

# Public Document Pack



All Members of the Council

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Date: Wednesday, 11 July  
2018

## NOTICE OF COUNCIL MEETING

You are summoned to attend a meeting of Gateshead Metropolitan Borough Council to be held in the Council Chamber - Civic Centre, at **2.35 pm on Thursday, 19 July 2018** to transact the following business:-

**1 To confirm the Minutes of the meeting held 24 May 2018 (Pages 3 - 6)**

**2 Official Announcements**

*(announcements may be made by the Mayor, Leader of the Council or the Chief Executive)*

**3 Petitions**

*(to receive petitions submitted under Council Procedure Rule 10)*

**4 Questions from Members of the Public**

*(to consider any questions submitted under Council Procedure Rule 7)*

## RECOMMENDATIONS FROM CABINET

**5 Revenue Outturn 2017/18 (Pages 7 - 20)**

- 6 **Capital Programme and Prudential Indicators 2017/18 - Year End Outturn**  
(Pages 21 - 38)
- 7 **Treasury Annual Report 2017/18** (Pages 39 - 54)
- 8 **Children and Young People in Care and Care Leavers Strategy 2018-2023**  
(Pages 55 - 102)
- 9 **Medium Term Financial Strategy Review 2019/20 to 2023/24** (Pages 103 - 138)
- 10 **Capital Programme and Prudential Indicators 2018/19 - First Quarter Review**  
(Pages 139 - 158)
- 11 **Revenue Budget First Quarter Review 2018/19** (Pages 159 - 168)
- 12 **Report from the Cabinet** (Pages 169 - 174)

## **MOTIONS AND QUESTIONS**

- 13 **Notice of Motion** (Pages 175 - 176)

*(to consider any notices of motion submitted in accordance with Council Procedure Rule 9.1)*

Notice of Motion – Voter Identification Pilot: Local Elections 2018

- 14 **Questions**

*(to deal with any questions submitted in accordance with Council Procedure Rule 8.1)*



**Sheena Ramsey**  
Chief Executive

## GATESHEAD METROPOLITAN BOROUGH COUNCIL

### COUNCIL MEETING

24 May 2018

**PRESENT:** THE MAYOR COUNCILLOR J GREEN (CHAIR)

Councillors: J Adams, R Beadle, D Bradford, C Bradley, M Brain, C Buckley, D Burnett, L Caffrey, S Craig, S Dickie, K Dodds, C Donovan, A Douglas, D Duggan, J Eagle, M Foy, A Geddes, F Geddes, J Gibson, B Goldsworthy, M Goldsworthy, M Graham, T Graham, L Green, S Green, G Haley, M Hall, S Hawkins, M Henry, M Hood, H Kelly, J Kielty, L Kirton, J Lee, P Maughan, K McCartney, J McClurey, K McClurey, J McElroy, C McHugh, E McMaster, P McNally, R Mullen, B Oliphant, C Ord, M Ord, R Oxberry, I Patterson, S Ronchetti, J Simpson, J Turnbull, J Wallace and K Wood

**APOLOGIES:** Councillors: M Charlton, B Clelland, P Craig, C Davison, W Dick, K Ferdinand, P Foy, M Gannon, H Haran, M McNestry, N Weatherley and A Wheeler

#### **CL11 PROFESSOR PAUL YOUNGER**

The Mayor referred to the recent death of Professor Paul Younger. The Council made Professor Younger an Honorary Freeman in September 2011 for his pioneering services to research and science.

Councillors stood in silence as a mark of respect and to remember Professor Younger.

#### **CL12 MINUTES OF THE MEETINGS HELD 22 MARCH 2018 AND 18 MAY 2018**

COUNCIL RESOLVED – That the minutes of the last ordinary meeting of the Council held on 22 March 2018 and the Annual Council meeting held on 18 May 2018 be approved as correct records.

#### **CL13 OFFICIAL ANNOUNCEMENTS**

The Mayor announced that Gateshead had won first prize in the Association of Directors of Public Health – Annual Report Competition 2018. This was for its Annual Report entitled - Inequalities 'It never rains but it pours'.

The Mayor congratulated Alice Wiseman, Director of Public Health, and her team for their achievement.

#### **CL14 KOMATSU UK TECHNOLOGY OLYMPICS**

Paul Blanchard, Manufacturing Director of Komatsu, gave a presentation on the Komatsu UK Technology Olympics.

At the end of the presentation the Mayor presented awards to the following for achieving first place in the categories indicated at the Technology Olympics:

Jarvis Bell - 1<sup>st</sup> place for Machine Inspection

Marc Elliot - 1<sup>st</sup> place for Welding

Kevin Robson - 1<sup>st</sup> place for Painting

Roger Potts - 1<sup>st</sup> place for Assembly

#### **CL15 PETITIONS**

Councillor G Haley submitted a petition from residents of Wolseley Close, Teams about the lack of a footpath in their street and related street signage and parking issues.

#### **CL16 QUESTIONS FROM MEMBERS OF THE PUBLIC**

The Chief Executive asked the following question on behalf of Mr Wilson of Bill Quay.

‘Currently Gateshead Council has put white lines in Bill Quay. The white lining of Bill Quay is totally inefficient as they are only doing junctions and the first line of the middle line that goes down the middle of the road. Why are they being inefficient as they are not doing all of the roads in Bill Quay. When was this requested to be done by the Council?’

Councillor J McElroy, Portfolio Holder for Environment and Transport, responded to the question.

#### **CL17 PROVISIONAL OSC WORK PROGRAMMES 2018/19**

Consideration was given to a report seeking approval for the Overview and Scrutiny Committees’ provisional work programmes for 2018/19.

COUNCIL RESOLVED – That the provisional work programmes for the Overview and Scrutiny Committees for 2018/19 be approved.

#### **CL18 GATESHEAD GOES LOCAL - COMMUNITY LED LOCAL DEVELOPMENT**

Consideration was given to a report seeking approval to grant delegated authority to the Service Director, Economic Development to confirm Community Led Local Development (CLLD) grant awards following approval by the Local Action Group.

COUNCIL RESOLVED – That the Council’s Constitution be amended to include

the proposed delegation to the Service Director, Economic Development to approve CLLD grant awards, following consultation with the Cabinet Member for Economy.

**CL19 ANNUAL INTERVENTION PLANS FOR THE HEALTH AND SAFETY AND FOOD CONTROL SERVICES 2018/19**

Consideration was given to a report seeking approval for the Intervention Plan for the Food Control and Health and Safety Services for 2018-19.

COUNCIL RESOLVED – That the Intervention Plan for the Food Control and Health and Safety Services for 2018-19 be approved.

**CL20 PERMISSION IN PRINCIPLE (PIP) ON APPLICATION**

Consideration was given to a report seeking for changes to the Council’s Constitution to enable the Council to discharge new statutory duties to determine applications for Permission in Principle (PIP) for residential development.

COUNCIL RESOLVED – That the Council’s Constitution be amended to include the following addition to the Planning and Development Committee’s delegations (Part 3 - Schedule 1 - Non Executive Functions – Delegation to Council Bodies):-

“(xi) To exercise the powers of the Council under the Town and Country Planning (Permission in Principle) (Amendment) Order 2017 to determine applications for permission in principle and technical details consent.”

**CL21 REPORT FROM THE CABINET**

The Deputy Leader of the Council reported on a number of key issues affecting the Council.

COUNCIL RESOLVED - That the information be noted.

**CL22 NOTICES OF MOTION**

There were no motions submitted.

**CL23 QUESTIONS**

There were no questions submitted.

**Mayor.....**

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**COUNCIL MEETING**

**19 JULY 2018**

**REVENUE OUTTURN 2017/18**

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**Sheena Ramsey, Chief Executive**

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## **EXECUTIVE SUMMARY**

1. The purpose of this report is to inform of the Council's revenue outturn position for the financial year 2017/18 prior to audit, and also appropriations to and from reserves.

2. Council agreed the original revenue budget for 2017/18 at £197.486m. Council approved an amendment to the net revenue budget of £5.163m in relation to the Improved Better Care Fund on 20 July 2017, resulting in a revised revenue budget for 2017/18 of £202.649m. There was an increase in funding from original budget of £1.409m which results in an under spend of £1.268m after proposed movement of reserves.

3. Further detail on the outturn position is outlined in Appendix 1 of the attached report. The appropriations to and from reserves are detailed in the attached report.

4. The Cabinet has considered the facts and issues arising from the report including alternative options and took all relevant advice before formulating their recommendation.

## **RECOMMENDATION**

5. It is recommended that Council:

- (i) Notes the 2017/18 revenue outturn position of the Council as an under spend of £1.268m, subject to audit.
- (ii) Approves the appropriations to and from reserves outlined in paragraphs 11-16 of the attached report.

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**TITLE OF REPORT:** Revenue Outturn 2017/18

**REPORT OF:** Darren Collins, Strategic Director, Corporate Resources

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### **Purpose of the Report**

1. This report sets out the Council's revenue outturn position for the financial year 2017/18 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 receives quarterly reports on the agreed revenue budget so that any variances can be identified and addressed. This report sets out the final revenue outturn position for 2017/18 on a consistent basis to the revenue budget monitoring framework.
4. Council agreed the original revenue budget for 2017/18 on 23 February 2017. This was set at £197.486m. Council approved an amendment to the net revenue budget of £5.163m in relation to the Improved Better Care Fund on 20 July 2017, resulting in a revised revenue budget for 2017/18 of £202.649m.

### **Revenue Outturn 2017/18**

5. Monitoring during the year projected an over spend of £0.633m as reported to Cabinet on 23 January 2018 although it was concluded that the outturn would be delivered within budget.
6. The final revenue outturn on services is £202.790m and there is an increase in funding from original budget of £1.409m, which results in an overall under spend of £1.268m after proposed movement of reserves.
7. The position includes the use of £3.951m of reserves and a proposal to appropriate £3.941m into reserves. This includes budget flexibility requests for 2017/18 of £1.880m, and a proposed appropriation to reserves of the dividend received from Newcastle Airport of £0.952m.
8. 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 £1.436m 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 2017/18, as well as some slippage on the programme itself.

- Traded and Investment Income over achieved budget by £2.518m due to savings delivered by the Insurance Fund, and income received in relation to the Trinity Square Partnership with Northumbria University, SCAPE and the Housing Company.
- An under spend of £0.999m on Other Services and Contingencies was mainly a result of the receipt of a one off refund in relation to business rates.
- Additional grant funding of £1.409m was received as a result of Government changes in relation to business rates funding.

9. The outturn position includes a provision for workforce management totalling £3.514m.

10. Further detail on the outturn position can be found in Appendix 1.

### **Appropriations to/from Reserves**

11. 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. It is proposed that a total of £1.102m is transferred from this reserve to match expenditure incurred and £1.880m appropriated into this reserve.
- It is proposed that appropriate expenditure totalling £0.128m be funded from the Economic Growth reserve, and that the dividend of £0.952m, received from Newcastle Airport, be appropriated into this reserve to support the Council's Thrive Agenda.
- It is proposed that appropriate expenditure totalling £0.133m be funded from the Discretionary Social Fund reserve.
- It is proposed that appropriate expenditure totalling £0.025m be funded from the Voluntary Sector reserve.
- It is proposed that appropriate expenditure totalling £0.138m be funded from the Anti-Poverty reserve.
- It is proposed that £0.314m be appropriated from the Grant Clawback reserve as this is no longer required.
- It is proposed that appropriate expenditure totalling £1.690m be funded from the Grants and Contributions 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 £0.907m was received in year, which is proposed to be appropriated to the reserve, and it is proposed that £0.421m be used to fund expenditure incurred in the current year.

- Public Health expenditure was £0.202m under budget and so it is proposed that this be appropriated into the ring-fenced Public Health reserve.
12. These proposals would result in a reduction in Earmarked reserves of £0.010m.
  13. It is proposed that the overall under spend against budget of £1.268m is included in the General Fund reserve.
  14. In addition to this it is proposed that the over spend on school budgets in 2017/18 of £0.268m is appropriated from the ring-fenced Schools LMS Budget Share reserve, and the over spend of £2.011m on Dedicated Schools Grant (DSG) be appropriated from the Earmarked DSG reserve.
  15. There is an overall surplus on the Housing Revenue Account (HRA) of £6.595m. 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.
  16. The outcomes set out in this report have been reflected in the draft Statement of Accounts for 2017/18 that is subject to audit.

## **Recommendations**

17. It is requested that Cabinet:
  - Notes the Council's 2017/18 revenue outturn position as an under spend of £1.268m, subject to audit.
  - Recommend to Council the appropriations to and from reserves outlined in paragraphs 11-16.

For the following reason:

- To contribute to sound financial management and the long term financial sustainability of the Council.

## APPENDIX 1

### 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's objectives of making Gateshead a place where everyone thrives by 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 2017/18 revenue budget.
4. Council agreed the original revenue budget for 2017/18 on 23 February 2017. This was set at £197.486m. Council approved an amendment to the net revenue budget of £5.163m in relation to the Improved Better Care Fund on 20 July 2017, resulting in a revised revenue budget for 2017/18 of £202.649m.
5. Appendix 2 details the agreed budget for 2017/18 compared to the outturn for the year.
6. Appendix 3 provides further details on the proposed use of reserves for 2017/18.

### Revenue Outturn 2017/18

7. Monitoring during the year projected an over spend of £0.633m as reported to Cabinet on 23 January 2018 although it was concluded that the outturn would be delivered within budget.
8. The final revenue outturn on services was £202.790m and there was an increase in funding from original budget of £1.409m. This results in an overall under spend of £1.268m after proposed movement of reserves.
9. The position includes the use of £3.951m of Earmarked reserves and a proposal to appropriate £3.941m into Earmarked reserves.
10. It is proposed that the under spend of £1.268m be appropriated to the General Fund reserve.
11. In addition to this it is proposed that the over spend on school budgets in 2017/18 of £0.268m is appropriated from the ring-fenced Schools LMS Budget Share reserve, and the over spend of £2.011m on Dedicated Schools Grant (DSG) be appropriated from the Earmarked DSG reserve.
12. There is an overall surplus on the Housing Revenue Account (HRA) of £6.595m. 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.

13. 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 17 July 2018.
14. 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.
15. 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**

16. The over spend of £2.718m on Social Work - Children and Families relates mainly to placement expenditure for Looked After Children, and higher than expected agency staffing costs.
17. The over spend of £1.258m on Early Help and Education relates mainly to Home to School/College transport costs, Family Support, and over spends on staffing budgets.
18. The under spend of £0.691m on Learning and Schools relates mainly to an over achievement of income from PFI unitary and funding gap charges, as well as some under spends on staffing and premises costs.
19. The over spend of £3.325m on Adult Social Care relates to mainly to higher than expected care costs for Direct Payments, over spends on staffing costs, and one off reductions in income.
20. Public Health expenditure benefitted from lower than expected contract costs. It is proposed that the under spend of £0.202m be moved to the ring fenced Public Health reserve.

### **Communities and Environment**

21. The under spend of £0.288m on Council Housing, Design and Technical Service relates to an over achievement of income and an increase in grant income.
22. The under spend of £0.346m on Street Scene relates to an over achievement of recharge income for Fleet and a surplus on the Maintenance trading account.

### **Corporate Services and Governance**

23. The under spend of £0.624m on Human Resources and Litigation relates to an over achievement of income.

## **Corporate Resources**

24. The over spend of £0.302m on Trading and Commercialisation relates mainly to an under achievement of income in relation to Leisure, which is partly offset by an over achievement of income for School Catering and Building Cleaning.

## **Other Services and Contingencies**

25. An amount of £3.811m of Contingency remained unused at the end of the year. This relates to contractual inflation, winter maintenance and workforce management. Within Other Services, £3.514m was moved to the redundancy provision to cover the expected costs for the next two financial years. The council also received a one-off NNDR refund for the Civic Centre.

## **Capital Financing Costs**

26. The under spend of £1.436m on Capital Financing Costs is mainly due to active management of debt including deferral of borrowing by using cash balances which has resulted in reduced borrowing costs during 2017/18, as well as some slippage on the programme itself.

## **Traded and Investment Income**

27. The under spend of £2.518m relates to an increase in expected income from the Trinity Square Partnership with Northumbria University, SCAPE and from the Housing Company in relation to construction works. The Insurance Fund also delivered a saving against budget due to an overall reduction in claim costs. It is proposed that the dividend from Newcastle Airport of £0.952m be appropriated to the Earmarked reserves.

## **Schools**

28. Schools reserves have decreased from £5.473m to £5.205m, as there was an over spend on schools of £0.268m for 2017/18, which is proposed to be funded from the LMS Schools reserve. This forms part of the total General Fund reserve.
29. The Dedicated Schools Grant (DSG) also over spent in 2017/18 by £2.011m and it is proposed that this be met from the DSG reserve, which is a ring-fenced Earmarked reserve.

## **Housing Revenue Account**

30. There is an overall surplus on the Housing Revenue Account (HRA) of £6.595m. 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 £27.359m to £33.954m.

## **Savings**

31. The overall target for revenue savings in 2017/18 was £13.190m. The final outturn for achieved savings was £9.344; a shortfall of £3.846m, the majority of which relates to the delivery of social care savings. This shortfall formed part of the

approach to the financial planning underpinning the setting of the 2018/19 revenue budget.

### **Reserves**

32. A summary of the proposed movements to and from reserves is attached at Appendix 3. The actual proposed usage of reserves for the year is £3.951m. In addition, it is also proposed that £3.941m is moved to reserves; this includes the £0.952m dividend from Newcastle Airport, £1.880m budget flexibility and £1.109m ring-fenced reserves.
33. The final position on reserves has been reflected in the draft 2017/18 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 17 July 2018. The 2017/18 Financial Statements are subject to audit.

### **Consultation**

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

### **Alternative Options**

35. There are no alternative options proposed.

### **Implications of Recommended Option**

#### **36. Resources**

- a. **Financial Implications** – The Strategic Director, Corporate Resources confirms these are as set out in the report and Appendix 2.
- 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.

#### **37. Risk Management Implication**

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

#### **38. Equality and Diversity Implications - Nil.**

#### **39. Crime and Disorder Implications - Nil.**

#### **40. Health Implications - Nil**

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

#### **42. Human Rights Implications - Nil.**

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

**Appendix 2 - Revenue Outturn Summary 2017/18**

<b>Service</b>	<b>Revised Budget £'000</b>	<b>Outturn £'000</b>	<b>Variance £'000</b>
<b><u>Care, Wellbeing &amp; Learning</u></b>			
Social Work - Children & Families	22,688	25,406	2,718
Early Help & Education	5,582	6,840	1,258
Commissioning & Quality Assurance	7,558	7,640	82
Learning & Schools	1,422	731	(691)
Adult Social Care	61,059	64,384	3,325
Public Health	16,952	16,952	0
<b><u>Communities &amp; Environment</u></b>			
Housing General Fund	397	466	69
Development, Transport & Public Protection	3,748	3,574	(174)
Council Housing, Design & Technical Services	(1,066)	(1,354)	(288)
Commissioning & Neighbourhoods	4,686	4,728	42
Street Scene	13,419	13,073	(346)
Economic Development	979	812	(167)
<b><u>Office of the Chief Executive</u></b>			
Policy, Performance & Communications	1,679	1,622	(57)
<b><u>Corporate Services &amp; Governance</u></b>			
Legal, Democratic & Property Services	667	481	(186)
Human Resources & Litigation	4,066	3,442	(624)
Corporate Commissioning & Procurement	242	346	104
<b><u>Corporate Resources</u></b>			
Corporate Finance	1,507	1,508	1
Customer & Financial Services	3,361	3,420	59
Housing Benefits	0	(420)	(420)
ICT Services	3,328	3,328	0
Trading and Commercialisation	8,775	9,077	302
<b><u>Other Services &amp; Contingencies</u></b>	5,784	4,785	(999)
<b><u>Capital Financing Costs</u></b>	29,000	27,564	(1,436)
<b><u>Traded and Investment Income</u></b>	(2,773)	(5,291)	(2,518)
<b><u>Expenditure Passed outside the General Fund</u></b>	(1,888)	(1,797)	91
<b><u>Levies</u></b>	11,477	11,473	(4)
<b>NET BUDGET</b>	<b>202,649</b>	<b>202,790</b>	<b>141</b>
<b><u>Financed By</u></b>			
Settlement Funding Assessment (SFA)	(82,813)	(83,296)	(483)
Other Grants	(18,427)	(19,353)	(926)
Public Health	(16,952)	(16,952)	0
Council Tax	(81,819)	(81,819)	0
Collection Fund (Council Tax)	(2,638)	(2,638)	0
<b>TOTAL FUNDING</b>	<b>(202,649)</b>	<b>(204,058)</b>	<b>(1,409)</b>
<b>(UNDER) / OVER SPEND</b>	<b>0</b>	<b>(1,268)</b>	<b>(1,268)</b>

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**Appendix 3 - Reserves Summary 2017/18**

	<b>Opening Balance</b>	<b>Proposed Appropriation From</b>	<b>Proposed Appropriation To</b>	<b>Closing Balance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>STRATEGIC RESERVES</b>				
Budget Flexibility	1,794	(1,102)	1,880	2,572
Economic Growth, Culture and Place Shaping	3,390	(128)	952	4,214
Discretionary Social Fund	781	(133)		648
Workforce Development	6,009	0		6,009
Strategic Revenue Investment Reserve	4,206	0		4,206
Voluntary Sector	500	(25)		475
Anti-Poverty	1,000	(138)		862
Grant Clawback	1,314	(314)		1,000
<b>TOTAL STRATEGIC RESERVES</b>	<b>18,994</b>	<b>(1,840)</b>	<b>2,832</b>	<b>19,986</b>
<b>RINGFENCED RESERVES</b>				
Grants and Contributions	3,642	(1,690)		1,952
Developers' Contributions	1,937	(421)	907	2,423
Public Health Reserve	2,431	0	202	2,633
<b>TOTAL RINGFENCED RESERVES</b>	<b>8,010</b>	<b>(2,111)</b>	<b>1,109</b>	<b>7,008</b>
<b>TOTAL USE OF RESERVES</b>	<b>27,004</b>	<b>(3,951)</b>	<b>3,941</b>	<b>26,994</b>

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**COUNCIL MEETING**

**19 JULY 2018**

## **CAPTIAL PROGRAMME AND PRUDENTIAL INDICATORS 2017/18 – YEAR END OUTTURN**

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**Sheena Ramsey, Chief Executive**

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### **EXECUTIVE SUMMARY**

1. The purpose of this report is to inform of the 2017/18 capital programme and the impact of CIPFA's Prudential Code on the programme as well as the monitoring of performance against the statutory Prudential Indicators.
2. Changes within the capital programme during the final quarter of 2016/17 are detailed in the attached report.
3. Capital outturn for the financial year 2017/18 was £74.8m. This is £15.1m less than the third quarter review. A number of schemes resulted in underspends during 2017/18. Where there is certainty the expenditure will be incurred during 2018/19 it is proposed that the allocation is carried forward into the 2018/19 Capital Programme.
4. Capital expenditure of £74.8m represents a significant contribution to supporting Council assets and the wider thrive agenda.
4. 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 2017/18 were agreed at Council in February 2017. Borrowing and investment levels have remained within the limits set by Council.
5. The Cabinet has considered the facts and issues arising from the report including alternative options and took all relevant advice before formulating their recommendation.

### **RECOMMENDATION**

6. It is recommended that Council:
  - (i) Approves all variations to the 2017/18 capital programme as detailed in Appendix 2.
  - (ii) Approves the financing of the 2017/18 capital programme.
  - (iii) Confirms 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 2017/18 have been breached.

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**TITLE OF REPORT:** Capital Programme and Prudential Indicators 2017/18 – Year End Outturn

**REPORT OF:** Darren Collins, Strategic Director, Corporate Resources

### Purpose of the Report

1. This report provides a breakdown of the 2017/18 capital programme which included capital expenditure of £74.8m. 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 2017/18 as agreed by Council on 23 February 2017, totalled £95.2m. The projected year end expenditure was revised to £89.9m at the end of the third quarter, reflecting changes to project delivery programmes.

	Original Budget (£m)	Quarter 1 (£m)	Quarter 2 (£m)	Quarter 3 (£m)	Outturn (£m)	Variance to Q3 (£m)
<b>General Fund</b>	65.9	64.3	60.1	58.6	49.1	9.5
<b>HRA</b>	29.3	31.8	31.2	31.3	25.7	5.6
<b>Total</b>	<b>95.2</b>	<b>96.1</b>	<b>91.3</b>	<b>89.9</b>	<b>74.8</b>	<b>15.1</b>

3. The capital outturn for 2017/18 is £74.8m and this is £15.1m 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
Re-profiling of resources and slippage to future years	(13.161)
Other changes to planned expenditure	(1.922)
<b>Total Capital Programme Variance</b>	<b>(15.083)</b>

5. A number of schemes have resulted in underspends during 2017/18. Where there is certainty the expenditure will be incurred during 2018/19 it is proposed that the allocation is carried forward into the 2018/19 Capital Programme.

6. The schemes where underspends are greater than £0.500m and the budget is to be carried forward into 2018/19 are:

#### General Fund

- School Capacity Improvement: £1.3m slippage due to the phasing of works to align to the school year ending August 2018;
- Loan to the NHS Trust: £2.5m – negotiations relating to the loan terms to the NHS Trust to support the works at Prince Consort Road were ongoing as at 31 March 2018;
- Northern Centre for Emerging Technology: £0.9m – A one month delay in the works programme;
- Loans to Trading Company: £0.5m – timing of the loan drawdowns was based on estimated cash flows which were likely to change.
- Coatsworth Road Regeneration: £0.5m – Programme timescales extended to accommodate the late take up of the scheme by shop owners;

#### Housing Revenue Account

- HEIGHTs and Regent Court Improvements: £2.0m in year underspend primarily due to adverse weather conditions.
- Window Replacement: £0.6m – resulting from changing demand.
- Estate regeneration: £0.5m – slippage in the programme due to delays in the acquisition of final properties on the estates.

7. The use of available external capital resources and capital receipts to fund the 2017/18 Capital Programme has been maximised, which means that the Council will not lose any of the external funding that it has been awarded.

### **Capital Investment Summary**

8. Capital expenditure of £74.8m represents a significant contribution to supporting Council assets and the wider thrive agenda and includes investment of:
- £24m in the Council's Housing stock, including energy efficiency improvements and investment to maintain decency in over 1,400 homes;
  - £8.2m in sustainability projects to reduce carbon emissions and generate ongoing revenue benefits including the Energy Network and associated Battery storage infrastructure;
  - £10m in Transport Infrastructure, including highway maintenance, street lighting column replacement and sustainable transport improvements;
  - Over £6m of improvements to the Council's Schools, including the construction of Ravensworth Primary School to provide additional capacity;
  - £2.8m in the Council's ongoing fleet replacement programme;
  - £3.4m in improvements to the Council's ICT infrastructure, including improvements to the infrastructure to improve resilience, security and capacity as well as the development of the Council's digital platform;
  - £2.2 m in the Council's Non Operational property portfolio, including the acquisition of properties in the surrounding area of the planned Gateshead Quays development

- £1.5m of investment in providing Disabled Facilities Grants, issuing over 239 grants to enable residents to undertake adaptations to their properties to continue to live independently within their homes.
9. In addition to the above investment, the Council has continued to utilise capital resources to encourage housing growth and development in Gateshead. During 2017/18 the Council has invested:
- £5.7m 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;
  - £3.3m of investment targeted at bringing forward housing development, including the provision of loans to Keelman Homes and Gateshead Trading Company;

### Capital Financing

10. The report identifies a capital outturn of £74.7m for the 2017/18 financial year. The resources required to fund the 2017/18 capital programme are as follows:

	<b>£m</b>
Prudential Borrowing	29.0
Capital Grants and Contributions	20.2
Major Repairs Reserve (HRA)	16.3
Capital Receipts	8.1
Revenue Contributions	1.2
<b>Total Capital Programme</b>	<b>74.8</b>

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 2017/18 were agreed at Council on 23 February 2017. 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 2017/18 capital programme as detailed in Appendix 2 are agreed.
  - (ii) Recommend to Council the financing of the 2017/18 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 2017/18 have been breached.

For the following reasons:

- (i) To ensure the optimum use of the Council's capital resources in 2017/18.
- (ii) To monitor actual performance against the approved Prudential Indicators.

**CONTACT:** Jane Wright      extension 3617

## 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 Council's objectives of making Gateshead a place where everyone thrives.

### Background

2. The original budget for the capital programme for 2017/18, as agreed by Council on 23 February 2017, totalled £95.2m.
3. The projected year-end expenditure was £89.8m at the end of the third quarter.
4. The actual capital payments for 2016/17 were £74.8m. This represents a reduction of £15.1m from the third quarter.
5. The £15.1m variance from the third quarter is due to a combination of slippage and other changes to the 2017/18 programme. 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 23 February 2017. None of these indicators were breached during 2017/18 and performance against the indicators for 2017/18 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 2017/18.

### 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 will be 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, 21 February 2017 (Council 23 February 2017) - Capital Programme 2017/18 to 2021/22.
  - ii. Report for Cabinet, 18 July 2017 - Capital Programme and Prudential Indicators 2017/18 – First Quarter Review.
  - iii. Report for Cabinet, 21 November 2017 - Capital Programme and Prudential Indicators 2017/18 – Second Quarter Review.
  - iv. Report for Cabinet, 23 January 2018 - Capital Programme and Prudential Indicators 2017/18 – Third Quarter Review.

Reason for Movement	Portfolio	Group	Project Title	Variance (£'000)
<b>INCREASES</b>				
OTHER INCREASES	Communities - Culture, Sport and Leisure	CRS	Library Service Review□	3
			Secondary Disinfection Systems in Leisure Pools	4
	People - Children and Young People	CWL	Schools Devolved Formula Funding□	231
		CAE	Urban Core - Creative Quarter	1
	Place and Economy - Economy	CRS	Land of Oak and Iron□	16
	Place and Economy - Environment and Transport	CAE	Energy Network Extension - Gateshead Leisure Centre	17
			Gateshead Town Centre District Energy Network□	164
			Local Transport Plan - Integrated Transport□	568
			Street Lighting Phase 3 LED Lanterns□	9
			Vehicle Restraint System - Felling Bypass□	130
			Heworth Roundabout Upgrade	336
			SEELS Projects	440
	Place and Economy - Housing	CAE	Housing JV - Bensham & Saltwell	5
		HRA	Back Boiler Renewal and Replacement	424
			Fire Safety Works - General	143
			Replacement of Communal Electrics	11
			T-Fall Insulation	117
Tower Block Energy Efficiency Improvements	247			
Resources, Management and Reputation	CAE	ADZ Investment - Gateshead Quays□	132	
<b>TOTAL INCREASE</b>				<b>2,999</b>
<b>REDUCTIONS</b>				
REPROFILING TO FUTURE YEARS	Communities - Communities and Volunteering	CAE	Bereavement Services□	(23)
			Birtley Cemetery Extension□	(140)
			Saltwell Cemetery Extension□	(11)
	Communities - Culture, Sport and Leisure	CAE	Trade Waste Service Expansion□	(49)
			GRP Public Art - Birtley	(12)
	People - Children and Young People	CRS	Blaydon Leisure Centre Outdoor Sports Provision□	(5)
		CWL	School Capacity Improvements□	(1,300)
	People - Health and Wellbeing	CWL	School Condition Investment□	(129)
		CSG	Prince Consort Road□	(2,500)
		CWL	Disabled Facilities Grants (DFGs)□	(178)
	Place and Economy - Economy	CAE	Falls Prevention□	(10)
			CRS	Digital Gateshead□
	Place and Economy - Environment and Transport	CAE	Battery Storage □	(45)
			Chase Park Restoration	(4)
			Flood Alleviation Investment□	(352)
			Gateshead Millennium Bridge Strategic Maintenance□	(1)
			Salix Energy Efficiency Works□	(124)
			Street Lighting LED Replacement - Phase 4□	(5)
	Place and Economy - Housing	CAE	Team Valley Flood Alleviation□	(10)
			Empty Property Programme 2015/18□	(31)
HRA		Loan to Gateshead Trading Company - Derwentside Ho	(570)	
		Door Entry System Upgrades	(211)	
		Estate Regeneration	(538)	
		External Wall Insulation Works to Non-Traditional Properties	(127)	
		HEIGHTS	(12)	
Lift Replacement / Refurbishment	(354)			
New Build	(40)			

			Regent Court Improvement Works	(1,997)
	Resources, Management and Reputation	CAE	ADZ Investment – BBQ Emerging Technology Centre □	(944)
			ADZ Investment – BBQ Spec Build □	(371)
			Civic Centre Workspace Strategy □	(151)
			Coatsworth Road Regeneration - THI □	(513)
			Development Site Preparation Works □	(330)
			Health & Safety □	(167)
			Metrogreen □	(88)
			Replacement of Fleet and Horticultural Equipment □	(176)
			Urban Core - Exemplar Neighbourhood □	(395)
		CRS	Strategic Maintenance □	(291)
			Technology Plan: Infrastructure □	(374)
		CSG	Technology Plan: Transformation Through Technology □	(53)
			Non Operational Portfolio - Strategic Investment Plan □	(285)
		Registrars Internal and External Public Spaces □	(43)	
OTHER REDUCTION	Communities - Communities and Volunteering	CAE	Public Realm Improvement □	(20)
			Replacement Bins □	(11)
	Communities - Culture, Sport and Leisure	CRS	Gateshead Leisure Centre - Clip n Climb and Soft Play □	(1)
	People - Children and Young People	CWL	Additional Childcare Provision □	(47)
			Schools Gateway Investment	(150)
	Place and Economy - Economy	CRS	Broadband Delivery UK □	(1)
	Place and Economy - Environment and Transport	CAE	Chase Park Restoration	(19)
			Cycle City Ambition Fund - Hill Street □	(710)
			Local Transport Plan - Planned Maintenance □	(485)
			Traffic Signal Renewal - Borough Wide	(70)
	Place and Economy - Housing	HRA	Aids and Adaptations	(291)
			Decent Homes – Backlog/Ad-hoc Works	(86)
			Decent Homes - Investment Programme	(2,139)
Equality Act Works			(37)	
Strategic Maintenance			(89)	
Timber Replacements			(4)	
Warden Call			(17)	
Window Replacement			(628)	
Stock Project Management	(29)			
Resources, Management and Reputation	CAE	Major Projects - Project Management Costs □	(86)	
<b>TOTAL REDUCTION</b>				<b>(18,082)</b>
<b>TOTAL VARIANCE</b>				<b>(15,083)</b>

Portfolio	Revised Forecast Q3 2017/18	Outturn 2017/18	Variance
<b>COMMUNITIES</b>			
Communities and Volunteering	901	647	(254)
Culture, Sport and Leisure	677	666	(11)
<b>Total Communities</b>	<b>1,578</b>	<b>1,313</b>	<b>(265)</b>
<b>PEOPLE</b>			
Children and Young People	7,553	6,158	(1,395)
Health and Wellbeing	4,425	1,737	(2,687)
<b>Total People</b>	<b>11,978</b>	<b>7,895</b>	<b>(4,082)</b>
<b>PLACE AND ECONOMY</b>			
Economy	1,036	848	(188)
Environment and Transport	19,546	19,385	(161)
Housing	35,322	29,070	(6,252)
<b>Total Place and Economy</b>	<b>55,904</b>	<b>49,303</b>	<b>(6,601)</b>
<b>RESOURCES, MANAGEMENT AND REPUTATION</b>			
Resources, Management and Reputation	20,406	16,271	(4,135)
<b>Total Capital Investment</b>	<b>89,866</b>	<b>74,782</b>	<b>(15,083)</b>

PORTFOLIO	GROUP	PROJECT	Revised Q3 Allocation (£'000)	Outturn 17/18 (£'000)	Variance (£'000)	Comments
<b>COMMUNITIES</b>						
Communities - Communities and Volunteering	CAE	Bereavement Services □	391	368	-23	Slippage to 2018/19
		Birtley Cemetery Extension □	140	-	-140	Slippage to 2018/19
		Public Realm Improvement □	70	50	-20	Other Reduction
		Replacement Bins □	167	156	-11	Other Reduction
		Saltwell Cemetery Extension □	60	49	-11	Slippage to 2018/19
		Trade Waste Service Expansion □	73	24	-49	Slippage to 2018/19
Communities - Culture, Sport and Leisure	CAE	GRP Public Art - Birtley	14	2	-12	Slippage to 2018/19
	CRS	Blaydon Leisure Centre Outdoor Sports Provision □	20	15	-5	Slippage to 2018/19
		Gateshead Leisure Centre - Clip n Climb and Soft Play	515	514	-1	Other Reduction
		Library Service Review □	30	33	3	Other Increases
		Professional kitchen at St Mary's Heritage Centre □	15	15	0	
		Secondary Disinfection Systems in Leisure Pools	83	87	4	Other Increases
<b>PEOPLE</b>						
People - Children and Young People	CWL	Additional Childcare Provision □	455	408	-47	Other Reduction
		Ravensworth Terrace Primary School □	3,038	3,038	0	
		School Capacity Improvements □	2,025	725	-1,300	Slippage to 2018/19
		School Condition Investment □	1,209	1,080	-129	Slippage to 2018/19
		Schools Devolved Formula Funding □	400	631	231	Other Increases
		Schools Gateway Investment	426	276	-150	Other Reduction
People - Health and Wellbeing	CAE	Falls Prevention □	100	90	-10	Slippage to 2018/19
	CSG	Prince Consort Road □	2,500	-	-2,500	Slippage to 2018/19
	CWL	Disabled Facilities Grants (DFGs) □	1,750	1,572	-178	Slippage to 2018/19
		Telecare Equipment □	75	75	0	
<b>PLACE AND ECONOMY</b>						
Place and Economy - Economy	CAE	Urban Core - Creative Quarter	-	1	1	
	CRS	Broadband Delivery UK □	235	234	-1	Other Reduction
		Digital Gateshead □	500	298	-202	Slippage to 2018/19
		Land of Oak and Iron □	301	317	16	Other Increases
		Battery Storage □	1,575	1,530	-45	Slippage to 2018/19
		Chase Park Restoration	657	634	-23	Other Reduction/Slippage to 2018/19
		Cycle City Ambition Fund - Hill Street □	710	-	-710	

PORTFOLIO	GROUP	PROJECT	Revised Q3 Allocation (£'000)	Outturn 17/18 (£'000)	Variance (£'000)	Comments
<b>COMMUNITIES</b>						
Place and Economy - Environment and Transport	CAE	Energy Network Extension - Gateshead Leisure Centre	3,198	3,215	17	Other Increases
		Flood Alleviation Investment□	414	62	-352	Slippage to 2018/19
		Gateshead Millennium Bridge Strategic Maintenance□	55	54	-1	Slippage to 2018/19
		Gateshead Town Centre District Energy Network□	3,200	3,364	164	Other Increases
		Local Transport Plan - Integrated Transport□	1,746	2,314	568	Other Increases
		Local Transport Plan - Planned Maintenance□	4,019	3,534	-485	Other Reduction
		Salix Energy Efficiency Works□	250	126	-124	Slippage to 2018/19
		Street Lighting Column Replacement□	1,250	1,250	0	
		Street Lighting LED Replacement - Phase 4□	15	10	-5	Slippage to 2018/19
		Street Lighting Phase 3 LED Lanterns□	142	151	9	Other Increases
		Team Valley Flood Alleviation□	15	5	-10	Slippage to 2018/19
		Vehicle Restraint System - Felling Bypass□	800	930	130	Other Increases
		Heworth Roundabout Upgrade	1,000	1,336	336	Other Increases
Traffic Signal Renewal - Borough Wide	500	430	-70	Other Reduction		
SEELS Projects	-	440	440	Other Increases		
Place and Economy - Housing	CAE	Empty Property Programme 2015/18□	100	69	-31	Slippage to 2018/19
		Housing JV - Bensham & Saltwell	-	5	5	Other Increases
		Keelman Homes - Affordable Housing Development□	2,800	2,800	0	
		Loan to Gateshead Trading Company - Derwentside t	1,070	500	-570	Slippage to 2018/19
	HRA	Aids and Adaptations	1,500	1,209	-291	Other Reduction
		Back Boiler Renewal and Replacement	1,145	1,569	424	Other Increases
		Decent Homes – Backlog/Ad-hoc Works	300	214	-86	Other Reduction
		Decent Homes - Investment Programme	7,575	5,436	-2,139	Other Reduction
		Door Entry System Upgrades	250	39	-211	Slippage to 2018/19
		Equality Act Works	337	300	-37	Other Reduction
		Estate Regeneration	1,500	962	-538	Slippage to 2018/19
		External Wall Insulation Works to Non-Traditional Properties	210	83	-127	Slippage to 2018/19
		Fire Safety Works - General	150	293	143	Other Increases
Lift Replacement / Refurbishment	770	416	-354	Slippage to 2018/19		
New Build	350	310	-40	Slippage to 2018/19		
Programme Management	1,000	1,000	0			

PORTFOLIO	GROUP	PROJECT	Revised Q3 Allocation (£'000)	Outturn 17/18 (£'000)	Variance (£'000)	Comments
<b>COMMUNITIES</b>						
		Regent Court Improvement Works	2,000	3	-1,997	Slippage to 2018/19
		Replacement of Communal Electrics	250	261	11	Other Increases
		Strategic Maintenance	2,000	1,911	-89	Other Reduction
		T-Fall Insulation	150	267	117	Other Increases
		Timber Replacements	100	96	-4	Other Reduction
		Tower Block Energy Efficiency Improvements	1,465	1,712	247	Other Increases
		HEIGHTS	8,900	8,888	-12	Slippage to 2018/19
		Warden Call	250	233	-17	Other Reduction
		Window Replacement	750	122	-628	Other Reduction
		Stock Project Management	400	371	-29	Other Reduction
<b>RESOURCES, MANAGEMENT AND REPUTATION</b>						
Page 34 Resources, Management and Reputation	CAE	ADZ Investment – BBQ Emerging Technology Centre□	5,452	4,508	-944	Slippage to 2018/19
		ADZ Investment – BBQ Spec Build□	680	309	-371	Slippage to 2018/19
		ADZ Investment - Gateshead Quays□	740	872	132	Other Increases
		Civic Centre Workspace Strategy□	250	99	-151	Slippage to 2018/19
		Coatsworth Road Regeneration - THI□	819	306	-513	Slippage to 2018/19
		Development Site Preparation Works□	750	420	-330	Slippage to 2018/19
		Health & Safety□	540	373	-167	Slippage to 2018/19
		Major Projects - Project Management Costs□	240	154	-86	Other Reduction
		Metrogreen□	240	152	-88	Slippage to 2018/19
		Replacement of Fleet and Horticultural Equipment□	3,040	2,864	-176	Slippage to 2018/19
	Urban Core - Exemplar Neighbourhood□	400	5	-395	Slippage to 2018/19	
	CRS	Strategic Maintenance□	1,095	804	-291	Slippage to 2018/19
		Technology Plan: Infrastructure□	2,476	2,102	-374	Slippage to 2018/19
		Technology Plan: Transformation Through Technology	855	802	-53	Slippage to 2018/19
CSG	Non Operational Portfolio - Strategic Investment Plan□	2,579	2,294	-285	Slippage to 2018/19	
	Registrars Internal and External Public Spaces□	250	207	-43	Slippage to 2018/19	
<b>Total Capital Investment</b>			<b>89,866</b>	<b>74,782</b>	<b>-15,083</b>	

### PRUDENTIAL INDICATORS 2017/18

The 2017/18 Prudential Indicators were agreed by Council on 23 February 2017 (column 1). This is now compared with the 2017/18 actual outturn position as at the 31 March 2018 (column 2).

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 2017/18 have been breached.

<b>Capital Expenditure</b>		
	2017/18 £000 Reported Indicator	2017/18 £000 Actual
Non-HRA	65,869	48,646
HRA	29,340	25,697
<b>Total</b>	<b>95,209</b>	<b>74,783</b>
To reflect the reported capital monitoring agreed by Council during the year		

<b>Ratio of Financing Costs to Net Revenue Stream</b>		
	2017/18 Reported Indicator	2017/18 Actual
Non-HRA	14.89%	12.82%
HRA	42.53%	43.44%

<b>Capital Financing Requirement</b>		
	2017/18 £000 Reported Indicator	2017/18 £000 Actual
Non-HRA	340,885	230,153
HRA	345,505	345,505

<b>Authorised Limit for External Debt</b>	
	2017/18 £000 Reported Indicator
Borrowing	825,000
Other Long Term Liabilities	0
<b>Total</b>	<b>825,000</b>
Maximum YTD 31/03/2018 <b>£655.189m</b>	

<b>Operational Boundary for External Debt</b>	
	2017/18 £000 Reported Indicator
Borrowing	800,000
Other Long Term Liabilities	0
<b>Total</b>	<b>800,000</b>
Maximum YTD 31/03/2018 <b>£655.189m.</b>	

The Council's actual external debt at 31 March 2018 was £650.341m. 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.

<b>UPPER LIMIT ON FIXED AND VARIABLE INTEREST RATES EXPOSURES</b>		
Range	2017/18 £000 Reported Indicator	2017/18 £000 Actual Position
Fixed Rate	652,940 424,015	Act 528,795 max 528,795 min 499,731
Variable	160,751 (15,000)	Act 30,000 max 44,000 min 19,000
All within agreed limits. (Max and Min YTD.)		

<b>Upper / Lower Limits for Maturity Structure of Fixed Rate Borrowing</b>				
	2017/18 £000 Reported Indicator		2017/18 £000 Actual Position	
	<b>Upper Limit</b>	<b>Lower Limit</b>	<b>Actual Percentage</b>	<b>Maximum YTD</b>
Under 12 months	25%	0%	2.99%	9.66%
12 months to 24 months	25%	0%	6.28%	6.39%
24 months to 5 years	50%	0%	17.08%	20.84%
5 years to 10 years	50%	0%	9.45%	9.45%
10 years to 20 years	50%	0%	10.72%	14.71%
20 years to 30 years	50%	0%	1.20%	1.25%
30 years to 40 years	50%	0%	19.10%	19.39%
40 years to 50 years	60%	0%	28.57%	29.67%
50 years and above	30%	0%	0.00%	3.55%
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.

<b>Upper Limit on amounts invested beyond 364 days</b>			
	2017/18 £000 Reported Indicator	2017/18 £000 Actual Position	2017/18 £000 Maximum YTD
Investments	<b>15,000</b>	<b>5,000</b>	<b>5,000</b>

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**COUNCIL MEETING**

**19 JULY 2018**

**TREASURY ANNUAL REPORT 2017/18**

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**Sheena Ramsey, Chief Executive**

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## **EXECUTIVE SUMMARY**

1. The purpose of this report is to seek approval of the Treasury Annual Report for 2017/18.
2. In line with best practice the Council must consider a Treasury Annual Report each year. The report has been prepared taking into account relevant legislation and guidance and is consistent with the Council's approved Treasury Management Policy and Strategy.
3. The Cabinet has considered the facts and issues arising from the report including alternative options and took all relevant advice before formulating their recommendation.

## **RECOMMENDATION**

4. It is recommended that Council approves the Treasury Annual Report for 2017/18.

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**Title of Report:** Treasury Annual Report 2017/18

**Report of:** Darren Collins – Strategic Director, Corporate Resources

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### **Purpose of the Report**

1. Cabinet is asked to recommend to Council the attached Treasury Annual Report for 2017/18.

### **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, Ministry of Housing, Communities and Local Government's (MHCLG) Guidance on Local Government Investments, CIPFA's Prudential Code for Capital Finance 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.
4. The Audit and Standards Committee reviewed the Treasury Annual Report on 18 June 2018.

### **Proposals**

5. 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**

6. Cabinet is asked to recommend to Council the Treasury Annual Report for 2017/18.

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 Council priorities and in particular the priority of ensuring a sustainable Gateshead through ensuring the best use of its resources. The proposals are consistent with the framework for achieving the Council's new strategic approach "Making Gateshead a Place Where Everyone Thrives". The Council recognises there are huge financial pressures on not just Council resources but those of partners, local businesses and residents.

## 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 Finance and the Ministry of Housing, Communities and Local Government (MHCLG) Guidance on Local Authority Investments, which include the:
  - a. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities;
  - b. 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;
  - c. Receipt by the Council of an annual strategy report for the year ahead and an annual review report of the previous year;
  - d. 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
  - e. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to Audit and Standards Committee and receipt of a mid-year review report to Council.
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 borrowing, 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 2017/18 (including investment and borrowing strategies);
  - Treasury Management approach to risk;
  - Outturn 2017/18 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);
  - Any restructuring and repayment; and
  - Summary of Treasury Management performance for the year 2017/18.

## **Consultation**

6. Consultation on the production of the Treasury Annual Report has taken place with the Council's treasury advisors Link 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 2017/18 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 (2004)
- CIPFA's Prudential Code for Capital (2013)
- CIPFA's Code of Practice on Treasury Management (2011)
- Council's approved Treasury Policy & Strategy Statements 2017/18 to 2019/20
- Council's approved Treasury Management Practice Statements

## Treasury Management Annual Report 2017/18

### The Strategy for 2017/18

1. The 2017/18 to 2019/20 Treasury Management Strategy was approved by Council on 16 March 2017.
2. The formulation of the 2017/18 to 2019/20 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 2017/18 to 2019/20 anticipated a low, steady Bank Rate, with rate increases not expected until 2019. 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. The borrowing strategy for 2017/18 was as follows:
  - When Public Works Loan Board (PWLB) rates fall back to or below 3.20% borrowing should be considered, with preference given to terms which ensure a balanced profile of debt maturity.
  - The use of short term borrowing (6 months to 18 months) will also be considered with the aim of minimising borrowing costs. This short-term borrowing will be replaced with longer term loans when rates are preferable.
  - 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 safeguard the Council's assets. 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 Internal Audit report of 14<sup>th</sup> November 2017 concluded that Treasury Management control systems and procedures are operating well. All funds were safeguarded in 2017/18.

## **Outturn 2017/18 – 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 2017/18 performance. However, in December 2017, CIPFA issued a revised Treasury Management Code of Practice and a revised Prudential Code. These revisions have particularly focused on non-treasury investments and especially on the purchase of property with a view to generating income. Full implementation of the revised Codes of Practice is not expected until the 2019/20 budget cycle across all authorities.
12. 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 19 June 2018 as part of the Capital Monitoring process. None of the approved Prudential Indicators set for 2017/18 were breached in the year. For completeness the Prudential Indicators are shown at Appendix 4.

## **Market Interest Rates**

13. Performance must be considered in conjunction with actual rate movements over the financial year which were as follows:
  - **Shorter-term interest rates** – The Monetary Policy Committee (MPC) at its quarterly Inflation Report meeting of 2<sup>nd</sup> November agreed to increase Base Rate to 0.50% and it remained at that level for the rest of the year.
  - **Longer-term interest rates** – The 7<sup>th</sup> February 2018 MPC meeting revealed warnings of a more imminent and faster pace of increases in Bank Rate than had previously been expected. Market expectations for increases in Bank Rate,

therefore, shifted considerably during the second half of 2017/18 and resulted in investment rates from 3 – 12 months increasing sharply during the spring quarter.

## **Investment Performance**

14. The major issue for treasury management in 2017/18 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 delivered a saving on borrowing costs.
15. The Council's investment policy is governed by MHCLG guidance, which has been implemented in the annual investment strategy approved by the Council on 16<sup>th</sup> 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.
16. 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.
17. A summary of the year's activity is shown at Appendix 3. The investment interest earned in the year was £0.470m (2016/17 £0.413m) with an average interest rate of 0.51% (2016/17 0.55%). Interest earned on loans to third parties, agreed as part of the capital programme, increased total interest to £1.807m which was £0.345m more than the original budget of £1.462m. This includes £0.884m interest relating to Newcastle International Airport.
18. The overall return for the year of 0.51% exceeds the accepted benchmark for 2017/18, which was 0.22%. This benchmark is the 7-day London Interbank Bid Rate (LIBID), which is traditionally linked to the base rate.
19. Furthermore, the Council is a member of Link 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. This is used for comparison across other local authorities who also subscribe to this service across a number of groups. The Council achieved an average return of 0.546% on its investments for Quarter 4 2017/18 which is slightly below the risk adjusted expectations (0.55% to 0.65%) defined in the Benchmarking Report for our group. This is due to the portfolios longer dated weighted average maturity of 151 days compared to the benchmark average of 95 days and the weighted average risk of the credit profile.

## Heritable Bank

20. 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.
21. To date dividends totalling £2.736m (98.00p in the £) have been received.
22. The most recent update from the administrators, Ernst and Young, in March 2018, provided detail of all dividends received to date and advised that no further dividend is expected until the administration is concluded. Ernst and Young intend to issue a further report early within the next accounting period.

## Borrowing Performance

23. The total external borrowing at 31 March 2018 was £650.341m, which was within the operational borrowing limit of £800.000m. This is a net increase of £40.153m from the opening figure of £610.189m. The increase is represented by £85.000m of new borrowing offset by £44.847m repayment of borrowing.
24. Investment returns/interest rates were low during 2017/18 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). At the end of the financial year 2017/18 the Council had internal borrowing of £15.317m. 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.
25. The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). The CFR arises directly from the capital activity of the Council and the resources applied to fund the capital spend, as follows:

	<b>31 March 2017 Actual £m</b>	<b>31 March 2018 Actual £m</b>
<b>Capital Financing Requirement for General Fund</b>	301.792	320.153
<b>Capital Financing Requirement for HRA</b>	345.505	345.505
<b>Total Capital Financing Requirement</b>	647.297	665.658

26. The details of the borrowing taken during 2017/18 are as follows:

Date	Term (years)	Amount £m	Interest Rate (%)	Source
12/09/2017	48	5.000	2.26	PWLB
12/09/2017	46.5	5.000	2.26	PWLB
20/10/2017	48	5.000	2.43	PWLB
07/11/2017	48	10.000	2.41	PWLB
23/11/2017	50	5.000	2.38	PWLB
23/11/2017	50	5.000	2.38	PWLB
29/11/2017	49	5.000	2.38	PWLB
29/11/2017	49	5.000	2.38	PWLB
27/02/2018	50	5.000	2.48	PWLB
27/02/2018	50	5.000	2.48	PWLB
24/04/2017	6 months	10.000	0.47	Glasgow Council
30/06/2017	7 months	5.000	0.30	Derby City Council
25/07/2017	3 months	10.000	0.23	Middlesbrough Council
16/10/2017	1	5.000	0.53	London Borough of Havering

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**85.000**

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27. At 31 March 2018 £525.341m of the total borrowing was from the PWLB and £125.000m was in the form of market loans. The average interest rate on borrowing has reduced from 4.37% in 2016/17 to 4.12% during 2017/18 which will reduce borrowing costs.

28. There was £30.000m of short-term borrowing taken during 2017/18 primarily to manage cashflow timing, with £25.000m being repaid prior to year-end. The majority of PWLB long term loans taken in 2017/18 were over 48 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.

29. The overall revenue cost of borrowing in 2017/18 was £26.174m. As a consequence of the level of capital expenditure and the application of the Treasury Management Strategy this was £1.016m less than the budget.

### **Debt Restructuring & Repayment**

30. 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.

31. 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 2017/18

32. Total interest income was £0.345m more than the budget, which was contributed to by the 0.25% increase in Base Rate on 2<sup>nd</sup> November 2017.
33. Borrowing costs were £1.016m less than budget due to a delay in taking borrowing and being taken at lower interest rates than estimated and the decision to temporarily fund the capital programme from cash balances.
34. There were no opportunities for restructuring debt during 2017/18.
35. Overall Treasury Management performance against budget for 2017/18 generated net savings of £1.361m, this is summarised in the following table:

	<b>Budget</b>	<b>2017/18 Actual</b>	<b>Saving</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Cost of Borrowing	27.190	26.174	(1.016)
Interest Income	(1.462)	(1.807)	(0.345)
<b>Net Position</b>	<b>26.016</b>	<b>24.617</b>	<b>(1.361)</b>

36. Treasury Management remained challenging throughout 2017/18 with the continuation of the lowest bank interest rate in history for most of the year and continuing pressure on available counterparties.

## Investment Activity

	2016/17	2017/18
Number of investments made in 2015/16 maturing in 2016/17	14	n/a
Number of investments made in 2016/17 maturing in 2016/17	41	n/a
Number of investments made in 2016/17 maturing in 2017/18	n/a	14
Number of investments made in 2017/18 maturing in 2017/18	n/a	23
Total number of investments maturing in year	<u>52</u>	<u>37</u>
Number of investments made in 2017/18 maturing in 2018/19	n/a	19
Number of investments made in 2017/18 maturing in 2020/21	n/a	1
Average duration of investments (including overnight)	4 days	11 days
Average duration of investments (excluding overnight)	84 days	118 days
Non-specified investments:		
Rated non-high		
Approved limit	55%	75%
Maximum level invested	41%	64%
Not Rated		
Approved limit	0%	0%
Investments greater than 364 days		
Approved limit	£15m	£15m
Maximum level Invested	£0m	£5m

Outstanding amounts relating to the impaired investment with Heritable Bank are not included within this appendix.

### Prudential Indicators 2017/18

The 2017/18 Prudential Indicators were agreed by Council on 23 February 2017 (column 1). This is now compared with the 2017/18 actual outturn position as at the 31 March 2018 (column 2).

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 2017/18 have been breached.

<b>Capital Expenditure</b>		
	2017/18 £000 Reported Indicator	2017/18 £000 Actual
Non-HRA	65,869	48,646
HRA	29,340	25,697
<b>Total</b>	<b>95,209</b>	<b>74,783</b>
To reflect the reported capital monitoring agreed by Council during the year		

<b>Ratio of Financing Costs to Net Revenue Stream</b>		
	2017/18 Reported Indicator	2017/18 Actual
Non-HRA	14.89%	12.82%
HRA	42.53%	43.44%

<b>Capital Financing Requirement</b>		
	2017/18 £000 Reported Indicator	2017/18 £000 Actual
Non-HRA	340,885	320,153
HRA	345,505	345,505

There were no breaches to the Prudential Indicators set for 2017/18.

<b>Authorised Limit for External Debt</b>	
	<b>2017/18 £000 Reported Indicator</b>
Borrowing	825,000
Other Long-Term Liabilities	0
<b>Total</b>	<b>825,000</b>
Maximum YTD £655.189m	

<b>Operational Boundary for External Debt</b>	
	<b>2017/18 £000 Reported Indicator</b>
Borrowing	£800,000
Other Long-Term Liabilities	0
<b>Total</b>	<b>£800,000</b>
Maximum YTD £655.189m	

The Council's actual external debt at 31 March 2018 was £650.341m. 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.

<b>Upper Limit on Fixed and Variable Interest Rates Exposures</b>		
<b>Range</b>	<b>2017/18 £000 Reported Indicator</b>	<b>2017/18 £000 Actual Position</b>
Fixed Rate	Max 652,940 Min 424,015	Actual 528,795 Max 528,795 Min 499,731
Variable	Max 160,751 Min (15,000)	Actual 30,000 Max 44,000 Min 19,000
All within agreed limits. (Max and Min YTD)		

<b>Upper / Lower Limits for Maturity Structure of Fixed Rate Borrowing</b>				
	<b>2017/18 Reported Indicator</b>		<b>2017/18 Actual Position</b>	
	<b>Upper Limit</b>	<b>Lower Limit</b>	<b>Actual Percentage</b>	<b>Maximum YTD</b>
Under 12 months	25%	0%	2.99%	9.66%
12 months to 24 months	25%	0%	6.28%	6.39%
24 months to 5 years	50%	0%	17.08%	20.84%
5 years to 10 years	50%	0%	9.45%	9.45%
10 years to 20 years	50%	0%	10.72%	14.71%
20 years to 30 years	50%	0%	1.20%	1.25%
30 years to 40 years	50%	0%	19.10%	19.39%
40 years to 50 years	60%	0%	28.57%	29.67%
50 years and above	30%	0%	0.00%	3.55%
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 forecast cuts in interest rates. An upper limit was set and agreed as a new Prudential Indicator.

<b>Upper Limit on amounts invested beyond 364 days</b>			
	<b>2017/18 £000 Reported Indicator</b>	<b>2017/18 £000 Actual Position</b>	<b>2017/18 £000 Maximum YTD</b>
	Investments	<b>15,000</b>	<b>5,000</b>



**COUNCIL MEETING**

**19 JULY 2018**

**CHILDREN AND YOUNG PEOPLE IN CARE AND CARE LEAVERS STRATEGY 2018-2023**

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**Sheena Ramsey, Chief Executive**

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## **EXECUTIVE SUMMARY**

1. The purpose of this report is to seek approval of the Children and Young People in Care and Care Leavers Strategy 2018 – 2023. The Strategy builds upon the previous strategy and highlights the Council's role in corporate parenting and as such, the document also serves as the Council's Corporate Parenting Strategy.
2. The Strategy sets out the strategic vision and intentions for the Looked After Service. It also sets out the new approach to providing services and support for Looked after Children and Young People and Care Leavers in Gateshead.
3. The Cabinet has considered the facts and issues arising from the report including alternative options and took all relevant advice before formulating their recommendation.

## **RECOMMENDATION**

4. It is recommended that Council approves the Children and Young People in Care and Care Leavers Strategy 2018 – 2023.

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**TITLE OF REPORT:** Children and Young People in Care and Care Leavers Strategy 2018-2023

**REPORT OF:** Caroline O'Neill, Strategic Director, Care, Wellbeing and Learning

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### **Purpose of the Report**

1. This report seeks Cabinet approval of the Children and Young People in Care and Care Leavers Strategy 2018 – 2023.

### **Background**

2. In 2014, the Children and Young People in Care and Care Leavers Strategy was taken to Cabinet for approval.
3. The 2018 – 2023 Strategy builds upon the previous strategy and highlights the Council's role in corporate parenting and as such, this document also serves as the Council's Corporate Parenting Strategy.
4. The Children and Young People in Care and Care Leavers Strategy sets out the strategic vision and intentions for the Looked After Service. This strategy sets out our new approach to providing services and support for Looked after Children and Young People and Care Leavers in Gateshead. It is based on supporting children in the community where it is safe and appropriate to do so, using strengths based practice. It also looks to improve the offer from ourselves and our partners, in supporting these children and young people to reach their full potential.

### **Proposal**

5. Cabinet endorsement is sought for the Children and Young People in Care and Care Leavers Strategy 2018 – 2023.

### **Recommendations**

6. It is recommended that Cabinet:
  - (i) Approve the Children and Young People in Care and Care Leavers Strategy 2018 – 2023 for submission to Council.

for the following reason(s)

- (i) To continue to ensure that the needs of looked after children and care leavers are met.
- (ii) To ensure we achieve the priorities set out in the strategy.

- (iii) To ensure the role of Corporate Parent is embedded across the Council and with partners.
- (iv) To ensure the Council fulfils its statutory duties.

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**CONTACT:** Jill Little

extension: 3420

### Policy Context

1. The revised strategy is based on the principle that children and young people who are looked after, or are Care Leavers, should have the opportunity to thrive and reach their full potential. The proposals in this report are therefore consistent with the Council's newly adopted approach of Making Gateshead a place where everyone thrives.

### Background

2. The Council and its partners remain engaged in the delivery of a wide range of activity to support Looked after children, young people and care leavers
3. The Council is updating the Children and Young People in Care and Care Leavers Strategy 2018 – 2023 to both recognise changing roles, as well as ensuring the best possible outcomes for looked after children, young people and care leavers.

### Consultation

4. The Cabinet Member for Children and Young People has been consulted.
5. The members of the Corporate Parenting Partnership have been consulted and a variety of agencies have been engaged in the development of the strategy

### Alternative Options

6. There are no alternatives to this report.
7. **Implications of Recommended Option Resources:**
  - a) **Financial Implications** – The Strategic Director, Corporate Resources confirms that there are no financial implications as a result of this strategy. 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.
  - c) **Property Implications** - There are no specific implications arising from this report.
8. **Risk Management Implications** - The development of effective strategies forms part of control measures for Care, Wellbeing and Learning.
9. **Equality and Diversity Implications** – There is no disproportionate negative impact arising from this report as the strategy has been developed with the aim of supporting all children and young people who are looked after, or are Care Leavers.
10. **Crime and Disorder Implications** – The strategy seeks to safeguard children and to reduce their risk taking behaviour where necessary.

11. **Health Implications** – There are a range of proposals in the strategy which address how to meet the health and wellbeing needs of looked after children and care leavers
12. **Sustainability Implications** - No major implications.
13. **Human Rights Implications** - Proposals in the strategies support Article 6 – the right to education and article 8 – the right to a family life.
14. **Area and Ward Implications** - No specific implications

**Children and Young People in Care  
& Care Leavers Strategy  
2018 - 2023**

## Foreword

Welcome to Gateshead's Children and Young People in Care and Care Leavers strategy which covers the period 2018 to 2023.

We know that many children and young people who become looked after have experienced significant challenges in their young lives. Children and young people who are in the care of the local authority are among the most vulnerable in our community. They are entitled to the best services that can be provided and achieving this for them requires understanding, commitment and passion from all agencies and individuals who hold a responsibility to provide services for them. We therefore take our responsibilities as Corporate Parents very seriously and work with our partners and others to ensure these children are provided with good quality care and nurturing, to give them the best possible start in life, education. and independence.

We pledge to put children and families at the heart of everything we do. Our role as Corporate Parents is embedded within the Children and Young People in Care and Care Leavers Strategy 2018-2023, and as such, this document also serves as the Council's Corporate Parenting Strategy. It will be used to guide our decisions and ensure that we are doing the right things at the right time with the right level of resources.

This strategy sets out our new approach to providing services and support for Looked after Children and Young People and Care Leavers in Gateshead. It is based on supporting children in the community where it is safe and appropriate to do so, using a whole family strengths based practice; a recognition that we need to reduce the demand on our services through the transformation of edge of care and early help services; and improve the offer from ourselves and our partners, in supporting these children and young people to reach their full potential.

Signed by:



Councillor Gary Haley,  
Cabinet Member for  
Children and Young  
People



Signed by:



Caroline O'Neill  
Strategic Director, Care  
Wellbeing and Learning



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## **1. Introduction**

All children, regardless of circumstance, need to know someone is there for them, fighting their corner, listening to their needs and doing what they can to provide support. It is our belief that all children should be provided with the best start in life, and this should be no different for the children and young people in our care and for those young people who embark on a new journey as Care Leavers.

Elected members, the Leadership Team and employees all have a special responsibility to ensure that the Council acts as a corporate parent for children in our care. This means, as a Council, we need to ensure each individual child has their own needs addressed and is truly being listened to, and looked after, in order to reach their full potential.

By understanding and addressing the needs of our looked after children, we can turn around their experiences from challenging backgrounds by asking: "What would I want for my own child?"

## **2. Vision and Principles**

We want every child and young person in the care of Gateshead Council to reach their full potential. They have a right to be healthy, happy, safe and secure and to feel loved, valued and respected.

We want our children and young people to have everything that a responsible and conscientious parent would want for their children.

We want our children in care and care leavers to work with us, along with their parents and carers, in shaping how we manage and organise the planning, resources and services that support and care for them.

We want our children and young people to be happy and healthy, physically, socially and emotionally, to be safe and protected from harm and exploitation, and to be supported each step of the way to adult life.

We want them to achieve their potential, including at school, to make the most of the learning opportunities they are offered and to participate in the decisions affecting their care and their lives. This includes making the transition to adulthood with continuity of support, access to the right jobs and higher education, while living in good housing and being financially secure.

## **3. What Children and Young People In our Care Say**

- Find moving into a new home a difficult experience;
- Need to understand why they came into care;
- Need to be able to build relationships with adults they can trust;
- Rely on the adults caring for them to help keep them safe;

- Support to maintain relationships once they leave care, on an informal basis;
- Want professionals who provide support to have high aspirations for them;
- Reported that leaving care still felt like a 'cliff-edge';
- Felt that the process of leaving care itself was often rushed and that planning for leaving care should start earlier;
- Wanted more choice about where they lived and who supported them;
- Know what they were entitled to from universal services.

Our strategy invites us to work together with a common purpose, putting the welfare of our children in care at the heart of everything we do.

#### **Our principles are to:**

- Safeguard the welfare, health and happiness of all children in care;
- Listen and respond to children and young people's views and wishes;
- Provide a stable and supportive home with caring consistent relationships;
- Have high aspirations for each child and young person;
- Respect and value diversity;
- Place children and young people within families whenever possible and as close to the local community as possible;
- Promote contact with family and friends;
- Respect and promote children and young people's rights;
- Make decisions based on assessments of need;
- Celebrate children and young people's achievements.

## **4. Our Priorities**

Informed by what our Looked after Children and Young People say is important to them, we have identified seven key priorities which are at the heart of this strategy:

- Our Children and Young People are **respected** and **involved**;
- Our placements are **safe** and meet the **needs** of our Children and Young People;
- **Positive** relationships and **identity**;
- Our Children and Young People will be **supported** to **improve** their physical and emotional health and wellbeing;
- Our Children and Young People are **encouraged** to **reach** their educational, employment and training potential;
- Our Young People moving into adulthood will be **supported** to **achieve** their full potential in life;
- **Improve** our role as the Corporate Parent;

## 5. The Gateshead Picture

The services that support the children and young people in our care are currently rated Good by Ofsted. In our role as Corporate Parents we strive to continually improve outcomes for children and young people, but this does not come without its challenges. Our services will support a child in the community with their family where it is appropriate and safe to do so and managing the reduction of demand is central to best outcomes for young people. We are committed to ensuring that children and young people are at the centre of all service delivery.

Gateshead has a population of around 201,600 people. Gateshead's population is projected to increase by 11,000 (5.5%) between 2014 and 2039 to 211,500.

The population is ageing: it is projected that by 2039 there will be an additional 14,400 people aged 65 or older, an increase of 38%. There will also be a slight decrease in the number of children and young people aged 0-15 of around 500 or 1.5%.

1 in 4 children in Gateshead live in poverty. Children who live in poverty are significantly more likely to experience poor mental as well as physical health.

Entering care is strongly associated with poverty and deprivation, and with emotional and mental health problems. Research suggests that around 45-60% of looked after young people have emotional and mental health problems, increasing to 72% for those in residential care.

At the end of reception, just under 6 in 10 Gateshead pupils achieve a Good Level of Development at Foundation Stage. This is similar to the North East and just below the England averages. Nationally there is a gap of around 10% achieving a good level of development between the richest and poorest areas (based on IMD 2015 deprivation).

Nationally, the number of Looked After Children has continued to rise; it has increased steadily over the last six years. There were 72,670 looked after children at 31 March 2017, an increase of 3% compared to 31 March 2016 and an increase of almost 5% compared to 2015. The rise this year reflects a rise of 260 in unaccompanied asylum-seeking children, compared to a rise of 2,220 in all looked after children.

As at 31 March 2018, there were 392 children and young people classed as being Looked After. This figure includes 7 unaccompanied asylum-seeking children. There were also 138 Care Leavers.

57% of Looked After Children are male, and 43% female and these proportions have varied little over recent years. We have seen an 18% reduction in the number of looked after children aged 0-2, whilst those aged 3-5 have increased by 38%. The 6-8 age group, the 12-14 age group and the 12-14 age group have remained the same with only a slight increase in those aged 9-11.

Whilst we have seen an increase in older children over the last few years, there has been an 8% reduction of those aged 15-17 over the last few months.

Below is a breakdown of current placements.

Current Placement Type	Num of Children	% of children
Placed with in house foster carers	317	80%
Children's Homes	24	6%
Placement with Agency Foster Carer	18	5%
Placed for adoption	15	4%
Placed with parents / person with parental resp.	13	3%
Residential School	7	2%
Independent living	3	1%
NHS / Health Trust / medical or nursing care estab	1	0%
<b>Total:</b>	<b>398</b>	<b>100%</b>

## 6. Role of Corporate Parent

Gateshead Council has always been very clear about their role as Corporate Parents for Looked After Children and Care Leavers and has always had high aspirations for a child in care or care leaver as any good parent would have for their own child, in accordance with the national care leavers charter (Appendix 1). It means providing them with the stability and support they need to make progress, and helping them to access new opportunities and experiences that inspire them to set ambitious goals for themselves. It means celebrating their successes, but also recognising that they will sometimes make mistakes and need help to get back on track. It also means supporting them to gain the skills and confidence to live independent lives, while letting them know that they have someone to call on for help if the going gets tough.

The Government has introduced a set of Corporate Parenting principles that require all departments within a local authority to recognise their role as corporate parents, and encourage them to look at the support and services they provide. The principles require corporate parents:

- To act in the best interests, and promote the physical and mental health and well-being, of those children and young people;
- To encourage those children and young people to express their views, wishes and feelings;

- To take into account the views, wishes and feelings of those children and young people;
- To help those children and young people gain access to, and make the best use of, services provided by the local authority and its relevant partners;
- To promote high aspirations, and seek to secure the best outcomes, for those children and young people;
- For those children and young people to be safe, and for stability in their home lives, relationships and education or work; and
- To prepare those children and young people for adulthood and independent living.

## **7. How Corporate Parenting Works in Gateshead**

We have a well-established model of Corporate Parenting. It includes well-defined decision making processes in the Council with clear links to the Children in Care Council (One Voice). The Council regularly reviews how we deliver these functions and that there are tangible outcomes through active and regular feedback from the children and young people.

This strategy and its delivery plan will be monitored through the Corporate Parenting Sub Overview and Scrutiny Committee. The role and remit of this Sub Committee is to receive and consider monitoring reports on children in the Council's care, and to keep under review the Council's arrangements for ensuring that the Council fulfils its role as corporate parent.

The Corporate Parenting Partnership is an officer group chaired by the Service Director, Children and Families. This group oversees all aspects of our work in relation to our statutory and aspirational work with children in care and care leavers. There are several sub groups with responsibility for leading on particular areas of the delivery plan:

- Arts, Leisure & Activities; - subgroup lead by children's participation officer
- Education, training and employment; - subgroup lead by REALAC
- Health; - subgroup lead by designated nurse LAC
- One Voice Children In Care Council; sub group lead by Children's rights officer
- Placements and accommodation; subgroup lead by commissioning
- Care Leavers – themed Sub Group lead by LAC and leaving care team

The corporate parenting partnership meets every three months, with the sub groups meeting monthly. This ensures priorities are monitored and reviewed and progress is evidenced within the work plan.

All councillors have a responsibility to ensure that services for our children and young people continue to be at least good and to ensure there are sufficient resources and accommodation choices available. The councillors undertake training to ensure they have the knowledge to fulfil their safeguarding and corporate parenting responsibilities.

## **8. The Focus on Achieving our Priorities (see delivery plan, Appendix 2)**

### **Priority 1: Our Children and Young People are Respected and Involved**

We will ensure children and young people in our care are aware of their entitlements and know where to access information, how to seek advice and support and understand how to make a complaint.

We will ensure there are strong and active children in care council (One Voice) which is able to help influence and shape the delivery of services through direct access to councillors and officers of the Council.

#### **We will ensure:**

- Staff have the knowledge, skills and commitment to engage and listen to looked after children and care leavers in effective ways, appropriate to their age, ability and interest;
- We maximise the involvement of looked after children and care leavers in decisions made that affect them and provide feedback on any actions that are/are not taken as a result;
- Looked after children and care leavers are aware of their entitlements and know where to access information, how to seek advice and support, and understand how to make a complaint;
- The Council and its partners support One Voice (and our wider Children in Care Council activities) and deliver against the commitments made in 'Our Care Pledge' and the 'Care Leavers' Charter';
- Looked After Children and Care Leavers' engagement and participation is embedded within each priority of this Strategy;
- We celebrate the achievements of our looked after children and care leavers;
- The number of looked after children and care leavers who are involved in our Children in Care Council activities increases.

#### **What this means in practice**

- Looked after children are visited at least every 6 weeks (unless otherwise agreed as part of a permanence plan) and are seen alone;
- Contact with care leavers is made at least every 8 weeks, unless otherwise agreed;
- Looked after children and care leavers are active participants in their review and meet their Independent Reviewing Officer regularly, and before each upcoming review;

- We provide a variety of ways for children and young people to express their views including independent advocacy and MOMO (Mind of My Own). Have a strong and active Children in Care Council (One Voice) which is able to help influence and shape the delivery of services through direct access to senior officers of Children's Services;
- An annual event is held to recognise the achievements of our looked after children and care leavers;
- Looked after children and care Leavers are regularly involved in the recruitment and interview process for Children's Social Care staff.

### **Our key areas for continuous improvement**

- We need to ensure One Voice has a prominent position within the governance arrangements for looked after children and care leavers – with One Voice included as a sub group of the Corporate Parenting Partnership;
- We need to develop our approach to Gateshead's Children in Care Council, building on the existing One Voice group and establishing a structured approach to engaging care leavers and younger looked after children;
- We need to ensure that the views of young people are at the heart of the LAC review process and are sought in a timely and facilitative way;
- We need to improve on evidencing how we have responded to a young person's views and the difference this has made, outlining reasons for our response;
- We have more to do to ensure looked after children and care leavers maximise their take-up of rights and entitlements through more accessible information available in a range of formats, including e-materials;
- Looked after children and care leavers engage in structured interviews at key points and responses demonstrate a high level of positive feedback on the services they've received. However, in order to make the most of this process, findings need to be systematically collected, collated and reported, to ensure this information presents an accurate picture and is useful in informing service development;
- We need to continue to develop our approach to participation and engagement, building capability across the service so that we can hear and respond to the voices and views of children, young people and their families;
- We need to ensure young people placed at a distance are regularly offered opportunities to engage with Children in Care Council activity, and are consulted on key issues relating to service development;
- We need to develop our approach to involving looked after children and care leavers in our recruitment processes, ensuring we create a sustainable and flexible approach that values young people's involvement.

## **Priority 2: Our Placements are Safe and Meet the Needs of Our Children and Young People**

We will ensure that we have a range of placements available for our children and young people and that there will be minimum placement moves for any looked after child.

### **We will ensure:**

- We implement our Sufficiency Strategy to help deliver improved options for looked after children and care leavers;
- We have a range of placements available for our children and young people;
- Visits to all placements are undertaken at a minimum of every 6 weeks;
- Looked after children and young people have a variety of ways to express any concerns they have and act promptly on these;
- Placements changes are kept to a minimum;
- Our Edge of Care offer will support children and families to live safely together through bespoke packages of intervention and planned respite care.

### **What this means in practice**

- Maximise permanency for children in care so as to ensure that where possible and appropriate, children in care are provided with stable placements via adoption, special guardianship or long term/ permanent fostering;
- There are very few unplanned placement changes;
- Independent reviewing officers (IROs) meet with children and young people alone prior to their looked after review;
- A clear escalation process is in place to ensure that IROs can bring concerns to the attention of managers in a timely manner;
- Action for Children is available for independent advocacy;
- Concerns and complaints are responded to promptly and the local authority designated officer (LADO) is involved if required;
- A range of accommodation opportunities available for our young people and care leavers as they move towards adulthood;
- Social workers or managers visit placements, including residential, before moving children and young people to ensure the quality of the service they offer;
- Follow procedures and take a multi-agency approach when children and young people go missing ensuring that young people are listened to and action is taken to keep them safe.

## **Our key areas for continuous improvement**

- We have to do more to secure sufficiency in our fostering options, particularly when placing siblings, adolescents and children with complex needs;
- Increase the number of the in-house foster carers who are local to the Gateshead area through an improvement in recruitment and retention processes;
- We have more to do in driving solutions for children and young people to enjoy choice of placement, including with their siblings where appropriate;
- Sufficiency is a significant challenge and we have recognised the need to develop our placement offer, ensuring fostering, residential, edge of care, leaving care and commissioned services drive the sufficiency agenda to improve choice and the range of placements. Our aim for all placements is to:
  - Support young people to successfully stay at home through our edge of care offer
  - Improve placement choice and placement stability
  - Increase the number of placements available including for sibling groups and adolescents.
  - Increase the provision of supported accommodation
  - Reduce the number of emergency placements
  - Continue to make decisions about permanence in a timely manner to avoid drift and delay

### **Priority 3: Positive Relationships and Identity**

Children and young people are supported to maintain, build and sustain positive relationships with others, including their birth families, siblings in care, carers and their peers. Children and young people know who they are, why they are in care and understand their heritage. They feel valued by others, and their individual needs arising from race, culture, religion, sexual orientation or disability are understood and met.

We want to encourage our looked after children and young people to feel part of their local community and support them to be involved in a range of activities, including volunteer schemes and leisure activities.

#### **We will ensure:**

- Children and young people are encouraged, and have opportunities, to develop strong peer relationships;

- Children and young people are enabled to sustain family relationships with parents, siblings and extended family in a safe and positive way;
- Children and young people have access to more specialist support if required to ensure needs are met;
- A coordinated strategy is developed with partners to increase looked after children and care leavers participation in extracurricular activities such as arts and cultural events and organised sports activities, to contribute to better enjoying and achieving outcomes for looked after children and care leavers;
- Children and young people know who they are, why they are looked after and understand their background and heritage;
- They feel valued by others, and their individual needs arising from race, culture, religion, sexual orientation or disability are understood and met.

### **What this means in practice**

- Where possible, placements are local and priority is given to children and young people to help them continue in the same school or education establishment where this is in their best interests;
- A permanency planning process ensures that early decisions are made and any drift is avoided;
- Extended families are always considered as part of the planning process and children are placed with extended family where it is safe to do so;
- Contact with family and siblings is always considered as part of planning including Adoption and Special Guardianship Support Plans;
- A variety of activities are provided through the year for looked after children and care leavers;
- MAX cards and Leisure cards are available to support leisure opportunities for looked after children and care leavers. This provides free access to gym and swimming in the borough's facilities as well as reduced costs to specific cultural venues;
- A genogram is undertaken for all young people to aid understanding of their family and identity;
- Life story work is considered with all looked after children where there is a decision of permanency;
- At the point of placement, a robust matching process is in place to consider issues of identity and belonging;
- Where there is not the same cultural identity for the child/young person within their placement, opportunities to ensure close cultural links are considered and sought accordingly.

## **Our key areas for continuous improvement**

- Increase numbers of local, available placements to maintain local links and retain relationships;
- Facilitate Family Group Conferences to retain, and where appropriate, strengthen family and friend relationships;
- Undertaking Family Group Conferences to help young people be part of a strength based approach and to help understand the dynamics of their birth family;
- Ensure children and young people placed at a distance have equivalent access to leisure and cultural activities as their peers;
- Ensuring as much information as possible is sought from parents, family and friends at the early stage of Children's Services involvement;
- Continue to invest in our life story work to reflect the story of the child and help them understand their experiences and background.

## **Priority 4: Our Children and Young People will be Supported to Improve their Physical and Emotional Health and Wellbeing**

Our children and young people will be encouraged and supported to choose healthy and active lifestyles. They will have access to specialist health services as required, including those associated with additional needs or disability.

### **We will ensure:**

- The health needs of children and young people are assessed and reviewed in a timely way;
- All children coming into care have a Child looked After Health Assessment with a medical practitioner. The health plan and health needs are reviewed annually for 5 - 18 year olds and 6 monthly for under 5 year olds by an appropriate health professional;
- Children and young people looked after have access to specialist health services as required including those related to additional needs or disability;
- Our children and young people are encouraged to choose healthy and active lifestyles;
- Children living outside the local authority area will not be disadvantaged in having their health needs met.
- Our children and young people have access to information on the risks of alcohol, and substance misuse and the risks of sexual exploitation. Those identified as at risk are offered support through specialist services;
- Health outcome targets are met for Looked After Children;

- Children and young people have their need for additional emotional support recognised and addressed, interventions will improve their knowledge and skills to achieve emotional stability, resilience and self-confidence;
- Looked After Children are consulted on evaluation and improvement plans for health services they are engaged with.

### **What this means in practice**

- There is evidence of health plans being reviewed and informing care plans of the health needs and support required that needs to be in place to ensure physical and emotional health needs are met, promoting a sense of security and belonging;
- Positive attachments are promoted with key adults in a child/young person's life. Important attachments are retained, and where possible strengthened, to improve sense of self and wellbeing;
- Young people have their current and enduring health needs assessed when 15 years old to inform their pathway plan.

### **Our key areas for continuous improvement**

- Health services work with public health to complete a Health Needs Assessment of Gateshead LAC population;
- Timeframes for health assessments will be performance managed to achieve the national standard;
- Actions on health plans are monitored within the care plan review process to ensure health outcomes are achieved;
- Strengths and Difficulties Questionnaire (SDQ) is utilised for KPI measurements and as a tool for assessing and evaluating changes in the emotional health needs of individual LAC. This assessment informs case reviews and care planning. Statistical information is used to assist in service development;
- Local CAMHS services have a pathway for looked after children to ensure they have their emotional health needs assessed and met, outcomes are measured and reported;
- Health information is available for every child/young person to ensure continuous engagement with the health services they require, particularly in times when there is a change of placement or changing circumstances;
- Ensure that we are building the skills and experience within our professional networks to support children/young people's emotional stability and wellbeing, identifying the times and challenges when more support is needed i.e. anniversaries;

- Identify additional support which may help a child/young person's emotional wellbeing and promote resilience, and give opportunities to facilitate this, e.g. sport, hobby, musical instrument, guides, cadets etc;
- Promote understanding of the link between positive physical health and emotional wellbeing with stability in school, placement and family;
- Report on the views of young people relating to their health needs and views of the services they receive.

### **Priority 5: Our Children and Young People are Encouraged to Reach their Educational, Employment and Training Potential**

- We will support all Looked after children to attend an appropriate education resource that helps them achieve their potential;
- We will support and encourage all care leavers to attend education, employment or training;
- We will have high aspirations for all of our looked after children and care leavers.

#### **We will ensure:**

- Children and young people are supported to attend school;
- All children have an effective, high quality personal education plan;
- Children's attainment and progress from Reception to 16 years is monitored and responded to according to individual need. From 16 to 18 years identify those students who are at risk of disengaging as seen in PEP information;
- School moves happen only in exceptional circumstances;
- Partners are aware and receive training on the unique needs of individual and groups of looked after children;
- We have a multi-agency Education, Employment and Training panel which bring together expertise to support young people's aspirations;
- Young people leaving care are encouraged and supported to enter further education, employment and training.

#### **What this means in practice**

- 100% of our looked after children and young people have a personal education plan;
- Additional needs are identified and where required a Special Educational Needs (SEN) intervention initiated;
- Placement changes are kept to a minimum;
- The Head teacher of the Virtual School has effective monitoring to evaluate attainment and progress. Actions, including interventions are identified to

address emerging themes. At post 16 students at risk of disengaging are identified and actions identified to support re-engagement;

- Looked after children access their statutory entitlement to full time education and attendance is in the good or better range;
- School moves are kept to a minimum and where necessary transitions are carefully planned and the most appropriate education provision is secured;
- Training including statutory support to Designated Teachers is delivered to a range of partners including foster carers and social workers on what works to support children's education;
- Looked after children and care leavers have access to work experience opportunities and prioritised for careers advice, training, apprenticeships and career opportunities;
- The EET Panel monitors the progress and creates opportunities for young people entering further education, employment and training.

### **Our key areas for continuous improvement**

- Promoting a good understanding by social workers on pupil progress through school reports and educational achievements and then rewarding looked after children and young people accordingly;
- Embed Staying Put Policy to avoid disruption for care leavers moving into further and higher education;
- Improve the offer to looked after children and care leavers aged 16 – 25;
- Ensure looked after children and care leavers are aware of their entitlements to financial support to promote their education, training and employment aspirations;
- Supporting the development of appropriate work experience and apprenticeships and enable young people to access them.

### **Priority 6: Our Young People Moving into Adulthood Will Be Supported to Achieve Their Full Potential in Life**

We know that transition into adulthood is not always easy and for care leavers the transition can be more complex. We know how important it is that our young people are supported into adulthood in a seamless manner and provided with progressive and ongoing interventions. We want our care leavers to be confident and be able to access support and ensure that young people are engaged in education, employment and training and have the opportunity to live successful adult lives.

### **We will ensure:**

- Children and young people enter adulthood in a planned way, with a home to live in, the skills to look after themselves and the ability to earn a living or continue in education or training;
- Ensuring entitlements are made clear to all care leavers;
- Utilise the Transitions team/panel to support the planning for young people from the age of 16, who may be eligible for support from Adult Services.

### **What this means in practice**

- Allocating a personal advisor to all eligible young people at the age of 16 who will work alongside the allocated social worker until the young person is 18. The personal advisor remains involved until the young person reaches the age of at least 21 and continues to offer support up to the age of 25;
- Allocate a worker from the Transitions Team at the age of 16 for young people who may have eligible needs at 18 under the Care Act 2014
- Clear expectations are in place to help young people prepare for adulthood and have the life skills to achieve this;
- Opportunities are given for young people to build confidence over a prolonged period for more independence and self-responsibility;
- A range of accommodation options are considered to facilitate plans for young people leaving care;
- Ensure all necessary information has been obtained for the young people in a timely way that is needed when moving towards adulthood, e.g. birth certificate, National Insurance number, bank account, etc;
- Increasing the number of young people in Staying Put arrangements;
- Young people receive a health passport when they leave care. This is a comprehensive summary of their health history and identifies support and services for adulthood; it includes current registration i.e. with GP and additional health service details. Care leavers also continue to have access to the Platform substance misuse service, with a planned transition to adult substance misuse services at an appropriate point if required.

### **Our key areas for continuous improvement**

- Preparation for independence at an earlier stage for this to be built upon well before plans for moving are finalised;
- Accessibility and take up of health care and ensure young people are aware of the importance of dental appointments, staying healthy, etc;
- Improve range and quality of placement provision for young people leaving care aged 18 and over including options of supported and semi-supported accommodation;

- Further develop the multi-agency care leavers accommodation panel to monitor the progress of care leavers accommodation plans, and identify themes and gaps with the intention of improving service delivery and strengthening multi agency working;
- Improve the quality of our pathway planning through having a quality assurance auditing process with a view to evidencing an increase in the contribution from our young people into their planning;
- Increase the numbers of care leavers aged 21 and over who return the service to access support.

### **Priority 7: Ensuring all partners support work as ambitious Corporate Parents**

Continue to improve outcomes for looked after children and care leavers via the further implementation of a corporate parenting and partnership approach to the development and delivery of services.

#### **We will ensure:**

- At the core of everything we do is our understanding of our responsibility as a Corporate Parent;
- All partners focus service delivery on corporate parenting priorities;
- Elected members and senior officers take a lead role in raising awareness of the needs of children in care and care leavers with all council services and partner agencies;
- Promotion of the role of elected members as corporate parents and appropriate mechanisms are in place to enable the Council to fulfil its statutory responsibilities in this area.

#### **What this means in practice**

- The Corporate Parenting Sub Overview and Scrutiny Committee meets on a quarterly basis to monitor reports on children in the Council's care, and review the arrangements for ensuring the Council is fulfilling its role as corporate parent;
- Corporate Parenting training continues to be provided to elected members;
- Listening to the voice of children and young people in our care, and those leaving care, either directly or indirectly, through national and local inspection reports, service user surveys, independent reviewing officer's reports, reports from advocates, and other professionals, and use what we learn to improve services and outcomes.

## **Our key areas of continuous improvement**

- An increase in the sense of corporate responsibility across all the statutory agencies in the support for our looked after children and care leavers, improving the impact of multi-agency support;
- Ensure good mechanisms are in place for challenge and counter challenge, between social workers, carers, young people, to realise the ambition we have for looked after children in Gateshead;
- Continue to develop the multi-agency approach to corporate parenting to become more effective in the delivery of the Corporate Parenting plan;
- One Voice (Children in Care Council) are active participants in the partnership and able to contribute and offer challenge;
- Raise awareness with all new staff employed by Gateshead Council with regard to their corporate parenting responsibilities.

## **9. Measuring Success**

How we will know our strategy is achieving the desired outcomes for Children and Young People in Care and Care Leavers?

To find out how well our strategy is working we will:

- Listen and act on the views of Looked After Children and Care Leavers;
- Listen and act on the views of the parents and carers of Looked After Children and Care Leavers;
- Monitor and challenge our own progress through the Corporate Parenting Partnership Board and Corporate Parenting Sub Overview and Scrutiny Committee;
- Monitor the trends in our Looked After Children and Care Leaver population in order to ensure we have the right support and accommodation for our young people
- Monitor the outcomes of our Care Leavers to the age of 25 to ensure they are achieving positive outcomes.

Success will directly be measured against the following outcomes:

- Young people make successful transitions to adult life and achieve their aspirations through having the care, support and help they need from Gateshead Council acting as corporate parents;
- Care Leavers receive the help they need through having well developed Pathway Plans in place.
- Employment

We believe that if we get this right we will have achieved success and this is how it will look:

- Looked after Children and Care Leavers needs are championed across Gateshead;
- Recognition that we work with our Looked after Children and Care Leavers effectively;
- A robust offer in place that is understood by all and interpreted in the same way;
- Our Looked after Children and Care Leavers achieve good outcomes that exceed the national average;
- Our Looked after Children and Care Leavers have higher aspirations and are on their way to achieving their aspirations;
- Our Looked after Children and Care Leavers tell us that they have been supported to reach their aspirations whether this is in education, employment or training;
- Numbers of Care Leavers in Education, Employment and Training are above the national average and rising;
- Young people are telling us that they are recognising their suggestions translating into service development and are happy with what they see;
- Increased Education, Training and Employment opportunities across Gateshead for Looked after Children and Care Leavers.

Our local key performance indicators will be measured through data:

- The number of Care Leavers remaining engaged in education, taking up training opportunities and undertaking activities aimed at improving employability;
- Improved support for Care Leavers while they are at a further education college or university;
- An ongoing reduction in the number of Care Leavers who are NEET, through improved support by mainstream and specialist services;
- Access to mainstream and specialist health services, which meet their physical, mental and sexual health needs;
- Programmes in place that reduce homelessness and address the specific needs of Care Leavers;
- Programmes in place that reduce crime and the risk of young people being exploited specifically addressing the needs of Care Leavers;

And through surveys of Care Leavers through our Children in Care Council (One Voice)

- Improved support for Care Leavers while they are at a further education college or university;
- Improved financial support and guidance on offer so that Care Leavers are able to manage their income and reduce the risks of falling into debt;
- Care Leavers reporting that they feel safe and that they live in suitable accommodation that meets their individual needs;
- Care Leavers receiving high quality ongoing support from their local authorities so that they do not feel lonely and isolated;
- Care Leavers leaving care at a time when they are ready;

- Care Leavers are knowledgeable about their entitlements through our website, Care Leavers Charter and our comprehensive guides to leaving care;
- Improvements in the quality of assessments, plans and reviews.

## Our Care Pledge

### 1. Looking After You

- You will get your own social worker who is properly qualified to work with you
- We will make sure your Social Worker doesn't change unless there is a good reason for it, unless you want to change who your Social Worker is
- Your social worker will stay in touch regularly to check you are OK
- You will have a care plan which is all about you and your needs, and which is looked at regularly

### 2. Finding the Right Place for you

- If it is part of your care plan for you to go back home we will make sure this happen as quickly and as safely as possible. We will check to make sure you are safe after you go home
- If you can't go home we will find the right place for you and make sure you live with people who care about you
- We will try to give you a choice about where you live and who you live with
- If we can we will find someone else in your family who can care for you.
- If we can, we will keep you with your brothers and sisters.
- We will help you keep in touch with your birth family wherever possible. If it's not possible we'll tell you why.

### 3. Involving you

- We will take your feelings into account in decisions that affect you
- We will make sure you are fully involved in your reviews
- We will help you to have your say and listen to your views
- If you want to make a complaint we will provide you with access to an advocate to help you get your views across

### 4. Treating you right

- We won't talk about you to other people where its none of their business – unless we need to, to keep you or others safe
- We will always listen to you and treat you with respect
- We will explain what is going on in words you understand

### 5. Getting a good education

- We will make sure you get a place at a good nursery or school
- We will make sure that you don't have to change schools wherever possible, especially in years 10 and 11
- There will be a designated teacher at your school to make sure you're doing OK – but they won't treat you differently to others
- We will let you know who your designated teacher is so you know where to go if you need help in school
- We will make sure you don't miss any school and help you get back on track with extra support if you fall behind

## **6. Keeping you healthy and happy**

- We'll make sure you get regular health-checks and if you need any treatment or support that you get it quickly
- We will work together with your school, carers and the health team to make sure all your health needs are met
- We'll make sure you have opportunities to do fun things, including free access to our leisure facilities, and give you opportunities to get to know other Looked After Children
- We'll help you find out about activities that are on, so that you can get involved.
- We will make sure you can keep going to activities you are involved in if you move placement

## **7. Helping you get on in life**

- We will give you the help you need when it's the right time for you to move on from care to find a place to live and learn to live on your own
- If you can't live on your own we'll make sure that choices are there for you after you are 18
- We will make sure you have enough money and help you to manage it well
- We will help you if you want to do an apprenticeship, go to college or university
- We'll help you get ready for the world of work, find a job or training placement and give you the chance to get work experience

Complementing the Pledge, the Council and its partners support the principles, values and commitments as detailed in the Charter for Care Leavers produced by the Department for Education and the Care Leavers Foundation.

### **The Care Leavers Charter**

The Charter for Care Leavers is designed to raise expectation, aspiration and understanding of what care leavers need and what the government and local authorities should do to be good Corporate Parents. Gateshead Council have adopted the charter and are committed to improving outcomes for Care Leavers as reflected in the charter.

#### **We Promise:**

To respect and honour your identity

- We will support you to discover and to be who you are and honour your unique identity. We will help you develop your own personal beliefs and values and accept your culture and heritage. We will celebrate your identity as an individual, as a member of identity groups and as a valued member of your community. We will value and support important relationships, and help you manage changing relationships or come to terms with loss, trauma or other significant life events. We will support you to express your identity positively to others.

#### To believe in you

- We will value your strengths, gifts and talents and encourage your aspirations. We will hold a belief in your potential and a vision for your future even if you have lost sight of these yourself. We will help you push aside limiting barriers and encourage and support you to pursue your goals in whatever ways we can. We will believe in you, celebrate you and affirm you.

#### To listen to you

- We will take time to listen to you, respect, and strive to understand your point of view. We will place your needs, thoughts and feelings at the heart of all decisions about you, negotiate with you, and show how we have taken these into account. If we don't agree with you we will fully explain why. We will provide easy access to complaint and appeals processes and promote and encourage access to independent advocacy whenever you need it.

#### To inform you

- We will give you information that you need at every point in your journey, from care to adulthood, presented in a way that you want including information on legal entitlements and the service you can expect to receive from us at different stages in the journey. We will keep information up to date and accurate. We will ensure you know where to get current information once you are no longer in regular touch with leaving care services. We will make clear to you what information about yourself and your time in care you are entitled to see. We will support you to access this when you want it, to manage any feelings that you might have about the information, and to put on record any disagreement with factual content.

#### To support you

- We will provide any support set out in current Regulations and Guidance and will not unreasonably withhold advice when you are no longer legally entitled to this service. As well as information, advice, practical and financial help we will provide emotional support. We will make sure you do not have to fight for support you are entitled to and we will fight for you if other agencies let you down. We will not punish you if you change your mind about what you want to do. We will continue to care about you even when we are no longer caring for you. We will make it our responsibility to understand your needs. If we can't meet those needs we will try and help you find a service that can. We will help you learn from your mistakes; we will not judge you and we will be here for you no matter how many times you come back for support.

#### To find you a home

- We will work alongside you to prepare you for your move into independent living only when you are ready. We will help you think about the choices available and to find accommodation that is right for you. We will do everything we can to

ensure you are happy and feel safe when you move to independent living. We recognise that at different times you may need to take a step back and start over again. We will do our best to support you until you are settled in your independent life; we will not judge you for your mistakes or refuse to advise you because you did not listen to us before. We will work proactively with other agencies to help you sustain your home.

To be a lifelong champion

- We will do our best to help you break down barriers encountered when dealing with other agencies. We will work together with the services you need, including housing, benefits, colleges and universities, employment providers and health services to help you establish yourself as an independent individual. We will treat you with courtesy and humanity whatever your age when you return to us for advice or support. We will help you to be the driver of your life and not the passenger. We will point you in a positive direction and journey alongside you at your pace. We will trust and respect you. We will not forget about you. We will remain your supporters in whatever way we can, even when our formal relationship with you has ended.

## Appendix 2: Children in Care and Care Leavers Delivery Plan 2018-19

Objective 1: Our Children and young people are respected and involved				
Strategy	What we will do	How we will achieve this	What else we need to do	How will we measure progress and achievement
<p>Ensure Looked After Children and care leavers are aware of their entitlements and know where to access information, how to seek advice and support and understand how to make a complaint.</p>	<ul style="list-style-type: none"> <li>• Ensure staff have the knowledge, skills and commitment to engage and listen to looked after children and care leavers in effective ways appropriate to their age, ability and interests</li> <li>• Ensure we maximise the involvement of looked after children and care leavers in decisions made that affect them and provide feedback on any actions that are/are not taken as a result</li> <li>• Ensure We celebrate the achievements of all of our looked after children and care leavers</li> </ul>	<ul style="list-style-type: none"> <li>• Looked after children are visited at least every 6 weeks (unless otherwise agreed as part of a permanence plan) and seen alone</li> <li>• Contact with care leavers is made at least every 8 weeks unless otherwise agreed</li> <li>• Looked after children and care leavers are active participants in their reviews and meet their Independent Reviewing Officer regularly and before each upcoming review</li> <li>• Providing a variety of ways for children and young people to express their views including independent advocacy and MOMO</li> </ul>	<ul style="list-style-type: none"> <li>• Looked after children and care leavers engage in structured interviews at key points to evidence how they feel about the services they receive. Findings need to be systematically collected, collated and reported back to the Corporate Parenting Partnership to inform service development</li> <li>• We need to do more to ensure looked after children and care leavers maximise their take up of rights and entitlements through more accessible information available in a range of formats, including e-materials</li> <li>• Improve on evidencing how we have responded to a young person's views and the difference this has made</li> </ul>	<ul style="list-style-type: none"> <li>• Children say they feel safe</li> <li>• Care Leavers say they feel supported in their own accommodation</li> <li>• There will be an increase in the of young people who use MOMO</li> <li>• All statutory visits are completed in timescale</li> </ul>

<p>Ensure that young people who lack capacity or have communication barriers are supported as far as practicable</p>	<ul style="list-style-type: none"> <li>• Undertake Mental Capacity Assessments on decision specific issues</li> <li>• Utilise necessary communication tools</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure Mental Capacity assessments are completed at the age of 16 where there is doubt about capacity and if necessary make an application to the Court Of Protection should they lack capacity to consent to their accommodation and care</li> <li>• Ensure key staff are trained to use PECS, Makaton and any other communication tool</li> </ul>	<ul style="list-style-type: none"> <li>• We need to ensure that the views of the young people are at the heart of the LAC review process and sought in a timely and facilitative way</li> </ul>	<ul style="list-style-type: none"> <li>• Staff will be confident that we have made every effort to ensure supported decision making and young people are involved as much as possible in decisions and make best interest decisions around their care</li> <li>• Applications will have been made to the Court of Protection to authorize any</li> </ul>
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				Deprivation of Liberty
Have a strong and active children in care council (one voice) which is able to help influence and shape the delivery of services through direct access to Senior Officers of Children's services	<ul style="list-style-type: none"> <li>Ensure the Council and its partners support One Voice and our wider children in care council activities and deliver against the commitments made in our care pledge and the care leavers charter</li> </ul>	<ul style="list-style-type: none"> <li>Regular meetings of One Voice</li> <li>Attendance at One Voice by Senior officers</li> <li>Attendance at Overview and Scrutiny Committee by One Voice Members</li> <li>Looked after children and care leavers are regularly involved in the recruitment and interview process for children's social care staff</li> </ul>	<ul style="list-style-type: none"> <li>Increase the membership of One Voice by ensuring all Looked after young people and carers are aware of the purpose and function of the group</li> <li>Continue to develop our approach to participation and engagement, raising awareness and building capacity across services so that we can hear and respond to the voices and views of children, young people and their</li> </ul>	<ul style="list-style-type: none"> <li>More young people and care leavers will attend One voice on a regular basis</li> <li>Feedback from One Voice via regular meetings with Leadership Team.</li> <li>Twice yearly visits to Corporate Parenting OSC</li> </ul>
<b>Objective 2: Our placements are safe and meet the needs of our Children and Young People</b>				
Strategy	What we will do	How will we achieve this	What else do we need to do	How will we measure progress and achievement
We will ensure that we have a range of placements available for our children and young people and that there will be minimum placement	<ul style="list-style-type: none"> <li>Implement a sufficiency strategy to help deliver improved options for looked after children and care leavers</li> </ul>	<ul style="list-style-type: none"> <li>Recruitment and retention of foster carers</li> <li>Maximise permanency for children in care so as to ensure that where</li> </ul>	<ul style="list-style-type: none"> <li>Sufficiency is a significant challenge for us and we have recognized the need to develop our placement offer, ensuring fostering,</li> </ul>	<ul style="list-style-type: none"> <li>There will be better placement choice for children and young people</li> </ul>

<p>moves for any looked after child</p>	<ul style="list-style-type: none"> <li>• Placement changes are kept to a minimum</li> <li>• Ensure children’s plans are robust, with a focus on permanence</li> <li>• Ensure looked after children and care leavers have a variety of ways to express any concerns they have about their placement and that these are acted on promptly</li> </ul>	<p>possible and appropriate, children in care are provided with stable placements via adoption or long term/permanent fostering</p> <ul style="list-style-type: none"> <li>• Drift is avoided by having a robust permanency planning process</li> <li>• Work with commissioning to source any external placement requests</li> <li>• Social workers or managers visit placements, including residential before moving children to ensure the quality of the service they offer</li> <li>• Visit placements every 6 weeks (unless otherwise agreed as part of a permanence plan)</li> <li>• A clear escalation process is in place to ensure the IRO’s can bring concerns about a placement to the attention of a manager in a timely manner</li> </ul>	<p>residential, edge of care, leaving care and commissioned services drive the sufficiency agenda to improve the choice and range of placements</p>	<ul style="list-style-type: none"> <li>• The number of staying Put arrangements will increase</li> <li>• New supported accommodation model will be implemented in July and reviewed every 6 months</li> <li>• Monthly multi disciplinary supported accommodation panel will monitor placements and outcomes of young people</li> <li>• Placement moves and length of time in placement will be reported monthly to the management team and annually to the Dfe</li> <li>• Monitor and report on the permanence plans for children</li> </ul>
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<p>For those who are eligible for Adult care and support under the Care Act 2014 their foster placement will become a Shared Lives placement, in line with best practice guidance (if this is the wish of the young person)</p>	<p>Determine eligibility around the age of 17 to ensure young people and carers are clear about the pathway for support</p>	<ul style="list-style-type: none"> <li>• Independent advocacy is available to all young people</li> <li>• Concerns and complaints are responded to promptly</li> <li>• Performance reports will demonstrate placement stability, permanence planning and highlight areas for improvement</li> <li>• Referring LAC young people with disabilities to the Transitions Team at the age of 16 to undertake assessment process</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure that every young person who is eligible for adult care and support completes a My Home Form to inform future housing needs to the Accommodation and Support Group (Adult social care)</li> </ul>	<p>and young people to ensure there is no drift and delay</p> <ul style="list-style-type: none"> <li>•</li> </ul>
<p><b>Objective 3: Positive Relationships and Identify</b></p>				
<p>Strategy</p>	<p>What we will do</p>	<p>How will we achieve this</p>	<p>What else do we need to do</p>	<p>How will we measure progress and achievement</p>
<p>Children and young people are supported to maintain, build and sustain positive relationships with others including their birth</p>	<ul style="list-style-type: none"> <li>• Children and young people (where appropriate) will be enabled to sustain family relationships with parents, siblings</li> </ul>	<ul style="list-style-type: none"> <li>• Where possible placements are local and friendships are encouraged</li> <li>• Extended family are always considered as</li> </ul>	<ul style="list-style-type: none"> <li>• Increase numbers of local, available placements in order for young people to maintain links and retain relationships</li> </ul>	<ul style="list-style-type: none"> <li>• All age appropriate LAC are involved in their reviews and feel able to contribute if they want to</li> </ul>

<p>families, siblings, carers and their peers.</p> <p>Children and young people know who they are, why they are in care and understand their heritage. They feel valued by others and their individual needs are understood and met.</p>	<p>and extended family in a safe and positive way</p> <ul style="list-style-type: none"> <li>• Children will understand why they are in care and life story work will be undertaken to support them and help them make sense of their need to be looked after</li> <li>• We will value all young people and their individual needs arising from race, culture, religion, sexual orientation or disability will be understood</li> <li>• Children and care leavers will have opportunities to participate in a range of activities, including arts and cultural events, sporting activities and drop in events to support with independence</li> <li>• Children and young people will have access to specialist support if required to ensure needs are met</li> <li>• Children and young people will be encouraged and have</li> </ul>	<p>part of the planning process and children are placed with extended family when it is safe to do so</p> <ul style="list-style-type: none"> <li>• Wherever possible children and young people will remain in the same school or education provision</li> <li>• A permanency planning process ensures that early decisions are made and any drift is avoided</li> <li>• At the point of placement, a matching process is in place to try and minimise placement moves. Where there is not the same cultural match, support is given to ensure close cultural links are maintained</li> <li>• A variety of activities are provided throughout the year for looked after children and care leavers</li> <li>• MAX and leisure cards are provided to</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure young people placed at a distance have equivalent access to leisure and cultural activities as their peers</li> <li>• Continue to invest in life story work to reflect the story of the child and help them understand their experiences and background</li> <li>• Obtain as much information as possible from parents, birth family and friends at the earliest stage of Children's services involvement</li> <li>• Improve the offer from our partners in leisure, arts and culture to enable care leavers to access facilities in the same way as looked after children can</li> </ul>	<ul style="list-style-type: none"> <li>• All LAC and Care Leavers feel listened to</li> </ul>
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	opportunities to develop strong peer relationships	young people and foster carers to support visits to a range of cultural venues and leisure facilities		
<b>Objective 4: Our Children and Young People will be supported to improve their physical, emotional health and wellbeing</b>				
Strategy	What we will do	How will we achieve this	What else do we need to do	How will we measure progress and achievement
<p>Our children and young people will be encouraged and supported to choose healthy and active lifestyles. They will have access to health services/interventions as identified within their health plan including those associated with additional needs or disability</p> <p>LAC, birth parents, foster parents and birth siblings have access to free leisure facilities</p> <p>Young people who have Learning Disabilities will be referred to the</p>	<ul style="list-style-type: none"> <li>• The health needs of children and young people will be assessed and reviewed in a timely way</li> <li>• Children and young people looked after will have access to health services/interventions as identified within their health plan those related to additional needs or disability.</li> <li>• Children and young people will be supported in all areas to choose healthy and active lifestyles.</li> <li>• Children and young people will have access to information on the risks of alcohol, substance misuse,</li> </ul>	<ul style="list-style-type: none"> <li>• All young people coming into care will have a health assessment with a medical practitioner within 20 days. 100% of health plans and health needs, will be reviewed 6 monthly for children under 5 and annually for children age 5 – 18</li> <li>• Children and young people in need of additional emotional support will have their needs assessed and will be directed to the appropriate service to achieve emotional</li> </ul>	<ul style="list-style-type: none"> <li>• Health services (CCG &amp; specialist commissioned health services) to work with public health to complete a Health Needs Assessment of the Gateshead LAC population.</li> <li>• Improve the health offer to care leavers</li> <li>• Health information is available for every child and young person to ensure continuous engagement with the health services they require, particularly in times when there is a change in placement or changing circumstances.</li> </ul>	<ul style="list-style-type: none"> <li>• Health needs assessment completed by April 2019 and any gaps in service provision and priorities identified</li> <li>• Timely access to mainstream and health services which meet their needs.</li> <li>• Timeframes for health assessments will be performance managed to achieve the national standard.</li> <li>• Actions on health plans are monitored within the care plan review process to ensure health outcomes are achieved.</li> </ul>

<p>Community Learning Disability Adult health team for assessment, with their consent, via the Health/Transitions panel</p>	<p>smoking, sexual health and sexual exploitation. Those identified at risk will be offered support through specialist services.</p> <ul style="list-style-type: none"> <li>• Health outcome targets will be met for Looked After Children</li> <li>• Looked After Children are consulted on evaluation and improvement plans for health services they are engaged with.</li> </ul>	<p>stability, resilience and self confidence</p>	<ul style="list-style-type: none"> <li>• Identify additional support/interventions which help a child/young person's emotional wellbeing and promote resilience and give opportunities to facilitate this e.g. emotional health and wellbeing apps sport, hobby, musical instrument, guides, cadets etc</li> <li>• Promote understanding of the link between positive physical health and emotional wellbeing with stability in school, placement and family.</li> <li>• Ensure that we are building the skills and experiences within our own professional networks to support children/young people's emotional stability and identify the times and challenges when more support is needed i.e. anniversaries.</li> <li>• Responsive access to a range of counselling and therapies, if necessary, according to</li> </ul>	<ul style="list-style-type: none"> <li>• Report on the views of young people relating to how their health needs are being met and their view of the services and the interventions they receive.</li> <li>• Score card to be developed to capture the key elements relating to the health of Looked After Children to allow identification of areas requiring strengthening and to track improvements.</li> </ul>
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			<p>needs to ensure proactive support as opposed to 'reactive treatment'</p> <ul style="list-style-type: none"> <li>Local CAMHS services have a pathway for looked after children to ensure they have their emotional health needs assessed and met with outcomes measured and reported.</li> </ul>	
<b>Objective 5: Our children and young people are encouraged to reach their educational, employment and training potential</b>				
Strategy	What we will do	How we will achieve this	What else we need to do	How will we measure progress and achievement
<p>We will support all Looked after children to attend an appropriate education resource that helps them achieve their potential</p> <p>We will support and encourage all care leavers to attend education, employment or training</p> <p>We will have high aspirations for all of our looked after children and care leavers</p>	<ul style="list-style-type: none"> <li>Ensure that all children have an effective, high quality personal education plan (PEP)</li> <li>Monitor children's attainment and progress and respond according to individual or group need.</li> <li>REALAC support Year 9 and Year 11 transitions to ensure pupils have the ambition to access college places.</li> <li>Post 16-18 REALAC prioritise student reviews in college to</li> </ul>	<ul style="list-style-type: none"> <li>The Virtual Head has effective monitoring and tracking systems to evaluate progress and achievement and plans interventions to address emerging themes</li> <li>Children and young people's academic progress and attainment is analysed and monitored via their looked after reviews and PEP meetings</li> </ul>	<ul style="list-style-type: none"> <li>Continue the focus on improving the offer to looked after children and care leavers aged 16-25</li> <li>Support the development of work experience and shadowing opportunities within the council</li> <li>Offer work experience placements specific to the young person's interests through Pathways to Work (is this right) REALAC and Voiceworks Project for</li> </ul>	<ul style="list-style-type: none"> <li>There will be an increase in the number of Apprenticeships offered to LAC and Care Leavers</li> <li>There will be a reduction in the number of NEET</li> <li>Pathway plans will demonstrate the ambitions we have for our care leavers</li> </ul>

	<p>ensure they are on track on their courses.</p> <ul style="list-style-type: none"> <li>• Raise awareness and train partners on the unique needs of looked after children and care leavers</li> <li>• Ensure the multi agency education, employment and training panel (EET) brings together expertise and resources to support looked after children and care leavers</li> <li>• Keep school moves to a minimum and where moves are necessary they are carefully planned and the most appropriate education provision is secured</li> </ul>	<ul style="list-style-type: none"> <li>• Training including statutory support to designated teachers is delivered to a range of partners including foster carers and social workers on what works to support children's education</li> <li>• Looked after children and care leavers will have access to work experience opportunities and shadowing days both within the council and with partner agencies</li> <li>• Looked after children will be prioritised for careers advice, training and apprenticeships and career opportunities</li> <li>• The EET panel will monitor the progress and create opportunities for young people entering further education,</li> </ul>	<p>those with additional needs</p> <ul style="list-style-type: none"> <li>• Work with all directorates within the council to improve the apprenticeship offer for looked after young people and care leavers</li> <li>• Ensure 100% of our looked after young people have a high quality PEP</li> <li>• Ensure looked after children and care leavers are aware of their entitlements to financial support to promote their education, training and employment aspirations</li> </ul>	<ul style="list-style-type: none"> <li>• The Education, Employment and Training panel will monitor progress of young people</li> <li>• All Lac and care leavers will be able to articulate what financial support they will receive in relation to further and higher education</li> </ul>
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<p>Support LAC young people with additional needs to acquire paid employment and secure enterprise and volunteering opportunities</p>	<p>Identify those young people who are capable and wish to achieve paid employment and ensure they develop their employability skills</p>	<p>employment and training</p> <p>Young people will be given the opportunity to participate in social enterprises, work placements and conduct vocational profiling</p> <p>Gateshead Access to Employment Service (GATES) provides a supported employment programme to people with learning, physical disabilities, mental health or autism who have eligible needs under the Care Act 2014</p>		<p>ASCOF 1E indicator in Adult social care achieves employment target of 12% of service users in paid employment</p> <p>A strengthened pathway from education to work, with reduced reliance on social care services for young people with disabilities</p>
<p><b>Objective 6: Our young people moving into adulthood will be supported to achieve their full potential in life</b></p>				
<p>Strategy</p>	<p>What we will do</p>	<p>How we will achieve this</p>	<p>What else do we need to do</p>	<p>How will we measure progress and achievement</p>
<p>Our young people are supported into adulthood in a seamless manner and provided with</p>	<ul style="list-style-type: none"> <li>• Young people enter adulthood in a planned way, with a home to live in, the skills to look after themselves and the ability to earn a living</li> </ul>	<ul style="list-style-type: none"> <li>• A personal advisor will be allocated to eligible young people at the age of 16 who will work with the allocated social</li> </ul>	<ul style="list-style-type: none"> <li>• Begin preparation for independence at an earlier stage and for this to be built upon well before plans for moving are finalised</li> </ul>	<ul style="list-style-type: none"> <li>• Care leavers will all be provided with information booklet on support and entitlements prior to leaving care</li> </ul>

<p>progressive and ongoing interventions</p> <p>We want our care leavers to be confident and be able to access support and ensure that young people are engaged in education, employment and training and have the opportunity to live successful adult lives</p>	<ul style="list-style-type: none"> <li>• Ensure entitlements are made clear to care leavers</li> </ul>	<p>worker until the young person is 18. The personal advisor will remain involved until the young person reaches the age of 21 and continue to offer support until the age of 25</p> <ul style="list-style-type: none"> <li>• The pathway plan will give clear expectations and identify people responsible to help young people prepare for adulthood and have the life skills to achieve a smooth transition into independence</li> <li>• Ensure all necessary information has been obtained for young people in a timely way e.g. birth certificate, NI number, bank account and health passport</li> <li>• Increase the accommodation offer and options for young people leaving care</li> <li>• Young people receive a health passport when they leave care.</li> </ul>	<ul style="list-style-type: none"> <li>• Improve the quality of our pathway planning through having a quality assurance auditing process</li> <li>• Increase the contribution from our young people into their planning</li> <li>• Develop the multi-agency care leavers panel to monitor the progress of care leavers accommodation plans and identify any themes and gaps with the intention of improving service delivery and strengthening multi agency working</li> <li>• Improve the range and quality of placement provision for young people leaving care, including options for supported and semi-supported accommodation</li> </ul>	<ul style="list-style-type: none"> <li>• Care leavers will participate in developing their pathway plans and pathway plan reviews</li> <li>• Supported accommodation model will be implemented and reviewed to ensure adequate and appropriate accommodation and support is available for all care leavers</li> </ul>
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<p>Provide opportunities for a seamless transition for young children who have eligible needs under the Care Act 2014 to transfer to adult services and either remain with foster carers under a Shared Lives arrangement or have a clear pathway to</p>	<ul style="list-style-type: none"> <li>• Utilise the Transitions team to support the planning for young people from the age of 16, who may be eligible for support from adult services</li> <li>• Transitions team to determine eligibility by the age of 17 to establish lead roles and responsibility</li> <li>• Transitions team assessment to</li> </ul>	<p>This is a comprehensive summary of their health history and identifies support and services for adulthood; it includes current registration i.e. with GP and additional health service details. Care leavers also continue to have access to the Platform substance misuse service with a planned transition to adult substance misuse services at an appropriate point if required.</p> <p>Complete an Assessment under the Care Act 2014 Share findings and work together with LAC and carers to agree a post 18 pathway</p>		
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alternative accommodation	determine accommodation pathway and ensure smooth transition from children to adult services			
<b>Objective 7: Improve the role of the Corporate Parent</b>				
Strategy	What we will do	How will we achieve this	What else do we need to do	How will we measure progress and achievement
Continue to improve outcomes for Looked After Children and care leavers via the further implementation of a corporate parenting and partnership approach to the development and delivery of services	<ul style="list-style-type: none"> <li>• Ensure that at the core of everything we do is our understanding of our responsibility as a Corporate Parent</li> <li>• Elected members and council officers will take a lead role in raising awareness of the needs of children in care and care leavers with all council departments and partner agencies</li> <li>• Promote the role of elected members as corporate parents and ensure that appropriate mechanisms are in place by the Council to enable all members to fulfil their statutory responsibilities in this area</li> </ul>	<ul style="list-style-type: none"> <li>• By attendance at the Quarterly meetings of the Overview and scrutiny committee</li> <li>• Training to be provided for elected members</li> <li>• Listen to what our young people are saying and use what we learn to improve services and outcomes</li> <li>• Regular updates to Senior officers within the council</li> <li>• Ensure senior officers act on their pledges</li> </ul>	<ul style="list-style-type: none"> <li>• There needs to be an increase in the sense of corporate responsibility across all statutory agencies in the support for our looked after children and care leavers</li> <li>• Continue to develop the multi-agency approach to corporate parenting to become more effective in the delivery of the Corporate parenting plan</li> <li>• Raise awareness of all new staff employed by Gateshead with regard to their corporate parenting responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluation from corporate parenting training events.</li> <li>• Minutes of Overview and Scrutiny Committees</li> <li>• Feedback from children in care and care leavers</li> </ul>



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**COUNCIL MEETING**

**19 JULY 2018**

## **MEDIUM TERM FINANCIAL STRATEGY 2019/20 to 2023/24**

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**Sheena Ramsey, Chief Executive**

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### **EXECUTIVE SUMMARY**

1. The purpose of this report is to seek approval of the Medium Term Financial Strategy (MTFS) 2019/20 to 2023/24 and the outcome of a review of the Council Reserves.
2. The Council's current MTFS was approved by Council on 18 July 2017 and was based on government intent to introduce funding reforms of 100% business rate retention taking place in 2020. However, in December 2017 the Government announced its aim to introduce 75% business rates retention in 2020 under existing legislation.
3. The proposed Medium Term Financial Strategy presents a very challenging financial position over the medium term as a result of assumptions concerning future Government funding. The indicative budget forecasts show an estimated funding gap of £76.689m for the next five years to 2023/24 with an estimated gap of £55.060m for the first three years.
3. The Cabinet has considered the facts and issues arising from the report including alternative options and took all relevant advice before formulating their recommendation.

### **RECOMMENDATION**

4. It is recommended that Council:
  - (i) approves the Medium Term Financial Strategy for 2019/20 to 2023/24;
  - (ii) notes the review of both the general fund and strategic earmarked Council reserves;
  - (iii) notes that the Strategic Director, Corporate Resources, following consultation with the Chief Executive, will continue to produce and monitor on an annual basis, a rolling programme of five-year budget forecasts taking account of the key issues facing the Council; and
  - (iv) notes that the Strategic Director, Corporate Resources, following consultation with the Chief Executive, will continue to keep under review and update the MTFS as appropriate to respond to Government policy and funding announcements.

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**17 July 2018****TITLE OF REPORT: Medium Term Financial Strategy 2019/20 – 2023/24****REPORT OF: Darren Collins, Strategic Director, Corporate Resources****Purpose of the Report**

1. To request Cabinet to recommend to Council the approval of the Medium Term Financial Strategy (MTFS) 2019/20 to 2023/24 and the outcome of a review of Council Reserves as set out in this report and appendix.

**Background**

2. The MTFS is fundamental to effective financial planning within the Council as it sets the financial context for the Council's resource allocation and budget setting ensures that resources are assigned to the Council's priority outcomes.
3. The current MTFS was agreed by Council on 18 July 2017 and was based on government intent to introduce funding reforms of 100% business rate retention taking place in 2020, however, in December 2017 the Government announced its aim to introduce 75% business rates retention in 2020 under existing legislation.
4. Within the 2018/19 settlement the Government provided some details of indicative funding up to 2019/20 which gave a high level indication of revenue support grant funding. However, uncertainty still exists in respect of likely Government funding levels in relation to other grants over that period as well as the instability arising from unknown future funding levels from 2020/21 and the outcome of any future finance reforms.
5. The government intends to implement its Fair Funding Review as of 1 April 2020, for the 2020/21 financial year. This will be done via the local government finance settlement process. The government's intention is to publish a series of technical consultations during mid-2018, followed by broad outlines of the new system in autumn or winter 2018. It is expected that indicative allocations to individual authorities following implementation will then be made available in spring to early summer 2019, followed by final numbers in autumn 2019.
6. This report reviews the principles of the MTFS for Cabinet to consider and make a recommendation to Council. It also updates budget forecast models taking into consideration Government funding for 2018/19, assumptions on funding for 2019/20 to 2023/24 based on estimates and assumptions around service and corporate pressures. The MTFS also includes a review of the reserves policy of the Council, the outcome of which is set out in the following sections of this report.
7. The Council will continue to keep the MTFS under review as a consequence of the high degree of uncertainty surrounding the potential impact of Government policies and funding decisions.

## Proposal

8. The proposed MTFFS for 2019/20 to 2023/24 is attached at Appendix 2. This presents a very challenging financial position over the medium term as a result of assumptions concerning future Government funding. The indicative budget forecasts within the MTFFS show an estimated funding gap of £76.689m for the next five years to 2023/24 with an estimated gap of £55.060 for the first three years.
9. To satisfy its legal requirement to balance the budget the Council must make spending plans affordable by matching them to the estimated funding available over that time. The gap between the two amounts is referred to as the “financial gap”. Thus, the financial gap is a combination of the Council’s best estimate of the future budget needed to cover rising cost pressures and demands for services alongside a reduced amount of income. Action is required now to enable the council to legally balance the budget for both next year and in future years.
10. The MTFFS also requires a full review of the Council’s reserves position. The outcome of this exercise forms part of the formal MTFFS document. The review has concluded that no further changes are required at this time.

## Recommendations

11. Cabinet is requested to recommend the Council to:
  - (i) approve of the Medium Term Financial Strategy for 2019/20 to 2023/24;
  - (ii) note the review of both general fund and strategic earmarked Council reserves;
  - (i) note that the Strategic Director, Corporate Resources, following consultation with the Chief Executive, will continue to produce and monitor on an annual basis, a rolling programme of five-year budget forecasts taking account of the key issues facing the Council; and
  - (ii) note that the Strategic Director, Corporate Resources, following consultation with the Chief Executive will continue to keep under review and update the MTFFS as appropriate to respond to Government policy and funding announcements.

For the following reasons:-

- i) To contribute to the good financial management practice of the Council;
- ii) To assist the financial sustainability of the Council over the medium to long term.

### Policy Context

1. The Medium Term Financial Strategy (MTFS) includes financial projections analysis and context that supports the Council's new policy approach 'Making Gateshead a Place Where Everyone Thrives'. The Council recognises there are huge financial pressures on not just Council resources, but those of partners, local businesses and residents. To deliver on the new policy approach over the next five years, the Council will need to be resolute in its determination to make Gateshead a place where everyone thrives. This means the Council's decision-making including resource allocation through the budget will be policy and priority led and driven.
2. In order to strengthen the Council's financial position to deliver on the new policy approach, there needs to be consideration of other ways to generate income to achieve self-sufficiency including changes in local taxation, fees and charges and trading activities as well as prioritising and supporting economic growth within the borough. The Council will also seek to address and manage the huge pressures created by increasing demand for Council services along with the identification of efficiencies and savings.
3. The MTFS provides the financial planning framework for supporting the allocation of available resources to deliver strategic plans. It also supports a sustainable Gateshead through the best use of available resources to deliver services and long term financial sustainability for the Council. This strategic financial approach is built around the four MTFS themes of economic growth, income generation, management of demand and efficiencies / savings.

### Background

4. The MTFS 2018/19 to 2022/23 containing budget estimates and assumptions was agreed at cabinet 18 July 2017. The MTFS was prepared with some indicative funding forecasts from central government via the multi-year settlement up to 2019/20 and showed an estimated funding gap of £88m for the period 2018 to 2023.
5. The principle of a multi-year settlement was welcome however many of the future year's figures included in the Government's original settlement have still been subject to change. Furthermore, while the Local Government Finance Settlement is the primary source of grant income to local authorities, there are other, significant sources of grant funding dependent on government decisions such as existing Better Care Funding, Education Services Grant and Public Health. These other grants represent material amounts of funding to the Council and there is no mention of these in the government's future analysis and without these the council has had an incomplete set of information with which to plan its future finances effectively.
6. A refresh of assumptions alongside more recent Government announcements has been undertaken to inform future financial planning.
7. The current MTFS has been reviewed and updated. The MTFS 2019/20 to 2023/24 document is attached at Appendix 2 and outlines a strategy to deal with a funding gap of £55.060m for the three year period. The overall five-year funding gap over the life of the MTFS is estimated at £76.689m.

8. The likely continuing requirement and scale of budget savings, over and above the £157m already taken from budgets since 2010, represents an increasing challenge for the council.
9. Medium term financial planning remains extremely difficult due to external economic factors the financial impacts of which are impossible to predict accurately, coupled with the timing of a new finance system that is still in the design process. There is great uncertainty in relation to the level of funding beyond 2020 due to the changes in the Local Government finance system resulting in greater risks in relation to the localisation of business rates and the local council tax scheme. The unknown impacts alongside the level of risk to finances mean that these forecasts will need to be closely monitored and potentially refreshed more frequently than usual as consequences become clear. Staying the same is not an option. The council is required to change to deliver its priority outcomes within the limited funding available.
10. The funding estimated to be received from government and from council tax and business rate payers over the next five years is not sufficient to cover current level of spend plus new budget pressures. Local authorities are legally obliged to set a balanced budget each year and to ensure they have sufficient reserves to cover any unexpected events. Therefore, to legally balance the budget the council must make spending plans affordable by matching it to the estimated funding available over that time
11. The Council response to the challenging financial context is to achieve a sustainable funding position with a focus on four inter-related areas: economic growth, income generation, managing demand, and finding cost savings and efficiency by:

**Maximising Economic Growth** - Doing all we can to support economic growth and revenue generation through increased council tax and business rates. Success in this area will enable the council to support the most vulnerable and those at risk of becoming vulnerable both directly and through reinvestment of resources into activities which provide protection and support.

Driving **Income Generation** such as increasing the rate or scope of fees and charges or increased trading activities to provide employment and generate resources for council priorities.

Focusing on **Managing Demand** (particularly in social care) with a targeted approach, emphasising early intervention and prevention.

Continuing to **Drive efficiencies & Savings** through changes to the way the council works, for example, through exploiting new technology, consolidation of buildings and services and reducing complex processes.

12. The council will ensure that reducing resources are used to maximum effect, and allow the council to continue to deliver new and better ways of working and invest to improve the efficiency of services provided. It is evident however the continuing reductions in funding and increases in demand will have an inevitable impact on both the nature and scope of services that the council is able to deliver. The council will aim to manage the process of change to its services effectively.
13. The council will continue to have significant revenue and capital budgets to deliver services consistent with the delivery of priority outcomes of "Making Gateshead a Place where Everyone Thrives". The council will retain its vision for the future of the Borough through promoting development and economic growth and this will assist in maintaining the medium term financial sustainability of the council.

## Consultation and Equalities Impact

14. The MTFs sets a financial context for budget consultation. The Council's budget planning framework is supported by the development of Equality Impact Assessments (EIAs) for any budget proposals, identifying possible disproportionate impact in relation to the protected characteristics as described within the Equality Act 2010. The EIAs will also identify potential mitigation where applicable.
15. The Council maintains its strong commitment to equality, believing that all groups and individuals within the community and its workforce have equal opportunity to benefit from the services and employment it provides. EIAs help the Council to arrive at informed decisions and to make the best judgements about how to target resources.
16. The Leader of the Council has been consulted on this report.

## Alternative Options

17. There are no alternative options.

### Implications of Recommended Option

#### 18. Resources

- a. **Financial Implications** - the Strategic Director, Corporate Resources confirms that financial implications are as contained within the MTFs document.
  - b. **Human Resource Implications** – The need to support Council employees as much as possible through changes arising from the MTFs principles set out in this report is recognised. Any direct implications will form part of the budget planning framework and identification of budget proposals.
  - c. **Property Implications** – No direct property implications. Any direct implications will form part of the budget planning framework and identification of budget proposals.
19. **Risk Management Implication** – The MTFs risk implications are contained within the MTFs document. Risks arising from the direct impacts of this strategy will form part of the Council's approach to the budget planning framework.
  20. **Equality and Diversity Implications** – An equality impact framework has been developed to assess budget proposals.
  21. **Crime and Disorder Implications** – No direct crime and disorder implications. Direct implications arising from the impacts of this strategy will form part of the Council's approach to the budget planning framework and consultation process.
  22. **Health Implications** – No direct health implications. Direct implications arising from the impacts of this strategy will form part of the Council's approach to the budget planning framework and consultation process.
  23. **Sustainability Implications** – The MTFs provides a framework with the express objective of achieving a sustainable financial position over the medium term.
  24. **Human Rights Implications** – No direct human rights implications.
  25. **Area and Ward Implications** – All areas of the Borough are covered by the principles set out in this strategy

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**2019/20 – 2023/24**

## Medium Term Financial Strategy

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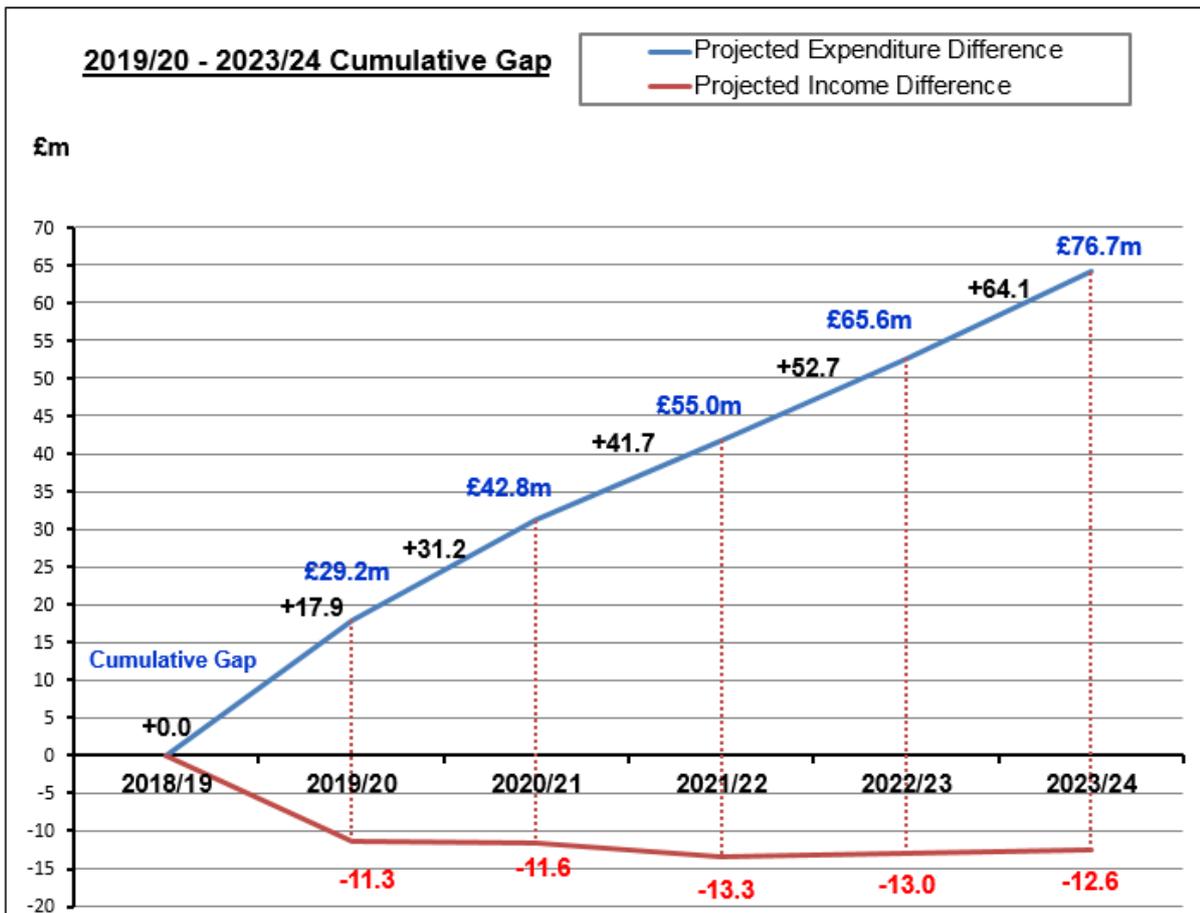
## 1. Executive Summary

- 1.1 This is the annual review of the council's Medium Term Financial Strategy (MTFS). It is based on a financial forecast over a rolling five-year timeframe from 2019/20 to 2023/24 which will help ensure resources are aligned to the outcomes in the council's new strategic approach "Making Gateshead a Place Where Everyone Thrives". The MTFS sets the financial context for the council's resource allocation process and budget setting.
- 1.2 The council is operating in an ever-changing policy landscape. The levels of uncertainty and the impact of government decisions are significant. The challenging local context of austerity and increasing demand on council services has compelled the council to refocus on what matters most.
- 1.3 The likely continuing requirement and scale of budget savings, over and above the £157m already taken from budgets since 2010, represents an increasing challenge for the council.
- 1.4 Central government's continued commitment to reduce the overall levels of public debt would indicate significant reductions in grant funding are likely to continue over the medium term. Furthermore, the government aim through funding reforms is to significantly reduce reliance on central grants and move local authorities to be self-financing. Councils will rely more on income from council tax, local business rates, fees and charges, trading income as well as contributions towards service costs from third parties. This will be particularly challenging for council's like Gateshead with the greatest need for services to meet local demands. There will be more pressure on the income the council gets from council tax and business rates to fund vital services. In order to strengthen its financial position, the council will have to consider other ways to generate income and be self-sufficient.
- 1.5 Reviewing the MTFS remains essential to ensuring the council's medium term financial sustainability. The council has responded to the financial challenges in a planned way through an approach based around four inter-related areas: economic growth, income generation, managing demand, and identifying savings/efficiencies. The council will have to make very difficult choices in the years ahead about which services to prioritise. A new strategic approach Making Gateshead a Place Where Everyone Thrives was agreed in March with the council's purpose and beliefs in mind, along with what matters most to the people of Gateshead. To avoid cuts to services, the council continues to explore alternative options of service delivery to ensure that services remain fit for purpose in the context of smaller budgets. This may mean revisiting the expectations of residents in order to protect services for the most vulnerable. It is also an opportunity to work with partners and neighbouring authorities to maintain and improve outcomes against a back drop of reducing public spending.
- 1.6 Within the 2018/19 settlement the government provided some details of indicative funding up to 2019/20 which gives a high-level indication of revenue support grant funding. However significant uncertainty still exists in respect of likely funding levels in relation to other grants over the period as well as instability that arises from the volatility of business rates funding and the implications of the potential move towards a new funding regime of 75% rate retention. Further implications arising from the UK's decision to leave the EU are yet to be seen over the next few years.

- 1.7 The funding estimated to be received from government and from council tax and business rate payers over the next five years is not sufficient to cover current level of spend plus new budget pressures. Local authorities are legally obliged to set a balanced budget each year and to ensure they have sufficient reserves to cover any unexpected events. Therefore, to legally balance the budget the council must make spending plans affordable by matching it to the estimated funding available over that time. The gap between the two amounts is referred to as the “funding gap”. Thus, the funding gap is a combination of the council’s best estimate of the future budget needed to cover rising cost pressures and demands for services alongside a reduced amount of income. Action is required now to enable the council to satisfy the legal requirement to balance the budget both next year and in future years.
- 1.8 Although there exists a great deal of uncertainty, overall it is now estimated that the council will need to close a funding gap of £76.689m to 2023/24. This funding gap can be summarised as follows (there may be slight differences due to rounding’s):

2018/19 £m	Indicative Budget Forecasts	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
217.116	Estimated Base Budget	221.382	234.685	245.198	256.128	267.598
(203.466)	Estimated Funding Resources	(192.159)	(191.898)	(190.138)	(190.508)	(190.908)
13.650	Cumulative Funding Gap	29.223	42.787	55.060	65.619	76.689
13.650	Annual Funding Gap	29.223	13.564	12.272	10.560	11.070

- 1.9 The funding gap over the medium term can be further analysed to identify separately increasing cost pressures on expenditure (+£64m) at the same time as the impact of reductions in funding on income (-£13m) This can be presented graphically as follows:



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- 1.10 The council will ensure that reducing resources are used to maximum effect, and allow the council to continue to deliver new and better ways of working and invest to improve the efficiency of services provided. It is evident however the continuing reductions in funding and increases in demand will have an inevitable impact on both the nature and scope of services that the council is able to deliver. The council will aim to manage the process of change to its services effectively.
- 1.11 The council will continue to have significant revenue and capital budgets to deliver services consistent with the delivery of priority outcomes of “Making Gateshead a Place where Everyone Thrives”. The approach to financial planning over the medium term will include a focus on investment in growth and income generation. The council recognises that economic growth benefits the residents of Gateshead and the businesses within Gateshead. It also strengthens the position of the council by developing financial resilience through less exposure to reductions in government funding. The council will retain its vision for the future of the Borough through promoting development and economic growth and this will assist in maintaining the medium term financial sustainability of the council.

## 2. Introduction

### The Purpose of the Medium Term Financial Strategy (MTFS)

- 2.1 The MTFS is a key part of the council's Budget and Policy Framework which aims to ensure that all financial resources are directed towards delivery of council priorities. The Strategy describes the financial direction of the council for financial planning purposes and outlines the financial pressures over a five-year period but is reviewed annually to reflect the dynamic nature of local government funding.
- 2.2 The MTFS establishes the likely level of revenue resources available to the Council over the medium term and also estimates the financial consequences of the demand for Council services. It improves financial planning and strategic financial management through providing the financial context within which the Council budget will be set.
- 2.3 The review also allows for consideration of the council's reserves policy and level of reserves to ensure there is adequate protection against unforeseen events.

### The Principles of the MTFS

- 2.4 The principles underlying the MTFS 2019/20 to 2023/24 are as follows:
  - 1) The overall financial strategy will be to ensure that the council's resources are directed to the priority pledges set out under the thrive agenda framework through strong economic growth, increased income generation, reducing costs and managing demand. The council's MTFS will be reviewed on at least an annual basis.
  - 2) Overall council spending should be contained within original estimates. If, following monthly revenue monitoring, service budgets are projected to exceed original estimates, plans should be prepared setting out the actions required to ensure spending at the end of the year does not exceed original estimates.
  - 3) The council will maintain its general reserve at a minimum of 3% of the net revenue budget to cover any major unforeseen expenditure. The Council will aim to balance its revenue budget over the period of the MTFS without reliance on the use of the general reserve.
  - 4) The council will maintain earmarked reserves for specific purposes which are consistent with achieving its key priorities. The use and level of earmarked reserves will be reviewed at least annually.
  - 5) The council will continue to improve its approach to efficiency, commissioning and procurement to ensure value for money and minimise the impact of budget savings on priority services as well as effectively managing the programme of change.
  - 6) The council will consider a range of delivery mechanisms and funding sources to support capital investment to deliver thrive priorities, including the use of prudential borrowing, and will ensure that the full costs associated with financing the investment are taken into account when investment decisions are taken.
  - 7) The council will aim to promote and stimulate strong and sustainable economic growth leading to wellbeing and prosperity for residents and communities and this will be supported by a planned approach to strategic investment managed through the council's capital programme.

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- 8) The council will focus on income generation to support the delivery of council priorities and this will include the development of trading opportunities.
  - 9) The council recognises the impact of increases in council tax levels and fees and charges in an area of relatively low income and low wealth and will therefore balance the need for increases against the delivery of the thrive framework and demand for services.

### 3. Financial Context

- 3.1 The financial outlook for local government and public services as a whole remains challenging. Local government have faced significant funding reductions and these are highly likely to continue into the future. The first Spring Statement was presented to parliament on 13 March by Chancellor Philip Hammond. The Chancellor highlighted recent upturns in economic estimates but had undertones of caution needed for the years to come. Public Sector Net Borrowing was forecast to reduce at a steeper rate signalling further years of austerity. The Autumn Budget will include an overall path of government spend for 2020 and beyond and a detailed Spending Review is planned in 2019.
- 3.2 There are acute problems nationally in funding the increasing demands of both adults and children's social care. Adult social care is a vital public service that promotes wellbeing and independence and helps support some of our most vulnerable people. There also continues to be a growing strain on children's social care budgets. Early intervention can help limit the need for children to enter the social care system, lay the groundwork for improved performance at school and even help to ease future pressure on adult social care by reducing the pressure on services for vulnerable adults. Councils are struggling to invest in this vital early help and support, as a result of the severe funding reductions. Nationally the care and support system remains under enormous pressure.
- 3.3 Lack of clarity over the value and future of social care funding continues to hinder the ability to plan effectively. In the March 2017 Budget, the government said that it would publish a Green Paper on social care during the summer of 2017 to allow a public consultation to be held. It was then stated it would be published before the 2018 Parliamentary summer recess setting out proposals to ensure that the care and support system is sustainable in the long term. More recently the paper has been delayed again and government now intends to publish a social care Green Paper in the autumn around the same time as the NHS plan. There will also be a review of the current functioning and structure of the Better Care Fund to make sure that it supports the plan.
- 3.4 The UK's date to leave the EU has been confirmed as Wednesday 29th March 2019, all assumptions will be revisited regularly and the financial impacts to the Council's MTFS will be reconsidered in light of any changes to the general economy.
- 3.5 The council is operating within a context of unprecedented pressure on local authority budgets. Medium term financial planning is taking place against a background of significant funding cuts for local government alongside government plans for major local government finance reforms. This environment will continue to challenge the ability of the council to respond to the needs of Gateshead residents and the wider community.

## 4. Local Policy Context

- 4.1 The challenging local context of austerity and increasing demand on council services has compelled the Council to refocus on what matters most. With two years left on the lifespan of the current Council Plan 2015 to 2020, the opportunity was taken to undertake a mid-term review to ensure the council continues to get the best outcomes for local people and remains a viable and sustainable organisation into the future, despite the challenging policy and budgetary context. During the year, the council launched its new strategic approach **Making Gateshead a Place Where Everyone Thrives**, developed with the council's purpose and beliefs in mind, along with what matters most to the people of Gateshead. The new strategic approach provides a framework to demonstrate how the Council will work and make decisions in the future which will be policy and priority-led.
- 4.2 Making Gateshead a Place Where Everyone Thrives is aligned to the timeframe of the council's Medium Term Financial Strategy (MTFS) and is predicated on the following council pledges:
- **Put people and families at the heart of everything that we do**
  - **Tackle inequality so people have a fair chance**
  - **Support our communities to support themselves and each other**
  - **Invest in our economy to provide sustainable opportunities for employment, innovation and growth across the borough**
  - **Work together and fight for a better future for Gateshead**
- 4.3 The MTFS is central to identifying the council's capacity to deliver its priority outcomes it reflects:
- ✓ The council's current financial position and outlook.
  - ✓ The council's overall financial strategy, including use of reserves.
  - ✓ Internal and external pressures which may influence the council's financial position.
- 4.4 There are huge financial pressures on not just council resources, but those of partners, local businesses and residents. To deliver on the new strategic approach over the next five years, the council will need a radical rethink about how it works, how resources are spent, how the council works with partners, organisations, businesses, trade unions, employees and the local people and communities of Gateshead.

## 5 The Council's Current Financial Position and Outlook

- 5.1 **Revenue Outturn 2017/18** The agreed net revenue budget was £202.649m. The final outturn reported to Cabinet on 19 June 2018 stating an overall under spend of £1.268m after proposed movement of reserves. Whilst the outturn position is positive, it should be noted that a number of one off areas of under spend in capital financing costs and unrequired contingency as well as additional traded and investment income have contributed to this position.
- 5.2 **Revenue Budget 2018/19** Council agreed the revenue budget in February 2018. This was set at £203.466m and included £13.650m savings. The budget includes a number of risk areas which, if not closely monitored and controlled throughout the year, could add further pressure to the funding gap in future years. These include the delivery of agreed savings and achievement of income targets. It is assumed within future sections that all past savings are fully achieved before entering 2019/20 otherwise the financial gap would increase. These will be closely monitored throughout the year.
- 5.3 **Future Outlook Beyond 2018** Medium term financial planning remains extremely difficult due to external economic factors the financial impacts of which are impossible to predict accurately, coupled with the timing of a new finance system that is still in the design process. There is great uncertainty in relation to the level of funding beyond 2020 due to the changes in the Local Government finance system resulting in greater risks in relation to the localisation of business rates and the local council tax scheme. The unknown impacts alongside the level of risk to finances mean that these forecasts will need to be closely monitored and potentially refreshed more frequently than usual as consequences become clear. Staying the same is not an option. The council is required to change to deliver its priority outcomes within the limited funding available.
- 5.4 To achieve a long term, sustainable financial position the medium term strategy and focus for service plan development over the next three to five years will be centered around;



**Maximising Economic Growth** - Doing all we can to support economic growth and revenue generation through increased council tax and business rates. Success in this area will enable the council to reinvest resources into activities which protect the most vulnerable.

Driving **Income Generation** such as increasing the rate or scope of fees and charges or increased trading activities.



Focusing on **Managing Demand** (particularly in social care) with a targeted approach, emphasising early intervention and prevention.

Continuing to **Drive efficiencies & Savings** through changes to the way the council works, for example, through exploiting new technology, consolidation of buildings and services, reducing complex processes.



## Economic Growth

- 5.5 The council aims to promote a strong and sustainable local economy leading to wellbeing and prosperity for residents, communities and businesses. This will be supported by a planned approach to investment to boost local economic growth such as improving local infrastructure and wider transport links. Success in this area will enable the council to have a stronger medium and long term financial position and allow redirection of resource to activities which protect the most vulnerable.
- 5.6 Targeted intervention through various initiatives aimed at attracting more and better paid jobs and improving skills can possibly boost the proportion of working age residents and encourage economic growth through more people in work.
- 5.7 From a financial perspective the council will look to invest resources to generate economic growth that will result in increased business rates and council tax income to the Council. This will enable the council to become more financially self-sufficient and help close the funding gap. A significant amount of activity is already being delivered by the council and its partners, to promote sustainability and growth across the borough and evidence of this is readily visible through the regeneration of the town centres.
- 5.8 The reduction in public funding for infrastructure has required consideration of new approaches to regeneration. As part of the Newcastle City Deal in July 2012, an Accelerated Development Zone (ADZ), within Gateshead was agreed. The deal allows for 100% of the business rate income at Gateshead Quays and Baltic Business Quarter to be retained locally, rather than held by the Treasury, to support the delivery of vital economic infrastructure that will boost economic growth in the area. Enterprise Zone status at Follingsby has been secured and came in to effect on 1 April 2017 allowing business rate retention to support infrastructure investment to enable development
- 5.9 The 2014 to 2020 European Structural and Investment Fund (ESIF) programme continues to provide an opportunity to lever funds in to the borough to deliver our ambitions for smart, sustainable and inclusive growth. The council will continue to seek ERDF funding to support council priorities.



## Income Generation

- 5.10 The council aims to strengthen the long term financial position through replacing government funding by increasing income sources such as increased areas of trading to generate a surplus for re-investment in priority services. This will involve a more driven commercial approach to traded service delivery and fees and charges but built upon key council principles and priorities. The council benefits from its existing strong in house traded services and the intention will be to use this platform to expand into new markets to generate increased income. The council will actively seek to maximise investment opportunities after consideration of risk and financial pay back whilst continuing to seek out and securing external funding.



## Managing Demand

- 5.11 Like many other local authorities a significant challenge facing the council is increasing demands and expectations for services at a time when funding sources are significantly reducing. In order to manage cost pressures over the medium term it is vital that plans are made to manage this demand and either reduce or stop it.
- 5.12 A particular area facing this pressure is in both children's and adult's social care where costs are increasing and vastly outstrip available budgets. This requires a targeted approach with early intervention and prevention strategies and working close collaboration with partners.
- 5.13 Other areas of demand include demands for online services, welfare and hardship support, access to public health services. This will involve implementing digital strategies, increasing capacity and skills within communities, close working with partners and volunteers to align priorities and increasing collective responsibility by encouraging and supporting local people, partner organisations, businesses and local communities to play a more active role in achieving priority outcomes for Gateshead.



## Efficiencies & Savings

- 5.14 The scale of the budget challenge means that the council will still face further significant cost reductions through efficiencies and different methods of service provision and reductions in service provision. The scope of this will require a realignment of budgets to council spending priorities. This in turn may result in ceasing existing activities, scaling down activities or services, renegotiation of contracts or Service Level Agreements. Despite already achieving considerable budget savings to date the council will continue to drive efficiencies through changes to the way the council works, for example, through exploiting new technology, consolidation of buildings and services, reducing complex processes.
- 5.15 The council will also actively look to streamline its processes in order to support effective decision making and make the best use of available capacity. Opportunities for working in collaboration and partnership and different ways of working will be identified and developed where this will support the delivery of the council's outcomes and improve service efficiency and delivery. This will include working collaboratively with key partners to share costs or transfer responsibilities.

## 6 Looking Ahead

6.1 Future budget forecasts have been projected over the medium term. Forecasts and assumptions are outline below for information.

2018/19 £m	Indicative Budget Forecasts	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
202.649	<b>Net Revenue Budget</b>	203.466	221.382	234.685	245.198	256.128
	<b>Cost Pressures:</b>					
2.638	Base Adjustments	0.000	0.000	0.000	0.000	0.000
0.894	Inflation (General)	0.900	0.900	0.850	0.850	0.850
1.077	Inflation (Contractual inc Social Care Fees)	2.350	2.385	2.421	2.461	2.498
4.498	Corporate Council Wide (inc pay)	4.355	5.255	4.266	4.928	4.692
3.618	Demand (Social Care)	9.278	2.000	2.000	2.000	2.000
1.742	Strategic Investment (Capital)	1.033	2.763	0.976	0.691	1.430
<b>217.116</b>	<b>Total Cost Pressures</b>	<b>221.382</b>	<b>234.685</b>	<b>245.198</b>	<b>256.128</b>	<b>267.598</b>
	<b>Funding Resources:</b>					
(21.423)	SFA - Revenue Support Grant	(15.012)	0.000	0.000	0.000	0.000
(39.385)	SFA - Retained Business Rates	(39.385)	(60.117)	(60.117)	(60.117)	(60.117)
(14.770)	SFA -Top Up Grant/Equalisation	(15.098)	(30.183)	(28.024)	(27.994)	(27.994)
(86.798)	Council Tax	(87.198)	(87.598)	(87.998)	(88.398)	(88.798)
(36.724)	Other Grants (inc Public Health)	(35.466)	(14.000)	(14.000)	(14.000)	(14.000)
(3.029)	Collection Fund	0.000	0.000	0.000	0.000	0.000
(1.337)	Reserves	0.000	0.000	0.000	0.000	0.000
<b>(203.466)</b>	<b>Total Funding Resources</b>	<b>(192.159)</b>	<b>(191.898)</b>	<b>(190.138)</b>	<b>(190.508)</b>	<b>(190.908)</b>
<b>13.650</b>	<b>Cumulative Funding Gap</b>	<b>29.223</b>	<b>42.787</b>	<b>55.060</b>	<b>65.619</b>	<b>76.689</b>
<b>13.650</b>	<b>Annual Funding Gap</b>	<b>29.223</b>	<b>13.564</b>	<b>12.272</b>	<b>10.560</b>	<b>11.070</b>

6.2 The indicative budget forecasts show an estimated funding gap of around **£76.7m** for the five-year period 2019/20 to 2023/24. Indicative figures have been included for the following cost pressures;

- **General and Contractual inflation** the cost pressures arising from rising costs in utilities and existing contracts
- **Council Wide Cost Pressures** such as pension costs, pay awards, costs relating to changes in policy and loss of grant in year
- **Service Demand Pressures** such as children's and adults existing and future demand cost pressures
- **Revenue Costs of Capital Investment** the revenue cost arising from capital investment

6.3 Social care cost pressures are significant and more information on these has been provided below for information and context. Following an assessment of existing demand the MTFs includes provision of £5.4m in 2019/20 to reflect current demand pressures in this area.

6.4 **Adult's Social Care Demand Pressures** The population is ageing: it is projected that by 2039 there will be an additional 14,400 people aged 65 or older, an increase of 38%. Within this it is expected those aged over 85 will increase by 114% to 9,700. Some of the cost pressures arising from this increased demographic are outlined below. Not all have been fully reflected in MTFS figures as to meet this challenge the council aims to control new demand and reshape the supply base with a strategic shift in resources and culture from intervention at the point of crisis towards prevention, early intervention and through use of assistive technology with targeted support for people with more complex needs. The way services are provided has to be redesigned to make available new, more creative ways of working giving people greater choice and control. This will require a change of approach from one that fosters dependency to one founded on enablement. To achieve this requires the development of a market that offers a broad range of care and support options.

- **Transforming Care Plans** - The government and leading organisations across the health and care system are committed to transforming care for people with learning disabilities and/or autism who have a mental illness or whose behavior challenges services. Too many people with learning disabilities are admitted to hospital when admission could have been avoided, remaining in hospital too long with instances of poor care remaining too common. Transforming care plans look to ensure that anyone with a learning disability and/or autism in hospital who could be supported in the community is discharged into a community setting and in addition take immediate steps to support discharges and prevent inappropriate admissions, look to see a more fundamental and long-term reshaping of services.

Given the reduction in the numbers of inpatient settings and the need for greater support in the community there are likely to be significant financial burdens for local authorities. The extent of this additional burden will be dependent upon the local population and will require additional work and analysis and as such has not been reflected as yet in the MTFS demand analysis. However, based on average package costs and an estimate of the numbers of clients currently in inpatient settings and due to be discharged the additional cost is estimated to be approximately £0.6m by 2019/20.

- **Increasing numbers of Older People** - More than half of Gateshead residents aged over 65 will have problems with frailty. This is the first indication of a new or worsening health problem and can sometimes represent a tipping point in a person's life, triggering a downward decline in independence.

Falls account for 50% of injury related hospitalisations among people over 65 years and older. Gateshead residents over 65 years of age are 26.7% more likely to be admitted to hospital or suffer injury because of a fall and 24.2% more likely to suffer a hip fracture when compared to the national average for England.

It is estimated over 2,600 people over the age of 65 have dementia in Gateshead and this is expected to increase in the future as the population ages. By 2035 this is projected to rise to 4,064. Prevalence of diagnosed dementia is increasing both nationally and locally. In Gateshead the prevalence has increased from 0.7% in 2011/12 to 0.9% in 2016/17. Providing care for people aged over 65 accounts for approximately 46% of the total spend on Adult Social Care. Approximately 6% of people in this age group are currently receiving services. If it is assumed that this correlation continues then it would result in an increase in cost of £2.4m over the MTFS period and £6.1m by 2030. However, the level of dementia prevalence is set to rise along with the prevalence of autism and this will increase costs and demand for services further still.

- **Life Expectancy** - At 77.5 years for males, and 81.3 years for females, life expectancy at birth is lower than the England averages of 79.5 and 83.1 years respectively. Life expectancy can vary across wards by as much as 9.3 years.

Healthy life expectancy in Gateshead is significantly lower than for England: for men it is 59.1 years compared to 63.3 and for women 60.6 years compared to 63.9. Around 22% of people in Gateshead reported that their health limits day to day activities compared to around 18% nationally. (Census 2011).

There are an increasing number of people in Gateshead with one or more of the common long-term conditions (LTCs) such as diabetes, epilepsy, heart disease, chronic pain, arthritis, asthma and chronic obstructive pulmonary disease. In 2014 there were 52,679 people of whom 8,274 had three or more LTCs. The risk of unplanned hospitalisation increases with increasing number of LTCs. This combined with the ageing population has a significant impact on health and social care locally.

- **Young Adults with Disabilities** - Providing care and support for people under 65 with disabilities accounts for 41% of the budget and a 2% increase in demand would cost approximately £0.5m. There were 525 adults with learning disabilities in receipt of social care services at the end of March 2015. It is predicted that by 2030 there will be 2% more people aged 18+ with learning disabilities with a level of need requiring statutory social care intervention. There are approximately 3,800 adults with a learning disability in Gateshead; approximately 800 are 65 or older. In Gateshead, an estimated 1,226 adults aged between 18 and 64 are believed to have an autistic spectrum disorder, as well as a further 348 aged 65 and over. Whilst the number aged between age 18 and 64 with autism is expected to remain stable in future years, the number aged over 65 is expected to increase by over 31% by 2030. There is a small reduction expected in the numbers in need of support aged 18-64 who have diagnosed mental health conditions.
- **Carers** - Census 2011 tells us that out of the population of Gateshead, 22,220 people recorded themselves to be providing unpaid care, an increase by almost 1,000 carers since Census 2001. Of these, about 1,670 are young carers (aged under 25). The number of people aged 65 or over, living in Gateshead, will be increasing in future. The majority of carers who live in Gateshead are between the age groups of 25-64 years. More carers are female (58%) than male (42%). In Gateshead a high percentage of carers live in the most deprived areas.
- **Market Stability** - The council is committed to ensuring it commissions quality services with an outcome focus and in doing so it must ensure services are cost effective. The stability of the provider market is essential to ensure services are responsive to the needs of Gateshead residents. Workforce is key to this and under the Care Act, local authorities must have regard to both the importance of ensuring the stability of the market and the importance of fostering a workforce whose members ensure the delivery of high quality services. This is against the backdrop of social care workers facing physically and mentally challenging working conditions. (National Audit Office 2018, The adult social care workforce in England). The average age of the care sector workforce is 45 with 11% of the workforce aged over 60.

Both the quality and availability of care provision is an increasing problem with a number of providers failing in the last 12 months, contracts being handed back and increasing provider concerns. Whilst work can be done with providers to provide training and upskilling of staff the price paid for care generally perpetuates low pay and poor terms and conditions of employment. To enable a change significant investment would be required in the care sector which has not yet been fully quantified.

6.5 **Children’s Social Care Demand Pressures** Not all estimated cost pressures have been fully reflected in MTFs figures the council aims to control new demand and reshape services. Further details on pressures in children’s social care are outlined below;

- **Looked after Children** (LAC) across England has increased steadily over the past seven years and it is now higher than at any point since 1985. Statistics taken from the 2017 Department for Education (DfE) Statistical First Release on children looked after in England (including adoption and care leavers) show a 5.5% increase of looked after children in England from March 2014 to March 2017 and an overall 10.9% increase when compared to March 2011.

Number of children looked after at 31 March 2010 to 2017	Number of looked after children (England)	Number of looked after children (Gateshead)
2011	65,510	349
2012	67,070	385
2013	68,070	391
2014	68,820	360
2015	69,500	344
2016	70,450	343
2017	72,670	380

Gateshead Council has circa 397 LAC (March 2018) costing on average £38,000 per child annually. Through implementation of the planned Early Help and Demand Management strategy, the aim is to safely reduce these numbers down to around 320, which would place Gateshead below the regional average (368 based on 2017 data). However, the national and local increase in safeguarding pressures are the result of a complex myriad of factors, and these pressures will likely work against the Council’s efforts to reduce demand. These include:

- **Changes in LAC Age Profiles** - Although LAC nationally is on the increase, there are material differences in the age profile of LAC coming into the system. 62% of children looked after were aged 10 years and over in 2017 compared to 56% in 2012. There has been a reduction in the number and proportion of children aged 0-4 years, from 24% in 2012 to 18% in 2017. There is a higher average cost of looking after an older child compared to a younger child. To maintain and reduce the levels of older young people and adolescents becoming looked after, the new Rapid Response service commenced in January 2018 to work with those young people and their families in need or on the edge of care, using evidence based interventions to reduce the number of family breakdowns which then require a care episode

- **Population Increases** -projections suggest that the 0-17year old population in North East England will increase by 2% up until 2020, which will undoubtedly have consequences for numbers of children requiring support from children's services. By 2020, the impact for Gateshead of this alone would mean 10 more LAC, 6 more young people subject to Child Protection Plans and 5 more young people living under special guardianship and residence order arrangements. This would cost the authority at least an extra £0.500m per year by 2020 in placement and case management costs.
- **Increases in reported sexual abuse** (online and physical) of young people, linked to high profile national cases in the media, has increased awareness and the importance of reporting potential concerns. This has had the impact of increasing initial contacts and referrals from all sources into local authorities by 30% since 2008/09. In Gateshead there has been an increase of 9% in the number of referrals received in the last two years, requiring an additional 157 assessments to be undertaken per annum, costing the authority up to £55,000 per annum in Social Worker time.
- **Staying Put policy** - whereby foster children can stay with foster parents up to the age of 21 instead of age 18. National indications are that up to 50% of young people are now choosing to remain with their former foster carers post 18. This results in increased costs for local authorities to pay the carers of those young people for longer. It also places a strain on the foster carer capacity, as it reduces the availability of foster carers for new children starting to be looked after. This in turn increases the reliance on independent fostering agency placements, at a significantly higher cost. The government have also indicated this could also be expanded to those young people in residential provision up to age 25, which based on current projections for Gateshead, could cost the council an additional of £2.0m per year by 2020, with potentially an additional 96 young people aged between 18 and 25 remaining with their foster carer.
- **Welfare reform impacts on families** - mainly in terms of the increase in poverty and associated factors. In 2014/15, there were 3.9 million children living in relatively low income, 200,000 (+5%) more than the previous year. There is a projected increase in the proportion of children living in relative low income from 17% in 2013/14 to 26% in 2020/21 (HM Government, 2016). Welfare Reform has increased the prevalence of families with no recourse to public funds (NRPF), where they have no legal entitlement to financial support or assistance from the state. These are increasingly presenting to children's social care services for support (under section 17) by families with children, or by children or young people themselves who are unaccompanied or separated from their parent or legal or customary caregiver.
- **Increase in prevalence of the "toxic trio" of domestic abuse**, parental mental health and parental substance misuse within families. Research conducted by the ADCS has concluded the toxic trio was present in 65% to 80% of cases. This increases the complexity and intensity of interventions required to manage demand and keep families together.

- 6.6 Within the 2018/19 Local Government Finance Settlement, the government provided some indicative core funding levels up to 2019/20 including Revenue Support Grant. However, huge uncertainty still exists in respect of likely government funding levels in future years as well as the instability that arises from the volatility of business rates funding and the implications of the move towards a new funding regime of 75% rate retention.
- 6.7 The funding projections in this strategy are considered more applicable and based on local assumptions, these are set out below for information.
- 6.8 **Revenue Support Grant (RSG)** The core grant funding from government is known as RSG. Settlement figures show a further reduction in RSG in 2019. Since the drive for localisation in 2013/14 there will be a total reduction in grant of £61.7m up to 2019. The MTFs assumes zero RSG from the year 2020 in line with government announcements of the intention to remove all core grant by the end of parliament. It is assumed that RSG received in 2019/20 will be in line with the multi-year settlement figures.
- 6.9 **Retained Business Rates** values reflect the baseline value outlined in the 2018/19 estimated forecasts. At this stage no further retained business rates from economic growth are included for the period of the MTFs but this will be one of the key options to close the financial gap.
- 6.10 Since the 2017 to 2019 Parliament, the landscape for finance reforms has changed. The future of reforms became uncertain after the Local Government Finance Bill which provided the legislative framework for 100 per cent retention, fell when Parliament was dissolved and was not revived in the Queen's Speech. It was announced within the provisional Local Government Finance Settlement 2018/19 that the government aimed to introduce at least 75% business rates retention in 2020.
- 6.11 The MTFs assumes that the move to 75% business rate retention is implemented in 2020. This change in funding system for local government is still being consulted on. This adds significant uncertainty into the year 2020/21 and future position. At this point it is known that Revenue Support Grant will disappear and the council will receive business rates calculated on a revised baseline. Business rate funding levels in future are highly indicative and are based on 75% of total rates plus an element of equalisation. This will need to be revisited as more information on the proposed new system comes to light.
- 6.12 **Council Tax** Increases would need to take into consideration the Government's referendum principles which are set out every year. A 1% increase in council tax yields approximately £0.81m. MTFs projections include no council uplifts over the period. Actual council tax increases will be decided on an annual basis taking into account financial circumstances of the council at the time and the level of resources available. Annual increases remain subject to the decision of both Cabinet and Council. The council will continue to seek ways to raise new funding by promoting a growing local economy through new businesses and new housing as well as to increase traded and investment income to help contribute to closing the financial gap alongside the consideration of possible future council tax increases.
- 6.13 **Other Grants** include government grants that are used to finance general council budgets. These include New Homes Bonus, Better Care Fund and Section 31 grant related to refunded costs by government for the business rate system. The MTFs assumes that by the end of parliament all other grants will taper off to nil to be replaced under the new funding regime under rates retention and fair funding.

- 6.14 **Public Health** A letter received by the Department of Health in December 2017 confirmed that the Public Health Grant ring-fence and grant conditions will remain in place until 31 March 2020. From April 2020, it is expected that the Public Health Grant will be replaced in some form by retained business rates. Without any confirmation of the future arrangements of this grant the MTFS assumes that the grant will continue albeit on a reduced basis. The amount has been estimated for planning purposes at a reduced figure but this is not confirmed nor any transitional phasing or confirmation of future of the ring fence and any mandated services following roll in.
- 6.15 **Treasury Management** The Council invests money with a number of financial institutions acting in accordance with the framework outlined in the Treasury Policy Statement and Treasury Strategy 2018/19 to 2022/23. The investment interest earned is used to support the Council's new strategic approach 'Making Gateshead a Place Where Everyone Thrives'.
- 6.16 **Fees and Charges** The council currently raises in the region of £20.1m from fees and charges, of which around £3.2m relate to statutory charges and £16.9m relate to non-statutory charges. It is normal practice for the council to review fees and charges annually and propose revised and new charges from 1 April each year. This will include the development of any policies in respect of discounts and concessions. As part of the annual review, all fees and charges are considered. Where inflationary increases have been proposed, these have been uplifted with the September 2017 Consumer Price Index (CPI) rate of 3%. Any impact on income budgets arising from these areas are either adjusted at the annual budget setting stage or will be consulted on as part of the budget proposal process.

## 7 Capital and Prudential Borrowing

- 7.1 The council's capital investment plans are set out in the capital programme, with the latest approved programme covering the period between the 2018/19 and 2022/23 financial years. The effective use of capital resources, including asset management, is fundamental to the Council achieving its medium and long term strategic objectives. Capital investment has a significant impact upon the local economy and helps to ensure that the council can continue to provide the best possible services and outcomes within Gateshead.
- 7.2 Any capital investment decision will have implications for the revenue budget. The revenue costs over the lifetime of each proposed capital project are considered when the project is being developed to ensure that the impact can be incorporated within the council's financial plans and to demonstrate that the capital investment is affordable. Revenue implications may include the costs associated with supporting additional borrowing as well as any changes to the running costs associated with the asset or wider benefits to the council such as the delivery of ongoing revenue budget savings or additional income through the generation of business rates, council tax or energy revenues.
- 7.3 The approved five-year capital programme for the period 2018/19 to 2023/24 includes a number of ambitious projects and estimates £405m of planned capital investment (excluding Housing). It is envisaged that additional projects and investment opportunities and pressures will emerge over the period as major projects, such as investment in Gateshead Quays, continue to progress towards the delivery phase. Indicative allowances have been included within the MTFS projections to support an additional £100m of borrowing in excess of the allocations within the existing approved programme over the period and this position will be reviewed as the capital programme is developed.
- 7.4 The council continues to explore external funding possibilities when developing capital projects to minimise the borrowing requirement as far as possible. Within the MTFS, assumptions have been made around the level of external funding in the future but detailed work programmes will not be committed to until the allocations have been confirmed. Projects and investment plans may therefore be re-prioritised depending on the availability of external funding.
- 7.5 The generation of capital receipts can help to provide resources to support additional capital investment or can help to reduce the borrowing requirement and therefore the cost to the revenue budget. The availability of capital receipts has also reduced in recent years as a result of the property market. Capital receipts totalling £6m have been included within the MTFS projections. If additional capital receipts are generated during the year this provides the council with the flexibility to consider the introduction of additional projects to the capital programme or the ability to reduce the borrowing requirement.
- 7.6 Following the adoption of the Council's Core Strategy and Urban Core Plan, the council is likely to secure additional capital receipts for sites as developments come forward. The council is also likely to secure contributions from developers (including the potential introduction of Community Infrastructure Levy) to help fund the provision of strategic infrastructure that is necessary to support future developments and growth which may be used to support future capital investment, either as an addition to the capital programme or to displace the use of planned borrowing helping to reduce the revenue cost of supporting the capital programme.

## Capital Investment Pressures

7.7 Significant challenges and priorities for the council's capital investment over the medium term that are set out in the council's key strategies include:

- Meeting essential health and safety and mandatory obligations, such as Equality Act improvements, to improve the accessibility and sustainability of council owned assets;
- Continuing to regenerate the Gateshead Quays and Baltic Business Quarter area as part of the Council's Accelerated Development Zone, working with our development partner to build upon the successful delivery of iconic projects such as the Sage Gateshead and Baltic to create a significant new mixed-use development to help unlock economic growth and generate additional business rates and raise the profile of Gateshead;
- Continuing to support the regeneration of Gateshead centre to deliver a centre with the stature and vibrancy of a city and continuing to invest in improvements to local centres across Gateshead;
- Improving the council's corporate ICT infrastructure, equipment and systems to improve connectivity, security and resilience and ensure that the council remains fit for the future and can provide services as efficiently and effectively as possible;
- Investing in strategic infrastructure to support growth within Gateshead. This includes investment in areas such as transport infrastructure to provide an integrated transport system which meets demand and improves connectivity and accessibility as well as investment in the council's schools to help increase capacity;
- Investing in the provision of energy infrastructure to support the expansion of the Town Centre District Energy network to provide lower cost, lower carbon energy to support regeneration and economic development, generate income and provide long term resilience against rising energy prices;
- Working with our private sector partner, Evolution Gateshead, to provide good quality, energy efficient homes to ensure that our neighborhoods are sustainable; and
- Rationalising the council's property portfolio to ensure that the council operates an efficient and sustainable estate which is aligned to service delivery models, disposing of surplus properties to generate additional capital receipts.

7.8 The financial planning framework provided by the MTFs will provide the context for a council investment plan that will inform the allocation of resources within the capital programme.

## 8 Reserves

- 8.1 Local authorities must consider the level of reserves needed to meet estimated future expenditure when calculating the budget requirement. The Strategic Director, Corporate Resources is required, as part of the budget setting process each year, to provide a statement on the adequacy of reserves that is subject to an external audit review to assess value for money and a going concern opinion.
- 8.2 The Council keeps a level of reserves to protect against the risk of any uncertainties or unforeseen expenditure. This is considered best practice and demonstrates sound financial planning. Much like using savings to offset monthly household bills the use of financial reserves cannot solve a budget problem outright but allows for smoothing of impacts or allows the Council time to ride any short-term situations before returning to normal. Therefore, reserves are mainly used to;
- ✓ Manage the impact of cuts over a longer period of time
  - ✓ Invest in schemes that allow services to be delivered cheaper
  - ✓ Take “one-off hits” for the council as a whole without the need to further reduce service budgets (e.g. changes to national insurance contributions or local tax regimes)
  - ✓ Provide capacity to absorb any non-achievement of planned budget reductions in each year
  - ✓ To temporarily roll over unused portions of grants that can legally be used at a later date
  - ✓ To insure against major unexpected events (such as flooding)
  - ✓ To guard against general risk (i.e. saving up for unexpected events)
  - ✓ To guard against emergent specific risks, such as business rate appeals, council tax support funding cuts and welfare reform. These risks are predicted to continue to increase.

### Reserves Policy

- 8.3 The council’s policy on reserves is outlined within the MTFS principles as follows:
- The council will **maintain its general reserve at a minimum of 3%** of the net revenue budget to cover any major unforeseen expenditure. The council will aim to balance its revenue budget over the period of the MTFS without reliance on the use of the general reserve.
  - The council will maintain earmarked reserves for specific purposes which are **consistent with achieving its key priorities**. The use and level of earmarked reserves will be reviewed annually.
  - The council’s general reserve is available to support budget setting over the period of the MTFS and usage should be **linked to the achievement of financial sustainability over the medium term**.

## Review of Reserves

8.4 A review of reserves is undertaken twice a year and covers:

- The purpose for which the reserve is held,
- An assessment of the appropriate level of the reserve to meet potential future liabilities, in line with the Council's reserves policy and aligned to the risk management framework,
- Procedures for the reserve's management and control,
- A process and timescale for future reviews to ensure continuing relevance and adequacy.

8.5 The 2017/18 Revenue Outturn position was reported to Cabinet on 20 June 2018, showing the balance of usable reserves of £55m (including ring fenced reserves of £13m)

8.6 In support of the reviewed MTFs position a full review of reserves has also been carried out and it was concluded that no further changes are required at this time. An explanation of each reserve and balances as at 31 March 2018 can be found in the council's audited statement of accounts for 2017/18.

### Reserves Summary 2018/19 to 2023/24

8.7 The following table illustrates the estimated use, following review, of all revenue reserves over the period to March 2024;

	Reserves Review MTFs							
	Opening Balance	Estimated Use	MTFS PROJECTIONS					Remaining Balance
	Apr-18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Mar-24
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>General Fund</b>								
General Reserve	(13,668)							(13,668)
LMS Budget Share Reserve*	(5,205)	1,800	1,800	1,605				0
<b>Total General Fund Reserve</b>	<b>(18,873)</b>	<b>1,800</b>	<b>1,800</b>	<b>1,605</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(13,668)</b>
<b>Earmarked Reserves</b>								
<b>Strategic Reserves</b>								
Business Rates Reserve	(5,000)							(5,000)
Insurance Reserve	(3,000)							(3,000)
Grant Clawback Reserve	(1,000)		400					(600)
Workforce Development Reserve	(6,009)	200	1,000	1,000	500			(3,309)
Discretionary Social Fund Reserve	(648)	216	216	216				0
Budget Flexibility Reserve	(2,571)	2,071	500					0
Economic Growth, Culture and Place Shaping Reserve	(4,212)	1,407	935	935	935			0
Strategic Revenue Investment Reserve	(4,206)	2,000	1,500	706				0
Voluntary Sector Reserve	(475)	250	225					0
Anti Poverty Reserve	(862)	450	412					0
<b>Ring Fenced Reserves</b>								
Developers' Contributions*	(2,427)	886	584	479	478			0
DSG Reserve*	(1,156)	1,156						0
Unapplied revenue grants*	(1,952)	1,214	608	32	32	32	32	0
Public Health Reserve*	(2,632)	1,014	475	285	286	286	286	0
<b>Total Earmarked Reserves</b>	<b>(36,150)</b>	<b>10,864</b>	<b>6,856</b>	<b>3,653</b>	<b>2,231</b>	<b>318</b>	<b>318</b>	<b>(11,909)</b>
<b>Total Reserves</b>	<b>(55,023)</b>	<b>12,664</b>	<b>8,656</b>	<b>5,258</b>	<b>2,231</b>	<b>318</b>	<b>318</b>	<b>(25,577)</b>
Total Ring fenced*	(13,372)	6,070	3,467	2,401	796	318	318	(0)
No Ring-fence	(41,651)	6,594	5,188	2,857	1,435	0	0	(25,577)
	<b>(55,023)</b>	<b>12,664</b>	<b>8,656</b>	<b>5,258</b>	<b>2,231</b>	<b>318</b>	<b>318</b>	<b>(25,577)</b>

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- 8.8 For financial resilience the council may need to consider replenishment of the general reserve over the MTFS period.
- 8.9 The overall level of financial resources available to the council is finite and therefore the continued use of reserves above a certain level cannot be sustained in the longer term without placing the council's financial position at risk. The MTFS recognises that the council's financial reserves are maintained at a prudent level to protect present and future council services.
- 8.10 The council accepts that while balancing the annual budget by drawing on general reserves can be in certain circumstances a legitimate short-term option it is not considered good financial management to finance recurrent expenditure in this way. Where this approach is adopted the council will be explicit as to how such expenditure will be funded in the medium to long term to achieve financial sustainability. The council recognises that usage of reserves is one-off in nature and must be linked with expenditure and income plans to support financial sustainability in the medium term.

## 9 Risk Assessment

9.1 A comprehensive financial risk assessment is undertaken for the revenue and capital budget setting process to ensure that all risks and uncertainties affecting the council's financial position are identified. These are reviewed each year as part of the refresh of the MTFS. The key strategic financial risks to be considered in developing the MTFS are as follows:-

Risk	Likelihood	Impact	Risk Management
1. Future available resources less than assumed.	Possible	High	Annual review of reserves and reserves policy to identify future resources. Assumptions on funding for 2019/20 and beyond are based on best estimates at this time. A prudent approach has been adopted based on previous years' experience as well as using regional network contacts to inform modelling.
2. Volatility of Business Rates funding given uncertainty around impact of appeals	Likely	High	Volatility of funding stream outside of council control but impact mitigated by establishment of specific earmarked reserve and financial monitoring framework. Modelling of potential impacts is used to inform internal financial planning.
3. Public Health funding not sufficient to meet responsibilities	Possible	Medium	Funding confirmed for 2019/20 but not in future years. The lack of certainty of continuation of grant going forward is a significant risk. Public Health responsibilities will be rolled into the new system under the move to 75% rate retention.
4. Pay Awards, fee increases and price inflation higher than assumed	Possible	Medium	Impact of potential increases mitigated by central contingency budget for pay, price increases and care fees. Where pay awards have been agreed these are factored into the estimates.
5. Future spending plans underestimated	Possible	Medium	Service planning process identifies future budget pressures and these have informed the indicative budget forecasts. An effective budget monitoring framework is in place to identify in year and potential future cost pressures.
6. Anticipated savings/ efficiencies not achieved	Possible	High	Regular monitoring and reporting takes place but the size of the funding cuts increase the likelihood of this risk. Non-achievement of savings would require compensating reductions in planned spending within services. MTFS principle to maintain General Reserve at 3% of net revenue budget to cover unforeseen events. Greater scrutiny of savings has taken place since 2017 through the revenue monitoring process. 2018/19 will see dedicated senior officer sessions on budget issues.

Risk	Likelihood	Impact	Risk Management
7. Revenue implications of capital programmes not fully anticipated	Unlikely	Low	Capital bid approval framework identifies revenue implications and links to Council priorities. Full analysis of revenue implications assessed and considered in scenario planning.
8. Income targets not achieved	Possible	Medium	Current economic climate likely to impact. Regular monitoring and reporting takes place. Full review of fees and charges is undertaken on an annual basis.
9. Budget monitoring not effective	Unlikely	High	Regular monitoring and reporting in line with corporate framework. Action plans developed to address problem areas. Regular reports to CMT and Cabinet. Track record of delivering budget.
10. Exit strategies for external funding leasing/tapering not met	Possible	Medium	Regular monitoring and reporting. Government policy to remove ring fencing provides greater flexibility.
11. Loss of principal deposit	Unlikely	Medium	Limited by the controls in the Treasury Management Strategy which prioritise security of deposit over returns. Impact limited due to the strategy of a diverse portfolio with top rated institutions.
12. Interest rates lower than expected	Unlikely	Low	Regular review, monitoring and reporting on interest rates. Prudent assumptions on likely interest rates for 2018/19 and onwards have been incorporated into the MTFS.
13. Collection rates for retained business rates and council tax lower than anticipated	Possible	High	Impact mitigated by the review of bad debt provisions. Proactive approach to stimulating economic growth including pump priming from reserves. Monitoring of Collection Fund is formally incorporated into the revenue monitoring process.
14. Changes to Government policy including Health and Social Care integration and Welfare Reform	Likely	Medium/ High	Best estimates of impact of government policy on funding factored into MTFS. Estimates are prudent and based on recent experience. Specific areas of uncertainty identified and subject to focussed actively, close monitoring and review. Risks of Better Care Fund are managed through the joint Council/CCG Better Care Fund Programme Board. The impacts of welfare reform continue to be planned for and monitored through the Council Scrutiny Framework.

Risk	Likelihood	Impact	Risk Management
15. Financial budget impacts of UK's vote to leave the European Union	Likely	Medium /High	Continue to work collaboratively with treasury advisors to assess potential budget impacts whilst the Government attempts to ensure an effective transition to a new economic relationship between the U.K. and the EU, including clarifying the procedures and broad objectives that will guide the process.
16. All MTFS risks not adequately identified	Unlikely	Low	Council's Risk Management Framework ensures all operational and strategic risks are identified as part of the annual service planning process. Regional networks such as SIGOMA , ANEC provide ability to assess and compare strategies to ensure assumptions are comprehensive.

## 10 Conclusion

- 10.1 The review of the MTFS has again been undertaken against a background of significant reductions and changes in grant funding and increasing costs due to service pressures. These factors could jeopardise the council's sustainable financial position unless budget savings continue to be delivered alongside the delivery of the council's corporate priorities.
- 10.2 The MTFS covers five years and funding beyond 2019/20 remains highly uncertain although all indications are that austerity measures are likely to continue throughout the medium term.
- 10.3 The MTFS identifies a potential financial gap of £29m in 2019/20 and £55m in the next three years from 2019/20 to 2023/24. This funding gap comes on top of budget savings of £157m that have already been taken from budgets by this council since 2010.
- 10.4 The MTFS supports the requirement to continue a rolling programme of internal indicative budget setting and efficiency plans to bridge an estimated £76m financial gap covering the period 2019/20 to 2023/24.
- 10.5 Although the financial context continues to be increasingly challenging and uncertain the council has a track record of identifying and delivering significant savings and achieving budget outturn under agreed budget, supported by a framework of effective financial planning. This approach will need to continue to ensure that a sustainable medium-term financial position can be maintained. The approach will need to be built upon the delivery of significant changes in service delivery arising from effective decision making at an appropriate pace.
- 10.6 The council will continue to keep the MTFS estimates under more frequent review given the high degree of uncertainty surrounding the potential impact on government policy and government funding decisions in relation to local government arising from the European Referendum result and future finance reforms.



**COUNCIL MEETING**

**19 JULY 2018**

## **CAPITAL PROGRAMME AND PRUDENTIAL INDICATORS 2018/19 – FIRST QUARTER REVIEW**

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**Sheena Ramsey, Chief Executive**

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### **EXECUTIVE SUMMARY**

1. The purpose of this report is to inform of the latest position on the 2018/19 capital programme and Prudential Indicators at the end of the first quarter to 30 June 2018. It also assesses the variances from the approved programme and details the proposed financing of the capital programme. The report also considers the impact of CIPFA's Prudential Code on the capital programme and the monitoring of performance against the statutory Prudential Indicators.
2. The original budget for the capital programme for 2018/19 totalled £102.862m and the projected year end expenditure at the end of the first quarter is now £107.763m.
3. 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 2018/19 were agreed at Council on 22 February 2018 and borrowing and investment levels have remained within the limits set by Council.
4. The Cabinet has considered the facts and issues arising from the report including alternative options and took all relevant advice before formulating their recommendation.

### **RECOMMENDATION**

5. It is recommended that Council:
  - (i) Approves all variations to the 2018/19 Capital Programme as detailed in Appendix 2 of the attached report as the revised programme.
  - (ii) Approves the financing of the revised programme.
  - (iii) Confirms 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 2018/19 have been breached.

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**TITLE OF REPORT:** Capital Programme and Prudential Indicators 2018/19  
 – First Quarter Review

**REPORT OF:** Darren Collins, Strategic Director, Corporate Resources

### Purpose of the Report

1. This report sets out the latest position on the 2018/19 capital programme and Prudential Indicators at the end of the first quarter to 30 June 2018. The report assesses reasons for the variances from the approved programme 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 2018/19, as agreed by Council on 22 February 2018, totalled £102.862m. The first quarter review now projects the year-end expenditure to be £107.763m, £76.093m General Fund and £31.670m HRA.
3. The proposed increase to the capital programme at the first quarter comprises of the following movements:

	<b>£m</b>
Slippage of planned capital expenditure from 2017/18	12.326
Additional capital expenditure	8.633
Reduced project cost	(0.207)
Re-profiling of capital expenditure to future years	(15.852)
<b>Total Variance</b>	<b>4.901</b>

4. A total of £12.326m of slippage has been identified on a number of key schemes throughout the capital programme which has been carried forward into 2018/19, with resources, from the 2017/18 financial year. The schemes where the 2017/18 slippage exceeds £1m are detailed below:
  - £2.5m relating to the loan to NHS Trust for Prince Consort Road with the completion of the lease and loan now expected to take place in August or September 2018.
  - £2.0m in relation to the ongoing HEIGHTs and Regent Court energy efficiency and improvement works that were delayed by the adverse weather conditions.
  - £1.3m to align the School Capacity Improvements expenditure over the school academic years to support the planned extension at Brandling Primary School.
5. The proposed £8.633m increase includes the re-profiling of allocations to reflect final funding settlements for investment in the Council's schools and highways infrastructure. The Council has also received notification of additional external funding to support capital investment including:
  - £0.7m S106 contributions
  - £0.7m from the National Productivity Investment Fund for investment in additional Highways and Transport schemes;

- £0.4m Early Measures funding to support work to improve air quality from the Government's Joint Air Quality Unit.
6. In addition, the £8.633m increase to the capital programme also includes:
- £1.9m which is the 2018/19 element of the £2.3m loan to Keelman Homes which was agreed at Cabinet in April 2018 to support the purchase and refurbishment of empty homes within Gateshead; and
  - £0.5m proposed increase in the loan facility to the NHS Trust to support the lease and redevelopment at Prince Consort Road.
7. Planned investment has been re-profiled to future financial years on a number of schemes, amounting to -£15.852m. This includes:
- -£6.8m in relation to the Gateshead Quays development to reflect the progress of the ongoing commercial negotiations.
  - -£4.7m to reflect the revised delivery timescales of the office building at Baltic Business Quarter, which is due to complete in Autumn 2019.
  - -£2.0m reprofiling of the loan to Gateshead Trading Company for the Lyndhurst House Building scheme based on revised cash flow projections and works programme.
  - -£0.8m relating to the proposed Energy Network extension to Trinity Square as the potential customer has confirmed it will be another 12 months before they can consider the Council's offer of connection.

## Proposal

6. The report identifies planned capital expenditure of £107.763m for the 2018/19 financial year. The expected resources required to fund the 2018/19 capital programme are as follows:

	<b>£m</b>
Prudential Borrowing	47.096
Projected Capital Receipts	2.000
Capital Grants and Contributions	26.947
Major Repairs Reserve (HRA)	27.512
Right to Buy Receipts (HRA)	4.158
<b>Total Capital Programme</b>	<b>107.763</b>

7. 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 2018/19 were agreed at Council on 22 February 2018 and borrowing and investment levels have remained within these limits.

## Recommendations

8. Cabinet is asked to:
- (i) Recommend to Council that all variations to the 2018/19 Capital Programme as detailed in Appendix 2 are agreed as the revised programme.
  - (ii) Recommend to Council the financing of the revised 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 2018/19 have been breached.

For the following reasons:

- (i) To ensure the optimum use of the Council's capital resources in 2018/19.
- (ii) To accommodate changes to the Council's in-year capital expenditure plans.
- (iii) To ensure performance has been assessed against the approved Prudential Limits.

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**CONTACT:** Jane Wright      extension 3617

## Policy Context

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

## Background

2. The original budget for the capital programme for 2018/19, as agreed by Council on 22 February 2018, totalled £102.862m.
3. The projected year-end expenditure is £107.763m at the end of the first quarter.
4. The £4.901m variance is due to a combination of slippage from 2017/18, additional capital expenditure and a re-profiling of existing schemes to future years. All variations in the programme during the first quarter are detailed in Appendix 2.
5. Appendix 3 summarises the original budget and actual year end payments by Corporate Priority. The budget, projected year end payments and comments on the progress of each scheme are detailed in Appendix 4.
6. The Prudential Code sets out a range of Prudential Indicators that were agreed by the Council on 22 February 2018. Performance against the indicators for 2018/19 is set out in Appendix 5.

## Consultation

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

## Alternative Options

8. The proposed financing arrangements are the best available in order to ensure the optimum use of the Council's capital resources in 2018/19.

## Implications of Recommended Option

9. **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 will be considered and reported separately.
10. **Risk Management Implication** - Risks are assessed as part of the process of monitoring the programme and in respect of treasury management. The Cabinet will 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.

11. **Equality and Diversity Implications** - There are no equality and diversity implications arising from this report.
12. **Crime and Disorder Implications** - There are no direct crime and disorder implications arising from this report.
13. **Health Implications** - There are no health implications arising from this report.
14. **Sustainability Implications** - The works will help to make the environment more attractive and reduce health and safety hazards.
15. **Human Rights Implications** - There are no direct human rights implications arising from this report.
16. **Area and Ward Implications** - Capital schemes will provide improvements in wards across the borough.
17. **Background Information**
  - i. Report for Cabinet, 20 February 2018 (Council 22 February 2018) - Capital Programme 2018/19 to 2022/23.

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Reason for Movement	Portfolio	Group	Project Title	Variance (£'000)
<b>INCREASES</b>				
Slippage from 2017/18	Communities and Volunteering	CAE	Bereavement Services	23
	Communities and Volunteering	CAE	Saltwell Cemetery Extension	11
	Communities and Volunteering	CAE	Birtley Cemetery Extension	140
	Communities and Volunteering	CAE	Trade Waste Service Expansion	48
	Culture, Sport and Leisure	CRS	Blaydon Leisure Centre Outdoor Sports Provision	5
	Culture, Sport and Leisure	CRS	OnCourse Management System	25
	Children and Young People	CWL	School Capacity Improvements	1,300
	Children and Young People	CWL	School Condition Investment	129
	Children and Young People	CWL	Schools Devolved Formula Funding	209
	Health and Wellbeing	CS&G	Prince Consort Road	2,500
	Health and Wellbeing	CAE	Falls Prevention	10
	Economy	CRS	Digital Gateshead	206
	Environment and Transport	CAE	Team Valley Flood Alleviation	10
	Environment and Transport	CAE	Battery Storage	45
	Environment and Transport	CAE	Flood Alleviation Investment	520
	Environment and Transport	CAE	Chase Park Restoration	4
	Environment and Transport	CAE	Salix Energy Efficiency Works	124
	Environment and Transport	CAE	Street Lighting LED Replacement - Phase 4	5
	Housing	CAE	Empty Property Programme 2015/18	31
	Housing	CAE	Estate Regeneration	538
	Housing	CAE	Lift Replacement / Refurbishment	300
	Housing	CAE	New Build - Winlaton Assisted Living	40
	Housing	CAE	Window Replacement and Door Entry System Upgrade	251
	Housing	CAE	External Wall Insulation Works to Non-Traditional Properties	127
	Housing	CAE	HEIGHTS & Regent Court Improvement Works	2,009
	Resources, Management and Reputation	CAE	Civic Centre Workspace Strategy	151
	Resources, Management and Reputation	CAE	Health & Safety	167
	Resources, Management and Reputation	CRS	Strategic Maintenance	334
	Resources, Management and Reputation	CAE	ADZ Investment – BBQ Emerging Technology Centre	944
	Resources, Management and Reputation	CAE	ADZ Investment – BBQ Spec Build	371
	Resources, Management and Reputation	CAE	GRP Public Art - Birtley	12
	Resources, Management and Reputation	CAE	Metrogreen	88
	Resources, Management and Reputation	CS&G	Registrars Internal and External Public Spaces	43
	Resources, Management and Reputation	CS&G	Non Operational Portfolio - Strategic Investment Plan	284
	Resources, Management and Reputation	CRS	Technology Plan: Infrastructure	374
	Resources, Management and Reputation	CRS	Technology Plan: Transformation Through Technology	53
	Resources, Management and Reputation	CAE	Replacement of Fleet and Horticultural Equipment	175
	Resources, Management and Reputation	CAE	Development Site Preparation Works	330
	Resources, Management and Reputation	CAE	Urban Core - Exemplar Neighbourhood	390
<b>Total Slippage from 2017/18</b>				<b>12,326</b>
Other Increases	Children and Young People	CWL	Schools Healthy Pupils Capital Fund	116
	Children and Young People	CWL	School Condition Investment	31
	Health and Wellbeing	CS&G	Prince Consort Road	500
	Health and Wellbeing	CAE	Falls Prevention	100
	Economy	CRS	Land of Oak & Iron	72
	Environment and Transport	CAE	Energy Network Extension - Gateshead Leisure Centre	340
	Environment and Transport	CAE	Gateshead Town Centre District Energy Network	300
	Environment and Transport	CAE	Heworth Roundabout Upgrade	633
	Environment and Transport	CAE	Local Transport Plan - Integrated Transport	1,901
	Environment and Transport	CAE	Local Transport Plan - Planned Maintenance	1,231
	Environment and Transport	CAE	Traffic Signal Renewal - Borough Wide	50
	Environment and Transport	CAE	Team Valley Flood Alleviation	5
	Housing	CAE	Loan to Keelman Homes - Empty Properties	1,900
	Housing	CAE	Loan to Gateshead Trading Company - Derwentside House Building	619
	Housing	CAE	Lift Replacement / Refurbishment	125
	Housing	CAE	Replacement of Communal Electrics	110
	Resources, Management and Reputation	CAE	Baltic Business Quarter - public spaces revitalisation for tenants and visitors	125
	Resources, Management and Reputation	CAE	High Street South Regeneration	50
	Resources, Management and Reputation	CAE	Coatsworth Road Regeneration - THI	336
	Resources, Management and Reputation	CRS	Services To Schools - IT Solution	25
	Resources, Management and Reputation	CAE	GRP Public Art - Birtley	29
	Resources, Management and Reputation	CRS	Technology Plan: Infrastructure	35
<b>Total Other Increases</b>				<b>8,633</b>
<b>TOTAL INCREASES</b>				<b>20,959</b>

Reason for Movement	Portfolio	Group	Project Title	Variance (£'000)
<b>REDUCTIONS</b>				
Other Reductions	Housing	CAE	Equality Act Works	(110)
	Resources, Management and Reputation	CAE	Urban Core - Exemplar Neighbourhood	(50)
	Resources, Management and Reputation	CAE	Metrogreen	(20)
	Resources, Management and Reputation	CRS	Technology Plan: Transformation Through Technology	(27)
<b>Total Other Reductions</b>				<b>(207)</b>
Re-profiling to Future Years	Communities and Volunteering	CAE	Birtley Cemetery Extension	(240)
	Communities and Volunteering	CAE	Trade Waste Service Expansion	(170)
	Children and Young People	CWL	School Capacity Improvements	(433)
	Environment and Transport	CAE	Gateshead Millennium Bridge Strategic Maintenance	(309)
	Environment and Transport	CAE	Street Lighting LED Replacement - Phase 4	(415)
	Environment and Transport	CAE	Energy Network Extension - Trinity Square	(800)
	Housing	CAE	Loan to Gateshead Trading Company - Lyndhurst House Building	(2,000)
	Resources, Management and Reputation	CAE	ADZ Investment - BBQ Spec Build	(4,650)
	Resources, Management and Reputation	CAE	ADZ Investment - Gateshead Quays	(6,834)
<b>Total Re-profiling to Future Years</b>				<b>(15,850)</b>
<b>TOTAL REDUCTIONS</b>				<b>(16,057)</b>
<b>TOTAL VARIANCE</b>				<b>4,901</b>

## APPENDIX 3

Portfolio	Approved Budget 2018/19	Revised Forecast Q1 30 June 2018	Variance	Actual Spend at 30 June 2018
<b>COMMUNITIES</b>				
Communities and Volunteering	782	593	(188)	46
Culture, Sport and Leisure	2,097	2,127	30	12
<b>Total Communities</b>	<b>2,879</b>	<b>2,720</b>	<b>(158)</b>	<b>58</b>
<b>PEOPLE</b>				
Children and Young People	7,686	9,038	1,352	234
Health and Wellbeing	2,441	5,551	3,110	86
<b>Total People</b>	<b>10,127</b>	<b>14,589</b>	<b>4,462</b>	<b>320</b>
<b>PLACE AND ECONOMY</b>				
Economy	1,105	1,383	278	367
Environment and Transport	11,637	15,281	3,644	693
Housing	35,989	39,929	3,940	5,122
<b>Total Place and Economy</b>	<b>48,731</b>	<b>56,593</b>	<b>7,862</b>	<b>6,182</b>
<b>RESOURCES, MANAGEMENT AND REPUTATION</b>				
Resources, Management and Reputation	41,126	33,861	(7,265)	2,544
<b>Total Resources, Management and Reputation</b>	<b>41,126</b>	<b>33,861</b>	<b>(7,265)</b>	<b>2,544</b>
<b>Total Capital Investment</b>	<b>102,863</b>	<b>107,763</b>	<b>4,901</b>	<b>9,104</b>

Portfolio	Group	Project Title	Approved 2018/19 Allocation £'000	Revised Q1 Allocation £'000	Comments
<b>COMMUNITIES</b>					
Communities and Volunteering	CAE	Bereavement Services	0	23	Slippage from 2017/18 (Borrowing)
	CAE	Birtley Cemetery Extension	240	140	Re-profiling to 2019/20 (Borrowing)
	CAE	Public Realm Improvement	50	50	
	CAE	Replacement Bins	125	125	
	CAE	Saltwell Cemetery Extension	170	181	Slippage from 2017/18 (Borrowing)
	CAE	Trade Waste Service Expansion	197	74	Re-profiling to 2019/20 (Borrowing)
	<b>Total Communities and Volunteering</b>			<b>782</b>	<b>593</b>
Culture, Sport and Leisure  Page 150	CRS	Blaydon Leisure Centre Outdoor Sports Provision	745	750	Slippage from 2017/18 (Borrowing)
	CRS	Replacement of 3G pitches within Gateshead Stadium	706	706	
	CRS	Replacement of flooring within Gateshead Stadium Sports Hall	285	285	
	CRS	Replacement of Lift within Gateshead Stadium	63	63	
	CRS	Replacement of Pool Filter Media at Gateshead Leisure Centre	28	28	
	CRS	OnCourse Management System	0	25	Slippage from 2017/18 (Borrowing)
	CRS	Professional kitchen at St Mary's Heritage Centre	0	0	
	CRS	Library Service Review	270	270	
<b>Total Culture, Sport and Leisure</b>			<b>2,097</b>	<b>2,127</b>	
<b>PEOPLE</b>					
Children and Young People	CWL	School Capacity Improvements	5,500	6,367	Slippage from 2018/18 /Re-profiling to 2019/20 (External Funding)
	CWL	School Condition Investment	1,936	2,096	Slippage from 2017/18 / Other increases (External Funding)
	CWL	Schools Healthy Pupils Capital Fund	0	116	Other increases (External Funding)
	CWL	Schools Devolved Formula Funding	250	459	Slippage from 2017/18 / Other increases (External Funding)
	<b>Total Children and Young People</b>			<b>7,686</b>	<b>9,038</b>
Health and Wellbeing	CS&G	Prince Consort Road	0	3,000	Slippage from 2017/18 / Other Increase (Borrowing)
	CWL	Telecare Equipment	75	75	
	CWL	Disabled Facilities Grants (DFGs)	1,750	1,750	
	CWL	Eastwood - Centre of Excellence	616	616	
	CAE	Falls Prevention	0	110	Slippage from 2017/18 / Other Increase (Borrowing)
<b>Total Health and Wellbeing</b>			<b>2,441</b>	<b>5,551</b>	
<b>PLACE AND ECONOMY</b>					
Economy	CRS	Digital Gateshead	445	651	Slippage from 2017/18 (Borrowing)
	CAE	Business Centre Portfolio	315	315	
	CRS	Broadband Delivery UK	345	345	

Portfolio	Group	Project Title	Approved 2018/19 Allocation £'000	Revised Q1 Allocation £'000	Comments
	CRS	Land of Oak & Iron	0	72	Other increases (External Funding)
<b>Total Economy</b>			<b>1,105</b>	<b>1,383</b>	

Portfolio	Group	Project Title	Approved 2018/19 Allocation £'000	Revised Q1 Allocation £'000	Comments
Page 152	Environment and Transport	CAE Team Valley Flood Alleviation	85	100	Slippage from 2017/18 (Borrowing)
	CAE Battery Storage	0	45	Other increases (Borrowing)	
	CAE Energy Network Extension - Gateshead Leisure Centre	0	340	Other increases (Borrowing)	
	CAE Energy Network Extension - Trinity Square	800	0	Re-profiled to 2019/20 (Borrowing)	
	CAE Gateshead Town Centre District Energy Network	0	300	Other increases (Borrowing)	
	CAE Gateshead Millennium Bridge Strategic Maintenance	368	60	Re-profiling to 2019/20 (Borrowing)	
	CAE Street Lighting Column Replacement	1,200	1,200		
	CAE Street Lighting LED Replacement - Phase 4	1,200	790	Re-profiling to 2019/20 (Borrowing)	
	CAE Street Lighting Phase 3 LED Lanterns	142	142		
	CAE Environmental Enforcement Team	45	45		
	CAE Heworth Roundabout Upgrade	2,600	3,233	Other increases (External Funding)	
	CAE Local Transport Plan - Integrated Transport	1,250	3,151	Other increases (External Funding)	
	CAE Local Transport Plan - Planned Maintenance	2,550	3,781	Other increases (External Funding)	
	CAE Scotswood Bridge Comb Joint Replacement	310	310		
	CAE Traffic Signal Renewal - Borough Wide	450	500	Other increases (External Funding)	
	CAE Flood Alleviation Investment	217	737	Slippage from 2017/18 (External Funding)	
	CAE Chase Park Restoration	0	4	Slippage from 2017/18 (External Funding)	
	CAE Salix Energy Efficiency Works	250	374	Slippage from 2017/18 (Borrowing)	
	CAE Crowley Dam Repair and Conservation	170	170		
<b>Total Environment and Transport</b>			<b>11,637</b>	<b>15,282</b>	
Housing	CAE Empty Property Programme 2015/18	0	31	Slippage from 2017/18 (Borrowing)	
CAE Loan to Keelman Homes - Bleach Green Affordable Housing	500	500			
CAE Loan to Keelman Homes - Lyndhurst	500	500			
CAE Loan to Keelman Homes -Empty Properties	0	1,900	Other increases (Borrowing)		
CAE Loan to Gateshead Trading Company - Lyndhurst House Building	5,929	3,929	Re-profiled to 2019/20 (Borrowing)		
CAE Loan to Gateshead Trading Company - Derwentside House Building	780	1,399	Re-profiled from 2019/20 (Borrowing)		
HRA Aids and Adaptations	1,500	1,500			
HRA Estate Regeneration	0	538	Slippage from 2017/18 (Major Repairs Reserve)		
HRA Fire Safety Works - General	100	100			
HRA Lift Replacement / Refurbishment	500	925	Slippage from 2017/18 (Major Repairs Reserve)		
HRA New Build - Winlaton Assisted Living	2,550	2,590	Slippage from 2017/18 (Major Repairs Reserve)		
HRA New Build - Seymour Street	1,200	1,200			
HRA Programme Management	550	550			
HRA Replacement of Communal Electrics	250	360	Other increase (Major Repairs Reserve)		

Portfolio	Group	Project Title	Approved 2018/19 Allocation £'000	Revised Q1 Allocation £'000	Comments
Page 88	HRA	Strategic Maintenance	2,000	2,000	
	HRA	Warden Call	250	250	
	HRA	Window Replacement and Door Entry System Upgrade	700	951	Slippage from 2017/18 (Major Repairs Reserve)
	HRA	Equality Act Works	535	425	Other Reduction (Major Repairs Reserve)
	HRA	External Wall Insulation Works to Non-Traditional Properties	519	646	Slippage from 2017/18 / Other Increase (Major Repairs Reserve)
	HRA	T-Fall Insulation	100	100	
	HRA	Back Boiler Renewal and Replacement	1,000	1,000	
	HRA	Decent Homes - Investment Programme	6,750	6,750	
	HRA	Timber Replacements	100	100	
	HRA	Stock Project Management	400	400	
	HRA	HEIGHTS & Regent Court Improvement Works	8,640	10,649	Slippage from 2017/18 (Major Repairs Reserve)
	HRA	Barley Mow Village Hall	0	0	
	HRA	Fire Safety Works - Smoke Detection	400	400	
	HRA	Multi Storey Improvements	36	36	
	HRA	Multi Storey Service	200	200	
	<b>Total Housing</b>		<b>35,989</b>	<b>39,929</b>	

#### RESOURCES, MANAGEMENT AND REPUTATION

Page 89	Resources, Management and Reputation	CAE	Civic Centre Workspace Strategy	350	501	Slippage from 2017/18 (Borrowing)
	CAE	Health & Safety	500	667	Slippage from 2017/18 (Borrowing)	
	CRS	Strategic Maintenance	750	1,084	Slippage from 2017/18 (Borrowing)	
	CAE	ADZ Investment – BBQ Emerging Technology Centre	0	944	Slippage from 2017/18 (Borrowing)	
	CAE	ADZ Investment – BBQ Spec Build	9,595	5,316	Slippage from 2017/18 (Borrowing)	
	CAE	ADZ Investment - Gateshead Quays	13,145	6,311	Re-profiling to 2019/20 (Borrowing/External Funding)	
	CAE	Baltic Business Quarter - public spaces revitalisation for tenants	155	280	Other increase (Borrowing)	
	CAE	Follingsby	8,500	8,500		
	CAE	GRP Public Art - Birtley	0	41	Slippage from 2017/18 (Borrowing)	
	CAE	High Street South Regeneration	400	450	Slippage from 2017/18 (Borrowing)	
	CAE	Housing JV - Brandling	350	350		
	CAE	Major Projects - Project Management Costs	240	240		
	CAE	Metrogreen	410	478	Slippage from 2017/18 (Borrowing)	
	CAE	Urban Core - Exemplar Neighbourhood	0	340	Slippage from 2017/18 (Borrowing)	
	CS&G	Registrars Internal and External Public Spaces	0	43	Slippage from 2017/18 (Borrowing)	
	CS&G	Non Operational Portfolio - Strategic Investment Plan	300	584	Slippage from 2017/18 (Borrowing)	
	CS&G	Legal Case Management System	95	95		

Portfolio	Group	Project Title	Approved 2018/19 Allocation £'000	Revised Q1 Allocation £'000	Comments
	CAE	Coatsworth Road Regeneration - THI	27	363	Slippage from 2017/18 (Borrowing)
	CRS	Technology Plan: Infrastructure	2,884	3,293	Slippage from 2017/18 (Borrowing)
	CRS	Technology Plan: Transformation Through Technology	425	451	Slippage from 2017/18 (Borrowing)
	CRS	Services To Schools - IT Solution	0	25	Slippage from 2017/18 (Borrowing)
	CAE	Replacement of Fleet and Horticultural Equipment	2,500	2,675	Slippage from 2017/18 (Borrowing)
	CAE	Development Site Preparation Works	500	830	Slippage from 2017/18 (Borrowing)
	<b>Total Resources, Management and Reputation</b>		<b>41,126</b>	<b>33,861</b>	
<b>Total Capital Investment</b>			<b>102,863</b>	<b>107,763</b>	

**PRUDENTIAL INDICATORS 2018/19**

The 2018/19 Prudential Indicators were agreed by Council on 22 February 2018 (column 1). This is now compared with the 2018/19 actual position as at the end of the first quarter, 30 June 2018 (column 2).

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 2018/19 have been breached.

<b>Capital Expenditure</b>		
	2018/19 £000 Reported Indicator	2018/19 £000 Projection for the Year at Q1
Non-HRA	74,582	76,093
HRA	28,280	31,670
<b>Total</b>	<b>102,862</b>	<b>107,763</b>
To reflect the reported capital monitoring agreed by Council during the year		

<b>Ratio of Financing Costs to Net Revenue Stream</b>		
	2018/19 Reported Indicator	2018/19 Projection for the Year at Q1
Non-HRA	14.89%	N/A
HRA	42.53%	N/A

<b>Capital Financing Requirement</b>		
	2018/19 £000 Reported Indicator	2018/19 £000 Projection for the Year at Q1
Non-HRA	377,862	376,129
HRA	345,505	345,505

<b>Authorised Limit for External Debt</b>	
	2018/19 £000 Reported Indicator
Borrowing	875,000
Other Long Term Liabilities	0
<b>Total</b>	<b>875,000</b>
Maximum YTD 30/06/2018 <b>£655.341m</b>	

<b>Operational Boundary for External Debt</b>	
	2018/19 £000 Reported Indicator
Borrowing	850,000
Other Long Term Liabilities	0
<b>Total</b>	<b>850,000</b>
Maximum YTD 30/06/2018 <b>£655.341m.</b>	

The Council's actual external debt at 30 June 2018 was £655.341m. 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 / Lower Limits for Maturity Structure of Fixed Rate Borrowing**

	2018/19 £000 Reported Indicator		2018/19 £000 Actual Position	
	<b>Upper Limit</b>	<b>Lower Limit</b>	<b>Actual Percentage</b>	<b>Maximum YTD</b>
Under 12 months	30%	0%	4.46%	4.46%
12 months to 24 months	30%	0%	9.25%	9.28%
24 months to 5 years	40%	0%	13.97%	17.08%
5 years to 10 years	40%	0%	9.38%	9.45%
10 years to 20 years	40%	0%	10.64%	10.72%
20 years to 30 years	40%	0%	1.19%	1.20%
30 years to 40 years	50%	0%	20.14%	20.30%
40 years to 50 years	50%	0%	27.92%	28.57%
50 years and above	30%	0%	0.00%	0.00%

All within agreed limits.

**Upper / Lower Limits for Maturity Structure of Variable Rate Borrowing**

	2018/19 £000 Reported Indicator		2018/19 £000 Actual Position	
	<b>Upper Limit</b>	<b>Lower Limit</b>	<b>Actual Percentage</b>	<b>Maximum YTD</b>
Under 12 months	30%	0%	3.05%	4.61%
12 months to 24 months	15%	0%	0.00%	0.00%
24 months to 5 years	15%	0%	0.00%	0.00%
5 years to 10 years	15%	0%	0.00%	0.00%
10 years to 20 years	15%	0%	0.00%	0.00%
20 years to 30 years	15%	0%	0.00%	0.00%
30 years to 40 years	15%	0%	0.00%	0.00%
40 years to 50 years	15%	0%	0.00%	0.00%
50 years and above	15%	0%	0.00%	0.00%

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.

<b><i>Upper Limit on amounts invested beyond 364 days</i></b>			
	2018/19 £000 Reported Indicator	2018/19 £000 Actual Position	2018/19 £000 Maximum YTD
Investments	<b>15,000</b>	<b>5,000</b>	<b>5,000</b>



**COUNCIL MEETING**

**19 JULY 2018**

**REVENUE BUDGET – FIRST QUARTER REVIEW  
2018/19**

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**Sheena Ramsey, Chief Executive**

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## **EXECUTIVE SUMMARY**

1. The purpose of this report is to inform Council of the latest monitoring position on the 2018/19 revenue budget at the end of the first quarter to 30 June 2018 and to seek approval for administrative virements.

2. Council agreed the original revenue budget for 2018/19 on 22 February 2018. This was set at £203.466m. Without any further action the projected outturn for 2018/19 at 30 June 2018 is £213.020m compared to the estimate of £203.466m. A review of the projected requirement for contingency mitigates this position by £1.632m, and this therefore results in a projected over spend of £7.922m. The projection for the year includes the planned use of £3.371m reserves, plus £1.337m from the Strategic Revenue Investment reserve.

3. A number of administrative budget virements are required in order to re-align budgets to the Service with the responsibility for service delivery and these are set out in paragraph 5 of the attached report.

4. The Cabinet has considered the facts and issues arising from the report including alternative options and took all relevant advice before formulating their recommendation.

## **RECOMMENDATION**

5. It is recommended that Council:

- (i) Notes the Council's revenue expenditure position as at 30 June 2018, as set out in Appendix 1 of the attached report.
- (ii) Approves the administrative virements outlined in paragraph 5 of the attached report.

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**TITLE OF REPORT:** Revenue Budget - First Quarter Review 2018/19

**REPORT OF:** Darren Collins, Strategic Director, Corporate Resources

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### **Purpose of the Report**

1. This report sets out the latest monitoring position on the 2018/19 revenue budget at the end of the first quarter to 30 June 2018. Cabinet is asked to note the contents of the report and recommend the approval of administrative virements to Council.

### **Background**

2. Cabinet receives quarterly reports on the agreed revenue budget so that any variances can be identified and addressed. This report sets out the revenue monitoring position at 30 June 2018.
3. Council agreed the original revenue budget for 2018/19 on 22 February 2018. This was set at £203.466m.

### **Proposal**

4. Without any further action the projected outturn for 2018/19 at 30 June 2018 is £213.020m compared to the estimate of £203.466m. A review of the projected requirement for contingency mitigates this position by £1.632m, and this therefore results in a projected over spend of £7.922m. The projection for the year includes the planned use of £3.371m reserves, plus £1.337m from the Strategic Revenue Investment reserve.
5. The following administrative budget virements are required in order to re-align budgets to the Service with the responsibility for service delivery:
  - £0.777m from Learning and Schools to Capital Financing for PFI interest payable.
  - £0.264m from Commissioning and Quality Assurance to Early Help in relation to a staffing restructure for Early Help Hub.
  - £0.412m from Public Health to various services (£0.084m Communities and Neighbourhoods, £0.032m Development, Transport and Public Protection, £0.015m Early Help and Education, £0.037m Street Scene and £0.244m Trading and Commercialisation) in relation to recharges.
6. Active management by Corporate Management Team and the wider Leadership Team of the Council will aim to ensure that spending for the year remains contained within the current estimate. No change in the total revenue budget is therefore recommended in this report. The overall budget position will continue to be subject to close review as services change to deliver the Council's Thrive policy priorities.

7. Key budget variances have been identified in the first quarter review in respect of Social Care. Specific action plans have been prepared to address the areas of over spend and these areas will remain under review. The agreed savings for 2018/19 will continue to be actively monitored to facilitate delivery of the agreed budget.
8. It is important that effective budget monitoring and action planning is in place to ensure that spending in 2018/19 is contained within approved budgets as this will contribute to a sustainable financial position for the Council. Any over spend at the end of the financial year will result in the 2018/19 funding gap being increased and reserve levels being reduced which will impact on the financial plans of the Council.

## **Recommendations**

9. It is requested that Cabinet:
  - Notes the Council's revenue expenditure position at 30 June 2018, as set out in Appendix 1.
  - Recommends to Council approval of the administrative virements outlined in Paragraph 5.

For the following reason:

- To contribute to sound financial management and the long-term financial sustainability of the Council.

**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's objectives of making Gateshead a place where everyone thrives by 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 latest position on the 2018/19 revenue budget as at 30 June 2018 and projects spending and income to the end of the financial year.
4. Council agrees the revenue budget and it also approves variations and revisions to this budget.
5. Council agreed the original revenue budget for 2018/19 on 22 February 2018. This was set at £203.466m.
6. Appendix 2 details the proposed revised budget for 2018/19 compared to an assessment of the projected outturn for the year. Without any further action the projected outturn for 2018/19 at 30 June 2018 is £213.020m compared to the estimate of £203.466m. A review of the projected requirement for contingency mitigates this position by £1.632m, and this therefore results in a projected over spend of £7.922m.
7. At the end of the first quarter of the year, the projected use of reserves is £3.371m, plus £1.337m from the Strategic Revenue Investment reserve.

**Variations**

8. The main variances on a group basis are set out below.

**Care, Wellbeing and Learning**

9. The projected over spend of £4.181m on Social Work - Children and Families relates mainly to placement expenditure and higher than expected employee costs. Action planning is continuing in this area.
10. The projected over spend of £0.923m on Early Help and Education relates to higher than expected direct payments and employee costs. Specific action planning is continuing to address the over spend.
11. The projected over spend of £0.254m on Commissioning and Quality Assurance relates to higher than expected employee costs and expenditure with voluntary organisations.

12. The projected under spend of £0.330m on Learning and Schools relates to employee costs and PFI.
13. The projected over spend of £4.523m on Adult Social Care relates to service pressures and savings yet to be delivered.

### **Corporate Resources**

14. The projected over spend of £0.901m on Trading and Commercialisation relates mainly to an underachievement of income and over spends on employee costs within Leisure Services.

### **Virements**

15. The following administrative budget virements are required in order to re-align budgets to the Service with the responsibility for service delivery:
  - £0.777m from Learning and Schools to Capital Financing for PFI interest payable.
  - £0.264m from Commissioning and Quality Assurance to Early Help in relation to a staffing restructure for Early Help Hub.
  - £0.412m from Public Health to various services (£0.084m Communities and Neighbourhoods, £0.032m Development, Transport and Public Protection, £0.015m Early Help and Education, £0.037m Street Scene and £0.244m Trading and Commercialisation) in relation to recharges.

### **Summary**

16. The projected over spend as at 30 June 2018 of £9.554m is after the application of reserves in line with the usage agreed as part of 2018/19 budget.
17. For all projected over spends, regular monitoring will continue to take place with action plans being monitored with the aim of containing spending within the original budget. Plans will be incorporated into the internal monthly revenue monitoring timetable with regular updates to Corporate Management Team and with updates to Cabinet.

### **Balance Sheet Management**

18. Balance Sheet control accounts, which cover the Council's assets and liabilities, are reconciled on a quarterly basis. In addition, a number of key Balance Sheet control accounts are now reconciled on a monthly basis as part of the revenue monitoring process. This is part of a proactive approach to Balance Sheet management which should ensure the early identification of issues that may impact on the Council's financial position.
19. Key control accounts are assessed based on experience from previous years, materiality and reliance on third party data. Those key control accounts reconciled as at 30 June 2018 are operating satisfactorily.

## **Consultation**

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

## **Alternative Options**

21. There are no alternative options proposed.

## **Implications of Recommended Option**

### **22. Resources**

- a. Financial Implications** – The Strategic Director, Corporate Resources confirms these are as set out in the report and Appendix 2.
- 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.

### **23. 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.

### **24. Equality and Diversity Implications - Nil.**

### **25. Crime and Disorder Implications - Nil.**

### **26. Health Implications - Nil**

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

### **28. Human Rights Implications - Nil.**

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

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**Appendix 2 - Revenue Monitoring Summary 2018/19**

<b>Service</b>	<b>Revised Budget £'000</b>	<b>Projected Outturn £'000</b>	<b>Variance £'000</b>
<b><u>Care, Wellbeing &amp; Learning</u></b>			
Social Work - Children & Families	22,675	26,856	4,181
Early Help & Education	6,405	7,328	923
Commissioning & Quality Assurance	7,165	7,419	254
Learning & Schools	635	305	(330)
Adult Social Care	62,633	67,156	4,523
Public Health	16,516	16,516	0
<b><u>Communities &amp; Environment</u></b>			
Housing General Fund	492	477	(15)
Development, Transport & Public Protection	3,731	3,728	(3)
Council Housing, Design & Technical Services	(957)	(954)	3
Commissioning & Neighbourhoods	4,941	4,872	(69)
Street Scene	13,763	13,875	112
Economic Development	883	713	(170)
<b><u>Office of the Chief Executive</u></b>			
Policy, Performance & Communications	1,639	1,575	(64)
<b><u>Corporate Services &amp; Governance</u></b>			
Legal & Democratic Services	3,836	3,834	(2)
Property & Corporate Asset Management	(1,443)	(1,462)	(19)
Human Resources & Workforce Development	1,604	1,701	97
Corporate Commissioning & Procurement	201	278	77
<b><u>Corporate Resources</u></b>			
Corporate Finance	1,613	1,613	0
Customer & Financial Services	3,279	3,256	(23)
Housing Benefits	0	0	0
IT Services	3,124	3,150	26
Trading & Commercialisation	8,305	9,206	901
<b><u>Other Services &amp; Contingencies</u></b>	4,848	3,110	(1,738)
<b><u>Capital Financing Costs</u></b>	31,518	30,863	(655)
<b><u>Traded &amp; Investment Income</u></b>	(3,186)	(3,273)	(87)
<b><u>Expenditure Passed outside the General Fund</u></b>	(1,980)	(1,980)	0
<b><u>Levies</u></b>	11,226	11,226	0
<b>NET BUDGET</b>	<b>203,466</b>	<b>211,388</b>	<b>7,922</b>
<b><u>Financed By</u></b>			
Settlement Funding Assessment (SFA)	(75,578)	(75,578)	0
Other Grants	(20,208)	(20,208)	0
Public Health	(16,516)	(16,516)	0
Council Tax	(86,798)	(86,798)	0
Collection Fund (Council Tax)	(3,029)	(3,029)	0
Earmarked Reserves	(1,337)	(1,337)	0
<b>TOTAL FUNDING</b>	<b>(203,466)</b>	<b>(203,466)</b>	<b>0</b>
<b>PROJECTED (UNDER) / OVER SPEND</b>	<b>0</b>	<b>7,922</b>	<b>7,922</b>

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# COUNCIL MEETING

19 JULY 2018

## GATESHEAD COUNCIL

### REPORT FROM THE CABINET

#### 1. PURPOSE OF THE REPORT

This is the report from the Cabinet. Its purpose is to report on issues for the period May – July 2018.

#### PROGRESS ON KEY ISSUES

#### 2. PEOPLE

##### *Children and Young People*

##### learningSkills Awards Ceremony

The thirteenth annual learningSkills Award Ceremony was held on the evening of the 28 May 2018, to recognise the learners and staff who have gone the extra mile. On the night over 200 people attended and recognised some of the 12,032 people who have enrolled and excelled in education through Gateshead Council learningSkills. Learners in Gateshead are very successful with 10,716 having achieved their learning aim, a success rate of 89%.

The Council targets those people who have been historically unsuccessful in their learning careers and often learners overcame massive barriers and personal challenges to get through the front door of their learning venue. This achievement is what makes the night so special. There were some inspirational quotes:

- “My experience was exceptional”
- “This course has opened up my mind”
- “I’ve achieved something I never thought was possible”
- “Absolutely enthralling”
- “I’ve improved my confidence and resilience”
- “The course has made me want to make a difference to other peoples’ lives”
- “I have changed my perspective on how other people live their lives”
- “I was made to feel like a worthwhile member of society”

The awards included:

Award	Purpose	Winner
Employer Award	This award recognises those employers who have made an outstanding commitment to the lifelong learning and development of their workforce.	Willmott Dixon Construction - As well as supporting the apprenticeship within their employment, they are also supporting them further through enrichment activities and are involved in community projects working on renewable energies.

<b>Award</b>	<b>Purpose</b>	<b>Winner</b>
Young Person's Award	This award recognises the achievements of our younger learners aged 16 plus. They might have completed a Traineeship or Programme of Study or taken part in our Alternative Education Programme.	Jessica Wilson - This committed learner has been ill during the course and even when in hospital asked for work to be sent out to her so she didn't fall behind.
Apprentice/ Workplace Learner Award	This award recognises those individuals who have significantly improved their performance at work through learning new skills on an apprenticeship programme.	Stacey Unsworth - Within 3 months this learner helped identify business improvements and made systems more effective within the company.
Family Learning Award	This award is for an individual, family or organisation that have participated in or supported Family Learning	The North East Young Dads and Lads- a unique service which supports young dads in Gateshead who have challenging and diverse backgrounds.
Skills for Employment Award	This award is for an individual who has demonstrated the most dedication and progress in improving their employability skills and ability sustain employment	Faye Batch - This courageous woman has overcome significant difficulties in her life, which includes extremely challenging circumstances.
Recognition Award	This award is to recognise the efforts of an individual or venue involved in organising the provision of education	Headworks, The Civic Centre - It is a place where learners feel safe and supported and able to reach their full potential.
The Dawn Brown Community Learning Award	This award is for a group or individual who have used learning to support development in their community.	Skills for Life Reading Ahead Club - Some of the learners in the group haven't read before, so reading and reviewing six texts has been a challenge.
Learning for Life Award	This award is in recognition that it is never too late to learn. We were looking for an individual who might have begun learning later in life and perhaps found unexpected new horizons	Paul Carrick - From his starting point of attending and being easily overwhelmed by his feelings, he is becoming an independent young man, talking confidently about his future plans.

<b>Award</b>	<b>Purpose</b>	<b>Winner</b>
Skills for Life Award	This award is in recognition of the achievements of adults who have been able to improve their skills in English or Maths	Vicki Milburn - had little confidence and no formal qualifications after she was home schooled. She took the opportunity to gain maths and English qualifications.
Inspirational Person of the Year Award	This award is in recognition of a person who has been inspirational in supporting learning development	Sarah Gorman – Edberts House This special person has inspired hundreds of people and has brought communities together.
Equality and Diversity Award	This award recognises the achievements of individuals, providers or organisations who have demonstrated a strong commitment to equality and diversity	OpenDoor – Provision for people with Learning Disabilities - They work hard to secure work placements for vulnerable learners to support them to progress into employment
Learner of the Year Award	Our final and most prestigious award of this evening went to the individual who has demonstrated outstanding progression and achievement	Shaun Vanstone - He has been an inspiration to other learners on the course through his bravery and generosity.

### 3. PLACE AND ECONOMY

#### ***Environment and Transport***

##### Heworth Roundabout Junction Re-opened

The works to repair the supporting bridges under the road was completed on 8 June, eight weeks ahead of schedule. The work meant this busy junction being reduced to single carriageway working, with full road closures at nights and at weekends, and the partial closure of the A185 Shields Road between Pelaw and Sunderland Road.

The Council took as much of the work in-house as possible which enabled more resources to be directed to the issue. Crews have been working long shifts, at weekends and overnight, to get the work completed as fast as possible.

The opportunity was taken to upgrade this junction by removing the redundant roundabout to smooth the flow of traffic along the Felling bypass, and improve road safety by upgrading other features such as pedestrian crossings, street lighting, crash barriers and traffic controls. Following the opening the Council has received many thank you messages from road users via Facebook and Twitter.

##### Conservation Update

Significant enhancement in Coatsworth conservation area has been achieved by the Coatsworth Townscape Heritage Initiative (THI), which draws to a close at the end of July, after £1.45million investment funded by Heritage Lottery Fund. A number of

shop-fronts have been brought back to their former glory, and other historic buildings have been substantially renovated/rebuilt.

This follows the success of the Bridges Conservation Area THI in 2011 which benefited from £2.6million investment. A shopfront design guide is due for public consultation to maintain investment in Coatsworth, whilst the Bridges Conservation Area Management Strategy will be reviewed to complement adjacent regeneration including the Quays.

A Rural Conservation Areas Management Strategy covering seven areas – Rowlands Gill, Ryton, Clara Vale, Lintzford, Whickham, Marley Hill and Lamesley, is in draft and will be presented to Cabinet for approval for public consultation later this year.

A number of projects are currently in development to secure the conservation and enhancement of five scheduled ancient monuments in the Borough which are currently deemed at risk due to their deteriorating condition, including Crowley Dam, Bowes Railway, Ravensworth Castle, Dunston Staiths and Whinfield Coking Ovens.

### Mobikes

Mobike cycle hire launched in Gateshead on Tuesday 19 June, building on the scheme launched in Newcastle last year. Mobike work to a different model from many previous bike hire schemes in that there are no fixed docking points and each bike has a 'smart lock' which both secures the bike and provides a GPS location to the central control. The lock is activated via the schemes smartphone app. The system sets out a number of preferred locations for parking but the bikes can effectively be parked and locked anywhere, although the scheme operates a credit scheme to encourage responsible parking.

The preferred parking locations in Gateshead include a number of points on highway around the Town Centre and incorporates Baltic, Sage Gateshead, Hillgate Quay, Northern Design Centre/Gateshead College, Gateshead Stadium, Gateshead Library, Civic Centre and Staiths South Bank. The scheme has launched with around 150 bikes in Gateshead. Should the scheme be successful, Mobike are willing to look at potential extensions to the scheme, which could involve moving out into local centres and on to locations such as Saltwell Park and the Angel of the North. There is also the potential for a scheme operating in and around Team Valley.

### Fly Tipping Prosecutions

Since the Environmental Enforcement Team was set up a total of 130 criminal charges have been pursued.

Of these 53 have been finalised, resulting in a total of £17,822 in fines and £12,022.24 costs. Other outcomes of note include:

- One person subject to vehicle forfeiture, an 18 month community order including 6 month curfew (6pm - 6am) and 25 Rehabilitation Activity Requirements.
- One person being given an 8 week custodial sentence suspended for 12 months plus 75 hours unpaid work
- One person being given a 12 month community order with 100 hours unpaid work attached

There are 77 pending charges awaiting being heard in court; this includes 11 charges against five defendants whereby a warrant for their arrest has been issued because they have failed to attend. This figure also includes a number of people who have entered guilty pleas but are awaiting sentencing. These figures do not include the fixed penalty notices issued for fly tipping.

#### **4. COMMUNITIES**

##### ***Culture, Sport and Leisure***

###### Late Shows

The Late Shows, held in Gateshead on 19 May, were a tremendous success. Venues participating in the promotion included Baltic, Bensham Grove Community Centre, Gateshead Central Library, The Nest Café and the Shipley Art Gallery. The promotion encouraged new audiences to visit a wide range of cultural venues through to 11pm at night. A small grants programme offered by Tyne and Wear Archives and Museums encouraged a range of smaller venues to offer highly creative activities on the night.

###### Healthy Emotional Lives Programme (HELP)

This ground-breaking programme explores how arts and culture interventions can support mental health professionals to reduce stress and anxiety in pupils in Gateshead schools. In June HELP successfully appointed an Artist in Residence, John Quinn to work in tandem with Mental Health Nurse Jane Bowler to develop arts based activities, build cultural partnerships and raise awareness about the importance of mental health and wellbeing and reduce the incidence of stress and anxiety amongst our children and young people. HELP brings together the three strands of mental health, learning and culture, to share common goals to develop an open and accepting culture and a vibrant learning environment where our young people might become confident learners, personally self-aware and thrive in Gateshead. In the next phase the four schools involved, (Whickham School and Sports College, Washingwell Primary, Whickham Front Street Primary, Fellside Primary and Whickham Parochial) will devise cultural interventions that suit the characteristics of their school, build a supportive relationship to share practice and the knowledge they gain from these cultural interventions and begin to monitor the effects of these interventions on the attitudes to mental health in the schools. The main delivery phase will begin in September 2018 at the start of the next school year.

###### Gateshead Libraries Reading Hack Programme

Over the last five years Gateshead Library Service has developed a series of successful engagement groups across the borough, catering for a wide and diverse range of young people's interests as part of the national Reading Hack initiative. The groups are led by young people aged 13 to 24 who plan and take part in creative and reading activities and volunteering, to gain skills and experience. The programme is co-ordinated by The Reading Agency and Gateshead is a key partner, helping to guide the strategic direction of the programme. Gateshead Libraries have developed Reading Hack groups in Central, Birtley and Blaydon libraries. All three groups will be sustained.

Reading Hack is coming to the end of five years of funded activity, the Reading Agency has commented "Gateshead has been our stand-out Reading Hack authority". In

recognition of their contribution to Reading Hack, Gateshead librarians and young people were invited to London for the Reading Hack Celebration Seminar.

**5. CONCLUSION**

The Council is asked to note this report.



## COUNCIL MEETING

19 July 2018

### GATESHEAD METROPOLITAN BOROUGH COUNCIL

#### NOTICE OF MOTION

Councillor C McHugh will move the following motion:

Council notes that in the 2018 local elections the Government piloted a voter identification programme in five areas of England, requiring electors to supply a piece of photographic evidence to prove their identity to be allowed to vote at polling stations. The Electoral Reform Society estimated that up to 3,981 people could have been turned away across the five pilot areas.

If rolled out across the country, this requirement would be a disproportionate response to the small number of cases of electoral fraud in England. It would significantly inconvenience law abiding electors and prevent those unable to provide the relevant documentation from voting, further disenfranchising poorer voters who do not own photo ID. Such a system would reduce civic participation, burden Councils with additional bureaucracy and would present operational problems for polling clerks.

Council resolves to ask Her Majesty's Government to stop this unnecessary attack on the fundamental rights of UK citizens. On behalf of all electors in Gateshead, this Council calls upon the Returning Officer to make these concerns known to the Electoral Commission and our local Members of Parliament.

Proposed by: Councillor C McHugh

Seconded by: Councillor L Caffrey

Supported by: Councillor M Brain  
Councillor C Davison  
Councillor C Donovan  
Councillor M Gannon  
Councillor N Weatherley

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