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All Members of the Council

My Ref: LCS-DLDS-DS-C-022
Your Ref:

Contact Roz Patterson
Tel: 0191 4332088

Date: Wednesday,
14 July 2021

NOTICE OF COUNCIL MEETING

You are summoned to attend a meeting of Gateshead Metropolitan Borough Council to be held in the Sports Hall, Gateshead Leisure Centre, at **2.30 pm** on **Thursday, 22 July 2021** to transact the following business:-

1 To confirm the Minutes of the meeting held 27 May 2021 (Pages 3 - 6)

2 Official Announcements

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

3 Petitions

(to receive petitions submitted under Council Procedure Rule 10)

4 Questions from Members of the Public

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

RECOMMENDATIONS FROM CABINET

5 Zero Carbon Heat Strategy (Pages 7 - 36)

- 6 Treasury Annual Report 2020/21 (Pages 37 - 52)**
- 7 Capital Programme and Prudential Indicators 2020/21 – Year End Outturn (Pages 53 - 72)**
- 8 Provisional Revenue Outturn 2020/21 (Pages 73 - 90)**
- 9 Capital Programme and Prudential Indicators 2021/22 - First Quarter Review (Pages 91 - 106)**
- 10 Public Health England Prevention Concordat for Better Mental Health (Pages 107 - 132)**
- 11 Variation to Primary and Secondary School Admission Policies from September 2021 Onwards (Pages 133 - 148)**

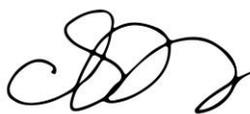
MOTIONS AND QUESTIONS

12 Notice of Motion

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

13 Questions

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



Sheena Ramsey
Chief Executive

GATESHEAD METROPOLITAN BOROUGH COUNCIL

COUNCIL MEETING

Thursday, 27 May 2021

PRESENT: THE MAYOR COUNCILLOR D BURNETT (CHAIR)

Councillors: J Adams, R Beadle, D Bradford, M Brain, C Buckley, L Caffrey, B Clelland, P Craig, S Craig, C Davison, W Dick, S Dickie, Diston, K Dodds, C Donovan, A Douglas, D Duggan, John Eagle, P Foy, S Gallagher, M Gannon, A Geddes, F Geddes, J Gibson, B Goldsworthy, M Goldsworthy, T Graham, J Green, S Green, S Hawkins, H Haran, H Kelly, L Kirton, K McCartney, K McClurey, J McCoid, J McElroy, E McMaster, P McNally, M McNestry, J Mohammed, R Mullen, B Oliphant, C Ord, M Ord, R Oxberry, I Patterson, Reay, D Robson, S Ronchetti, J Simpson, J Turner, J Wallace, R Waugh, H Weatherley, A Wheeler and K Wood

APOLOGIES: Councillors: V Anderson, M Charlton, L Green, G Haley, M Hall, P Maughan and J Turnbull

CL8 TO CONFIRM THE MINUTES OF THE MEETINGS HELD ON 25 MARCH AND 21 MAY 2021

COUNCIL RESOLVED - That the minutes of the meetings held on 25 March and 21 May 2021 be approved as correct records.

CL9 OFFICIAL ANNOUNCEMENTS

There were no official announcements.

CL10 PETITIONS

The Council received a qualifying petition, requiring a debate, regarding the proposal to restructure Gateshead's Music Service.

Judith Thompson, the lead petitioner, presented the reasons for the petition.

Councillor M Gannon outlined the Council's position in relation to this matter and recommended that the petition be given full consideration as part of the consultation process.

COUNCIL RESOLVED - That the petition be given full consideration as part of the consultation process.

CL11 QUESTIONS FROM MEMBERS OF THE PUBLIC

There were no valid questions submitted by members of the public.

CL12 PERFORMANCE MANAGEMENT AND IMPROVEMENT FRAMEWORK

Consideration was given to a report seeking approval of the proposed new Performance Management and Improvement Framework.

COUNCIL RESOLVED - That the Performance Management and Improvement Framework be approved.

CL13 CHARGING AND FINANCIAL ASSESSMENT FOR ADULT CARE AND SUPPORT SERVICES

Consideration was given to a report seeking approval of a change to policy on Charging and Financial Assessment for Adult Care and Support Services.

COUNCIL RESOLVED - That the proposed policy change for Charging and Financial Assessment for Adult Care and Support Services be approved.

CL14 PROPOSALS FOR CORPORATE PARENTING ARRANGEMENTS

Consideration was given to a report seeking approval to implement a Corporate Parenting Board.

COUNCIL RESOLVED -

- (i) That the Corporate Parenting OSC Sub-Committee be dissolved and the scrutiny of the Council's Corporate Parenting role be placed specifically within the remit of the Families OSC, with agenda items relating to the Corporate Parenting role prioritised within specific meetings in its work programme.
- (ii) That the proposal to develop a robust relationship between the Board, Overview and Scrutiny and the Corporate Partnership group to pursue continual improvement in the delivery of the Council's Corporate Parenting Strategy, including applying the learning from other local authorities, be endorsed.
- (iii) That the proposal that there should be regular mandatory training for all councillors in relation to the Council's Corporate Parenting role be endorsed.

CL15 CARE LEAVERS COVENANT

Consideration was given to a report seeking approval for the Care Leavers Covenant.

- COUNCIL RESOLVED -
- (i) That the Care Leavers Covenant be endorsed.
 - (ii) That the proposal for the Council to sign up to be a trailblazer organisation be approved.

CL16 GATESHEAD CODE OF CONDUCT FOR COUNCILLORS

Consideration was given to a report seeking approval of a new Code of Conduct for Councillors.

- COUNCIL RESOLVED -
- (i) That the new Code of Conduct for Councillors be approved.
 - (ii) That a Members' Seminar be held on the Code of Conduct for Councillors.

CL17 NOTICE OF MOTION

There were no motions received.

CL18 QUESTIONS

There were no questions submitted.

Mayor.....

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COUNCIL MEETING

22 July 2021

ZERO CARBON HEAT STRATEGY FOR GATESHEAD

Sheena Ramsey, Chief Executive

EXECUTIVE SUMMARY

1. The purpose of this report is to seek approval of a Strategy which works towards reducing carbon emissions from Council homes and buildings to zero by 2030.
2. The Zero Carbon Heat Strategy is a key element of the council's Climate Emergency Action Plan and has three main objectives; deployment of Heat Networks, decarbonising the gas grid and installation of Heat Pumps.
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 adopt the Zero Carbon Heat Strategy and accept annual reports on progress within the reporting framework of the Climate Emergency Action Plan.

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TITLE OF REPORT: Zero Carbon Heat Strategy for Gateshead

REPORT OF: Peter Udall, Strategic Director, Economy, Innovation and Growth

Purpose of the report

1. This report presents a Strategy for Cabinet approval, to work towards reducing carbon emissions from Council homes and buildings to zero by 2030, in line with the Council's Climate Emergency declaration.

Background

2. Nationally, the UK Government is aiming that the UK achieves zero carbon emission by 2050. It recognises, in the Clean Growth Strategy, that decarbonisation of heat is essential to achieve this goal, and at present is lagging behind in efforts to decarbonise power.
3. Currently, heat is the largest component of the Council's carbon footprint, accounting for 45% of the Council's measured carbon emissions. This largely comes from using gas boilers to heat premises. In addition, ca. 17,500 Council homes still operate on gas boilers, which equates to 92% of the Council's total housing stock which is 18,995 homes.

Proposal

4. This reports sets out a Zero Carbon Heat Strategy, which aspires to achieving zero carbon heating for Council buildings and Council homes by 2030, as a key element of the council's Climate Emergency Action Plan. Where possible, the strategy also supports deployment of zero carbon heat in the wider community.
5. The strategy has three main objectives, listed in order of priority / impact up to 2030:
 - i. **Deployment of Heat Networks** – large scale deployment of heat networks, requiring up to £240m of investment, to deliver heat to up to 15,000 Council homes, and 68% of Council Buildings;
 - ii. **Decarbonising the gas grid** – strategic support for hydrogen deployment in the gas grid, with the ambition to convert the gas network to hydrogen in Gateshead by 2030; and
 - iii. **Installation of Heat Pumps** – small scale pilot installations in existing homes until impact on fuel poverty is confirmed, and support for installation in new build homes from 2025.

6. The strategy has significant outcomes and challenges beyond just delivering zero carbon heat:
- Potential to lever in significant external grant funding for locally owned infrastructure, to support community wealth building,
 - Removes gas boilers from Council homes, and their risks / maintenance / repair liability, replacing instead by “heat as a service” from heat network providers,
 - Requires new financing mechanisms, to achieve delivery of heat networks at scale, and
 - Supports local and regional economic development strategies, by creating conditions for skills / jobs growth in heat networks and hydrogen, and supporting the North East of England as the UK’s High Potential Opportunity for Heat Networks, to attract overseas investment

Recommendations

7. Cabinet is asked to:
- i. Recommend Council to adopt the Zero Carbon Heat Strategy and accept annual reports on progress within the reporting framework of the Climate Emergency Action Plan.
 - ii. Approve the continued exploration and development of zero carbon heat actions and schemes, as set out in the appendices, which would be brought forward for approval if proven viable.
 - iii. Publicise the ambitions contained within the Zero Carbon Heat Strategy, directly, and through partners, including Northern Gas Networks, North East LEP, and Department for Investment and Trade, in relation to the North East of England High Potential Opportunity for Heat Networks

For the following reasons:

- i. To support the Thrive Agenda, as outlined in Appendix 1
- ii. To support the Council’s Climate Emergency, and targets to reduce Council carbon emissions to zero by 2030, and
- iii. To reduce, or avoid increase, in energy costs and fuel poverty for Gateshead residents

CONTACT: Jim Gillon, Energy Services Manager

extension: 3923

Policy Context

1. On a local level, the strategy will directly deliver many objectives within the Thrive agenda, as follows
 - a. *Tackle inequalities / Put People and Families first.* By providing a Zero Carbon heat solution at no additional cost to all residents, not just those that can afford to, and which reduces cases of fuel poverty
 - b. *Invest in our economy.* Investing in major energy infrastructure, which increases external grant spend in Gateshead, to then increase local generation and sale of energy, which can be reinvested in Gateshead.
 - c. *Opportunities for employment, innovation and growth.* To further support business case and attractiveness of new development in Gateshead with a low carbon energy offer.
2. In addition, the scheme will contribute to other key priority areas for the Council, as follows:
 - i. Climate Emergency – the proposals seek to reduce the carbon emissions of the Gateshead District Energy Scheme, supporting the Council’s ambition to work toward net zero emissions by 2030
 - ii. Air quality – the proposals seek to reduce reliance of Gateshead Energy Centre’s combustion of natural gas, which will reduce emissions of air pollutants in Gateshead town centre.
 - iii. Green Economy - to stimulate growth in jobs / skills in the Green Economy, as part of Gateshead Economic Development Strategy

Background to Zero Carbon Heat

3. Nationally, the UK Government is aiming for the UK to achieve zero carbon emission by 2050. It recognises, in the Clean Growth Strategy, that decarbonisation of heat is essential to achieve this goal, and at present is lagging behind in efforts to decarbonise power.
4. Locally, the Council declared a Climate Emergency in May 2019, and earlier in 2021 published its Action Plan which aims to reduce emissions from Council operations to zero by 2030.
5. Currently heat is the largest component of the Council’s carbon footprint, accounting for 45% of the Council’s measured carbon emissions. This largely comes from using gas boilers to heat premises.
6. In addition, ca. 17,500 Council homes still operate on gas boilers, which equates to 92% of the Council’s total housing stock which is 18,995 homes.
7. The Climate Emergency commitment also seeks to support the wider community – homes, businesses and transport - in working towards zero emissions in the same timescale. Like the Council, gas use for heat accounts

for 35% of the borough's carbon emissions. In total, ca 90% of the total stock (c 94,800), rely on gas boilers for heat, and the majority of businesses do too. It is expected that community solutions will emerge from this strategy, which currently focuses on council homes and buildings

8. It is noted that the Council continues to progress other strategies to improve energy efficiency and reduce the amount of heat used by Council buildings and homes.
 - a. The Council's Carbon Management Plan has seen gas usage drop by 44% over the past 10 years, and will continue to progress this to 2030, but at best, gas use can only be reduced by up to 50%% through energy efficiency measures.
 - b. The Council's Home Energy Conservation Act (HECA) Strategy sets out how the Council delivers energy savings in Council homes and other housing. Since 2003, the percentage of homes deemed energy efficient has increased from 14% to 55%, and the target is 100% by 2030.
9. These strategies will continue and are not considered in the Zero Carbon Heat Strategy. Rather, this report sets out the options and strategy for the Council to move away from using natural gas as the main source of heat, to low or zero carbon alternatives by 2030.

Pathways to Zero Carbon Heat

10. There are three main pathways to zero carbon heat, that are supported by national policy and these are considered in turn. The table below outlines the main pathways, and their pros and cons.

Zero Carbon Pathway	Pros	Cons
Heat networks	<ul style="list-style-type: none"> • Deliverable now • Cost neutral or income generating over lifetime • £0.6bn grant funding available to 2025 • Provides heat at lower cost than gas • Can access waste heat sources 	<ul style="list-style-type: none"> • Not suitable for all locations • High capital cost and risk to develop • Rely on available source of renewable heat
Heat pumps (Electrification of Heat)	<ul style="list-style-type: none"> • Deliverable now • Offers the greatest carbon savings now • Likely to become the norm for new housing 	<ul style="list-style-type: none"> • High cost to install • Likely to increase fuel bills and fuel poverty • Needs upgrade to internal heating systems • Refrigerants used in heat pumps have high emissions themselves
Decarbonising	<ul style="list-style-type: none"> • Simplest route, least 	<ul style="list-style-type: none"> • Will not reach net zero

<p>the gas network - biogas and hydrogen</p>	<p>change to customers</p> <ul style="list-style-type: none"> • Low cost change to gas boiler required • Option of last resort, for homes that can't use heat pumps or heat networks • First Hydrogen town planned by 2030 	<p>until 2050</p> <ul style="list-style-type: none"> • Cost of hydrogen could be much higher than gas • Massive investment in gas network needed • Hydrogen production industry needs to develop
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Heat Networks

11. Heat networks form a strong element in the UK's Clean Growth Strategy. Presently, the UK Government is supporting the deployment of heat networks through the £300m Heat Network Investment Programme, which runs from 2019 – 2022. In March 2020, it was announced a new grant programme, the Green Heat Network Fund, of £260m, will follow HNIP, from 2022 – 2025.
12. Already, Gateshead is a leading authority in the delivery and operation of heat networks, running the Gateshead District Energy Network since 2018, and 3 smaller heat networks for high rise council housing, in the Gateshead HEIGHTS project, since 2019.
13. Key features of heat networks include:
 - Delivery of low-zero carbon heat at scale, at no extra cost to customers
 - Large capital investment required, but recouped in full over scheme lifetime
 - Major financial support from UK government, and
 - North East England promoted at the UK's leading region for heat network development
14. The main constraint for heat networks is that they are only viable in dense development areas, e.g. town centre, high rise housing, or dense housing (such as terraces). They can never be a total solution for all heat users. The action plan below outlines the potential areas that may benefit from a heat network in Gateshead, which could amount to 20% of the housing stock.

Electrification of heat / Heat Pumps

15. By 2030, it is forecast that 80% of the UK's electricity will be generated by renewable power, which will mean that power has up to 50% lower carbon emissions per unit than gas. For this reason, switching to efficient electric forms of heating will reduce carbon emissions now and this reduction will increase as the carbon intensity of electricity decreases.
16. For new developments, with the expected ban on gas boilers in new developments from 2025, it is expected that heat pumps will become the norm for new build.
17. However, heat pumps for existing homes / buildings have some constraints

- a. Higher installation cost, 3-4 times the cost of a gas boiler, and similar lifespans
- b. Higher running costs - as power is ca. 5 times the cost of gas, even with greater efficiency, running costs increase, which could increase fuel poverty.
- c. Refrigerants – domestic heat pumps have refrigerants that themselves, if leaking, have a huge impact on global warming. Proliferation of domestic heat pumps will increase the risk of emissions arising from poorly maintained refrigerant systems.

18. Many of these issues can be resolved by using larger, centralised heat pumps, in conjunction with heat networks, where different, more inert refrigerants (e.g. ammonia) can be used, and costs lowered through economies of scale.

Decarbonising the gas network

19. There are plans nationally to gradually decarbonise the natural gas network in the UK. This is from two sources:

- a. Biomethane injection – generated through anaerobic digestion of organic matter, (usually food waste or agricultural waste). However, there is a limit to how much biomethane can be generated sustainably.
- b. Green Hydrogen production - the UK Government, supported by the gas distribution companies, are seeking to upgrade the gas network, to allow the distribution of hydrogen, in place of methane.

20. Hydrogen offers the prospect to fully decarbonise the gas network, however the current roadmap to zero carbon hydrogen will take 30 years, with the following key stages required:

- a. By 2023 – the UK regulations need to be revised, to allow 20% hydrogen into the current gas network
- b. By 2025 – first UK pilot of 100% hydrogen supply, industry requesting that all new boilers be hydrogen ready
- c. By 2030 – first 100% Hydrogen Town in place, and 20% hydrogen widespread across UK gas network
- d. Between 2030 – 2050 – a new industry around green hydrogen generation and supply needs to be developed and grow

21. For these reasons, hydrogen represents a longer-term goal to the UK's 2050 target to reach zero carbon, but will have a smaller impact before 2030. However, due to the reach of the current network, hydrogen has the potential to offer a zero carbon heat source, for almost all users.

22. Taking into consideration the pros and cons of the pathways to zero carbon heat, and existing and future opportunities in Gateshead, we are proposing a Zero Carbon Heat Strategy that follows all three pathways.
23. **Objective 1. Deploy Heat networks** to their fullest extent, supported by available capital grants between 2020 – 2025. Target areas for heat networks include:
- a. Expanding existing heat networks (Gateshead District Energy Scheme, Gateshead HEIGHTs)
 - b. Confirm Gateshead renewable heat resources for heat networks, including minewater and geothermal
 - c. Using Government Grants, investigate the feasibility of remaining heat network opportunities in the borough by June 2022.
 - d. Develop, fund and build new heat networks, targeting:
 - i. Council housing estates and high-rise block
 - ii. Clusters of Council buildings / Schools
 - iii. Areas of solid wall housing, predominantly in the urban centres
 - iv. Housing development sites, which are in proximity to the above
 - e. Outcomes
 - i. Deliver large scale investment in locally owned infrastructure
 - ii. Stimulate green economy and growth in ca 200km of heat networks
 - iii. Support the NE Regions status as High Potential Opportunity for Heat Networks
 - iv. Grow the Council as a heat supplier, serving up to 20,000 domestic customers.
 - v. Create framework for further expansion of network without grant support beyond 2025.
24. **Objective 2. Continue to develop and deploy heat pumps**, where cost effective and without increasing fuel poverty. Target areas are:
- a. Pilot heat pump installations in Council-owned housing, with robust evaluation process from both the customer and HRA perspective
 - b. Pilot heat pump installations in new-build Council-led developments
 - c. Support new build development to install heat pumps, ahead of gas boiler ban, through pilot schemes
 - d. Deploy large scale heat pumps in Heat Networks
 - e. Outcomes
 - i. Develop Council experience in small scale heat pump trials
 - ii. Inform future larger scale deployment of heat pumps without impacting on fuel poverty, particularly for new build
25. **Objective 3. Support the hydrogen economy.** Target areas will be:

- a. Supporting the development of InTEGReL, a unique UK facility focusing on the decarbonisation of gas, electricity and transport, lead by Northern Gas Networks
- b. Supporting Northern Gas Network's Hydeploy2 project, which is the UK's first trial of using 20% hydrogen in a public gas network
- c. Supporting further trials of 100% hydrogen, supporting path to capitalise on early rollout of hydrogen conversion
- d. Outcomes
 - i. Placing Gateshead at the heart of growing Hydrogen for decarbonising heat and transport
 - ii. Setting conditions for green economy / skills growth around hydrogen, for Gateshead and the region
 - iii. Putting Gateshead and the wider region in position to become a primary adopter of hydrogen for heat in the UK accelerating the decarbonisation of the economy and driving new opportunities for growth, with ambitions to become a hydrogen based community by 2030

26. The potential impact of the above strategy is summarised below. This is the sum of the action plan below, assuming all opportunities are realised. It is noted that not all actions are likely to progress, investment in projects would need consideration and approval for the Capital Programme, and equally new actions may arise, that are not yet accounted for. Headline outcomes that will deliver carbon savings by 2030 are:

- a. Up to 15,000 Council homes connected to heat networks by 2030, or 85% of the total stock
- b. Up to 2,300 new build housing units connected to heat networks, 33% of total new build between 2020 – 2030
- c. Up to 68% of heat use in Council buildings provided by heat networks by 2030
- d. Up to £240m investment in ca. 200km of heat networks required, leveraging in up to £120m in capital grants, for 5-6 major heat networks, plus more smaller networks
- e. Up to 18MW of large-scale heat pumps installed in heat networks
- f. Estimated 4,000 individual heat pumps installed in new build housing, post 2025
- g. UKs First 20% and 100% hydrogen public trials in Gateshead

Zero Carbon Council homes - Heat Networks vs. Heat pumps

27. One of the largest challenges is how to fund the replacement of 17,400 gas boilers within Council homes, moving to a Zero Carbon source of heat.

28. Currently, the Housing Revenue Account replaces. ca. 1000 gas boilers per year, at a cost of £2,500 per unit, for a 15+ year working life. Up to 2030, an expected £25m will be required for works to support the provision of boiler replacements and a further £36m on heating systems, as business as usual.

29. Replacing gas boilers with individual heat pumps (at £10k per unit), the cost to the HRA would increase by a further £45m to 2030 alone, which is currently

unbudgeted for. In addition, these properties would potentially see increased fuel costs, and incidences of fuel poverty.

30. By connecting homes to Heat Networks, many of these challenges are addressed:
- a. The cost of the heat networks is also ca. £10k per property, but can be reduced through grants
 - b. The remaining cost can be recovered through heat sales and standing charges.
 - c. For the HRA, instead of paying for boiler replacement, servicing and gas safety check, the HRA could switch to receiving heat as a service from the heat network operator, at a cost of around £250 - £300 per home per year – which is no greater than current cost.
 - d. Residents are protected from rising heat costs. The network operator would be responsible for all ongoing maintenance and replacement, further reducing the administrative burden on the HRA.
 - e. Gas supplies could be fully disconnected, reducing risks and hazards to residents and the property.
31. For this reason, where technically and commercially viable, heat networks offer the most sustainable, and cost-effective means of converting Council-owned homes to zero carbon heat in the short term.

Financing options

32. The proposed strategy could require up to £240m of capital investment over 5 years. From the experience to date, and assessing national support for heat networks, a number of financing options exist.
33. *Match / grant funding* – the Council could access the following sources, to reduce the funding gap by £97 - £145m
- a. £0.5bn in capital grant support between 2020 – 2025, through the Heat Network Investment Programme to 2022, and Green Heat Network Fund thereafter. Grant funding can range from 30 – 49%, or £72 - 120m, of capital costs
 - b. Diverting HRA investment. If required, an estimated £25m earmarked for 10,000 boiler replacements, could be reallocated.
34. *Capital finance* - a number of options exist to raise finance for the funding gap
- a. the Council could fund via prudential borrowing, and retain all the risk/reward for these schemes, on the basis that all schemes will seek to have returns sufficient to recover finance costs. But this large investment would be subject to affordability, at a time when major capital investment is already committed
 - b. The Council could seek external debt finance – current advice indicates a maturing investment market for heat network, with funders offering debt at 3-5% interest, much lower than in recent years.
 - c. The Council could seek a finance / delivery partner, to fund the balance of costs and deliver schemes. This is a lower risk approach, but loses strategic control over social and environmental objectives, including

heat pricing and carbon savings. Also higher shareholder returns for the partner, can reduce the number of schemes that can be delivered.

35. In terms of some 'middle ground' approaches, the following offer compromises of both the above:
- a. Council funds and delivers schemes one by one, to make them operational, and greatly de-risk them from an investment perspective. Once operational, schemes could be sold in full or part, to raise capital for following schemes.
 - b. The Council could package its portfolio of existing heat networks and future plans to seek a 50/50% finance/delivery partner now, or at a suitable point, to share risk / reward, but still retain strategic control over scheme development going forward.
 - c. It is worth noting that by 2022, the Gateshead District Energy Scheme will represent a £40m asset value at least, which could increase further if the Council progresses other developed schemes in the next 2 years (e.g. Chopwell, Birtley/Kibblesworth) . These could provide equity in any joint venture arrangement, to further reduce capital cost to the Council.
36. It is worth noting similar approaches from other Councils:
- a. Bristol, supported by Dept of International Trade, tendered for a 50/50 JV partner, to deliver a £1bn programme of clean growth for their Green New Deal programme. This included a package of energy assets already operated by Bristol.
 - b. Aberdeen similarly tendered for an £0.85bn investment package, and delivery partner, for hydrogen economy infrastructure, to support their transition from oil/gas industries, to low carbon employment.
37. The financial information included in the report is based on estimates and a financing strategy will need to be developed looking at funding and delivery options, informed by the emerging programme of opportunities, over the next 12 months. This would need to then be assessed against the Council's wider Investment Strategy / Delivery Plan.

Delivery and Service development

38. The Energy Services Teams will look to co-ordinate the Zero Carbon Heat Strategy, supported by relevant services where required. A significant resource requirement will arise from planning, design, delivery and operation of heat networks. For a programme of £240m of heat network schemes, delivered over 5-10 years, this has the potential to:
- a. Generate up to £19m of fees during design / construction, or £3.8m / year over 5 years, funded from capital financing of schemes. .
 - b. Support growth of traded Energy services, to manage and operate heat network, potentially funding a further 5-6FTEs through SLA income
 - c. Improve the status of Council heat supply services, through better branding, communications, marketing and online presence, to put the service on a par with market competitors.
 - d. Wider opportunities would also exist to upskill or employ staff to take on more of the regular maintenance of the heat network, and customer connections.

39. The outcome after 5 years could be an Energy Service that has doubled in size, that would manage a portfolio of assets of ca. £300m that generated income sufficient to repay financing costs, and could expand further, managing further networks, for the Council or other third parties.

Local and regional economic strategies

40. As well as the outcomes above, Zero Carbon Heat Strategy could have significant contributions to local and regional economic strategies.

41. *Gateshead Economic Development Strategy* has a strong element supporting the green economy. A strong pipeline of heat networks, and hydrogen innovation will set the conditions for supply chain growth locally and regionally, particularly in developing skills and experience within the sector and workforce, to create jobs growth, and potentially inward investment.

42. *North East England High Potential Opportunity for Heat Networks* – the Dept for International Trade, with North East and Tees Valley LEPs will launch the North East as the UK's target region for inward investment in heat networks. The HPO wishes to include Gateshead's ambitions for heat network, within a potential £500m pipeline of heat network projects in the North east.

43. *North East LEP – Heat Decarbonisation Cluster* - our strategy will support the LEPs ambition to create a region of excellence around heat decarbonisation research, development and delivery – out of which has come the recent White Paper on Mine Energy, which is lobbying for greater support to exploit both the NE and UK's heat resource in minewater

44. This report seeks approval for the Zero Carbon Heat Strategy and its ambitions to form part of the regional offer on heat networks and zero carbon heat.

Consultation

45. Cabinet members for Housing, Economy and Environment & Transport have been consulted

Alternative Options

46. The other option considered, and discounted, is as follows

To not publish a strategy at this time. The report notes the exact costs and schemes are to be confirmed, as are the financing mechanisms, and there is an option to wait for these to be confirmed. But its proposed the publishing this strategy, as an ambition, is an important element of creating the conditions to these objectives to be met

Implications of Recommended Option

47. Resources:

- a. **Financial Implications** – The Strategic Director, Resources and Digital confirms that the Strategy does not contain commitments to capital investment, and investment decisions in schemes will be subject to ongoing technical and commercial viability, for future consideration
- b. **Human Resources Implications** – none.
- c. **Property Implications** – as described, council land and building will benefit from the infrastructure installed. Should sites be disposed of in future, the infrastructure would support energy supply to those sites under different ownership or use.

48. **Risk Management Implications** – Main risk is reputational, in setting out an aspirational strategy, which is yet to be delivered, but the Council has previously set our similar energy ambitions over the past decade, and made good progress, which is expected to continue. The Strategy will act as a catalyst for the next decade of progress on decarbonising heat.

49. **Equality and Diversity Implications** – none.

50. **Crime and Disorder Implications** - none.

51. **Climate Emergency and Sustainability Implications** – the scheme directly supports the Council and GEC in achieving its objectives from the Climate Emergency, to move Council operations towards becoming Zero Carbon by 2030.

52. **Human Rights Implications** - There are no human rights implications

53. **Ward Implications** - The proposals are borough wide

Background Information. None

Appendix 2. Zero Carbon Heat Action Plan

54. We are proposing an action plan of projects, listed here, to progress the strategy above. The action plan is expected to evolve and grow, with annual updates reported back to CMT and members.

55. Key actions in the objective areas are summarised below:

Objective 1: Heat Networks

56. Please refer to Appendix 1, for summary of all current heat network opportunities, showing scale, costs and scope. Also, Appendix 5 maps these opportunities across Gateshead, to illustrate the spread of schemes

57. **H1 - Expand Gateshead District Heat Network.** This network is still only serving 30 – 40% of its total capacity. Various extensions are planned (see Appendix 2) to see this continue to grow

- a. East Extension. 5km heat network extension to Gateshead Stadium, including Freight Depot Housing. Cost - £8m, grant secured, Completion due Dec 2022,
- b. Gateshead Quays. 0.3km heat network, to be completed by Spring 2024, to serve Arena, Conference Centre and Hotel
- c. West Extension. An £9.5m extension, to connect 350 Council housing units, and Askew Rd development site. In feasibility, next step to seek agreement to submit funding application
- d. Brandling Extension. A £8.6m extension, to serve the Brandling housing site, and potentially 600 Council Homes in nearby estates.
- e. Baltic Quarter. Longer term ability to connect new development on Baltic Quarter, as it comes forward.

58. **HN2 - Expand Gateshead HEIGHTs.** This scheme comprises 3 small networks in Harlow Green, which spare capacity. Currently in feasibility, to explore extension of network to ca. 1000 low rise Council homes surrounding.

59. **HN3 – Chopwell Heat Network.** Detailed feasibility ongoing. Having discounted individual heat pumps as a viable solution, studies are showing a £28m heat network could supply 2000 homes, including all 800 solid wall homes, Chopwell Heartlands new-build site, and other Council housing from an Air Source Heat Pump energy centre, with solar PV farm and potential wind turbine (see appendix 4 for an outline network) The scheme has already bid unsuccessfully for £12m in grant / loan support from the Heat Network Investment Programme, with feedback provided to address risk in key areas, before preparing a resubmission.

60. **HN4 – suburban heat network feasibility.** The Chopwell and Birtley / Kibblesworth projects demonstrate for the first time that heat networks to low-rise housing estates are becoming viable. We have mapped existing Council housing estates, which tend to cluster around community hubs, with public buildings and schools, and identified 5-6 potential heat network clusters. We have secured £65k grant to fund feasibility on these networks, from the Heat

Network Delivery Unit (HNDU). This scope would cover 13,000 Council Homes, and up to 35 public buildings and schools. Results would be received by Dec 2021, to inform future capital grant applications.

61. **HN5 – geothermal heat sources.** The North East region has been confirmed to have some of the shallowest and highest levels of deep geothermal heat sources at around 2km depth, from boreholes drilled in Eastgate (Durham) and Science Central (Newcastle). Using HNDU grants above, and support from Newcastle University / North East LEP, we will explore commercial viability of these sources in two locations – West Gateshead (Chopwell / Rowlands Gill) and central Gateshead (Gateshead Town Centre to Metrocentre)
62. **HN6 – Birtley / Kibblesworth Heat Network.** Detailed feasibility ongoing, showing potential heat network to connect North Birtley and Kibblesworth village to a mine-water energy centre. using minewater from the existing Kibblesworth minewater pumping station – see Appendix 3 for outline network plan. Scheme could supply up to 2700 homes, both new build and Council homes. Scheme phasing is being revised, aiming to optimise a scheme around £40m cost, which could secure up to 50% grant funding to support construction between 2022 – 2025. The business case would achieve a rate of return of around 4% over 40 years.
63. **HN7 – heat network supply chain development.** If a strategic programme of heat network development is progressed, there is an opportunity to seek better value from the supply chain, to drive down development costs, whilst increasing potential for local skills and job development. We aim to progress this by:
- a. Driving cost reduction and innovation in specifications and procurement of heat network installers, supported by an ongoing Mentoring programme with the Danish Embassy and Gladsaxe (a Danish heat supplier, near Copenhagen, that serves over 6,000 customers).
 - b. Exploring larger scale, strategic contracts with installers to maximise value for money, and secure commitments around community wealth building from local skills and job creation
 - c. Developing internal services to potential support construction / installation / maintenance of heat networks.
64. **HN8 – supporting regional heat network collaboration.** The NE LEP is developing proposal for a Heat Decarbonisation Cluster around Tyne and Wear, which Gateshead is supporting. In addition, we will support proposals from Dept of Investment and Trade, which seek to establish the North East region as a “High Potential Opportunity (HPO)” for inward investment around heat networks

Objective 2. Heat Pumps

65. **HP1 – Gateshead Town Centre Minewater Heat Pump.** The Council has secured HNIP grant funding to install a 6MW ammonia heat pump, extracting heat from mineworking 140m below the surface. This aims to be operational by

Dec 2021, and will supply low carbon heat to extensions of the district energy network.

66. **HP2 – integrating heat pumps into heat networks.** Linked to heat network development, install centralised heat pumps (minewater, air source) into heat networks, such as Chopwell and Birtley / Kibblesworth, where possible supported by low carbon power generation (solar PV).
67. **HP3 – Barlow village domestic heat pump trial.** Eight (off gas) Council properties will be installed with air source heat pumps, in 2021, as well as insulation and new heating systems, (potentially solar) and monitoring systems. Customers will be offered smart meters, which provide extra income by allowing energy companies to control how/when heat pumps come on. These aim to avoid heat pumps increasing fuel costs. Learning will inform further rollouts of heat pumps.
68. **HP4 – Clasper apartment blocks.** Air Source Heat pumps have been specified for 40 apartment block units in the Clasper development, potentially with additional solar PV and private wire electricity distribution and supply, to allow additional costs to be recovered. The scheme is still subject to viability issues, but the design concept has been proven to use elsewhere.
69. **HP5 – define heat pump strategy for new-build housing sites.** Heat network feasibility will confirm areas and new build sites that are likely to be viable for heat networks. Where sites are not viable for heat networks, either due to size or phasing, these can be then designated for individual heat pump developments – e.g. Metrogreen is potential challenging for a heat network, where long development timescales for the phases would make heat network development challenging financially in the early stages.
70. **HP6 – Electrification of Heat Demonstration project.** The Council was not able to bid for this government scheme, but Newcastle City Council, in partnership with Eon, were successful in securing £3.9m of funding to install heat pumps at no cost in 250 homes in Newcastle. The Council will seek to learn from this, and 2 other national pilots, to inform technology options and benefits for the Council going forward.
71. **HP7 – National Minewater Research Hub.** The Coal Authority are seeking to install a network of minewater monitoring boreholes in and around Gateshead, to research, model and predict how minewater can be used for large scale heat pumps. The combination of Gateshead's 6MW heat pump, Lanchester Wines 2No. x 2.4MW heat pumps, plus a minewater pumping station at Kibblesworth, makes this the largest concentration of minewater heat pump schemes nationally and globally. The Council will support the CA to realise this research project.

Objective 3. Hydrogen Economy

72. **HY1 – support InTEGReL.** Provide support to steering group of Northern Gas Network and other partners (Northern Powergrid, Northumbrian Water,

Siemens, Three and Newcastle University) at this national research hub for integrating hydrogen into energy systems. The site includes many projects, including:

- a. **Customer Energy Village** - creating representative housing stock to test solutions for decarbonising heat and piloting energy system innovation. (£1.8m set aside from NELEP's allocation of £47 million – full business case development due September to begin work in early 2021
- b. **ESHIE** - Development of 4,000m² research and innovation building with world class labs and facilities at the heart of the InTEGReL site. Led by Newcastle University, this project would deliver breakthroughs in the decarbonisation of heat, energy storage and transport. Partners are seeking further funding opportunities to the tune of £18.5m
- c. **InTEGReL Business Incubator** – Council to support a project to establish a new SME (Small and Medium Enterprise) incubator ecosystem at InTREGReL, providing space for start-ups and spinouts, capitalising on the specialist research and digital connectivity, including the Internet of Things (IoT) comms

73. **HY2 – Hydeploy 2.** Council has included 650 Council homes in Northern Gas Network's Hydeploy2 project, in Winlaton, Gateshead, which in 2021 will become the first on a public UK gas network to use 20% blended hydrogen for heating and cooking. (Fully funded and in progress). Its success could stimulate roll out of blended gas supply to homes and businesses in Gateshead by the end of 2023.

74. **HY3 – 100% Hydrogen Conversion.** Northern Gas Networks are developing a strategy that would seek to convert the HyDeploy / Winlaton network to 100% hydrogen and gradually expand across Gateshead by 2030

75. **HY4 – Energy Skills Academy.** Support the North East LEP in developing a regional skills academy including education providers (e.g. Gateshead College, Newcastle College) to support skills growth in hydrogen and other energy sectors.

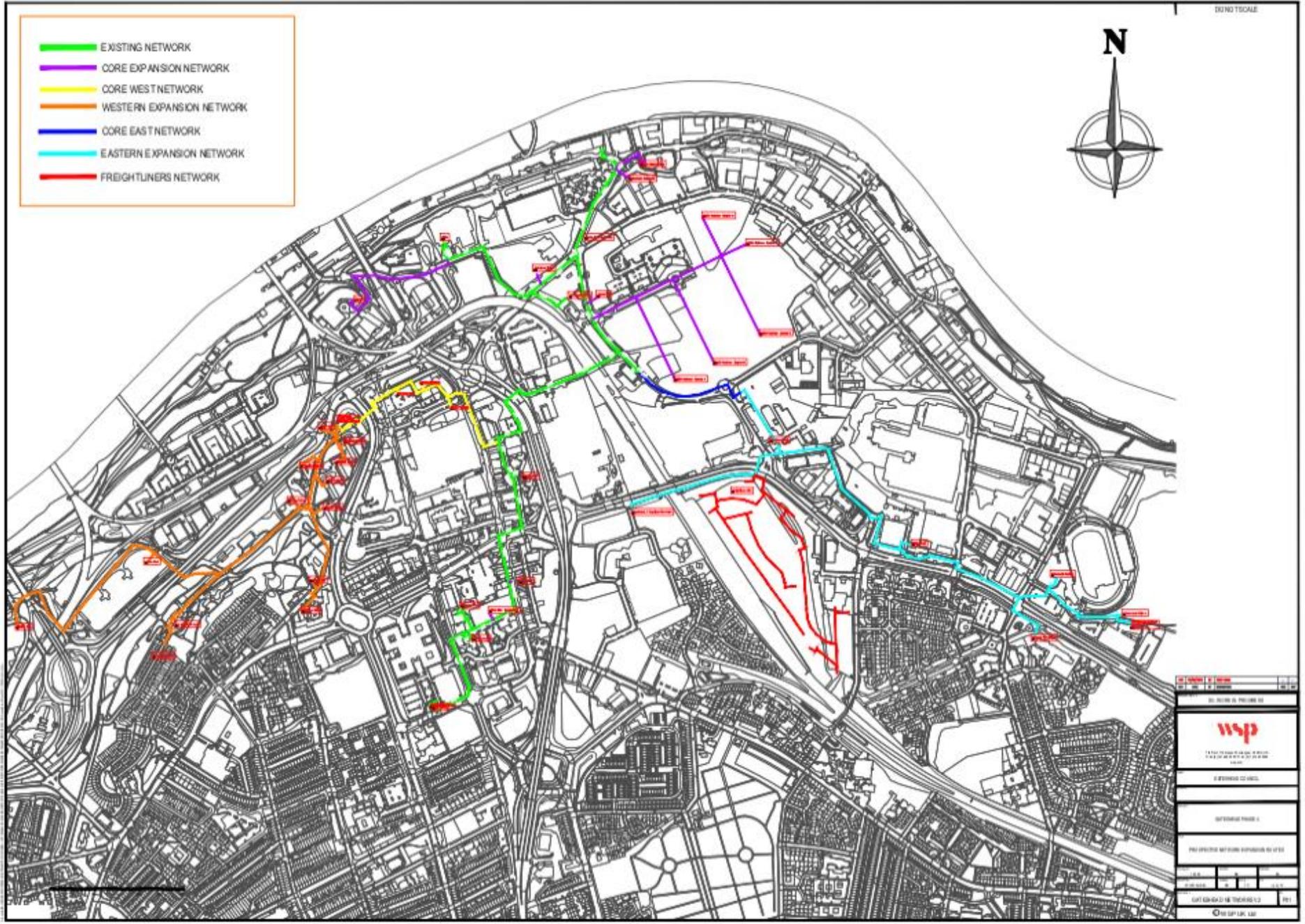
Appendix 1a – Heat Network – potential schemes – house numbers / sites

Location	Total Homes	Council homes	Private solid wall homes	New Build homes	New build sites
GDES	1,400	400	-	1,000	Freight Depot, Chandless
HEIGHTs	500	500	-	-	-
West Extension	500	300	-	200	Askew Rd
Old Fold	800	600	-	200	Brandling
Birtley / Kibblesworth	3,000	1,800	300	900	BAE, Kibblesworth, Elizabethville
Chopwell	1,500	400	800	400	Heartlands, North Chopwell
Whickham	1,500	1,500	200	-	-
Heworth	4,100	4,100	-	-	-
Wardley	1,200	1,200	-	-	-
Beacon Lough	2,800	2,800	-	-	-
Leisure Centre network	400	400	-	-	-
Bensham / Saltwell	900	900	-	-	-
Blaydon	700	700	300	-	-
Ryton / Crawcrook	1,200	1,200	-	-	-
Dunston Hill	1,900	1,300	-	600	Dunston Hill
TOTAL	22,400	18,100	1,600	3,300	-

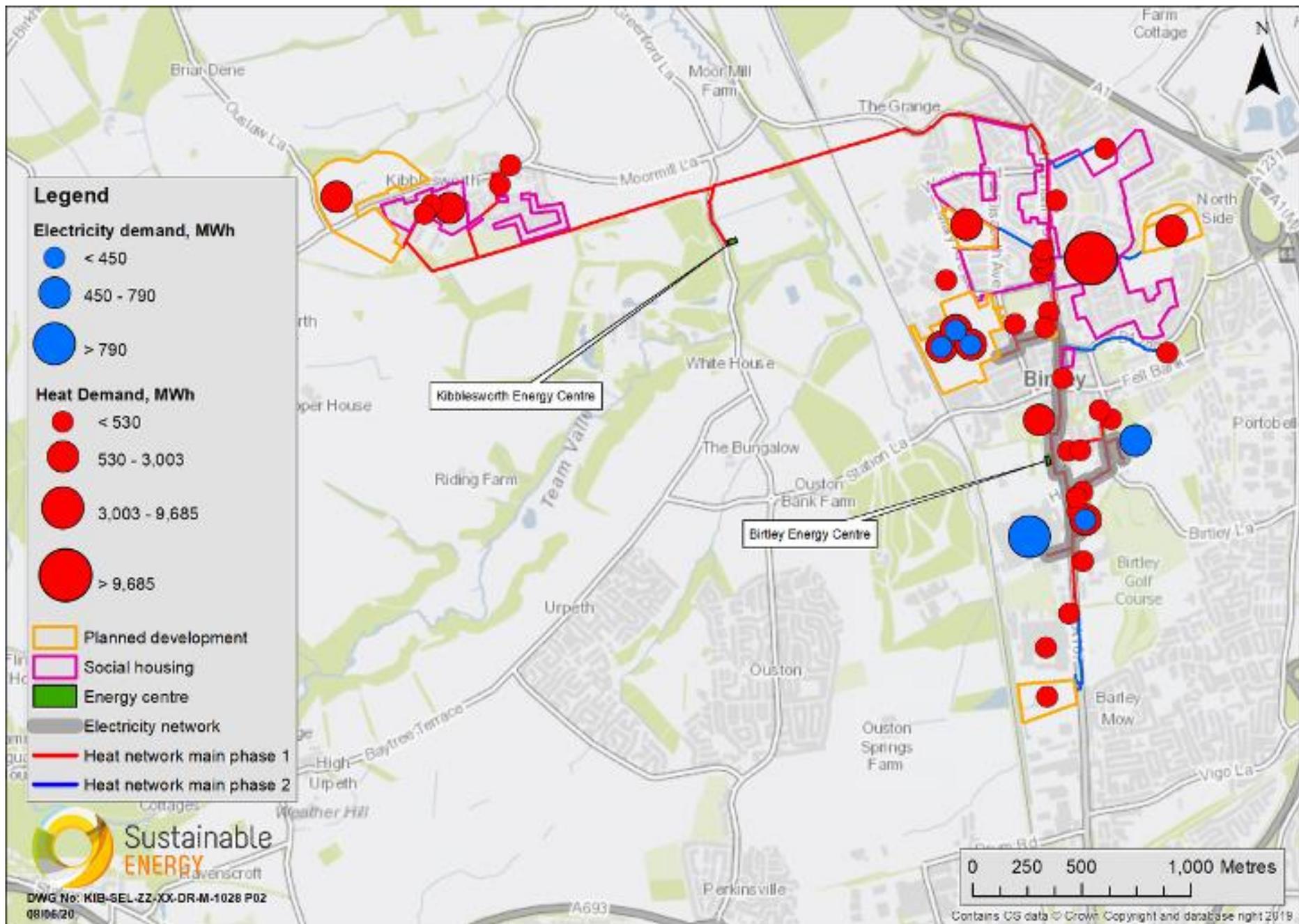
Appendix 1b – Heat Network – potential schemes continued,

Location	Total Homes	Council Buildings / schools	Heat demand, GWh/yr	Capex, £m	Capex / home, £	Heat pump capacity, MW
GDES	1,400	4	3.8	Already built	Mixed scheme	6
HEIGHTs	500	1	0.4	Already built	High Rise	1.3
West Extension	500	3	6.8	11.4	24,255 (includes High Rise)	N/A
Old Fold	800	3	3.5	9.3	12,012	N/A
Birtley / Kibblesworth	3,000	10	41.3	66.5	Mixed scheme	4.5
Chopwell	1,500	4	17.3	20.5	13,667	1
Whickham	1,500	4	11.1	15.6	10,226	0.6
Heworth	4,100	8	24.7	34.6	8,525	1.4
Wardley	1,200	3	6.9	9.6	7,728	0.4
Beacon Lough	2,800	6	16.6	23.3	8,457	1
Leisure Centre network	400	-	2.1	2.9	8,350	0.1
Bensham / Saltwell	900	3	6.3	8.8	9,852	0.4
Blaydon	700	5	6.7	9.4	13,547	0.4
Ryton / Crawcrook	1,200	4	7.7	10.8	8,880	0.4
Dunston Hill	1,900	3	12.1	17.0	8,774	0.7
Location	22,400	61	167	240		18.2

Appendix 2 – Gateshead District Energy Scheme overall network plan

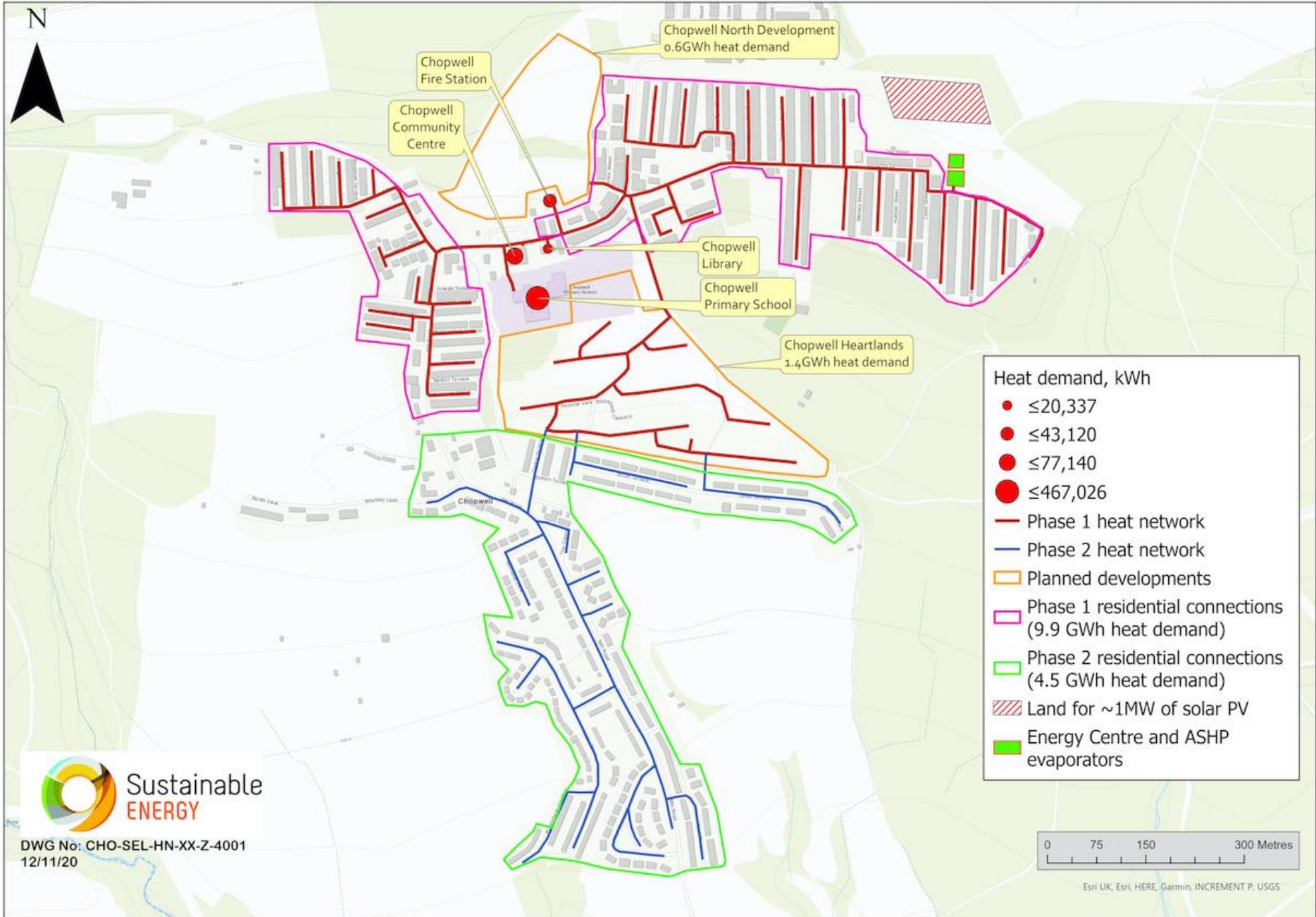


Appendix 3 - Indicative heat network layout for Birtley / Kibblesworth scheme.



Appendix 4 - Indicative heat network layout for Chopwell scheme

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DWG No: CHO-SEL-HN-XX-Z-4001
12/11/20



COUNCIL MEETING

22 July 2021

TREASURY ANNUAL REPORT 2020/21

Sheena Ramsey, Chief Executive

EXECUTIVE SUMMARY

1. The purpose of this report is to seek approval of the Treasury Annual Report 2020/21.
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 2020/21.

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Title of Report: Treasury Annual Report 2020/21

Report of: Darren Collins – Strategic Director, Resources & Digital

Purpose of the Report

1. Cabinet is asked to recommend to Council the attached Treasury Annual Report for 2020/21.

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 21 June 2021

Proposals

5. Cabinet is asked to review 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 the Council to approve the Treasury Annual Report for 2020/21.

For the following reason:

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

Policy Context

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

Background

2. The Council fully complies with the requirements of good practice as recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) in its Code of Practice on Treasury Management and its Prudential Code for Capital Finance and the Ministry of Housing, Communities and Local Government (MHCLG) Guidance on Local Authority Investments, which include the:

- 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 2020/21 (including investment and borrowing strategies);
 - Treasury Management approach to risk;
 - Outturn 2020/21 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 2020/21.

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, Resources & Digital 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 2020/21 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. Climate Emergency and Sustainability Implications

There are no climate emergency or sustainability implications arising from this report.

13. Human Rights Implications

There are no human rights implications arising from this report.

14. Ward Implications

There are no direct 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 2020/21 to 2024/25
- Council's approved Treasury Management Practice Statements

Treasury Management Annual Report 2020/21

The Strategy for 2020/21

1. The 2020/21 to 2024/25 Treasury Management Strategy was approved by Council on 24 March 2020.
2. The formulation of the 2020/21 to 2024/25 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 2020/21 to 2024/25 anticipated interest rates to remain at 0.75% before starting to gradually increase from March 2022 onwards. In the early stages of the COVID pandemic the Bank of England's Monetary Policy Committee (MPC) reduced the base rate to 0.10% where it has remained during 2020/21. At its meeting ending on 13 May 2021 the MPC voted unanimously to maintain the Bank Rate at 0.10% and rates are expected to remain exceptionally low throughout the current financial year before slowly recovering in the second half of 2022/23.

Borrowing Strategy

7. The borrowing strategy for 2020/21 was as follows:

- When Public Works Loan Board (PWLB) rates fall back to the following target rates borrowing should be considered, 2.90% Q1, 3.00% Q2, 3.10% Q3 and 3.20% 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 – 2.58%
 - 25 years – 3.12%
 - 50 years – 3.02%
- 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.

8. Any potential opportunities for repaying debt before the maturity date to reduce borrowing costs was monitored and assessed throughout the year. However, the cost of premiums on any early repayment of debt was considered prohibitive for any debt restructuring.

Treasury Management Approach to Risk

9. 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 24th April 2021 concluded that Treasury Management control systems and procedures are satisfactory. All funds were safeguarded in 2020/21.

Outturn 2020/21 – Performance Measurement

10. 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 2020/21 performance. The performance, against limits in respect of borrowing set prior to the start of the financial year as Prudential Indicators, will be reported to Cabinet on 22 June 2021 as part of the Capital Monitoring process. None of the approved Prudential Indicators set for 2020/21 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 expectation for interest rates within the 2020/21 Treasury Management Strategy was that Bank Rate would stay at 0.75% during the financial year but the MPC suggested a rate cut was possible if a rise in domestic price inflation did not materialise. If the economic recovery continued a potential modest interest rate increase may occur. Due to COVID the actual position changed significantly, as the MPC reduced the Bank Rate twice in March 2020, from 0.75% to 0.25% and then to 0.10%.
 - **Longer-term interest rates** – Investment returns remained low during 2020/21. At its meeting ending on 13 May 2021, the MPC voted unanimously to maintain the Bank Rate at 0.10% and rates are expected to remain exceptionally throughout the current financial year before recovering in the second half of 2022/23

Investment Performance

12. There has been a continued use of a range of investment instruments in order to ensure flexibility, spread risk, maximise liquidity and obtain attractive rates. There has been an increased use of overnight deposits and money market funds with high rated banks to maintain the security of the funds and enhance the rate of return on investments. Rates remained low for the entire financial year as a result of the COVID pandemic.
13. The most significant challenges for treasury management in 2020/21 has been generating a reasonable rate of return whilst ensuring the security of investments and the COVID pandemic. Due to the difference between the cost of borrowing and potential to generate 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. COVID also presented challenges for managing the Council's cashflow due to timing uncertainties of the receipts and payment of COVID grants.
14. The Council's investment policy is governed by MHCLG guidance, which has been implemented in the annual investment strategy approved by the Council on 24 March 2020. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.) The investment activity during the year conformed to the approved strategy and the Council had no liquidity difficulties.
15. A summary of the year's activity is shown at Appendix 3. The investment interest earned in the year was £0.330m (2019/20 £0.689m) with an average interest rate of 0.30% (2019/20 0.95%). Interest earned on loans to third parties, agreed as part of the capital programme, increased total interest to £2.180m which was £0.005m more than the original budget of £2.175m. This includes £0.865m accrued interest on loan notes, in respect of Newcastle International Airport.
16. The overall return for the year of 0.30% exceeds the accepted benchmark for 2020/21, which was the 3-month London Interbank Bid Rate (LIBID) of 0.02%.

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 0.30% on its investments for Quarter 4 2020/21 which is close to the risk adjusted expectations (0.33% to 0.44%) defined in the Benchmarking Report for our group.

Borrowing Performance

18. The total external borrowing at 31 March 2021 was £658.684m, which was within the operational borrowing limit of £865.000m. This is a net decrease of £36.054m from the opening figure of £694.738m.

External Borrowing at 31 March 2020	£694.738m
Add New Borrowing	£4.500m
Less Maturity of existing borrowing	(£40.554m)
External Borrowing at 31 March 2021	£658.684m

19. Investment returns/interest rates were low during 2020/21 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 2020/21 the Council had internal borrowing of £48.303m. This comprised of £6.443m General Fund under borrowing and £41.860m HRA under borrowing. Any short-term savings gained from adopting this approach was weighed against the potential for incurring additional long-term costs by delaying new external borrowing until later years when PWLB long term rates are forecast to be higher.
20. 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 2020 Actual £m	31 March 2021 Actual £m
Capital Financing Requirement for General Fund excluding PFI	359.575	361.482
Capital Financing Requirement for HRA excluding PFI	345.505	345.505
Total Capital Financing Requirement excluding PFI	705.080	706.987

21. The details of the borrowing taken during 2020/21 are as follows:

Date	Term (years)	Amount £m	Interest Rate (%)	Source
31/03/2021	365 (days)	4.500	0.00	NE LEP

4.500

22. At 31 March 2021 £606.184m of the total borrowing was from the PWLB and £52.500m was in the form of market loans. The average interest rate on borrowing has decreased from 3.69% in 2019/20 to 3.60% during 2020/21 which will reduce borrowing costs.
23. There was short-term borrowing of £4.5m taken during 2020/21. No long-term borrowing was taken during 2020/21.
24. The overall revenue cost of borrowing in 2020/21 was £24.081m, as a result of the application of the Treasury Management Strategy this was £2.272m less than the budget.

Debt Restructuring & Repayment

25. 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.
26. 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.

Summary of Treasury Management Performance for the Year 2020/21

27. Total interest income was £0.005m above budget, the main variances from budget were due to the reduction in interest rates and delays in dwelling sales within the Gateshead Trading Company's house building schemes.

NET INVESTMENT INTEREST MONITORING 2020/21	Base Budget	Actual March 2021	Movement	Note
	£000s	£000s	£000s	
Gross Investment Interest	-663	-329	334	Reduction in interest rates
Interest paid/(received on balances):	-2	-7	-5	
Interest due on loan balances:				
GTC	-34	-326	-292	Increase due to delay in sale of dwellings.
Others	-590	-623	-33	
Heritable Dividend	0	-30	-30	Final Dividend payment
Newcastle Airport (Loan Notes & Dividend)	-886	-865	21	
NET INVESTMENT INTEREST TOTAL	2,175	2,180	-5	

28. Borrowing costs were £2.272m less than budget due to a delay in taking borrowing and the decision to temporarily fund the capital programme through internal borrowing by utilising cash balances.

29. Overall Treasury Management performance against budget for 2020/21 generated net savings of £2.277m, this is summarised in the following table:

		2020/21		
		Budget	Actual	Saving
		£m	£m	£m
General Fund	Cost of Borrowing	12.979	11.501	-1.478
	Interest Income	1.855	2.186	-0.331
	Net Position	11.124	9.315	-1.809
HRA	Cost of Borrowing	13.373	12.580	-0.793
	Interest Income	0.320	-0.006	0.326
	Net Position	13.053	12.586	-0.467
Combined	Cost of Borrowing	26.353	24.081	-2.272
	Interest Income	2.175	2.180	-0.005
	Net Position	24.178	21.901	-2.277

Treasury Management remained challenging throughout 2020/21 with one of the lowest bank interest rates in history and continuing pressure on available counterparties. The report highlights the way in which the Council has successfully managed these challenges with its day-to-day treasury management strategy and thus delivered the savings highlighted in the table whilst keeping treasury risks to a minimum throughout.

Investment Activity

	2019/20	2020/21
Number of investments made in 2018/19 maturing in 2019/20	18	n/a
Number of investments made in 2019/20 maturing in 2019/20	14	n/a
Number of investments made in 2019/20 maturing in 2020/21	n/a	12
Number of investments made in 2020/21 maturing in 2020/21	n/a	14
Total number of investments maturing in year	32	26
Number of investments made in 2020/21 maturing in 2021/22	n/a	14
Average duration of investments (including overnight)	12 days	6 days
Average duration of investments (excluding overnight)	117 days	87 days
Non-specified investments:		
Rated non-high		
Approved limit	75%	25%
Maximum level invested	9.14%	4.83%
Not Rated		
Approved limit	0%	0%
Maximum level invested*	0.05%	0.03%
Investments greater than 364 days		
Approved limit	£15m	£15m
Maximum level Invested	£5m	£5m

*Relates to the impaired investment with Heritable Bank.

PRUDENTIAL INDICATORS 2020/21

The 2019/20 Prudential Indicators were agreed by Council on 27 February 2020 (column 1). This is now compared with the 2020/21 actual outturn position as at the 31 March 2021 (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 2020/21 have been breached.

Capital Expenditure		
	2020/21 £000 Reported Indicator	2020/21 £000 Actual
Non-HRA	87,254	50,086
HRA	23,221	20,732
Total	110,475	70,818
To reflect the reported capital monitoring agreed by Council during the year		

Ratio of Financing Costs to Net Revenue Stream		
	2020/21 Reported Indicator	2020/21 Actual
Non-HRA	17.40%	14.69%
HRA	44.25%	39.92%

Capital Financing Requirement		
	2020/21 £000 Reported Indicator	2020/21 £000 Actual
Non-HRA	435,607	361,482
HRA	345,505	345,505

There were no breaches to the Prudential Indicators set for 2020/21.

Authorised Limit for External Debt	
	2020/21 £000 Reported Indicator
Borrowing	880,000
Other Long Term Liabilities	0
Total	880,000
Maximum YTD 31/03/21 £694.738m	

Operational Boundary for External Debt	
	2020/21 £000 Reported Indicator
Borrowing	865,000
Other Long Term Liabilities	0
Total	865,000
Maximum YTD 31/03/21 £694.738m	

The Council's actual external debt at 31 March 2021 was £658.684m. 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				
	2020/21 £000 Reported Indicator		2020/21 £000 Actual Position	
	Upper Limit	Lower Limit	Actual Percentage	Maximum YTD
Under 12 months	30%	0%	3.43%	5.84%
12 months to 24 months	25%	0%	0.17%	3.60%
24 months to 5 years	25%	0%	7.56%	7.61%
5 years to 10 years	30%	0%	11.06%	11.14%
10 years to 20 years	30%	0%	7.37%	9.75%
20 years to 30 years	25%	0%	1.18%	1.19%
30 years to 40 years	50%	0%	32.18%	32.41%
40 years to 50 years	50%	0%	34.61%	36.36%
50 years and above	25%	0%	0.00%	0.00%
All within agreed limits.				

Upper / Lower Limits for Maturity Structure of Variable Rate Borrowing				
	2020/21 £000 Reported Indicator		2020/21 £000 Actual Position	
	Upper Limit	Lower Limit	Actual Percentage	Maximum YTD
Under 12 months	25%	0%	2.43%	2.95%
12 months to 24 months	20%	0%	0.00%	0.00%
24 months to 5 years	20%	0%	0.00%	0.00%
5 years to 10 years	20%	0%	0.00%	0.00%
10 years to 20 years	20%	0%	0.00%	0.00%
20 years to 30 years	20%	0%	0.00%	0.00%
30 years to 40 years	20%	0%	0.00%	0.00%
40 years to 50 years	20%	0%	0.00%	0.00%
50 years and above	20%	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			
	2020/21 £000 Reported Indicator	2020/21 £000 Actual Position	2020/21 £000 Maximum YTD
Investments	15,000	Page 52 5,000	5,000



COUNCIL MEETING

22 July 2021

CAPITAL PROGRAMME AND PRUDENTIAL INDICATORS 2020/21 – YEAR END OUTTURN

Sheena Ramsey, Chief Executive

EXECUTIVE SUMMARY

1. The purpose of this report is to inform of the 2020/21 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 2020/21 are detailed in the attached report.
3. Capital outturn for the financial year 2020/21 was £70.8m. This is £6.6m less than the third quarter review. The main variances are set out in Appendices 2 and 4. A number of schemes have resulted in underspends during 2020/21. Where there is certainty the expenditure will be incurred during 2021/22 it is proposed that the allocation is carried forward into the 2021/22 Capital Programme.
4. Capital expenditure of £70.8m 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 2020/21 were agreed at Council on 27 February 2020. Borrowing and investment levels have remained within the limits set by the 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) approves all variations to the 2020/21 Capital Programme as detailed in Appendix 2 of the attached report;
 - (ii) approves the financing of the 2020/21 Capital Programme; and
 - (iii) confirms 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 2020/21 have been breached.

TITLE OF REPORT: Capital Programme and Prudential Indicators 2020/21 – Year End Outturn

REPORT OF: Darren Collins, Strategic Director, Resources & Digital

Purpose of the Report

1. This report requests Cabinet to recommend that Council note the 2020/21 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 2020/21 as agreed by Council on 27 February 2020, totalled £110.5m. The projected year end expenditure was revised to £77.4m at the end of the third quarter, reflecting changes to project delivery programmes.
3. The capital programme outturn for 2020/21 is £70.8m and this is £6.6m less than the third quarter review, with the main variances summarised in Appendix 2 and shown in detail in Appendix 4.
4. The reduction from the Capital Programme position reported at the third quarter comprises of the following movements:

	£m
Re-profiling of resources and slippage to future years	(8.164)
Other changes to planned expenditure	1.571
Total Capital Programme Variance	(6.593)

5. A number of schemes have underspent in 2020/21. Where there is certainty the expenditure will be incurred during 2021/22 it is proposed that the allocation is carried forward into the 2021/22 Capital Programme.
6. The schemes where underspends are greater than £0.500m and the budget is proposed to be carried forward into 2021/22 include:
 - Loan to the Gateshead Energy Company: £2.0m – reprofiled loan drawdown, to allow time to further assess the financial viability of the scheme;
 - Replacement of Fleet and Horticulture Equipment: £1.7m due to issues sourcing and delivery of appropriate equipment;

- HRA New Builds: £1.7m a delay on site at Windy Nook has led to a reprofiling of the purchase of properties into 2021/22;
 - Multi Storey Car Park: £1.3m delayed scheme delivery to align with the with the development of Gateshead Quays;
 - Schools Condition Investment £1.0m: due to Covid-19 restrictions certain works in schools have been reprofiled into future years;
 - HRA Fire Safety Works: £1.0m slippage into 2021/22 as a result of design specification concerns, which have now been resolved;
 - West Askew Road Junction Improvements: £0.9m, following an unsuccessful procurement to find a developer for the site, the scheme has been delayed and will recommence in 2021/22.
7. The use of available external capital resources and capital receipts to fund the 2020/21 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 £70.8m represents a significant contribution to supporting Council assets and the wider thrive agenda and includes investment of:
- £20.7m in the Council’s Housing stock, including investment in equality act fire safety works £4.3m and investment to maintain decency £5.3m;
 - £9.0m in Transport Infrastructure within Gateshead, including highway maintenance, street lightining column replacement and sustainable transport improvements;
 - £10.8m of improvement to the Council’s Schools, including the construction of Gibside Special School;
 - £9.5m in the Council’s Accelerated Development Zone helping to bring forward development at Gateshead Quays and Baltic Business Quarter;
 - £4.7m in improvements to the Council’s ICT infrastructure including the development of the Council’s new ways of working;
 - £4.3m of investment targeted at bringing forward housing development, including the provision of loans to Keelman Homes (£2.2m);
 - £4.0m investment in energy schemes, supporting the Councils commitment to become carbon neutral by 2030.

Capital Financing

9. The report identifies a capital outturn of £70.8m for the 2020/21 financial year. The resources required to fund the 2020/21 capital programme are as follows:

	£m
Prudential Borrowing	18.1
Capital Grants and Contributions	29.3
Major Repairs Reserve (HRA)	18.6
Capital Receipts	2.3
Revenue Contributions	2.5
Total Capital Programme	70.8

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 2020/21 were agreed at Council on 27 February 2020. 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 2020/21.
 - (ii) Recommend to Council that all variations to the 2020/21 Capital Programme as detailed in Appendix 2 are agreed.
 - (iii) Recommend to Council the financing of the 2020/21 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 2020/21 have been breached.

For the following reasons:

- (i) To ensure the optimum use of the Council's capital resources in 2020/21.
- (ii) To monitor actual performance against the approved Prudential Indicators.

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 2020/21, as agreed by Council on 27 February 2020, totalled £110.5m.
3. The projected year-end expenditure was £77.4m at the end of the third quarter.
4. The actual capital programme expenditure for 2020/21 is £70.8m. This represents a reduction of £6.6m from the third quarter.
5. The £6.6m variance from the third quarter is due to a combination of slippage and other changes to the 2020/21 programme. All variations which have occurred in the programme during the fourth quarter are detailed in Appendix 2.
6. Appendix 3 summarises the original budget and actual year end expenditure by Corporate Priority. The third quarter forecasts, year-end payments and reasons for variance for each scheme are detailed in Appendix 4.
7. The Prudential Code sets out a range of Prudential Indicators that were agreed by the Council on 27 February 2020. None of these indicators were breached during 2020/21 and performance against the indicators for 2020/21 is set out in Appendix 5.

Consultation

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

Alternative Options

9. The proposed financing arrangements are the best available in order to ensure the optimum use of the Council's capital resources in 2020/21.

Implications of Recommended Option

10. **Resources:**
 - a) **Financial Implications** – The Strategic Director, Resources & Digital 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. **Climate Emergency and 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. **Ward Implications** - Capital schemes will provide improvements in wards across the borough.
19. **Background Information**
- i. Report for Cabinet, 25 February 2020 (Council 27 February 2020) - Capital Programme 2020/21 to 2024/25
 - ii. Report for Cabinet, 14 July 2020 - Capital Programme and Prudential Indicators 2020/21 – First Quarter Review.
 - iii. Report for Cabinet, 17 November 2020 - Capital Programme and Prudential Indicators 2020/21 – Second Quarter Review.
 - iv. Report for Cabinet, 19 January 2021 - Capital Programme and Prudential Indicators 2020/21 – Third Quarter Review.

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Reason for Movement	Portfolio	Group	Project Title	Variance (£'000)	
INCREASES					
Accelerated spend from 2021/22	Communities - Culture, Sport and Leisure	PH&W	Gateshead International Stadium Investment	50	
			GIS Centre Outdoor Sports Provision	17	
	People - Health and Wellbeing	CAF	River View Intermediate Care Facility	89	
			Gateshead DES - New Development Connections	43	
	Place and Economy - Environment and Transport	EIG	Gateshead DES - Solar PV	114	
			Gateshead DES - District Heating and Private Wire Connections	211	
			Local Transport Plan - Integrated Transport	269	
		HEHC	Local Transport Plan - Planned Maintenance	502	
			Public Realm Improvement	4	
			Street Lighting Column Replacement and CMS Removal	79	
			Street Lighting LED Replacement - Phase 4	114	
	Place and Economy - Housing	HRA	Lift Replacement/Refurbishment	313	
			Replacement of Communal Electrics	104	
			External Wall Insulation Works to Non-Traditional Properties	40	
			Timber Replacements	352	
			Aids and Adaptations	259	
			Decent Homes - Investment Programme	481	
			Back Boiler Renewal and Replacements	202	
			HRA Strategic Maintenance	817	
			Stock Condition Surveys and Scheme Design	388	
			New Build - Bute Road	328	
			Felling Regeneration	361	
			HRA Property Acquisitions	50	
	Resources, Management and Reputation	EIG	Baltic Quarter Enabling Infrastructure	108	
		HEHC	Strategic Maintenance	123	
	Other Increases	Communities - Culture, Sport and Leisure	PH&W	Blaydon Leisure Centre Outdoor Sports Provision	2
				Library Service Review	2
People - Children and Young People		CAF	Longside House	29	
		HEHC	Schools Devolved Formula Funding	315	
People - Health and Wellbeing		CAF	Disabled Facilities Grants (DFGs)	249	
Place and Economy - Economy		EIG	Speculative Office Build 2 - Baltic Quarter	26	
Place and Economy - Environment and Transport		EIG	Hill Street Acquisition	5	
			HNIP grant to GTCO	1,773	
			Active Travel Cycleway	600	
Place and Economy - Housing		HRA	Programme Management	33	
			New Build - Winlaton Assisted Living	4	
			New Build - Seymour Street	2	
			Next Steps Accommodation	45	
			Lavendar Cottage	4	
Resources, Management and Reputation		EIG	Chopwell	136	
			Major Projects - Project Management Costs	27	
		RD	AGRESSO Upgrade	1	
			Digital Stage 2 CE Salaries	117	
			Legal Case Management System	8	
TOTAL INCREASE				8,799	
REDUCTIONS					
Reprofiled to Future Years	Communities - Culture, Sport and Leisure	HEHC	Fixed Play Facility Renewals	(37)	
		CAF	Sage Gateshead - Capital Development	(13)	
	People - Children and Young People	CAF	Children's two Bed Residential Assessment Service in Gateshead	(10)	
			Extensions and adaptations to the homes of foster carers	(139)	
		HEHC	Social Care System	(181)	
			Gibside New School Provision	(220)	
	People - Health and Wellbeing	CAF	School Condition Investment	(1,090)	
			Telecare Equipment	(68)	
			Children's three bed Residential Home	(10)	
	Place and Economy - Economy	RD	Specialist Therapeutic Children's Home in Gateshead	(30)	
			Digital Gateshead	(52)	
	Place and Economy - Environment and Transport	EIG	Broadband Delivery UK	(15)	
			West Askew Road junction improvements	(982)	
			Salix Energy Efficiency Works	(47)	
			Loan to GECO. District Energy extension HNIP	(2,020)	
			Flood Alleviation Investment	(263)	
			Quays Pedestrian Improvements	(50)	
Follingsby Salt Store			(9)		
Birtley Crematorium Cremator Replacement	(521)				

	Environment and Transport	HEHC	Flagged Footways	(3)
			Traffic Sign Replacement	(69)
			Traffic Signal Renewal - Borough Wide	(288)
			Unclassified Road Resurfacing - Micro Asphalt	(39)
			Trade Waste Service Expansion	(46)
			Replacement Bins	(9)
	Place and Economy - Housing	EIG	Urban Core - Exemplar Neighbourhood	(11)
			Clasper House Building Development	(8)
		HEHC	Loan to Gateshead Trading Company - Lyndhurst House Building	(250)
			Loan to Keelman Homes - Bleach Green Affordable Housing	(100)
		HRA	Loan to Keelman Homes to support Empty Homes 2016-21	(50)
			Warden Call Renewal	(138)
			Multi Storey Modernisation Works	(59)
			Sheltered Unit Modernisation Works	(32)
			Fire Safety Work / Compliance	(1,017)
			Equality Act Works	
			Door Entry Upgrades	(138)
			Window Replacement and Door Entry System Upgrade	
		Estate Regeneration	(169)	
	New Build - Various	(1,654)		
	Property conversions feasibility	(40)		
	Resources, Management and Reputation	CAF	Specialist equipment to improve inclusion for CYP - HINT	(24)
			Specialist IT equipment for CYP with low incidence needs (hearing and vision impairment)	(37)
		EIG	Development Site Preparation Works	(190)
			Housing JV - Brandling	-350
			ADZ Investment – Baltic Quarter Spec Build (Riga)	(7)
			Metrogreen	(73)
ADZ Investment - Gateshead Quays			(425)	
Gateshead Quays Multi Storey Car Park			(1,349)	
HEHC		High Street South Regeneration	(426)	
RD		Health & Safety	(112)	
		Technology Plan: Infrastructure	(236)	
	Technology Plan: Transformation Through Technology & New Ways of Working	(478)		
Other Reductions	People - Children and Young People	HEHC	Kells Lane Primary School - Window Replacement	(60)
	Place and Economy - Economy	EIG	Immersive Incubation Hub	(12)
		PH&W	Land of Oak & Iron Access for All	(3)
	Place and Economy - Housing	HRA	HEIGHTS	(3)
	Resources, Management and Reputation	EIG	Replacement of Fleet and Horticultural Equipment	(1,725)
RD		Covid 19	(5)	
TOTAL REDUCTION				(15,392)
TOTAL VARIANCE				(6,593)

APPENDIX 3

Portfolio	Budget Q3	2020/21 Outturn	Variance (£'000)
COMMUNITIES			
Communities - Culture, Sport and Leisure	441	462	21
Communities - Volunteering	0	0	0
Total Communities	441	462	21
PEOPLE			
People - Children and Young People	13,297	11,942	-1,355
People - Health and Wellbeing	1,952	2,182	230
Total People	15,249	14,124	-1,125
PLACE AND ECONOMY			
Place and Economy - Economy	1,598	1,541	-57
Place and Economy - Environment and Transport	15,664	15,032	-632
Place and Economy - Housing	24,185	24,438	253
Total Place and Economy	41,447	41,011	-436
RESOURCES, MANAGEMENT AND REPUTATION			
Resources, Management and Reputation	20,274	15,221	-5,053
Total Resources, Management and Reputation	20,274	15,221	-5,053
Total Capital Investment	77,411	70,818	-6,593

APPENDIX 4

Portfolio	Group	Project Title	Budget Q3	2020/21 Outturn	Variance (£'000)	Comments
COMMUNITIES						
Communities - Culture, Sport and Leisure	HEHC	Fixed Play Facility Renewals	350	313	(37)	Slippage to 21/22
	PH&W	Blaydon Leisure Centre Outdoor Sports Provision	-	2	2	Other Increases
		Cleveland Hall	10	10	(0)	
		Dunston Leisure Centre Improvements	-	0	-	
		Gateshead International Stadium Investment	30	80	50	Accelerated spend from 2021/22
		Gateshead Leisure Centre Investment	-	0	-	
		GIS Centre Outdoor Sports Provision	28	45	17	Accelerated spend from 2021/22
		Virtual Reality Fitness Systems	-	0	-	
	Library Service Review	10	12	2	Other Increases	
RD	Sage Gateshead - Capital Development	13	0	(13)	Slippage to 21/22	
	Hillgate Quay Redevelopment	0	0	-		
Communities - Volunteering	HEHC	Community Hubs	0	0	-	
PEOPLE						
People - Children and Young People	CAF	Children's two Bed Residential Assessment Service in Gateshead	10	0	(10)	Slippage to 21/22
		Extensions and adaptations to the homes of foster carers	287	148	(139)	Slippage to 21/22
		Longside House	-	29	29	Other Increases
		Social Care System	1,139	958	(181)	Slippage to 21/22
	HEHC	Schools Devolved Formula Funding	250	565	315	Other Increases
		Gibside New School Provison	9,450	9,230	(220)	Slippage to 21/22
		School Condition Investment	1,721	631	(1,090)	Slippage to 21/22
		Kells Lane Primary School - Window Replacement	440	380	(60)	Other Reduction
People - Health and Wellbeing	CAF	River View Intermediate Care Facility	2	91	89	Accelerated spend from 2021/22
		Telecare Equipment	112	44	(68)	Slippage to 21/22
		Disabled Facilities Grants (DFGs)	1,798	2,047	249	Other Increases
		Children's three bed Residential Home	10	0	(10)	Slippage to 21/22
		Specialist Therapeutic Children's Home in Gateshead	30	0	(30)	Slippage to 21/22

Portfolio	Group	Project Title	Budget Q3	2020/21 Outturn	Variance (£'000)	Comments
COMMUNITIES						
PLACE AND ECONOMY						
Place and Economy - Economy	EIG	Business Centre Portfolio	-	0	-	-
		Immersive Incubation Hub	495	483	(12)	Other reduction
		Speculative Office Build 2 - Baltic Quarter	410	436	26	Other Increases
	PH&W	Land of Oak & Iron Access for All	40	37	(3)	Other Reduction
	RD	Digital Gateshead	573	521	(52)	Slippage to 21/22
Broadband Delivery UK		80	65	(15)	Slippage to 21/22	
Place and Economy - Environment and Transport	EIG	West Askew Road junction improvements	1,016	34	(982)	Slippage to 21/22
		Hill Street Acquisition	185	190	5	Other Increases
		Salix Energy Efficiency Works	55	8	(47)	Slippage to 21/22
		Gateshead DES - New Development Connections	-	43	43	Accelerated spend from 2021/22
		Gateshead DES - Solar PV	110	224	114	Accelerated spend from 2021/22
		Gateshead DES - District Heating and Private Wire Connections	-	211	211	Accelerated spend from 2021/22
		Gateshead Quays - DES Connection	-	0	-	-
		Loan to GCo. District Energy extension HNIP	2,020	0	(2,020)	Slippage to 21/22
		HNIP grant to GTCO	0	1,773	1,773	Other Increases
		Flood Alleviation Investment	263	0	(263)	Slippage to 21/22
		Local Transport Plan - Integrated Transport	1,950	2,219	269	Accelerated spend from 2021/22
		Local Transport Plan - Planned Maintenance	4,561	5,063	502	Accelerated spend from 2021/22
		Active Travel Cycleway	87	687	600	Other Increases
		Quays Pedestrian Improvements	50	0	(50)	Slippage to 21/22
	HEHC	Follingsby Salt Store	40	31	(9)	Slippage to 21/22
		Public Realm Improvement	50	54	4	Accelerated spend from 2021/22
		Street Scene Environmental Works	-	0	-	-
		Birtley Crematorium Cremator Replacement	2,059	1,538	(521)	Slippage to 21/22
		Cemetery Extensions	-	0	-	-
Flagged Footways		333	330	(3)	Slippage to 21/22	
Traffic Sign Replacement	200	131	(69)	Slippage to 21/22		
Traffic Signal Renewal - Borough Wide	500	212	(288)	Slippage to 21/22		

Portfolio	Group	Project Title	Budget Q3	2020/21 Outturn	Variance (£'000)	Comments
COMMUNITIES						
		Unclassified Road Resurfacing - Micro Asphalt	450	411	(39)	Slippage to 21/22
		Trade Waste Service Expansion	60	14	(46)	Slippage to 21/22
		Replacement Bins	125	116	(9)	Slippage to 21/22
		Street Lighting Column Replacement and CMS Removal	750	829	79	Accelerated spend from 2021/22
		Team Valley Flood Alleviation	-	0	-	-
		Street Lighting LED Replacement - Phase 4	800	914	114	Accelerated spend from 2021/22
Place and Economy - Housing	EIG	GRP Capital Injection	1,259	1,259	(0)	-
		Urban Core - Exemplar Neighbourhood	11	-0	(11)	Slippage to 21/22
		Clasper House Building Development	222	214	(8)	Slippage to 21/22
	HEHC	Building	250	0	(250)	Slippage to 21/22
		Loan to Keelman Homes - Bleach Green Affordable Housing	1,400	1,300	(100)	Slippage to 21/22
		Loan to Keelman Homes - Lyndhurst	250	250	-	-
		Loan to Keelman Homes to support Empty Homes 2016-21	700	650	(50)	Slippage to 21/22
	HRA	Lift Replacement/Refurbishment	161	474	313	Accelerated spend from 2021/22
		Replacement of Communal Electrics	211	315	104	Accelerated spend from 2021/22
		External Wall Insulation Works to Non-Traditional Properties	279	319	40	Accelerated spend from 2021/22
		Warden Call Renewal	160	22	(138)	Slippage to 21/22
		Timber Replacements	0	352	352	Accelerated spend from 2021/22
		Aids and Adaptations	1350	1,609	259	Accelerated spend from 2021/22
		Multi Storey Modernisation Works	234	175	(59)	Slippage to 21/22
		Sheltered Unit Modernisation Works	32	0	(32)	Slippage to 21/22
		Fire Safety Work / Compliance	5346	89		
		Equality Act Works	0	4,043	(1,017)	Slippage to 21/22
		Door Entry Upgrades	-	196		
		Decent Homes - Investment Programme	4,788	5,269	481	Accelerated spend from 2021/22
		Back Boiler Renewal and Replacements	1,431	1,633	202	Accelerated spend from 2021/22
		Programme Management	550	583	33	Other Increases
		HRA Strategic Maintenance	1,800	2,617	817	Accelerated spend from 2021/22
		Window Replacement and Door Entry System Upgrade	204	66	(138)	Slippage to 21/22
		Stock Condition Surveys and Scheme Design	450	838	388	Accelerated spend from 2021/22
	Estate Regeneration	446	277	(169)	Slippage to 21/22	

Portfolio	Group	Project Title	Budget Q3	2020/21 Outturn	Variance (£'000)	Comments
COMMUNITIES						
Page 67		New Build - Winlaton Assisted Living	0	4	4	Other Increases
		New Build - Seymour Street	0	2	2	Other Increases
		New Build - Bute Road	-	328	328	Accelerated spend from 2021/22
		New Build - Various	2258	80	(1,654)	Slippage to 21/22
		Whitley Court New Build	-	524		
		Property conversions feasibility	40	0	(40)	Slippage to 21/22
		Felling Regeneration	-	361	361	Accelerated spend from 2021/22
		Next Steps Accommodation	103	148	45	Other Increases
		Lavendar Cottage	250	254	4	Other Increases
		HEIGHTS	-	-3	(3)	Other Reduction
		HRA Property Acquisitions	-	50	50	Accelerated spend from 2021/22
		Multi Storey Improvements	-	2	2	Accelerated spend from 2021/22
		Chopwell	-	136	136	Other Increases
RESOURCES,						
Resources, Management and Reputation	CAF	Specialist equipment to improve inclusion for CYP - HINT	30	6	(24)	Slippage to 21/22
		Specialist IT equipment for CYP with low incidence needs (hearing and vision impairment)	37	0	(37)	Slippage to 21/22
	EIG	Development Site Preparation Works	500	310	(190)	Slippage to 21/22
		GRP Public Art - Birtley	-	0	-	
		Housing JV - Brandling	350	0	(350)	Slippage to 21/22
		Major Projects - Project Management Costs	270	297	27	Other Increases
		ADZ Investment – Baltic Quarter Spec Build (Riga)	203	196	(7)	Slippage to 21/22
		Baltic Quarter Enabling Infrastructure	500	608	108	Accelerated spend from 2021/22
		Metrogreen	86	13	(73)	Slippage to 21/22
		ADZ Investment - Gateshead Quays	7,594	7,169	(425)	Slippage to 21/22
		Gateshead Quays Multi Storey Car Park	2,000	651	(1,349)	Slippage to 21/22

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PRUDENTIAL INDICATORS 2020/21

The 2020/21 Prudential Indicators were agreed by Council on 27 February 2020 (column 1). This is now compared with the 2020/21 actual outturn position as at the 31 March 2021 (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 2020/21 have been breached.

Capital Expenditure		
	2020/21 £000 Reported Indicator	2020/21 £000 Actual
Non-HRA	87,254	50,053
HRA	23,221	20,766
Total	110,475	70,818
To reflect the reported capital monitoring agreed by Council during the year		

Ratio of Financing Costs to Net Revenue Stream		
	2020/21 Reported Indicator	2020/21 Actual
Non-HRA	16.50%	11.08%
HRA	47.30%	40.51%

Capital Financing Requirement		
	2020/21 £000 Reported Indicator	2020/21 £000 Actual
Non-HRA	414,628	361,482
HRA	345,505	345,505

Authorised Limit for External Debt	
	2020/21 £000 Reported Indicator
Borrowing	890,000
Other Long Term Liabilities	0
Total	890,000
Maximum YTD 31/03/2020 £694.738m	

Operational Boundary for External Debt	
	2020/21 £000 Reported Indicator
Borrowing	865,000
Other Long Term Liabilities	0
Total	865,000
Maximum YTD 31/03/2020 £694.738m	

The Council's actual external debt at 31 March 2021 was £694.738m. 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

	2020/21 £000 Reported Indicator		2020/21 £000 Actual Position	
	Upper Limit	Lower Limit	Actual Percentage	Maximum YTD
Under 12 months	25%	0%	5.84%	5.87%
12 months to 24 months	25%	0%	3.47%	7.54%
24 months to 5 years	25%	0%	4.34%	7.49%
5 years to 10 years	25%	0%	9.70%	10.31%
10 years to 20 years	30%	0%	9.32%	11.74%
20 years to 30 years	30%	0%	1.12%	1.19%
30 years to 40 years	50%	0%	27.19%	28.81%
40 years to 50 years	50%	0%	36.14%	36.14%
50 years and above	30%	0%	0.00%	0.00%
All within agreed limits.				

Upper / Lower Limits for Maturity Structure of Variable Rate Borrowing

	2020/21 £000 Reported Indicator		2020/21 £000 Actual Position	
	Upper Limit	Lower Limit	Actual Percentage	Maximum YTD
Under 12 months	30%	0%	2.88%	3.05%
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>			
	2020/21 £000 Reported Indicator	2020/21 £000 Actual Position	2020/21 £000 Maximum YTD
Investments	15,000	5,000	5,000



COUNCIL MEETING

22 July 2021

PROVISIONAL REVENUE OUTTURN 2020/21

Sheena Ramsey, Chief Executive

EXECUTIVE SUMMARY

1. The purpose of this report is to set out the outturn position on the 2020/21 revenue budget.
2. Council agreed the original revenue budget for 2020/21 at £220.761m on 27 February 2020. This has subsequently been revised to £221.286m following a review of the accounting treatment of temporary grant support.
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:
 - (i) an amendment to the net budget to £221.286m;
 - (ii) the appropriations to and from reserves;
 - (iii) the proposed changes to strategic reserves following the outcome of a review of Council reserves as set out in the attached report and appendices.

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TITLE OF REPORT: **Provisional Revenue Outturn 2020/21**

REPORT OF: **Darren Collins, Strategic Director, Resources and Digital**

Purpose of the Report

1. This report sets out the outturn position on the 2020/21 revenue budget. Cabinet is asked to
 - i. note the contents of the report;
 - ii. agree budget virements as set out in the report;
 - iii. recommend to Council an amendment to the net budget to £221.286m;
 - iv. recommend 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; and
 - v. agree and recommend to Council the proposed changes to strategic reserves following the outcome of a review of Council reserves, as set out in this report and appendices.

Background

2. As part of the Council's budget and policy framework Cabinet receives quarterly reports on the agreed revenue budget so that any variances can be identified and addressed at appropriate pace with Councillor oversight. This report sets out the final revenue monitoring position for 2020/21 on a consistent basis to the Revenue Monitoring Framework.
3. The Council's Medium-Term Financial Strategy (MTFS) to 2025/26 presented an extremely challenging financial position over the medium term and identified an estimated funding gap of £58.4m over the five-year period (£16.9m in 2022/23). The impacts of the pandemic on demand, costs and income will be long lasting and this will increase the challenge to the medium to long term sustainability of the Council.
4. Council agreed the original revenue budget for 2020/21 on 27 February 2020. This was set at £220.761m Further amendments were agreed by Cabinet on 15 September 2020 and 17 November 2020. Following a review of the accounting treatment of temporary grant support Cabinet are recommended to agree to revert back to original budget including permanent virements to a net revenue budget of £221.286m for monitoring purposes.
5. The Council's Dedicated Schools Grant (DSG) budget for 2020/21 is £105.673m, with £1.212m held in reserve.
6. The Housing Revenue Account (HRA) budget 2020/21 was agreed by Council 27 February 2020. This was set as a use of £4.452m of the reserve.

Proposal

7. It is proposed that Cabinet notes the provisional outturn and agrees the recommended budget virements. It is also proposed that Cabinet recommends that Council revises the 2020/21 revenue budget to £221.286m and also agrees the appropriations to and from reserves as outlined.

Virements

8. Virements have been actioned during the final quarter to reflect the operations of the Council and previously approved use of contingency. Cabinet are asked to agree the following budget virements over £250,000:
 - a. £0.405m virement to move the Emergency Duty Team budget from Children's Social Care to Adult Social Care, as part of Group restructure.
 - b. £0.254m realignment of Early Help between Education, Schools and Inclusion and Children's Social Care.

Council Revenue Outturn 2020/21

9. The overall outturn position for the Council including non-service budgets and financing results in an overall Council revenue position for 2020/21 of a surplus of £7.908m. (-4% net budget) The provisional outturn position is shown in appendices 1 to 3 and is subject to external audit.
10. It is important to note that this position results from the timing of government funding received and that it masks significant financial challenges. Temporary government grants and compensation received in 2020/21 during national lockdown will likely cease in 2021/22. Therefore, it is critical that budgets are kept under review and sustainable plans are put in place now to ensure agreed savings and budgets are delivered from existing agreed resources.
11. Budget savings of £0.400m for 2020/21 in relation to a contract review and corporate landlord have not been achieved in the financial year. The undelivered savings will contribute to the budget pressures in 2021/22 and will be monitored alongside the 2021/22 £8.117m agreed savings programme. Progress will be closely monitored.
12. The Council have reviewed and included provision where possible of all of the Council's known financial risks so that plans can be put in place to manage financial pressures during 2021/22.

Schools Outturn and Dedicated Schools Grant (DSG) 2020/21

13. The projected DSG outturn is £104.644m compared to the budget of £105.673m, an under spend of £1.029m.
14. The DSG reserve is currently £1.212m, it is projected that the balance at the 31 March 2021 will increase to £2.241m.
15. Schools LMS reserve forms part of the general reserve but is ringfenced for schools and this has increased at outturn by £3.433m to £8.912m. This is due to increased DSG allocations to schools and £1m additional COVID-19 related grants that were unbudgeted for and decreased expenditure in some areas due to COVID-19 restrictions.

Housing Revenue Account Outturn 2020/21

16. The provisional HRA outturn for 2020/21 is a net operating cost of £0.249m compared to the budgeted cost of £4.452m, this is a reduction of £4.202m.
17. The outturn on the HRA capital programme is £20.766m which represents slippage of £2.455m on the original budget. This reflects a prudent risk adjustment associated with the potential impact of COVID-19.
18. The HRA reserve has decreased by £0.249m to £30.786m and will be carried forward into 2021/22.

Strategic Reserves - Balance Review and Proposal

19. Local authorities need to hold sufficient reserves to deal with known future needs and the financial risks. Therefore, reserve levels are a key measure of the financial sustainability of an authority over the medium-term.
20. At the MTFs and outturn reporting points, general fund balances and strategic earmarked reserves are reviewed to ensure balances are adequate, fit for purpose and contribute to long term financial sustainability.
21. It is proposed that the following changes are made to strategic earmarked reserves at outturn:
 - a. Creation of a new Pandemic Service Impacts Reserve to hold £17.991m of funding in support of mitigating increased cost and lost income impacts in 2021/22 and beyond.
 - b. Creation of a new Pandemic Collection Fund Impacts Reserve. This reserve is to hold £28.239m of funding passed to the Council by the Government in 2020/21 and will be used to finance the revenue budget in 2021/22 as per CIPFA and government guidance. The Council's revenue budget was set in February with this intention. Thus, a significant transfer to reserves is required this year relating to Section 31 grants in support of the Collection Fund deficit. The grants are one-off and will be held in reserve and utilised to support the Collection Fund deficit that will be faced by the Council in 2021/22 due to the pandemic measures.
 - c. Creation of a new strategic Budget Sustainability and Thrive reserve £5.000m. This reserve will help support the timings of achieving significant budget savings and Thrive outcomes whilst still dealing with pandemic impacts.
22. The outcome of the review on the Council element of the general fund reserve is that the remaining balance will be £13.967m. This equates to 5.8% of 2021/22 net revenue budget (£238.758m) and assessed as appropriate in the current climate.
23. The remaining reserve balances following the proposed review are shown in Appendix 3 for information.

Recommendations

24. It is recommended that Cabinet:

- (i) recommend to Council an amendment to the net budget to £221.286m.
- (ii) notes the Council's 2020/21 revenue outturn position as an underspend of £7.908m, subject to audit.
- (iii) agree budget virements as set out in the report.
- (iv) agree and recommend to Council the appropriations to and from reserves.
- (v) agree and recommend to Council the proposed changes to strategic reserves following the outcome of a review of Council reserves as set out in this report and appendices.

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 and appendices set out the final outturn position on the 2020/21 revenue budget.
4. Council agreed the original revenue budget for 2020/21 on 27 February 2020. This was set at £220.761m. Further amendments were agreed by Cabinet on 15 September 2020 and 17 November 2020. This report recommends an amendment to the net revenue budget for 2020/21 from £243.507m to £221.286m following a review of the accounting treatment of temporary grant support.
5. The Council's Dedicated Schools Grant (DSG) budget for 2020/21 is £105.673m, with £1.212m held in reserve.
6. The Housing Revenue Account (HRA) budget 2020/21 was agreed by Council 27 February 2020. This was set as a use of £4.452m of the HRA reserve.

Revenue Outturn 20/21

7. The overall outturn position for the Council including non-service budgets and financing results in an overall Council revenue position for 2020/21 of a surplus of £7.908m. (-4% net budget). This position includes COVID-19 related costs and savings throughout the year.
8. The position is testament to the collective approach taken by groups and services to identify pressures early in the financial year and ensuring that action was taken in a timely manner to ensure the threat to a balanced budget was addressed. Namely proactive budget management by budget holders including a capital budget review of priorities leading to savings to revenue, agreeing to pause invest to save projects during the year and more scrutiny on recruitment.
9. The overall outturn position is shown in Appendix 2. Although the outturn is positive, the position masks overspends in some services and includes a number of year-end transactions that have impacted on the final position. The positive outturn remains a significant achievement given the financial pressures faced by the services and enables the Council's sound financial position to be maintained within an extremely challenging economic and financial context.

10. The following table provides a breakdown of the COVID-19 funding applied to support outturn:

Funding	£m
Outbreak Management Funding	(0.459)
Test and Trace	(0.395)
The Winter Economy Plan	(0.121)
ASC Rapid Testing Fund	(0.182)
ASC Infection Control	(1.219)
Workforce Capacity Fund	(0.567)
Winter Grant Scheme	(0.740)
Support to residents in severe financial hardship	(0.274)
Rough sleepers in self-isolation	(0.062)
Coronavirus Job Retention Scheme	(1.657)
Irrecoverable Sales, Fees and Charges Compensation	(5.853)
Community Champions Fund	(0.112)
Hardship Funding	(2.578)
Admin Grant for Test and Trace Support	(0.039)
Various New Burdens Funding	(0.514)
Total	(14.772)

11. There are several one-off areas of expenditure and income included in this position, most of which have been accounted for in Other Services, these include:

	£'m
Reinstatement of redundancy provision	4.6
Reinstatement and increase to Councils bad debt provision	0.5
Loss on Trinity Square student accommodation	1.0
Airport Loan Notes (compound interest on funds owed)	(0.9)
Changes to the Insurance Fund provision	(0.7)
Total	4.5

12. Budget savings of £0.400m for 2020/21 in relation to a contract review and corporate landlord have not been achieved in the financial year. The undelivered savings will contribute to the budget pressures in 2021/22 and will be monitored alongside the 2021/22 £8.117m agreed savings programme. Progress will be closely monitored.
13. The Council have reviewed and included provision where possible of all of the Council's known financial risks so that plans can be put in place to manage financial pressures during 2021/22.
14. During 2020/21 the Council and its residents have been impacted by the COVID-19 Public Health crisis. The lives and livelihoods of all residents have been severely affected by the measures that have been put in place to control the infection. From a financial perspective some of the cost pressures and loss of income will have both an immediate and longer-term impact on the Council's finances. As a result, it is more important than ever that the Council accelerates

work on a priority driven approach to the budget and resource redirection that will deliver outcomes consistent with Thrive principles, retaining the commitment to providing support to our local communities and the most vulnerable in the borough.

15. Strong financial management is critical moving into 2021/22, as many of the 2020/21 drivers for pressures continue, these have arisen from:
- Unachieved agreed budget savings in 2020/21 that have become an added pressure into 2021/22.
 - The timing of the delivery of some aspects of the £8.117m 2021/22 agreed savings programme, to the extent that achievement of some savings may be at risk.
 - Continued increase in demand in Adult and Children's Social Care services combined with no national funding reforms to address this.
 - Unfunded pay pressures, such as public sector pay award and the Governments National Living Wage aspirations, which also impacts on negotiations with care providers and commissioning costs.
 - The performance of traded and investment income linked to the wider economy.
 - Significant uncertainties in relation to the pandemic impact on income from business rates and council tax.
 - The financial impacts of the UK's vote to leave the European Union (EU) and the current uncertainty, which is likely lead to instability in the short to medium-term.
 - Addressing the health, employment and poverty inequalities that the pandemic has added to.
 - Increased demand for welfare, mental health services and debt advice.
 - Increased demand for business advice and support.

Group and Service Outturn

16. 2020/21 has been a complex and unique year for financial planning and monitoring the main variances on a group basis are set out below including narrative on COVID-19 impacts;

Children, Adults & Families - £3.421m underspend

Adult Social Care have an underspend of £4.310m due to the Discharge to Assess Model introduced in response to COVID-19. This resulted in packages of care being funded as part of the national response, which reduced council costs.

Children's Social Care had an overspend of £1.432m due to high cost external placements for looked after children (LAC). LAC numbers rose 9% on 2019/20's figures and were significantly impacted by COVID-19 with a spike after the first lockdown, representing the highest number of LAC the authority has ever seen. Over the last five years LAC numbers have increased by 17%.

Public Health & Wellbeing - £0.486m overspend

Unachieved income, mainly relating to the closure of leisure facilities, room hire and the reduction in events due to the pandemic and the restrictions in place, which was partly offset by the fees and charges claim process.

Due to the closure of facilities employees were either furloughed or redeployed from the group to COVID Response activities across the council, funded through Contain Outbreak Management Fund which offset costs of £0.300m. The furlough claim for 2020/21 totalled £1.657m.

In addition, there was an increase in expenditure relating to PPE and mortuary costs of £1.116m

Economy, Innovation and Growth - £2.145m overspend

The Capital Programme was reviewed as a result of the pandemic, this resulted in the pausing and delaying of scheme, in turn this reduced Design fees by £1.145m.

There was a reduction in rents received from tenants, which reduced profit from PSP by £0.400m. There was also a reduction in licencing, planning and building control and energy income due to pandemic and the restrictions in place.

Housing, Environment and Healthy Communities - £1.247m underspend.

Most of the services within the group have experienced reduced income levels due to the pandemic, in some cases this has been offset by reduced expenditure in relation to employee costs and supplies and services. Lost income has also been offset by the fees and charges claim process.

There has been an underspend on highways maintenance due to the cessation of works during the initial lockdown period, a reduction in bridge maintenance and street lighting costs.

There has also been an unexpected increase in income from bus lane enforcement due to the relocation of the cameras within the borough.

Corporate Services and Governance - £0.139m underspend

Legal and Democratic Services achieved the majority of the underspend within the group. This was due to reduced expenditure on elections as they were delayed as a result of the pandemic. There was a further underspend on democratic services and members allowances due to increased income and a vacancy respectively.

The underspends were offset by reduced income from the Print Unit due to reduced income and service closure as a result of the pandemic. Where possible income was recovered via the fees and charges claim process, but this did not recover the lost income from internal recharges.

Resources and Digital - £3.890m underspend

The main area of underspend relates to the adjustment of the housing benefit bad debt provision, the required provision has been reviewed and the resulting reduction has created a one-off cash benefit to the Council.

Other services within the group have underspent on supplies and services and employee costs. Customer Experience and Digital have benefited from the fees and charges claim process to offset unachieved income and have received grant

funding to offset the costs of administering various COVID-19 funding streams that the Council have received.

Virements

17. Budget virements Cabinet are asked to recommend to Council are:
 - £0.405m virement to move the Emergency Duty Team budget from Children's Social Care to Adult Social Care, as part of Group restructure.
 - £0.254m realignment of Early Help between Education, Schools and Inclusion and Children's Social Care.

Collection Fund – Council Tax and Business Rates

18. The move towards localism has meant that reliance on council and business rate funding to finance the Council budget in future years is high risk. Many variables can impact on this funding stream outside Council control such as performance of the wider local and national economy, appeals to the valuation office and the number of people claiming council tax support.
19. The Council have experienced a drop in collection rates of both business rates and council tax income. Council tax collection rate was 95.9% in 2019/20 compared to 94.1% in 2020/21. Business rates collection rate was 97.5% in 2019/20 compared to 88.4% in 2020/21.
20. The local council tax support caseload for working age claimants has increased from 12,272 to 13,349 as at 31 March 2021.
21. In 2020/21 funding of £2.672m was received by the Council with the expectation that billing authorities would provide all recipients of working age Council Tax Support (CTS) with a further reduction in their annual council tax bill of £150, using their discretionary powers to reduce the liability of council tax payers outside of their formal CTS scheme during 2020/21.
22. Grant conditions also allowed councils to use some funding to deliver increased financial assistance through other local support mechanisms, having considered local circumstances. The guidance allowed councils to provide:
 - Council tax relief using existing discretionary discount and hardship policies.
 - Additional support outside the council tax system through Local Welfare or similar schemes.
 - A higher level of council tax reduction for those working age LCTS recipients whose annual liability exceeds £150.
23. To date Council Tax Hardship funding has been allocated to over 16,000 accounts in receipt of council tax support with over 10,000 claimants liability reduced to nil.
24. The estimated 2020/21 outturn for the Collection Fund Business Rates is an in-year deficit of £45.685m of which the council's 49% share is £22.385m. This deficit is offset by the receipt of additional Section 31 grant due to the additional business rate reliefs.

25. It is highly likely that the full impacts relating to council tax support and business rates are yet to be felt, as the furlough scheme does not end until September and the grant support to business will cease following the lifting of restrictions.
26. Government have provided compensation in the way of a Section 31 grant for the losses experienced by the Authority on business rates and council tax following the changes Government made in response to the pandemic. £28.239m will be held in reserve and utilised to finance the income deficit that will be faced in 2021/22 budget due to these measures.
27. The impact of COVID-19 upon the Collection Fund will continue to be closely monitored.

Schools and Dedicated schools Grant (DSG) Outturn 2020/21

28. The projected DSG outturn is £104.644m compared to the budget of £105.673m, an under spend of £1.029m.
29. The DSG reserve is currently £1.212m, it is projected that the balance at the 31 March 2021 will increase to £2.241m.
30. Schools LMS reserve forms part of the general reserve but is ringfenced for schools and this has increased at outturn by £3.433m to £8.912m. This is due to increased DSG allocations to schools and £1m additional COVID-19 related grants that were unbudgeted for and decreased expenditure in some areas due to COVID-19 restrictions.
31. Legislation came into force in November 2020 meaning where a local authority has a deficit in respect of its schools budget for a financial year beginning on 1 April 2020, 2021 or 2022, the authority can no longer hold a deficit earmarked DSG reserve and must instead transfer any DSG deficit balance to a new account (in unusable reserves). This position will be kept under review.
32. Schools have incurred additional expenses due to COVID-19 and received additional grants from the Department for Education (DfE). These have included COVID Emergency Funding for additional premises, school meal and cleaning costs, COVID-19 workforce Grant for schools and colleges that had additional staffing costs above a threshold and the COVID Catchup Premium which is an academic year grant.
33. Some grants such as the additional cost of providing food parcels rather than a free school meal (FSM) during the autumn term where children were self-isolating will be claimed and paid in 2021/22 and the allocations for this funding are still unknown.
34. Whilst most school's outturns were positive for 31 March 2021, during 2020/21 an additional two schools are now in deficit, five schools have increased their deficit and five schools have decreased their deficits. Schools in deficit will be supported to complete and keep under review a deficit recovery plan.
35. On 1 March 2021 there were two schools which transferred to an Academy St Oswalds RCP and St Albans RCP.

Housing Revenue Account

36. The provisional HRA outturn for 2020/21 is a net operating cost of £0.249m compared to the budgeted cost of £4.452m, this is a reduction of £4.202m.
37. The outturn on the HRA capital programme is £20.766m which represents slippage of £2.455m on the original budget. This reflects a prudent risk adjustment associated with the potential impact of COVID-19.
38. The HRA reserve has decreased by £0.249m to £30.786m and will be carried forward into 2021/22.

Reserves

39. Transfers from earmarked reserves that have previously been agreed to meet spend at outturn are as follows:

Reserve	£m
Financial Risk and Resilience reserve	0.394
Economic, Housing and Environmental Investment reserve	2.417
Poverty, Health and Equality Investment reserve	0.451
Unapplied revenue grants reserve	7.710
Developer contributions, Section 106 and Section 38 agreements	0.956
Public Health reserve (ringfenced)	0.543

40. Transfers to earmarked reserves that have previously been agreed, unless indicated, to meet spend at outturn are as follows:

Reserve	£m
Financial Risk and Resilience reserve	(0.562)
Economic, Housing and Environmental Investment reserve	(1.836)
Poverty, Health and Equality Investment reserve	(0.050)
Unapplied revenue grants reserve	(0.112)
Developer contributions, Section 106 and Section 38 agreements	(1.325)
Public Health reserve (ringfenced)	(0.765)
Dedicated Schools Grant (DSG) reserve (ringfenced)	(1.029)
Pandemic Service Impacts Reserve (proposed)	(17.991)
Pandemic Collection Fund Impacts Reserve (proposed)	(28.239)
Budget Sustainability and Thrive Reserve (proposed)	(5.000)

41. Local authorities need to hold sufficient reserves to deal with known future needs and the financial risks. Therefore, reserve levels are a key measure of the financial sustainability of an authority over the medium-term.
42. At the MTFs and outturn reporting points, general fund balances and strategic earmarked reserves are reviewed to ensure balances are adequate, fit for purpose and contribute to long term financial sustainability.
43. It is proposed that the following changes are made to strategic earmarked reserves at outturn:

- a. Creation of a new Pandemic Service Impacts Reserve to hold £17.991m of funding in support of mitigating increased cost and lost income impacts in 2021/22 and beyond.
- b. Creation of a new Pandemic Collection Fund Impacts Reserve. This reserve is to hold £28.239m of funding passed to the Council by the Government in 2020/21 and will be used to finance the revenue budget in 2021/22 as per CIPFA and government guidance. The Council's revenue budget was set in February with this intention. Thus, a significant transfer to reserves is required this year relating to Section 31 grants in support of the Collection Fund deficit. The grants are one-off and will be held in reserve and utilised to support the Collection Fund deficit that will be faced by the Council in 2021/22 due to the pandemic measures.
- c. Creation of a new strategic Budget Sustainability and Thrive reserve £5.000m. This reserve will help support the timings of achieving significant budget savings and Thrive outcomes whilst still dealing with pandemic impacts.

44. The outcome of the review on the Council element of the general fund reserve is that the remaining balance will be £13.967m. This equates to 5.8% of 2021/22 net revenue budget (£238.758m) and assessed as appropriate in the current climate.
45. The remaining reserve balances following the proposed review are shown in Appendix 3 for information.

Consultation

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

Alternative Options

47. There are no alternative options proposed.

Implications of Recommended Option

48. **Resources:**

- a) **Financial Implications** – The Strategic Director, Resources and Digital confirms these are as set out in the report and appendices.
- b) **Human Resources 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.

49. **Risk Management Implication -**

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

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

51. **Crime and Disorder Implications** – Nil
52. **Health Implications** - Nil
53. **Climate Emergency and Sustainability Implications** - Nil
54. **Human Rights Implications** - Nil
55. **Ward Implications** - Revenue spending supports the delivery of services across the whole of Gateshead.
56. **Background Information**
 - Budget and Council Tax Level 2020/21, 25 February 2020
 - Revenue Budget – First Quarter Review 2020/21, 15 September 2020
 - Revenue Budget – Second Quarter Review 2020/21, 17 November 2020
 - Revenue Budget – Third Quarter Review 2020/21, 19 January 2021

Service	Revised Budget £'000	Projected Outturn £'000	Variance £'000
<u>Children, Adults & Families</u>			
Children's Social Care	33,074	34,506	1,432
Education, Schools and Inclusion	3,891	3,351	(540)
Quality Assurance & Commissioning	6,755	6,752	(3)
Adult Social Care	68,628	64,318	(4,310)
<u>Public Health & Wellbeing</u>			
Public Health	16,542	16,542	(0)
Wellbeing	3,851	4,337	486
<u>Housing, Environment & Healthy Communities</u>			
Housing, Compliance and Traded Services	4,090	3,530	(560)
Highways and Waste	14,159	13,883	(276)
Environment & Fleet Management	2,822	2,412	(410)
<u>Economy, Innovation and Growth</u>			
Business, Employment and Skills	1,043	998	(45)
Planning Policy, Climate Change and Strategic Transport	2,196	2,613	417
Major Projects and Corporate Property	(2,652)	(880)	1,772
<u>Office of the Chief Executive</u>	1,007	1,006	(1)
<u>Corporate Services & Governance</u>			
Legal & Democratic Services	3,541	3,080	(461)
Human Resources & Workforce Development	1,439	1,422	(17)
Corporate Commissioning & Procurement	35	377	342
Public Service Reform	279	276	(3)
<u>Corporate Resources</u>			
Financial Management	1,715	1,658	(57)
Customer Experience & Digital	2,808	2,304	(504)
Housing Benefits	200	(2,840)	(3,040)
IT	3,203	3,068	(135)
Commercialisation and Improvement	1,730	1,576	(154)
Other Services & Contingencies	11,565	10,407	(1,158)
Capital Financing Costs	33,700	32,517	(1,183)
Traded & Investment Income	(3,566)	(2,771)	795
Expenditure Passed outside the General Fund	(1,855)	(1,698)	157
Levies	11,086	11,081	(5)
NET BUDGET	221,286	213,825	(7,461)
<u>Financed By</u>			
Settlement Funding Assessment (SFA)	(73,792)	(73,546)	246
Other Grants	(30,632)	(30,632)	0
Public Health	(16,541)	(16,541)	0
Council Tax	(95,671)	(95,671)	0
Collection Fund (Council Tax)	(1,620)	(1,620)	0
Earmarked Reserves	(3,031)	(3,031)	0
COVID Funding		(692)	(692)
TOTAL FUNDING	(221,286)	(221,733)	(447)
COUNCIL OUTTURN (Surplus) / Deficit	(0)	(7,908)	(7,908)

	Opening Balance Apr-20 £000s	Appropriations and Review £000s	Closing Balance Mar-21 £000s
GENERAL RESERVES			
General Reserve	(11,058)	(2,909)	(13,967)
School Budget Share Reserve*	(5,479)	(3,433)	(8,912)
TOTAL GENERAL RESERVE	(16,537)	(6,342)	(22,879)
EARMARKED RESERVES			
STRATEGIC RESERVES			
Financial Risk and Resilience	(14,161)	(168)	(14,329)
<i>Business Rates Reserve</i>	(5,000)	0	(5,000)
<i>Insurance Reserve</i>	(3,000)	0	(3,000)
<i>Grant Clawback</i>	(1,000)	0	(1,000)
<i>Workforce Development</i>	(5,161)	305	(4,856)
<i>Budget Flexibility</i>	0	(473)	(473)
Economic, Housing and Environmental Investment	(8,404)	581	(7,823)
Poverty, Health and Equality Investment	(7,293)	401	(6,892)
<i>MTFS reallocation to Thrive Priorities</i>	(1,871)	0	(1,871)
<i>Voluntary Sector Reserve</i>	(337)	106	(231)
<i>Anti Poverty Reserve</i>	(393)	245	(148)
<i>Discretionary Social Fund</i>	(486)	50	(436)
<i>Strategic Revenue Investment</i>	(4,206)	0	(4,206)
Budget Sustainability and Thrive (Proposed)	0	(5,000)	(5,000)
Pandemic Services Impact (Proposed)	0	(17,991)	(17,991)
Pandemic Collection Fund Impact (Proposed)	0	(28,239)	(28,239)
RINGFENCED RESERVES*			
Developers' Contributions*	(1,762)	(369)	(2,131)
Unapplied revenue grants*	(8,909)	7,598	(1,311)
Public Health Reserve*	(1,650)	(222)	(1,872)
DSG Reserve*	(1,212)	(1,029)	(2,241)
TOTAL EARMARKED RESERVES	(43,391)	(44,438)	(87,829)
TOTAL RESERVES	(59,928)	(50,780)	(110,708)

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COUNCIL MEETING

22 July 2021

CAPITAL PROGRAMME AND PRUDENTIAL INDICATORS 2021/22 – FIRST QUARTER REVIEW

Sheena Ramsey, Chief Executive

EXECUTIVE SUMMARY

1. The purpose of this report is to inform Council of the latest position on the 2021/22 Capital Programme and Prudential Indicators at the end of the first quarter to 30 June 2021. 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 2021/22, as agreed by Council on 25 February 2021, totalled £142.9m. The first quarter review now projects the year-end expenditure to be £137.7m, £112.7m General Fund and £25.0m HRA.
3. CIPFA's Prudential Code advises regular monitoring of performance against the prudential indicators which regulate borrowing and investment. Targets and limits for the prudential indicators for 2021/22 were agreed at Council on 25 February 2021 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 2021/22 Capital Programme, as detailed in Appendix 2 of the attached report, as the revised programme;
 - (ii) approves the financing of the revised programme as set out at paragraph 8 above; and
 - (iii) notes that Cabinet 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 2021/22 have been breached as detailed in Appendix 5.

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TITLE OF REPORT: **Capital Programme and Prudential Indicators 2021/22
– First Quarter Review**

REPORT OF: **Darren Collins, Strategic Director, Resources and Digital**

Purpose of the Report

1. This report sets out the latest position on the 2021/22 Capital Programme and Prudential Indicators at the end of the first quarter to 30 June 2021. 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 2021/22, as agreed by Council on 25 February 2021, totalled £142.9m. The first quarter review now projects the year-end expenditure to be £137.7m, £112.7m General Fund and £25.0m 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 2020/21	7.709
Additional capital expenditure	6.248
Reduced Project Costs	(6.976)
Re-profiling of capital expenditure to future years	<u>(12.112)</u>
Total Variance	<u>(5.131)</u>

4. A total of £7.7m of slippage has been identified on several key schemes, which have been carried forward into 2021/22 with resources from the 2020/21 financial year including:
 - £1m relating to investment in the Council's schools as works were re-profiled due to Covid-19 restrictions.
 - £1.1m relating to the Gateshead Quays Multi Storey Car Park to reflect the revised delivery programme.
 - £1.3m relating to planned fire safety work within the HRA.
5. The proposed £6.2m increase includes the re-profiling of allocations to reflect the final funding settlement for investment in highways and infrastructure and Public Sector Decarbonisation Schemes (PSDS). Additional PSDS schemes are progressing through the tender process and will be incorporated in the capital programme when construction contracts and programmes are agreed. An additional allocation of £1.2m has been included relating to the River View Intermediate Care Facility reflecting an enhanced building specification to meet the Council's standards and policy objectives.

6. A further £6.278m of funding has also been confirmed for the Green Homes Chopwell scheme, which is seeking to deliver solid wall insulation measures to over 600 properties. Discussions are ongoing regarding the design and construction contracts and the scheme will be added to the capital programme following confirmation of the delivery programme.
7. Planned investment has been re-profiled to future financial years on several schemes, amounting to a reduction of £12.1m in 2021/22, the schemes which have slipped include the following:
 - £3.1m of funding for the River View Intermediate Care Facility, as works were delayed in 2020/21; a revised programme of works has now been agreed and funds have been reprofiled into 2022/23 when the majority of the construction works will take place.
 - £3.1m of primarily Environment Agency funding towards Flood Alleviation works has been re-profiled to future years due to resource issues.
 - £2.7m of Decent Homes work will slip into 2022/23 due to the backlog encountered during the pandemic in 2020/21, with restricted access to properties.
 - £1.5m of funding for West Askew Road Junction to facilitate housing development, as this is dependent on the outcome of a procurement process which is planned to take place during 2021/22.

Proposal

8. The report identifies planned capital expenditure of £137.7m for the 2021/22 financial year. The expected resources required to fund the Capital Programme are as follows:

	£m
Prudential Borrowing	76.756
Projected Capital Receipts	0.750
Capital Grants and Contributions	35.186
Major Repairs Reserve (HRA)	21.113
Capital Grants and Contributions (HRA)	1.432
Right to Buy Receipts (HRA)	2.500
Total Capital Programme	137.737

9. 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 2021/22 were agreed at Council on 25 February 2021 and borrowing and investment levels have remained within these limits. Performance against the indicators for 2021/22 is set out in Appendix 5.

Recommendations

10. Cabinet is asked to:
 - (i) Recommend to Council that all variations to the 2021/22 Capital Programme as detailed in Appendix 2 are agreed as the revised programme.
 - (ii) Recommend to Council the financing of the revised programme as set out at paragraph 8 above.
 - (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 2021/22 have been breached as detailed in Appendix 5.

For the following reasons:

- (i) To ensure the optimum use of the Council's capital resources in 2021/22
- (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.

CONTACT: David Mason extension 3686
Leanne Barrow extension 2784

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. The financial implications of the capital programme are incorporated within the Council's Medium-Term Financial Strategy (MTFS).

Background

2. The original budget for the capital programme for 2021/22, as agreed by Council on 25 February 2021, totalled £142.9m. Details of potential future capital schemes for the 2021/22 to 2025/26 Capital Programme were considered alongside the schemes within the existing programme. The capital and revenue implications of each proposed scheme were considered to ensure that they were affordable and could be accommodated within the level of revenue support available within the MTFS.
3. The projected year-end expenditure is £137.7m at the end of the first quarter.
4. The £5.1m reduction is due to a combination of slippage from 2020/21, additional capital expenditure and re-profiling of existing schemes to future years. Additional external funding has been awarded on PSDS schemes and the Green Energy Chopwell scheme but will be added to the capital programme in future quarters pending the outcome of the construction contract and delivery programme discussions. 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 Council on the 25 February 2021. Performance against the indicators for 2021/22 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 2021/22.

Implications of Recommended Option

9. **Resources:**
 - a) **Financial Implications** – The Strategic Director, Resources and Digital 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. **Climate Change and Sustainability Implications** – The sustainability implications are considered as part of developing and implementing individual capital projects. Planned investment within the capital programme is expected to result in improvements throughout the Borough.
15. **Human Rights Implications** - There are no direct human rights implications arising from this report.
16. **Ward Implications** - Capital schemes will provide improvements in wards across the borough.
17. **Background Information**
- Report for Cabinet, 23 February 2021 (Council 25 February 2021) - Capital Programme 2021/22 to 2025/26.

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Appendix 2

Reason for Movement	Portfolio	Group	Project Title	Variance (£'000)
INCREASES				
Slippage from 2020/21	Communities - Culture, Sport and Leisure	HEHC	Fixed Play Facility Renewals	37
	Communities - Culture, Sport and Leisure	R&D	Sage Gateshead - Capital Development	13
	Communities - Culture, Sport and Leisure	PH&W	Virtual Reality Fitness Systems	120
	Communities - Volunteering	HEHC	Community Hubs	150
	People - Children and Young People	HEHC	School Condition Investment	1,090
	People - Children and Young People	CAF	Social Care System	181
	People - Children and Young People	CAF	Children's Two Bed Residential Assessment Service in Gateshead	10
	People - Children and Young People	CAF	Extensions and adaptations to the homes of foster carers	139
	People - Health and Wellbeing	CAF	Children's Three bed Residential Home	10
	People - Health and Wellbeing	CAF	Specialist Therapeutic Children's Home in Gateshead	30
	People - Health and Wellbeing	CAF	Telecare Equipment	68
	Place and Economy - Economy	PH&W	Business Improvement System	67
	Place and Economy - Environment and Transport	EIG	Quays Pedestrian Improvements	50
	Place and Economy - Environment and Transport	EIG	West Askew Road junction improvements	982
	Place and Economy - Environment and Transport	HEHC	Traffic Sign Replacement	69
	Place and Economy - Environment and Transport	HEHC	Unclassified Road Resurfacing - Micro Asphalt	39
	Place and Economy - Environment and Transport	HEHC	Traffic Signal Renewal - Borough Wide	288
	Place and Economy - Environment and Transport	HEHC	Birtley Crematorium Cremator Replacement	521
	Place and Economy - Housing	HEHC	Clasper House Building Development	8
	Place and Economy - Housing	HEHC	Loan to Keelman Homes - Bleach Green Affordable Housing	100
	Place and Economy - Housing	HEHC	Loan to Keelman Homes to support Empty Homes 2016-21	50
	Place and Economy - Housing	HEHC	External Wall Insulation Works to Non-Traditional Properties Total	100
	Place and Economy - Housing	HEHC	Multi Storey Modernisation works Total	65
	Place and Economy - Housing	HEHC	Sheltered Unit modernisation works Total	40
	Place and Economy - Housing	HEHC	Fire Safety Work / Compliance Total	1,339
	Place and Economy - Housing	HEHC	Property conversions feasibility Total	40
	Resources, Management and Reputation	EIG	High Street South Regeneration	426
	Resources, Management and Reputation	EIG	Gateshead Quays Multi Storey Car Park	1,112
	Resources, Management and Reputation	EIG	Metrogreen	111
	Resources, Management and Reputation	EIG	High Street North - Future Place	100
	Resources, Management and Reputation	CAF	Specialist equipment to improve inclusion for CYP - HINT	24
	Resources, Management and Reputation	CAF	Specialist IT equipment for CYP with low incidence needs (hearing and vision impairment)	37
	Resources, Management and Reputation	HEHC	Health & Safety	112
	Resources, Management and Reputation	HEHC	Strategic Maintenance	123
	Resources, Management and Reputation	R&D	Technology Plan: Infrastructure	236
	Resources, Management and Reputation	R&D	Technology Plan: Transformation Through Technology & New Ways of Working	478
	Communities - Culture, Sport and Leisure	PH&W	Gateshead International Stadium Investment	-50
	Place and Economy - Environment and Transport	EIG	Gateshead DES - Solar PV	-114
	Place and Economy - Environment and Transport	EIG	Gateshead DES - DH and PW connection	-211
	Place and Economy - Environment and Transport	HEHC	Street Lighting LED Replacement - Phase 4	-114
	Place and Economy - Housing	HEHC	Warden Call Renewal Total	-40
	People - Health and Wellbeing	CAF	River View Intermediate Care Facility	-19
	Resources, Management and Reputation	EIG	Baltic Quarter Enabling Infrastructure	-108
Total Slippage from 2020/21				7,709
Other Increases	Place and Economy - Economy	R&D	Business Improvement System	135
	Place and Economy - Environment and Transport	HEHC	Public Sector Decarbonisation Schemes	1,278
	Place and Economy - Environment and Transport	EIG	Local Transport Plan - Integrated Transport	1,063
	Place and Economy - Environment and Transport	EIG	Local Transport Plan - Planned Maintenance	1,034
	People - Health and Wellbeing	CAF	Disabled Facilities Grants (DFGs)	261
	People - Health and Wellbeing	CAF	River View Intermediate Care Facility	1,200
	Place and Economy - Housing	HEHC	Loan to Keelman Homes to support Empty Homes 2016-21	400
	Place and Economy - Housing	HEHC	Back Boiler Renewal and Replacement	750
	Resources, Management and Reputation	EIG	Metrogreen	127
Total Other Increases				6,248
TOTAL INCREASES				13,957
REDUCTIONS				
Re-Profiling to Future Years	Place and Economy - Environment and Transport	HEHC	Follingsby Salt Store	-878
	People - Health and Wellbeing	CAF	River View Intermediate Care Facility	-3,140
	Place and Economy - Environment and Transport	HEHC	Flood Alleviation Investment	-3,137
	Place and Economy - Environment and Transport	HEHC	West Askew Road junction improvements	-1,490
	Place and Economy - Housing	HEHC	Decent Homes	-2,677
	Resources, Management and Reputation	EIG	Metrogreen	-90
People - Children and Young People	CAF	Children's Two Bed Residential Assessment Service in Gateshead	-700	
Total Re-profiling to Future Years				-12,112
Other Movements	Communities - Culture, Sport and Leisure	PH&W	Gateshead International Stadium Investment	-362
	People - Children and Young People	HEHC	School Condition Investment	-416
	Place and Economy - Economy	EIG	Digital Gateshead	-179
	Place and Economy - Housing	HEHC	Clasper House Building Development	-4,016
	Place and Economy - Housing	HEHC	T-Fall Insulation & ventilation Total	-90
	Place and Economy - Housing	HEHC	Window & Door Entry Replacement	-85
	Resources, Management and Reputation	EIG	Gateshead Quays Multi Storey Car Park	-1,000
	Resources, Management and Reputation	EIG	Loan to GECO. District Energy extension HNIP	-678
	Resources, Management and Reputation	EIG	Metrogreen	-50
	Resources, Management and Reputation	R&D	Technology Plan: Infrastructure	-100
Total Other Movements				-6,976
TOTAL REDUCTIONS				-19,088
TOTAL VARIANCE				-5,131

Appendix 3

Portfolio	Approved Budget 2020/21	Revised Forecast Q1 30 June 2021	Variance	Actual Spend at 30 June 2021
COMMUNITIES				
Communities - Culture, Sport and Leisure	2,938	2,696	(242)	41
Communities - Volunteering	0	150	150	0
Total Communities	2,938	2,846	(92)	41
LEADERS				
Leaders	18	18	0	0
Total Leaders	18	18	0	0
PEOPLE				
People - Children and Young People	6,148	6,452	304	214
People - Health and Wellbeing	7,052	5,462	(1,590)	61
Total People	13,200	11,914	(1,286)	275
PLACE AND ECONOMY				
Place and Economy - Economy	779	802	23	118
Place and Economy - Environment and Transport	37,333	36,035	(1,298)	1,757
Place and Economy - Housing	40,880	36,864	(4,016)	1,557
Total Place and Economy	78,992	73,701	(5,291)	3,432
RESOURCES, MANAGEMENT AND REPUTATION				
Resources, Management and Reputation	47,720	49,258	1,538	153
Total Resources, Management and Reputation	47,720	49,258	1,538	153
Total Capital Investment	142,868	137,737	(5,131)	3,901

Appendix 4

Portfolio	Group	Project Title	Approved 2021/22 Allocation £'000	Revised Q1 Allocation £'000	Variance	Comments
COMMUNITIES						
Communities - Culture, Sport and Leisure	HEHC	Improvements to Access Roads and Car Parks	100	100	0	
	HEHC	Fixed Play Facility Renewals	690	727	37	Slippage from 2020/21
	R&D	Sage Gateshead - Capital Development	0	13	13	Slippage from 2020/21
	PH&W	Gateshead Leisure Centre Investment	652	652	0	
	PH&W	Virtual Reality Fitness Systems	0	120	120	Slippage from 2020/21
	PH&W	Gateshead International Stadium Investment	1,476	1,064	-412	Re-profile to other capital schemes (PSDS)
	PH&W	Library Service Review	20	20	0	
		Total Communities - Culture, Sport & Leisure	2,938	2,696	-242	
Communities - Volunteering	HEHC	Community Hubs	0	150	150	Slippage from 2020/21
		Total Communities - Volunteering	0	150	150	
	TOTAL COMMUNITIES	2,938	2,846	-92		
LEADERS						
Leaders	CS&G	Occupational Health Management Software	18	18	0	
	TOTAL LEADERS		18	18	0	
PEOPLE						
People - Children and Young People	HEHC	Gibside New School Provision	251	251	0	
	HEHC	Additional Budget Requirement - Blaydon West Primary School New Build	2,600	2,600	0	
	HEHC	School Condition Investment	2,147	2,821	674	Slippage from 2020/21, re-profile to other capital schemes (PSDS)
	HEHC	Schools Devolved Formula Funding	250	250	0	
	CAF	Social Care System	0	181	181	Slippage from 2020/21
	CAF	Children's Two Bed Residential Assessment Service in Gateshead	740	50	-690	Re-profile to future years
	CAF	Extensions and adaptations to the homes of foster carers	160	299	139	Slippage from 2020/21
		Total Children and Young People	6,148	6,452	304	
People - Health and Wellbeing	CAF	Disabled Facilities Grants (DFGs)	1,950	2,211	261	Slippage from 2020/21
	CAF	River View Intermediate Care Facility	3,817	1,858	-1,959	Additional £1.2m required, with £3.140m slipped into 2021/22
	CAF	Children's Three bed Residential Home	690	700	10	Slippage from 2020/21
	CAF	Specialist Therapeutic Children's Home in Gateshead	520	550	30	Slippage from 2020/21
	CAF	Telecare Equipment	75	143	68	Slippage from 2020/21
	Total Health and Wellbeing	7,052	5,462	-1,590		
	TOTAL PEOPLE	13,200	11,914	-1,286		
PLACE AND ECONOMY						
Place and Economy - Economy	EIG	Digital Gateshead	699	520	-179	Accelerated spend from previous years
	EIG	Broadband Delivery UK	80	80	0	
	PH&W	Business Improvement System	0	202	202	Slippage from 2020/21
	Total Economy	779	802	23		
Place and Economy - Environment and Transport	EIG	Quays Pedestrian Improvements	1,000	1,050	50	Slippage from 2020/21
	EIG	Gateshead DES - Solar PV	4,265	4,151	-114	Accelerated spend from 2020/21
	EIG	Gateshead DES - DH and PW connection	4,268	4,057	-211	Accelerated spend from 2020/21
	HEHC	Public Sector Decarbonisation Schemes (PSDS)	0	1,278	1,278	Funding received from SALIX/BEIS
	HEHC	Salix Energy Efficiency Works	150	150	0	
	HEHC	Flood Alleviation Investment	3,137	0	-3,137	Slipped to 2022/23
	HEHC	Street Lighting LED Replacement - Phase 4	939	825	-114	Accelerated spend from 2020/21
	HEHC	Street Lighting Column Replacement and CMS Removal	1,000	1,000	0	
	EIG	Local Transport Plan - Integrated Transport	1,233	2,296	1,063	Slippage from 2020/21 and additional funding received
	EIG	Local Transport Plan - Planned Maintenance	3,238	4,272	1,034	Additional funding received
	EIG	Additional Budget Requirement - Transforming Cities (Tranche 2)	7,350	7,350	0	
	EIG	West Askew Road junction improvements	3,508	3,000	-508	Re-profile to future years
	HEHC	Flagged Footways	333	333	0	
	HEHC	Traffic Sign Replacement	256	325	69	Slippage from 2020/21
	HEHC	Unclassified Road Resurfacing - Micro Asphalt	500	539	39	Slippage from 2020/21
	HEHC	Traffic Signal Renewal - Borough Wide	500	788	288	Slippage from 2020/21
	HEHC	Replacement Bins	100	100	0	
HEHC	Birtley Crematorium Cremator Replacement	0	521	521	Slippage from 2020/21	
HEHC	Follingsby Salt Store	878	0	-878	Re-profile to future years	
EIG	Loan to GCo. District Energy extension HNIP	4,678	4,000	-678	Re-profile to future years	
	Total Environment and Transport	37,333	36,035	-1,298		
Place and Economy - Housing	EIG	GRP Urban Core - Exemplar Neighbourhood	3,700	3,700	0	
	EIG	Capital Contribution to Clasper Housing Development	5,281	5,281	0	
	EIG	Clasper House Building Development	4,996	988	-4,008	Re-profile to future years
	HEHC	Loan to Keelman Homes - Bleach Green Affordable Housing	600	700	100	Slippage from 2020/21
	HEHC	Loan to Keelman Homes to support Empty Homes 2016-21	700	1,150	450	Slippage from 2020/21 and additional £0.4m
	HEHC	Lift Replacement/Refurbishment	500	500	0	
	HEHC	Replacement of Communal Electrics	696	696	0	
	HEHC	External Wall Insulation Works to Non-Traditional Properties Total	0	100	100	Additional Works
	HEHC	T-Fall insulation	90	0	-90	Merged with Decent Homes works
	HEHC	Warden Call Renewal	240	200	-40	
	HEHC	Aids and Adaptations	1,500	1,500	0	
	HEHC	Multi Storey Modernisation works Total	0	65	65	Slippage from 2020/21
	HEHC	Sheltered Unit modernisation works Total	0	40	40	Slippage from 2020/21
	HEHC	Neighbourhood Improvements	170	170	0	
	HEHC	Fire Safety Work / Compliance	1,134	2,473	1,339	Slippage from 2020/21
	HEHC	Equality Act Works	54	54	0	
	HEHC	Basement Improvements	100	100	0	
	HEHC	Building Sustainability Improvements	0	0	0	
	HEHC	Decent Homes - Investment Programme	9,844	7,167	-2,677	Reprofiled to 2022/23
	HEHC	Programme Management	550	550	0	
	HEHC	Strategic Maintenance	2,000	2,000	0	
	HEHC	Window & Door Entry Replacements	751	666	-85	Reduction as now partially funded from revenue
	HEHC	Option Appraisal Recommendations	0	0	0	
	HEHC	Timber Replacements	100	100	0	
	HEHC	Boiler Renewal and Replacements	750	1,500	750	Slippage from 2022/23
	HEHC	Property conversions feasibility Total	0	40	40	Additional Works
	HEHC	Stock Condition Surveys and Scheme Design	550	550	0	
HEHC	Estate Regeneration	1,000	1,000	0		
HEHC	New Build/Acquisition - Various	5,574	5,574	0		
	Total Place and Economy - Housing	40,880	36,864	-4,016		
	TOTAL PLACE AND ECONOMY	78,992	73,701	-5,291		
RESOURCES, MANAGEMENT & REPUTATION						
Resources Management and Reputation	EIG	Development Site Preparation Works	500	500	0	
	EIG	High Street South Regeneration	583	1,009	426	Slippage from 2020/21
	EIG	ADZ Investment - Gateshead Quays	14,529	14,529	0	
	EIG	Ballic Quarter Enabling Infrastructure	8,250	8,142	-108	Accelerated spend from 2020/21
	EIG	Gateshead Quays Multi Storey Car Park	15,764	15,876	112	Slippage from 2020/21
	EIG	Major Projects - Project Management Costs	290	290	0	
	EIG	Metrogreen	78	1,750	98	Slippage from 2020/21
	HEHC	Replacement of Fleet and Horticultural Equipment	1,750	1,750	0	
	EIG	High Street North - Future Place	0	100	100	Slippage from 2020/21
	CAF	Specialist equipment to improve inclusion for CYP - HINT	0	24	24	Slippage from 2020/21
	CAF	Specialist IT equipment for CYP with low incidence needs (hearing and vision impairment)	0	37	37	Slippage from 2020/21
	HEHC	Health & Safety	500	612	112	Slippage from 2020/21
	HEHC	Strategic Maintenance	1,336	1,459	123	Slippage from 2020/21
	R&D	Technology Plan: Infrastructure	2,739	2,875	136	Slippage from 2020/21
	R&D	Technology Plan: Transformation Through Technology & New Ways of Working	1,160	1,638	478	Slippage from 2020/21
R&D	ICT Strategic Plan	241	241	0		
	TOTAL RESOURCES, MANAGEMENT & REPUTATION	47,720	49,258	1,538		
	TOTAL CAPITAL INVESTMENT	142,868	137,737	-5,131		

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PRUDENTIAL INDICATORS 2021/22

The 2021/22 Prudential Indicators were agreed by Council on 25 February 2021 (column 1). This is now compared with the 2021/22 actual Q1 position as at the 30 June 2021 (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 2021/22 have been breached.

Capital Expenditure		
	2021/22 £000 Reported Indicator	2021/22 £000 Quarter 1
Non-HRA	117,265	112,692
HRA	25,603	25,045
Total	142,868	137,737
To reflect the reported capital monitoring agreed by Council during the year		

Ratio of Financing Costs to Net Revenue Stream		
	2021/22 Reported Indicator	2021/22 Quarter 1
Non-HRA	18.59%	NA
HRA	42.39%	NA

Capital Financing Requirement		
	2021/22 £000 Reported Indicator	2021/22 £000 Quarter 1
Non-HRA	441,180	412,745
HRA	345,505	345,505

Authorised Limit for External Debt	
	2021/22 £000 Reported Indicator
Borrowing	865,000
Other Long Term Liabilities	0
Total	865,000
Maximum YTD 30/06/2021 £668.684m	

Operational Boundary for External Debt	
	2021/22 £000 Reported Indicator
Borrowing	850,000
Other Long Term Liabilities	0
Total	850,000
Maximum YTD 30/06/2021 £668.684m	

The Council's actual external debt at 30 June 2021 was £658.684m. 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

	2021/22 £000 Reported Indicator		2021/22 £000 Actual Position	
	Upper Limit	Lower Limit	Actual Percentage	Maximum YTD
Under 12 months	20%	0%	3.43%	4.88%
12 months to 24 months	19%	0%	1.69%	1.69%
24 months to 5 years	21%	0%	6.04%	7.56%
5 years to 10 years	27%	0%	11.06%	11.06%
10 years to 20 years	22%	0%	7.37%	7.37%
20 years to 30 years	18%	0%	1.18%	1.18%
30 years to 40 years	44%	0%	32.18%	32.18%
40 years to 50 years	46%	0%	34.61%	34.61%
50 years and above	16%	0%	0.00%	0.00%
All within agreed limits.				

Upper / Lower Limits for Maturity Structure of Variable Rate Borrowing

	2021/22 £000 Reported Indicator		2021/22 £000 Actual Position	
	Upper Limit	Lower Limit	Actual Percentage	Maximum YTD
Under 12 months	20%	0%	2.43%	2.43%
12 months to 24 months	20%	0%	0.00%	0.00%
24 months to 5 years	20%	0%	0.00%	0.00%
5 years to 50 years and above	20%	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

	2021/22 £000 Reported Indicator	2021/22 £000 Actual Position	2021/22 £000 Maximum YTD
	Investments	15,000	0,000

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COUNCIL MEETING

22 July 2021

PUBLIC HEALTH ENGLAND PREVENTION CONCORDAT FOR BETTER MENTAL HEALTH

Sheena Ramsey, Chief Executive

EXECUTIVE SUMMARY

1. This report seeks approval for the Council to become a signatory to the Public Health England Mental Health Prevention Care Concordat.
2. The Prevention Care Concordat Consensus statement and Action Plan will enable the Council to demonstrate its continued support of its employees' Mental Health, as well as working with local partners in supporting the Mental Health and wellbeing of its residents.
3. The Concordat encourages collaborative work to secure place-based improvements that are tailored to local needs and assets and builds capacity and capability across the workforce to prevent mental health problems.
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) supports Gateshead Council becoming a signatory to the Prevention Care Concordat through Public Health England; and
 - (ii) commits to support and sign up to the approved Action Plan as part of the submission.

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**REPORT TO CABINET
20 July 2021**

TITLE OF REPORT: **Public Health England Prevention Concordat for Better Mental Health**

REPORT OF: **Alice Wiseman, Director of Public Health and Wellbeing**

Purpose of the Report

1. This report seeks the support of Cabinet for the Council becoming a signatory to the Public Health England (PHE) Mental Health Prevention Care Concordat¹.

Background

2. Gateshead Council had been a signatory, up to its expiry in June 2020, to the Time to Change Employer Pledge², a commitment to changing the way we think and act about mental health in the workplace. The Pledge supported employers to create a more open and understanding culture around mental health problems in the workplace, underpinned by a 12-month Action Plan. The Prevention Care Concordat Consensus statement and Action Plan will enable the Council to refresh and demonstrate its continued support of its employees' Mental Health, as well as working with local partners in supporting the Mental Health and wellbeing of its residents.
3. Mental disorders are more common in people living alone, in poor physical health, and not employed. Children living in poverty are over three times more likely to suffer from mental health problems. Discrimination is a significant determinant of the mental health of recent migrants, black and mixed ethnicity groups.
4. Poverty and health inequalities are placing an increasing demand on our services, so we need to focus our work, and the money we have to spend, on what matters most. COVID-19 has highlighted pre-existing inequalities and, in some cases, widened them.

Proposal

5. Taking a prevention-focused approach to improving the public's mental health has been shown to make a valuable contribution to achieving a fairer and more equitable society, dovetailing with the aims of the Council's Thrive strategy. We want to help our communities not just survive, but to flourish, prosper and succeed. The Council has committed to five pledges to help and guide us when we make

¹ [Prevention Concordat for Better Mental Health - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

² [Employer Pledge | Time To Change \(time-to-change.org.uk\)](https://time-to-change.org.uk)

decisions: this Pledge will support work towards those Five Pledges but has no key legal or financial considerations.

6. The Concordat focuses on prevention and the wider determinants of mental health, to impact positively on the NHS and social care system by enabling early help through using upstream interventions. It supports joint cross-sectoral action to deliver an increased focus on the prevention of mental health problems and the promotion of good mental health at the local level, drawing on the expertise of people with lived experience of mental health problems, and the wider community.
7. It encourages collaborative work across organisational boundaries and disciplines to secure place-based improvements that are tailored to local needs and assets. The Concordat builds the capacity and capability across our workforce to prevent mental health problems.

Recommendations

8. It is proposed that Cabinet recommends to Council:
 - (i) to support Gateshead Council becoming a signatory to the Prevention Care Concordat through Public Health England; and
 - (ii) to commit to support and sign up to the approved Action Plan as part of the submission (See Appendix 2).

For the following reasons:

- (i) To refresh and demonstrate the Council's continued support of its employees' Mental Health, as well as working with local partners in supporting the Mental Health and wellbeing of its residents.
- (ii) To ensure that the Action Plan is taken forward as an integral part of the commitment, ensuring action to underpin the written

CONTACT: **Iain Miller** extension: 3099

Policy Context

1. As outlined in the Council's strategic approach, Thrive, we want to help our communities not just survive, but to flourish, prosper and succeed. We have committed to five pledges to help and guide us when we make decisions. These are:

- Putting people and families at the heart of everything we do.
- Tackle inequality so people have a fair chance.
- Support communities to support themselves and to support each other.
- Invest in our economy to provide opportunities for employment, innovation and growth.
- Work together to fight for a better future for Gateshead

The Prevention Concordat for Mental Health will help in four of the five areas of the pledge, with "Invest in our economy to provide opportunities for employment, innovation and growth" being the only one which isn't likely to benefit from signing the pledge. The other four are at the heart of our preventative work on Mental Health with partners.

Gateshead Health and Wellbeing Strategy³ (2020) "Good jobs, homes, health and friends" also identifies the impact on Mental Health that the current Austerity measures are having on Gateshead residents.

Background

2. The Prevention Care Concordat was a recommendation from the NHS Five Year Forward View (2014)⁴ and was initially launched by Public Health England (PHE) in 2017 with external partners, including the Association of Directors of Public Health and the Local Government Association. It was referenced in the Prevention Green Paper: "Advancing our health: prevention in the 2020s"⁵.
3. The Prevention Care Concordat is Public Health England's (PHE's) prevention and promotion framework for better mental health, designed for local systems. It is a tried and tested approach to addressing the upstream determinants of Public Mental Health, with 256 signatories by March 2020.
4. Following a review and re-engagement with stakeholders during COVID-19, the programme was relaunched and refreshed for easier sign-up and adapted to make it COVID-19 relevant. It offers access to expertise, resources and a Community of Practice (CoP) and re-opened to application from Local Authorities, ICS/STP and Health Partnerships from 07 December 2020.
5. The Prevention Concordat encourages collaborative work across organisational boundaries and disciplines to secure place-based improvements that are tailored to local needs and assets and builds the capacity and capability across our workforce to prevent mental health problems.

³ [Health and wellbeing strategy 2020.pdf \(gateshead.gov.uk\)](#)

⁴ [Five Year Forward View \(england.nhs.uk\)](#)

⁵ [Advancing our health: prevention in the 2020s - GOV.UK \(www.gov.uk\)](#)

6. The programme has a five-domain framework for local action planning, with a new focus on reducing mental health inequalities. The domains include:
- Needs and Asset Assessment – effective use of data
 - Partnership and Alignment
 - Translating need into deliverable commitments
 - Defining Success outcomes
 - Leadership and Accountability
7. The Mental Health Prevention Concordat ‘Commitment’ requires signatories to develop a 12-month prevention and promotion action plan and sign the Prevention Concordat consensus statement.
8. The concordat application form contains a new section asking organisations to outline:
- What steps they are taking to address the social and economic disadvantages that underlie mental health inequalities?
 - What steps they are taking to address discrimination, racism and exclusion faced by particular local communities?
 - How are they addressing mental health stigma?

These help the Council in the consideration of its duties in relation to Equality and Diversity.

Consultation

9. The following have been consulted in the preparation of this report:
- Paper and Action Plan shared with the Health Portfolio lead/ Chair of the Gateshead Mental Health and Wellbeing Partnership, Councillor Bernadette Oliphant on 21 June 2021, who supported the proposal.
 - Action Plan scrutinised by the Regional Public Mental Health Lead for Public Health England, Julie Daneshyar.

Alternative Options

10. There are no alternatives available at the present time that give the same potential benefit to the organisation. Public Health England, and other potential funding bodies such as NHS England, have set being a signatory to the Concordat as one of the criteria for consideration in decision making.

Implications of Recommended Option

11. Resources:

- a) **Financial Implications** – The Strategic Director, Resources and Digital confirms that there are no financial implications for the Council.
- b) **Human Resources Implications** – There are no Human Resource demands arising from the proposals, other than the time of the Officer who will oversee

the work and lead for the Public Health Team. However, the Prevention Care Concordat Consensus statement and Action Plan will enable the Council to refresh and demonstrate its continued support of its employees' Mental Health.

c) **Property Implications** – There are no property implications.

12. **Risk Management Implication** – There are no risks associated with the proposal have been identified and therefore no requirement for measures to be taken to mitigate risks.

13. **Equality and Diversity Implications** - The Concordat application form contains a new section asking organisations to outline what steps they are taking to address:

- The social and economic disadvantages that underlie mental health inequalities?
- What steps they are taking to address discrimination, racism and exclusion faced by particular local communities?
- How are they addressing mental health stigma?

Equality and Diversity issues are therefore a requirement of the planning process. The Action Plan takes a population approach covering the Life course from Best Start in Life, through Working Age and Ageing Well.

14. **Crime and Disorder Implications** – There are no crime and disorder implications of the recommended option.

15. **Health Implications** – The Prevention Care Concordat will support a greater focus on preventative support, looking to work with people and avoid the requirement for clinical services. This falls in line with the Council's aspirations for health and wellbeing and the Thrive strategic approach. The potential positive health impacts could be significant and help to address the health inequalities that people with Mental health conditions experience.

16. **Climate Emergency and Sustainability Implications** – There are no Climate Emergency or Sustainability implications.

17. **Human Rights Implications** – There are no Human Rights implications.

18. **Ward Implications** - This focuses on all Gateshead residents across all wards.

Background Information

19. See list of documents that have been referenced as part of the registration document attached to this report i.e.

Prevalence of Severe Mental Illness <https://fingertips.phe.org.uk/profile-group/mental-health/profile/severe-mental-illness/data#page/4/gid/8000030/pat/46/par/E39000039/ati/154/are/E38000212/iid/90581/age/1/sex/4>

¹Adults with depression <https://fingertips.phe.org.uk/profile-group/mental-health/profile/common-mental->

[disorders/data#page/4/gid/1938132720/pat/46/par/E39000039/ati/154/are/E38000212/iid/848/age/168/sex/4](https://fingertips.phe.org.uk/profile-group/mental-health/profile/common-mental-disorders/data#page/4/gid/1938132720/pat/46/par/E39000039/ati/154/are/E38000212/iid/848/age/168/sex/4)

¹ Estimated Depression and anxiety prevalence <https://fingertips.phe.org.uk/profile-group/mental-health/profile/common-mental-disorders/data#page/4/gid/8000026/pat/46/par/E39000047/ati/154/are/E38000212/iid/90647/age/168/sex/4>

¹ Prescribing rates <https://fingertips.phe.org.uk/common-mental-disorders#page/4/gid/8000042/pat/46/par/E39000039/ati/154/are/E38000212/iid/90527/age/168/sex/4>

Rate of emergency psychiatric admissions <https://fingertips.phe.org.uk/profile-group/mental-health/profile/severe-mental-illness/data#page/4/gid/8000039/pat/6/par/E12000001/ati/102/are/E08000037/iid/21001/age/1/sex/4>

Hospital admissions for self-harm <https://fingertips.phe.org.uk/profile-group/child-health/profile/child-health-young-people/data#page/4/gid/1938132999/pat/6/par/E12000001/ati/102/are/E08000037/iid/90813/age/245/sex/4>

¹ Hospital admissions for self-harm 10-24 years <https://fingertips.phe.org.uk/profile-group/child-health/profile/child-health-young-people/data#page/4/gid/1938132999/pat/6/par/E12000001/ati/102/are/E08000037/iid/90813/age/245/sex/4>

Annual Population Survey, ONS, 2017/18 <https://fingertips.phe.org.uk/common-mental-disorders#page/4/gid/8000026/pat/6/par/E12000001/ati/102/are/E08000037/iid/22304/age/164/sex/4>

¹ Annual Gateshead Lifestyle Survey 2016

¹ Coronavirus and the social impacts on Great Britain <https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwi78YgkkLTrAhUwTxUIHWpNAukQFjAAegQIARAB&url=https%3A%2F%2Fwww.ons.gov.uk%2Freleases%2Fthesocialimpactsofcoronaviruscovid19%2F9april2020&usq=AOvVaw0wEQeigWlyWrieZ5fltHvM>

This also includes the Gateshead Joint Strategic Needs Assessment (JSNA), the Gateshead Health and Wellbeing Strategy and the Councils strategic approach Making Gateshead a Place where everyone thrives. A Mental Health Impact Assessment was also conducted in July 2020 which is being further developed at Regional level to help inform the focus of prevention work as we move out of the pandemic.



Protecting and improving the nation's health

Prevention Concordat for Better Mental Health: information required from signatories to the Consensus Statement

We are delighted that you are interested in becoming a signatory to the [Prevention Concordat for Better Mental Health Consensus Statement](#). You will be joining a number of organisations who have committed to working together to prevent mental health problems and promote good mental health through local and national action.

The Prevention Concordat registration process

Step 1. Complete the local Prevention Concordat action plan template below (Attach any supporting documents that you may want to share)

Step 2. Senior leader/CEO of organisation to commit and sign up to approved action plan

Step 3 e-mail your submission to publicmentalhealth@phe.gov.uk

Step 4. Confirmation of receipt

Step 5. A panel will review and approve action plans submitted within one month of submission date;

- wave 3 –Friday 14th December 2018
- wave 4 – Friday 1st March 2019

NB: the team are currently reviewing the process for approving action plans and intend to have a digital process set up moving forward. Please see below.

Registration form

Please answer the questions below:

Lead contact name	Iain Miller
Lead contact details	Programme Lead, Gateshead Public Health Team
Job title of lead officer	Programme Lead
Name of organisation / partnership	Gateshead Council
Who are you representing? <i>(e.g. Individual organisation, collaboration, partnership,</i>	Gateshead Council

For further information please contact publicmentalhealth@phe.gov.uk

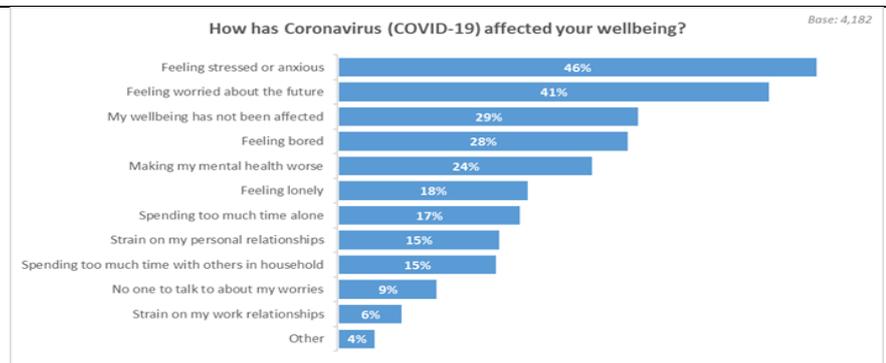
<p><i>Local Authority, Clinical Commissioning Group, community group and other, please name)</i></p>	
<p>Please tell us more about your organisation's work (no more than 150 words)</p>	<p>Gateshead Council are fiercely ambitious for the people of Gateshead, helping it to be a great place to live, work and visit. Poverty and health inequalities are placing an increasing demand on our services, so we need more than ever to focus our work, and the money we have to spend, on what matters most. We want to help our communities not just survive, but to flourish, prosper and succeed. We have committed to five pledges to help and guide us when we make decisions. These are:</p> <ul style="list-style-type: none"> - Putting people and families at the heart of everything we do. - Tackle inequality so people have a fair chance. - Support communities to support themselves and to support each other. - Invest in our economy to provide opportunities for employment, innovation and growth. - Work together to fight for a better future for Gateshead
<p>What are you currently doing that promotes better mental health?</p>	<p>The organisation currently promotes better mental health in Gateshead through a wide range of initiatives being carried out internally across the council and externally, taking a population approach that promotes better mental health. There is a focus on improving the mental health and wellbeing of everyone in Gateshead, as well as targeting those with greatest need. A public mental health approach concentrates on promoting mental wellbeing, preventing mental illness and supporting people to recover. Several key examples of this includes:</p> <ul style="list-style-type: none"> - Gateshead Council host and administrate the Gateshead Mental Health and Wellbeing Partnership, a partnership of around 50 different Mental Health providers serving the population of Gateshead. Comprising of organisations from the Statutory, Private and Voluntary Community Sector, the Partnership has an agreed Public Mental Health Strategy which incorporates a Suicide Prevention Action Plan and Communication Action Plan. - Gateshead Council, through a representative from their Public Health and Wellbeing Directorate, is a partner in the North East and North Cumbria Integrated Care System (ICS) work on Mental Health and a key partner in the NENC ICS Suicide Prevention workstream. A full programme of Suicide Prevention has been developed around a Northumberland and Tyne and Wear Suicide Prevention Action Plan. - Gateshead Council, through a representative of their Public Health and Wellbeing Directorate, is a key partner of the North East Public Mental Health Leads Forum led by Public Health England and their Public Mental Health Lead. - The Public Mental Health lead from the Gateshead Public Health and Wellbeing Directorate Co-Chairs the Northumberland and Tyne & Wear Suicide Prevention Steering Group, a partnership of the six Local Authorities in the area, Northumbria Police, NHS providers and Voluntary

	<p>Community Sector organisations, taking forward an Action Plan with funding through NHS England's Modernisation fund. This funding has among other things; enabled the employment of a Suicide Coordinator in the area to lead on the three year action plan, enabled development of a Suicide Prevention Real Time Data System (RTDS) at Northumberland and Tyne and Wear level so that local action can be taken as patterns emerge rather than waiting for the results of an annual local audit of Coroners files and targeting of activity at grass roots level through a Small grants programme.</p> <ul style="list-style-type: none"> - Gateshead Council were a signatory for two years, before it's retirement in June 2020 by Time to Change, to the Time to Change Employer Pledge. We see the Prevention Care Concordat as underpinning, and building upon, the focus that this Pledge had previously given. - Work in partnership with Newcastle City Council, Newcastle Gateshead CCG and Voluntary Community sector providers in Gateshead, in overseeing a Time to Change "organic" hub. This is a hub, endorsed by Time to Change although not receiving grant funding, to take forward local action on the Time to Change anti-stigma programme. - Planning to launch a Time to Change Forum for the Gateshead area in partnership with other employers. This was deferred until we are back to normal working practices later in the year, perhaps World Mental Health Day on 10 October 2021. - Gateshead Council Commissions a wide range of services to tackle mental health issues with particular target groups and employs Mental Health Social Workers and has participated in the programmes of training fast track entrants through the Step up to Social Work programme and has historically recruited and supported trainees on the Think Ahead (Mental Health Social Work Graduate Programme). The Social Work team also supports staff towards their qualification as Approved Mental Health Professional (AMHP). - There is a wider offer that other departments within Adult Social Care, Workforce Development and others in relation to Mental Health. - Gateshead Council commission a wide range of Public Health interventions and services e.g. Stop Smoking Services, NHS Health Checks, Sexual Health Services, which have a positive impact on the Mental Health of participants in the programme. - Gateshead Council is a partner in the Children and Young Persons Mental Health Trailblazer programme and are going to benefit from a very recent funding announcement from the DfE of a package of support on mental health and wellbeing: Schools and colleges to benefit from boost in expert mental health support - GOV.UK (www.gov.uk). - Gateshead Council hold the Maintaining Excellence level of the North East Regional Better Health at Work award, a key element of which is to promote the Mental Health and
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Wellbeing of staff.

- Gateshead Council's Workforce Development training programme for staff includes an offer on a range of Mental Health training courses including; Connect 5, Mental Health First Aid and Making Every Contact Count.
- Gateshead Council offers a comprehensive Staff health programme including providing staff with the opportunity to access a Professional Counselling service to deal with low level mental health issues such as Anxiety, Depression and Stress. This service is by referral or by self-referral and staff can get up to 6 sessions of support.
- Gateshead Council have recruited, trained and support the offer of a team of 14 Mental Wellbeing First Aiders (MWFAs). They can provide initial, confidential and informal support to anyone within the Council who is suffering from any Mental Health condition that affects their health at work. Mental Wellbeing First Aiders will listen, be compassionate and help with signposting to other services. Referrals to MWFA's can either be made by the individual employee or by the employee's manager.
- Gateshead Council has a comprehensive staff health programme which has Mental Health promotion as one of the key elements of the work. The Council has also recruited Zest Champions who can help staff with a wide range of lifestyle issues, again listening to peoples' concerns and helping them to find a solution to the issues.
- Gateshead Council are involved in ongoing work in relation to Social prescribing , supporting access to green spaces and the consideration of mental health in the built environment.
- Work in relation to Older people has included commissioning and evaluation of a programme of funded work with a range of Community Voluntary sector (CVS) organisations to look at potential opportunities to tackle Loneliness and Social isolation. This was prior to the lockdown due to the COVID-19 pandemic, and the recommendations from the University led evaluation of the programme will be revisited at the end of the pandemic.
- The Council has been involved in programmes of work on Promoting physical activity with Older People, both through their in-house Go Gateshead programme and also supporting community-based programmes such as those delivered by the Older Peoples Assembly.
- The Council, in partnership with a range of agencies has supported work with adults in relation to debt/finance pathways of support. They host an employee of Gateshead Advice Bureau within the Council, supporting residents as and when required
- Gateshead Council developed a Community Asset Based Approach (CABA) to tackling Mental Health as part of their Making Every Contact Count (MECC) programme. A decision was taken to make Mental Health as one of the key priority topic areas for the programme and one of the MECC leads was recruited to focus on this area. They developed Train the Trainer programmes on Mental Health

	<p>First Aid and Connect 5 and delivered a wide range of support to CVS organisations engaged in the programme. This also adopted a targeted approach to ensure that work was undertaken with BAME, LGBT+, Jewish and other marginalised groups. The Mental Health Lead was on secondment from a substantive post in Workforce Development and so the skills and expertise developed, remain with the Council for the benefit of its employees.</p> <ul style="list-style-type: none"> - A Mental Health Impact Assessment in relation to the COVID-19 Pandemic was completed in July 2020 as part of a Regional programme in line with responding appropriately to the Mental Health Impact of the COVID-19 Pandemic. - Gateshead Council, in partnership with Newcastle Gateshead CCG, have a duty to produce the Gateshead Joint Strategic Needs Assessment annually. This has been delivered for a number of years via an electronic platform at www.gatesheadjsna.org.uk Mental Health and Wellbeing is one of the key priorities as can be seen with sections under each of the three life courses i.e. Best Start in Life, Living Well and Ageing Well. - The Director of Public Health's Annual report always has a focus on Mental Health as Mental health and wellbeing are not only important outcomes in themselves but also impact upon other health outcomes. Actions to strengthen wellbeing may therefore positively influence life expectancy and importantly, the proportion of this that is spent in good health.
<p>Do you have or are you intending on producing a mental health plan or a mental health needs assessment.</p>	<p>There are a number of Mental Health plans that the Council are involved in developing and taking forward, either on their own or in partnership with a wide range of partner organisations, at Regional, sub Regional or local levels. These include:</p> <ul style="list-style-type: none"> - North East and North Cumbria Integrated Care System (ICS) Mental Health strategy. - North East and North Cumbria ICS Suicide Prevention Action Plan. - Northumberland and Tyne & Wear Suicide Prevention Action Plan. - Gateshead Public Mental Health Strategy and Action Plan. - Gateshead Suicide Prevention Action Plan, part of the Gateshead Public Mental Health Strategy. - A Needs Assessment was conducted in 2016 in relation to Suicide Prevention at Regional level. There are a number of other Health Needs Assessments which cover Mental Health e.g. Carers and Black and Minority Ethnic Groups Health Needs Assessments and most recently, a Mental Health Impact Assessment in relation to the COVID-19 Pandemic. These can be found on the Gateshead Joint Strategic Needs Assessment at www.gatesheadjsna.org.uk There are also sections in the JSNA under each of the three life courses i.e. Best Start in Life, Living Well and Ageing Well, on Mental Health and Wellbeing. - A local survey from Gateshead Council of over 4,000 Gateshead residents showed the following Wellbeing impact of the COVID-19 pandemic.



- The results identify that this has had a detrimental effect on people’s wellbeing and ultimately, their mental health, with around a quarter of respondents stating it had made it worse. Nearly half were feeling stressed or anxious with a similar number of people worried about the future. This survey is likely to be repeated in the near future and will therefore hopefully give an indicator of how the tightening economic situation will start to further impact locally.
- A Mental Health Impact Assessment was completed in July 2020 as part of a Regional programme in line with responding appropriately to the Mental Health Impact of the COVID-19 Pandemic. This included a survey of partners on the Gateshead Mental Health and Wellbeing Partnership. A Regional action plan is currently being developed based on the findings from the collective findings of all assessments.

The Prevention Concordat for better mental health highlights the five domain framework for local action

Please describe what are you planning to commit to in the next 12 months for your area (see * page 3 for examples to support completion of this section);

1. Leadership and Direction

Senior Leadership and direction for Mental Health preventative work within Gateshead Council comes through a number of areas and Directorates, from Officers and elected members. Overall lead responsibility and direction comes from the Director of Public Health and Wellbeing in Gateshead Council and they oversee developments through a Public Health Consultant who gives Leadership and drive to the agenda. This is supported in the Public Health Team through a Programme Lead who works with other departments within the Council and partner organisations across Gateshead, statutory and voluntary sector, to promote preventative Mental Health initiatives and interventions with the population of Gateshead. This level of support will continue over the following 12 months.

There is also leadership from the Head of HR and Workforce Development in taking forward a programme of training and in supporting staff mental health and wellbeing through the workplace health coordinator role which is detailed in later sections. Also through

At a political level, Mental Health is championed by the Councillor who holds the Portfolio for Health and Wellbeing, with this person being a key figure in the Gateshead Mental Health and Wellbeing Partnership. Our previous Portfolio holder, Mental Health Champion and Chair of the Mental Health and Wellbeing Partnership, has just been elected as MP for Durham City and so

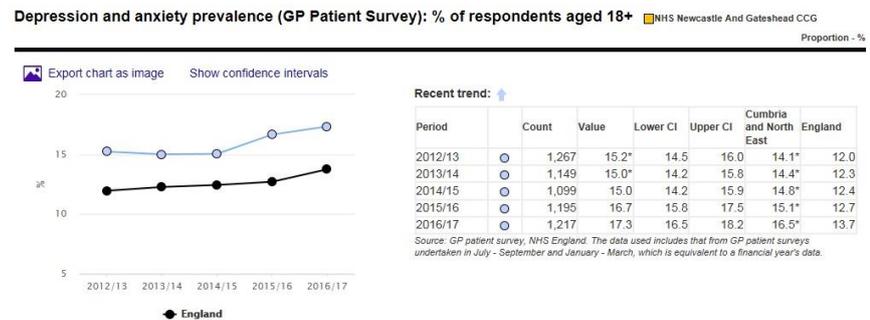
	<p>the newly appointed lead for Health and Wellbeing will be taking on this role once they are fully up to speed with the agenda.</p> <p>The Council have been a signatory of the Time to Change Employer Pledge since October 2017 and will continue to develop work in each of the Seven identified areas of the pledge Action Plan over the next 12 months, regardless of the fact that the pledge was retired in June 2020. The framework gives a positive marker of progress in various areas, something that we hope the Prevention Care Concordat will support into the future.</p> <p>The Council was a key partner in a Newcastle Gateshead bid for Time to Change hub funding, which unfortunately wasn't successful although organic hub status was given to the partnership.</p> <p>The Council is currently working in partnership with Gateshead College to develop a Gateshead Time to Change Forum, where organisations who are already signed up to the award can share good practice and also support and encourage new organisations to sign up to the employer pledge to tackle the stigma of mental health in the workplace.</p> <p>The Council provides a leadership role in Gateshead and beyond on Mental Health related issues. They host and facilitate the Gateshead Mental Health and Wellbeing Partnership (see details below) and are co-chair the Northumberland Tyne & Wear Suicide Prevention Steering Group, a partnership of multi-agency organisations including Northumbria Police, NHS organisations and Voluntary Community Sector bodies.</p> <p>The Council continues to hold the Maintaining Excellence level of the North East Better Health at Work Award and their Public Health Team takes a leadership role in promoting and supporting Gateshead businesses through the various stages of the award. Gateshead Council continues to take their own action plan forward to promote staff health, which includes a comprehensive programme around Mental Health.</p>
<p>2. Understanding local need and assets</p>	<p>The Gateshead Joint Strategic Needs Assessment (JSNA) www.gatesheadjsna.org.uk identifies the local needs that we have in Gateshead around a wide range of areas, mental health and wellbeing being one of them. This is detailed across the life course i.e. from birth and the “Best Start in Life”, through working age and “Living Well” and finally Ageing Well. This covers mental health issues ranging from Perinatal Mental Health through to Dementia with each area highlighting; Why it is Important, Headline data, What the data tells us, Groups most at risk, What we are Doing and why, What would success look like and What are the Challenges.</p> <p>Serious mental illness covers a range of symptoms and experiences which can bring distress and reduce the ability to cope with the demands of everyday life. The prevalence of schizophrenia, bipolar affective disorder and other psychoses in NewcastleGateshead CCG was 1.05% or 5,566 people in 2018/19</p>

[Chart - Prevalence of severe mental illness].¹

Depression and anxiety affect a greater number of people than serious mental illness. Prevalence data is now only available at Newcastle and Gateshead CCG level. A total of 44,633 people in Newcastle and Gateshead had a diagnosis of depression in 2018/19. This equates to a prevalence of 10.3% and the rate is increasing, as it is in England as a whole. [Chart - Adults with depression]². The England average is 10.7%. GP Patient Survey data estimates that the proportion of the adult population in Newcastle and Gateshead with both depression and anxiety may be 17.3%, which is significantly higher than the estimated England average of 13.7%.³ [See also: [Mental health disorder prevalence by GP practice](#) ; [Recorded depression prevalence by GP practice](#)]

Gateshead JSNA

<https://www.gatesheadjsna.org.uk/article/6047/Headline-data>



The antidepressant prescribing rate in Newcastle and Gateshead CCG area was 2.0 (average daily quantities per STAR-PU) compared with an England average of 1.5. [Chart - Antidepressant prescribing]. (Note: Specific Therapeutic group Age-sex weightings Related Prescribing Units (STAR-PU) are designed to measure prescribing weighted for age and sex of patients). There are differences in the age and sex of patients for who drugs in specific therapeutic groups are usually prescribed. To make such comparisons STAR-PU have been developed based on costs of prescribing, items or ADQs within therapeutic groups)⁴

¹ Prevalence of Severe Mental Illness <https://fingertips.phe.org.uk/profile-group/mental-health/profile/severe-mental-illness/data#page/4/gid/8000030/pat/46/par/E39000039/ati/154/are/E38000212/iid/90581/age/1/sex/4>

² Adults with depression <https://fingertips.phe.org.uk/profile-group/mental-health/profile/common-mental-disorders/data#page/4/gid/1938132720/pat/46/par/E39000039/ati/154/are/E38000212/iid/848/age/168/sex/4>

³ Estimated Depression and anxiety prevalence <https://fingertips.phe.org.uk/profile-group/mental-health/profile/common-mental-disorders/data#page/4/gid/8000026/pat/46/par/E39000047/ati/154/are/E38000212/iid/90647/age/168/sex/4>

⁴ Prescribing rates <https://fingertips.phe.org.uk/common-mental-disorders#page/4/gid/8000042/pat/46/par/E39000039/ati/154/are/E38000212/iid/90527/age/168/sex/4>

For further information please contact publicmentalhealth@phe.gov.uk

Both the rate of emergency psychiatric admissions ⁵ and the rate of admissions for self-harm are significantly higher in Gateshead than in England overall. There were 495 emergency admissions for self-harm in 2017/18 ⁶ In 2017/18 there were 133 young people aged 10-24 admitted to hospital for self-harm. As a rate per 100,000 (DSR) this was 386, statistically similar to the England average of 421 [[Chart - Hospital admissions for self harm aged 10 - 24](#)] ⁷

The proportion of Gateshead people that do not feel things they do in their life are worthwhile (3.7%) is similar to the England average (3.6%) [[Chart - Feeling worthwhile](#)]. The proportion who have low satisfaction with life (5.4%) is also similar to the England average (4.4%) [[Chart - Satisfaction with life](#)]. The proportion who have low feelings of happiness in Gateshead are 9.4% compared to the England average of 8.2% [[Chart - Happiness](#)] and the proportion with a high anxiety score in Gateshead is 21.0% compared to 20.0% in England as a whole [[Chart - Anxiety](#)] ⁸ A local survey conducted in 2016 (Adult Health and Lifestyle Survey) found that those aged 65+ scored much better than younger people on these indicators, and particularly on the satisfaction with life and happiness indicators. The survey also found that people who smoked scored significantly worse on all indicators with the exception of anxiety ⁹

There are several known risk-factors which make people more likely to experience mental health difficulties. These include unemployment, low income, racism and discrimination, traumatic experiences, violence or abuse, genetics, physical illness, and a lack of access to support ¹⁰

Other factors and circumstances can protect our mental health; Relationships, supportive families, secure childhood experiences, good housing, economic and social opportunities, education, and easy access to help can all boost our resilience in the face of stress and hardship.

Mental health problems rarely just impact on a single individual. Within families, poor parental mental health will impact adversely on children, whilst poor mental health in children and young people will adversely impact on parental mental health.

Gateshead Health and Wellbeing Board, of which Gateshead

⁵ Rate of emergency psychiatric admissions <https://fingertips.phe.org.uk/profile-group/mental-health/profile/severe-mental-illness/data#page/4/gid/8000039/pat/6/par/E12000001/ati/102/are/E08000037/iid/21001/age/1/sex/4>

⁶ Hospital admissions for self-harm <https://fingertips.phe.org.uk/profile-group/child-health/profile/child-health-young-people/data#page/4/gid/1938132999/pat/6/par/E12000001/ati/102/are/E08000037/iid/90813/age/245/sex/4>

⁷ Hospital admissions for self-harm 10-24 years <https://fingertips.phe.org.uk/profile-group/child-health/profile/child-health-young-people/data#page/4/gid/1938132999/pat/6/par/E12000001/ati/102/are/E08000037/iid/90813/age/245/sex/4>

⁸ Annual Population Survey, ONS, 2017/18 <https://fingertips.phe.org.uk/common-mental-disorders#page/4/gid/8000026/pat/6/par/E12000001/ati/102/are/E08000037/iid/22304/age/164/sex/4>

⁹ Annual Gateshead Lifestyle Survey 2016

¹⁰ Coronavirus and the social impacts on Great Britain

<https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKewi78YqkkLTrAhUwTxUIHWpNAukQFjAAegQIARAB&url=https%3A%2F%2Fwww.ons.gov.uk%2Fnews%2Fpress-releases%2Fthe-social-impacts-of-coronavirus-covid-19-april-2020&usq=AOvVaw0wEQeigWlyWrieZ5fltHvM>

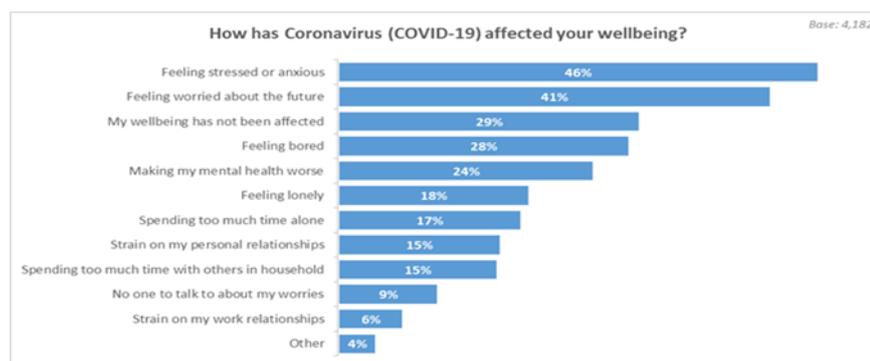
Council is one of the key partners, has just launched the Gateshead Health and Wellbeing Strategy, Good Jobs, Home, Health and Friends, identifying the impact that the wider determinants of health can have on our health and wellbeing. Many underlying factors govern our health and well-being. They are rooted in the social, environmental and economic circumstances into which we are born and grow, the wider determinants of health. To effectively reduce health inequalities, we must understand these causes, so that we can see the opportunities for action. Included in this is a focus on Psycho-social factors, addressing:

- Isolation
- Social support
- Social networks
- Self-esteem and self-worth
- Perceived level of control
- Meaning/purpose of life

The JSNA also has a section on Community Assets linking to Our Gateshead, www.ourgateshead.org an online directory of assets in the community and opportunities for the public to engage in activities that they value. There are also links to data tools such as Gateshead's own Local Index of Need (LION) and ward profiles which can both be used to help to drill down to local level need and assist targeting of resources at those most at risk.

A Health Needs Assessment was conducted in 2016 in relation to Suicide Prevention at Regional level. There are a number of other Health Needs Assessments which cover Mental Health e.g. Carers and Black and Minority Ethnic Groups Health Needs Assessments and most recently, a Mental Health Impact Assessment in relation to the COVID-19 Pandemic. These can be found on the Gateshead Joint Strategic Needs Assessment at www.gatesheadjsna.org.uk. There are also sections in the JSNA under each of the three life courses i.e. Best Start in Life, Living Well and Ageing Well, on Mental Health and Wellbeing.

A local survey from Gateshead Council of over 4,000 Gateshead residents showed the following Wellbeing impact of the COVID-19 pandemic.



	<p>The results identify that this has had a detrimental effect on people’s wellbeing and ultimately, their mental health, with around a quarter of respondents stating it had made it worse. Nearly half were feeling stressed or anxious with a similar number of people worried about the future. This survey is likely to be repeated in the near future and will therefore hopefully give an indicator of how the tightening economic situation will start to further impact locally.</p> <p>A Mental Health Impact Assessment was completed in July 2020 as part of a Regional programme in line with responding appropriately to the Mental Health Impact of the COVID-19 Pandemic. This included a survey of partners on the Gateshead Mental Health and Wellbeing Partnership. A Regional action plan is currently being developed based on the findings from the collective findings of all assessments</p> <p>We collect and promote information on the service offer in Gateshead in relation to promoting positive mental health, and one of these has details of around 50 organisations that can offer support of some type to the residents of Gateshead who are struggling with their mental health.</p>
<p>3. Working together</p>	<p>The Council provides a leadership role in Gateshead and beyond on Mental Health related issues, working with partners across the North East to ensure that the residents of Gateshead are supported and partners working with those residents, have access to quality training and opportunities for networking, whether that is physical or virtual. The Council, through their Health and Wellbeing Portfolio lead and the Health and Wellbeing Programme Lead with a remit for Public Mental Health, host and facilitate the Gateshead Mental Health and Wellbeing Partnership (see details below). This is a partnership that meets bi-monthly and has representation from around 50 partners organisations from the statutory and voluntary sector. There is a Public Mental Health Strategy and Action Plan which includes a Suicide Prevention Action Plan with partners agreeing to focus on three key aims on an annual basis to help promote Mental Health and tackle the stigma of Mental Health.</p> <p>The Council also co-chairs the Northumberland Tyne & Wear Suicide Prevention Steering Group, a partnership of multi-agency organisations including Northumbria Police, NHS organisations and Voluntary Community Sector bodies which is linked to the North East and North Cumbria ICS Mental Health workstream, specifically the area focussing on Suicide Prevention.</p> <p>This partnership has seen the development of greater working relationships with a range of local partners including; Northumbria Police where we have recruited and seconded a Suicide Prevention Coordinator to lead on an Action plan and resultant work programme. Also, stronger links with the North East Ambulance Service, CNTW NHS Foundation Trust, Regional Local Authorities and Voluntary and Community Sector Mental Health organisations across the</p>

	<p>Region.</p> <p>The Council, in partnership with a voluntary sector provider, also led the development of a DRAFT Gateshead Dual Needs strategy based on the NICE Guidance in this area. This group has been superseded by a Newcastle Gateshead group led by the CCG.</p> <p>The Council continues to lead on the Better Health at Work Award in the Gateshead locality, and their Public Health Team takes a leadership role in promoting and supporting Gateshead businesses through the various stages of the award. As well as facilitating action, the Council hold the Maintaining Excellence level of the North East Better Health at Work Award, continuing to take their own action plan forward to promote staff health, which includes a comprehensive programme around Mental Health.</p> <p>The Council recruited a Making Every Contact Count (MECC) team to engage with Voluntary and Community Sector organisations in the delivery of the programme across Gateshead. One of the MECC Development Leads had a focus on the promotion of Public Mental Health which was achieved through Mental Health First Aid Train the Trainer, Connect 5 train the trainer and delivery and also access to a number of opportunities for knowledge and skills development in relation to Behavioural Change and action planning. This was then expanded into Council based organisations and other partner organisation before being taken forward at Integrated Care System (ICS) level at North East and Cumbria with members of the Gateshead team leading this work, commissioned by the ICS.</p> <p>Gateshead Council is an active member on Mental Health partnerships at Clinical Commissioning Group level across Newcastle and Gateshead which includes the Mental Health Advisory Group and the Crisis Care Concordat Partnership alongside the emerging local Gateshead Community Mental Health Transformation Partnership.</p> <p>There is also partnership working across departments within the Council to promote Mental Health to the wider workforce.</p>
4. Taking action	<p>The Council promotes and takes action at a Universal level, signing up to and promoting the Time to Change Employer Pledge. It is planned that the work on the Prevention Concordat will support the delivery of the Action Plan that had been in place up to the Pledge being decommissioned in June 2020.</p> <p>The Gateshead MECC Team developed one of their Four core modules around the 5 Ways to Wellbeing as they identified that this fitted perfectly with Behaviour Change theory and enabling health conversations.</p> <p>This was also the case for the Public Health England (PHE)</p>

supported Connect 5 programme. This dovetails with the 5 Ways to Wellbeing theory and the MECC team again, acquired the necessary skills to enable them to promote this across the borough through two Train the Trainers and a regional support network.

The Council has also delivered a programme of Mental health First Aid across the Borough over the past 6 years with delivery initially commissioned by the TUC before we were able to train our own Train the Trainers in the model. This enabled us to commission Mental Health England to deliver Trainer programmes to representatives from the Voluntary Community Sector, putting us in the position of being able to deliver courses in Gateshead without having to rely upon Mental Health England to deliver.

The Council, and the Gateshead Mental Health and Wellbeing Partnership have agreed to support PHE's Every Mind Matters population campaign to promote support and advice in relation to Public Mental Health. This is done alongside the promotion of World Mental Health Day and Stress Awareness Month each year, engaging partners in the delivery of core messages to the population across Gateshead.

The Council commissions the TUC to deliver the Better Health At Work Award (BHAWA) to businesses across Gateshead as part of a Regional programme. The Public Health Team within the Council also support businesses who sign up to the award to work through the 5 stages of the award over a number of years. The BHAWA has a key focus at the introductory Bronze Award stage on the promotion and support of Mental Health of staff. This is then carried over into the following stages of the award, ensuring a focus on Mental Health is core to the support of businesses on the award programme.

The Council also takes action, either as a lead partner or a member of the partnership, in all the partnerships and Action Plans outlined in the sections above. This includes work at Regional, sub Regional or local levels. These include:

- North East and North Cumbria Integrated Care System (ICS) Mental Health strategy.
- North East and North Cumbria ICS Suicide Prevention Action Plan.
- Northumberland and Tyne & Wear Suicide Prevention Action Plan.
- Gateshead Public Mental Health Strategy and Action Plan.
- Gateshead Suicide Prevention Action Plan, part of the Gateshead Public Mental Health Strategy.
- Gateshead Council, as a partner with Newcastle Gateshead CCG, work on supporting the recovery of people in the Mental Health system, targeting those with Serious Mental Illness, predominantly through the Crisis Care Concordat Action Plan and reducing early mortality e.g. A focus on finance, employment, supported housing pathways also the

	<p>access to/ management of alcohol/smoking/CVD/ and promotion of immunisation and screening.</p> <p>The Council internal work includes:</p> <ul style="list-style-type: none"> - Mental Wellbeing First Aiders programme. - Delivery of the three levels of the Connect 5 programme by a Trained Train the Trainer. - Better Health at Work Award which includes an offer of support on Mental Health related topics - Support on national and Regional Campaign dates such as World Mental Health Day and Stress Awareness Month. - Communication / resources through the Intranet. Case study examples of staff who have shared their journey in work whilst dealing with Mental Health related issues. - Training courses delivered through Workforce Development - Counselling services available to all staff. - Stress Toolkit
<p>5. Defining success</p>	<p>There are a range of monitoring metrics and measures of success for each of the Public Mental Health work areas described above, which are agreed and then overseen by each of the lead organisation on the different partnerships. These can include but not confined to:</p> <ul style="list-style-type: none"> - Engagement by staff in agenda - Partnership working and engagement of partners in various forums - Sickness absence rates - Partnership working. Action Plans on various mental health areas including partnership action plan. - Communications action plan and delivery of media related content. - ONS 4 measures of happiness. - The North East Public Mental Health Leads network have discussed the development of a Public Mental Health dashboard and look to take this work forward in 2021/22. <p>Progress and measures of success will be presented on a regular basis as agreed, to which ever body ends up overseeing delivery of the plan.</p>
<p>Is your organisation/ partnership happy to provide key impact headlines when contacted related to the commitment specified? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p><i>The purpose of this information is to support us to measure progress of the programme and inspire others. Information requests will not occur more than once a year.</i></p>	
<p>Upload signature and organisation logo</p>	

In your submission please attach any additional documents that you may want to share to support your commitments e.g. strategies, plans project outlines.

***What do we mean by prevention planning?**

You may already be doing excellent work in relation to prevention planning that you are eager to share however here are a few examples for you to think about

What does good look like; the framework for effective planning for better mental health in all local areas is evidence based and consists of five steps to delivery:

Steps	Partnerships	Organisations	Communities
<p>Leadership and Direction</p> <p>Page 129</p>	<p>Identified lead organisation within the partnership for prevention of mental illness and promotion of good mental health</p> <p>Designated mental health prevention champion at a senior officer level in each organisation</p> <p>Shared vision statement for prevention and promotion that all have signed up to</p>	<p>Designated mental health prevention champion at a senior officer level in each organisation</p> <p>Support and development is given to roles that champion mental health prevention</p> <p>A clear vision for mental health promotion and prevention that fits across the whole organisation , involving all departments and functions and is integrated in all plans and strategies</p>	<p>An identified mental health prevention champion e.g. a local board member or community representative</p> <p>A shared vision and commitment to promote good mental health and prevent mental illness within the community</p> <p>Engagement within local partnerships to advocate for and meet community needs</p>
<p>Understanding local need and assets</p>	<p>Local Authority led Joint Strategic Needs Assessment with a mental health prevention focus</p> <p>Mental Health Equity Audits across the partnership</p> <p>Collaborative analysis of local information and intelligence</p>	<p>Mental health prevention needs assessment of targeted populations e.g. prison population, parents, Black and Minority Ethnic or Black, Asian and Minority Ethnic (BAME) , LGBTQ</p> <p>Engagement with communities to gain insight into their needs and assets</p>	<p>Asking questions of individuals, groups and families within the community about their mental health and wellbeing and what influences it e.g. use of WEMWEBs</p> <p>Engagement events and opportunities that enable citizens to share views and participate in decision making</p>

	<p>sharing</p> <p>Real time surveillance of suicide data</p> <p>Engagement with communities to gain insight into their needs and assets</p>		
Working together	<p>Working together in collaboration across a number of organisations on agreed prevention priorities, shared plans and strategies</p> <p>Involve local communities, including those with lived experience in planning;</p>	<p>Seeking collaboration with other organisations and working collaboratively within the organisation to address issues related to the promotion of mental wellbeing and the prevention of mental ill health e.g. multi agency suicide prevention plan, mental wellbeing plan</p> <p>Working with local communities and involving those with lived experience in planning</p>	<p>Coming together with other community groups and/or working with local partnerships</p> <p>Involving those with lived experience in planning and delivery</p>
Taking action	<p>Delivery of partnership plans and strategies</p> <p>Shared prioritisation and resources</p> <p>Mental Health Impact Assessments to integrate mental health prevention into partnership plans and strategies</p>	<p>Delivery of an organisational plan and/or strategy that has clear identified priorities and resource to support implementation.</p> <p>Prevention activity across the whole of the organisation</p> <p>Developing the workforce's knowledge and skills in promotion and prevention.</p>	<p>Programmes of local activity that promote better mental health.</p> <p>Enable citizens and communities to take action to promote better mental health.</p>

Defining success	Agreed outputs and outcomes across all partners that demonstrate delivery of the plans , level of partnership engagement and the measurement of impact/ improvements in local communities in relation to preventing mental illness and promoting mental health	Agreed outputs and outcomes across the organisation that demonstrate delivery of plans , level of partnership engagement and the measurement of impact/ improvements in local communities in relation to preventing mental illness and promoting mental health	Measuring the impact of activity on people's mental health and wellbeing in local communities
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COUNCIL MEETING

22 July 2021

VARIATION TO THE PRIMARY AND SECONDARY SCHOOL ADMISSION POLICIES FROM SEPTEMBER 2021 ONWARDS

Sheena Ramsey, Chief Executive

EXECUTIVE SUMMARY

1. The purpose of this report is to seek approval for the variation of the Primary and Secondary Schools Admission Policies from 2021/22 onwards.
2. A new School Admissions Code comes in to force from 1 September 2021 and requires children who appear to have been in state care outside of England and ceased to be in state care as a result of being adopted, to be give equal first priority in admission arrangements.
3. This new provision will necessitate variations to determined admission arrangements to take effect from 1 September 2021.
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) agrees the Community and Voluntary Controlled Primary and Secondary Admissions Policy set out in appendix 2 be adopted for September 2021 onwards; and
 - (ii) agrees that the approved admissions policies for September 2022/23 be used as a basis for consultation, if necessary, with schools and others for formulating the relevant admissions policies from September 2023/24 onwards.

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TITLE OF REPORT: Variation to Primary and Secondary School Admission Policies from September 2021 Onwards

REPORT OF: Caroline O'Neill, Strategic Director, Children, Adults and Families

Purpose of the Report

1. The purpose of this report is to request Cabinet to recommend Council to approve the variation of the Primary and Secondary Schools Admission Policies from 2021/22 onwards.

Background

2. The Department for Education have recently issued a new School Admissions Code which comes in to force with effect from the 1 September 2021. It applies to all maintained schools in England. Academies, including those that are free schools are required, to comply with the code and the law relating to admissions, though the Secretary of State has the power to vary this requirement where there is a demonstrable need.
3. The code and the related legislation ensure that school admission authorities, whether local authorities, schools or academies, must operate in a fair way that promotes fair access to school choice, social equity and community cohesion. The Code has a statutory basis and imposes mandatory provisions. Admission authorities must ensure that their school admission arrangements comply with the mandatory provisions of this Code.
4. The new 2021 School Admissions Code (the Code) requires children who appear (to the admission authority) to have been in state care outside of England and ceased to be in state care as a result of being adopted to be given equal first priority in admission arrangements, alongside looked after children (LAC) and children who were previously looked after by English local authorities (PLAC). This advice refers to these children as internationally adopted previously looked after children "**IAPLAC**".
5. This new provision will necessitate variations to determined admission arrangements to take effect from 1 September 2021. Admission authorities will need to vary their admission arrangements for 2021/22 (which were determined by 15 February 2020) and their admission arrangements for 2022/23 (which were determined by 15 February 2021). Without these variations, admission arrangements that have already been determined will no longer comply with the Code from this date.

Proposal

6. Cabinet is asked to consider the proposed variation to Primary and Secondary Schools admission policies for both 2022/23 and beyond as attached in Appendix 2 and agree the variation to the 2021/22 policy.

Recommendations

7. It is recommended that Council be asked to agree that:
 - (i) the Community and Voluntary Controlled Primary and Secondary Admissions Policy set out in Appendix 2 is adopted for September 2021 onwards; and
 - (ii) the approved admissions policies for September 2022/23 are used as a basis of consultation, if necessary, with schools and others for formulating the relevant admissions policies from September 2023/24 onwards.

For the following reason:

- To enable the Council to comply with statutory legislation as it relates to school admissions policies and admission arrangements.

CONTACT: **Julie McDowell** extension: 8644

Policy Context

1. This report supports the Council's strategic approach of Making Gateshead a Place Where Everyone Thrives.
2. The proposals also support the Council's Equal Opportunities policy. The report reflects the duties placed on the Council by legislation and statutory guidance.

Background

3. At its meeting in April 2016, the Council agreed that the approved school admissions policies for September 2017 be used as a basis for future school admissions policies.

Admission Policies

4. The revised admission policies for community and voluntary controlled primary and secondary schools are contained within Appendix 2.

Consultation

5. As this is a mandatory requirement to vary agreed admission policies a consultation has not been carried out, however, published admission information for parents on admissions from September 2021 onwards will reflect this change.
6. The Cabinet Member for Children and Young People has been consulted on this report.

Alternative Options

7. There is no alternative as this is a mandatory requirement.

Implications of Recommended Option

8. **Resources:**
 - a) **Financial Implications** – The Strategic Director, Resources and Digital confirms that there are no financial implications arising from this report
 - b) **Human Resources Implications** – Nil
 - c) **Property Implications** - Nil
9. **Risk Management Implication** - Nil

10. **Equality and Diversity Implications** - The policies comply with equal opportunities requirements in that all persons are treated equally with criteria being applied objectively.

The Equality Act 2010 consolidates the law prohibiting discrimination, harassment and victimisation. All schools must have due regard to their obligations under the act and an admission authority must not discriminate on the grounds of disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex or sexual orientation as to who is offered admission as a pupil. All schools must have due regard to their obligations under the Act and review their policies and practices to make sure these meet the requirements of the Act, even if they believe that they are already operating in a non-discriminatory way.

11. **Crime and Disorder Implications** – Nil
12. **Health Implications** - Nil
13. **Climate Emergency and Sustainability Implications** – Nil
14. **Human Rights Implications** - School Admissions Policies have Human Rights Implications. It is a convention right that no person should be denied the right to education. The Policy pursues a legitimate aim and is proportionate. It is necessary to assist the local authority and governors in distinguishing between competing applications. It is also necessary to allow parents to more accurately assess the prospects of their being able to obtain a place at the schools they prefer.
15. **Ward Implications** - All Wards are covered by this report

Appendix 2

Gateshead Council Primary School Admission Policy 2022/2023

We allocate places at Gateshead Primary, Infant and Junior Schools using this policy and co-ordinate admissions to Gateshead schools using the coordinated admission scheme.

The policy is as follows:

- Children start school at the beginning of the academic year in which they will reach the age of five. (An academic year lasts from 1 September in one year to 31 August the following year). Children are entitled to a full-time place as soon as they start school, however in most schools, the first term will include an induction period, (a period for children to get used to school life gradually, generally from September to October). Although, you may request that your child attends school part-time until later in the school year, but not beyond the point that your child reaches compulsory school age.

In addition, parents may request that their child is admitted to school later in the school year following September 2022, but not beyond the point at which they reach compulsory school age, and not beyond the beginning of the final term of the school year.

- We will accept pupils up to the schools agreed Planned Admission Number for the year group unless we feel there are lawful grounds not to do so.

Oversubscription Criteria

We will consider applications from parents who have named the school as any ranked preference on their application form this is called the equal preference system. If there are more applications for the number of places available at a school, we will then allocate places by using the following order of priority:

Order of Priority	Oversubscription Criteria
Criteria 1	Children in Public Care (and as deemed under Section 22 of the Children Act 1989) including a child who was previously “looked after” but immediately after being “looked after” became subject to an adoption, residence, or special guardianship order (see definition*). Children who appear to have been in state care outside of England and ceased to be in state care as a result of being adopted.
Criteria 2	Children who live in the school’s catchment area and who will have a brother or sister at the school, or at the feeder junior school during the coming academic year. (see definition*).
Criteria 3	Other children who live in the school’s catchment area.

Criteria 4	Other children who will have a brother or sister at the school or at the feeder junior school during the coming academic year (see definition*).
Criteria 5	Other children who have exceptional medical or social grounds see point 1 below.
Criteria 6	All other children.

(*see definitions of our criteria in priority 1, 3 and 5 above in our parent's information booklet and at www.gateshead.gov.uk).

Point 1

We can consider exceptional individual applications, particularly in cases involving medical or social needs. If you wish to apply on medical or social grounds you must provide written evidence from relevant registered health professionals i.e. a doctor or social worker. The evidence must demonstrate why the chosen school is more appropriate and what difficulties would be caused if they were to travel to and attend alternative schools. We will not consider such applications if the relevant professional evidence is not provided. The evidence will be presented to the Primary Fair Access Panel for consideration. No assumption should be made that submission of the relevant evidence will be, in itself, sufficient to allocate a place.

Whickham Parochial Church of England Controlled Primary School

This school has the same oversubscription criteria as priorities 1 to 6 above except that criteria 4 and 5 above are reversed. Priority 1, 2, 3, 6 and 7 remain in the same order however for this particular school their oversubscription criteria places priority 5 children above those children in priority 4.

Oakfield Junior School

The school has the same oversubscription criteria as priorities 1 to 6 above, however, they have an additional criterion (8 in total). Criteria 7 is also different that above. Please see below;

Criteria 1 to 6 same as criteria 1 to 6 above.

Criteria 7 children that attend Oakfield Infant School.

Criteria 8 all other children.

Admission of children outside their normal age group

Parents may request a place for their child outside their normal age group, for example gifted and talented children, children that have suffered ill health or parents of summer born children (children born from 1 April 2018 to 31 August 2018).

All cases of admission of children outside their normal age group must be discussed with the Council and relevant school Head Teacher prior to the application being made.

Such requests must be made on the Common Application Form which is available from 10th September 2021. Parents must detail the circumstances of their request and include any supporting information from relevant professionals.

The Council will consider each case individually and parents will be notified of the outcome of their request before 18th April 2022. (*Please refer to the 'Admission to Primary School' booklet for further information regarding deferred entry and admission of children outside their normal age group*).

Address

For the purposes of deciding whether a child lives in the catchment area of a school we will use the parent or legal guardian's address or the address of a relevant adult who has parental responsibility, as defined under the 1989 Children's Act, for the child.

Tie breaker

If, within any of the above criteria, there are more applicants than places available priority will be given to those children based on the distance they live from the school, measured 'as the crow flies' i.e. in a straight line from the central of the home residence to the school's main entrance. Children living nearest to the school will have priority. We measure the distance using a geographical information system (GIS). Where two or more applicants share the exact same distance, a random allocation process will be used to determine the ranked order of the applications in question.

Waiting list

If places become available, we will consider all relevant applications based on a waiting list. The waiting list will be maintained by the council from the start of the academic year and be kept for the rest of the academic year. All applicants on the waiting list are placed according to the admission criteria and priorities set out above. However, children who are the subject of a direction to admit by the LA or who have been referred for admission and have been allocated a place through the Fair Access Protocol will take precedence over any child on the waiting list.

Application Dates

From 10th September 2021 Gateshead residents can apply on-line at:
www.gateshead.gov.uk

On-line applications must be submitted by **15 January 2022**. Alternatively, parents can request a paper application from The School Admissions Team on 0191 433 2757. Paper applications must be returned to The School Admissions Team, Dryden Centre, Evistones Road, Gateshead, NE9 5UR by **15 January 2022**.

If you live outside Gateshead and want to apply to a Gateshead school, you must obtain an application form from your home Council and return it to them by their closing date, even if the schools you want to apply to are in Gateshead. However, you must still consider the information in Gateshead Council's 'Admission to Primary School' booklet so that you know what the admission arrangements are to Gateshead schools. This information is available at www.gateshead.gov.uk. Your own Council will send us notification of your application and they will let you know the final allocation of a school place for your child.

Offer Date – 18th April 2022

A letter will be sent to parent's resident in Gateshead on or around 18th April 2022 informing them of the school they have been offered for their child. Gateshead residents who apply on-line are also informed by e-mail on 18th April 2022.

General Information and definitions

For information on our admission arrangements and definitions of the terms used in this policy please refer to our "Admission to Primary School" booklet for 2022 available at www.gateshead.gov.uk.

Gateshead's co-ordinated admission scheme and catchment areas referred to in this policy can also be viewed online or at The Dryden Centre.

Gateshead Council Secondary School Admission Policy 2022/23

We allocate places at Gateshead secondary schools using this policy and co-ordinate the admissions to Gateshead schools using the co-ordinated admission scheme.

The admission policy is as follows:

- Secondary schools will normally admit pupils between the ages of 11 and 16, or 11 and 19, depending upon the school.
- We will accept pupils up to the school's agreed planned admission number for the year group unless we feel there are lawful grounds not to do so.

Oversubscription Criteria

We will consider applications from parents who have named the school as any ranked preference on their application form, this is called the equal preference system. If there are more applications for the number of places available at a school, we will then allocate places using the following order of priority:

Order of Priority	Oversubscription Criteria
Criteria 1	Children in Public Care (and as deemed under Section 22 of the Children Act 1989) including a child who was previously "looked after" but immediately after being "looked after" became subject to an adoption, residence, or special guardianship order (see definition*). Children who appear to have been in state care outside of England and ceased to be in state care as a result of being adopted.
Criteria 2	Children who appear to have been in state care outside of England and ceased to be in state care as a result of being adopted.
Criteria 3	Children who live in the school's catchment area.
Criteria 4	Children who will have a brother or sister at the secondary school during the coming academic year.
Criteria 5	Other children who have exceptional medical and social grounds see point 1 below.
Criteria 6	All other children.

(*see definitions of our criteria in priority 1 and 3 above in our parent's information booklet and at www.gateshead.gov.uk)

Point 1- We can consider individual applications in cases involving exceptional medical or social needs. Such applications must be supported in writing from relevant registered health professionals i.e. a doctor or social worker. The evidence must demonstrate why the chosen school is the most suitable and what difficulties

would be caused if the child were to attend another school. We will not consider such applications if the relevant evidence is not provided. The evidence will be presented to the Council's Pupil Placement Panel for consideration. Each case will be considered individually, and no assumption should be made that the submission of the relevant evidence will, in itself, be sufficient to allocate a place.

Tie breaker

If within any of the above criteria there are more applicants than places available, priority will be given to those children based on the distance they live from the school, measured 'as the crow flies' in a straight line from the centre of the home residence to the school's main entrance. Children living nearest to the school will have priority. Distance is measured using a geographical information system (GIS). Where two or more applicants share the same distance, a random allocation process will be used to determine the ranked order of the applications in question.

Sibling link

For your child to receive priority because of an older brother or sister in the sixth form at the school, the brother or sister must have been at the school at the start of Year 11.

Address

For the purposes of deciding whether a child lives in the catchment area of a school we will use the parent or guardians address or the address of a relevant adult who has parental responsibility, as defined under the 1989 Children Act, for the child.

Waiting list

If places become available, we will consider all relevant applications using a waiting list. The waiting list will be maintained by the council from the start of the academic year and be kept for the rest of the academic year. All applicants on the waiting list are placed according to the admission criteria and priorities set out above. However, children who are the subject of a direction to admit by the LA or who have been referred for admission and have been allocated a place through the Fair Access Protocol will take precedence over any child on the waiting list.

Application Dates

From 10th September 2021 Gateshead residents can apply on-line at:

www.gateshead.gov.uk

On-line applications must be submitted by **31st October 2021**. Alternatively, parents can request a paper application from The School Admissions Team on 0191 433 2757. Paper applications must be returned to The School Admissions Team, Dryden Centre, Evistones Road, Gateshead, NE9 5UR by **31st October 2021**.

If you live outside Gateshead and want to apply to a Gateshead school, you must obtain an application form from your home Council and return it to them by their closing date, even if the schools you want to apply to are in Gateshead. However, you must still consider the information in Gateshead Council's 'Admission to Secondary School' booklet so that you know what the admission arrangements are to Gateshead schools. This information is available at www.gateshead.gov.uk . Your

own Council will send us notification of your application and they will let you know the final allocation of a school place for your child.

Offer Date – 1st March 2022

A letter will be sent to parent's resident in Gateshead on or around 1st March 2022 informing them of the school they have been offered for their child. Gateshead residents who apply on-line are also informed by e-mail on 1st March 2022.

General Information and definitions

For information on our admission arrangements and definitions of the terms used in this policy please refer to our "Admission to Secondary School" booklet for 2022 at www.gateshead.gov.uk

Gateshead's co-ordinated admission scheme and catchment areas referred to in this policy can also be viewed online or at The Dryden Centre.

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Admissions priority for children adopted from state care outside of England – what it means for admission authorities

The 2021 School Admissions Code (the Code) requires children who appear (to the admission authority) to have been in state care outside of England and ceased to be in state care as a result of being adopted to be given equal first priority in admission arrangements, alongside looked after children (LAC) and children who were previously looked after by English local authorities (PLAC). This advice refers to these children as internationally adopted previously looked after children – “**IAPLAC**”.

The draft Code and associated regulations were laid before Parliament on 13 May 2021. The Code is laid in Parliament for a 40-day period during which both the House of Commons and the House of Lords have the opportunity to review the Code and any Member can pass a motion to not approve it.¹ This 40-day period is expected to expire on 1 July, and provided there is no such motion, the new Code will come into force on 1 September 2021.

What action must admission authorities take in order to comply with the new IAPLAC provision?

Paragraph 1.7 of the new Code will require that highest priority is given to “looked after children and all previously looked after children, including those children who appear (to the admission authority) to have been in state care outside of England and ceased to be in state care as a result of being adopted”.

This new provision will necessitate variations to determined admission arrangements to take effect from 1 September 2021. Admission authorities will need to vary their admission arrangements for 2021/22 (which would have been determined by 15 February 2020) and their admission arrangements for 2022/23 (which would have been determined by 15 February 2021). Without these variations, admission arrangements that have already been determined will no longer comply with the Code from this date.

Therefore, we expect admission authorities to hold a meeting sometime between now and 31 August 2021 to determine the necessary variations to admission arrangements for 2021/2022 and 2022/2023. Variations will be conditional on the Code passing through its Parliamentary process (i.e. a date on or around 1 July 2021). If any variations are agreed before then, they must be expressed to be conditional on the Code passing through Parliament. All such variations should come into effect on 1 September 2021.

¹ Such a motion would prevent the Code from coming into force.

As these variations will be necessary to comply with a mandatory requirement of the Code, it will not be necessary to refer a variation request to either the schools adjudicator (in respect of maintained schools) or the ESFA (in respect of academies).

How will the new IAPLAC provision affect admissions in 2021/22?

All applications received before 1 September 2021 will have been processed in accordance with the existing (2014) Code, and offers made and places allocated will be unchanged.

Any applications received on or after 1 September 2021 will need to be processed in accordance with the new Code. By way of example, when dealing with in-year applications for the 2021/2022 academic year, children who are determined as being IAPLAC must be given equal highest priority with LAC and PLAC.

Any child who is on a waiting list for a school before 1 September 2021 and meets the definition of an IAPLAC must be ranked again on 1 September 2021 following the new Code coming into force so that the child is given equal highest priority with LAC and PLAC.

How will admission authorities be able to verify that a child is an IAPLAC?

Responsibility for determining whether a child is eligible for IAPLAC priority rests with the admission authority. Subject to ministerial approval, we plan to publish non-statutory guidance on the admission of IAPLAC in time for the new Code coming into force. This guidance will aim to assist and support admission authorities in assessing evidence provided by parents who want their child to be considered under the IAPLAC criterion.

The guidance will recommend that admission authorities should request advice from their Virtual School Head (VSH), if they are in any doubt about the acceptability of evidence provided by the parent of an IAPLAC.

Other references to previously looked after children in the Code

All references to previously looked after children in the Code mean children who were adopted (or subject to child arrangements orders or special guardianship orders) immediately following having been looked after **as well as** those children who appear (to the admission authority) to have been in state care outside of England and ceased to be in state care as a result of being adopted.

This means that the other provisions in the Code which apply to PLAC (for example, in relation to the admission arrangements of schools with a religious character, selective arrangements, and boarding priority) apply to IAPLAC in exactly the same way as they do to PLAC.