community Foundation for Tyne and Wear and Northumberland with the transfer of monies including an administration fee of approximately 5% at the start of every financial year. This amount will fluctuate each year as CIL receipts received each year will vary.
 - ii. The entering into a legal agreement with the Community Foundation for Tyne and Wear and Northumberland for the above.
 - iii. The governance arrangements for the apportionment of funds to be through the CIL Neighbourhood Advisory Panel which meets annually to exercise oversight of the foundation's administration of the funds to review the Foundation's ranking of applications and make decisions on applications (subject to additional due diligence being done by the Foundation) and is made up of:
 - a) Chair – Portfolio for Communities and Volunteering.
 - b) Two Members for each ward in which the chargeable development would take place.
 - c) Representative(s) of the Community Foundation for Tyne and Wear and Northumberland.
 - d) The Council's CIL officer.
 - iv. The sequential criteria against which applications would be considered would be:

Priority criteria:

 - a) Applications submitted by constituted community groups and organisations within the ward in which the chargeable development will take place and then;

- b) Applications submitted by constituted community groups and organisations in the nearest neighbouring ward to the chargeable development.

Threshold criteria:

- c) Applications for capital investment of between £5000 and £25,000 submitted by constituted community groups and organisations.
- d) There are no on-going revenue costs to the Council.

Quality criteria:

- e) The extent to which the application and funding would address the significant impact of a particular development through either the provision, improvement, replacement, operation or maintenance of infrastructure or anything else that is concerned with addressing the demands that development places on an area.
- v. The neighbourhood portion to be allocated and defrayed within the financial year. Any unspent funds from the neighbourhood portion to roll over to the next financial year, to form a Borough-wide neighbourhood fund available to all wards, assessed against the criteria above, allocated and defrayed within the financial year.
- vi. If there are still unspent funds after the above, these are then transferred to the CIL central pot which is used to fund strategic infrastructure on the Council's CIL Regulation 123 list.
- vii. A review of the approach to the CIL neighbourhood portion (outside Lamesley Parish) to be carried out after April 2019.

For the following reasons:

- (i) To ensure that regulatory requirements regarding the neighbourhood portion are met.
- (ii) To ensure that decisions relating to the allocation and expenditure of the neighbourhood portion is subject to appropriate oversight.
- (iii) To review how well the process is working.

CONTACT: Anneliese Hutchinson ext: 3881

Policy Context

1. The proposals will align with Vision 2030, in particular through Creative Gateshead, Sustainable Gateshead, Active and Healthy Gateshead and Gateshead Volunteers by providing a potential source of funding to local communities which can be spent on a variety of objectives to create sustainable communities, benefit health and wellbeing and encourage volunteers.
2. The proposals will also align with the Council Plan in terms of encouraging new housing and economic development in the Borough and by providing benefits to local communities and allowing them to shape their own neighbourhoods.
3. The proposals are in accordance with the Community Infrastructure Levy (Amendment) Regulations 2014 and guidance on the implementation of these regulations contained in the Government's Planning Practice Guidance.

Background

4. The charging schedule for CIL was approved by Cabinet on 8 November 2016 and brought into force on 1 January 2017. A further report was also considered by Cabinet on 8 November 2016 on the collection, monitoring, governance and spending of CIL. Cabinet resolved that a further report be submitted on the implementation of the 15% communities' element with proposals for governance and distribution of this element of CIL.

Neighbourhood portion of levy

5. The neighbourhood portion would consist of two elements. One of these would involve the payment of the neighbourhood portion to Lamesley Parish Council for them to spend on their local area, where chargeable development takes place within the parish boundary. This report concerns the other element which is the neighbourhood portion of CIL in the rest of the Borough.

Governance and spending

6. For the neighbourhood portion of CIL outside Lamesley Parish, this can still be spent on the same range of things as available to the Parish Council. To facilitate this, the Council is required to engage with the relevant communities and agree with them how best to spend the 15% portion. The CIL Regulations do not set out how to do this or how to define the geographical area of a relevant neighbourhood.
7. The most effective vehicle for spending the neighbourhood portion would be as a supplementary component to the Gateshead Fund.
8. The Gateshead Fund is already administered on behalf of the Council by the Community Foundation for Tyne and Wear and Northumberland with Members involved with the decision making via a dedicated Advisory Group which forwards

recommendations to Cabinet for approval. This model of governance would be applied to the CIL neighbourhood portion as this would minimise administrative burdens on the Council and Members would be involved in the decision-making process.

9. It is recommended that the foundation issue a call-out for applications at the beginning of each year. Applications would need to be made for between £5000 and £25,000. This level of funding would strike the appropriate balance between providing a level of funding that would be sufficient to make a real contribution to mitigating the impacts of development on an area whilst at the same time ensuring that funding applications are not overly large and that funding is available for use as widely as possible. This level of funding will be kept under review to see if it is having the desired affect and whether there are any unintended consequences as well as monitoring through the CIL annual report which the Council is required to produce.
10. When applying, applicants would need to make a case for how their application would meet the criteria set out in paragraph 7 (iv) above.
11. The Community Foundation for Tyne and Wear and Northumberland would initially assess applications against the criteria to ensure eligibility and then produce a summary list with bids ranked according to impact-based and geographical criteria (also explained further below). The CIL Neighbourhood Advisory Panel would then convene to review the applications. It is recommended that the panel is chaired by the Communities and Volunteering Portfolio holder. It is recommended that sitting on the panel would be two Members for the ward in which the development is located along with representatives from the Community Foundation for Tyne and Wear and Northumberland and the Council's CIL officer.
12. The panel would then review the summary list and a final list would be provided to the Community Foundation board to undertake due diligence and after this the relevant funds would be released. As part of the release of funds there would be a requirement for successful applicants to report to the foundation when it is spent and what on. This information will then inform the CIL annual monitoring report.
13. If the full neighbourhood portion for each year is not spent then the remaining funds would roll over to the next year and would be made available for applications from all Wards of the Borough. If there are still funds remaining after this, these would be transferred into the central pot of CIL to be spent on strategic infrastructure in line with the Council's CIL Regulation 123 list.
14. In terms of the priority for funding it is proposed to use the neighbourhood portion for wards that chargeable development is located in then the nearest neighbouring ward. This is because neighbourhoods affected by significant developments which are generating CIL receipts should have access to the neighbourhood portion to address the demands that development places on an area. It is acknowledged that this approach would favour parts of the Borough where higher CIL rates are in place. However, this would be partly offset by the

remaining 80% of CIL receipts (taking off the 5% portion that the Council is allowed to retain to fund the costs of the administration of CIL) which would be used to fund infrastructure throughout the Borough.

15. In terms of the involvement of the structure proposed, the advantage of this approach is that the Community Foundation could leverage additional funding to go with the neighbourhood portion such as match funding, endowments and being eligible for funding through their charitable status. It would also be of little administrative burden to the Council and through the review panel, Members would be able to determine where the funding is directed.
16. For this approach, there would be a high level of scrutiny over the spending of funding as individuals and groups are required to report back their spending which would be set out in the CIL annual report. In addition, the Community Foundation would be required to produce an annual report to the Council's Corporate Resources Overview and Scrutiny Committee in the same way that it is done for the Gateshead Fund.
17. It is acknowledged that as CIL is new to Gateshead there may be unforeseen circumstances that could arise and subsequently require the governance of the neighbourhood portion to be amended. It is therefore suggested that there is a pilot period after which a review is carried out of the process. As CIL has only recently been implemented and funds have not yet built up, it is suggested that a 12 month period for a pilot is agreed. As the first year of funding will not be allocated until end of April 2018 this would mean that the pilot would run until end of April 2019.

Consultation

18. The following have been consulted in producing this report:

- Cabinet Members for Environment & Transport and Communities & Volunteering who support the proposals; and
- The Community Foundation for Tyne and Wear and Northumberland who have confirmed that the proposals are acceptable and that their likely fee for administration would be 5%.

Alternative options

19. Consideration was given to not having the neighbourhood portion (outside Lamesley Parish). However, this would mean that an opportunity would be lost for local communities to benefit from CIL and new development.
20. Consideration was also given to allowing the neighbourhood portion to be spent anywhere in the Borough. However, this would not have guaranteed that funding would be spent in the locations where the biggest impact from chargeable development would occur and was met with concerns from Cabinet and support Members for Environment and Transport Portfolio.

Implications of recommended options

21. Resources

- i. **Financial Implications** – The Strategic Director, Corporate Resources confirms that the adoption of CIL will provide additional capital funding for the Council to contribute towards the delivery of infrastructure to support growth in Gateshead and this investment will form part of the Council's Capital Programme. It is estimated that CIL will generate approximately £12 million up to 2030 based on the strategic sites allocated in the Core Strategy and Urban Core Plan.

The neighbourhood portion enables the flexibility to address the demands that specific development places on a local community. Following the receipt of the 15% portion (the amount will fluctuate annually as the amount of CIL receipts will vary each year), the resources will be passed on as a capital contribution to the Community Foundation for Tyne and Wear and Northumberland to administer on behalf of the Council in accordance with the proposed criteria which will attract a fee of 5% which is within the allowance the Council is permitted to use for the administration of the funding.

- ii. **Human Resources Implications** – There are no human resource implications arising from this report as it is proposed that the administration of the neighbourhood portion would be through the Community Foundation for Tyne and Wear and Northumberland.
- iii. **Property Implications** – There are no direct property implications for the Council arising from this report.

22. **Risk Management Implications** – There are no risk management implications arising from this report.

23. **Equality and Diversity Implications** – There are no equality and diversity implications arising from this report.

24. **Crime and Disorder Implications** – There are no crime and disorder implications arising from this report.

25. **Health Implications** – It is considered that there will be positive health impacts as the CIL neighbourhood portion will encourage people to become active in the community and funding could potentially be used to improve recreation and the local environment.

26. **Sustainability Implications** – It is considered that the proposals will have positive sustainability implications by encouraging community participation, bringing additional funding into local areas and ensuring greater prosperity and encouraging new economic and housing development.

27. Area and Ward Implications – Potential benefits for all areas and wards through the opportunity to apply for the CIL neighbourhood portion.

Background information - Community Infrastructure Levy (Amendment) Regulations 2014 and guidance on the implementation of these regulations contained in the Government's Planning Practice Guidance, report to Cabinet on 8 November 2016 entitled – Gateshead Community Infrastructure Levy (CIL).

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