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All Members of the Council

My Ref: LCS-DLDS-DS-C-022
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Contact Mike Aynsley
Tel: 0191 4332128

Date: Wednesday, 10 July
2019

NOTICE OF COUNCIL MEETING

You are summoned to attend a meeting of Gateshead Metropolitan Borough Council to be held in the Council Chamber, Gateshead Civic Centre, at **2.30 pm** on **Thursday, 18 July 2019** to transact the following business:-

1 To confirm the Minutes of the meeting held 23 May 2019 (Pages 5 - 12)

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 2018/19 (Pages 13 - 26)

Report of the Strategic Director, Corporate Resources

6 Capital Programme and Prudential Indicators 2018/19 – Year End Outturn (Pages 27 - 48)

Report of the Strategic Director, Corporate Resources

7 Treasury Annual Report 2018/19 (Pages 49 - 64)

Report of the Strategic Director, Corporate Resources

8 Gateshead Enforcement Policy (Pages 65 - 78)

Report of the Acting Strategic Director, Community and Environment

9 Capital Programme and Prudential Indicators 2019/20 – 1st Quarter Review (Pages 79 - 92)

Report of the Strategic Director, Corporate Resources

10 Report from the Cabinet (Pages 93 - 98)

MOTIONS AND QUESTIONS

11 Notice of Motion

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

11a Adult Social Care (Pages 99 - 100)

12 Questions

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

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Sheena Ramsey
Chief Executive

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GATESHEAD METROPOLITAN BOROUGH COUNCIL

COUNCIL MEETING

Thursday, 23 May 2019

PRESENT: THE MAYOR COUNCILLOR M HOOD (CHAIR)

Councillors: J Adams, V Anderson, R Beadle, M Brain, C Buckley, D Burnett, L Caffrey, M Charlton, P Craig, S Craig, C Davison, W Dick, S Dickie, P Diston, K Dodds, C Donovan, D Duggan, J Eagle, K Ferdinand, M Foy, P Foy, S Gallagher, M Gannon, A Geddes, F Geddes, J Gibson, B Goldsworthy, M Goldsworthy, T Graham, L Green, S Green, H Haran, H Kelly, J Kielty, L Kirton, J Lee, P Maughan, J McClurey, K McClurey, J McElroy, E McMaster, P McNally, M McNestry, M Ord, R Oxberry, I Patterson, S Ronchetti, J Simpson, J Turnbull, J Wallace, R Waugh, A Wheeler and K Wood

APOLOGIES: Councillors: D Bradford, B Clelland, A Douglas, G Haley, M Hall, S Hawkins, K McCartney, R Mullen, B Oliphant, C Ord, J Reay and N Weatherley

CL10 DEBORAH HILL, SERVICE DIRECTOR, LEGAL AND DEMOCRATIC SERVICES

The Mayor advised Council that this was Deborah Hill's last meeting before her retirement from the Council.

COUNCIL RESOLVED - That it place on record its' appreciation of Deborah Hill's excellent service and commitment to the work of the Council together with its best wishes for her future.

CL11 TO CONFIRM THE MINUTES OF THE MEETINGS HELD 21 MARCH 2019 AND 17 MAY 2019

COUNCIL RESOLVED - That the minutes of the meetings held on 21 March and 17 May 2019 be approved as a correct record.

CL12 OFFICIAL ANNOUNCEMENTS

(A) Special Olympics World Games

The Mayor welcomed Sandra Armstrong, from Felling, who was selected to represent Great Britain in swimming at the 2019 Special Olympics World Games in Abu Dhabi in March.

Sandra helped Great Britain win gold in the 4 x 25 metre freestyle relay. She then won gold in the individual 25 metre freestyle race and finished 6th in her 25 metres backstroke final.

The Mayor presented Sandra with her medals.

(B) Ravensworth Road Scheme

The Mayor advised members that the Royal Institute of Chartered Surveyors had recognised the achievement of the Council and its partner, Keepmoat Homes, in relation to the Ravensworth Road regeneration scheme by awarding it “Regeneration Project of the Year”.

The scheme radically transformed this area of Dunston, formerly occupied by the famous “Dunston Rocket” tower block. This tower block and adjacent deck access flats have been replaced by a low rise, sustainable new neighbourhood comprising 45 dwellings which have now all been sold, a 47 bed older persons housing scheme, an Aldi store, a new doctor’s surgery and pharmacy, and a pocket park.

The Mayor presented Andrew Sloan, the Project Manager; Jill Turner, the Demolition Contract Manager; and Jason Speed from Property Services with the award.

(c) Fleet News Hall of Fame

The Mayor informed Council that Graham Telfer, the Council’s Fleet Manager, has been inducted into the Fleet News Hall of Fame. This was in recognition of his role as a pioneer of low emission and safety initiatives. Fleet News referred to his work in monitoring and trialling new and emerging technologies in a search for carbon reduction and minimisation.

The Mayor congratulated Graham for receiving this honour which was deserved recognition of his work and achievements with the Council.

CL13 PETITIONS

There were no petitions submitted.

CL14 QUESTIONS FROM MEMBERS OF THE PUBLIC

There were no questions submitted by members of the public

CL15 PROVISIONAL WORK PROGRAMMES

Consideration has been given to the provisional work programmes for the Overview and Scrutiny Committees for 2019/20.

COUNCIL RESOLVED - That the provisional work programmes for the Overview and Scrutiny Committees for 2019/20 be approved.

CL16 REVIEW OF THE COUNCIL'S CONSTITUTION

Consideration has been given to proposed amendments to the Council’s

Constitution.

COUNCIL RESOLVED - That the proposed changes to the Council's Constitution, as set out in Appendices 2-4 of the report, be approved.

CL17 HIGHWAYS DEVELOPMENT FEES AND CHARGES

Consideration has been given to a revised and new scale of fees and charges for highway functions associated with new development.

COUNCIL RESOLVED - That the revised adoption agreement developers' fees and the new street naming and numbering charges, as set out in Appendices 2 and 3 of the report, be approved.

CL18 REPORT FROM THE CABINET

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

COUNCIL RESOLVED - That the information be noted.

CL19 NOTICE OF MOTION - CLIMATE CHANGE

Councillor Catherine Donovan moved the following motion:

Council notes:

That the impacts of climate breakdown are already causing serious damage around the world.

That the 'Special Report on Global Warming of 1.5°C', published by the Intergovernmental Panel on Climate Change in October 2018, (a) describes the enormous harm that a 2°C average rise in global temperatures is likely to cause compared with a 1.5°C rise, and (b) confirms that limiting Global Warming to 1.5°C may still be possible with ambitious action from national and sub-national authorities, civil society and the private sector.

That all levels of government (national, regional and local) have a duty to act, and that as a proactive local authority this Council recognises that we should not wait for national government to change its policies to act.

That strong policies to cut emissions also have associated health, wellbeing and economic benefits.

Council therefore commits to:

The declaration of a 'Climate Emergency' that requires urgent action.

Make the Council's activities carbon neutral by 2030.

Achieve 100% clean energy across the Council's full range of functions by 2030.

Ensure that all strategic decisions, budgets and approaches to planning decisions are in line with a shift to zero carbon by 2030.

Support and work with all other relevant agencies towards making the entire area carbon neutral within the same timescale.

Ensure that political and chief officers embed this work in all areas and take responsibility for reducing, as rapidly as possible, the carbon emissions resulting from the Council's activities, ensuring that any recommendations are fully costed.

Work with, influence and inspire partners across the borough to help deliver this goal through all relevant strategies, plans and shared resources by developing a series of meetings, events and partner workshops.

Request that the Council and partners take steps to proactively include young people in the process, ensuring that they have a voice in shaping the future.

Call on the UK Government to provide the powers, resources and help with funding to make this possible, and ask local MPs to do likewise.

Councillor Jonathan Wallace moved the following amendment:

Add the following to the end of the motion:

We call on the Council to reach out to the voluntary sector in Gateshead to explore ways to help residents to reduce their environmental impact.

We call on the Council to hold an advisory group where members can put forward ideas regarding how residents can reduce their environmental impact. Due to the urgency of this issue, the advisory group shall be held before summer recess 2019.

On the amendment being put, it was defeated.

The original motion was put as the substantive motion and duly carried.

COUNCIL RESOLVED –

Council notes:

That the impacts of climate breakdown are already causing serious damage around the world.

That the 'Special Report on Global Warming of 1.5°C', published by the Intergovernmental Panel on Climate Change in October 2018, (a) describes the enormous harm that a 2°C average rise in global temperatures is likely to cause compared with a 1.5°C rise, and (b) confirms that limiting Global Warming to 1.5°C

may still be possible with ambitious action from national and sub-national authorities, civil society and the private sector.

That all levels of government (national, regional and local) have a duty to act, and that as a proactive local authority this Council recognises that we should not wait for national government to change its policies to act.

That strong policies to cut emissions also have associated health, wellbeing and economic benefits.

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Ensure that political and chief officers embed this work in all areas and take responsibility for reducing, as rapidly as possible, the carbon emissions resulting from the Council's activities, ensuring that any recommendations are fully costed.

Work with, influence and inspire partners across the borough to help deliver this goal through all relevant strategies, plans and shared resources by developing a series of meetings, events and partner workshops.

Request that the Council and partners take steps to proactively include young people in the process, ensuring that they have a voice in shaping the future.

Call on the UK Government to provide the powers, resources and help with funding to make this possible, and ask local MPs to do likewise.

CL20 NOTICE OF MOTION - ENERGY PRICE COMPARISON SERVICE

Councillor John McClurey moved the following motion:

This Council calls on the Chief Executive to explore the option of setting up an energy price comparison service for Gateshead residents.

Councillor Martin Gannon moved the following amendment:

Delete all after "The Council" and insert ...

recognises the considerable work already undertaken by the Council and its partners

to tackle poverty and inequality in Gateshead through the Poverty Board.

We welcome the campaign (*Report from The Cabinet, Council Agenda, 23rd May 2019, Item 8, page 108*) which is being developed and will be launched shortly to tackle fuel poverty and to encourage and support all Gateshead residents to switch their energy supplier to access cheaper tariffs and reduce household energy bills.

We recognise that there are 11,600 fuel poor households in Gateshead, that's 12.8% of all households. This increases to 32% of residents over 65.

In the UK almost 60% of households are on the most expensive standard variable tariffs. Almost a quarter of all UK households (23%) have never switched supplier.

Recent figures from Ofgem show the average saving to a household switching their energy supplier is an average £308.22.

In response, a borough wide fuel poverty campaign for Gateshead is being developed. The campaign will be a collaborative initiative, using resources and expertise from the public and voluntary sector. It will focus on helping residents obtain reduced fuel bills via switching, energy efficiency, debt advice and income maximisation.

Initially a pilot, the approach will include training in fuel poverty awareness and the switching process to front line employees of the Council and its partners who have direct contact with residents to allow them to promote the campaign, encourage residents to switch and provide advice and support around switching and saving money. This training will be delivered by National Energy Action (NEA) which is a national fuel poverty charity.

The campaign will aim to help all residents in the borough. The most vulnerable residents, for example, those with fuel debt or other complex circumstances, will be supported with specialist fuel poverty advice delivered by partners from the voluntary sector. This will be an extremely important element of the campaign.

The campaign will also help promote and refer residents into both LEAP (Local Energy Assistance Programme) and ECHO (Emergency Central Heating Offer) which are launching via a partnership with AgilityEco in Gateshead early in June and will be available to households that meet the eligibility criteria.

On the amendment being put it was declared to be carried. The amendment was put as the substantive motion and duly carried.

COUNCIL RESOLVED -

This Council recognises the considerable work already undertaken by the Council and its partners to tackle poverty and inequality in Gateshead through the Poverty Board.

We welcome the campaign (*Report from The Cabinet, Council Agenda, 23rd May 2019, Item 8, page 108*) which is being developed and will be launched shortly to

tackle fuel poverty and to encourage and support all Gateshead residents to switch their energy supplier to access cheaper tariffs and reduce household energy bills.

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The campaign will also help promote and refer residents into both LEAP (Local Energy Assistance Programme) and ECHO (Emergency Central Heating Offer) which are launching via a partnership with AgilityEco in Gateshead early in June and will be available to households that meet the eligibility criteria.

CL21 QUESTIONS

No questions were received.

Mayor.....

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COUNCIL MEETING

18 July 2019

REVENUE OUTTURN 2018/19

Sheena Ramsey, Chief Executive

EXECUTIVE SUMMARY

1. The purpose of this report is to inform of the Council's revenue outturn position for the financial year 2018/19 prior to audit, and also appropriations to and from reserves.
2. Council agreed the original revenue budget for 2018/19 at £203.466m. on 24 January 2019 Council approved the use of £2.1m of capital receipts for the delivery of transformational and reforming projects which generate ongoing revenue.
3. Further detail on the outturn position is outlined in Appendix 1 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 2018/19 revenue outturn position of the Council as an under spend of £1.139m, subject to audit.
 - (ii) Approves the appropriations to and from reserves outlined in paragraphs 11-15 of the attached report.

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TITLE OF REPORT: Revenue Outturn 2018/19

REPORT OF: Darren Collins, Strategic Director, Corporate Resources

Purpose of the Report

1. This report sets out the Council's revenue outturn position for the financial year 2018/19 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 2018/19 on a consistent basis to the revenue budget monitoring framework.
4. Council agreed the original revenue budget for 2018/19 on 22 February 2018. This was set at £203.466m.
5. Council approved the use of up to £2.1m of capital receipts to fund revenue costs associated with the delivery of transformational and reforming projects which deliver the key criteria of generating ongoing revenue on 24 January 2019.

Revenue Outturn 2018/19

6. Monitoring reported to Cabinet on 22 January 2019 projected an over spend of £1.239m. The report identified that management would continue to seek to deliver the outturn within the original budget envelope.
7. The final revenue outturn on services is £205.804m compared to the original budget of £203.466m, however the position is mitigated by additional funding of £3.477m in the year resulting in an under spend for 2018/19 of £1.139m.
8. The position includes the use of £5.527m of reserves and a proposal to appropriate £1.566m into reserves. This includes budget flexibility requests for 2018/19 of £1.149m.
9. Whilst the outturn position is positive, it should be noted that active management and some one-off areas of under spend and additional income have contributed to this position:

- There is a £1.792m 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 2018/19, as well as some slippage on the programme itself.
- Traded and Investment Income over achieved budget by £0.821m due to savings delivered by the Insurance Fund, and income received in relation to SCAPE.
- An under spend of £2.217m on Other Services and Contingencies was mainly a result of the requirement for contingency funding being managed down.
- The increased in year funding comprised additional grant funding of £1.133m received as a result of Government allocations to help councils alleviate winter pressures; distribution of the national levy account surplus resulting in a receipt of £0.883m and an additional £0.365m received in relation to business rates due to prior year adjustments by Government, along with additional Section 31 grant income of £0.398m.

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 budget approach enables flexibility to carry forward appropriate under spent balances for reinvestment the following year within an agreed framework. It is proposed that a total of £1.430m is transferred from this reserve to match expenditure incurred and £1.149m is appropriated into this reserve.
- Appropriate expenditure totalling £1.326m be funded from the Economic Growth reserve, £0.113m be funded from the Discretionary Social Fund reserve, £0.138m be funded from the Voluntary Sector reserve and £0.105m be funded from the Anti-Poverty reserve.
- Appropriate expenditure totalling £0.942m be funded from the Grants and Contributions reserve. An additional £0.105m has been identified to be appropriated to the reserve.
- Receipts from Section 106 and Section 38 agreements are proposed to be appropriated into the Developers' Contributions reserve which can then be used to fund specific development expenditure. A total of £0.313m was received in year, which is proposed to be appropriated to the reserve. It is proposed that £1.034m be used to fund expenditure incurred in the current year.
- Public Health expenditure was £0.440m over budget and it is proposed that this be appropriated from the ring-fenced Public Health reserve.

12. These proposals would result in a reduction in Earmarked reserves of £3.960m.

13. It is proposed that the overall under spend against budget of £1.139m is included in the General Fund reserve.

14. In addition to this it is proposed that the under spend on school budgets in 2018/19 of £1.044m is appropriated to the ring-fenced Schools LMS Budget Share reserve, and the over spend of £0.340m on Dedicated Schools Grant (DSG) be appropriated from the Earmarked DSG reserve.
15. There is an overall deficit on the Housing Revenue Account (HRA) of £2.401m for 2018/19. The HRA is ring-fenced and does not form part of the General Fund reserve. It is proposed that the deficit be transferred from the HRA reserve.
16. The outcomes set out in this report have been reflected in the draft Statement of Accounts for 2018/19 that is subject to audit.

Recommendations

17. It is requested that Cabinet:
 - (i) Notes the Council's 2018/19 revenue outturn position as an under spend of £1.139m, subject to audit.
 - (ii) Recommends to Council the appropriations to and from reserves outlined in paragraphs 11-15.

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 the Council's objectives of making Gateshead a place where everyone thrives by assisting in 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 2018/19 revenue budget.
4. Council agreed the original revenue budget for 2018/19 on 22 February 2018. This was set at £203.466m.
5. Council approved the use of up to £2.1m of capital receipts to fund revenue costs associated with the delivery of transformational and reforming projects which deliver the key criteria of generating ongoing revenue on 24 January 2019.
6. Appendix 2 details the agreed budget for 2018/19 compared to the outturn for the year.
7. Appendix 3 provides further details on the proposed use of reserves for 2018/19.

Revenue Outturn 2018/19

8. Monitoring reported to Cabinet on 22 January 2019 projected an over spend of £1.239m. The report identified that management would continue to seek to deliver the outturn within the original budget envelope.
9. The final revenue outturn on services is £205.804m compared to the original budget of £203.466m, however the position is mitigated by additional funding of £3.477m resulting in an under spend for 2018/19 of £1.139m.
10. The position includes the use of £5.527m of reserves and a proposal to appropriate £1.566m into reserves. This includes budget flexibility requests for 2018/19 of £1.149m.
11. It is proposed that the under spend of £1.139m be appropriated to the General Fund reserve.
12. In addition to this it is proposed that the under spend on school budgets in 2018/19 of £1.044m is appropriated to the ring-fenced Schools LMS Budget Share reserve, and the over spend of £0.340m on Dedicated Schools Grant (DSG) be appropriated from the Earmarked DSG reserve.

13. There is an overall deficit on the Housing Revenue Account (HRA) of £2.401m for 2018/19. The HRA is ring-fenced and does not form part of the General Fund reserve. It is proposed that the deficit be transferred from the HRA reserve.
14. A full review of reserves will be considered as part of the Medium Term Financial Strategy (MTFS) to be reported to Cabinet in September 2019.
15. 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.
16. 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

17. The over spend of £5.101m on Social Work - Children and Families relates mainly to placement expenditure for Looked After Children, and higher than expected agency staffing costs.
18. The over spend of £0.562m on Early Help and Education relates to Home to School/College transport costs and Family Support.
19. The over spend of £3.482m on Adult Social Care relates to higher than expected care costs for Direct Payments.
20. As planned Public Health expenditure is higher than budgeted, it is proposed that the over spend of £0.440m be moved from the ring fenced Public Health reserve.

Communities and Environment

21. The under spend of £0.842m on Development, Transport and Public Protection relates to increased income and reduced staffing costs.
22. The under spend of £0.251m on Council Housing, Design and Technical Service relates to an over achievement of income and the use of budget flexibility.
23. The under spend of £0.240m on Street Scene is due to additional income from the Gateshead Housing Company and trade waste, along with the utilisation of reserves.

Corporate Services and Governance

24. The under spend of £0.370m on Legal & Democratic Services relates to an over achievement of income and receipt of grant income.
25. The over spend of £0.238m on Property & Corporate Asset Management relates to shortfalls in rental income for various sites.

26. The under spend of £0.145m on Human Resources and Workforce Development is income from The Gateshead Housing Company in relation to health and safety.
27. The over spend of £0.180m on Corporate Commissioning and Procurement relates to unachieved rebate income and unachieved income from the Print Unit.

Corporate Resources

28. The under spend of £0.111m on Corporate Finance relates to income from schools and savings on employee costs.
29. The under spend of £0.333m on Customer and Financial Services relates to additional income from grants and financial assessments.
30. The over spend of £0.138m 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

31. An amount of £2.720m of Contingency remained unused at the end of the year. This mainly relates to council wide cost pressures that have been managed in year but remain a pressure going forward. Within Other Services £0.595m was moved to the redundancy provision. The provision held is £1.405m which will be used to cover expected costs for the next two financial years.

Capital Financing Costs

32. The under spend of £1.792m 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 2018/19, as well as some slippage on the programme itself.

Traded and Investment Income

33. The under spend of £0.821m relates to an increase in investment income, SCAPE dividend and income 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.

Schools

34. Schools reserves have increased from £5.205m to £6.249m, as there was an under spend on schools of £1.044m for 2018/19, which is proposed to be transferred to the LMS Schools reserve. This forms part of the total General Fund reserve.
35. The Dedicated Schools Grant (DSG) over spent in 2018/19 by £0.340m and it is proposed that this be met from the DSG reserve, which is a ring-fenced earmarked reserve.

Housing Revenue Account

36. There is an overall deficit on the Housing Revenue Account (HRA) of £2.401m for 2018/19. 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 decrease, from £33.954m to £31.553m.

Savings

37. The overall target for revenue savings in 2018/19 was £13.650m. The final outturn for achieved savings was £7.846m and a projected achievement of £1.552m against the previous year residual target of £4.735m giving an overall shortfall of £8.988m, 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 2019/20 revenue budget.

Reserves

38. 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 £5.527m. In addition, it is also proposed that £1.567m is moved to reserves; this includes £1.149m budget flexibility and £0.418m ring-fenced reserves.
39. The final position on reserves has been reflected in the draft 2018/19 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 in September 2019. The 2018/19 Financial Statements are subject to audit.

Consultation

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

Alternative Options

41. There are no alternative options proposed.

Implications of Recommended Option

42. 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.

43. 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.

44. **Equality and Diversity Implications** - Nil.

45. **Crime and Disorder Implications** - Nil.
46. **Health Implications** - Nil
47. **Sustainability Implications** – Regular budget monitoring and allocated actions contributes to the financial sustainability of the Council.
48. **Human Rights Implications** - Nil.
49. **Area and Ward Implications** - Revenue spending supports the delivery of services across the whole of Gateshead.

Appendix 2 - Revenue Monitoring Summary 2018/19

Service	Revised Budget £'000	Outturn £'000	Variance £'000
<u>Care, Wellbeing & Learning</u>			
Social Work - Children & Families	23,220	28,321	5,101
Early Help & Education	3,922	4,484	562
Commissioning & Quality Assurance	7,254	7,272	18
Learning & Schools	2,575	2,511	(64)
Adult Social Care	62,611	66,093	3,482
Public Health	16,516	16,516	0
<u>Communities & Environment</u>			
Housing General Fund	492	481	(11)
Development, Transport & Public Protection	3,751	2,909	(842)
Council Housing, Design & Technical Services	(955)	(1,206)	(251)
Commissioning & Neighbourhoods	1,094	1,107	13
Street Scene	17,422	17,182	(240)
Economic Development	883	890	7
<u>Office of the Chief Executive</u>			
Policy, Performance & Communications	1,776	1,615	(161)
<u>Corporate Services & Governance</u>			
Legal & Democratic Services	4,222	3,852	(370)
Property & Corporate Asset Management	(1,459)	(1,221)	238
Human Resources & Workforce Development	1,403	1,258	(145)
Corporate Commissioning & Procurement	203	383	180
<u>Corporate Resources</u>			
Corporate Finance	1,640	1,529	(111)
Customer & Financial Services	3,326	2,993	(333)
Housing Benefits	0	12	12
IT Services	3,149	3,094	(55)
Trading & Commercialisation	8,485	8,623	138
Other Services & Contingencies	4,158	1,941	(2,217)
Capital Financing Costs	31,518	29,726	(1,792)
Traded & Investment Income	(3,186)	(4,007)	(821)
Expenditure Passed outside the General Fund	(1,780)	(1,780)	0
Levies	11,226	11,226	0
NET BUDGET	203,466	205,804	2,338
<u>Financed By</u>			
Settlement Funding Assessment (SFA)	(75,578)	(76,827)	(1,249)
Other Grants	(20,208)	(21,739)	(1,531)
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)	0	1,337
Capital Receipts	0	(2,034)	(2,034)
TOTAL FUNDING	(203,466)	(206,943)	(3,477)
PROJECTED (UNDER) / OVER SPEND	0	(1,139)	(1,139)

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Appendix 3 - Reserves Summary 2018/19

	Opening Balance £'000	Proposed Appropriation From £'000	Proposed Appropriation To £'000	Closing Balance 2018/19 £'000
GENERAL RESERVES				
General Reserve	13,668		1,139	14,807
School Budget Share Reserve	5,205		1,044	6,249
TOTAL GENERAL RESERVE	18,873		2,183	21,056
STRATEGIC RESERVES				
Budget Flexibility	2,572	(1,430)	1,149	2,291
Economic Growth, Culture and Place Shaping	4,212	(1,326)		2,886
Discretionary Social Fund	648	(113)		535
Workforce Development	6,009			6,009
Strategic Revenue Investment Reserve*	4,206			4,206
Business Rates Reserve	5,000			5,000
Insurance Reserve	3,000			3,000
Grant Clawback Reserve	1,000			1,000
Voluntary Sector	475	(138)		337
Anti-Poverty	862	(105)		757
TOTAL STRATEGIC RESERVES	27,984	(3,112)	1,149	26,021
RINGFENCED RESERVES				
Grants and Contributions	1,952	(942)	105	1,115
DSG	1,156	(340)		816
Developers' Contributions	2,423	(1,033)	313	1,703
Public Health Reserve	2,633	(440)		2,193
TOTAL RINGFENCED RESERVES	8,164	(2,755)	418	5,827
TOTAL USE OF RESERVES	55,021	(5,867)	3,750	52,904

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COUNCIL MEETING

18 July 2019

CAPITAL PROGRAMME AND PRUDENTIAL INDICATORS 2018/19 – YEAR END OUTTURN

Sheena Ramsey, Chief Executive

EXECUTIVE SUMMARY

1. The purpose of this report is to inform of the 2018/19 capital programme outturn 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 2017/18 are detailed in the attached report.
3. Capital outturn for the financial year 2018/19 was £87.6m. This is £0.3m less than the third quarter review. A number of schemes have resulted in underspends during 2018/19. Where there is certainty the expenditure will be incurred during 2019/20 it is proposed that the allocation is carried forward into the 2019/20 Capital Programme.
4. Capital expenditure of £87.6m represents a significant contribution to supporting Council assets and the wider thrive agenda.
5. 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 20 February 2018. Borrowing and investment levels have remained within the limits set by Council.
6. 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

7. It is recommended that Council:
 - (i) Notes the Capital Programme outturn position for 2018/19.
 - (ii) Approves all variations to the 2018/19 Capital Programme as detailed in Appendix 2 of the attached report.
 - (ii) Approves the financing of the 2018/19 Capital Programme.

- (iv) 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.

TITLE OF REPORT: Capital Programme and Prudential Indicators 2018/19 – Year End Outturn

REPORT OF: Darren Collins, Strategic Director, Corporate Resources

Purpose of the Report

1. This report requests Cabinet to recommend that Council note the 2018/19 Capital Programme outturn and approve the financing of the programme. The report assesses reasons for the variances from the third quarter review and considers the impact of CIPFA’s Prudential Code on the capital programme and the monitoring of performance against the statutory Prudential Indicators.

Overview

2. The original budget for the capital programme for 2018/19 as agreed by Council on 20 February 2018, totalled £102.9m. The projected year end expenditure was revised to £87.9m 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)
General Fund	74.6	76.1	63.1	56.2	55.7	(0.53)
HRA	28.3	31.7	31.9	31.6	31.8	0.22
Total	102.9	107.8	95.0	87.9	87.6	(0.31)

3. The capital programme outturn for 2018/19 is £87.6m and this is £0.3m less than the third quarter review, with the main variances summarised in Appendix 2 and shown in detail in Appendix 4. In addition, £2.034m of qualifying revenue expenditure was funded using capital receipts through the application of the Capital Receipts Directive. When the Capital Receipt Directive is included total expenditure financed through capital is £89.6m.
4. The reduction from the Capital Programme position reported at the third quarter comprises of the following movements:

	£m
Re-profiling of resources and slippage to future years	(4.228)
Other changes to planned expenditure	3,915
Total Capital Programme Variance	(0.313)

5. A number of schemes have resulted in underspends during 2018/19. Where there is certainty the expenditure will be incurred during 2019/20 it is proposed that the allocation is carried forward into the 2019/20 Capital Programme.
6. The schemes where underspends are greater than £0.500m and the budget is to be carried forward into 2019/20 include:
 - Replacement of Fleet and Horticultural Equipment: £0.5m - due to a number of vehicles ordered in 2018/19; but not received by the end of March 2019;
 - Loan to Keelman Homes Bleach Green: £0.5m – the loan available was not required in 2018/19 due to delays with the start of construction at the Bleach Green site, therefore this is expected to be drawn down in 2019/20;
 - Loans to Keelman Homes Empty Properties: £0.5m – due to a change in the timing of the loan drawdown from March 2019 to April 2019.
 - Heworth Roundabout: £0.5m – the main works are complete, but due to an underspend on the approved scheme the Department for Transport agreed for the remaining grant to be utilised in 2019/20 on other maintenance schemes in the proximity of the original scheme.
7. The use of available external capital resources and capital receipts to fund the 2018/19 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 £87.6m represents a significant contribution to supporting Council assets and the wider thrive agenda and includes investment of:
 - £31.8m in the Council's Housing stock, including energy efficiency improvements and investment to maintain decency in over 2000 homes;
 - £13.8m in Transport Infrastructure, including highway maintenance, street lighting column replacement and sustainable transport improvements;
 - £3.8m 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;
 - £3.7m of improvements to the Council's Schools, including the provision of additional capacity;
 - £2.1m in the Council's ongoing fleet replacement programme;
 - £1.9m in the District Energy Network and associated schemes;
 - £0.9 m in the Council's Non-Operational Property portfolio;
 - £1.6m of investment in providing Disabled Facilities Grants, issuing 302 grants to enable residents to undertake adaptations to their properties to continue to live independently within their homes.
9. The Council has continued to utilise capital resources to encourage housing growth and development in Gateshead. During 2018/19 the Council has invested:

- £5.2m in the Council's Accelerated Development Zone helping to bring forward economic growth at Gateshead Quays and Baltic Quarter, where the Council has completed the PROTO building, established for dedicated research and design testing facilities, and workshop space for technology driven SME's; and also where the five storey office development is under construction;
- £5.3m of investment targeted at bringing forward housing development, including the provision of loans to Keelman Homes and Gateshead Trading Company.

Capital Receipts Directive

10. In January 2019, Council agreed to use the Capital Receipts Directive to finance qualifying revenue expenditure from capital receipts. Potential expenditure was identified in the following key themes:
- **Digital and IT:** developing new systems to streamline processes to reduce demand/or generate efficiency savings
 - **Ways of Working – internal:** realign business process and structure to improve ways of working to drive efficient and savings, reduce demand or generate additional income
 - **Ways of Working – partners:** working with partner public sector bodies to find more efficient ways of working to generate efficiencies and savings and reduce demand.
11. For 2018/19 the final revenue position for qualifying schemes was £2.034m, taking the total capital expenditure for 2018/19 to £89.6m.

Capital Financing

12. The report identifies a capital outturn of £89.6m for the 2018/19 financial year. The resources required to fund the 2018/19 capital programme are as follows:

	£m
Prudential Borrowing	36.0
Capital Grants and Contributions	21.1
Major Repairs Reserve (HRA)	24.3
Capital Receipts	7.3
Revenue Contributions	0.9
Total Capital Programme	89.6

12. 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 20 February 2018. Borrowing and investment levels have remained within the limits set by Council.

Recommendations

13. Cabinet is asked to:

- (i) Note the Capital Programme outturn position for 2018/19.
- (ii) Recommend to Council that all variations to the 2018/19 Capital Programme as detailed in Appendix 2 are agreed.
- (iii) Recommend to Council the financing of the 2018/19 Capital Programme.
- (iv) 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 monitor actual performance against the approved Prudential Indicators.

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 2018/19, as agreed by Council on 20 February 2018, totalled £102.9m.
3. The projected year-end expenditure was £87.9m at the end of the third quarter.
4. The actual capital programme expenditure for 2018/19 is £87.6m. This represents a reduction of £0.3m from the third quarter.
5. The £0.3m variance from the third quarter is due to a combination of slippage and other changes to the 2018/19 programme. All variations which have occurred in the programme during the fourth quarter are detailed in Appendix 2.
6. The total capital outturn for 2018/19 is £89.6m due to the application of the budget flexibility directive to use £2.03m of capital receipts to fund qualifying revenue expenditure. The individual revenue expenditure scheme financed through the flexible use of capital receipts are:

Qualifying Revenue Expenditure	Outturn (£m)
CWL Systems	0.113
CWL Improvement Officers	0.101
ACT Team	0.352
Complex CIN Team	0.386
Systems Development	0.212
Digital Platform and Improved Customer Experience	0.657
Cross-Public Sector Ways of Working Improvements	0.126
Trading & Commercialisation	0.065
Counter Fraud Improvements	0.022
Total	2.034

7. Appendix 3 summarises the original budget and actual year end expenditure by Corporate Priority. The third quarter forecasts, year end payments and reasons for variance for each scheme are detailed in Appendix 4.
8. The Prudential Code sets out a range of Prudential Indicators that were agreed by the Council on 20 February 2018. None of these indicators were breached

during 2018/19 and performance against the indicators for 2018/19 is set out in Appendix 5.

Consultation

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

Alternative Options

10. 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

11. 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.
12. **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.
 13. **Equality and Diversity Implications** - There are no equality and diversity implications arising from this report.
 14. **Crime and Disorder Implications** - There are no direct crime and disorder implications arising from this report.
 15. **Health Implications** - There are no health implications arising from this report.
 16. **Sustainability Implications** - The works will help to make the environment more attractive and reduce health and safety hazards.
 17. **Human Rights Implications** - There are no direct human rights implications arising from this report.
 18. **Area and Ward Implications** - Capital schemes will provide improvements in wards across the borough.

19. **Background Information**

- i. Report for Cabinet, 20 February 2018 (Council 22 February 2018) - Capital Programme 2018/19 to 2022/23.
- ii. Report for Cabinet, 17 July 2018 - Capital Programme and Prudential Indicators 2018/19 – First Quarter Review.
- iii. Report for Cabinet, 20 November 2018 - Capital Programme and Prudential Indicators 2018/19 – Second Quarter Review.
- iv. Report for Cabinet, 22 January 2019 - Capital Programme and Prudential Indicators 2018/19 – Third Quarter Review.

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Reason for Movement	Portfolio	Group	Project Title	Variance (£'000)
INCREASES				
ACCELERATED SPEND FROM 19/20	Resources, Management and Reputation	CAE	Civic Centre Workspace Strategy	43
		CAE	ADZ Investment – Baltic Quarter Spec Build	392
		CAE	New Build - Winlaton Assisted Living	888
OTHER INCREASES	Communities - Culture, Sport and Leisure	CRS	GIS Centre Outdoor Sports Provision	482
			Replacement of Lift within Gateshead Stadium	3
			Library Service Review	1
	People - Children and Young People	CWL	Longside House	418
			School Condition Investment	180
			Schools Healthy Pupils Capital Fund	85
			Schools Devolved Formula Funding	92
	Place and Economy - Environment and Transport	CAE	Team Valley Flood Alleviation	7
			Battery Storage	20
			Energy Network Extension - Gateshead Leisure Centre	7
			Gateshead Town Centre District Energy Network	411
			Street Lighting Column Replacement	61
			Street Lighting Phase 3 LED Lanterns	21
			Environmental Enforcement Team	2
			Local Transport Plan - Integrated Transport	1,252
			Scotswood Bridge Strategic Maintenance	46
			Traffic Signal Renewal - Borough Wide	30
			Chase Park Restoration	34
	Place and Economy - Housing	CAE	Salix Energy Efficiency Works	198
			Empty Property Programme 2015/18	26
			Clasper House Building Development	422
		HRA	Loan to Gateshead Trading Company Derwentside	430
			Aids and Adaptations	151
			Fire Safety Works - General	1
			Strategic Maintenance	258
			T-Fall Insulation	16
			Back Boiler Renewal and Replacement	45
Decent Homes - Investment Programme			281	
Timber Replacements	21			
Resources, Management and Reputation	CAE	Stock Project Management	44	
		Warwick Court Water Pressure Upgrade	2	
		New Build - Bute Road	7	
		Health & Safety	1	
Resources, Management and Reputation	CAE	ADZ Investment – BQ Emerging Technology Centre (PR)	59	
		ADZ Investment - Gateshead Quays	486	
		Follingsby	107	
		Major Projects - Project Management Costs	69	
TOTAL INCREASE				7,099
REDUCTIONS				
Communities - Communities and Volunteering	CAE	Birtley Crematorium Cremator Replacement	(100)	
		Birtley Cemetery Extension	(10)	
		Trade Waste Service Expansion	(39)	
Communities - Culture, Sport and Leisure	CAE	Blaydon Leisure Centre Outdoor Sports Provision	(32)	
		OnCourse Management System	(7)	
		Sage Gateshead - Capital Development	(25)	
People - Children and Young People	CWL	Cleveland Hall	(19)	
		School Capacity Improvements	(97)	
People - Health and	CWL	Eastwood - Centre of Excellence	(100)	

REPROFILING TO FUTURE YEARS	Wellbeing	CAE	Falls Prevention	(2)
	Place and Economy - Economy	CRS	Digital Gateshead	(85)
			Broadband Delivery UK	(10)
		CAE	Land of Oak & Iron Access for All	(4)
	Place and Economy - Environment and Transport	CAE	Business Centre Portfolio	(3)
			Street Lighting LED Replacement - Phase 4	(36)
			Heworth Roundabout Upgrade	(593)
			Local Transport Plan - Planned Maintenance	(342)
	Place and Economy - Housing	CAE	Crowley Dam Repair and Conservation	(2)
			Loan to Keelman Homes - Bleach Green Affordable Housing	(500)
			Loan to Keelman Homes - Empty Properties	(500)
		HRA	Loan to Gateshead Trading Company Lyndhurst	(184)
			Estate Regeneration	(100)
			New Build - Seymour Street	(10)
			Replacement of Communal Electrics	(32)
			External Wall Insulation Works to Non-Traditional Properties	(41)
			HEIGHTS & Regent Court Improvement Works	(29)
			Multi Storey Service (Bensham Court Chute)	(100)
	New Dwellings/Conversions	(94)		
	Resources, Management and Reputation	CAE	Baltic Quarter - Food and Beverage Café	(177)
GRP Public Art - Birtley			(31)	
High Street South Regeneration			(30)	
Metrogreen			(49)	
Urban Core - Exemplar Neighbourhood			(39)	
Replacement of Fleet and Horticultural Equipment		(531)		
CRS	Technology Plan: Transformation Through Technology Services To Schools - IT Solution	(16)		
CSG	Non Operational Portfolio - Strategic Investment Plan	(4)		
OTHER REDUCTION	Communities - Communities and Volunteering	CAE	Public Realm Improvement	(437)
			Saltwell Cemetery Extension	(5)
	People - Health and Wellbeing	CWL	Telecare Equipment	(1)
			Disabled Facilities Grants (DFGs)	(6)
	Place and Economy - Environment and Transport	CAE	Gateshead Millennium Bridge Strategic Maintenance	(168)
			Flood Alleviation Investment	(30)
	Place and Economy - Housing	HRA	Lift Replacement / Refurbishment	(617)
			Warden Call	(278)
			Window Replacement and Door Entry System Upgrade	(83)
			Equality Act Works	(298)
			Barley Mow Village Hall	(77)
	Resources, Management and Reputation	CAE	Fire Safety Works - Smoke Detection	(10)
			Development Site Preparation Works	(344)
Strategic Maintenance			(330)	
Technology Plan: Infrastructure			(211)	
CSG	Registrars Internal and External Public Spaces	(544)		
TOTAL REDUCTION				(7,413)
TOTAL VARIANCE				(314)

APPENDIX 3

Portfolio	Revised Forecast Q3 2018/19	Outturn 2018/19	Variance
COMMUNITIES			
Communities and Volunteering	440	285	(155)
Culture, Sport and Leisure	365	767	402
Total Communities	805	1,052	247
PEOPLE			
Children and Young People	3,423	4,102	679
Health and Wellbeing	2,082	1,806	(276)
Total People	5,505	5,908	403
PLACE AND ECONOMY			
Economy	920	818	(102)
Environment and Transport	15,560	16,029	469
Housing	37,642	37,552	(90)
Total Place and Economy	54,122	54,399	277
RESOURCES, MANAGEMENT AND REPUTATION			
Resources, Management and Reputation	27,466	26,225	(1,241)
Total Capital Investment	87,898	87,584	(314)
Capital Receipts Direction	0	2,034	
Total Capital Expenditure	87,898	89,618	

PORTFOLIO	GROUP	PROJECT	Revised Q3 Allocation (£'000)	Outturn 18/19 (£'000)	Variance (£'000)	Comments	
COMMUNITIES							
Communities - Communities and Volunteering	CAE	Bereavement Services	80	80	0	-	
		Birtley Crematorium Cremator Replacement	100	-	-100	Slippage to 19/20	
		Birtley Cemetery Extension	10	-	-10	Slippage to 19/20	
		Public Realm Improvement	50	45	-5	Other Reduction	
		Replacement Bins	125	125	0	-	
		Saltwell Cemetery Extension	1	0	-1	Other Reduction	
		Trade Waste Service Expansion	74	35	-39	Slippage to 19/20	
Communities - Culture, Sport and Leisure	CRS	Blaydon Leisure Centre Outdoor Sports Provision	50	18	-32	Slippage to 19/20	
		GIS Centre Outdoor Sports Provision	50	531	482	Other Increases	
		Replacement of flooring within Gateshead Stadium Sport	-	-	0	-	
		Replacement of Lift within Gateshead Stadium	53	56	3	Other Increases	
		Replacement of Pool Filter Media at Gateshead Leisure (32	32	0	-	
		OnCourse Management System	25	18	-7	Slippage to 19/20	
		Sage Gateshead - Capital Development	25		-25	Slippage to 19/20	
		Library Service Review	5	6	1	Other Increases	
Cleveland Hall	125	106	-19	Slippage to 19/20			
PEOPLE							
People - Children and Young People	CWL	Longside House	-	418	418	Other Increases	
		School Capacity Improvements	1,200	1,103	-97	Slippage to 19/20	
		School Condition Investment	1,754	1,934	180	Other Increases	
		Schools Healthy Pupils Capital Fund	10	95	85	Other Increases	
		Schools Devolved Formula Funding	459	551	92	Other Increases	
People - Health and Wellbeing	CAE	Falls Prevention	110	108	-2	Slippage to 19/20	
	CWL	Telecare Equipment	75	69	-6	Other Reduction	
		Disabled Facilities Grants (DFGs)	1,797	1,629	-168	Other Reduction	
		Eastwood - Centre of Excellence	100	-	-100	Slippage to 19/20	
PLACE AND ECONOMY							
Place and Economy - Economy	CAE	Business Centre Portfolio	20	17	-3	Slippage to 19/20	
	CRS	Digital Gateshead	516	431	-85	Slippage to 19/20	
		Broadband Delivery UK	345	335	-10	Slippage to 19/20	
		Land of Oak & Iron Access for All	39	35	-4	Slippage to 19/20	
		Team Valley Flood Alleviation	-	0	7	7	Other Increases

PORTFOLIO	GROUP	PROJECT	Revised Q3 Allocation (£'000)	Outturn 18/19 (£'000)	Variance (£'000)	Comments	
COMMUNITIES							
Place and Economy - Environment and Transport	CAE	Battery Storage	63	83	20	Other Increases	
		Energy Network Extension - Gateshead Leisure Centre	381	388	7	Other Increases	
		Gateshead Town Centre District Energy Network	500	911	411	Other Increases	
		Gateshead Millennium Bridge Strategic Maintenance	60	30	-30	Other Reduction	
		Street Lighting Column Replacement	1,200	1,261	61	Other Increases	
		Street Lighting LED Replacement - Phase 4	300	264	-36	Slippage to 19/20	
		Street Lighting Phase 3 LED Lanterns	142	163	21	Other Increases	
		Environmental Enforcement Team	45	47	2	Other Increases	
		Heworth Roundabout Upgrade	3,233	2,640	-593	Slippage to 19/20	
		Local Transport Plan - Integrated Transport	2,828	4,080	1,252	Other Increases	
		Local Transport Plan - Planned Maintenance	4,981	4,639	-342	Slippage to 19/20	
		Scotswood Bridge Strategic Maintenance	110	156	46	Other Increases	
		Traffic Signal Renewal - Borough Wide	550	580	30	Other Increases	
		Flood Alleviation Investment	637	20	-617	Other Reduction	
		Chase Park Restoration	4	38	34	Other Increases	
Salix Energy Efficiency Works	500	699	198	Other Increases			
Crowley Dam Repair and Conservation	26	24	-2	Slippage to 19/20			
Place and Economy - Housing	CAE	Empty Property Programme 2015/18	31	57	26	Other Increases	
		Loan to Keelman Homes - Bleach Green Affordable Hou	500	-	-500	Slippage to 19/20	
		Loan to Keelman Homes -Empty Properties	1,900	1,400	-500	Slippage to 19/20	
		Clasper House Building Development	-	422	422	Other Increases	
		Loan to Gateshead Trading Company - Lyndhurst House	2,194	2,010	-184	Slippage to 19/20	
		Loan to Gateshead Trading Company - Derwentside Hou	1,399	1,829	430	Other Increases	
			Aids and Adaptations	1,500	1,651	151	Other Increases
			Estate Regeneration	137	37	-100	Slippage to 19/20
			Fire Safety Works - General	100	101	1	Other Increases
			Lift Replacement / Refurbishment	925	647	-278	Other Reduction
			New Build - Winlaton Assisted Living	800	1,688	888	Accelerated Spend from 19/20
			New Build - Seymour Street	750	740	-10	Slippage to 19/20
			Programme Management	550	550	0	-
			Replacement of Communal Electrics	550	518	-32	Slippage to 19/20
			Strategic Maintenance	2,000	2,258	258	Other Increases
Warden Call	250	167	-83	Other Reduction			
Window Replacement and Door Entry System Upgrade	951	653	-298	Other Reduction			

PORTFOLIO	GROUP	PROJECT	Revised Q3 Allocation (£'000)	Outturn 18/19 (£'000)	Variance (£'000)	Comments
COMMUNITIES						
Page 20	HRA	Equality Act Works	458	381	-77	Other Reduction
		External Wall Insulation Works to Non-Traditional Proper	1,020	979	-41	Slippage to 19/20
		T-Fall Insulation	100	116	16	Other Increases
		Back Boiler Renewal and Replacement	1,000	1,045	45	Other Increases
		Decent Homes - Investment Programme	5,977	6,258	281	Other Increases
		Timber Replacements	100	121	21	Other Increases
		Stock Project Management	400	444	44	Other Increases
		HEIGHTS & Regent Court Improvement Works	13,019	12,990	-29	Slippage to 19/20
		HRA Property Acquisitions	39	39	0	-
		Barley Mow Village Hall	84	74	-10	Other Reduction
		Fire Safety Works - Smoke Detection	400	56	-344	Other Reduction
		Multi Storey Service (Bensham Court Chute)	100	-	-100	Slippage to 19/20
		Warwick Court Water Pressure Upgrade	15	17	2	Other Increases
New Build - Bute Road	100	107	7	Other Increases		
New Dwellings/Conversions	293	199	-94	Slippage to 19/20		
RESOURCES, MANAGEMENT AND REPUTATION						
Resources, Management and Reputation	CAE	Civic Centre Workspace Strategy	200	243	43	Accelerated Spend from 19/20
		Health & Safety	467	468	1	Other Increases
		ADZ Investment – BQ Emerging Technology Centre (PR)	1,472	1,531	59	Other Increases
		ADZ Investment – Baltic Quarter Spec Build	1,519	1,911	392	Accelerated Spend from 19/20
		ADZ Investment - Gateshead Quays	1,300	1,786	486	Other Increases
		Baltic Quarter - Food and Beverage Café	180	3	-177	Slippage to 19/20
		Follingsby	11,586	11,693	107	Other Increases
		GRP Public Art - Birtley	41	10	-31	Slippage to 19/20
		High Street South Regeneration	225	195	-30	Slippage to 19/20
		Major Projects - Project Management Costs	240	309	69	Other Increases
		Metrogreen	160	111	-49	Slippage to 19/20
		Urban Core - Exemplar Neighbourhood	340	301	-39	Slippage to 19/20
		Coatsworth Road Regeneration - THI	383	383	0	-
		Replacement of Fleet and Horticultural Equipment	2,675	2,144	-531	Slippage to 19/20
		Development Site Preparation Works	830	500	-330	Other Reduction
	CRS	Strategic Maintenance	784	573	-211	Other Reduction
		Technology Plan: Infrastructure	3,183	2,639	-544	Other Reduction
	Technology Plan: Transformation Through Technology	441	425	-16	Slippage to 19/20	

PORTFOLIO	GROUP	PROJECT	Revised Q3 Allocation (£'000)	Outturn 18/19 (£'000)	Variance (£'000)	Comments
COMMUNITIES						
		Services To Schools - IT Solution	25	21	-4	Slippage to 19/20
	CSG	Registrars Internal and External Public Spaces	59	57	-2	Other Reduction
		Non Operational Portfolio - Strategic Investment Plan	1,358	920	-438	Slippage to 19/20
Total Capital Investment			87,898	87,584	-314	

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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 outturn position as at the 31 March 2019 (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.

Capital Expenditure		
	2018/19 £000 Reported Indicator	2018/19 £000 Actual
Non-HRA	74,582	55,429
HRA	28,280	31,835
Total	102,862	87,264
To reflect the reported capital monitoring agreed by Council during the year		

Ratio of Financing Costs to Net Revenue Stream		
	2018/19 Reported Indicator	2018/19 Actual
Non-HRA	15.41%	12.08%
HRA	45.60%	48.08%

Capital Financing Requirement		
	2018/19 £000 Reported Indicator	2018/19 £000 Actual
Non-HRA	377,862	346,741
HRA	345,505	345,505

Authorised Limit for External Debt	
	2018/19 £000 Reported Indicator
Borrowing	875,000
Other Long Term Liabilities	0
Total	875,000
Maximum YTD 31/03/2019 £670.567m	

Operational Boundary for External Debt	
	2018/19 £000 Reported Indicator
Borrowing	850,000
Other Long Term Liabilities	0
Total	850,000
Maximum YTD 31/03/2019 £670.567m	

The Council's actual external debt at 31 March 2019 was £670.567m. 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	
	Upper Limit	Lower Limit	Actual Percentage	Maximum YTD
Under 12 months	30%	0%	3.85%	5.49%
12 months to 24 months	30%	0%	7.54%	13.14%
24 months to 5 years	40%	0%	7.38%	17.08%
5 years to 10 years	40%	0%	8.67%	9.57%
10 years to 20 years	40%	0%	11.74%	12.86%
20 years to 30 years	40%	0%	1.16%	1.21%
30 years to 40 years	50%	0%	27.43%	27.71%
40 years to 50 years	50%	0%	30.73%	37.75%
50 years and above	30%	0%	0.00%	2.31%

All within agreed limits.

Upper / Lower Limits for Maturity Structure of Variable Rate Borrowing

	2018/19 £000 Reported Indicator		2018/19 £000 Actual Position	
	Upper Limit	Lower Limit	Actual Percentage	Maximum YTD
Under 12 months	30%	0%	1.49%	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.

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



COUNCIL MEETING

18 July 2019

TREASURY ANNUAL REPORT 2018/19

Sheena Ramsey, Chief Executive

EXECUTIVE SUMMARY

1. The purpose of this report is to seek approval of the Treasury Annual Report for 2018/19.
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 2018/19.

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Title of Report: Treasury Annual Report 2018/19

Report of: Darren Collins – Strategic Director, Corporate Resources

Purpose of the Report

1. Cabinet is asked to recommend to Council the attached Treasury Annual Report for 2018/19.

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 and CIPFA's Code of Practice on Treasury Management (2017). 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 24 June 2019.

Proposals

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

Recommendation

6. Cabinet is asked to recommend to Council the Treasury Annual Report for 2018/19.

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.

CONTACT: Clare Morton, ext. 3591

Policy Context

1. The proposals in this report are consistent with Council priorities and 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:
 - Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities;
 - Creation and maintenance of Treasury Management Practice Statements which set out the manner in which the Council will seek to achieve those policies and objectives;
 - Receipt by the Council of an annual strategy report for the year ahead and an annual review report of the previous year;
 - Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions; and
 - Delegation by the Council of the role of scrutiny of treasury management strategy and policies 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 2018/19 (including investment and borrowing strategies);
 - Treasury Management approach to risk;
 - Outturn 2018/19 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 2018/19.

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 2018/19 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
- MHCLG Guidance on Local Government Investments (2018)
- CIPFA's Prudential Code for Capital (2017)
- CIPFA's Code of Practice on Treasury Management (2017)
- Council's approved Treasury Policy & Strategy Statements 2018/19 to 2022/23
- Council's approved Treasury Management Practice Statements

Treasury Management Annual Report 2018/19

The Strategy for 2018/19

1. The 2018/19 to 2022/23 Treasury Management Strategy was approved by Council on 22 March 2018.
2. The formulation of the 2018/19 to 2022/23 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 2018/19 to 2022/23 anticipated a low, steady Bank Rate, with rate increases expected in May 2018 and November 2018. 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.

Borrowing Strategy

7. The borrowing strategy for 2018/19 was as follows:

- When Public Works Loan Board (PWLB) rates fall back to the following target rates borrowing should be considered, 2.70% Q1, 2.80% Q2, 2.90% Q3 and 3.00% Q4. Preference is given to terms which ensure a balanced profile of debt maturity, this may include Local Infrastructure Rate borrowing. The average interest rates forecast across this financial year for various borrowing periods are as follows: -
10 years – 2.60%
25 years – 3.05%
50 years – 2.85%
- 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.
- External borrowing rates currently far exceed the return that is available for investments, meaning savings can be achieved by borrowing internally from reserves in the short term. The current policy of internal borrowing will continue to be followed as a short-term funding option serving to minimise overall cost.
- Consideration will be given to borrowing market loans which are at least 20 basis points below the PWLB target rate.

Potential opportunities for repaying debt before the maturity date to reduce borrowing costs was monitored and assessed throughout the year. In November 2018 the Council was approached by the Royal Bank of Scotland (RBS) who indicated that loans they had previously provided to the Council were no longer a fit for its business model. RBS offered favourable rates to the Council which allowed the repayment of £72m of Lender Option Borrower Option loans. The Council anticipates that a saving in the region of £13m over the remaining term of the loans will be achieved as a consequence of this refinancing exercise.

Treasury Management Approach to Risk

8. 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 22nd November 2018 concluded that Treasury Management control systems and procedures are operating well. All funds were safeguarded in 2018/19.

Outturn 2018/19 – Performance Measurement

9. 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 2018/19 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.

10. 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 25 June 2019 as part of the Capital Monitoring process. None of the approved Prudential Indicators set for 2018/19 were breached in the year. For completeness the Prudential Indicators are shown at Appendix 4.

Market Interest Rates

11. 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 August 2018 agreed to increase Base Rate to 0.75% and it remained at that level for the rest of the year.
 - **Longer-term interest rates** – At their 7 February 2019 meeting, the MPC repeated that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary of contractionary), than before the crash; they have quoted a Bank Rate of around 2.50% in ten years' time but have declined to give a medium-term forecast. However, with so much uncertainty around Brexit, the next move could be up or down, even if there was a disorderly Brexit.

Investment Performance

12. The major issue for treasury management in 2018/19 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.
13. The Council's investment policy is governed by MHCLG guidance, which has been implemented in the annual investment strategy approved by the Council on 20 March 2018. 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.
14. 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.
15. A summary of the year's activity is shown at Appendix 3. The investment interest earned in the year was £0.693m (2017/18 £0.470m) with an average interest rate of 0.80% (2017/18 0.51%). Interest earned on loans to third parties, agreed as part of the capital programme, increased total interest to £2.320m which was £0.585m more than the original budget of £1.735m. This includes £0.886m interest relating to Newcastle International Airport.
16. The overall return for the year of 0.80% exceeds the accepted benchmark for 2018/19, which was 0.51%. This benchmark is the 7-day London Interbank Bid Rate (LIBID), which is traditionally linked to the base rate.

17. 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 0.92% on its investments for Quarter 4 2018/19 which is in line with the risk adjusted expectations (0.83% to 0.99%) defined in the Benchmarking Report for our group.

Heritable Bank

18. 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.
19. To date dividends totalling £2.736m (98.00p in the £) have been received.
20. The most recent update from the administrators, Ernst and Young, in March 2019, 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

21. The total external borrowing at 31 March 2019 was £670.567m, which was within the operational borrowing limit of £850.000m. This is a net increase of £20.226m from the opening figure of £650.341m. The increase is represented by £121.700m of new borrowing offset by £101.474m repayment of borrowing.
22. Investment returns/interest rates were low during 2018/19 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 2018/19 the Council had internal borrowing of £19.558m. 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.

23. The Council's underlying need to borrow for capital expenditure and long term liabilities 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:

	31 March 2018 Actual £m	31 March 2019 Actual £m
Capital Financing Requirement for General Fund excluding PFI	320.153	346.741
Capital Financing Requirement for HRA excluding PFI	345.505	345.505
Total Capital Financing Requirement excluding PFI	665.658	692.246

24. The details of the borrowing taken during 2018/19 are as follows:

Date	Term (years)	Amount £m	Interest Rate (%)	Source
31/05/2018	48	5.000		PWLB
15/10/2018	1 month (s)	5.000		London Borough of Havering
14/11/2018	46.5	10.000		PWLB
14/11/2018	48	10.000		PWLB
23/11/2018	44.5	20.000		PWLB
23/11/2018	45.5	10.000		PWLB
23/11/2018	3 months	10.000		West of England CA
23/11/2018	47.5	5.000		PWLB
23/11/2018	50	15.000		PWLB
13/12/2018	44	5.000		PWLB
28/01/2019	12	5.000		PWLB
05/02/2019	12.5	5.000		PWLB
19/02/2019	12	5.000		PWLB
12/03/2019	9.5	5.000		PWLB
31/03/2019	2	6.700		NELEP
		121.700		

25. At 31 March 2019 £610.867m of the total borrowing was from the PWLB and £59.700m was in the form of market loans. The average interest rate on borrowing has reduced from 4.12% in 2017/18 to 3.56% during 2018/19 which will reduce borrowing costs.
26. There was £15.000m of short-term borrowing taken during 2018/19 primarily to manage cash flow timing, with £10.000m being repaid prior to year-end. The majority of PWLB long term loans taken in 2018/19 were over 44 years which lengthens the life of the debt portfolio and provides long term security in terms of borrowing costs by securing loans at historically low rates.
27. The overall revenue cost of borrowing in 2018/19 was £25.209m. As a consequence of the level of capital expenditure and the application of the Treasury Management Strategy this was £2.862m less than the budget.

Debt Restructuring & Repayment

28. Due to the reintroduction of redemption rates on the early repayment of PWLB debt it was anticipated that there would be little scope to restructure PWLB debt.
29. The rates payable on the early redemption of debt was monitored throughout the year. The cost of early repayment of PWLB loans outweighed any savings and therefore there was no early redemption of PWLB debt.
30. The Royal Bank of Scotland offered favourable rates to the Council allowing the redemption of £72m Lender Option Borrower Option loans. The Council anticipates that a saving in the region of £13m over the remaining term of the loans will be achieved as a consequence of this refinancing exercise.

Summary of Treasury Management Performance for the Year 2018/19

31. Total interest income was £0.585m more than the budget, this reflects the impact on gross investment interest of an increase in base rate on 3 August 2018 as well as increased balances due to unexpected receipts.
32. Borrowing costs were £2.862m 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.
33. In 2018/19 the Royal Bank of Scotland offered favourable rates to the Council which allowed the repayment of £72m of Lender Option Borrower Option loans. The Council anticipates that a saving in the region of £13m over the remaining term of the loans will be achieved as a consequence of this refinancing exercise.
34. Overall Treasury Management performance against budget for 2018/19 generated net savings of £3.447m, this is summarised in the following table:

	Budget	2018/19	Saving
	£m	Actual	£m
		£m	
Cost of Borrowing	28.071	25.209	(2.862)
Interest Income	(1.735)	(2.320)	(0.585)
Net Position	26.336	22.889	(3.447)

Treasury Management remained challenging throughout 2018/19 with one of the lowest bank interest rates in history and continuing pressure on available counterparties.

Investment Activity

	2017/18	2018/19
Number of investments made in 2016/17 maturing in 2017/18	14	n/a
Number of investments made in 2017/18 maturing in 2017/18	23	n/a
Number of investments made in 2017/18 maturing in 2018/19	n/a	19
Number of investments made in 2018/19 maturing in 2018/19	n/a	28
Total number of investments maturing in year	<u>37</u>	<u>47</u>
Number of investments made in 2018/19 maturing in 2019/20	n/a	18
Average duration of investments (including overnight)	11 days	12 days
Average duration of investments (excluding overnight)	118 days	143 days
Non-specified investments:		
Rated non-high		
Approved limit	75%	75%
Maximum level invested	4.92%	6.92%
Not Rated		
Approved limit	0%	0%
Maximum level invested*	0.03%	0.04%
Investments greater than 364 days		
Approved limit	£15m	£15m
Maximum level Invested	£5m	£5m

*Relates to the impaired investment with Heritable Bank.

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 outturn position as at the 31 March 2019 (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.

Capital Expenditure		
	2018/19 £000 Reported Indicator	2018/19 £000 Actual
Non-HRA	74,582	55,429
HRA	28,280	31,835
Total	102,862	87,264
To reflect the reported capital monitoring agreed by Council during the year		

Ratio of Financing Costs to Net Revenue Stream		
	2018/19 Reported Indicator	2018/19 Actual
Non-HRA	15.41%	12.08%
HRA	45.60%	48.08%

Capital Financing Requirement		
	2018/19 £000 Reported Indicator	2018/19 £000 Actual
Non-HRA	377,862	346,741
HRA	345,505	345,505

There were no breaches to the Prudential Indicators set for 2018/19.

Authorised Limit for External Debt	
	2018/19 £000 Reported Indicator
Borrowing	875,000
Other Long Term Liabilities	0
Total	875,000
Maximum YTD 31/03/2019 £670.567m	

Operational Boundary for External Debt	
	2018/19 £000 Reported Indicator
Borrowing	850,000
Other Long Term Liabilities	0
Total	850,000
Maximum YTD 31/03/2019 £670.567m	

The Council's actual external debt at 31 March 2019 was £670.567m. 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	
	Upper Limit	Lower Limit	Actual Percentage	Maximum YTD
Under 12 months	30%	0%	3.85%	5.49%
12 months to 24 months	30%	0%	7.54%	13.14%
24 months to 5 years	40%	0%	7.38%	17.08%
5 years to 10 years	40%	0%	8.67%	9.57%
10 years to 20 years	40%	0%	11.74%	12.86%
20 years to 30 years	40%	0%	1.16%	1.21%
30 years to 40 years	50%	0%	27.43%	27.71%
40 years to 50 years	50%	0%	30.73%	37.75%
50 years and above	30%	0%	0.00%	2.31%
All within agreed limits.				

Upper / Lower Limits for Maturity Structure of Variable Rate Borrowing				
	2018/19 £000 Reported Indicator		2018/19 £000 Actual Position	
	Upper Limit	Lower Limit	Actual Percentage	Maximum YTD
Under 12 months	30%	0%	1.49%	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.

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



COUNCIL MEETING

18 July 2019

GATESHEAD ENFORCEMENT POLICY

Sheena Ramsey, Chief Executive

EXECUTIVE SUMMARY

1. The purpose of this report is to recommend to Council the adoption of Gateshead Councils Enforcement Policy for the Communities and Environment Directorate.
2. The Enforcement Policy outlines Gateshead Council's approach to dealing with non-compliance with the legislation it enforces.
3. The purpose of the Enforcement Policy sets out what can be expected from the enforcement teams, to ensure inspections and enforcement is carried out in accordance with relevant legislation, guidance and codes.
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 adopts the Enforcement Policy as set out in appendix 2 of the attached report.

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TITLE OF REPORT: Gateshead Enforcement Policy

REPORT OF: Colin Huntington, Acting Strategic Director, Communities and Environment

Purpose of the Report

1. To recommend the adoption of Gateshead Councils Enforcement Policy for the Communities and Environment Directorate.

Background

2. The Enforcement Policy outlines Gateshead Council's approach to dealing with non-compliance with the legislation it enforces.
3. It applies to the following teams within the Communities and Environment Directorate:
 - Private Sector Housing
 - Trading Standards
 - Environmental Health
 - Environmental Protection
 - Environmental Enforcement
 - Licensing
 - Planning Enforcement
 - Building Control
4. It should be noted that additional team-specific policies might exist which outline the processes that all officers operating within that team will follow when deciding what enforcement action to take. Where such policies exist, they should be read alongside this policy.
5. The Council recognises that most people and businesses want to comply with the law. The Council will always endeavour to ensure it helps them to meet their obligations as a good citizen or business in order to help Gateshead's community's thrive.
6. The purpose of the Enforcement Policy is to set out what those being regulated, residents of the Borough and the public can expect from the enforcement teams. Its aim is to ensure that regulatory inspections and enforcement is carried out in a way that is transparent, accountable, proportionate, consistent, in accordance with relevant legislation, guidance and codes, and in a manner that will stand up to scrutiny from all persons, businesses or agencies affected by our actions and decisions.
7. All enforcement officers will have regard to the Enforcement Policy when exercising their duties. The Council will ensure that its officers have the necessary knowledge and skills to be able to do their job effectively and this includes having an understanding of those they regulate.

Proposal

8. It is proposed that Cabinet recommend that Council adopt the Enforcement Policy as set out in appendix 2.

Recommendations

9. It is requested that Cabinet recommends that Council adopts the Enforcement Policy as set out in appendix 2 to the report.

For the following reason:

To ensure that enforcement action is carried out successfully by the Council to protect and promote the health and safety of the public and residents and to protect the environment.

CONTACT: Anneliese Hutchinson

extension: 3881

APPENDIX 1

Policy Context

1. Work on producing an Enforcement Policy In devising this policy reference has been made to the [Regulators Code](#) , the [Legislative and Regulatory Reform Act 2006](#), the [Crown Prosecution Service's Code for Crown Prosecutors](#), and [Corporate Complaint Policy](#).

Background

2. The Enforcement Policy has been produced to set out the approach the Council will adopt to dealing with non-compliance with the legislation it enforces.

Consultation

3. The Cabinet Members for Environment and Transport have been consulted.

Alternative Options

4. To continue without an Enforcement Policy.

Implications of Recommended Option

5. **Resources:**
 - a) **Financial Implications** – The Strategic Director, Corporate Resources confirms income generated will assist in achieving the current service income budgets.
 - b) **Human Resources Implications** – none
 - c) **Property Implications** - none
6. **Risk Management Implication** - Once adopted, risk is reduced with an enforcement policy in place
7. **Equality and Diversity Implications** –. None
8. **Crime and Disorder Implications** – non-compliance with legislation will be more successfully prosecuted or deterred
9. **Health Implications** – non-compliance with legislation will be more successfully prosecuted or deterred
10. **Sustainability Implications** - none
11. **Human Rights Implications** – none
12. **Area and Ward Implications** - All

Communities and Environment Enforcement Policy

Gateshead Council

2019

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1. Introduction

1.1 This policy outlines Gateshead Council's approach to dealing with non-compliance with the legislation it enforces.

1.2 It is a policy which applies to all teams within the Communities and Environment Directorate, with the exception of Car Parking Enforcement, as listed below:

- Private Sector Housing
- Trading Standards
- Environmental Health
- Environmental Protection
- Environmental Enforcement
- Licensing
- Planning Enforcement
- Building Control

1.3 It should be noted that additional team-specific policies might exist which outline the processes that all officers operating within that team will follow when deciding what enforcement action to take. Where such policies exist, they should be read alongside this policy.

1.4 The purpose of this policy document is to set out what those being regulated, residents of the Borough and the public can expect from our enforcement teams. Its aim is to ensure that our regulatory inspections and enforcement is carried out in a way that is transparent, accountable, proportionate, consistent, in accordance with relevant legislation, guidance and codes, and in a manner that will stand up to scrutiny from all persons, businesses or agencies affected by our actions and decisions.

1.5 All enforcement officers will have regard to this policy when exercising their duties. The Authority will ensure that its officers have the necessary knowledge and skills to be able to do their job effectively and this includes having an understanding of those they regulate.

1.6 In devising this policy reference has been made to the [Regulators Code](#) , the [Legislative and Regulatory Reform Act 2006](#), the [Crown Prosecution Service's Code for Crown Prosecutors](#), and [Corporate Complaint Policy](#).

2. ENFORCEMENT ACTION

2.1 We take very seriously incidents where persons or businesses have acted negligently, dangerously, irresponsibly, or have caused a risk to the public or the environment. In these situations, it may be necessary for us to carry out a full investigation and enforcement action may follow.

2.2 Where it is necessary to carry out an investigation in to a potential offence, we will progress the matter without delay. All investigations will be conducted in compliance with the relevant legislation and guidance.

2.3 We will explain to the person what the alleged breach is and will provide an opportunity to discuss it with the investigating officer, this might be through an informal discussion or an interview under caution (often referred to as a PACE interview). Anything said during an informal discussion or interview under caution, and any other relevant information about the individual or the offence will be taken in to account when deciding what, if any, enforcement action to take.

2.4 The Powers available to enforcement officers to enforce a breach include, but are not restricted to:

- Inspections and visits
- Verbal and written warnings
- Penalty notices for disorder (PND)
- Statutory orders
- Refusal, suspension, amendment of licences
- Enforcement notices
- Abatement notices
- Simple cautions
- Fixed penalty notices and Financial Penalties
- Work carried out in default and emergency remedial action
- Forfeiture and seizure of goods
- Undertakings and injunctive action under the [Enterprise Act 2002](#)
- Taking possession of animals
- Prosecution

2.5 We will apply the following principles to our enforcement activities:

- Direct people to appropriate services within the Council where we believe additional help is required.
- Ensure that enforcement action is carried out in such a way as to avoid negative impacts on the economic prosperity of Gateshead, whilst ensuring that public and resident safety is achieved.
- Flexibility will be used where appropriate
- All enforcement action will be justified
- Enforcement action will be carried out in a timely manner
- Any Action taken will be properly reasoned and documented by the enforcing officer. The action taken and what should be done will be fully explained to the individual.

3. PRINCIPLES OF ENFORCEMENT

3.1 The purpose of enforcement action is to ensure action is taken to protect and promote the health and safety of the public and residents, and to protect the environment. Underpinning our enforcement policy are the five principles of good regulation, as defined in section 21 of the Legislative and Regulatory Reform Act 2006, which we will apply to all enforcement decisions we take:

- Targeting of enforcement action

We will use intelligence and relevant risk assessments to help us prioritise and focus our resources in the areas that need them most and to ensure that persistent offenders are identified quickly.

- Proportionate and reasonable

We will treat everyone fairly and will ensure that any enforcement action we take is proportionate to the risks involved and the sanctions applied are meaningful.

- Transparency

We are committed to the provision of information and advice in a format that is accessible and easily understood.

We will ensure that there is always a clear distinction between those actions necessary to comply with the law and those which we recommend as best practice, as best practice advice is not compulsory for a business to follow.

Where businesses and individuals have acted against the law we may use publicity in order to raise awareness, to increase compliance and to improve the monitoring of trade practices.

- Consistency

We will ensure that our enforcement practices are consistent, this means that we will adopt a similar approach in similar circumstances to achieve similar ends. We will have regard to national guidelines in our decision-making processes.

- Accountability

We will be accountable for the efficiency and effectiveness of our activities and will justify our decisions by ensuring all decisions made are properly reasoned, recorded and based on material evidence.

3.2 When considering the most appropriate course of action, we will apply the Macrory principles which state that enforcement and penalties should:

- Aim to change the offender's behaviour and deter future non-compliance
- Eliminate any benefit from their non-compliance
- Be proportionate to the nature of the offending and the overall harm, or potential harm, caused
- Ensure that any action taken is appropriate to that particular offender, and may take into account their personal circumstances
- Provide restitution for the harm caused

3.3 Where the individual circumstances of the case require, the Authority may decide to take a course of enforcement which deviates from these principles. In these situations, any decision will be properly reasoned and documented.

4. PROSECUTION

4.1 The overall decision to prosecute is made by the Service Director for Communities and the Environment, and the prosecuting lawyer, but the decision to prosecute must first be discussed with and agreed by the investigating officer's line manager.

4.2 In determining whether it is appropriate to prosecute, the investigating officer and prosecuting lawyer, will have regard to the [Code for Crown Prosecutors](#). The Code states that two 'tests' must be passed before a prosecution can commence – the evidential test and the public interest test. A prosecution will not commence unless there is sufficient evidence that an offence has been committed and there is a realistic prospect of conviction.

4.3 Regard will also be had to:

- The seriousness of the offence together with the actual or potential harm caused
- Whether the matter was pre-meditated
- Failure on the part of the person to comply either in full or in part with the requirements of a statutory notice/ order, FPN etc.
- Previous history of warnings, cautions, commission of similar or identical offences
- Anything which aggravates the circumstances of the offending, such as behaving aggressively towards members of the public or Council staff
- Whether there was any intent to deceive
- Due regard will also be given to any explanation or information given by the person about their alleged offending, and their own personal mitigating circumstances.

5. ANCILLARY ORDERS AND COSTS

5.1 Following a successful conviction, Gateshead Council may also apply for an ancillary order. These might include:

- Compensation order
- Forfeiture of equipment or vehicles used in the commission of the offence
- Confiscation of assets under the [Proceeds of Crime Act 2002](#)

5.2 Gateshead Council will recover the costs of any enforcement action where permitted to do so and will ensure that the recovery of such costs is appropriate and proportionate.

6. SELECTING APPROPRIATE CHARGES

6.1 It is the duty of the Authority to only select charges which are commensurate with the seriousness of the conduct alleged. Charges must reflect the nature and extent of the conduct alleged and provide the court with adequate sentencing powers.

7. OTHER REGULATORS

7.1 Where another prosecuting authority is involved, the investigating officer will liaise with the other authority to ensure charges aren't duplicated and the most appropriate charges are laid.

8. COMPANIES AND INDIVIDUALS

8.1 Proceedings will be taken against the person responsible for the offence. Where a company is involved, it is likely we will also prosecute the company where the offence resulted from its activities. It is also likely that action will be taken against a manager, director or other officer of the company where it can be shown that the offence was committed with their consent, involvement, was due to their neglect, or that they 'turned a blind eye' to the offending.

9. ADVICE

9.1 We recognise that most people and businesses want to comply with the law and so we will endeavour to help them meet their legal obligations through the provision of free 'compliance advice', more detailed 'comprehensive advice' may be subject to a fee. In most cases the advice provided will be confirmed in writing.

10. COMPLAINTS

10.1 A complaint about the service provided by a member of staff may be made through the Council's [Corporate Complaints Procedure](#). All complaints should be made in writing.

10.2 The complaints procedure cannot be used as a way of determining whether or not an offence has been committed, it is a separate matter which is determined by the court. Legal proceedings will not, save for in exceptional circumstances, be suspended or terminated whilst a complaint is being investigated.

11. CONTACTS

Private Sector Housing 0191 433 2350 privatesectorhousingcivic@gateshead.gov.uk

Trading Standards tradingstandards@gateshead.gov.uk 0191 433 3987 / 3890 / 3930 / 3892.

Environmental Health 0191 433 3000 environmentalhealth@gateshead.gov.uk

Environmental Protection 0191 433 3000 environmentalhealth@gateshead.gov.uk

Environmental Enforcement 0191 4333636 - EnvironmentalEnforcement@gateshead.gov.uk

Licensing 0191 4334741 licensing@gateshead.gov.uk

Planning Enforcement 0191 433 7225 enforcement@gateshead.gov.uk

Building Control 0191 433 3144 buildingcontrol@gateshead.gov.uk

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COUNCIL MEETING

18 July 2019

CAPITAL PROGRAMME AND PRUDENTIAL INDICATORS 2019/20 – FIRST QUARTER REVIEW

Sheena Ramsey, Chief Executive

EXECUTIVE SUMMARY

1. The purpose of this report is to inform of the latest position on the 2019/20 capital programme and Prudential Indicators at the end of the first quarter to 30 June 2019. 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 2019/20 totalled £118.921m and the projected year end expenditure at the end of the first quarter is now £100.347m.
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 2019/20 were agreed at Council on 19 February 2019 and borrowing and investment levels have remained within these limits.
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 2019/20 Capital Programme as detailed in Appendix 2 of the attached report as the revised programme.
 - (ii) Approves the financing 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 2019/20 have been breached.

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TITLE OF REPORT: Capital Programme and Prudential Indicators 2019/20
– 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 2019/20 capital programme and Prudential Indicators at the end of the first quarter to 30 June 2019. 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 2019/20, as agreed by Council on 19 February 2019, totalled £118.921m. The first quarter review now projects the year-end expenditure to be £100.347m, £76.243m General Fund and £24.104m HRA.
3. The proposed reduction in the capital programme at the first quarter comprises of the following movements:

	£m
Slippage of planned capital expenditure from 2018/19	2.060
Additional capital expenditure	1.632
Reduced project cost	(0.439)
Re-profiling of capital expenditure to future years	(21.726)
Total Variance	18.573

4. A total of £2.060m of slippage has been identified on a number of key schemes which has been carried forward into 2019/20, with resources, from the 2018/19 financial year.
5. The proposed £1.632m 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 to support Transforming Cities.
6. Planned investment has been re-profiled to future financial years on a number of schemes, amounting to a reduction of £21.726m. This includes:
 - a £17.7m in year reduction due to the re-profiling of the Gateshead Quays development to reflect revised construction phasing of the highways infrastructure and multi-story car park.
 - a £4.9m reprofiling of Schools Capacity Improvements grant to align the expenditure to the phasing of construction of Gibside School.

Proposal

6. The report identifies planned capital expenditure of £100.347m for the 2019/20 financial year. The expected resources required to fund the 2019/20 capital programme are as follows:

	£m
Prudential Borrowing	50.851
Projected Capital Receipts	2.000
Capital Grants and Contributions	23.392
Major Repairs Reserve (HRA)	23.104
Right to Buy Receipts (HRA)	1.000
Total Capital Programme	100.347

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 2019/20 were agreed at Council on 19 February 2019 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 2019/20 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 2019/20 have been breached.

For the following reasons:

- (i) To ensure the optimum use of the Council's capital resources in 2019/20.
- (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.

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 set out by the Council's Thrive Agenda.

Background

2. The original budget for the capital programme for 2019/20, as agreed by Council on 19 February 2019, totalled £118.921m.
3. The projected year-end expenditure is £100.347m at the end of the first quarter.
4. The £18.573m reduction is due to a combination of slippage from 2018/19, additional capital expenditure and 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 2019/20 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 2019/20.

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, 19 February 2019 (Council 21 February 2019) - Capital Programme 2019/20 to 2023/24.

Appendix 2

Reason for Movement	Portfolio	Group	Project Title	Variance (£'000)
INCREASES				
Slippage from 2018/19	Communities - Culture, Sport and Leisure	CRS	Blaydon Leisure Centre Outdoor Sports Provision	32
	Communities - Culture, Sport and Leisure	CRS	OnCourse Management System	7
	Communities - Culture, Sport and Leisure	CRS	Sage Gateshead - Capital Development	25
	Communities - Culture, Sport and Leisure	CRS	Cleveland Hall	19
	People - Children and Young People	CWL	School Capacity Improvements	97
	Place and Economy - Economy	CRS	Land of Oak & Iron Access for All	4
	Place and Economy - Economy	CAE	Business Centre Portfolio	3
	Place and Economy - Environment and Transport	CAE	Birtley Crematorium Cremator Replacement	100
	Place and Economy - Environment and Transport	CAE	Heworth Roundabout Upgrade	593
	Place and Economy - Environment and Transport	CAE	Street Lighting LED Replacement - Phase 4	36
	Place and Economy - Housing	CAE	Urban Core - Exemplar Neighbourhood	39
	Place and Economy - Housing	CAE	Loan to Keelman Homes - Empty Properties	500
	Resources, Management and Reputation	CAE	ADZ Investment - Baltic Quarter - Food and Beverage Café (Boules)	177
	Resources, Management and Reputation	CAE	GRP Public Art - Birtley	31
	Resources, Management and Reputation	CAE	Metrogreen	49
	Resources, Management and Reputation	CS&G	Non Operational Portfolio - Strategic Investment Plan	437
	Resources, Management and Reputation	CAE	Replacement of Fleet and Horticultural Equipment	360
	Resources, Management and Reputation	CRS	Technology Plan: Infrastructure	25
	Resources, Management and Reputation	CRS	Technology Plan: Transformation Through Technology	12
Total Slippage from 2018/19				2546
Other Increases	People - Children and Young People	CWL	Extensions and adaptations to the homes of foster carers	168
	People - Children and Young People	CWL	Schools Devolved Formula Funding	150
	People - Health and Wellbeing	CWL	Disabled Facilities Grants (DFGs)	362
	Place and Economy - Economy	CAE	Purchase of the Glouster	244
	Place and Economy - Economy	CRS	Broadband Delivery UK	56
	Place and Economy - Environment and Transport	CAE	Local Transport Plan - Integrated Transport	834
	Place and Economy - Environment and Transport	CAE	Local Transport Plan - Planned Maintenance	170
	Place and Economy - Environment and Transport	CAE	Scotswood Bridge Strategic Maintenance	234
	Place and Economy - Environment and Transport	CAE	Street Lighting Concrete Column Replacement	500
	Place and Economy - Housing	CAE	Chopwell & Blackhall Mill	30
	Resources, Management and Reputation	CAE	ADZ Investment - Baltic Quarter - Food and Beverage Café (Boules)	38
	Resources, Management and Reputation	CAE	Civic Centre Workspace Strategy	350
Total Other Increases				3,136
TOTAL INCREASES				5,682
REDUCTIONS				
Other Reductions	Communities - Culture, Sport and Leisure	CRS	GIS Centre Outdoor Sports Provision	(481)
	People - Children and Young People	CWL	Specialist IT Equipment for Low Incidence Needs Team LINT	(46)
	People - Children and Young People	CWL	Video Interactive Equipment - Access to Education	(12)
Total Other Reductions				(539)
Re-Profiling to Future Years	People - Children and Young People	CWL	School Capacity Improvements	(4,897)
	People - Children and Young People	CWL	School Condition Investment	(47)
	People - Children and Young People	CWL	Schools Healthy Pupils Capital Fund	(54)
	Place and Economy - Environment and Transport	CAE	West Askew Road junction improvements	(100)
	Place and Economy - Environment and Transport	CAE	Street Lighting LED Replacement - Phase 4	(336)
	Resources, Management and Reputation	CAE	ADZ Investment - Gateshead Quays	(486)
	Resources, Management and Reputation	CAE	ADZ Investment - Baltic Quarter Spec Build (Riga)	(32)
	Resources, Management and Reputation	CAE	ADZ Investment - Gateshead Quays	(17,699)
	Resources, Management and Reputation	CAE	Metrogreen	(65)
Total Re-profiling to Future Years				(23,716)
TOTAL REDUCTIONS				(24,255)
TOTAL VARIANCE				(18,573)

Appendix 3

Portfolio	Approved Budget 2019/20	Revised Forecast Q1 30 June 2019	Variance	Actual Spend at 30 June 2019
COMMUNITIES				
Communities - Culture, Sport and Leisure	4,264	3,866	(398)	153
Total Communities	4,264	3,866	(398)	153
PEOPLE				
People - Children and Young People	11,373	6,732	(4,641)	152
People - Health and Wellbeing	2,341	2,703	362	0
Total People	13,714	9,435	(4,279)	152
PLACE AND ECONOMY				
Place and Economy - Economy	1,462	1,769	307	283
Place and Economy - Environment and Transport	17,794	19,825	2,031	1,350
Place and Economy - Housing	39,986	40,555	569	622
Total Place and Economy	59,242	62,149	2,907	2,255
RESOURCES, MANAGEMENT AND REPUTATION				
Resources, Management and Reputation	41,701	24,898	(16,803)	3,428
Total Resources, Management and Reputation	41,701	24,898	(16,803)	3,428
Total Capital Investment	118,921	100,348	(18,573)	5,988

Appendix 3

Portfolio	Group	Project Title	Approved 2019/20 Allocation £'000	Revised Q1 Allocation £'000	Comments	
COMMUNITIES						
Communities - Culture, Sport and Leisure	CAE	Fixed Play Facility Renewals	350	350		
	CRS	Library Service Review	522	522		
	CRS	Blaydon Leisure Centre Outdoor Sports Provision	1,070	1,102	Slippage from 2018/19	
	CRS	GIS Centre Outdoor Sports Provision	685	204	Reduced costs from original estimates	
	CRS	OnCourse Management System	0	7	Slippage from 2018/19	
	CRS	Replacement of flooring within Gateshead Stadium Sports Hall	285	285		
	CRS	Sage Gateshead - Capital Development	0	25	Funding provided to SAGE	
	CRS	Gateshead Leisure Centre Investment	17	17		
	CRS	Dunston Leisure Centre Improvements	5	5		
	CRS	Gateshead International Stadium Investment	1,210	1,210		
	CRS	Virtual Reality Fitness Systems	120	120		
CRS	Cleveland Hall	0	19	Slippage from 2018/19		
Total Communities - Culture, Sport & Leisure			4,264	3,866		
PEOPLE						
People - Children and Young People	CWL	Longside House	400	400		
	CWL	Social Care System	1,000	1,000		
	CWL	Specialist IT Equipment for Low Incidence Needs Team LINT	46	0	Included within TP Infrastructure	
	CWL	Video Interactive Equipment - Access to Education	12	0	Included within TP Infrastructure	
	CWL	Extensions and adaptations to the homes of foster carers		168	New scheme additional funds required to make foster carers homes fit for purpose	
	CWL	School Capacity Improvements	7,800	3,000	Re profiling into future years	
	CWL	School Condition Investment	1,759	1,712	Reduced spend to match funding available	
	CWL	Schools Healthy Pupils Capital Fund	106	52	Reduced spend to match funding available	
	CWL	Schools Devolved Formula Funding	250	400	Additional funds required	
	Total Children and Young People			11,373	6,732	
People - Health and Wellbeing	CWL	Eastwood - Centre of Excellence	516	516		
	CWL	Disabled Facilities Grants (DFGs)	1,750	2,112	Additional funding received	
	CWL	Telecare Equipment	75	75		
	Total Health and Wellbeing			2,341	2,703	
PLACE AND ECONOMY						
Place and Economy - Economy	CRS	Land of Oak & Iron Access for All	38	42	Slippage from 2018/19	
	CRS	Digital Gateshead	1,075	1,075		
	CAE	Speculative Office Build 2 - Baltic Quarter	100	100		
	CAE	Purchase of the Gloucester	0	244	Additional funding requirement	
	CAE	Business Centre Portfolio	229	232	Slippage from 2018/19	
	CRS	Broadband Delivery UK	20	76	Increased funding required to cover the costs of a post	
Total Economy			1,462	1,769		
Place and Economy - Environment and Transport	CAE	Crowley Dam Repair and Conservation	90	90		
	CAE	Salix Energy Efficiency Works	500	500		
	CAE	Team Valley Flood Alleviation	100	100		
	CAE	West Askew Road junction improvements	1,200	1,100	Re profiling into future years	
	CAE	Birtley Crematorium Cremator Replacement	2,000	2,100	Slippage from 2018/19	
	CAE	Flood Alleviation Investment	396	396		
	CAE	Heworth Roundabout Upgrade	0	593	Slippage from 2018/19	
	CAE	Local Transport Plan - Integrated Transport	3,754	4,588	Additional funding received	
	CAE	Local Transport Plan - Planned Maintenance	3,238	3,408	Additional funding received	
	CAE	Scotswood Bridge Strategic Maintenance	160	394	Additional expenditure offset by additional funding	
	CAE	Street Lighting LED Replacement - Phase 4	2,100	1,800	Re profiling into future years	
	CAE	Traffic Signal Renewal - Borough Wide	500	500		
	CAE	Gateshead DES - New Development Connections	1,200	1,200		
	CAE	Street Lighting Concrete Column Replacement	1,125	1,625	Reprofiling for future years	
	CAE	Cemetery Extensions	140	140		
	CAE	Public Realm Improvement	50	50		
	CAE	Replacement Bins	125	125		
	CAE	Trade Waste Service Expansion	196	196		
	CAE/CSG	Follingsby Salt Store	920	920		
	Total Environment and Transport			17,794	19,825	
	Place and Economy - Housing	CAE	Urban Core - Exemplar Neighbourhood	2,609	2,648	Slippage from 2018/19
		CAE	Chopwell & Blackhall Mill	0	30	Additional expenditure
		CAE	Loan to Keelman Homes to support Empty Homes 2016-21	1,400	1,400	
CAE		Clasper House Building Development	6,973	6,973		
CAE		Loan to Gateshead Trading Company - Derwentside House Building	500	500		
CAE		Loan to Gateshead Trading Company - Lyndhurst House Building	2,000	2,000		
CAE		Loan to Keelman Homes - Bleach Green Affordable Housing	1,000	1,000		
CAE		Loan to Keelman Homes - Lyndhurst	500	500		
CAE		Loan to Keelman Homes - Empty Properties	900	1,400	Slippage from 2018/19	
CAE		Lift Replacement / Refurbishment	500	500		
CAE		Replacement of Communal Electrics	260	260		
CAE		External Wall Insulation Works to Non-Traditional Properties	172	172		
CAE		T-Fall Insulation	50	50		
CAE		Warden Call	200	200		
CAE		Timber Replacements	100	100		
CAE		Aids and Adaptations	1,500	1,500		
CAE		Multi Storey Modernisation Works	100	100		
CAE		Sheltered Unit Modernisation Works	240	240		
CAE		Neighbourhood Improvements	200	200		
CAE		Fire Safety Works / Compliance	5,782	5,782		
CAE		Decent Homes - Investment Programme	7,000	7,000		
CAE	Back Boiler Renewal and Replacement	1,000	1,000			
CAE	Programme Management	550	550			
CAE	HRA Strategic Maintenance	2,000	2,000			
CAE	Window Replacement and Door Entry System Upgrade	750	750			
CAE	Stock Project Management	400	400			
CAE	New Build - Winton Assisted Living	1,790	1,790			
CAE	New Build - Seymour Street	450	450			
CAE	New Dwellings/Conversions	1,060	1,060			
Total Place and Economy - Housing			39,986	40,555		
Resources, Management and Reputation	CAE	ADZ Investment - Baltic Quarter - Food and Beverage Café (Boules)	100	315	Slippage from 2018/19	
	CAE	ADZ Investment - Baltic Quarter Spec Build (Riga)	9,983	9,951	Re profiling into future years	
	CAE	ADZ Investment - Gateshead Quays	23,185	5,000	Re profiling into future years	
	CAE	Civic Centre Workspace Strategy	150	500	Increased to accommodate additional works	
	CAE	GRP Public Art - Birtley	0	31	Slippage from 2018/19	
	CAE	Health & Safety	500	500		
	CAE	Housing JV - Brandling	350	350		
	CAE	Metrogreen	286	270	Re profiling into future years	
	CAE	High Street South Regeneration	525	525		
	CAE	Major Projects - Project Management Costs	240	240		
	CAE	Replacement of Fleet and Horticultural Equipment	1,350	1,710	Slippage from 2018/19	
	CAE	Development Site Preparation Works	750	750		
	CAE	Follingsby	282	282		
	CRS	Strategic Maintenance	750	750		
	CRS	Technology Plan: Infrastructure	2,452	2,477	Slippage from 2018/19	
	CRS	Technology Plan: Transformation Through Technology	204	216	Slippage from 2018/19	
	CRS	AGRESSO Upgrade	499	499		
	CS&G	Non Operational Portfolio - Strategic Investment Plan	0	437	Slippage from 2018/19	
	CS&G	Legal Case Management System	95	95		
Total Resources, Management and Reputation			41,701	24,898		
Total Capital Investment			118,921	100,347		

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PRUDENTIAL INDICATORS 2019/20

The 2019/20 Prudential Indicators were agreed by Council on 19 February 2019 (column 1). This is now compared with the 2019/20 actual Q1 position as at the 30 June 2019 (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 2019/20 have been breached.

Capital Expenditure		
	2019/20 £000 Reported Indicator	2019/20 £000 Quarter 1
Non-HRA	94,817	76,243
HRA	24,104	24,104
Total	118,921	100,347
To reflect the reported capital monitoring agreed by Council during the year		

Ratio of Financing Costs to Net Revenue Stream		
	2019/20 Reported Indicator	2019/20 Quarter 1
Non-HRA	16.50%	NA
HRA	47.30%	NA

Capital Financing Requirement		
	2019/20 £000 Reported Indicator	2019/20 £000 Quarter 1
Non-HRA	414,628	379,920
HRA	345,505	345,505

Authorised Limit for External Debt	
	2019/20 £000 Reported Indicator
Borrowing	890,000
Other Long Term Liabilities	0
Total	890,000
Maximum YTD 31/03/2019 £670.567m	

Operational Boundary for External Debt	
	2019/20 £000 Reported Indicator
Borrowing	865,000
Other Long Term Liabilities	0
Total	865,000
Maximum YTD 31/03/2019 £671.034m	

The Council's actual external debt at 30 June 2019 was £671.034m. 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

	2019/20 £000 Reported Indicator		2019/20 £000 Actual Position	
	Upper Limit	Lower Limit	Actual Percentage	Maximum YTD
	Under 12 months	25%	0%	3.85%
12 months to 24 months	25%	0%	6.11%	7.54%
24 months to 5 years	25%	0%	7.38%	7.49%
5 years to 10 years	25%	0%	9.26%	10.31%
10 years to 20 years	30%	0%	11.14%	11.74%
20 years to 30 years	30%	0%	1.16%	1.18%
30 years to 40 years	50%	0%	26.96%	27.82%
40 years to 50 years	50%	0%	32.65%	32.65%
50 years and above	30%	0%	0.00%	0.00%
All within agreed limits.				

Upper / Lower Limits for Maturity Structure of Variable Rate Borrowing

	2019/20 £000 Reported Indicator		2019/20 £000 Actual Position	
	Upper Limit	Lower Limit	Actual Percentage	Maximum YTD
	Under 12 months	30%	0%	1.49%
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.

<i>Upper Limit on amounts invested beyond 364 days</i>			
	2019/20 £000 Reported Indicator	2019/20 £000 Actual Position	2019/20 £000 Maximum YTD
Investments	15,000	5,000	5,000



COUNCIL MEETING

18 JULY 2019

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 2019.

PROGRESS ON KEY ISSUES

2. PEOPLE

Children and Young People

Outcome of recent Ofsted inspections:

Children's Services - An inspection across Gateshead Council's children's social care services took place in April/May which looked at early help, social work, commissioning of services and education. A small team of Ofsted inspectors were on site for one week and focused on social work practice with children and their families.

The previous full inspection of children's services took place in 2015, where Gateshead Council was judged to be good with one area requiring improvement, that of experiences and progress of care leavers. This was followed up by a focused visit on Care Leavers in 2018.

The inspectors concluded in an Ofsted report published on the 11 June 2019, that children and families in Gateshead are benefiting from a Good service overall and in all three areas of the Ofsted framework.

The report highlighted that:

- Children, who are in need of early help and those who are on the edge of care, are now receiving an excellent service.
- Social workers know children well, are aspirational for them and care deeply about helping and protecting them from harm
- Children benefit from the help and support they receive from highly skilled, committed and knowledgeable staff
- There is good practice within most areas of the service which has a demonstrable positive impact on improving children and family's circumstances

The report also found that there is a shared ambition within the Council for children and young people who are encouraged to influence services provided for them. They are listened to; their concerns are addressed; and the Council is proud of their achievements and the progress they are making.

Staff across the service are described throughout the report as "skilled", "highly experienced", "well-trained", "committed" and "passionate about their work". Inspectors

also noted that there is a “strong and effective” senior leadership team that has “delivered tangible improvements to both the quality and impact of social work practice and the experiences and progress of children is now good”.

The inspectors indicated there were four areas where they felt the Council could make improvements and plans are already in place:

- Managers’ and independent reviewing officers’ challenge to the quality of social work practice, including more effective use of supervision when practice falls short.
- The quality and focus of written plans to ensure that they are specific and targeted to meet the needs of individual children, to include pathways plans that are co-produced with young people to address all risks, and life-story work to help all children in care understand their histories.
- The pace of change in relation to, and the quality of services for, disabled children.
- Access to services for those children in care who live out of the borough, including the timely return of personal education plans from schools outside of the borough.

The findings from Ofsted provides external validation that the Council is achieving on the Thrive Agenda and putting people and families at the heart of everything it does.

Blaydon Children’s Home- Ofsted inspected this home on 28 and 29 May 2019 and judged that it provides effective services that meet the requirements for good, and that the effectiveness of leaders and managers was outstanding.

Blaydon Children’s Home provides accommodation for five young people aged between 12 and 17 years at the time of their admission.

In his report, the inspector notes that a strength of the home is the consistent positive messages and outreach work that staff engage in with young people who, in many cases, seek advice and support well into adulthood. It was also noted that staff support and promote contact for children and young people, in many cases re-establishing family ties with positive outcomes.

It was acknowledged that since the last full inspection in September 2018, the home has a more targeted approach to safeguarding children and young people and that risk assessments and behaviour support plans are thorough and staff know the children and young people well. Monthly reviews enable identified risks to be evaluated and progress to be demonstrated.

The inspector noted that security in and out of the home is important and is managed well by staff, however there was inconsistency of visitors signing in and out which needs to be addressed.

The report states the manager is confident and has shown strong leadership, and her dedication and commitment is also shared by two experienced assistant managers. The standard of recording in children’s and young people’s individual files was identified as excellent.

3. PLACE AND ECONOMY

Environment and Transport

Planning Advisory Service Local Plan Making Advice Pilot

The Gateshead and Newcastle Core Strategy and Urban Core Plan was adopted by Gateshead Council and Newcastle City Council in March 2015, and the Councils are required to publish a review of its policies by March 2020 (five years after its adoption). Feedback from engagement with cabinet members has endorsed a 'light-touch' approach to the review, to be undertaken collaboratively with Newcastle City Council.

Guidance on carrying out a Local Plan review is currently quite limited. Officers from Gateshead and Newcastle City Councils have accepted an invitation from the Planning Advisory Service to take part in a pilot programme that will support the development of an emerging plan-making / review advice note and toolkit. Our feedback will be used to refine the emerging advice note and toolkit but will also assist us in understanding the potential scope and content of our plan review. The Planning Advisory Service aims to complete the pilot by early August 2019, and publish the advice note and toolkit in September: these timescales are compatible with the emerging programme for preparing the review of the Core Strategy and Urban Core Plan.

Tyne Valley Rail Line – Timetable Changes

Northern (who operate train services on the Tyne Valley Line) revised their timetables on 19 May 2019. Prior to the changes, the general pattern of daytime service Monday to Saturday was three trains per hour between Newcastle and the Metrocentre. One of these services terminated at Metro centre, one at Hexham and one at Carlisle. The revised service retains three trains per hour between Newcastle and Metrocentre but now one of these services continues to terminate at Hexham with two terminating at Carlisle. Monday to Saturday service patterns at Blaydon and Dunston remain largely unchanged, as do Sunday services at all three stations.

Major Road Network – Tyne Bridge

A bid for major maintenance work on the Tyne Bridge has been submitted to Transport for the North. This would allow for a full re-painting of the structure together with a range of other maintenance activity including waterproofing and repairs to masonry. Transport for the North is now compiling bids from across the north as part of package to be presented to Government as a proposed programme of improvements for the Major Road Network

Housing

Community Led Housing Schemes

On 2 July 2018 the Government announced they were making £163 million available across England through the Community Led Housing (CLH) Fund. The Fund aims to increase housing supply in England by increasing the number of additional homes delivered by the CLH sector. The prospectus sets out that CLH will provide housing which is affordable at incomes specific to a local level. The investment is expected to nationally deliver 10,000 new homes by 2021.

The Council acknowledge that CLH should be added to the strategic mix and it is noted in the Housing Strategy that it can diversify the housing offer in Gateshead. CLH also

directly relates to the Council's emerging Thrive agenda as it is about local people playing a leading and lasting role in solving housing problems, creating genuinely affordable homes and strong communities in ways that are difficult to achieve through mainstream housing.

This funding has enabled us to appoint a Community Led Housing Enabler. This Officer will act as a dedicated resource to help accelerate this form of housing delivery. As a region, the South of Tyne (Gateshead, Sunderland, South Tyneside, and Durham) are also seeking external funding to develop a Community Led Housing Hub, this will offer further support to groups throughout the development of their schemes.

Gateshead Council is currently assisting four active community led housing groups in Gateshead who are all at quite different stages of mobilisation. One of the groups already have a partnership with a Registered Provider and also has experience of this form of housing delivery. This group have successfully gained Homes England grant support to cover the revenue costs associated with the scheme. This group is now beginning to think about site investigations and other pre-development feasibility studies. The other community groups that we are supporting are currently working towards preparing an initial business plan which will show the sustainability of the group and demonstrate how they will achieve the key milestones set out by Homes England. All three groups are in the process of a revenue bid to Homes England having employed specialist CLH consultants to assist them with their bid preparation.

There are a number of other organisations within Gateshead who have the potential to deliver CLH who previously may not have had housing delivery ambitions. Officers are currently in discussions with these groups to find out if their appetite could become a deliverable scheme. One of the key tasks for the Council's CLH Enabler will be to promote and stimulate these groups who may not see themselves as having the ability or finance to deliver this form of housing.

4. COMMUNITIES

Communities and Volunteering

Volunteers' Week

Nationally Volunteers' Week takes place in the first week of June. Gateshead extended this to Volunteers Month in 2013 which covers activities throughout all of June.

Throughout the month increased publicity not only highlighted available volunteer roles but also identified the type of activities that people already deliver in Gateshead. One of the key areas this year has been Nationally Volunteer's Week takes place in the first week of June. Gateshead extended this to Volunteers Month in 2013 which covers activities throughout all of June.

Throughout the month increased publicity not only highlighted available volunteer roles but also identified the type of activities that people already deliver in Gateshead. One of the key areas this year has been Corporate Social Responsibility (CSR) highlighting how private sector organisations send their employees over to volunteer in Gateshead within different projects through Helping Out Days. These organisations include the likes of; Newcastle Building Society, Sage, Arup, and DWP amongst others. The Helping out days involve any activities such as gardening, painting and even website

development that can help a voluntary group. The activities are delivered within the space of one day.

In 2019 the funding available in Volunteers Month has been incorporated into the main Thrive Fund. Grants from between £250 - £3,000 are available to support groups in different areas including volunteering. Projects can be delivered at any time and unlike previous years, are not confined to June.

For the first time the Gateshead Awards were held in June this year on the evening of Wednesday 12 June. The Gateshead Awards highlight the huge investment into the community from volunteers and voluntary groups. There are several categories including, volunteer and voluntary organisation of the year. A winner in each category was announced on the night.

The Totaliser returned in 2019 to provide a snap shot of the estimated volunteer hours in Gateshead. This provides an idea of the amount of activity and investment into the borough. What is captured is just the tip of the iceberg however it provides a figure to compare previous Volunteers Month totals. Groups and individuals are welcome to record their volunteer hours throughout June using the online Totaliser. This year, so far, an estimate of 128,199 volunteer hours have been recorded with a calculation of £1,666,587 economic value. This compares to 113,151 hours with an economic value of £1,470,963 calculated in 2018.

Culture, Sport and Leisure

Heritage Open Days 2019

This year is the 25th anniversary of the event which will take place between 13 – 22 September 2019.

The five districts of Tyne and Wear take turns to host the launch event, and this year it falls to Gateshead. The event will take place on Thursday 10 September at the Land of Oak and Iron Heritage Centre, Winlaton.

The regional festival of Heritage Open Days in Tyne & Wear continues to be one of the biggest and best in the country and the support, enthusiasm and feedback from the volunteers and the visitors remains very positive.

Great North 10k

The annual Great North 10k took place on Sunday 7 July with 4,000 participants running the North East's biggest 10k road race. The race, which starts and finishes at Gateshead International Stadium included runners from local clubs, charity/fun runners and this year included 200 Gurkha soldiers. There was also a run dedicated to families which included a one mile run around the Gateshead International Stadium with over 3000 spectators welcoming runners at the finish line in the Stadium arena.

Go Gateshead Sport & Leisure – Memberships

The service has been developing the leisure offer to help to get more people participating in physical activity and increasing income to support the sustainability of the service. In 2013 the service witnessed a peak of 12,000 memberships following the Council's £38m Building an Active Future programme investment, which has been declining annually to 10,000 in 2015 and down to 8500 in 2017. The service has since seen a significant positive net gain in memberships over the last 12 months as a result

of a targeted marketing and sales approach and the service has achieved its target of 10,000 memberships.

The service is also now offering two new membership packages Go Kids 0-7 years and Go Kids Plus 8-13 years to encourage young people to be more active. The membership packages offer access to a range of activities for one monthly price which includes; access to Gateshead international Stadium running track, swimming, Go Bears Den, selected access to Clip n Climb and Flow Rider sessions and also includes some gym and fitness class access for the 11-13 years.

5. CONCLUSION

The Council is asked to note this report.



COUNCIL MEETING

18 July 2019

GATESHEAD METROPOLITAN BOROUGH COUNCIL

NOTICE OF MOTION

Councillor Donovan will move the following motion:

The Council notes that:

- there are nearly 16,000 people over 65 in Gateshead
- that during 2018-19 there were over 2600 people receiving Adult Social Care service during 2018-19
- in 2018-19 the Council spent over £66 million (net) on Adult Social Care Services and a further £3.1 million on supported housing and prevention services
- since 2010 the Council has made savings of £38 million on Adult Social Care, despite rising costs of care and rising demand for services

This Council also notes that many residents are struggling with unmet care needs and believes that in light of an ageing population we need bold changes to deliver a long-term funding solution for social care.

The Council believes that England's care system needs major reform to provide a long-term sustainable funding solution and to make care free at the point of use. This Council believes there is an unacceptable gap between NHS care which is free at the point of delivery, and social care which is means tested – closing the gap by making social care free would make it easier to integrate the delivery of health and social care services.

The Council also believes that it is fundamentally unfair that to access basic care many older people face catastrophic costs that can run into hundreds of thousands of pounds, wipe out a lifetime of savings, and force families to sell their homes. The Council therefore supports Independent Age's call for the introduction of free personal care for all older people in England, learning from practice in Scotland, and calls upon the Government to fully fund the introduction of free personal care.

This Council is proud of the work of its social care team and NHS representative bodies in integrating health and care planning and ensuring that there is no purchaser/provider split in Gateshead with outcomes focused strategic planning. Nevertheless, this Council calls upon the Government to build a National Care Service alongside the National Health Service, with a shared requirement for single commissioning, partnership arrangements, pooled budgets and joint working arrangements.

The Council calls on the Government to take the necessary steps to implement this policy as swiftly as possible to end the care crisis and properly support older people in Gateshead.

The Council also calls on our local MPs to support the campaign for free personal care, and to speak up in favour of the policy in the House of Commons and through their wider engagements.

Proposed by: Councillor C Donovan

Seconded by: Councillor J McElroy

Supported by: Councillor J Adams
Councillor M McNestry