

# Public Document Pack



All Members of the Council

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

Contact Rosalyn Patterson  
Tel: 0191 4332088

Date: Wednesday, 12 July  
2023

## NOTICE OF COUNCIL MEETING

You are summoned to attend a meeting of Gateshead Metropolitan Borough Council to be held in the Council Chamber, Gateshead Civic Centre, at **2.30 pm** on **Thursday, 20 July 2023** to transact the following business:-

- 1 To confirm the Minutes of the meeting held 25 May 2023** (Pages 3 - 8)
- 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)*
- 5 Provisional Overview and Scrutiny Work Programmes** (Pages 9 - 18)
- 6 Appointment of Independent Person** (Pages 19 - 20)

## RECOMMENDATIONS FROM CABINET

- 7      **Provisional Revenue Outturn 2022/23** (Pages 21 - 34)
- 8      **Capital Programme and Prudential Indicators 2022/23 – Year End Outturn**  
(Pages 35 - 52)
- 9      **Annual Youth Justice Strategic Plan 2023-2024** (Pages 53 - 108)
- 10     **Housing Revenue Account (HRA) 30 year Business Plan** (Pages 109 - 142)
- 11     **Treasury Annual Report 2022/23** (Pages 143 - 158)
- 12     **Revenue Budget 2023/24 - First Quarter Review** (Pages 159 - 168)
- 13     **Capital Programme and Prudential Indicators 2023/24 - First Quarter Review**  
(Pages 169 - 184)

## MOTIONS AND QUESTIONS

- 14     **Notice of Motion - Railway Ticket Offices** (Pages 185 - 186)  
  
*(to consider any notices of motion submitted in accordance with Council Procedure Rule 9.1)*
- 15     **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, 25 May 2023

**PRESENT:** THE MAYOR COUNCILLOR D BURNETT (CHAIR)

Councillors: J Adams, V Anderson, R Beadle, P Burns, L Caffrey, P Craig, W Dick, S Dickie, P Diston, K Dodds, C Donovan, A Douglas, J Eagle, M Gannon, A Geddes, F Geddes, J Gibson, B Goldsworthy, M Goldsworthy, T Graham, L Green, S Green, M Hall, S Hawkins, H Kelly, L Kirton, K McCartney, J McCoid, J McElroy, E McMaster, M McNestry, J Mohammed, L Moir, R Mullen, B Oliphant, M Ord, I Patterson, S Potts, D Robson, S Ronchetti, J Simpson, J Turnbull, J Turner, K Walker, J Wallace, D Weatherley, H Weatherley, D Welsh and A Wintcher

**APOLOGIES:** Councillors: D Bradford, M Brain, C Buckley, D Duggan, S Gallagher, J Green, G Haley, P Maughan, A Ord, C Ord and K Wood

**CL9 TO CONFIRM THE MINUTES OF THE MEETINGS HELD ON 23 MARCH AND 19 MAY 2023**

COUNCIL RESOLVED - That the minutes of the meetings held on 23 March 2023 and 19 May 2023 be approved as correct records.

**CL10 OFFICIAL ANNOUNCEMENTS**

(A) Welcome to Deputy Mayor

Following the election of Councillor K McCartney at Annual Council meeting, Councillor McCartney signed the Declaration of Office.

(B) Appointments

The following nominations were received from the Labour Group;

- Strategic Housing Board – Councillor M Hall
- Corporate Resources OSC – Councillor D Weatherley to replace Councillor W Dick
- Pensions Committee – South Tyneside MBC – Councillor H Kelly to replace Councillor B Goldsworthy

**CL11 PETITIONS**

There were no petitions submitted.

**CL12 QUESTIONS FROM MEMBERS OF THE PUBLIC**

There were no questions submitted by members of the public.

**CL13 INFORMATION GOVERNANCE FRAMEWORK AND DATA PROTECTION POLICY**

Consideration was given to a report seeking approval of the Information Governance Framework and Data Protection Policy for implementation across the Council.

COUNCIL RESOLVED - That the Information Governance Framework and the Data Protection Policy be approved and implemented without delay.

**CL14 HOUSING COMPLAINTS PROCEDURE - COMPLIANCE WITH HOUSING OMBUDSMAN SERVICE COMPLAINT HANDLING CODE**

Consideration was given to a report seeking approval of the changes to the procedure for dealing with housing complaints.

COUNCIL RESOLVED - That the change in the housing complaints procedure from a 3-stage process to a 2-stage process be approved.

**CL15 GATESHEAD EARLY HELP STRATEGY 2023 TO 2026**

Consideration was given to a report seeking approval of the partnership Early Help Strategy for Gateshead 2023-26.

COUNCIL RESOLVED - That the Gateshead Early Help Strategy 2023-2026 be approved.

**CL16 NOTICE OF MOTION - PAY RISE FOR COUNCIL AND SCHOOL WORKERS**

Councillor J Adams moved the following motion:

“This Council notes:

Local government has endured central government funding cuts of more than 50% since 2010. Between 2010 and 2020, councils lost 60p out of every £1 they have received from central government. Councils across England are now facing a collective funding gap of £2.4bn for the financial year 2023/24 and a cumulative funding gap of £4.08bn for 2024/25 according to UNISON research.

Councils led the way in efforts against the Covid-19 pandemic, providing a huge range of services and support for our communities. Local government has shown

more than ever how indispensable it is. But Covid has led to a massive increase in expenditure and loss of income, and as we emerge from the pandemic, local authorities and schools need far more support from Westminster. Recent funding announcements from the Government relating to schools did nothing to help.

Council and school workers kept our communities safe through the pandemic, often putting themselves at considerable risk as they work to protect public health, provide quality housing, ensure our children continue to be educated, and look after older and vulnerable people.

Since 2010, the local government workforce has endured years of pay restraint with the majority of pay points losing at least 25 per cent of their value since 2009/10. Staff are now facing the worst cost of living crisis in a generation, with inflation hitting 10% and many having to make impossible choices between food, heating and other essentials. This is a terrible situation for anyone to find themselves in.

At the same time, workers have experienced ever-increasing workloads and persistent job insecurity. Across the UK, 900,000 jobs have been lost in local government since June 2010 – a reduction of more than 30 per cent. Local government has arguably been hit by more severe job losses than any other part of the public sector.

There has been a disproportionate impact on women, with women making up more than three-quarters of the local government workforce.

Recent research shows that if the Government were to fully fund the unions' 2023 pay claim, around half of the money would be recouped thanks to increased tax revenue, reduced expenditure on benefits and tax credits, and increased consumer spending in the local economy.

This council believes:

Our workers are public service super-heroes. They keep our communities clean and safe, look after those in need and keep our towns and cities running.

Without the professionalism and dedication of our staff, the council services our residents rely on would not be deliverable.

Local government workers deserve a proper real-terms pay increase. The Government needs to take responsibility and fully fund this increase; it should not put the burden on local authorities whose funding has been cut to the bone and who were not offered adequate support through the Covid-19 pandemic.

This council resolves to:

Support the pay claim submitted by UNISON, GMB and Unite on behalf of council and school workers, for an increase of RPI + two per cent funded by central government

Call on the Local Government Association to make urgent representations to central government to fund the NJC pay claim

Write to the Chancellor and Secretary of State to call for a pay increase for local government workers to be funded with new money from central government

Meet with local NJC union representatives to discuss for the pay claim and consider practical ways in which the council can engage with the campaign

Encourage all local government workers to join a union.”

Councillor R Beadle moved the following amendment;

“REPLACE the words ‘Write to the Chancellor and Secretary of State’ with the words ‘Write to the Chancellor, Shadow Chancellor, Secretary of State and Shadow Secretary of State’.”

On the amendment being put it was defeated.

The substantive motion was duly carried.

COUNCIL RESOLVED -

“This Council notes:

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Councils led the way in efforts against the Covid-19 pandemic, providing a huge range of services and support for our communities. Local government has shown more than ever how indispensable it is. But Covid has led to a massive increase in expenditure and loss of income, and as we emerge from the pandemic, local authorities and schools need far more support from Westminster. Recent funding announcements from the Government relating to schools did nothing to help.

Council and school workers kept our communities safe through the pandemic, often putting themselves at considerable risk as they work to protect public health, provide quality housing, ensure our children continue to be educated, and look after older and vulnerable people.

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Meet with local NJC union representatives to discuss for the pay claim and consider practical ways in which the council can engage with the campaign

Encourage all local government workers to join a union."

## **CL17 QUESTIONS**

There were no questions received.

**Mayor.....**





## COUNCIL MEETING

20 July 2023

### OVERVIEW AND SCRUTINY WORK PROGRAMMES

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**Sheena Ramsey, Chief Executive**

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#### **Purpose of the Report**

1. This report asks the Council to approve its Overview and Scrutiny Committees provisional work programmes for 2023/24.

#### **Proposal**

2. Corporate Resources OSC, Care, Health and Wellbeing OSC, Families OSC and Housing, Environment and Healthier Communities OSC have considered and agreed their work programmes at their respective meetings held on 12, 13, 15 and 19 June 2023.
3. Each Committee endorsed a provisional work programme for 2023/24 based on the Council's policy framework and these are set out in Appendix 1. The Council's constitution requires that these work programmes are agreed on an annual basis by the Council.
4. These programmes are provisional for a number of reasons:

Firstly, as Cabinet has not had the opportunity to fully review its current work programme and there may be further issues which it may wish to refer to Overview and Scrutiny Committees for consideration.

Secondly, the work programmes do not take into account any new policy issues which may be identified during the year which Cabinet may refer to Overview and Scrutiny.

In addition, the programmes do not as yet include issues identified by councillors of the respective Committees during the year as a result of ongoing scrutiny of decisions, councillor calls for action and call-in.

Revisions to the work programmes of the respective Committees are, therefore, likely to occur from time to time and will be reported back to those Committees as and when appropriate.

#### **Recommendation**

5. The Council is recommended to approve the provisional work programmes for the Overview and Scrutiny Committees for 2023/24.

Draft Corporate Resources OSC Work Programme 2023-24	
12 June 2023	<ul style="list-style-type: none"> <li>• <b>Performance Management &amp; Improvement Framework – Year End Performance 2022-23</b></li> <li>• <b>Resilience and Emergency Planning annual update</b> (<i>including focus on strength/robustness of our response to emergencies, caused by climate change, including the power network, thinking about high winds - damaging power lines, felling trees; flood risks during heavy rainfall</i>)</li> <li>• <b>Work Programme</b></li> </ul>
4 September 2023	<ul style="list-style-type: none"> <li>• <b>Health and Safety Performance – Annual report</b></li> <li>• <b>Update on voluntary sector resilience</b> (<i>to focus on how voluntary sector is surviving in challenging financial times</i>)</li> <li>• <b>Corporate Asset Management Plan – Update</b></li> <li>• <b>Work Programme</b></li> </ul>
16 October 2023	<ul style="list-style-type: none"> <li>• <b>Budget annual report including saving delivery</b></li> <li>• <b>Review of Community Wealth Building – Six Monthly Monitoring Report</b></li> <li>• <b>Digital and online services</b></li> <li>• <b>Work Programme</b></li> </ul>
27 November 2023	<ul style="list-style-type: none"> <li>• <b>Performance Management &amp; Improvement Framework –2023-24 - Six Month Update</b></li> <li>• <b>Annual report on implementation of Workforce Strategy –</b> (<i>focus on;</i> <ul style="list-style-type: none"> <li>- <i>age and gender profile</i></li> <li>- <i>where vacancies are / age groups</i></li> <li>- <i>why people are leaving</i></li> <li>- <i>sickness, health of workforce, and other equality issues reporting</i></li> <li>- <i>impact of hybrid working in terms of the fairness of sickness absence management between front line staff and office / home working staff</i>)</li> <li>• <b>Work Programme</b></li> </ul> </li> </ul>
22 January 2024	<ul style="list-style-type: none"> <li>• <b>Impacts of world events</b> (<i>including Brexit, legacy of Covid, conflict in Ukraine etc</i>)</li> <li>• <b>Implementation of the Council's Fuel Poverty Action Plan</b></li> <li>• <b>Work Programme</b></li> </ul>
March 2024	<ul style="list-style-type: none"> <li>• <b>Corporate Asset Management Plan Annual Update</b> (<i>potential to focus on;</i> <ul style="list-style-type: none"> <li>- <i>use of assets in terms of efficiency and/or safety</i></li> <li>- <i>use of the Civic Centre – whether there are plans to actively market the vacant space</i>)</li> </ul> </li> <li>• <b>Review of the Budget Management Process</b> (<i>to focus on why overspend is usually forecast in Q3 and expenditure reduced to bring the budget back in line</i>)</li> <li>• <b>Work Programme</b></li> </ul>

15 April 2024	<ul style="list-style-type: none"> <li>• <b>Information Governance annual update</b></li> <li>• <b>Review of Community Wealth Building – Six Monthly Monitoring Report</b></li> <li>• <b>The geographical distribution of the Capital Programme –</b></li> <li>• <b>Capturing wider regeneration benefits of Gateshead Quays</b> (<i>to explore the benefits of a wider geographical area including the Old Town Hall, the Town Centre, Baltic Quarter etc</i>)</li> <li>• <b>Work Programme</b></li> </ul>
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**Issues to Slot In –**

- Development of PMIF presentation format / members training

<b>Draft Care, Health and Wellbeing OSC Work Programme 2023-24</b>	
<b>13 June 2023</b>	<ul style="list-style-type: none"> <li>• <b>Performance Management and Improvement Framework- Year End Performance 2022-23</b></li> <li>• <b>Work to Attract and Retain a multi professional Workforce /Access to GP Appointments</b> (<i>focusing on how different practices manage demand that they cannot fulfil; same-day appointments only; in person and phone appointments; access barriers to appointments via landline, mobiles and online booking and any particular groups experiencing difficulty securing appointments / update to include patient satisfaction data broken down to each surgery if possible / information on whether younger GPs coming into the profession in Gateshead prefer to be directly employed NHS Workers/ salaried GPs or the traditional GP business model</i>)</li> <li>• <b>PH update on the £5m grant to research inequalities</b></li> <li>• OSC Work Programme</li> </ul>
<b>12 September 2023</b>	<ul style="list-style-type: none"> <li>• <b>Departmental Strategy and Delivery Plan</b></li> <li>• <b>Demand pressures on social care services</b></li> <li>• <b>Social Services Annual Report on Complaints and Representations – Adults</b></li> <li>• <b>Annual Report of Local Adult Safeguarding Board and Business Plans &amp; emerging priorities</b></li> <li>• OSC Work Programme</li> </ul>
<b>24 October 2023</b>	<ul style="list-style-type: none"> <li>• <b>Hospital discharge and residential care numbers</b></li> <li>• <b>Social Care Recruitment</b></li> <li>• <b>Health and Wellbeing Board / Better Care Fund –Update</b></li> <li>• <b>CQC Maternity Inspection Report</b></li> <li>• <b>CQC Assurance</b></li> <li>• OSC Work Programme</li> </ul>
<b>5 December 2023</b>	<ul style="list-style-type: none"> <li>• <b>Performance Management and Improvement Framework – Six Month Update – 2023-24</b></li> <li>• <b>Care Home model</b></li> <li>• <b>Extra Care/Supported Living models</b></li> <li>• <b>The Newcastle and Gateshead Persistent Physical Symptoms Service (PPSS)</b></li> <li>• OSC Work Programme</li> </ul>
<b>23 January 2024</b>	<ul style="list-style-type: none"> <li>• <b>Healthwatch Gateshead – Annual Update</b></li> <li>• <b>Home Care Model</b></li> <li>• <b>Strengths Based Approaches</b></li> <li>• OSC Work Programme</li> </ul>
<b>12 March 2024</b>	<ul style="list-style-type: none"> <li>• <b>Update on work to tackle Health Inequalities in Gateshead</b></li> <li>• <b>Support with the menopause, menstrual cycle problems and post-partum mental health issues: access to specialist support and variations of approach across Gateshead GP practices –</b></li> <li>• <b>CQC Assurance</b></li> <li>• OSC Work Programme</li> </ul>

<b>16 April 2024</b>	<ul style="list-style-type: none"><li>• <b>Co Production</b></li><li>• <b>Health and Wellbeing Board – Update</b></li><li>• <b>OSC Work Programme</b></li></ul>
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**Issues to slot in –**

- **The new LPS (Liberty Protection Safeguards) Update**
- **Sister Winifred Laver Promoting Independence Centre (Visit in Autumn 2023)**

<b>DRAFT Families OSC Work Programme 2023-24</b>	
<b>15 June 2023</b>	<ul style="list-style-type: none"> <li>• <b>Trauma Informed Care Report</b></li> <li>• <b>Performance Management and Improvement Framework – Year End Performance 2022-23</b></li> <li>• <b>Children’s Safeguarding Partnership Annual Report – Plans and Emerging Priorities</b></li> <li>• <b>LADO Annual Report</b></li> <li>• <b>Corporate Parenting Board Annual Update</b></li> <li>• <b>Work Programme</b></li> </ul>
<b>7 September 2023</b>	<ul style="list-style-type: none"> <li>• <b>Outcome of Youth Justice Service Inspection with Action Plan</b></li> <li>• <b>Social Services Annual Report on Complaints and Representations – Children</b></li> <li>• <b>Progress on delivering Early Help and Prevention Strategy</b> <i>(to include Family Hub development; delivery of Healthy Child Programme and Baby Box scheme)</i></li> <li>• <b>Gateshead’s Children and Young people’s mental health and emotional wellbeing local transformation plan 2023/24 update</b></li> <li>• <b>Work Programme</b></li> </ul>
<b>19 October 2023 (5.30pm)</b>	<ul style="list-style-type: none"> <li>• <b>Update on support to vulnerable adolescents</b> <i>(to include those missing and exploited / on the edge of Care – impact of strategies to reduce demand for children entering care)</i></li> <li>• <b>Trauma Informed Team Update</b></li> <li>• <b>Preventing Homelessness for Young People</b></li> <li>• <b>Work Programme</b></li> </ul>
<b>30 November 2023</b>	<ul style="list-style-type: none"> <li>• <b>Performance Management and Improvement Framework – Six Month Update – 2023-24</b></li> <li>• <b>Progress Update on delivery of SEND Strategy</b> <i>(to include progress against all 4 priorities; SEND tribunal data; pathways into EET for those with SEND)</i></li> <li>• <b>Delivery of Therapy Services for children - impact and outcomes</b></li> <li>• <b>Overview of delivery of mental health services for children and young people</b></li> <li>• <b>Work Programme</b></li> </ul>
<b>18 January 2024</b>	<ul style="list-style-type: none"> <li>• <b>Schools Performance Overview Report</b> <i>(including attendance, attainment and exclusion data; ofsted school outcomes)</i></li> <li>• <b>Early Years Sufficiency</b></li> <li>• <b>Regional Adoption Agency Annual Report</b></li> <li>• <b>Work Programme</b></li> </ul>
<b>7 March 2024</b>	<ul style="list-style-type: none"> <li>• <b>Annual Progress Update on Children’s Social Care Improvement Plan</b></li> <li>• <b>Preventing Youth Crime and Serious Violence</b> <i>(invite</i></li> </ul>

	<p><i>HEHC OSC to jointly look at this)</i></p> <ul style="list-style-type: none"> <li>• Work Programme</li> </ul>
18 April 2024	<ul style="list-style-type: none"> <li>• <b>Response to Child Poverty in Gateshead</b></li> <li>• <b>Health Service support in schools for children with chronic health conditions / childhood allergies</b> <i>(to include trends, treatment, management in schools)</i></li> <li>• Work Programme</li> </ul>

**Issues to slot in:**

- Benefits arising from the changes to the Music Service *(TBC)*
- SEND Inspection outcomes *(September – November time potentially depending on if inspected)*

<b>DRAFT Housing Environment &amp; Healthy Communities OSC Work Programme 2023-24</b>	
<b>19 June 2023</b>	<ul style="list-style-type: none"> <li>• <b>Performance Management and Improvement Framework – Year End Performance 2022-23</b></li> <li>• <b>Housing and Compliance Performance Report – Q4</b></li> <li>• <b>Housing Design and Energy Efficient Standards</b></li> <li>• <b>Changing Futures, MCN and Homelessness</b> (<i>focus on linkages and impacts and join up</i>)</li> <li>• <b>Work Programme</b></li> </ul>
<b>11 September 2023</b>	<ul style="list-style-type: none"> <li>• <b>Community Safety priorities update / progress</b></li> <li>• <b>Council Voids</b></li> <li>• <b>Lifelong Learning</b> (<i>focus on;</i> <ul style="list-style-type: none"> <li>- <i>what is available academically and physically</i></li> <li>- <i>Is there a clear picture of provision across the borough</i>)</li> </ul> </li> <li>• <b>Parking enforcement – Update</b> (<i>focus on;</i> <ul style="list-style-type: none"> <li>- <i>what can be done to prevent pavement parking</i></li> <li>- <i>how can we better enforce / do we need additional powers?</i></li> <li>- <i>Plan / projected timescales / measuring success</i>)</li> </ul> </li> <li>• <b>Brexit Update</b></li> <li>• <b>Work Programme</b></li> </ul>
<b>23 October 2023</b>	<ul style="list-style-type: none"> <li>• <b>Construction Services Update - Repairs and Maintenance Improvement Plan Progress Update</b></li> <li>• <b>Housing and Compliance Performance Monitoring Q2</b></li> <li>• <b>Housing Regulatory Standards (Self-Assessment)</b></li> <li>• <b>Locality Working</b> (<i>focus on progress and any impacts</i>)</li> <li>• <b>Work Programme</b></li> </ul>
<b>4 December 2023</b>	<ul style="list-style-type: none"> <li>• <b>Performance Management and Improvement Framework – Six Month Update – 2023-24</b></li> <li>• <b>Economic Development/Physical Development and Regeneration –</b> (<i>focus on;</i> <ul style="list-style-type: none"> <li>- <i>overview of the policy and strategy</i></li> <li>- <i>what the plans are for achieving this and how they align with the NE LEP's defined objectives of more and better jobs</i></li> <li>- <i>how is 'success' measured in relation to both the NE LEP and the LA's defined Thrive objectives - actions / anticipated timescales</i>)</li> </ul> </li> <li>• <b>Street lighting</b> (<i>focus on;</i> <ul style="list-style-type: none"> <li>- <i>impact of changes to street lighting in line with light pollution considerations</i></li> <li>- <i>perceptions of safety with some lights being turned off during the night</i>)</li> </ul> </li> <li>• <b>Work Programme</b></li> </ul>
<b>29 January 2024</b>	<ul style="list-style-type: none"> <li>• <b>Community Safety priorities update/progress</b></li> <li>• <b>Update on Allotments</b></li> <li>• <b>Building Safety Compliance and Assurance in Council Homes</b></li> <li>• <b>Update on new approach to anti-social behaviour</b></li> <li>• <b>Work Programme</b></li> </ul>



<b>11 March 2024</b>	<ul style="list-style-type: none"> <li>• <b>The Flood and Water Management Act 2010: Annual Progress Report</b></li> <li>• <b>Housing Development Programme Update</b> (<i>focus on;</i> <ul style="list-style-type: none"> <li>- <i>Progress reporting / breakdown of tenure</i></li> <li>- <i>Risks issues and challenges to deliver</i></li> <li>- <i>Gateshead's vision re fall in local population / housing development to facilitate more sustainable living / redevelopment of brown field sites</i>)</li> </ul> </li> <li>• <b>Affordable Housing</b> (<i>to include;</i> <ul style="list-style-type: none"> <li>- <i>Profile of existing stock</i></li> <li>- <i>Housing in pipeline / proposed housing</i></li> <li>- <i>Organogram showing affordability based on income</i></li> </ul> </li> <li>• <b>Tenant Satisfaction Survey Results 2023</b></li> <li>• <b>Work Programme</b></li> </ul>
<b>13 May 2024</b>	<ul style="list-style-type: none"> <li>• <b>Housing and Compliance Performance Monitoring Q4</b> (<i>to include;</i> <ul style="list-style-type: none"> <li>a) <i>Operational Performance</i></li> <li>b) <i>Compliance Performance</i></li> <li>c) <i>Regulatory Self – Assessment</i>)</li> <li>• <b>Climate Change Strategy and Action Plan</b> (<i>to include;</i> <ul style="list-style-type: none"> <li>- <i>Fleet, community EV provision and infrastructure</i></li> <li>- <i>School catering (plant based alternatives to meat / cheese</i></li> <li>- <i>Impact of domestic fires / log burning</i></li> <li>- <i>Local transport networks and encouraging connectivity without car dependency</i></li> <li>- <i>Public transport and connectivity</i></li> </ul> </li> <li>• <b>Work Programme</b></li> </ul> </li></ul>

**Issues to slot in:**

- **Street Scene Investment Impacts**

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## COUNCIL MEETING

20 July 2023

### Appointment of Independent Person

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**Sheena Ramsey, Chief Executive**

**Mike Barker, Strategic Director, Corporate Services and Governance**

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#### EXECUTIVE SUMMARY

1. Council is asked to approve the appointment of an Independent Person for standards of conduct issues affecting Council and Parish Council Members pursuant to s.28(7) Localism Act 2011.

#### BACKGROUND

2. Following the implementation of the Localism Act 2011, on 19 July 2012 Council appointed Anthony Atkinson as its Independent Person for standards of conduct issues affecting Council and Parish Council Members for a three year period. Council subsequently agreed to extend this appointment for a further two years. As Mr Atkinson's term of office was due to expire a recruitment process was undertaken and he was recommended for re-appointment. A further four year term was approved by Council on 21 September 2017.
3. Following the end of Mr Atkinson's final term as Independent Person, the required recruitment process was commenced.
4. A Panel consisting of the Chair and Vice Chair of the Audit and Standards Committee, together with the Deputy Monitoring Officer (Service Director Legal & Democratic Services) and the Governance Service Manager carried out the interview process for this position on 10 July 2023.
5. Following a successful interview, the Panel identified Dr Stuart Green as the most suitable person for the Independent Person position.

#### RECOMMENDATIONS

6. Council is recommended to approve:
  - (i) The appointment of Dr Stuart Green as the Independent Person for standards of conduct issues for a period of three years.

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## COUNCIL MEETING

20 July 2023

### PROVISIONAL REVENUE OUTTURN 2022/23

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**Sheena Ramsey, Chief Executive**

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#### **EXECUTIVE SUMMARY**

1. The purpose of this report is to set out the outturn position on the 2022/23 revenue budget.
2. Council agreed the original revenue budget for 2022/23 on 24 February 2022, this was set at £254.3m.
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 appropriations to and from reserves.

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**TITLE OF REPORT:**            **Provisional Revenue Outturn 2022/23**

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

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### **Purpose of the Report**

1. This report sets out the provisional outturn position on the 2022/23 revenue budget which is subject to external audit. 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 appropriations to and from reserves consistent with previous decisions, accounting policies, the principles set out in the Medium-Term Financial Strategy (MTFS) and requirements of the Accounting Code of Practice.

### **Background**

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.
3. Council agreed the revenue budget for 2022/23 on 24 February 2022. This was set at £254.3 million. The budgeted use of £29.2 million earmarked reserves in 2022/23 were agreed.
4. Council agreed an HRA balanced budget of £82.3 million without use of the reserve in 2022/23. At the second quarter this was reviewed to include £3 million use of reserves.

### **Proposal**

5. It is proposed that Cabinet notes the provisional outturn, agrees the recommended budget virements and the appropriations to and from reserves as outlined in the report.

### **Administrative Virements**

6. Cabinet is asked to agree that £0.6 million is removed from service budgets in relation to unused budgeted reserves and transferred into contingency so as not to distort service outturn figures. This will then be appropriated back to the original reserve.

## **Council Provisional Revenue Outturn 2022/23**

7. The provisional outturn now indicates that the original revenue budget set has been delivered.
8. The overall provisional 2022/23 revenue outturn position for the Council including non-service budgets and financing results in an overall Council revenue positive balance of £3.4 million. This position is after the application of agreed reserves funding to support financing of the budget and is the net addition to the Council's general fund reserve. The provisional outturn position is shown in appendices 1 to 3 and is subject to external audit.
9. The majority of positive movements are considered one off in nature therefore they will not result in an ongoing budget reduction into next year. The exception to this is the investment income budget that is considered achievable next year and therefore has been included in the budget options for 2023/24.
10. In 2022/23 there has been a net decrease of £9.8 million on earmarked reserves in support of the outturn position.
11. Active budget management and additional scrutiny has taken place during the year in order to help achieve this outturn.
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 2023/24.

## **Schools Outturn and Dedicated Schools Grant (DSG) 2022/23**

13. The Council-lead DSG budget for 2022/23 was £105.0 million. The outturn for the year was £103.2 million, an underspend of £1.8 million.
14. The DSG reserve opening balance was £2.2 million, which as at 31 March 2023 increased to £3.9 million factoring in the 2022/23 underspend and Early Years clawback of £0.043 million.
15. Schools LMS reserve forms part of the general reserve but is ringfenced for schools. This has decreased at outturn by £0.7 million to £8.3 million. The reduction in balances includes £0.2 million transferred to schools that converted to academies.

## **Housing Revenue Account**

16. Council agreed an HRA balanced budget of £82.3 million without use of the reserve in 2022/23. At the second quarter on 24 November 2022 the Council agreed to an increase in the HRA budget of £ 3million to be met from the HRA reserve to ensure the backlog of repairs could be resolved.
17. The actual outturn position is an overspend of £3.5 million a total requirement from reserves of £6.5 million.
18. The main variance £3.1 million relates to depreciation which unlike the general fund is a real charge to the HRA representing investment in the assets. The depreciation charge is based an upward revaluation on the value of the assets in 2021/22. This will require the business plan to be refreshed to take account of the outturn.



## **Strategic Reserves - 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. The review undertaken by The Section 151 officer has concluded that a number of financial risks need to be provided for within the earmarked Financial Risk and Resilience Reserve. It is proposed that this reserve is increased by £9.7 million to provide financial sustainability in relation to Insurance, Schools PFI liabilities, commercial risk and to set aside funds from underspends to meet financial challenges in specific areas in the coming financial year.
22. It is proposed that the two Earmarked Pandemic Reserves are merged into the Budget Sustainability reserve to create a combined reserve to support the budget over the MTFS period. The agreed approach to budget will continue to plan to use reserves to allow time to find significant permanent budget savings to achieve financial sustainability.
23. The Council element of the general fund reserve as at 31 March 2023 is £11.9 million. This equates to 4% of 2023/24 net revenue budget and assessed as appropriate in the current climate.
24. The reserve balances following the provisional outturn are shown in Appendix 3 for information.

## **Recommendations**

25. It is recommended that Cabinet
  - i. notes the Council's 2022/23 provisional revenue outturn position as set out in the report and appendices, subject to external audit.
  - ii. notes the outcome of a review of Council reserves as set out in this report and appendices.
  - iii. agrees budget virements as set out in the report.
  - iv. agrees and recommends to Council the appropriations to and from reserves as outlined in the report.

For the following reasons:

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

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**CONTACT: Darren Collins**

**Extension: 3582**

## **APPENDIX 1**

### **Policy Context**

1. This report meets the standards required to comply with the Accounts and Audit Regulations 2015 which represent financial management good practice, recommend that councillors should receive regular reports on performance against revenue budgets.
2. 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**

3. 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 with a final outturn position in June each year.

### **Revenue Outturn 2022/23**

4. This report and appendices set out the provisional outturn position on the 2022/23 revenue budget.
5. Appendix 2 details the budget for 2023/24 compared to an assessment of the provisional outturn for the year.
6. The overall provisional 2022/23 revenue outturn position for the Council including non-service budgets and financing results in an overall Council revenue positive balance of £3.4m. This position is after the application of agreed reserves funding to support financing of the budget and is the net addition to the Council's general fund reserve.
7. The position is testament to the collective approach taken by groups and services to keep cost pressures under review within the financial year and ensuring that action was taken in a timely manner to ensure an outturn within budget.
8. Effective financial management has ensured that all covid funding sources and time limited funds have been maximised alongside consideration of setting aside funding for future pressures and lost income.
9. Although the overall 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. 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
Release of redundancy provision	(1.1)
Release of Provision Trinity Square agreement	(0.1)
Surplus on the Insurance Fund	(0.9)
Airport Loan Notes	(1.1)
Business Rates Levy Top Slice Funds Returned via Settlement	(0.5)
Reinstatement and increase of Councils bad debt provision	1.5
Appropriation of unspent budgeted reserves in Services	0.6

11. Whilst the overall outturn is positive there are still a number of key financial challenges and items to note these include;

Significant Overspend Variances to budget;

- **Children's Social Care** £3.7m over budget.  
Significant budget pressures have been seen in Children's Social Care relating to high Looked after Children (LAC) numbers and increasing placement costs. The overspend mainly relates to Independent Fostering Agencies £1.7m and external residential placements £2m.
- **Education, Schools & Inclusion** £0.9m over budget  
Cost pressures mainly in relation to in Home to School Transport £0.7m
- **Leisure Services** £1.4m over budget  
£1.2m unachieved income, utilities overspend £0.4m alongside £0.6m undelivered savings which is partially offset by underspend on salaries (£0.6m).
- **EIG - Planning Policy, Climate Change and Strategic Transport** £0.5m over budget This is largely due to an under achievement of planning income, licensing £0.1m, and building control income.

Significant Under Budget Variances;

- **Adult Social Care** (£1.3m) under budget  
Assessments (£1m) in relation to additional income and vacant positions being held for savings.  
Provider Services was (£1.5m) under arising from increased funding contributions, CHC and S117 and vacant positions being held.
- **Highways and Waste** (£3.6m) under budget  
Waste Services are (£3m) under budget due to several areas including (£1.2m) underspend on the material recycling contract, (£0.8m) under on Residual Waste Partnership (In relation to energy refunds 2021/22 & reduced tonnage over achievement of traded income as well as over achievement of traded income.  
Highways transport is (£0.5m) under spend on staffing and addition income.
- **EIG – Business, Employment & Skills** (£0.6m) under budget  
This is in relation to rental income alongside vacancies not being filled and cost transfer to grants  
Underspend on staffing (£0.3m) and increased income (£0.3m)

- **Contingencies** (£2m) under budget  
Following the full utilisation of contingency in 2022, Cabinet agreed at the third quarter to transfer a top up budget for the remainder of the year. This has not been required in full.

Also note any unspent budgeted reserves have been transferred into contingency so as to not distort the Service monitoring. This budget totalled £0.6m and is in relation to Local Plan and Climate change not spending to full allocation.

- **Capital Financing** £2.5m under budget  
Due to slippage in the programme in 2021/22 between quarter 2 and outturn (IT and Fleet related). This then impacted on the Minimum Revenue Provision (revenue charge for capital spend) for 2022/23.
- **Trading and Investment Income** (£3.1m) over-achieved income  
Increased Investment income (£1.7m) as well as Scape income (£0.1m)  
Newcastle Airport loans interest (£1.1m)  
Release of provisions no longer needed into revenue position

### Unachieved Savings

- The following savings remain unachieved and are carried into 2023;
  - Public Health and Wellbeing Leisure Services £0.600m
  - Contract Analysis £0.150m
- Cabinet agreed £13m of savings in the 2023/24 revenue budget which will be challenging, financial control and monitoring of budgets is crucial.

### Earmarked Reserves

- Transfers from** earmarked reserves at outturn are as follows:

Reserve	£m
Financial Risk and Resilience	0.3
Thrive	1.5
Budget Sustainability	5.8
Pandemic Collection Fund	12.9
Pandemic Services Impact*	31.3
Unapplied revenue grants (ringfenced)	0.3
Developer contributions (ringfenced)	0.6
Public Health (ringfenced)	0.3

\*includes a transfer to Budget Sustainability

15. **Transfers to** earmarked reserves at outturn are as follows:

<b>Reserve</b>	<b>£m</b>
Financial Risk and Resilience	10.0
Thrive	0.6
Budget Sustainability	22.5
Pandemic Services	5.7
Unapplied revenue grants	0.3
Developer contributions (ringfenced)	0.7
Public Health reserve (ringfenced)	1.5
Dedicated Schools Grant (DSG) reserve (ringfenced)	1.7

16. 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.
17. The review undertaken by The Section 151 officer has concluded that a number of financial risks need to be provided for within the earmarked Financial Risk and Resilience Reserve. It is proposed that this reserve is increased by £9.7m to provide financial sustainability in relation to Insurance, Schools PFI liabilities, commercial risk and set aside funds to meet financial challenges in specific areas in the coming financial year.
18. It is proposed that the two Earmarked Pandemic Reserves are merged into the Budget Sustainability reserve to create a combined reserve to support the budget over the MTFS period. The reserves following outturn are shown at appendix 3.

### **Schools Outturn and Dedicated Schools Grant (DSG) 2022/23**

19. The Council-lead DSG budget for 2022/23 was £105.0m. The outturn for the year was £103.2m, an underspend of £1.8m.
20. The DSG reserve opening balance was £2.2m, which as at 31 March 2023 increased to £3.9m factoring in the 2022/23 underspend and Early Years clawback of £0.043 million.
21. Schools LMS reserve forms part of the general reserve but is ringfenced for schools. This has decreased at outturn by £0.7 million to £8.3m. The reduction in balances includes £0.2m transferred to schools that converted to academies.
22. Whilst most school's outturns were positive for 31 March 2023, during 2022/23 15 schools are in deficit, 5 schools have increased their deficit and 5 schools have decreased their deficit. Schools in deficit will be supported to complete and keep under review a deficit recovery plan.
23. 4 schools transferred to Academy status 1 May 2022 St Mary's, St Mary and St Thomas, St Agnes and St Wilfred's.

## Housing Revenue Account

24. Council agreed an HRA balanced budget of £82.3m without use of the reserve in 2022/23. At the second quarter on 24 November 2022 the Council agreed to an increase in the HRA budget of £3m to be met from the HRA reserve to ensure the backlog of repairs could be resolved.
25. The actual outturn position is an overspend of £3.5m a total requirement from reserves of £6.5m.
26. The main variance £3.1m relates to depreciation which unlike the general fund is a real charge to the HRA representing investment in the assets. The depreciation charge is based on an upward revaluation on the value of the assets in 2021/22.
27. There is an ongoing impact from the increased depreciation charge. The business plan needs to be recast to take account of this but also consideration needs to be given to how inflation is applied as this can skew significantly the potential impact. Expert advice will be sought in relation to this.

### Consultation

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

### Alternative Options

29. There are no alternative options proposed.

### Implications of Recommended Option

30. **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. Budget savings proposals will be subject to separate reporting.
- c) **Property Implications** - There are no direct property implications as a consequence of this report. Budget savings proposals will be subject to separate reporting.

### Risk Management Implication -

31. Effective 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.
32. **Equality and Diversity Implications** - Nil
33. **Crime and Disorder Implications** – Nil
34. **Health Implications** - Nil

35. **Climate Emergency and Sustainability Implications** - Nil
36. **Human Rights Implications** - Nil
37. **Ward Implications** - Revenue spending supports the delivery of services across the whole of Gateshead.
38. **Background Information**
- Budget and Council Tax Level 2022/23, 22 February 2022
  - Revenue Budget – First Quarter Review 2022/23, 19 July 2022
  - Revenue Budget – Second Quarter Review 2022/23, 22 November 2022
  - Revenue Budget – Third Quarter Review 2022/23, 24 January 2023

**Appendix 2- Draft Revenue Outturn 2022/23**

<b>Group / Service</b>	<b>Budget £'000</b>	<b>Draft Outturn £'000</b>	<b>Variance £'000</b>
<b><u>Office of the Chief Executive</u></b>	922	890	(32)
<b><u>Integrated Adults and Social Care Services</u></b>			
Adult Social Care	75,346	74,000	(1,346)
Quality Assurance & Commissioning	5,926	5,824	(102)
<b><u>Children's Social Care and Lifelong Learning</u></b>			
Children's Social Care	42,261	45,970	3,709
Education, Schools and Inclusion	4,981	5,838	857
<b><u>Public Health &amp; Wellbeing</u></b>			
Public Health	17,225	17,225	0
Wellbeing	3,378	4,657	1,279
<b><u>Housing, Environment &amp; Healthy Communities</u></b>			
Gateshead Construction Services	427	785	358
Property & Assets	3,158	3,093	(65)
Locality Services & Housing	1,182	1,027	(155)
Strategic Services & Residential Growth	1,189	1,445	256
Highways and Waste	17,552	13,890	(3,662)
Environment & Fleet Management	3,649	4,022	373
<b><u>Economy, Innovation and Growth</u></b>			
Business, Employment & Skills	1,372	807	(565)
Planning Policy, Climate Change and Strategic Transport	3,124	3,642	518
Major Projects	(523)	(203)	320
<b><u>Corporate Services &amp; Governance</u></b>			
Legal & Democratic Services	4,292	4,325	33
Human Resources & Workforce Development	1,724	1,551	(173)
Corporate Commissioning & Procurement	634	554	(80)
Public Service Reform	406	149	(257)
<b><u>Resources and Digital</u></b>			
Financial Management	2,558	2,663	105
Customer Experience & Digital	3,730	3,392	(338)
Housing Benefits	200	(173)	(373)
IT	4,336	4,739	403
Commercialisation and Improvement	2,373	2,127	(246)
School Meals & Catering	739	127	(612)
<b>Other Services , Contingencies, Covid</b>	12,906	10,717	(2,189)
<b>Capital Financing Costs</b>	33,116	30,663	(2,453)
<b>Traded &amp; Investment Income</b>	(3,710)	(6,816)	(3,106)
<b>Expenditure Passed outside the General Fund</b>	(1,855)	(1,521)	334
<b>Levies</b>	11,686	11,686	0
<b>NET BUDGET</b>	<b>254,304</b>	<b>247,095</b>	<b>(7,209)</b>
<b><u>Financed By</u></b>			
Settlement Funding Assessment (SFA)	(56,907)	(56,709)	198
Other Grants	(47,235)	(49,938)	(2,703)
Public Health	(17,225)	(17,225)	0
Council Tax	(103,856)	(103,856)	0
Collection Fund Deficit	159	159	0
Earmarked Reserves - to support retained rates	(12,675)	(12,675)	0
Earmarked Reserves	(16,565)	(10,224)	6,341
<b>TOTAL FUNDING</b>	<b>(254,304)</b>	<b>(250,468)</b>	<b>3,836</b>
<b>Addition to General Fund Reserve</b>	<b>(0)</b>	<b>(3,373)</b>	<b>(3,373)</b>



	Opening Balance Mar-22 £000s	Revenue Outturn 2022/23 £000s	Balance Mar-23 £000s
<b>General Reserves</b>			
<b>Total General Fund</b>	<b>(17,446)</b>	<b>(2,707)</b>	<b>(20,153)</b>
General Reserve	(8,500)	(3,373)	(11,873)
LMS Budget Share (Schools) Reserve*	(8,946)	666	(8,280)
<b>Strategic Earmarked Reserves</b>			
<b>Financial Risk and Resilience</b>	<b>(9,394)</b>	<b>(9,769)</b>	<b>(19,163)</b>
Insurance Reserve	(2,000)	(2,000)	(4,000)
Grant Clawback	(3,000)	0	(3,000)
Workforce Development	(2,612)	(915)	(3,527)
Commercial Risk	(1,456)	(1,100)	(2,556)
Budget Flexibility	(326)	(169)	(495)
Schools PFI		(3,774)	(3,774)
ASC Direct Payments		(811)	(811)
Highways Maintenance		(600)	(600)
Volunteering and community capacity		(400)	(400)
<b>Thrive</b>	<b>(8,444)</b>	<b>931</b>	<b>(7,513)</b>
Economic Housing and Environmental Investment	(3,903)	606	(3,297)
Poverty Health & Equality Investment	(4,098)	365	(3,733)
Discretionary Social fund	(443)	(40)	(483)
<b>Budget Sustainability</b>	<b>(20,015)</b>	<b>(16,685)</b>	<b>(36,700)</b>
<b>Pandemic Services Impact</b>	<b>(25,581)</b>	<b>25,581</b>	<b>0</b>
<b>Pandemic Collection Fund Impact</b>	<b>(12,866)</b>	<b>12,866</b>	<b>0</b>
<b>Ring Fenced Reserves*</b>			
<b>Developers' Contributions*</b>	<b>(2,019)</b>	<b>(161)</b>	<b>(2,180)</b>
<b>Unapplied revenue grants*</b>	<b>(1,390)</b>	<b>(5)</b>	<b>(1,395)</b>
<b>Public Health Reserve*</b>	<b>(2,607)</b>	<b>(1,212)</b>	<b>(3,819)</b>
<b>Dedicated Schools Grant Reserve*</b>	<b>(2,255)</b>	<b>(1,709)</b>	<b>(3,964)</b>
<b>Total Earmarked Reserves</b>	<b>(84,571)</b>	<b>9,837</b>	<b>(74,734)</b>
<b>Total Reserves</b>	<b>(102,016)</b>	<b>7,130</b>	<b>(94,886)</b>

Figures Subject to external audit

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## COUNCIL MEETING

20 July 2023

### CAPITAL PROGRAMME AND PRUDENTIAL INDICATORS 2022/23 – YEAR END OUTTURN

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**Sheena Ramsey, Chief Executive**

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#### EXECUTIVE SUMMARY

1. The purpose of this report is to inform of the 2022/23 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. Capital Programme outturn for the financial year 2022/23 was £77.3m. This is £3.1m lower 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 2022/23. Where it is certain these projects will spend in 2023/24 an allocation has to be carried forward into the 2023/24 Capital Programme.
3. CIPFA's Prudential Code advises the regular monitoring of performance against the prudential indicators which regulate borrowing and investment. Targets and limits for the prudential indicators for 2022/23 were agreed at Council on 24 February 2022. 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) notes the Capital Programme Outturn for 2022/23;
  - (ii) approves the financing of the Capital Programme; and
  - (iii) confirms that none of the approved Prudential Indicators set for 2022/23 have been breached.

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**TITLE OF REPORT: Capital Programme and Prudential Indicators 2022/23 – Year End Outturn**
**REPORT OF: Darren Collins, Strategic Director, Resources and Digital**
**Purpose of the Report**

1. This report requests Cabinet to recommend that Council notes the 2022/23 Capital Programme Outturn and approves the financing of the programme. The report assesses the reasons for variances from the third quarter review; considers the impact of the CIPFA's Prudential Code on the capital programme and monitors the performance against the statutory Prudential Indicators.

**Background**

2. The original budget for the capital programme for 2022/23, as agreed by Council on 24 February 2022, totalled £146.7m. This was reduced to £80.4m at the third quarter review, £60.4m General Fund and £20.0m HRA. The table below reflects all the changes to the programme during 2022/23.

	<b>Original Budget (£m)</b>	<b>Quarter 1 (£m)</b>	<b>Quarter 2 (£m)</b>	<b>Quarter 3 (£m)</b>	<b>Outturn (£m)</b>
General Fund	124.4	80.9	65.0	60.4	56.7
HRA	22.3	22.3	20.4	20.0	20.6
<b>Total</b>	<b>146.7</b>	<b>103.2</b>	<b>85.4</b>	<b>80.4</b>	<b>77.3</b>

3. The Capital Programme outturn for 2022/23 was £77.3m, £56.7m General Fund and £20.6m HRA. This is £3.1m lower than the third quarter review. The main variances are summarised in Appendix 2 and the full detail is provided in Appendix 4.
4. The reduction in the capital programme at the third quarter comprised of the following movements:

	<b>£m</b>
Other movements to planned expenditure	8.045
Re-profiling of capital expenditure to future years	(11.108)
<b>Total Variance</b>	<b>(3.063)</b>

5. A number of schemes underspent in 2022/23. Where it is certain that these projects will spend in 2023/24 an allocation has to be carried forward into the 2023/24 Capital Programme. These projects are shown in Appendix 6.
6. The schemes where underspends were greater than £0.500m include:

- (£2.912m) Transforming Cities Fund – business cases and work programmes were developed through 2022/23 and signed off by the Joint Transport Committee for progression through 2023/24.
- (£1.708m) HRA Decent Homes – spend on the Springwell roof project which was forecast to overspend at quarter 3 came in on budget.
- (£1.2m) Sister Winifred Laver PIC – due to construction delays.
- (£0.84m) Technology Plan: Infrastructure – delays in supply chain meaning that orders placed in year have not yet been delivered.
- (£0.78m) Gateshead Quays – work has been focused on the design phase of the scheme in 2022/23.

7. The use of available external capital resources and capital receipts to fund the 2022/23 Capital Programme has been maximised, which means that the Council will not lose any of the external funding that it has been awarded

## Proposal

8. The report identifies a capital outturn of £77.3m for the 2022/23 financial year. The resources required to fund the Capital Programme were as follows:

	£m
Prudential Borrowing	42.530
Capital Receipts	0.406
Capital Grants and Contributions	13.809
Major Repairs Reserve (HRA)	19.264
Capital Grants and Contributions (HRA)	0.801
Right to Buy Receipts (HRA)	0.560
<b>Total Capital Programme</b>	<b>77.370</b>

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 2022/23 were agreed at Council on 24 February 2022 and borrowing and investment levels have remained within these limits. Performance against the indicators for 2022/23 is set out in Appendix 5.

## Recommendations

10. It is recommended that:

- Cabinet recommends to Council to note the Capital Programme outturn for 2022/23.
- Cabinet recommends to Council the financing of the Capital Programme.
- Cabinet confirms to Council that none of the approved Prudential Indicators set for 2022/23 have been breached.

For the following reason:

To ensure performance has been assessed against approved Prudential Limits.

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**CONTACT: Clare Tait**

extension: 3417

### Policy Context

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

### Background

2. The original budget for the capital programme for 2022/23, as agreed by Council on 24 February 2022, totalled £147.6m. This was reduced to £103.2m at the first quarter; £85.4m at the second quarter and further reduced to £80.4m at the third quarter review.
3. The actual capital programme expenditure for 2022/23 was £77.3m. This is a reduction of £3.1m from the third quarter.
4. All variations contributing to the £3.1m reduction since the quarter three review are detailed in Appendix 2.
5. Appendix 3 summarises the original budget and various forecasted year end positions by Corporate Priority. The budget, projected year end positions, the final outturn and the reasons for the variances 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 24 February 2022. Performance against the indicators for 2022/23 is set out in Appendix 5.
7. Capital expenditure of £77.3m represents a significant contribution to supporting Council assets and the wider thrive agenda and includes investment of:
  - £23.3m to support the development of Gateshead Quays including the completion of the Multi Story Car Park and Infrastructure;
  - £20.6m in the Council's Housing stock, including £2.3m investment in domestic heating improvements and £4.6m to maintain decent standards.
  - £5.6m to support in energy schemes, supporting the Council's commitment to becoming carbon neutral by 2030.
  - £8.9m in Transport Infrastructure within Gateshead, including highway maintenance, street lighting column replacement and sustainable transport improvements.
  - £2.5m investment in Adult social care to support independent living.
  - £2.3m of improvement to the Council's Schools;
  - £2.2m in improvements to the Council's ICT infrastructure including the development of the Council's new ways of working;

### Consultation

8. The Leader of the Council has been consulted on 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 2022/23.

## **Implications of Recommended Option**

### **10. 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.

11. **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.

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

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

14. **Health Implications** - There are no health implications arising from this report.

15. **Climate Emergency 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.

16. **Human Rights Implications** - There are no direct human rights implications arising from this report.

17. **Ward Implications** - Capital scheme investment will improve wards across the borough.

## **Background Information**

18. Report for Cabinet, 22 February 2022 (Council 24 February 2022) – Capital Programme 2022/23 to 2026/27.

Report for Cabinet 19 July 2022 (Council 21 July 2022) – Capital Programme and Prudential Indicators 2022/23 First Quarter Review.



Report for Cabinet 22 November 2022 (Council 24 November 2022) – Capital Programme and Prudential Indicators 2022/23 Second Quarter Review.

Report for Cabinet 24 January 2023 (Council 26 January 2023) – Capital Programme and Prudential Indicators 2022/23 Third Quarter Review

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Appendix 2

Reason for movement	Portfolio	Group	Project Title	Variance to Q3 £000s
Other movements	Resources, Management and Reputation	EIG	Baltic Quarter Enabling Infrastructure	56
	Resources, Management and Reputation	EIG	Gateshead Quays Multi Storey Car Park	198
	Resources, Management and Reputation	EIG	Major Projects - Project Management Costs	43
	Resources, Management and Reputation	HEHC	Health & Safety	138
	Resources, Management and Reputation	HEHC	Replacement of Fleet and Horticultural Equipment	799
	Resources, Management and Reputation	HEHC	Strategic Maintenance	421
	Resources, Management and Reputation	HEHC	Kingsmeadow Life long learning centre	145
	Resources, Management and Reputation	HEHC	Installation of Electric Vehicle charging points in Council Depots	14
	Resources, Management and Reputation	CSC&LL	Specialist equipment to improve inclusion for Children and Young People - High incidence needs	-6
			Specialist IT equipment for Children and Young People with low incidence needs (hearing and vision impairment)	-3
	Resources, Management and Reputation	CSC&LL	Flood Alleviation Investment	125
	Environment and Transport	EIG	Local Transport Plan - Integrated Transport	249
	Environment and Transport	EIG	Public Sector Decarbonisation Schemes	-3
	Environment and Transport	EIG	Gateshead District Energy Scheme - Solar Panels	202
	Environment and Transport	EIG	Gateshead District Energy Scheme - District Heating connection	36
	Environment and Transport	EIG	Loan to Gateshead Energy Company District Energy extension	2,500
	Environment and Transport	HEHC	Salix Energy Efficiency Works	-98
	Environment and Transport	HEHC	Street Lighting Light Emitting Diode Replacement	0
	Environment and Transport	HEHC	Street Lighting Column Replacement	137
	Culture, Sport and Leisure	HEHC	Fixed Play Facility Renewals	76
	Children and Young People	HEHC	School Condition Investment	3
	Children and Young People	HEHC	Schools Devolved Formula Funding	159
	Children and Young People	HEHC	Blaydon West Primary School New Build	-162
	Children and Young People	HEHC	SEND High Needs	93
	Children and Young People	CSC&LL	Specialist Therapeutic Children's Home in Gateshead	13
	Economy	EIG	Blaydon Business Centre Extension	-30
	Housing	EIG	Gateshead Regeneration Partnership Urban Core - Exemplar Neighbourhood	23
	Housing	HEHC	Aids and Adaptations	1,708
	Housing	HEHC	West Askew Road junction improvements	60
	Housing	HEHC	Communal Mechanical & Electrical Works	338
	Housing	HEHC	Contractual Obligations	1,188
	Housing	HEHC	Decent Homes	-1,708
	Housing	HEHC	Domestic Heating Improvements	181
	Housing	HEHC	Fire Safety	6
	Housing	HEHC	Estate Regeneration	846
	Housing	HEHC	Stock Project Management	581
	Adult Social Care	IASCS	Disabled Facilities Grants (DFGs)	-213
	Adult Social Care	IASCS	Telecare Equipment	-70
Other movements Total				<b>8,045</b>
Slippage to future years	Resources, Management and Reputation	CS&G	Occupational Health Management Software	-14
	Resources, Management and Reputation	EIG	Gateshead Quays	-776
	Resources, Management and Reputation	EIG	Refurbishment of Metrology Lab	-58
	Resources, Management and Reputation	HEHC	Conversion of Birtley's Children's Centre	-323
	Resources, Management and Reputation	R&D	Technology Plan: Infrastructure	-843
	Resources, Management and Reputation	R&D	Technology Plan: Transformation Through Technology & New Ways of Working	-268
	Resources, Management and Reputation	R&D	Customer Experience	-4
	Resources, Management and Reputation	R&D	IT Strategic Plan	-30
	Environment and Transport	EIG	Local Transport Plan - Planned Maintenance	-275
	Environment and Transport	EIG	Transforming Cities (Tranche 2)	-2,912
	Environment and Transport	EIG	Riverside Park	-38
	Environment and Transport	EIG	Quays fixed and VMS signage	-50
	Environment and Transport	EIG	Quays traffic signal upgrades	-60
	Environment and Transport	EIG	Bensham Road Corridor	-4
	Environment and Transport	EIG	Greenhomes Chopwell	-364
	Environment and Transport	EIG	Revealing the Angel	-10
	Environment and Transport	HEHC	Replacement Bins	-3
	Environment and Transport	HEHC	Traffic Sign Replacement	-25
	Environment and Transport	HEHC	Unclassified Road Resurfacing - Micro Asphalt	-47
	Environment and Transport	HEHC	Traffic Signal Renewal	-309
	Culture, Sport and Leisure	PH&W	Gateshead International Stadium Investment	-85
	Communities and Volunteering	HEHC	Community Hubs	-12
	Children and Young People	CSC&LL	Children's Three bed Residential Home	-237
	Children and Young People	CSC&LL	Children's Two Bed Residential Assessment Service in Gateshead	0
	Children and Young People	CSC&LL	Extensions and adaptations to the homes of foster carers	-150
	Economy	EIG	High Street North - Future Place	-22
	Economy	EIG	Baltic Quarter Remediation	-88
	Economy	EIG	Greensfield Business Centre Refurbishment	-180
	Economy	R&D	Broadband Delivery UK	-11
	Economy	R&D	Digital Gateshead	68
	Housing	EIG	High Street South Regeneration	-59
	Housing	EIG	Metrogreen	-18
	Housing	HEHC	Development Site Preparation Works	-95
	Housing	HEHC	New Build/Acquisition - Various	-433
	Housing	HEHC	Digital Transformation	-540
	Housing	HEHC	Environment and Estate Improvement	-43
	Housing	HEHC	Garage Improvement Programme	-27
	Housing	HEHC	Block Communal Improvements	-330
	Housing	HEHC	Building Safety Improvements	-55
	Housing	HEHC	Major Investment Scheme	-164
	Housing	HEHC	Safety & Security	-38
	Housing	HEHC	HRA Commercial Property Improvements	-43
	Housing	HEHC	Door and Window Replacements	-352
	Housing	HEHC	IT refresh	-168
	Housing	HEHC	Lift Replacement	-162
	Housing	HEHC	Low Fell Parking improvements	-59
	Housing	HEHC	Basement Improvements	-100
	Adult Social Care	IASCS	Technology Enabled Care	-50
	Adult Social Care	IASCS	Sister Winifred Laver Centre	-1,187
	Adult Social Care	IASCS	Social Care System	-57
Slippage to future years Total				<b>-11,108</b>
Grand Total				<b>-3,063</b>

## Appendix 3

	Approved 2022/23 Budget £000	Revised Q1 Allocation £000	Revised Q2 Allocation £000	Revised Q3 Allocation £000	Outturn £000
<b>COMMUNITIES</b>					
Culture, Sport and Leisure	940	1,415	1,495	1,355	1,345
Communities and Volunteering	75	137	100	75	63
<b>COMMUNITIES Total</b>	<b>1,015</b>	<b>1,552</b>	<b>1,595</b>	<b>1,430</b>	<b>1,409</b>
<b>PEOPLE</b>					
Children and Young People	7,919	5,553	2,850	3,140	2,859
Adult Social Care	8,508	9,579	6,852	6,852	5,276
<b>PEOPLE Total</b>	<b>16,427</b>	<b>15,132</b>	<b>9,702</b>	<b>9,992</b>	<b>8,135</b>
<b>PLACE AND ECONOMY</b>					
Environment and Transport	19,514	19,730	15,349	16,419	12,970
Economy	1,675	1,495	1,410	1,110	847
Housing	27,890	27,337	22,147	20,852	21,390
<b>PLACE AND ECONOMY Total</b>	<b>49,079</b>	<b>48,562</b>	<b>38,906</b>	<b>38,381</b>	<b>35,206</b>
<b>RESOURCES, MANAGEMENT AND REPUTATION</b>					
Resources, Management and Reputation	80,192	33,792	30,980	30,629	30,120
<b>RESOURCES, MANAGEMENT AND REPUTATION Total</b>	<b>80,192</b>	<b>33,792</b>	<b>30,980</b>	<b>30,629</b>	<b>30,120</b>
<b>LOAN</b>					
Environment and Transport	0	4,209	4,209	0	2,500
<b>LOAN Total</b>	<b>0</b>	<b>4,209</b>	<b>4,209</b>	<b>0</b>	<b>2,500</b>
<b>Grand Total</b>	<b>146,713</b>	<b>103,247</b>	<b>85,392</b>	<b>80,432</b>	<b>77,370</b>

## Appendix 4

	Approved 2022/23 Budget £000	Revised Q1 Allocation £000	Revised Q2 Allocation £000	Revised Q3 Allocation £000	Outturn £000	Comment
<b>COMMUNITIES</b>						
<i>Culture, Sport and Leisure</i>						
Fixed Play Facility Renewals	720	720	720	720	796	Additional Works
Library & Locality Review	100	75	140	0	0	
Virtual Reality Fitness Systems	120	120	0	0	0	
Gateshead International Stadium Investment	0	500	635	635	550	Slippage to future years
<i>Communities and Volunteering</i>						
Community Hubs	75	137	100	75	63	Slippage to future years
<b>PEOPLE</b>						
<i>Children and Young People</i>						
Blaydon West Primary School New Build	4,400	2,576	500	500	338	Project paused
Children's Three bed Residential Home	300	700	760	760	523	Slippage to future years
Children's Two Bed Residential Assessment Service in Gateshead	750	0	0	0	0	Slippage to future years
Extensions and adaptations to the homes of foster carers	250	150	150	150	0	Slippage to future years
School Condition Investment	1,969	1,877	1,190	1,400	1,403	Accelerated spend
Schools Devolved Formula Funding	250	250	250	330	489	Accelerated spend
SEND High Needs	0	0	0	0	93	Accelerated spend
Specialist Therapeutic Children's Home in Gateshead	0	0	0	0	13	Accelerated spend
<i>Adult Social Care</i>						
Disabled Facilities Grants (DFGs)	2,550	2,550	2,550	2,550	2,337	Other movements
Technology Enabled Care	100	50	50	50	0	Slippage to future years
Telecare Equipment	75	75	75	75	5	Demand led spend
Sister Winifred Laver Centre	5,783	6,904	3,717	3,717	2,530	Slippage to future years
Social Care System	0	0	460	460	403	Slippage to future years
<b>PLACE AND ECONOMY</b>						
<i>Environment and Transport</i>						
Bensham Road Corridor	516	516	40	40	36	Slippage to future years
Flagged Footways	333	333	333	333	333	
Flood Alleviation Investment	5,417	5,417	0	0	125	Accelerated spend
Follingsby Salt Store	878	0	0	0	0	
Local Transport Plan - Integrated Transport	1,233	1,233	1,339	1,339	1,588	Additional grant funding received
Local Transport Plan - Planned Maintenance	3,653	3,653	4,465	4,465	4,190	Slippage to future years
Quays fixed and VMS signage	360	234	50	50	0	Slippage to future years
Quays traffic signal upgrades	60	60	60	60	0	Slippage to future years
Replacement Bins	120	120	120	120	117	Slippage to future years
Riverside Park	50	50	50	50	12	Slippage to future years
Salix Energy Efficiency Works	150	150	150	150	52	Other movements
Traffic Sign Replacement	150	150	80	80	55	Slippage to future years
Transforming Cities (Tranche 2)	3,534	3,534	3,534	4,315	1,403	Slippage to future years
Unclassified Road Resurfacing - Micro Asphalt	289	275	275	275	228	Slippage to future years
Public Sector Decarbonisation Schemes	0	364	364	605	602	Project completed
Gateshead District Energy Scheme - District Heating connection	0	526	350	350	386	Increased costs on project
Gateshead District Energy Scheme - Old Ford/Nest House	114	114	0	0	0	
Gateshead District Energy Scheme - Solar Panels	1,402	1,316	1,930	1,930	2,132	Increased costs on project
Street Lighting Column Replacement	1,175	1,255	1,000	1,000	1,137	Additional Works
Street Lighting Light Emitting Diode Replacement	80	0	0	0	0	Other movements
Traffic Signal Renewal	0	369	369	369	60	Slippage to future years
Whitehills Woodland	0	61	61	69	69	
Greenhomes Chopwell	0	0	779	779	415	Slippage to future years
Revealing the Angel	0	0	0	40	30	Slippage to future years
<i>Economy</i>						
Baltic Quarter Remediation	105	105	105	105	17	Slippage to future years
Blaydon Business Centre Extension	438	330	330	30	0	Project paused
Broadband Delivery UK	80	80	80	80	69	Slippage to future years
Digital Gateshead	720	720	635	635	703	Other movements
Greensfield Business Centre Refurbishment	242	180	180	180	0	Slippage to future years
High Street North - Future Place	90	80	80	80	58	Slippage to future years
<i>Housing</i>						
Aids and Adaptations	1,500	1,500	1,500	1,500	3,208	Additional Works
Block Communal improvements	630	630	630	330	0	Slippage to future years
Building Safety Improvements	890	890	610	550	495	Slippage to future years
Communal Mechanical & Electrical Works	312	312	400	525	863	Additional Works
Contractual Obligations	2,000	2,000	1,900	1,900	3,088	Other movements
Decent Homes	4,503	4,503	6,631	6,356	4,648	Other movements
Development Site Preparation Works	600	300	300	150	55	Slippage to future years
Digital Transformation	700	700	700	540	0	Slippage to future years
Domestic Heating Improvements	2,343	2,343	2,343	2,118	2,299	Other movements
Door and Window Replacements	645	645	656	1,136	784	Slippage to future years
Environment and Estate Improvement	101	101	101	101	58	Slippage to future years
Fixed budget fees	550	550	550	550	550	
Garage Improvement Programme	50	50	50	50	23	Slippage to future years
High Street South	253	0	0	0	0	
High Street South Regeneration	728	728	300	300	241	Slippage to future years
HRA Commercial Property Improvements	50	50	50	50	7	Slippage to future years
Major Investment Scheme	1,985	1,985	225	225	61	Slippage to future years
Metrogreen	128	128	75	55	37	Slippage to future years
New Build/Acquisition - Various	3,015	3,015	2,142	2,142	1,709	Slippage to future years
Option Appraisal	1,123	1,123	0	0	0	
Safety & Security	66	66	66	66	28	Slippage to future years
West Askew Road junction improvements	2,800	2,800	10	14	74	Accelerated spend
Gateshead Regeneration Partnership Urban Core - Exemplar Neighbourhood	1,100	1,100	1,100	335	358	Payment to GRP
IT refresh	244	244	244	244	76	Slippage to future years
Estate Regeneration	1,574	1,574	450	450	1,296	Other movements
Fire Safety	0	0	292	294	300	Other movements
Lift Replacement	0	0	551	600	438	Slippage to future years
Low Fell Parking improvements	0	0	139	139	80	Slippage to future years
Basement Improvements	0	0	100	100	0	Slippage to future years
Stock Project Management	0	0	32	32	613	Other movements
<b>RESOURCES, MANAGEMENT AND REPUTATION</b>						
<i>Resources, Management and Reputation</i>						
Gateshead Quays	56,374	11,000	11,000	11,000	10,224	Slippage to future years

	Approved 2022/23 Budget £000	Revised Q1 Allocation £000	Revised Q2 Allocation £000	Revised Q3 Allocation £000	Outturn £000	Comment
Baltic Quarter Enabling Infrastructure	7,114	7,386	5,786	5,572	5,628	Completion of a majority of the scheme
Conversion of Birtley's Children's Centre	337	337	337	337	14	Slippage to future years
Customer Experience	105	95	113	117	113	Slippage to future years
Gateshead Quays Multi Storey Car Park	6,994	7,413	7,443	7,313	7,511	Completion of a majority of the scheme
Health & Safety	600	591	591	591	729	Accelerated spend
Major Projects - Project Management Costs	290	290	290	290	333	Other movements
Occupational Health Management Software	14	18	14	14	0	Slippage to future years
OCTO Event Manager	42	67	67	67	67	
Refurbishment of Metrology Lab	150	150	75	75	17	Slippage to future years
Replacement of Fleet and Horticultural Equipment	1,750	850	850	850	1,649	Other movements
Strategic Maintenance	850	850	850	850	1,271	Works to facilitate the closure of Dryden
Technology Plan: Infrastructure	3,490	3,490	2,490	2,504	1,661	Slippage to future years
Technology Plan: Transformation Through Technology & New Ways of Working	821	821	821	821	553	Slippage to future years
Installation of Electric Vehicle charging points in Council Depot:	807	0	0	0	14	Accelerated spend
IT Strategic Plan	241	241	60	30	0	Slippage to future years
Kingsmeadow Life long learning centre	153	153	153	153	298	Works to facilitate the closure of Dryden
Specialist equipment to improve inclusion for Children and Young People - High incidence needs	30	15	15	15	9	Demand led spend
Specialist IT equipment for Children and Young People with low incidence needs (hearing and vision impairment)	30	25	25	30	27	Demand led spend
<b>LOAN</b>						
<i>Environment and Transport</i>						
Loan to Gateshead Energy Company District Energy extension	0	4,209	4,209	0	2,500	Accelerated spend
<b>Grand Total</b>	<b>146,713</b>	<b>103,247</b>	<b>85,392</b>	<b>80,432</b>	<b>77,370</b>	

Appendix 6

Reason for movement	Portfolio	Group	Project Title	Slippage to 2023/24 £000s
Slippage to future years	Resources, Management and Reputation	CS&G	Occupational Health Management Software	14
	Resources, Management and Reputation	EIG	Gateshead Quays	776
	Resources, Management and Reputation	EIG	Refurbishment of Metrology Lab	58
	Resources, Management and Reputation	HEHC	Conversion of Birtley's Children's Centre	323
	Resources, Management and Reputation	R&D	Technology Plan: Infrastructure	843
	Resources, Management and Reputation	R&D	Technology Plan: Transformation Through Technology & New Ways of Working	268
	Resources, Management and Reputation	R&D	Customer Experience	4
	Resources, Management and Reputation	R&D	IT Strategic Plan	30
	Environment and Transport	EIG	Local Transport Plan - Planned Maintenance	275
	Environment and Transport	EIG	Transforming Cities (Tranche 2)	2,912
	Environment and Transport	EIG	Riverside Park	38
	Environment and Transport	EIG	Quays fixed and VMS signage	50
	Environment and Transport	EIG	Quays traffic signal upgrades	60
	Environment and Transport	EIG	Bensham Road Corridor	4
	Environment and Transport	EIG	Greenhomes Chopwell	364
	Environment and Transport	EIG	Revealing the Angel	10
	Environment and Transport	HEHC	Replacement Bins	3
	Environment and Transport	HEHC	Traffic Sign Replacement	25
	Environment and Transport	HEHC	Unclassified Road Resurfacing - Micro Asphalt	47
	Environment and Transport	HEHC	Traffic Signal Renewal	309
	Culture, Sport and Leisure	PH&W	Gateshead International Stadium Investment	85
	Communities and Volunteering	HEHC	Community Hubs	12
	Children and Young People	CSC&LL	Children's Three bed Residential Home	237
	Children and Young People	CSC&LL	Children's Two Bed Residential Assessment Service in Gateshead	0
	Children and Young People	CSC&LL	Extensions and adaptations to the homes of foster carers	150
	Economy	EIG	High Street North - Future Place	22
	Economy	EIG	Baltic Quarter Remediation	88
	Economy	EIG	Greensfield Business Centre Refurbishment	180
	Economy	R&D	Broadband Delivery UK	11
	Economy	R&D	Digital Gateshead	23
	Housing	EIG	High Street South Regeneration	59
	Housing	EIG	Metrogreen	18
	Housing	HEHC	Development Site Preparation Works	95
	Housing	HEHC	New Build/Acquisition - Various	433
	Housing	HEHC	Digital Transformation	540
	Housing	HEHC	Environment and Estate Improvement	43
	Housing	HEHC	Garage Improvement Programme	27
	Housing	HEHC	Block Communal improvements	330
	Housing	HEHC	Building Safety Improvements	55
	Housing	HEHC	Major Investment Scheme	164
	Housing	HEHC	Safety & Security	38
	Housing	HEHC	HRA Commercial Property Improvements	43
	Housing	HEHC	Door and Window Replacements	352
	Housing	HEHC	IT refresh	168
	Housing	HEHC	Lift Replacement	162
	Housing	HEHC	Low Fell Parking improvements	59
	Housing	HEHC	Basement Improvements	100
	Adult Social Care	IASCS	Technology Enabled Care	50
	Adult Social Care	IASCS	Sister Winifred Laver Centre	1,187
	Adult Social Care	IASCS	Social Care System	57
Slippage to future years Total				11,199
Grand Total				11,199

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**PRUDENTIAL INDICATORS 2022/23**

The 2022/23 Prudential Indicators were agreed by Council on 24 February 2022 (column 1). This is now compared with the 2022/23 actual outturn position as at the 31 March 2023 (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 2022/23 have been breached.

<b><i>Capital Expenditure</i></b>		
	2022/23 £000 Reported Indicator	2022/23 £000 Actual
Non-HRA	124,432	56,745
HRA	22,281	20,625
<b>Total</b>	<b>146,713</b>	<b>77,370</b>
To reflect the reported capital monitoring agreed by Council during the year		

<b><i>Ratio of Financing Costs to Net Revenue Stream</i></b>		
	2022/23 Reported Indicator	2022/23 Actual
Non-HRA	17.37%	11.57%
HRA	34.24%	38.69%

<b><i>Capital Financing Requirement</i></b>		
	2022/23 £000 Reported Indicator	2022/23 £000 Actual
Non-HRA	481,100	415,383
HRA	345,505	345,505

<b>Authorised Limit for External Debt</b>	
	2022/23 £000 Reported Indicator
Borrowing	895,000
Other Long Term Liabilities	0
<b>Total</b>	<b>895,000</b>
Maximum YTD 31/03/2023 <b>£684.966m</b>	

<b>Operational Boundary for External Debt</b>	
	2022/23 £000 Reported Indicator
Borrowing	880,000
Other Long Term Liabilities	0
<b>Total</b>	<b>880,000</b>
Maximum YTD 31/03/2023 <b>£684.966m</b>	

The Council's actual external debt at 31 March 2023 was £684.966m. 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**

	2022/23 £000 Reported Indicator		2022/23 £000 Actual Position	
	<b>Upper Limit</b>	<b>Lower Limit</b>	<b>Actual Percentage</b>	<b>Maximum YTD</b>
Under 12 months	20%	0%	2.09%	2.09%
12 months to 24 months	21%	0%	0.70%	3.65%
24 months to 5 years	26%	0%	8.52%	8.52%
5 years to 10 years	26%	0%	10.25%	11.71%
10 years to 20 years	22%	0%	6.50%	6.70%
20 years to 30 years	43%	0%	5.19%	5.19%
30 years to 40 years	46%	0%	30.54%	33.40%
40 years to 50 years	48%	0%	33.29%	37.23%
50 years and above	17%	0%	0.00%	0.00%
All within agreed limits.				

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

	2022/23 £000 Reported Indicator		2022/23 £000 Actual Position	
	<b>Upper Limit</b>	<b>Lower Limit</b>	<b>Actual Percentage</b>	<b>Maximum YTD</b>
Under 12 months	25%	0%	2.92%	3.01%
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.

<b><i>Upper Limit on amounts invested beyond 364 days</i></b>			
	2022/23 £000 Reported Indicator	2022/23 £000 Actual Position	2022/23 £000 Maximum YTD
Investments	<b>15,000</b>	<b>0,000</b>	<b>0,000</b>



**COUNCIL MEETING**

**20 July 2023**

## **ANNUAL YOUTH JUSTICE STRATEGIC PLAN 2023-2024**

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**Sheena Ramsey, Chief Executive**

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### **EXECUTIVE SUMMARY**

1. The purpose of this report is to seek approval for the Annual Youth Justice Strategic Plan for 2023-24.
2. Local authorities have a statutory duty to submit an annual youth justice plan relating to their provision of youth justice services. The Plan must be signed off by the full Council.
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 Annual Youth Justice Strategic Plan 2023-24.

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**TITLE OF REPORT:** Annual Youth Justice Strategic Plan 2023-2024

**REPORT OF:** Helen Fergusson, Strategic Director, Children's Social  
Care and Lifelong Learning

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### **Purpose of the Report**

1. To seek approval for the Annual Youth Justice Strategic Plan for 2023-2024.

### **Background**

2. Local authorities have a statutory duty to submit an annual youth justice plan relating to their provision of youth justice services. Section 40 of the Crime and Disorder Act 1998 sets out the youth justice partnership's responsibilities in producing a plan. It states that it is the duty of each local authority, after consultation with the partner agencies, to formulate and implement an annual youth justice plan, setting out how youth justice services in their area are to be provided and funded, how they will operate, and what functions will be carried out. The Youth Justice Board for England and Wales requires the following information to be included in the plan:

- Introduction, Vision & Strategy
- Child First and Voice of the Child
- Governance, Leadership and Partnership Arrangements
- Board Development
- Progress on Previous Plan
- Resources and Services
- Performance
- National Key Performance Indicators
- Children from Groups Which are Over-represented
- Prevention and Diversion
- Education
- Restorative Approaches
- Serious Violence and Exploitation
- Detention, Remands, Custody and Constructive Resettlement
- Standards for Children in the Justice System
- Workforce Development
- Evidence Based Practice, Innovation and Evaluation
- Service Development
- Challenges, Risks and Issues
- Priorities

3. The Plan must be signed off by the full Council in accordance with Regulation 4 of the 'Local Authorities (Functions and Responsibilities) (England) Regulations 2000'.

### **Proposal**

4. The Annual Youth Justice Strategic Plan has been prepared by the Youth Justice Service in collaboration with the Youth Justice Board. The annual plan reports on performance, financial management and the work of the Youth Justice Service and partners during the previous year and identifies recommendations, priorities and risks for the service in the coming year. It is also aligned to the Council's Thrive agenda.

### **Priorities**

5. The key priorities for 2023 - 2024 are:
  - Improve the education, training and employment offer to young people
  - Improve the health offer for young people
  - Understand and provide an effective response to youth violence
  - Further develop our diversity, inclusion and equality strategy
  - Strengthen our resettlement policy

### **Recommendations**

6. Cabinet is asked to recommend the Council to approve the Annual Youth Justice Strategic Plan 2023-2024 as attached at appendix 2.

For the following reason:

To allow the Youth Justice Service to fulfil its strategic and operational responsibilities.



## APPENDIX 1

### Policy Context

1. It is a requirement of grant funding that an annual strategic plan is produced for all Youth Offending Teams/Services. The annual plan supports Thrive.

### Background

2. The Plan has been submitted to the Youth Justice Board who will forward the Plan to Her Majesty's Inspectorate of Probation (HMIP) and Ministers.
3. The Plan will be used by HMIP to help monitor the Youth Justice Service to ensure that it continues to improve and have evidenced based outcomes. The plan will also be scrutinised and used within any Youth Justice Board inspection as part of the inspection framework.

### Consultation

4. The Cabinet Members for Children and Young People and the Youth Justice Board have been consulted.

### Alternative Options

5. There are no alternative options. The Strategic Plan requires updating on an annual basis and is a statutory requirement for the Youth Justice Service.

### Implications of Recommended Option

6. **Resources:**
  - a) **Financial Implications** – The Strategic Director, Resources and Digital confirms there are no financial implications arising from this report.
  - b) **Human Resources Implications** – There are no specific implications arising from this report.
  - c) **Property Implications** - There are no property Implications.
7. **Risk Management Implication** - Potential budget efficiencies and changes within the Youth Justice Board could impact on overall performance and maintaining and improving performance in a changing political landscape could dilute the youth justice services provided to young people and families.
8. **Equality and Diversity Implications** - The work of the service contributes to Families Gateshead and improves emotional health and well-being for children, young people and their families. An Integrated Impact Assessment has been completed as is attached at appendix 3.
10. **Crime and Disorder Implications** – The service includes professionals who specialise in parenting, drug and alcohol use, emotional mental health,

education and offending behaviour work. The service supports multi-agency interventions and will work with families where issues around anti-social behaviour and those young people on the cusp of offending have been identified, or where there is a potential risk that there may be in the future. The service has developed areas of business which include: Child to Parent Violence work; sexualised behaviour work in partnership with the NSPCC; and staff have benefitted from Extremism and Anti Radicalisation Training which does not feature highly in our work but remains an area which we regularly review.

11. **Health Implications** - The service works to improve and minimise the potential for substance misuse and emotional mental health of all the young people where this is identified as an issue.
12. **Climate Emergency and Sustainability Implications** – There are no climate emergency or sustainability implications.
13. **Human Rights Implications** - There are no human rights implications arising from this report.
14. **Ward Implications** - The service covers all areas and wards within Gateshead. Reparation projects cover all areas and wards.

#### **Background Information**

15. See attached copy of Youth Justice Strategic Plan for 2023/24.



# GATESHEAD YOUTH JUSTICE SERVICE

Youth Justice Plan ■ June 2023



# Contents

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# Foreword

As chair of the Gateshead Youth Justice Board, I am both pleased and proud to be able to present this Youth Justice Plan, which articulates the approach the partnership will take, to support children, young people and their parents / carers to maximise their life chances away from the formal Criminal Justice System. Our overarching shared vision is to make Gateshead a place where everyone thrives and our Gateshead Youth Justice Board has pledged to ensure a child centred approach, recognising the needs and rights of every young person and their potential to make a constructive, positive change and engage with their community.

The annual Youth Justice Plan is a requirement of the Crime and Disorder Act 1998. This plan is owned by Gateshead Youth Justice Board and has been formulated following development opportunities involving both the YJS and Board members. Consultation and engagement regarding the contents of the plan has been undertaken with a wide range of different people including children and young people, their families, staff, volunteers and partner agencies.

In the past 12 months Gateshead Youth Justice Service has continued to work with young people and their families to reduce offending by engaging with them in innovative and creative ways and delivering appropriate interventions to meet their needs. The introduction of new preventative initiatives such as Turnaround and Divert supports our ambition to intervene earlier and reduce the number of young people formally entering the Criminal Justice System

Gateshead Youth Justice Service was inspected by HMIP in February 2023, HMIP rated the service “Good” overall.

The Chief Inspector of Probation Justin Russell said: “This is a much-deserved ‘Good’ rating for Gateshead Youth Justice Service – they are a credit to the local community and to Tyne and Wear. They are successfully preventing children being involved in reoffending, often going above and beyond to support each child and give them every chance of a brighter future.”

HMIP commented on the “staff team being committed to achieving the best outcomes for children and families. There is a strong connection between the board and wider service, and practitioners feel heard and valued. The partnership is invested in and advocates for the YJS. We saw effective collaboration between the YJS and the police, children’s social care, and the probation service”.

There were a number of recommendations following the inspection which have been incorporated into this Youth Justice Plan.

I would like to thank the staff of the Youth Justice Service and all our partners, on behalf of the Youth Justice Management Board, for their ongoing resilience and passion in delivering child centred and effective interventions for young people, families, and victims.

**Helen Fergusson**  
Chair – Youth Justice Board

# Introduction

## About Gateshead

Total number of  
young people  
under 18  
in Gateshead  
**38498**  
(0-17 ons mye 2021)



**1007**  
Children in receipt  
of early help



**38.6%**  
Local children  
aged under 16

in relative low income families  
(child poverty)



**1524**



Number of children in need

**212**

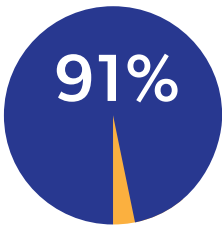


Number  
of children  
on a child  
protection  
plan



**529**  
children  
in care

**91%**



of schools  
good or  
better

**20**

Number of first-time  
entrants to YJS



**117**



Number of care experienced  
young people

**7836**

Number of children  
accessing  
Free School Meals



**1513**

Young People and Adults  
with an EHCP (0 to 25)



**234**

Number of children  
with a disability in  
Social Work Teams



## About our Youth Justice Service

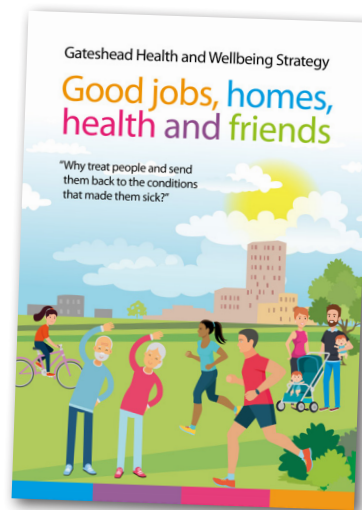
The Youth Justice Service is positioned within Gateshead Council's Children's Social Care and Lifelong learning Directorate. This has facilitated strong working relationships with education colleagues, early help and safeguarding teams including Contextual Safeguarding and those supporting Children in Our Care.

## Our Partnership Vision and Priorities

### Making Gateshead a place where everyone thrives



Our vision has been developed in collaboration with partners and is aligned to Gateshead Council's overarching strategic approach (Thrive), our Health & Wellbeing Strategy and our Children's Social Care and Early Help strategic plan.



#### Children's Social Care and Early Help -

'Children and young people in Gateshead enjoy their childhood and have the opportunity to THRIVE and be their best selves'

#### Gateshead Youth Justice Service -

'We will ensure a child centred approach recognising the needs and rights of every young person and their potential to make constructive, positive change and engage with their community'

## Child First

Gateshead Youth Justice Service is committed to the Child First principles:

- 1. See children as children: Prioritise the best interests of children, recognising their needs, capacities, rights, and potential. All work is child-focused and developmentally informed.**
- 2. Develop pro-social identity for positive child outcomes: Promote children's individual strengths and capacities as a means of developing their pro-social identity for sustainable desistance, leading to safer communities and fewer victims. All work is constructive and future-focused, built on supportive relationships that empower children to fulfil their potential and make positive contributions to society.**
- 3. Collaboration with children: Encourage children's active participation, engagement, and wider social inclusion. All work is a meaningful collaboration with children and their carers.**
- 4. Promote diversion: Promote a childhood removed from the justice system, using pre-emptive prevention, diversion, and minimal intervention. All work minimises criminogenic stigma from contact with the system.**

A guiding principle for Gateshead Youth Justice Service is to have a child centred approach in all areas of our work. We recognise that children in the justice system often have multiple and complex needs. Where possible, we seek to divert children from the justice system entirely and address these needs through diversion and prevention. Youth Justice Service staff continue to work effortlessly to ensure best outcomes for the children that we work with.

Recent feedback from an external organisation praised the child first approach the case manager had taken:

**"I just wanted to pass on my sincerest thanks to [YJS Worker] and the work he has done with the young person. [YJS Worker's] dedication to his role as his YOT worker has been incredible and he has gone above and beyond to ensure the young person and his family have been supported throughout this whole process. His genuine care for the young person and his family is evident and something we have all commented on. I have worked within this field for twenty years and [YJS Worker's] is one of the very best, if not the best, YOT workers I had the pleasure to work with".**



## Voice of the Child

They listened to me

My case manager helped to take me to school and counselling appointments

I got help with my substance misuse

I was helped to get a job and I am now setting up an online business

My case manager helped me to get a passport, and got me into going to the gym

My case manager helped me to be able to keep playing football.

The Youth Justice Service helped me to attend school and help me not to drink as much.

My worker had an "ACE" attitude

Staff helped me to attend my appointments and stick to my plan when I broke my leg.

Staff were down to earth, I could talk, and they would listen, they helped me to engage.

## Listening to Young People

Gateshead Youth Justice Service works closely with the internal Children's Rights Service to ensure the voices of children are heard. Children and young people who are in contact with the Youth Justice Service have several opportunities throughout their involvement with the service to have their views listened to and acted upon. To allow young people to contribute their views, the methods used to gather Children and Young People's views. These include:

- **Young people attending the Youth Justice Service Board** - Young people attend Gateshead Youth Justice Board meetings to tell their stories and outline their experiences of the Youth Justice Service. This has offered the opportunity for board members to understand the journey of the child from their perspective and has helped them to understand how their agencies have had an impact on their life. By meeting with young people face to face it has been possible to ask questions about service delivery and areas for improvement and development.
- **Parent/Carer Representation** – Parents attend Gateshead Youth Justice Board meetings to speak about their experience of the Youth Justice Service. This has helped us to understand what works well and to consider areas for development.
- **Self-assessments** - Case managers employ interviewing skills which allow them to support young people to explore their own story. Each young person completes a YJB self-assessments as part of their assessment which helps understand the young person's perspective and their strengths and challenges. Parents and carers also complete self-assessments which help understand how the needs of the young person's family can also be supported.

- **Exit interviews** - Towards the end of their involvement, young people are invited to put forward their views through an exit questionnaire. This questionnaire helps us to understand what the young person perceived their order to be, what interventions they participated in and how useful they found this in avoiding further offending. Young people are also asked how services could be improved to better meet their needs.
- **Championing our young people** - Case managers and advocates are extremely skilled in engaging with young people. By listening to the young person and putting them at the centre of all the work we do we can build trusting relationships and promote positive change. Working together with statutory agencies and voluntary organisations makes it possible to ensure that the voice of the child is heard and a co-ordinated approach to intervention is achieved. Members of the Youth Justice Service sit on various panels across Social Care, Education, and Community Safety to advocate on behalf of young people and ensure their voices are heard.

## You said...



You should check that we are ok when we're locked up

How can you help me? What do you do?



I came to the board to share my story. You should hear from more young people like me

I was bored in my rep, you should have more choice of things to do!



## We did...

We introduced safeguarding interviews for young people in custody

We produced a child friendly copy of our strategic plan

We worked with Digital Voice for Communities, to ensure that the YJS Board and others hear your voices

We have teamed up with family hubs to provide reparative opportunities in your community

We developed a reparation information pack

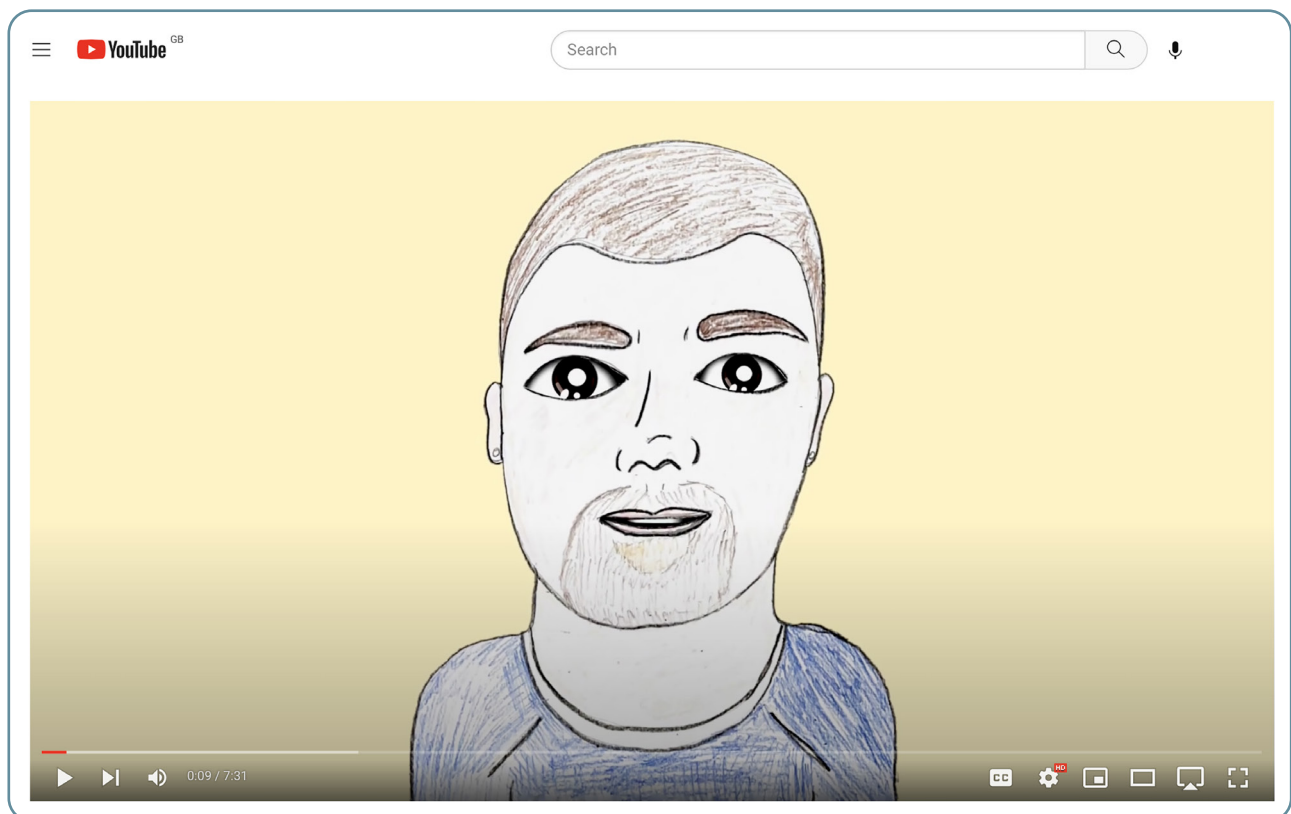


## Listen to me

In January 2023 Gateshead Youth Justice Service produced a Digital Me video with Digital Voice. Several young people helped to co – produce an animated film capturing their experiences of how they became involved in offending behaviours, their experiences of the Youth Justice Service and what worked for them to stop offending.

The video was scripted and animated by the young people. Key themes around peer pressure, substance misuse and education were reoccurring issues that the young people have experienced. The young people told us that building trusting relationships with their cases managers was important to them, this enabled them to move forward and understand how to change their behaviour.

The video can be found at <https://youtu.be/tnoyL3OhF5A>.



Gateshead Youth Justice service wanted to co-produce this piece of work so it would help other young people avoid offending behaviours. Using the young people to voice the script was important as there are very few resources available with local accents, it was felt other young people listening to this would be able to easily identify with it.

This video has been shared across Gateshead Children's Social care, it is being used as a training tool and as a resource for working with young people at risk of offending. It has also been shared externally with partners and other services so other children, young people, victims, and the general public can see the positive impact Gateshead Youth Justice Service has on young people.

# Governance, Leadership and Partnership Arrangements

The Youth Justice Service is positioned within Gateshead Council's Children's Social Care and Early Help directorate. This has facilitated strong working relationships with Early Intervention and Safeguarding teams including Contextual Safeguarding and those supporting Children in Our Care.

The service is led by the Youth Justice Team Manager, an Assistant Manager, 6 Youth Justice Case Managers, 3 Young People's Advocates and a Restorative Justice Practitioner. As a multi-agency partnership, Gateshead Youth Justice Services contains specialists, or access to specialist provision for children being supervised, this includes:

- Two Police Officers are seconded from Northumbria Police and co-located into Gateshead Youth Justice Service.
- A Probation Officer is seconded from the National Probation Service (North East) and co-located into Gateshead Youth Justice Service. The Youth Justice Service also has access to a Probation Support Officer (shared regionally).

## Governance

Governance of Youth Justice Service in Gateshead is delivered by a defined Gateshead Youth Justice Board. The Youth Justice Board is chaired by the Director of Children's Services, Helen Fergusson. Councillor Gary Haley, Portfolio Holder for Children and Young People is also a full and active member of the Board. All statutory partners are represented alongside, Police, Probation, Children's Social Care, Health and Education. Members hold sufficient seniority to be able to commit resources and make necessary decisions. The board meets face to face on a bi-monthly basis.

Gateshead Youth Justice Board have a forward planner which is used to schedule reports and updates from internal and external partners. Terms of reference and membership of the Gateshead Youth Justice Board were reviewed in January 2023.

In addition to bi-monthly meetings, bi-annual development sessions take place to review membership, consolidate partner relationships, strengthen roles and responsibilities of board members, and develop priorities for the year ahead.

The Gateshead Youth Justice Board membership is linked with other local inter-agency structures ensuring clear lines of communication and a collaborative approach to shared responsibilities and aims. These include:

- Gateshead Safeguarding Children Partnership
- Gateshead SEND Board
- Gateshead Community Safety Partnership
- Families Overview and Scrutiny Committee
- Gateshead Corporate Parenting Board
- Newcastle Gateshead Integrated Care Board
- Gateshead Health and Wellbeing Board
- Gateshead Multi Agency Exploitation Hub

Gateshead performance subgroup supplements the delivery of youth justice provision in Gateshead and enable the Gateshead Youth Justice Board to effectively fulfil the statutory duties as set out in the practice guidance for England and Wales: Youth Justice Service governance and leadership. Membership consists of representatives from statutory and non-statutory partners and are accountable to the Gateshead Youth Justice Board. The function of the group is to,

- Review performance data
- Shape the analysis and agree the content of the Board reports in advance of Gateshead Youth Justice Board meetings.
- Monitor progress against strategic priorities.
- Ensure performance standards are met against HMIP inspection criteria.
- Support the Board in preparing for any inspection activity
- Inform service improvement

## Board development

Following some changes in the Board membership, in September 2022 Gateshead Youth Justice Service held a Board Development Day, this was well attended by all statutory partners and the majority of other board members. This session focused on providing the Board with a good induction into the role of members and the importance of advocating for young people within the Youth Justice Service, in their respective organisations. The session used the YJB's Youth Justice Service governance and leadership guidance, HMIP inspection criteria and reports to plan and deliver the session. In May 2023 HMIP found

"There is a thorough induction and continued development for board members, who understand their role and responsibilities well. The partnership is invested in and advocates for the YJS. We saw effective collaboration between the YJS and the police, children's social care, and the probation service".

In line with the YJB new Key Performance Indicators, Gateshead YJS will record the number of senior partners attending board meetings and will report on partners which have presented data which has identified areas of disproportionality. In the recent HMIP inspection they found there was "representation of appropriate seniority from all partners".

The annual YJS Strategic Plan is developed with partners and key priorities are identified jointly and progress against these are monitored through the board. Board members, YJS staff and volunteers are all invited to these sessions to provide joint planning and development. HMIP reflected that "there are effective relationships between the management board and the wider service. Staff are invited to and attend the board regularly; they feel that their views are heard and responded to. They have a good understanding of the board's activity. Board members are aware of the day-to-day activity of the YJS and have shadowed work".

Members of Gateshead Youth Justice Service Board are involved in audit of cases and practice. This ensures board members have a good operational understanding of the service and it develops relationships between operation staff and strategic leaders. Audits are reported through the board to ensure a wider understanding of the findings.

## Progress on previous plan

Gateshead Youth Justice Service consulted with partners and agreed nine key priorities as defined in the Strategic Plan for 2021 - 2023.

### Priority 1

**Ensure our young people are “children first and offenders second”**

#### Progress

Gateshead Youth Justice Service worked with Digital Me to produce a short film asking young people about how they became involved in offending and their experiences of being involved with Gateshead Youth justice Service. The film focuses on some of the key issues that lead them into offending behaviors and allows them to reflect on opportunities for change. This is a local resource which can be used by partners and across the children's workforce including schools, health, police, and MASH.

HMIP found “Understanding the experiences of children, families and victims is a priority for the YJS. It is proactive in ensuring that their voices are continually heard at the board and used to influence service delivery. This ethos is shared by the wider partnership, which also recognises the importance of working and collaborating with children and families”.

Life story work continues to be a key priority for Gateshead Children's Social Care, the Youth Justice Service provide information and material to help to build the young person's story.

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### Priority 2

**Ensure Children in Our Care are not overrepresented in the Criminal Justice Service**

#### Progress

Gateshead Youth Justice Service is acutely aware of the over representation of Cared for Children's in the Youth Justice System. As a result of this the cohort of young people are monitored through the performance framework and weekly risk register. There is a clear understanding of the need to divert Cared for Children and avoid formal intervention. The circumstances of each offence and the young person is assessed at the point of diversion and throughout the Out of Court Disposal process. There are examples of Cared for Children not being progressed through Youth Justice but rather diverted by not coming into service or by using a lower-level intervention such as Outcome 22. Youth Justice Staff have a regular presence in local Children's Homes, meet with young people during their intervention and keep in touch after to provide ongoing support. The 10-point check list ensures that offences within care homes are dealt with by way of a restorative intervention (where appropriate).



### **Priority 3**

**Identify and intervene early with young people to address behaviour that could lead a young person into the Criminal Justice System.**

#### **Progress**

Divert from Charge is a referral process which will no longer see young people being charged by police unless in extreme cases, such as offences that could lead to a remand. Youth Justice Service Police Officers apply an eligibility test which will assess whether an Out of Court option is appropriate. If the young person is eligible and willing to engage, they will receive either a Youth Conditional Caution (YCC) or an Outcome 22 (deferred prosecution).

---

### **Priority 4**

**Ensure education teams effectively meets the needs of young people within the criminal justice system**

#### **Progress**

The Youth Justice Service, along with Information Advice and Guidance service, education partners undertake joint reviews of education for statutory and post statutory age young people and report regularly to the Gateshead Youth Justice Board. Gateshead Youth Justice Service is an active member of education panels including, fair access, complex pupils, exclusion, the attendance strategy and SEND. Education, training, and employment status is assessed with each young person in Youth Justice Service, and support offered in response to individual need. Young people in the Youth Justice Services continue to be disproportionately permanently excluded, have SEND and not being offered or engaging to full time, main stream education. There is an area of further development in 2023 / 2024. There is a strategic plan across Children's Social Care to ensure vulnerable groups of young people are actively supported to access appropriate education, YJS children are part of this group.

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### **Priority 5**

**Promote the health and wellbeing of young people in the Youth Justice System**

#### **Progress**

Gateshead Children's Social Care and Early Help and the North Cumbria Integrated Care Board have developed the Trusting Hands service. The service will focus on the children and young people who need it most, providing support to carers, social workers and other advocates of children and young people and their families to enable them to recognize the signs and symptoms of trauma, respond appropriately and seek further help and support when needed. The service will also provide speech and language screening and support recognising the impact on speech, language, and communication of trauma in childhood.

Young people in the police station are offered a Liaison and Diversion health screen, this can be followed up in the community to support the young person.

North East Counselling Service (NECS) have worked with Gateshead Youth Justice Service to support the team in their work with children and young people, specifically in terms of ongoing emotional, mental health and wellbeing needs. Intervention development sessions have been delivered to the Gateshead Youth Justice Service team by the Counselling Lead/ Manager. Gateshead Youth Justice Service has direct access to counselling services with NECS. Young people and their parents have been offered counselling support. There is scope to provide family counselling if needed. These types of wider supportive approaches can often be more impactful than directing counselling interventions towards the individual.

## Priority 6

### Support young people transitioning between Children's and Adults Service

#### Progress

The overriding objective of the Joint National Protocol for Transitions in England and behind an effective transition process is that it should be managed safely both for the child and their community. Whilst there are limited restrictions on the type of youth statutory orders that can be transferred to the Probation Service, where the child meets the age eligibility threshold, what remains fundamental is the need to jointly assess the appropriateness of the child's transfer. Gateshead Probation Service and Youth Justice Service have processes in place to make sure relevant young people are regularly discussed and decisions are made as to which service is the most appropriate to meet their needs. Gateshead and South Tyneside Probation were inspected by HMIP in September 2022, it was reported on good practice between the services "there were very low numbers of children transferring from the Youth Offending Service (YOS) to The Probation Service after reaching age 18. Decisions about whether to transfer were made jointly between YOS and the PDU based on maturity and the needs of the young person rather than on rigid." This was seen to be positive practice.

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## Priority 7

### Understand and intervene with young people experiencing criminal exploitation.

#### Progress

Gateshead Youth Justice Service is an active partner at the Missing, Slavery, Exploitation and Trafficking panel. Young people at risk of exploitation are supported by the Youth Justice Service and referrals made to appropriate services. Gateshead YJS has made a number of referrals to the National Referral Mechanism for young people who we suspected had been exploited into committing crime. Gateshead Children's Social care and YJS are actively involved in the Missing Exploitation hub across Northumbria. There are clear communication routes with the Missing Co-Ordinator and Return Home Officer to ensure information is shared effectively to understand the potential risk to the child or young person. Gateshead Youth Justice Service also works with SCARPA who provide one to one support for young people at risk of exploitation.

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## Priority 8

### Understand Serious Youth Violence in Gateshead and what can be done to reduce harm to the public and manage the risk.

#### Progress

Serious youth violence continues to be a priority for the partnership. A serious Youth violence strategy is being written by the Violence Reduction Unit, Community Safety, Youth Justice and other partners are involved in this work.

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## Priority 9

### Build our understanding of the specific problems faced by young people in Gateshead

#### Progress

We need to develop a culturally competent workforce, who are able to work effectively and inclusively with children, young people and families from all backgrounds. Gateshead Youth Justice Service needs to embed a strategic and operational approach to diversity, policies and procedures need to capture how the service will respond to all protected characteristics. This will also include addressing disproportionality.



## Resources and services

The Youth Justice Board has not yet confirmed the financial settlement for 2023/2024. However, working in a challenging financial climate the Gateshead Youth Justice Board will work collaboratively to ensure that service delivery is not compromised and that disadvantaged children are not further marginalized. The budget is split between delivering statutory Youth Justice Services and providing a Prevention offer for young people at risk of offending.

Case Managers provide appropriate adult services Monday to Friday 9am – 5pm, the Emergency Duty Team provide cover for appropriate adult requests outside of these days and times. In addition, for a standby fee, Managers and Case Managers provide weekend and Bank holiday cover for remand courts. There are also a number of volunteers supporting service delivery. The Youth Justice Service is a multi-agency team which is supported through contributions of statutory partners including Police, Probation Service and Health.

Agency	Staffing Costs	Payments in kind	Other delegated funds	Total
Youth Justice Board	467,091	0		467,091
Local Authority	433,856	142,031	45,808	621,695
Police		116,686		116,686
Police and Crime Commissioner				0
Probation	5,000	43,751		48,751
Health	61,676			61,676
Other	0	0		0
<b>Total</b>	<b>967,623</b>	<b>302,468</b>	<b>45,808</b>	<b>1,315,899</b>

The cost of a custodial remand continues to be a financial risk to the service, Gateshead Youth Justice Service can deliver high quality, intensive bail packages, however if the offence was so serious there may be no alternative to a remand.

Gateshead Youth Justice Service uses the JYB grant, partner contributions and available resources to deliver these services and we believe they produce the following benefits and outcomes. Our performance will be improved in 2023/24 by delivering a greater prevention offer which will impact on the number of young people entering the Youth Justice Service.

# Performance

## Key Performance Indicators:

The Youth Justice Board (YJB) introduced new key performance indicators as of April 2023 to replace those already in place, namely First Time Entrants, Reoffending, and use of Custody. There are a total of ten new indicators that have been introduced to help prove how services and partners are involved with more complex caseloads despite an overall reduction in the number of children coming into services.

### The new KPIs set by the YJB are.

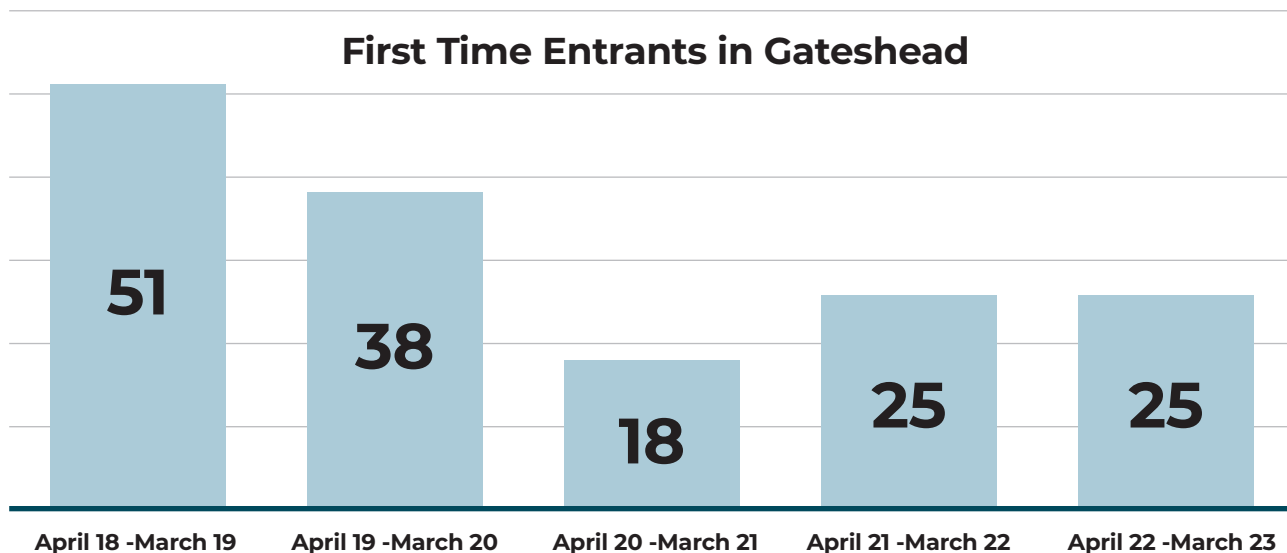
1. Suitable Accommodation – looking at the type and suitability of accommodation for young people in the community and those being released from custody
2. Education, Training and Employment – concerned with the number and proportion of children in ETE and the suitability.
3. Special Educational Needs and Disabilities /Additional Learning Needs – includes the number of children with SEND and whether they have a formal plan and are in suitable ETE
4. Mental Healthcare and Emotional Wellbeing – services are required to record the number of children screened or assessed to understand their mental health and emotional wellbeing needs
5. Substance Misuse – this KPI looks at children with a screened or identified need for an intervention or treatment to address substance misuse
6. Out of Court Disposals – reporting on the outcomes of interventions in each period and the rate of completion by young people.
7. Links to Wider Services – services are required to record the status of children classified as currently care experienced. Those children that have a 'Looked After Child,' Child in Need status or have a Child Protection Plan in place.
8. Management Board Attendance – services are required to record the number of senior partners attending quarterly meetings and the data presented that identifies any areas of disproportionality
9. Serious Violence – requirement for services to record on the caseload children cautioned or convicted of Serious Violence
10. Victims – details of the number of victims created from the offences committed by children on the caseload and the involvement with the service.

As the above KPIs have been introduced by the YJB this year there is not yet a sufficient amount of data to provide any real analysis. Gateshead YJS will be monitoring all ten indicators and using the data to support in the processes and interactions with all those that come into the service.

## Existing key performance indicators:

### First Time Entrants (FTE) data source – Police National Computer (PNC) & Gateshead YJS (Where stated)

First Time Entrants (FTEs) are young people referred to the Youth Justice Service in Gateshead that have received a substantive outcome for the first time. Substantive outcomes can be Youth Cautions, Youth Caution + Conditions, Referral Orders, Youth Rehabilitation Orders, or custodial sentences.



The chart above shows the numbers of FTE's in Gateshead since April 2018 and is taken from Police National Computer (PNC) data that is published by the Youth Justice Board (YJB). Overall, the number of FTEs in Gateshead has been significantly reduced (51%) since 2018. During the height of the covid pandemic (from March 2020) the country was in lockdown on several occasions which may account for the significant reduction in the FTE numbers in 2020/21 from the previous year.

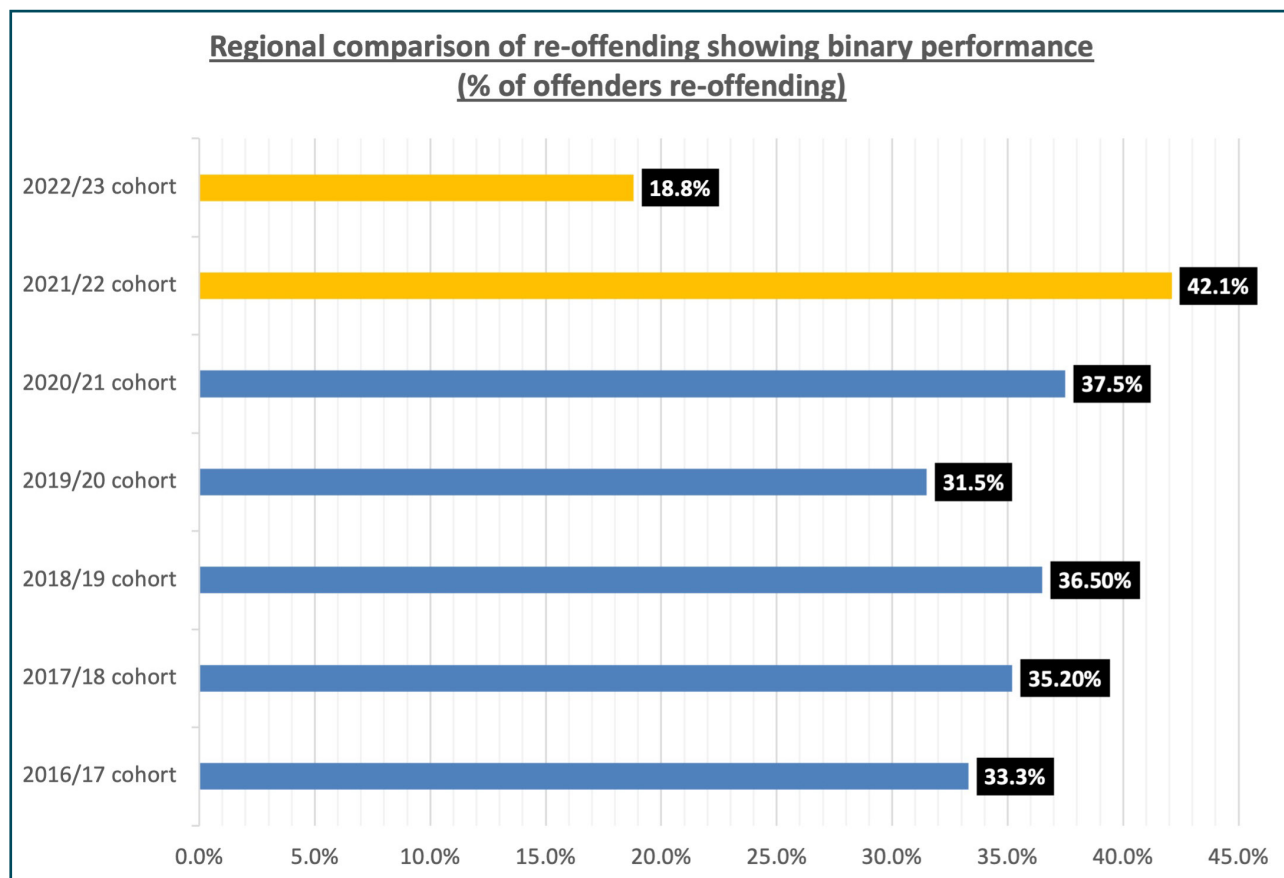
The most recent published PNC data from the YJB is for the period April 2021 to March 2022. The figures in the chart above and table below for 2022/23 have been taken from the Gateshead YJS due to the lag in published data and is therefore provisional but show there has been no increase in FTEs.

The following table shows FTE numbers and rates (per 100,000 of 10–17-year-old population) in Gateshead.

Gateshead's FTE's	2018/19	2019/20	2020/21	2021/22	2022/23
Number	51	38	18	25	25
Rate per 100,000 10-17 population	298	218	103	145	147

## Reoffending Data Source – Police National Computer (PNC) & Gateshead YJS (Where stated)

The reoffending rate within Youth Justice is measured as the percentage of young people involved with the service that commit further offences. Published re-offending data is provided on a lag therefore 2021/22 and 2022/23 data is taken from the Gateshead YJS tracking tool as provisional as it is expected to change. The most recently published PNC data period is April 2020 – March 2021. This data shows the rate for Gateshead was 37.5% which shows an increase of 6% on the previous year.



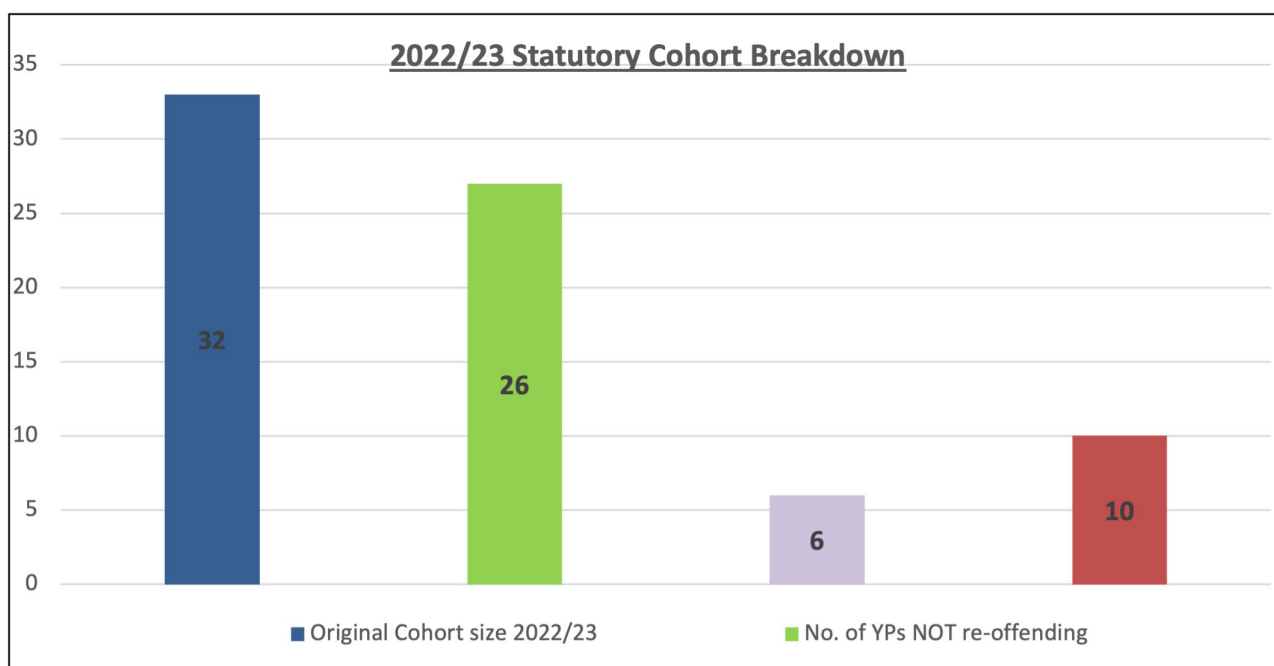
For the re-offending cohort, each young person is monitored for a 12-month period starting from the date they enter the cohort (i.e., when their disposal is received). The published data from the YJB for Gateshead reoffending rates and reoffences/reoffender (total number of further offences committed by young people that have gone on to reoffend) can be seen in the table below upon updating the cohort offending data, the YJS management team reviews those cases each month to ensure the plan in place is robust and includes the necessary objectives to prevent further offending where possible.

Gateshead's Proven Rate of Reoffending	2011 / 12	2012 / 13	2013 / 14	2014 / 15	2015 / 16	2016 / 17	2017 / 18	2018 / 19	2019 / 20	2020 / 21	2020 / 21
Reoffences/ reoffender	2.98	2.83	2.57	3.49	3.69	3.51	3.23	2.98	3.89	6.52	6.11
% Reoffending	40.1%	45.7%	40.7%	32.9%	47.8%	33.3%	35.2%	40.1%	36.5%	31.5%	37.5%

## Latest Offending Data of Gateshead 2022/23 Statutory Cohort

Young people receiving a caution or court disposal between April 2022 and March 2023 entered into the statutory cohort and are tracked for 12 months from the date they enter (date caution or court disposal is received). The data from Gateshead YJS tracking tool (as of the end of March 2023) shows the provisional reoffending rate at 18.8% (which is currently a 23.3% decrease when compared to the previous year's rate) as 6 cohort members have committed further offences since receiving their original disposal. Compared to the previous year, in total, there have been 10 further offences committed meaning the reoffences per reoffender rates is at 1.67.

The 2022/23 cohort consists of 32 young people of which 28 are still within their tracking period which means the reoffending data for this cohort is provisional and is expected to change.

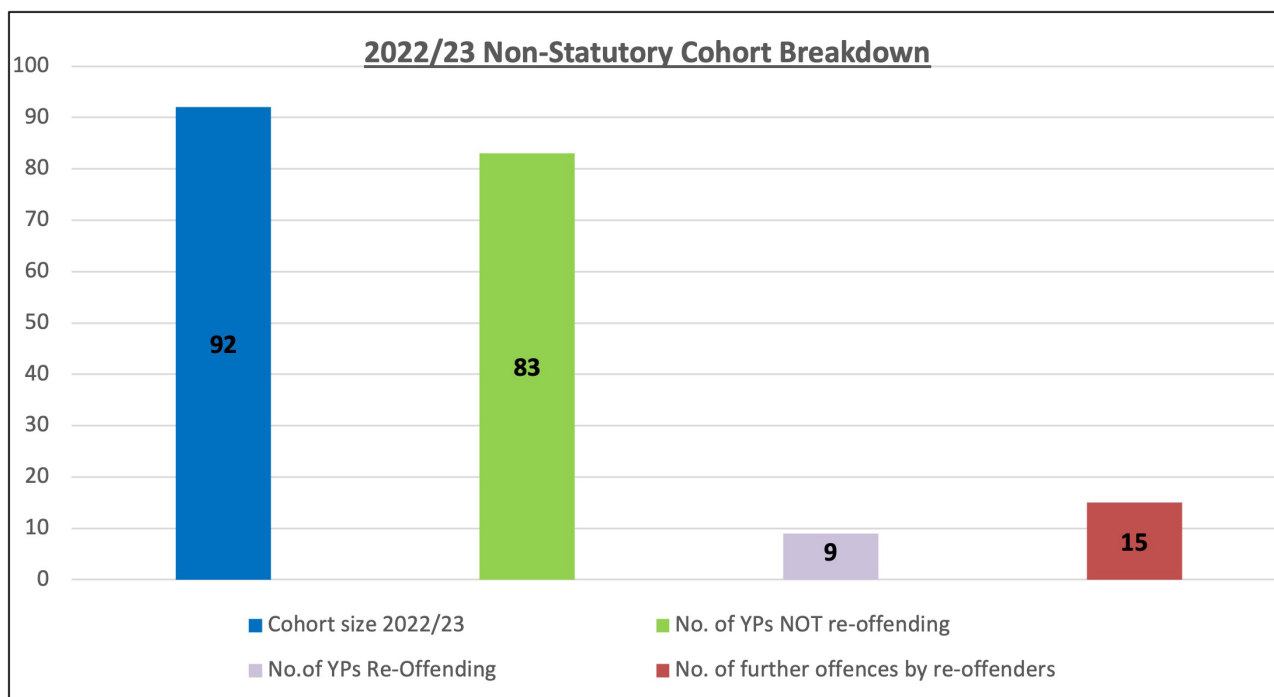


In this cohort all 32 members are male and 88% (28) are from a white British background. This means those with a Black, Asian and Minority Ethnic (BAME) background account for 12% of the cohort which may appear high however, the number of BAME young people is low at 4. 81% (26) are between 14 and 17 years old (at the date of entering the cohort) which has been the trend in Gateshead. Of all the young people over half (56%) were previously known to the service i.e., they had received disposals before entering this cohort.

## Offending Data of 2022/23 Non-Statutory Cohort

Like the statutory cohort a tracking tool is used for those young people referred to the Gateshead service that receive an out of court disposal (OCD) between April 2022 and March 2023 and are tracked for 12 months from the date they enter (date OCD received).

This non-statutory cohort comprises of 92 young people with 80 still within their tracking period meaning this data is provisional and expected to change over the course of each member's 12-month period. The most recent cohort of young people that have entered the service receiving a non-statutory outcome (April 2022 to March 2023) shows a reoffending rate of 9.8% compared to 18% in the previous year. Again, this is provisional data and expected to change until tracking periods have ended for all the young people.



Of the 92 young people that received an out of court disposal three quarters (69) are male, 93% (86) are White-British with only 7% (6) from a BAME background. Those aged 14-17 at the date they received their disposal account for 79% (73) of the full cohort members. One in four of this cohort had previously received a disposal from the YJS in Gateshead.

## Offending Data of 2022/23 Non-Statutory Cohort

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	April 2020 - March 2021		April 2021 - March 2022		April 2022 - December 2022	
	Custodial Sentences	Rate per 1,000 of 10-17 population	Custodial Sentences	Rate per 1,000 of 10-17 population	Custodial Sentences	Rate per 1,000 of 10-17 population
<b>Gateshead</b>	2	0.11	1	0.06	1	0.06
<b>England &amp; Wales</b>	728	0.13	645	0.11	468	0.08

From the period above there were a total of 4 custodial sentences between April 2020 and December 2022 all of which were male and all aged 17 at the time of sentencing. In 2022/23 the only custodial sentence (as of December 2022) was given to a young person from a BAME background with all other sentences being given to males from a White-British background.

## Over-represented Groups

### EHCP & SEN SUPPORT

The table below shows the number and percentage of young people that have been involved with the Gateshead YJS since 2019 that have either had an Educational Health Care Plan in place or have been receiving SEN Support.

	2019/20		2020/21		2021/22		2022/23	
	No.	%	No.	%	No.	%	No.	%
<b>Single Plan (EHC Plan)</b>	3	3%	6	4%	15	10%	10	7%
<b>SEN Support</b>	12	10%	13	8%	3	2%	2	1%
<b>Total</b>	15	13%	19	12%	18	13%	12	8%

Between 2019 and 2022 there were more young people involved with the YJS that were also involved with the SEN Team year on year but fewer in 2022/23. For the whole period the average of young people involved with both services was 11%.

We have identified education as a priority area for development in 2023/24 and have partnered with our Trauma Informed Team colleagues to provide a dedicated speech and language resource.

## Black, Asian, and Minority Ethnic (BAME) In Gateshead April 2019 to March 2023

According to the YJB publication of National Statistics 2021/22 13,770 children were cautioned or sentenced in the year ending March 2022 of which those with an ethnic minority background accounted for 29% of cases..

	2019/20	2020/21	2021/22	2022/23
<b>BAME No.</b>	<b>2</b>	<b>4</b>	<b>10</b>	<b>9</b>
<b>BAME %</b>	<b>1.7%</b>	<b>2.5%</b>	<b>7.0%</b>	<b>6.1%</b>

The chart shows a year-on-year increase in the number of BAME cases coming into the Gateshead service with binary percentages for; 2019/20 1.7%, 2020/21 2.5%, 2021/22 7% and 2022/23 6.1%. the 2022/23 rate is just below the BAME estimate of 6.5% by the Gateshead Joint Strategic Needs Assessment (JSNA). The overall figure for the four-year period is 4.4% (25 BAME cases from a total of 566).

This data shows in Gateshead we are seeing more young people with a White European background than previous years along with those from Black African and Other Asian backgrounds. Whilst the service remains mindful of the increase in BAME representation it is aware the actual numbers remain low and form a significantly smaller proportion of those coming into the service. An example of this would be in relation to custodial sentences in 2022/23 as 100% receiving custody were of a BAME background however, this is only 1 young person receiving 1 sentence.

A difference was noted with 34% of BAME young people receiving statutory interventions (e.g., youth Caution, referral orders, custody etc) compared with 32% from a white ethnic background in 2022/23. In the previous year, the BAME figure was 31% whilst white ethnic background was 36%, this shift would indicate BAME young people are slightly more likely to receive a statutory outcome. We must also consider the actual number of cases in Gateshead which are small, so caution needs to be exercised when drawing any conclusions

There needs to be more focus on assessing, identifying and meeting the needs of Black, Asian and minority ethnic children.

In 2023 / 2024 the YJS board will work with the YJS to develop its diversity strategy and capture this in guidance and processes. The management board will also support the YJS in embedding its strategy and ensure that managers and practitioners are trained and supported to deliver it. Training will be offered to staff to recognise and respond to the diversity needs of children and families. Diversity needs to be fully understood and that practitioners have the skills and continued support to translate this understanding into practice. Recognition of and responses to diversity needs to be strengthened in casework. Greater exploration of religion, sexuality, culture, learning or communication needs will assist in understanding children's lived experience.

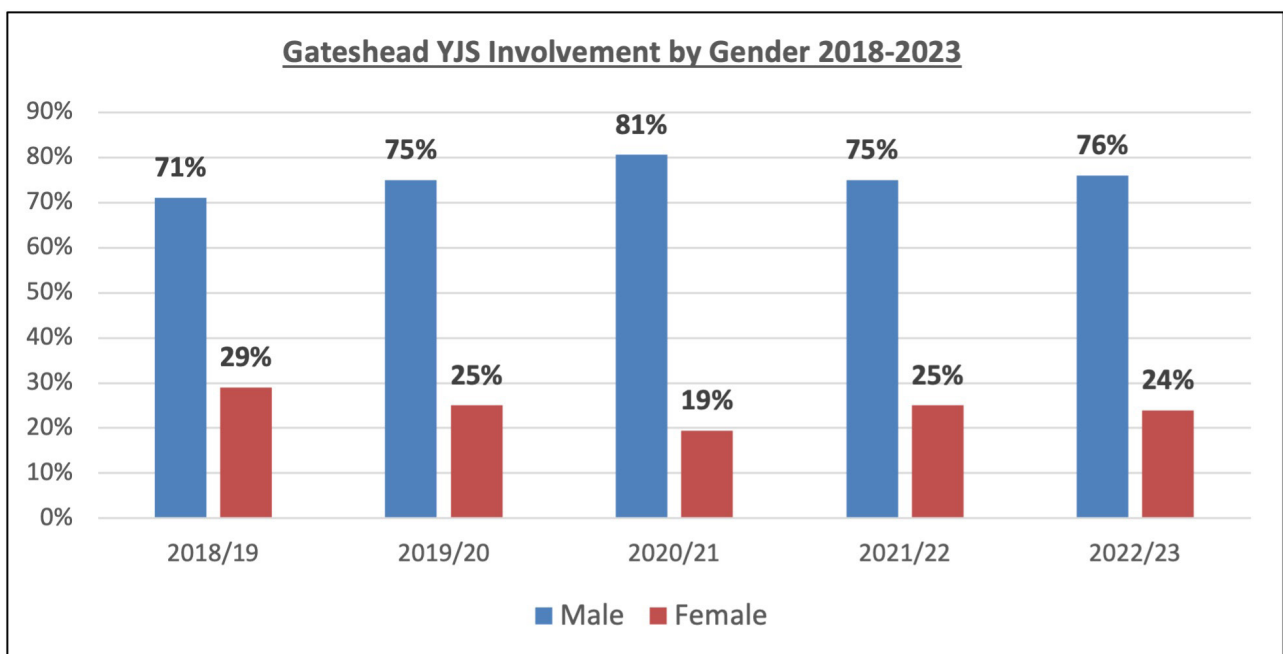


## Girls

The number of girls within the service are closely monitored through the performance subgroup and the Gateshead Youth Justice Board. Cases are allocated to workers who have a good understanding of the different approaches required to engage young women. Young women are significantly less likely to be sentenced in the court arena and are predominantly dealt with by an Out of Court Disposal. The nature of girls and young women's offending is different to that of young men, this is recognised, and interventions are delivered to reflect this. With female Case Managers and advocates available to support girls within the youth justice service with skills, knowledge and experience to meet the needs of this cohort.

To monitor and highlight changes in trends Gateshead YJS records the characteristics of the young people involved with the service. The following charts outline the demographic trends of the young people that become involved with the service.

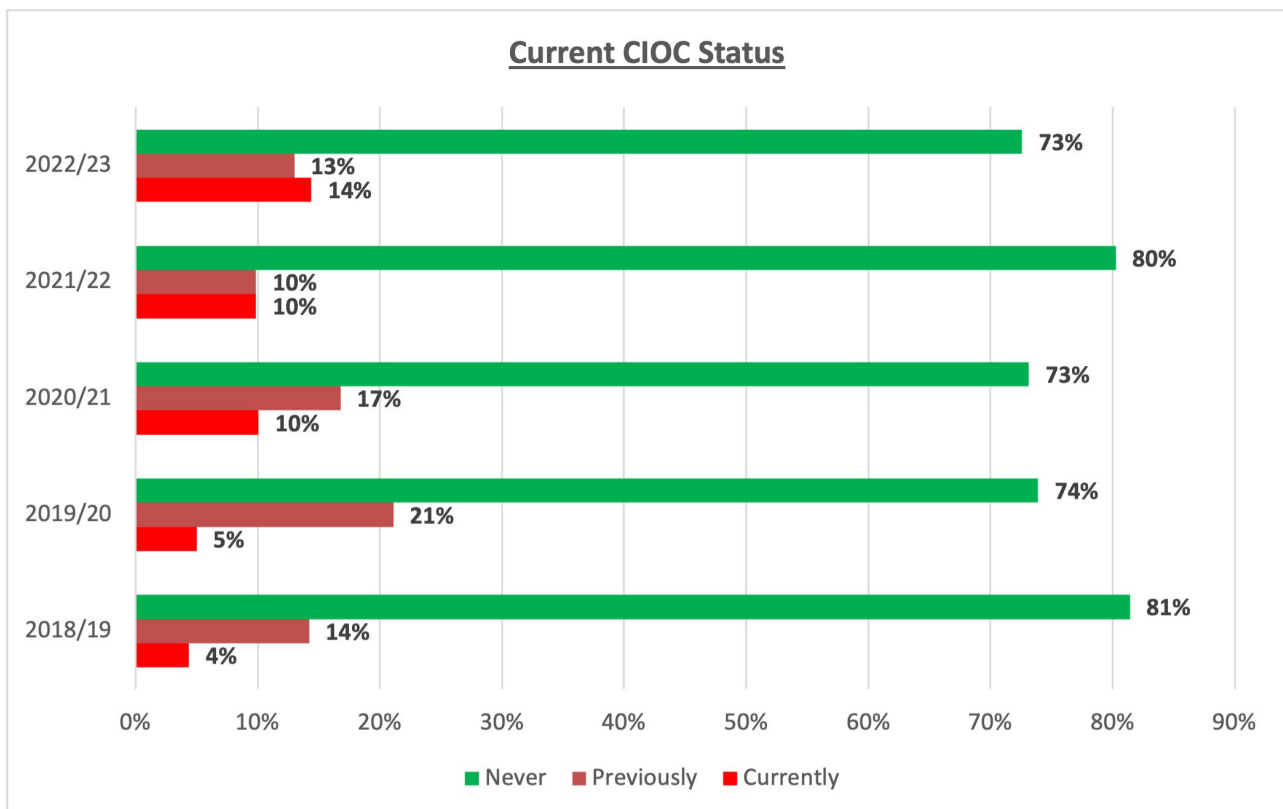
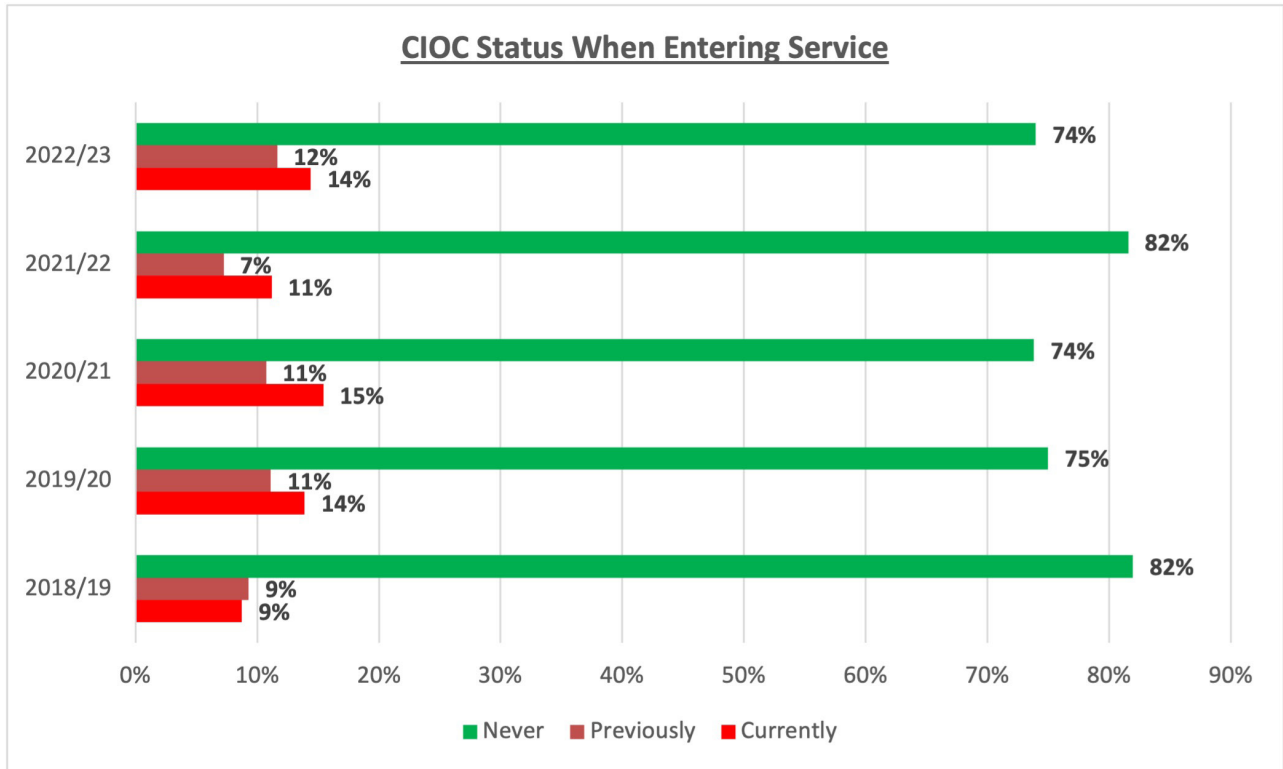
The first charts show the proportion and number of females and males coming into the service and the second shows the same information but as a rate per 100,000 of the 10-17 population for each year.



The chart above highlights the continual trend in the ratio between the genders of young people involved with the service and is approximately 3:1 towards males. The proportion of females coming into the service has remained static over the last two years showing no significant increase or decrease.

## Children in our Care

The charts below show the CIOC status of young people at the start of their intervention and their current status (as of March 2023). The data shows the majority of young people coming into the Gateshead service never have a CIOC status and for those that have or have had a CIOC status there are no significant increases or decreases.



## Prevention & Diversion

Our local partnerships work to identify children and young people displaying behaviours associated with offending to prevent entry into the formal youth justice system and offer a combination of early and targeted intervention. This is delivered through specific, evidence-based interventions from the Early Help Service, support for young people suffering abuse in personal/intimate relationships from the Domestic Abuse Team, the YOLO Project (You Only Live Once) , Criminal Justice Liaison Service and targeted health and substance misuse services.

### Turnaround

Gateshead Youth Justice Service was allocated funding to deliver the Turnaround Programme. "Turnaround was developed by the Ministry of Justice, is based on similar principles to those underlying the Supporting Families programme, including the view that children on the cusp of offending often have complex needs. Turnaround funding will support YOTs, and their local strategic partners, to expand best practice in early intervention" MOJ. The delivery model adopted in Gateshead is through our Early HelpService.

### Divert

DIVERT provides support to Children and Young People aged 10 – 18 years who come into police custody for any offence or attend as a voluntary attender for a violent offence that are ineligible for the Turn Around Programme. The primary aim of DIVERT is to contribute to the reduction of, and risk serious violence and knife crime. Gateshead Youth Justice service has committed to offering an accessible service that will support hard to reach and underrepresented individuals across our communities. We will deliver services using evidence-based approaches and to develop innovative practice to reduce individuals being drawn into criminality and reduces serious violence within Northumbria. Gateshead YJS is involved in the co-production of a serious youth violence intervention programme which can be used one to one or in groups.

### Divert from Charge

Divert from Charge is used to prevent children and young people being charged by police unless in extreme cases, such as offences that could lead to a remand and instead, cases are referred through to a panel process before a final decision is reached. As a result of the Divert from Charge arrangement, young people are not to be labelled as offenders, this helps to prevent young people from forming deviant or delinquent identities that may impact on their development. The process avoids unnecessary disproportionality in the criminal justice system and enables tailored diversionary interventions which are therapeutic, targeted, and appropriate whilst avoiding the stigma of conviction.

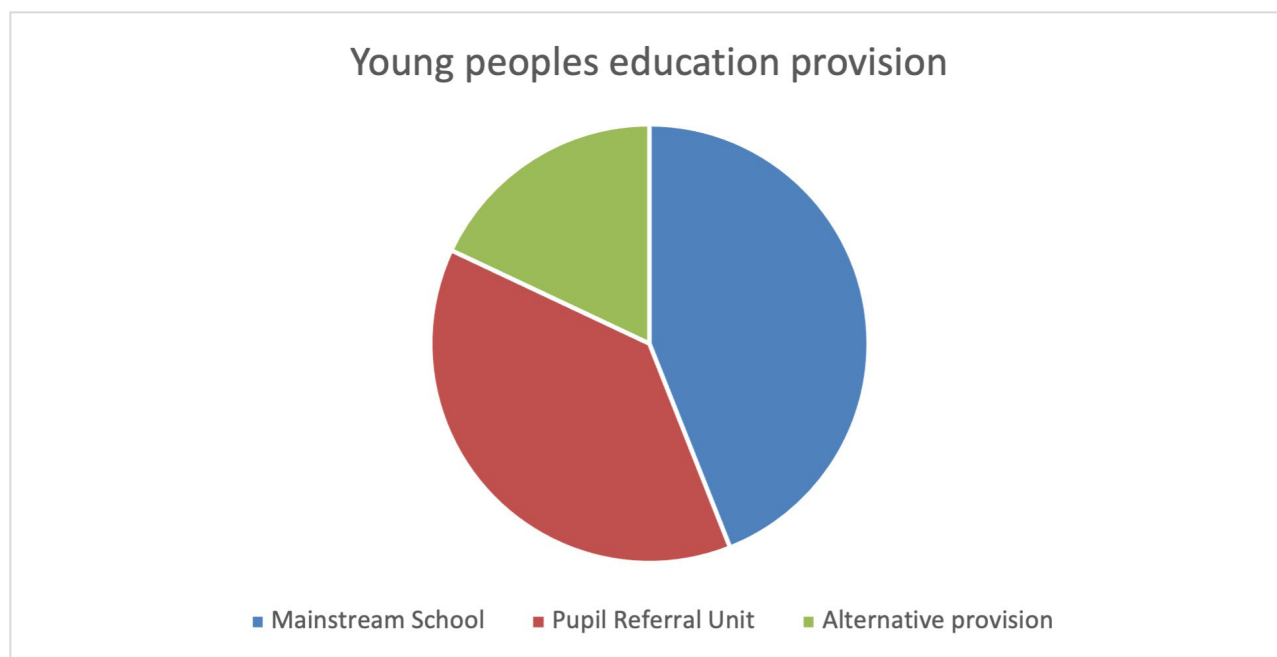
## Outcome 22

Outcome 22 continues to be used as an Out of Court disposal. This intervention is a deferred prosecution, meaning the young person will not come through the formal criminal justice system unless they fail to comply with the program. The outcome is designed to be recorded on the Police National Computer as follows: 'Outcome 22 – diversionary, educational or intervention activity, resulting from the crime report, has been undertaken and it is not in the public interest to take any further action'. The use of this disposal has ensured that young people are assessed and have intervention that best meets their individual needs. Working with the young person and their family it has been possible to divert a significant proportion of children away from the formal youth justice system, which has a huge impact on the number of young people becoming First Time Entrants into the Criminal Justice System.

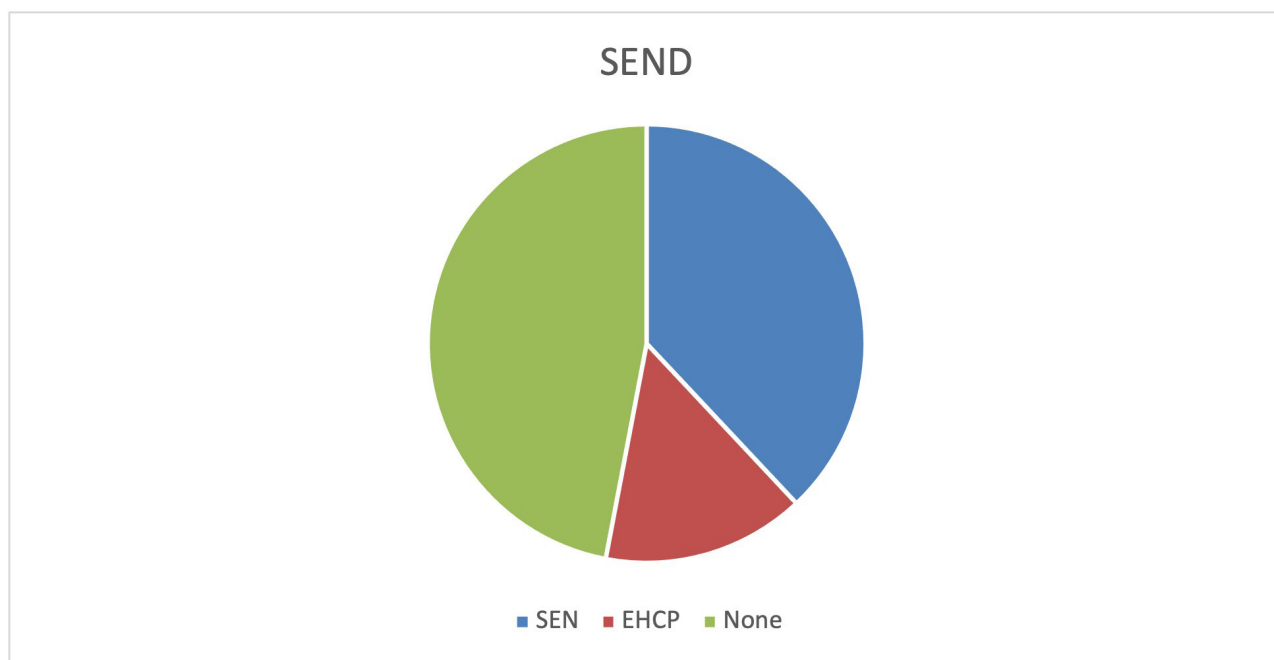
## Education

### Young people in the YJS cohort

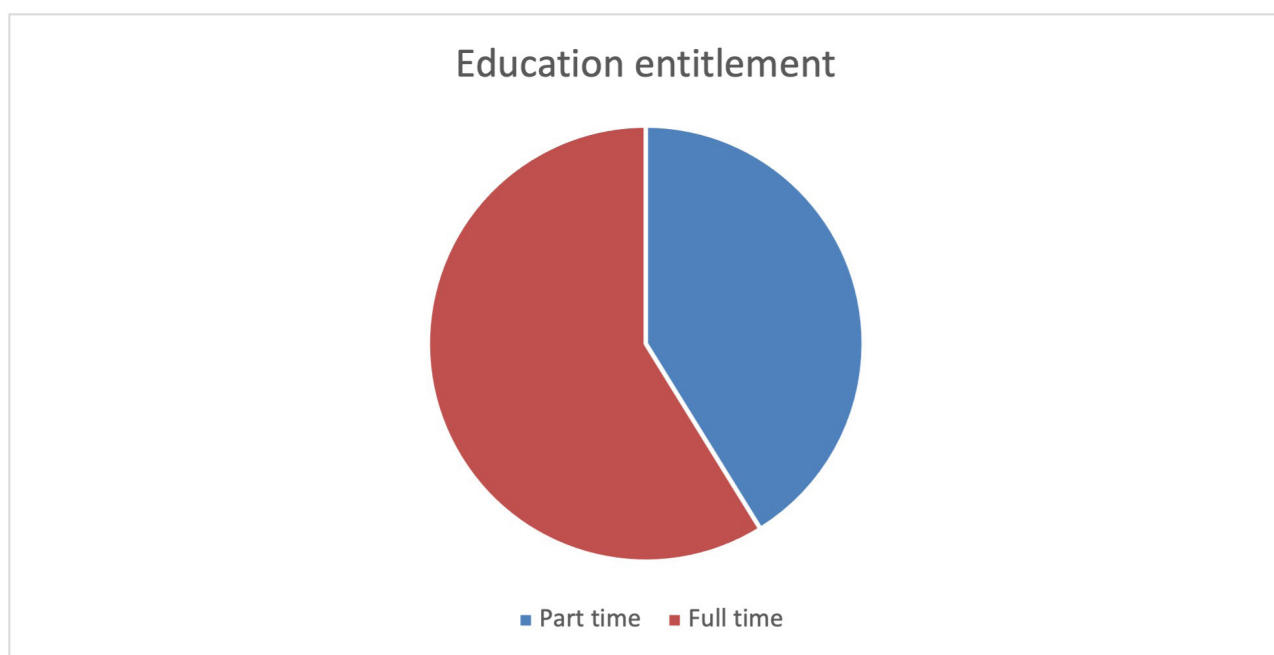
In Gateshead Youth Justice Service 44% of young people open to the YJS of statutory school age were in mainstream school, 38% were in the Pupil Referral Unit and 18% were in an alternative provision. (data taken from open case load in May 2023).



On the current case load 24% had been permanently excluded. In the current cohort 38% have SEN support and 15% have an EHCP, this gives a combined total of 53% this is also an increase from June 2022 when the total was 38%.



In this cohort 41% of the YJS statutory school age case load is receiving part time education, no young people were elective home educated.



Children in our Care account for 15% of the cohort, this figure is high but includes young people currently on remand who now have CIOC status, these young people were not previously open to Children's Social care. Within in this cohort 3% of young people were BME and 26% were female.

Access to education, training and employment (ETE) opportunities is fundamental to the future prospects of children on youth justice service caseloads and to their desistance from further offending, but the recent HMIP thematic and local inspections show gaps in provision and major barriers to participation for some children. To support young people receiving a suitable education that meets their needs, Gateshead YJS has created a Case Manager post to take the lead on education. The role is split between half Case Manager and half Education Officer.

## **The role involves**

- Point of contact for YJS and building relationships with the schools and staff
- Undertaking SLCN screening tools with young people
- Responsibility for the young person's YJS education plan
- Supporting YJS young people in accessing education provision
- Supporting the school in recognising children's needs in relation to ETE
- Challenge and address any barriers to the young person actively engaging or attending education provision
- Support EHCP reviews
- Working towards YJB ETE KPIs
- Attending relevant ETE meetings, including the pupil placement panel and complex cases meeting.

In the recent HMIP inspection it was acknowledged that "the YJS is working proactively to develop the partnership's response to ensuring education, training, and employment provision meets the needs of children. However, at the time of the inspection we found that escalation routes to raise concerns when provision was not adequate were not always having an impact. The YJS needs to monitor this routinely and provide context about the children's experiences." Gateshead Youth Justice Service is working with education partners to improve better outcomes for young people, ensuring young people have access to suitable education provision is a key priority for the year ahead.

## **Restorative approaches and victims**

Gateshead Youth Justice Service offers every victim of youth crime a voice. Each victim is contacted by the dedicated Restorative Practitioner to seek their views in relation to the offence and try and understand the impact it has had on them. In line with the Victims Code, Gateshead Youth Justice Service offers a variety of reparative interventions including direct and indirect programmes. Where it is appropriate victims are offered face to face restorative justice conferences, shuttle mediation and letters of apology. Gateshead Youth Justice Service is starting to gather data for the new victim's key performance indicator. Gateshead Youth Justice service has created a reparation booklet which showcases the projects that young people can attend to complete activities. The YJS use the booklet to show victims of youth crime the projects that young people are involved in and what the impact is on the local community. There are various projects across the borough, this enables victims and young people to complete reparative activity in their community.

Gateshead Council is one of 75 local authorities who have been funded to develop Family Hubs which will provide a welcoming space for families and the wider community. Gateshead Family Hubs will support families of children up to the age of 19 and to age 25 for young people who have special educational needs and disabilities (SEND). The hubs are also open to other members of the community who may need more help. There are six identified community hubs across Gateshead, the YJS is supporting the centres to provide support through reparative activities. It is envisaged that this will help young people to be more invested in their local communities.

The recent HMIP inspection found that Gateshead Youth Justice service have developed reparation provision, but "further work is needed to ensure that all projects are meaningful, structured, and give children opportunities to learn and develop skills".

In 2023 / 2024 Gateshead Youth Justice Service is going to be working with Birkshead Wild. Birkshead Wild is a community project which enables young people to learn new skills in the upkeep of livestock, growing fruit and vegetables, horticultural projects and the recycling of unwanted or bikes in need of repair.

Satisfaction surveys have told us that victims were very satisfied with the service they had received, and the process helped them to understand the young person's motivation to offend against them. They felt listened to and had their views taken seriously.

## **Serious violence and exploitation**

The Serious Violence Duty has been introduced as part of the Police, Crime, Sentencing and Courts Act 2022 (PCSC), alongside Serious Violence Reduction Orders (SVRO's) and Homicide Reviews. The duty acts as a key part of the Government's programme to adopt a multi-agency approach to prevent and reduce serious violence.

The Duty requires specified authorities to work together to prevent and reduce serious violence, there is a requirement for all specified authorities to prepare a Serious Violence Needs Assessment that identifies the key hotspot areas as well as the specific types of violence that are most prevalent. There is also a need for authorities to develop a Serious Violence Strategy which will bring together all elements of activity and will be monitored throughout the year.

The following authorities are subject to the duty:

- Police
- Local authorities
- Youth Justice
- Fire and Rescue
- Health authorities
- Probation

Educational institutions and prison/youth custodial institutions will be under a separate duty to co-operate with core duty holders. There will be a requirement for the local partnership to consult with such institutions within their geographical area. Duty holders will work together to establish the local strategic needs assessment and will be required to develop and publish a local strategy which outlines the collective action they intend to take, this will include:

- a) A summary of the local need's assessment
- b) How the chosen partnership structure will work together
- c) Actions including specific interventions and agreed preventative action
- d) Engagement plans with voluntary and community organisations as well as young people
- e) Identified funding streams and resources to support this work

## **Plans for Northumbria Police Area Command**

The Violence Reduction Unit are implementing arrangements for the Serious Violence Duty, there is a requirement to produce a revised strategy by January 2024 that encompasses local arrangements and priorities. As part of the process there is a requirement to work with all specified authorities to agree this strategy. This will include agreement on our definition of serious violence and measures of success. There will also be an opportunity for wider consultation and engagement with stakeholders including young people and the wider community to ensure that the strategy meets their needs. It has been agreed that local implementation of the duty will be co-ordinated by the Violence Reduction Unit.

## **Learning from Serious Incidents**

Findings from recent partnership learning reviews triggered by serious incidents have included recommendations in relation to improved use of pre-existing information to support a wider understanding of the young person and their needs. This was found to be important when making decisions around thresholds. When young people move into Gateshead from other areas information is gained from the previous authority to provide a full assessment of the young person needs. Closer working relationships with the missing and return home team have been developed and regular intelligence sharing, and joint working takes place across the teams.

## **Working with the Violence Reduction Unit**

Gateshead Youth Justice Service is working with the Violence Reduction Unit to develop a whole-system approach to children and young people, aged 10- to 18-years, carrying weapons or knives. Gateshead YJS will work collaboratively with the other YJS across Northumbria, the VRU and Public Health to co-produce a consistent person-centred response to knife crime. There is a need for a more consistent trauma-informed approach to support children and young people referred to YJS for weapon/ knife carrying and related incidents. It is envisaged that a six-to-eight week / modular programme with a toolkit, comprising age-appropriate resources will be produced for use by YJS practitioners. The aim is to co-produce an intervention for pilot delivery in September 2023.

## **Operation Pecan**

Operation Pecan is the Northumbria Police and partner response to Urban Street Gangs (USG). To tackle serious violence and related criminality and safeguard those at risk of exploitation. The inception of the dedicated operation arises due to an identified trend of offending, across the Newcastle and Gateshead areas. There are links to USGs within all 6 Local Authority areas within the Northumbria Police area. In conjunction with the violence reduction unit, statutory partners, youth, third sector and voluntary organisations, identify opportunities support and divert vulnerable young persons from engaging in USG criminality in order to prevent offending and re-offending.

## **Released Under Investigation**

Northumbria Police and Gateshead YJS hold regular performance meetings to monitor the number of young people currently released under investigation. Scrutiny is placed on young people who have been RUI for over 6 months, RUI for serious category offences and RUI for multiple offences. Recent changes have come into force following the introduction of the Bail Act 2022 which now has a presumption for bail instead of RUI, this is and will continue to reduce the number of young persons on RUI with no end date and replaces this with effective suspect management through clearly defined bail conditions.



## **MAPPA and Prevent**

Gateshead Youth Justice Service refer cases to MAPPA that have met the MAPPA criteria. All MAPPA meetings are attended and YJS has been represented at a senior level. The service is involved with the Prevent agenda and ensures appropriate information sharing and attendance at relevant meetings to support the government's counter-terrorism strategy and protect the public.

## **National Referral Mechanism**

Northumbria Police service have established the missing and Exploitation Hub and have developed positive information sharing and multi-agency working with the wider partnership which results in more robust co-ordinated partnership response to safeguarding concerns and targeting adult perpetrators who are exploiting children or engaging them in acts of serious youth violence. Gateshead Youth Justice Service have made several referrals to the National Referral Mechanism for young people who we suspect are being criminally exploited. A number of these referrals have resulted in positive decisions which has significantly impacted on sentencing and interventions with these young people.

## **Contextual Safeguarding**

Understanding teenagers is an area of specialism that not all workers have, the Contextual safeguarding team as an adolescent hub that can provide varying layers of support across children services. The team is made up of experienced social workers and family advocates who can assess and intervene to address both intra and extrafamilial harm. A Girl and Young woman's advocate is able to offer a targeted response to those at risk of grooming/ exploitation. The Gateshead Youth Justice Service works closely with the contextual safeguarding team as several young people are open to both services simultaneously. Joint planning and delivery meetings take place to avoid duplication of interventions and to ensure the young person and family receive the right support from the right service at the right time.

## **Operation Victus**

Operation Victus is a multi-disciplinary group set up as part of the VVECG (violence, vulnerability, exploitation, and co-ordination group) with the purpose of early identification and prevention of criminal exploitation of children and vulnerable adults. Through intelligence sharing, data analysis and collaborative working Operation Victus seeks to identify those most vulnerable to exploitation, with key partners involved there is consideration to the safeguarding / support in place. Operation Victus co-ordinates the policing activity to deter and pursue these high harm offenders.

## **Detention in police custody**

Gateshead YJS is working with the police within the custody suites across Northumbria to ensure that young people who are detained in police custody are dealt with as swiftly as possible. There is a memorandum of understanding in place which enable the sharing of relevant safeguarding information at the earliest opportunity. This helps to highlight any potential issues that a young person may face whilst in custody and will enable the local authority to support the police in dealing with the young person and releasing them at the earliest opportunity.

Gateshead Youth Justice Service provides an appropriate adult service Monday to Friday during office hours, outside of this time the emergency duty team fulfil this duty.

## Remands

Between April 2020 and March 2023 8 different young people have been remanded in Gateshead showing a low use of remand in the period. Those that were remanded either had a prolific offending history, had committed serious offences, or posed potential risk to others. All eight young people remanded over the three years were male, white and aged 14-18 at the time of their court proceedings and went on to receive lengthy custodial sentences.

Age when remanded	2020/21	2021/22	2022/23
14	0	0	1
15	0	0	0
16	0	0	1
17	2	2	0
18	2	0	0
<b>Totals</b>	<b>4</b>	<b>2</b>	<b>2</b>

Main Offence Type	2020/21	2021/22	2022/23	Totals
Breach of a Statutory Order	1	1	0	2
Motoring Offences	1	0	0	1
Violence Against the Person	2	1	2	5
<b>Totals</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>8</b>

## Constructive resettlement

The recent HMIP inspection recommended that “evaluation and review of resettlement provision is needed to understand if the partnership response to children in custody is meeting their needs. Routine analysis will provide evidence to shape and inform future service delivery.” There is a resettlement policy in place, but HMIP suggested that “further work is needed to clearly articulate how to meet all resettlement needs in practice. To promote consistency, guidance needs to capture the roles and responsibilities of the partnership and how services will work collaboratively to address resettlement.” As a result of this the resettlement policy and provision is being reviewed to ensure that provision and practice consistently meets children’s needs.

Gateshead Youth Justice Board is responsible for ensuring that the approach to custody, resettlement and transitions is evidenced based as well as ensuring that suitable and timely accommodation provision is available for all children leaving custody along with young people having equitable access to services. The Gateshead Youth Justice Board is aware of young people sentenced to custody and their individual circumstances and needs. The board provide support to address any structural barriers that may exist for young people getting back into Education Training or Employment on release and to have access to suitable accommodation.

Gateshead YJS resettlement policy is being reviewed to ensure it provides the detailed framework for this area of work, outlining the service expectations in relation to children and young people serving custodial sentences, remanded to youth detention accommodation and for those leaving custody and resettling back into their communities, including clear guidance and expectations around what support young people should expect from the service and partners.

Developing a pro-social identity, forming positive supportive networks, and addressing relationships are key in terms of supporting an effective Resettlement (Beyond Youth Custody, 2014). The approach adopted by Gateshead Youth Justice Service supports the perspective that young people serving custodial sentences must receive an effective, end-to-end service provision based on a thorough assessment of need and risk, to reintegrate them into the community. We recognise that in order to achieve this, partnership working, alongside the participation and engagement of young people and their families, is essential for Resettlement (Beyond Youth Custody, 2014).

Every young person in custody is offered a safeguarding visit by a manager to capture the views of young people, to ensure there are no concerns about their care and that they understand their rights.

## **Standards for children in the justice system**

### **National Standards audit findings**

Gateshead Youth Justice Service demonstrates good compliance with the National Standards in all five domains. There was significant evidence of young people and families being involved with the assessment, planning, and interventions. There was evidence throughout the standards of good relationships being built with young people, their family and case managers.

#### **National Standard 1 - Out of Court Disposals**

Out of Court Disposal assessments were completed in all cases. They were timely, accurate, suitable and a sufficient assessment of risk for all children referred to the Service. HMIP commented that assessments were well informed; practitioners had liaised with other services and used this information as part of their analysis. Practitioners were skilled at developing balanced assessments, drawing out strengths and protective factors as well as exploring areas of concern. Interventions plans were appropriate, met the needs of the child and addressed their offending behaviour. Delivery of interventions was evidenced, and case managers had worked in creative ways to meet the needs of the young person. Reviews were completed in a timely manner and were of good quality.

#### **National Standard 2 - At Court**

Gateshead Youth Justice Service ensures the attendance of a case manager at all Youth hearings within the magistrates and Crown Courts. Young people are contacted by the service prior to going to court and are offered an opportunity to attend the court building in advance to try and reduce anxiety. Reports are completed when requested and are subject to a rigorous quality improvement process. All interactions with young people and their parents are recorded on the case management system.

#### **National Standard 3 - In the Community**

Intervention commences quickly after the initial Referral Order panel meeting or Court sentence. There is evidence of the Voice of the Child in assessments, intervention plans and reviews. Assessments are completed in time scales and have been quality assured. Intervention plans met the young peoples needs and the quality of contingency planning has improved. There was evidence of strong professional relationships which ensured joint planning and delivery of services to young people.

All identified victims of youth crime are contacted by our Restorative justice practitioner and offered an opportunity to share their views and offered an opportunity to participate in a restorative intervention. Victims needs and those of the young person are both carefully considered when determining the intervention plan. Victims of youth crime are kept informed of the young person's progress if this is requested. The Restorative Practitioner attends the Out of Court Disposal panel to ensure the voice of the victim is heard.

#### **National Standard 4 - In Secure Settings**

All documentation was sent to the YJS via connectivity and in a timely matter. There is evidence of good communication between the secure setting and Gateshead Youth Justice Service. Planning for release was evidence throughout the custodial phase of the sentence, this was demonstrated in the initial planning meeting and at each review. HMIP found that YJS practitioners are skilled at developing meaningful relationships with the children and their parents or carers and they found proactive efforts to maintain contact with children in custody and provide support for families who were visiting.

Resettlement work needs to be a priority for 2023/2024, HMIP recommended that Gateshead YJS need to promote consistency and guidance needs to capture the roles and responsibilities of the partnership and how services will work collaboratively to address resettlement. There were examples of effective resettlement work, however, this was not consistent for education, training, and employment and for accommodation.

HMIP felt that evaluation and review of resettlement provision was needed to understand if the partnership response to children in custody is meeting their needs. Routine analysis would provide evidence to shape and inform future service delivery.

#### **National Standard 5 - On Transitions**

The transitions element of the audit was completed on eligible cases. Gateshead Youth Justice Service has a transitions policy in place with Probation for young people nearing their 18th birthday, in each case the young people were discussed with the Probation Service and a tailored plan was made which took accounts of various factors including desistance. Where young people have had transitions during an intervention there has been support provided by Gateshead Youth justice Service, this is evident in the case diaries due to the proactive way practitioners work with young people.

## Workforce Development

Gateshead Council is committed to developing the Children's Social Care workforce to be able to meet the needs of the local community. Understanding and responding to the developing needs of the workforce is key to ensuring that staff are equipped with the knowledge, skills and competencies needed to perform their role effectively, delivering the standard of quality service expected of them. A robust learning and development programme alongside policy and practice guidance respond ensures we respond to the workforce issues, support the need to meet future challenges, with a continuing focus on promoting equalities, diversity, and inclusive practice.



Understanding and responding to the developing needs of the workforce is key to ensuring that staff are equipped with the knowledge, skills and competencies needed to perform their role effectively, delivering the standard of quality service expected of them. A robust learning and development programme alongside policy and practice guidance respond ensures we respond to the workforce issues, support the need to meet future challenges, with a continuing focus on promoting equalities, diversity and inclusive practice.

As a pro-active learning environment, the YJS also hosts student social work placements.

In the last year, YJS Staff have received training in a range of topics including: AIM3 Training and Technology Assisted Harmful Sexual Behaviour, Attachment and Trauma Training, Neurodiversity; Do It Profiler Training Project, Reflection and Analysis, Domestic Abuse Training, narrative practice, Drug and Alcohol Awareness Training, Speech Language Communication training, PACE training and training in a range of emotional health conditions. The Assistant Team Manager achieved Level 5 Management and Leadership qualification, the Team Manager completed Peer Review training through the YJSIP, and a new member of the team completed the Youth Justice Effective Practice Certificate. All YJS Officers are trained in the full remit of the service from Diversion and Prevention, Out of Court Disposals (OOCd) and Post-Court, including custody and transitions.



Priority areas for training and development in 2023 -2024 are:

- Understanding and responding effectively to equality, diversity and inclusion.
- Further trauma informed practice training
- Narrative training

All volunteers and staff will receive safeguarding training in line with Gateshead Council's guidelines and as individual circumstances require.

## **Evidence-based practice and innovation**

Gateshead Youth Justice Service is trauma informed and a key strength is building strong and effective relationships with young people to support them in building on their qualities and resilience to achieve positive outcomes. The service is committed to developing a child centred narrative practice approach to casework.

The service offers every victim of youth crime a voice.

The service is committed to participation of young people and are currently working with digital company DigitalMe to produce a short video documenting young people's experience. This has given young people the opportunity to tell their story and help other young people to understand the impact of their behaviour.

Positive Futures is the drug and alcohol service in Gateshead for children and young people. Together we have developed a strong working relationship which has led to an identified member of staff from Positive Futures who specialises in working with the YJS cohort of young people, this person spending time with the YJS team and will record on the YJS case management system.

The service has developed a dedicated education officer role within the service. This will help to ensure that young people have a suitable education offer and are supported with attendance and attainment.

We are proud of the work we have done this year to meet the emotional wellbeing and mental health needs of our young people. A partnership arrangement is in place with local provider North East Counselling to upskill staff and provide direct access to support for young people.

A significant and exciting development in Gateshead this year is the launch in May 2023 of 'Trusting Hands GATESHEAD' which is a multi-disciplinary team employed by CNTW, and includes Psychologist, SLT Therapists, specialist mental health Practitioners and Social Workers, based in Gateshead Children's Services.

The service will deliver a trauma informed model that will upskill practitioners across Children's services to be trauma informed. The service will support professionals supporting children and young people who are classed as high risk, high harm and high vulnerability from a consultation and formulation basis. The service will be focused on the children and young people who need it most, providing support to carers, social workers, YJS workers and everyone in the child/young person's care team/network of children including their families to enable them to recognize the signs and symptoms of trauma, respond appropriately and seek further help and support when needed. The service will also provide speech and language screening and support recognising the impact on speech, language and communication of trauma in childhood.

HMIP found the YJS manages risk of harm well and consistently, working with partners to monitor the safety of children. In turn, victims of crime are well supported and are involved in many aspects of how the service delivers meaningful interventions to deter children from reoffending. The inspection also found that the YJS is making substantial efforts to work with police and courts to divert children from formal court processes.

Gateshead Youth Justice Service is also actively involved in several evaluation projects.

In line with the imminent introduction of the new YJB out of court disposal (OOCOD) assessment document, we plan to review our OOCOD process to measure impact and understand the difference it makes for young.

HMI Probation are currently undertaking a thematic inspection of remand, the North East region is not being visited as part of this programme as there were not enough cases to make fieldwork viable. As a result of this, HMIP are exploring the potential reasons for the low numbers of remand in youth detention. Gateshead YJS will be part of a focus group looking at how young people are supported in the community to avoid remand periods. Gateshead Youth Justice Service has been using Divert from Charge and Outcome 22 for a significant period of time. This is part of a Northumbria wide initiative, we need to understand how successful these diversion opportunities have been especially in relation first time entrants and re-offending. The evaluation will consider any disparities across the six Youth Justice Services within Northumbria to ensure there is consistency of the guidance being applied. The Violence Reduction Unit has been approached to complete this evaluation.

The North East region is part of the Youth Justice Boards' Youth Rehabilitation Order ISS Pilot. As part of this pilot Gateshead Youth Justice Service will provide qualitative and quantitative information to help to understand how the recent changes to intensive supervision and surveillance guidance is impacting on how services are delivered, how young people are supported during interventions and the impact of the changes.

Gateshead Youth Justice Service is working with Northumbria police to complete a neurodiversity screener called the Do-It Profiler. It is anticipated that this screening tool will help to identify individual neuro-divergent traits this will allow the young person and their families to be provided with personalised guidance and support. Newcastle University is evaluating the cohort of young people assessed to identify common needs and traits and to provide an understanding of what support is required.

## Our Priorities for 2023 – 2024

### Improve the education, training and employment offer to young people

Develop the Education Training and Employment Offer for young people so they can fulfil their full potential. Gateshead YJS and our partners will further develop our response to ensuring all children have access to appropriate education, training, and employment (ETE) provision. This will include improving data analysis and escalation routes to assist effective challenge when there are concerns about ETE provision. Gateshead Youth Justice Service will work with education partners to improve the education offer for young people and increased the amount of suitable provision they can access. The YJS is part of the improving attendance strategy in Gateshead and is collaborating with the virtual school who are developing an implementation plan for education. Jointly collaborating with partners in a focused way will provide support to young people to access education and reduce exclusion. The development of the education worker post with the YJS is crucial to improving outcomes for young people. Children and young people schools and education providers need to be involved in the Out of Court Disposal panels to ensure a joined up approach to working together with the young person.

### Improve the health offer for young people

Gateshead Youth Justice Service will work with Trusting Hands GATESHEAD (See innovations section) to ensure that young people have quick access to specialist mental health provision and pathways into speech, language and communication provision is fully embedded. The service will provide the opportunity to develop trauma-informed formulations and speech and language screening for Children and young people. Trusting Hands GATESHEAD will offer a consultation service to consider the wellbeing needs of children involved with the YJS from a trauma-informed perspective.

Youth Justice Service staff will be trained and supported by Clinical Psychologists, speech & language therapists and nurse practitioners to develop an initial screening and triage process for every young person involved with the service. We will strengthen our partnership arrangements and pathways to support with CAMHS, CYPS and Counselling services to ensure young people have direct access to the appropriate counselling and support for emotional health issues.

### Understand and provide an effective response to youth violence

Understanding Serious Youth Violence in Gateshead is a key priority for 2023 /2024. Gateshead has had high profile violent incidents in the last 12 months. The YJS will work with the Violence Reduction Unit and the Community Safety Partnership and other partners to complete the serious violence strategy. Gateshead Youth Justice Service will deliver interventions to young people involved in carrying weapons this will be coproduced with young people.



## Further develop our diversity, inclusion and equality strategy

Gateshead Youth Justice Board will work with the YJS to further develop its diversity strategy and capture this in guidance and processes. The management board will also support the YJS in embedding its strategy and ensure that managers and practitioners are trained and supported to deliver it. Diversity needs to be fully understood by the service and that practitioners have the skills and continued support to translate this understanding into practice. Recognition of and responses to diversity needs to be strengthened in casework. Greater exploration of religion, sexuality, culture, learning or communication needs will assist in understanding children's lived experience.

In line with the YJB Strategic Plan 2021 – 2024, Gateshead Youth Justice Service will also take a Child First approach to promote young people's strengths and help to develop pro social identity. We will take a strengths-based model to ensure that young people can be part of our service development and they can fulfil their potential. Young people open to Gateshead YJS are proactively involved in developing how services are delivered and have been involved in developing the key priorities for 2023 / 2024.

The Youth Justice Strategic Partnership board has agreed that board members will continue to take lead roles in reporting to the board on key areas identified in the Youth Justice Plan. This will enable the board to have an overview of key wider partnership information so resources within the scope of the board can be better aligned to identified need with a view to achieving the above key priorities.

## Strengthen our resettlement policy

Gateshead Youth Justice Service will review our resettlement policy and provision to develop clear guidance in relation to preparing children for release. This will include the responsibilities of the partnership to ensure robust and effective resettlement provision across wellbeing, accommodation, education, training, and employment.

## Challenges, risks and issues

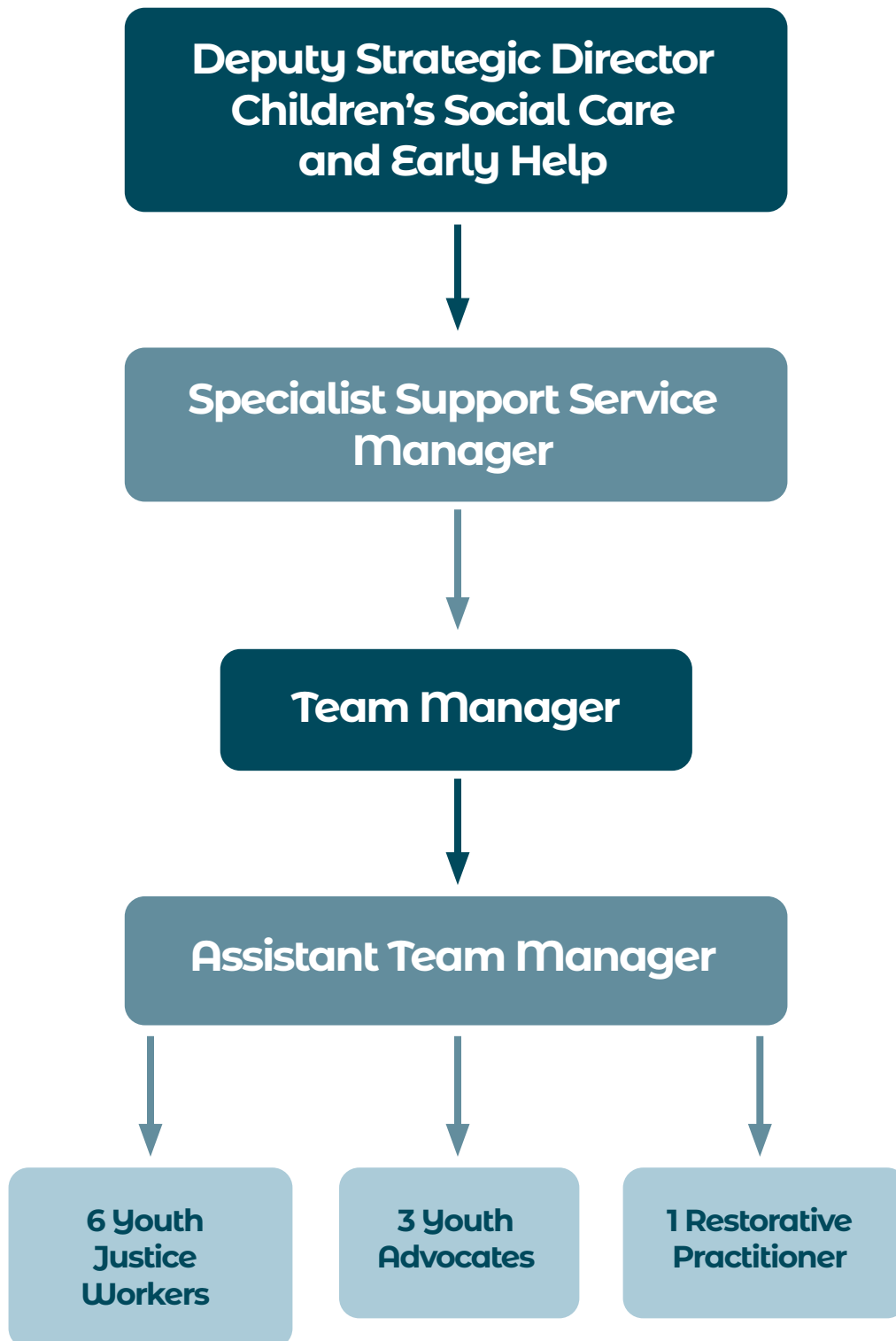
The cost of living is rising rapidly and is having a significant impact on families in Gateshead. Families already experiencing financial hardship will be further affected. A key challenge in the year ahead will be to continue to prevent young people entering the criminal justice system.

The service has reported two serious incidents to the Youth Justice Board for two separate murders, learning reviews are taking place for both young people. The young people are currently remanded into secure accommodation and are being supported by the YJS. The service is working closely with partners and regional colleagues to continue to strengthen our response to serious youth violence in communities.

Gateshead Council and statutory partners continue to face significant budget challenges which may in turn reduce Youth Justice Service funding contributions and/or lead to removal of seconded staff in the future. A reduction in budget would directly impact on the work undertaken with young people and their families.

## Appendix 1: Staffing Structure

### Youth Justice Team



© Produced by Youth Justice Service, June 2023

All images in this publication are taken from artwork created by young people known to Gateshead Youth Justice Service.



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# Tackle inequality so people have a fair chance

## INTEGRATED IMPACT ASSESSMENT TEMPLATE

Title of proposal:	Age	Race	Sex	Gender reassignment	Disability	Religion or Belief	Pregnancy and Maternity	Sexual Orientation	Marriage and Civil Partnership	Description of potential mitigation
<p>Gateshead Youth Justice Service Youth Justice Plan 2023</p>	✓	✓	✓		✓		✓			<p>Positive impact – all progress subject to review.</p>
<p><b>Equality impact: (ü all that apply. The assessment should also consider impact on council employees and carers where applicable)</b></p> <p>Description of impact:</p> <p>The impact of the Gateshead Youth Justice Service Youth Justice Plan on the wellbeing and life-chances of Gateshead residents, will focus on victims of youth crime and young people involved in offending behaviour and their families. The Youth Justice Plan sets out:</p> <ul style="list-style-type: none"> <li>the vision and priorities which applies to providing help to</li> </ul>										



## Tackle inequality so people have a fair chance

### INTEGRATED IMPACT ASSESSMENT TEMPLATE

<p>young people in the criminal justice system and;</p> <ul style="list-style-type: none"> <li>• a clear development plan to improve access to education, health provision and wider services to meet the needs of this cohort of young people.</li> <li>• Gateshead Youth Justice Board will work with the YJS to further develop its diversity strategy. The management board will also support the YJS in embedding its strategy and ensure that managers and practitioners are trained and supported to deliver it.</li> <li>• The YJS will work with the Violence Reduction Unit and the Community Safety Partnership and other partners to complete the serious violence strategy.</li> <li>• Gateshead Youth Justice Service will review our resettlement policy and provision to develop</li> </ul>										
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## Tackle inequality so people have a fair chance

### INTEGRATED IMPACT ASSESSMENT TEMPLATE

<p>clear guidance in relation to preparing children for release.</p> <p>Young people's and victims diversity and protective characteristics are assessed, and interventions are delivered to meet their needs.</p> <p>Understanding and responding to the developing needs of the workforce is key to ensuring that staff are equipped with the knowledge, skills and competencies needed to perform their role effectively, delivering the standard of quality service expected of them.</p> <p>The impact on employees will be positive because the Youth Justice plan relies upon an agile/mobile working model for those in a frontline, key-working role and increased opportunities for integrated training and working across the workforce.</p>											
<p><b>Health impact: (eg physical, mental health, wellbeing, substance misuse)</b></p> <p>The Youth Justice Plan will impact positively on health outcomes because it:</p> <ul style="list-style-type: none"> <li>- provides a strategic focus on diverting young people from the Criminal Justice System</li> <li>- sets expectations around the development of the Trusting Hands</li> </ul>	<p>See left – the Youth Justice Plan will provide a combination of intensive, support and a wide range of direct partnership</p>										



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### INTEGRATED IMPACT ASSESSMENT TEMPLATE

<p>- reinforces the value of providing restorative interventions for young people and victims</p> <p>Examples of the above include accessing counselling services, increased understanding of delivering services in a trauma informed way, access to Speech Language and Communication services and working towards direct access to CYPS.</p>	<p>interventions focused on improving wellbeing.</p>
<p><b>Socio Economic impact: (eg neighbourhood, ward, area of deprivation, household group, income, wealth)</b></p> <p>The Youth Justice Service provides a service to all young people in Gateshead who are involved in the Criminal Justice System. The cost of living is rising rapidly and is having a significant impact on families in Gateshead. Families already experiencing financial hardship will be further affected. A key challenge in the year ahead will be to continue to prevent young people entering the criminal justice system.</p>	<p>See left – the service is delivered across all areas in Gateshead.</p>
<p><b>Environmental impact: (does the proposal impact on climate change and the Council's commitment to be carbon neutral by 2030? Is the proposal in line with the Council's Environmental Policy? Does the proposal increase natural resource use? Does the proposal increase waste? Does the proposal increase pollution? Does the proposal impact on wildlife? Does the proposal increase car use? Does the proposal increase energy use?)</b></p> <p>There is no known impact to the environment, including pollution levels and local eco-systems.</p> <p>The Youth Justice Service is working with young people in their local communities and are developing relationships with Family Hubs for delivering reparative activities.</p>	<p>See left – no known impact; the Youth Justice Plan is likely to reduce vehicle use due to providing more support in communities.</p>





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### INTEGRATED IMPACT ASSESSMENT TEMPLATE

**Cumulative impact: (consider impact based on successive budgetary decisions relating to the proposal or is the proposal part of wider budgetary considerations that may collectively have an impact on service users, and is potentially at odds with the Thrive agenda)**

The Youth Justice Board has not yet confirmed the financial settlement for 2023/2024. However, working in a challenging financial climate the Gateshead Youth Justice Board will work collaboratively to ensure that service delivery is not compromised and that disadvantaged children are not further marginalized. The budget is split between delivering statutory Youth Justice Services and providing a Prevention offer for young people at risk of offending.

The Youth Justice Plan directly contributes to the Thrive agenda and aims to deploy greater resource to our most vulnerable young people. The case for diverting young people from the Criminal Justice System and reducing re-offending off-sets the demand for higher-cost, specialist and statutory services (such as custodial settings). Where implemented effectively, the Youth Justice Plan will reduce the costs to the LA and wider partnerships and reduce the cost to the public purse.

HMIP found the YJS manages risk of harm well and consistently, working with partners to monitor the safety of children. In turn, victims of crime are well supported and are involved in many aspects of how the service delivers meaningful interventions to deter children from reoffending. The inspection also found that the YJS is making substantial efforts to work with police and courts to divert children from formal court processes.

The Gateshead Youth Justice Board membership is linked with other local inter-agency structures ensuring clear lines of communication and a collaborative approach to shared responsibilities and aims. These include:

- Gateshead Safeguarding Children Partnership
- Gateshead SEND Board
- Gateshead Community Safety Partnership
- Families Overview and Scrutiny Committee
- Gateshead Corporate Parenting Board

See left – national (external) funding makes a significant contribution to the system-wide offer (ie) the Youth Justice Plan can be delivered without 100% cost to the LA.

See left – increased focus on diversion and preventing re-offending will off-set medium to long-term costs.



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### INTEGRATED IMPACT ASSESSMENT TEMPLATE

- Newcastle Gateshead Integrated Care Board
- Gateshead Health and Wellbeing Board
- Gateshead Multi Agency Exploitation Hub

#### Summary of consultation/data/research undertaken to inform the assessment:

(eg feedback and engagement with service users, trade unions, employees, partners, public, benchmarking, case studies)

The annual Youth Justice Plan is a requirement of the Crime and Disorder Act 1998. This plan is owned by Gateshead Youth Justice Board and has been formulated following development opportunities involving both the YJS and Board members. Consultation and engagement regarding the contents of the plan has been undertaken with a wide range of different people including children and young people, their families, staff, volunteers and partner agencies.

In the past 12 months Gateshead Youth Justice Service has continued to work with young people and their families to reduce offending by engaging with them in innovative and creative ways and delivering appropriate interventions to meet their needs. The introduction of new preventative initiatives such as Turnaround and Divert supports our ambition to intervene earlier and reduce the number of young people formally entering the Criminal Justice System

Gateshead Youth Justice Service was inspected by HMIP in February 2023, HMIP rated the service “Good” overall.

The Chief Inspector of Probation Justin Russell said: “This is a much-deserved ‘Good’ rating for Gateshead Youth Justice Service – they are a credit to the local community and to Tyne and Wear. They are successfully preventing children being involved in reoffending, often going above and beyond to support each child and give them every chance of a brighter future.”

HMIP commented on the “staff team being committed to achieving the best outcomes for children and families. There is a strong connection between the board and wider service, and practitioners feel heard and valued. The partnership is invested in and advocates for the YJS. We saw effective collaboration between the YJS and the police, children’s social care, and the probation service”.

**Signed:** Emma Blackwell– completing officer



## **Tackle inequality so people have a fair chance**

### **INTEGRATED IMPACT ASSESSMENT TEMPLATE**

**Date:** 06.06.2023

**Service Director: (approved)**

**Date:**

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**COUNCIL MEETING**

**20 July 2023**

## **HOUSING REVENUE ACCOUNT (HRA) 30 YEAR BUSINESS PLAN**

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**Sheena Ramsey, Chief Executive**

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### **EXECUTIVE SUMMARY**

1. The purpose of this report is to endorse the proposed Housing Revenue Account (HRA) 30-year Business Plan 2023-2053.
2. The HRA Business Plan sets out the Council's income and expenditure plans for delivering Council Housing Services in Gateshead.
3. The plan sets out the financial trajectory for the HRA based on specific assumptions which are outlined in the report.
4. The Cabinet has considered the facts and issues arising from the report including alternative options and took all relevant advice before formulating their recommendation.

### **RECOMMENDATION**

5. It is recommended that Council approve the Housing Revenue Account (HRA) 30 Year Business Plan 2023-2053 as set out in Appendix 2 of the attached report.

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**TITLE OF REPORT:**      **Housing Revenue Account (HRA) 30 Year Business Plan**

**REPORT OF:**            **Darren Collins, Strategic Director, Resources and Digital  
Colin Huntington, Strategic Director Housing, Environment  
and Healthy Communities**

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### **Purpose of the Report**

1. Cabinet is asked to recommend to Council the proposed Housing Revenue Account (HRA) 30-year Business Plan 2023-2053.

### **Background**

2. The HRA Business Plan is a key strategic document which sets out the Council's income and expenditure plans for delivering Council Housing Services in Gateshead.
3. On 26 January 2023 Council agreed a fully costed viable 30 year HRA business plan and did not breach the minimum £3 million balance during the life of the plan (30 years). This incorporated the rent cap for 2023/24 and the Office for Budget Responsibility (OBR) inflation forecasts.
4. On 23 February 2023 Council agreed the Housing Revenue Account (HRA) budget for 2023/24 which outlined draft budget estimates for the next 4 years and business plan which continued to be viable over 30 years.
5. On 31 March 2023 the Department for Levelling Up, Housing & Communities (DLUHC) wrote to stock holding housing authorities informing them that for the next two financial years 2022/23 and 2023/24, local authorities will be permitted to retain the share of Right to Buy (RTB) receipts that had previously been returned to the Treasury.
6. On 20 June 2023 Cabinet received the Provisional Revenue Outturn 2022/23 report which included the HRA position. This outlined an increase in the depreciation charge resulting from a change in the value of the assets in 2021/22 which has been incorporated into the refreshed business plan. This increase will also have an impact in 2023/24 and is reported as part of the Revenue Budget - First Quarter Review which is elsewhere on the agenda.
7. Given the HRA business plan is a 30-year plan the longer-term assumptions become more subjective and are likely to change and therefore it is of utmost importance that the medium term planning horizon is robust. It continues to be challenging given the current uncertain financial environment.

## Proposal

8. Overall, the revised HRA Business Plan (appendix 2) is a fully costed, sustainable plan and does not breach the minimum £3 million reserve balance during the life of the plan (30 years).
9. The plan is setting out the financial trajectory for the HRA based on specific assumptions which are clearly outlined. Any variation to these assumptions will have an impact on the plan and therefore an impact on stock investment plans, council new build and the provision of housing services.
10. As an indication a 1% reduction in rent in 2024/25 equates to a reduction in income of £4.1 million over the medium term and £29.1 million over the 30-year plan with additional borrowing of £76 million by year 30.
11. In order to incorporate all the cost pressures and anticipated capital investment, including new social housing stock, over the longer term borrowing will need rise significantly above the current levels and medium term efficiency savings will be required.
12. The plan now requires as a minimum efficiency savings over the medium term of £3.859 million with a requirement for this to be front loaded with £1.542 million required in 2024/25. It is important that the savings are underpinned by a robust efficiencies plan which will be developed during the budget setting process.
13. Costs to enable preparation for inspection, together with funding to manage service improvement through the Housing Improvement Programme, will be contained within the priority investment in the 2023/24 budget to review and rebalance the HRA.
14. However, to accommodate the stock investments and associated cost implications borrowing would increase to £757.018 million by year 30 which is £148.518 million more than estimated in February 2023. Additional borrowing will start to accrue in year 6 of the plan rather than year 7.
15. Whilst the borrowing is affordable within this plan, debt needs to be managed in the overall context of affordability for the Council. The risks associated with borrowing will therefore need to be kept under review.
16. The alternative to the additional borrowing would be to make a further £2.1 million of HRA savings over the medium term in addition to that outlined in paragraph 12. Given the additional borrowing accrues in year 6 it is recommended that this is kept under review.
17. This plan incorporates the capital investment requirements of the current dwelling and non-dwelling stock. This programme is fully fundable subject to achieving the required level of efficiencies, rent increase assumption for 2023/24, and achievement of key performance assumptions such as future void loss. This should be read in conjunction with the HRA Asset Management Strategy.
18. There is provision to complete the demolition of Sir Godfrey Thompson Court, Crowhall Towers, Redheugh and Eslington Courts.



19. The plan will also support the Housing Development Strategy enabling the continued development of social housing stock to reach a planned 400 units funded from the HRA.

### **Recommendations**

20. Cabinet is asked to recommend to Council the approval of the Housing Revenue Account (HRA) 30 Year Business Plan 2023-2053 as set out in Appendix 2.

For the following reasons:

- (i) To ensure the medium to long term sustainability of the Housing Revenue Account.
- (ii) To realise the Council's policies and objectives in relation to the Housing Strategy to maintain and enhance Council Housing provision in Gateshead.
- (ii) To assist in the delivery of the Council's vision for Gateshead as set out in Making Gateshead a Place where Everyone Thrives.

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## Policy Context

1. The proposals support the overall vision for Gateshead as set out in Making Gateshead a Place Where Everyone Thrives including achieving the following outcomes: providing good quality housing with a mix of tenures and affordable options that meet the needs of local people including families and older people enabling them to live healthy lives and to make healthy choices, preventing ill health.
2. The Housing Strategy 2019-2030 identifies clear housing objectives and priorities, puts forward a vision for housing in Gateshead, and sets a framework for how the Council will deliver services and interventions, and work in partnership with others, in a way that will help achieve those objectives using increasingly scarce resources proportionately and effectively. It includes three overarching strategic objectives:
  - Sustainable housing and economic growth
  - Sustainable neighbourhoods
  - Improved health & wellbeing
3. In addition to these overarching objectives one of the key themes embedded in the strategy is supporting the long-term sustainability of the Council's housing stock and the Housing Revenue Account (HRA).

## Background

4. The HRA Business Plan sets the Council's long-term investment strategy to maintain the quality of its housing stock. The plan is reviewed, at least, annually and uses current levels of income and expenditure information and projects this for the next 30 years applying several key assumptions. These are in relation to the anticipated stock changes arising from right to buy sales, acquisitions and known new build and regeneration plans, the number of void properties, the policy on rent and service charge increases, repairs and maintenance and property management costs, capital investment requirements based on stock condition information and forecast borrowing costs.
5. On 26 January 2023 Council agreed a fully costed viable 30 year HRA business plan and did not breach the minimum £3 million balance during the life of the plan (30 years). This incorporated the rent cap for 2023/24 and the Office for Budget Responsibility (OBR) inflation forecasts.
6. On 23 February 2023 Council agreed the Housing Revenue Account (HRA) budget for 2023/24 which outlined draft budget estimates for the next 4 years and business plan which continued to be viable over 30 years.
7. A significant number of challenges have been placed on the HRA Business Plan because of:
  - Legislative change such as the impact of the Housing and Planning, and Welfare Reform Acts.
  - The imposition of a social rent cut of 1% per year, for 4 successive years commencing April 2016.
  - Increased buildings compliance and regulatory requirements, particularly post-Grenfell and including new targets for carbon neutrality.
  - Increased Right to Buy sales resulting from the increased discounts

- The impact of Brexit / Covid on inflation in general and particularly in the cost of construction / repairs in terms of materials and labour.
- Ukraine situation and global gas/electricity prices.
- Changes to regulatory standards.
- Repairs backlogs arising from the impact of Covid for which additional investment of £3 million was required in 2022/23.
- A below inflation cap on rent increases of 7% in 2023/24.

8. This is alongside the need to:

- a. Address uneconomic and poor performing housing stock in Gateshead. Stock condition and demand information confirms that the required expenditure on some schemes over the short and longer term significantly exceeds any income from those schemes due to poor or no demand, coupled with the need for high value investment works. There is an outstanding need to appraise all available options for these schemes over the coming months.
- b. Identify operational efficiencies and more effective ways of working to ensure they are providing value for money and maximising HRA performance, particularly in relation to voids, income collection and day to day maintenance.

### **Refreshed Plan**

- 9. Overall, the revised HRA Business Plan (appendix 2) is fully costed and does not breach the minimum £3 million balance during the life of the plan (30 years). However, to incorporate all the cost pressures and anticipated capital investment, including new social housing stock, borrowing over the long term will need to rise significantly above the current levels and as a minimum efficiency savings over the medium term of £3.859 million with a requirement for this to be front loaded with £1.542 million required in 2023/24.
- 10. However, to accommodate the stock investments and associated cost implications borrowing would increase to £757.018 million by year 30 which is £411.513 million higher than the current underlying loan debt and £148.518 million more than that estimated in February 2023. Additional borrowing will start to accrue in year 6 of the plan rather than year 7 as it would be now.
- 11. Whilst the borrowing is affordable within this plan, debt needs to be managed in the overall context of affordability for the Council. The risks associated with borrowing will therefore need to be kept under review.
- 12. The alternative to the additional borrowing would be to make a further £2.1 million of HRA savings over the medium term in addition to the minimum efficiency savings. Given the additional borrowing accrues in year 6 of the plan it is recommended that this is kept under review especially in the context of the volatile financial environment in which the plan has been developed.

### **Capital Investment**

- 13. The capital investment included in the plan is based on the stock condition surveys of the current stock and also includes the following:
  - Progress towards net zero carbon
  - Ensuring compliance with building safety measures
  - Investment in garage sites
  - Investment in IT Infrastructure

- Investment in the commercial stock
  - Investment in communal areas and the wider environment
  - Continued investment in disabled adaptations
  - Support to increase the opportunities for Fostering within the social housing portfolio
14. A summary of the planned 5-year (2023-28) capital programme is included in the plan. This programme is fully fundable subject to achieving the required level of efficiencies, rent increase assumptions, and achievement of key performance assumptions such as future void loss.
  15. There is provision for the delivery of stock options reviews in relation to both high rise blocks and older persons accommodation and to complete the demolition of Sir Godfrey Thompson Court, Crowhall Towers, Redheugh and Eslington Courts.
  16. The continued development of new social housing units to reach 400 by 2033 as from 2022/23 is included and it has been assumed that the Treasury share of Right to Buy receipts will be used to fund the units first and then there will be an opportunity to bid for Homes England grant funding to support the delivery of the remaining units not funded from the receipts.

### **Consultation**

17. Consultation has taken place with the Leader and Deputy Leader, Cabinet Member for Housing and the Strategic Housing Board.

### **Alternative Options**

18. There are no alternative options proposed.

### **Implications of Recommended Option**

#### **19. Resources**

- a. **Financial Implications** – The Strategic Director, Resources and Digital, confirms that the financial implications are reflected in the HRA Business Plan document at appendix 2.

The proposed HRA 30 Year Business Plan enables the investment priorities for the HRA to be delivered whilst ensuring the overall HRA reserve balance remains above £3 million.

The plan includes medium term efficiencies of £3.859 million which are required to ensure the HRA plan is fully costed and sustainable over the longer term.

- b. **Human Resources Implications** – Any direct implications will form part of the budget planning framework and identification of budget proposals.
- c. **Property Implications** – Capital investment in HRA assets helps to improve the overall sustainability of the HRA and supports the delivery of corporate priorities under the Thrive agenda.

20. **Risk Management Implications** – In the development of the HRA Business Plan a risk assessment of the assumptions has been carried out. As this is a 30 year plan it is

sensitive to changes in the assumptions and therefore it is important that the plan is kept under review being refreshed at least annually and that savings required are underpinned by a robust savings delivery plan which will be developed during the budget setting process.

21. **Equality and Diversity Implications** – An equality impact framework has been developed to assess efficiency proposals.
22. **Crime and Disorder Implications** – No direct crime and disorder implications.
23. **Health Implications** – No direct health implications. Delivery of the investment priorities supported by this plan are likely to have positive health outcomes.
24. **Sustainability and Climate Emergency Implications** – The report contains measures, which will help deliver a more Sustainable Gateshead and support the delivery of the HRA Asset Strategy which includes net zero carbon measures for the Council's housing stock.
25. **Human Rights Implications** – No direct human rights implications.
26. **Ward Implications** – All wards will be affected by the proposals in this report.

### **Background Information**

Direction on the Rent Standard 2019

The Housing Revenue Account Self Financing Determinations February 2012

Local Government and Housing Act 1989

Localism Act 2011

Autumn Statement 2022

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## **HOUSING REVENUE ACCOUNT (HRA) BUSINESS PLAN 2023-2053**

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## **1. INTRODUCTION**

- 1.1 The Housing Revenue Account (HRA) is the financial account used to manage the Council's activities as a landlord. It is a ring-fenced account and can only be used to provide services to Council housing tenants through the collection of rent and other service charges.
- 1.2 The HRA Business Plan is a key strategic document which sets out the Council's income and expenditure plans for delivering Council Housing Services in Gateshead.
- 1.3 This refresh of the plan is set against a backdrop of an extremely challenging financial situation. There is high inflation amidst uncertainty around international issues, the national economy and cost of living crisis, notably around food, fuel and utility prices across the country together with increasing interest rates as one measure to reduce inflation.
- 1.4 As this is a 30-year plan, assumptions become more uncertain with each year of the plan. The primary risks are in relation to future inflation and interest rates, however, the most up to date forecast information has been used in the preparation of the plan.
- 1.5 Overall, the revised HRA Business Plan is a fully costed, sustainable plan and does not breach the minimum £3 million reserve balance during the life of the plan (30 years). The plan requires as a minimum efficiency savings over the medium term of £3.859 million with a requirement for this to be front loaded with £1.542 million required in 2024/25.
- 1.6 Whilst the borrowing is affordable within this plan, debt needs to be managed in the overall context of affordability for the Council. The risks associated with borrowing will therefore need to be kept under review.
- 1.7 However, to accommodate the stock investments and associated cost implications borrowing would increase to £757.018 million by year 30 which is £411.513 million higher than the current debt and £148.518 million more than the increase estimated in February 2023 to the then year 30. Additional borrowing will start to accrue in year 6 of the plan rather than year 7 as it would be now.
- 1.8 This plan should be read in conjunction with the other key housing strategies and policies which set out how the above ambition can be achieved.

## **2 NATIONAL POLICY CONTEXT**

- 2.1 The HRA operates within a political environment and therefore any changes in national housing policy can have a significant impact on the HRA Business Plan.

### **2.2 National Social Rent Policy**

- 2.2.1 The Welfare Reform and Work Act 2016 included a statutory obligation for registered providers of social housing to reduce their rents by 1% per year, irrespective of inflation, from April 2016 to March 2020.
- 2.2.2 From April 2020, the Regulator of Social Housing's (RSH) Rent Standard made provision for a maximum annual increase in social housing rents of CPI plus 1% with effect from April 2020 for a period of five years.
- 2.2.3 In the Autumn Statement 2022 the Chancellor announced a cap on rent increases of 7% for 2023/24. Whilst this applied to current tenancies it did not apply to the calculation of the maximum initial rent when properties are first let or subsequently re-let. In particular, the restriction does not apply to the calculation of formula rent that apply to social rent properties; these continue to increase by CPI plus an additional 1%.
- 2.2.4 Any increase in rent will mean an impact on tenants' household budgets but the additional income is vital to maintain and improve the services we provide to tenants, invest in our existing housing stock in accordance with the stock condition surveys and develop new social housing to address the needs of local people.
- 2.2.5 Future rent increases will not mitigate against the reductions during 2016-2020 or the rent cap in 2023/24 and it now means that rents are now set against a lower baseline than they would have been.

### **2.3 HRA Borrowing Cap**

- 2.3.1 In October 2018 the Government issued a determination removing the HRA debt cap. The HRA debt cap for Gateshead was £345.505 million, but current borrowing is below that level.
- 2.3.2 The removal of the cap provides the Council with more freedom and flexibility to undertake additional borrowing subject to the principles of the Prudential Code for Capital Finance in Local Authorities of affordability, sustainability and prudence.
- 2.3.3 Primarily this will help the Council in its commitment to deliver more affordable housing. However, we can only use this flexibility to finance activities that generate sufficient income for the HRA to offset the required upfront capital and management costs associated with the investment within the HRA business planning horizon. Using the borrowing capacity in any other way will bring additional financial risk to the HRA Business Plan.

### **2.4 Welfare Reform**

- 2.4.1 The measures introduced in the Welfare Reform Act 2012 represented the biggest change to the benefits system in a generation. There have been repeated delays to

the full implementation of the changes, particularly the rollout of Universal Credit to those already claiming legacy benefits. The latest information is that the migration will continue until 2028/29. During the current year the focus of the migration will be on Tax Credit cases only.

- 2.4.2 At the start of the current year (April 2023) 38% of council tenants were in receipt of Universal Credit, and 36% were still receiving Housing Benefit. In the coming years, the proportion of tenants on Universal Credit will increase as those still on Housing Benefit are moved over.
- 2.4.3 Universal Credit is paid in arrears and in most cases directly to the recipients rather than to the landlords. Rent arrears of those tenants on Universal Credit have increased, especially in the early weeks of a claim. At the end of year 2022/23, the average rent arrears of tenants on Universal Credit were £565, almost six times that of those still on Housing Benefit (£95).
- 2.4.4 This combined with the benefit cap and the under-occupancy charge continues to be a challenge and poses a risk to the level of potential rent arrears that may accrue. The risk is made even more acute in the context of cost of living increases for residents.

## **2.5 The Charter for Social Housing Residents (Social Housing White Paper)**

- 2.5.1 In November 2020, the Government issued its Social Housing White Paper – The Charter for Social Housing Reform, in which it sets out fundamental reform to ensure social homes provide an essential, safe, well managed service for all those who need it, including an enhanced regulatory regime for local authorities. The paper set out seven principles which will underpin a new, fairer deal for social housing residents:
- To be safe in your home – to ensure every home is safe and secure
  - To know how your landlord is performing – including on repairs, complaints and
  - To have your complaints dealt with promptly and fairly – with access to a strong Ombudsman
  - To be treated with respect – backed by a strong consumer regulator and improved customer standards
  - To have your voice heard by your landlord – for example through regular meetings and scrutiny panels
  - To have a good quality home and neighbourhood to live in – keeping homes in good repair
  - To be supported to take your first step to home ownership – a ladder to other opportunities, should tenants circumstances allow
- 2.5.2 Whilst the Government has still to confirm its legislative timetable for enacting the White Paper, more clarity has emerged on some aspects of the likely legislation including:
- Regulatory confirmation of new tenant satisfaction measures from 2023/24.
  - Conclusion of the initial stages of the review of the Decent Homes including confirmation of a requirement to install smoke and carbon monoxide alarms to all homes.
  - Strengthening of the Housing Ombudsman service, including a new Complaint Handling Code.

- Establishment of a new, national Social Housing Quality Residents Panel.
- Introduction of 4 yearly inspections, including the 'naming and shaming' of non-compliant and failing landlords, and potentially unlimited fines.
- A review of the consumer standards during the Autumn of 2023.

2.5.3 Funding has been identified within the HRA Business Plan to support compliance with the consumer standards, ensuring service improvement aligns the 'tenant voice', and to prepare the overall Housing Service for inspection/

## **2.6 Housing Growth**

2.6.1 Addressing the housing shortage is a priority issue for the Government and one that carries clear expectations on how housing supply is increased to meet local housing needs. The Government is also keen that people can be supported into home ownership and have made available a number of packages and initiatives to enable social landlords to deliver new homes which specifically support this agenda.

2.6.2 In March 2012 the Government published a policy paper '*Reinvigorating Right to Buy and One for one Replacement*' and statutory instrument (2012 No. 711) which amended the capital finance regulations. As part of this Councils were able to sign an agreement with government to retain additional right to buy (RTB) receipts known as 1-4-1 receipts which have certain conditions attached to their use. In 2021 in response to a 2018 consultation these conditions were amended to give Council's more flexibility and extended the period for which they could be used. The aim of this was to enable more affordable homes to be built effectively replacing those bought through RTB.

2.6.3 In March 2023 the Department for Levelling Up, Housing & Communities (DLUHC) wrote to stock holding housing authorities informing them that for the next two financial years 2022/23 and 2023/24, local authorities will be permitted to retain the share of Right to Buy (RTB) receipts that had previously been returned to the Treasury. These receipts can be retained on the same conditions as additional 1-4-1 receipts

## **2.7 Climate Change and the Low Carbon Future**

2.7.1 The Government has committed to tackling climate change and intends to set a target of reducing domestic emissions to zero. The Government has indicated the possible revision of the Decent Homes Standard and of this including a requirement to achieve EPC D by 2025 and EPC C by 2030, thereby obliging us to meet these targets. The RSH therefore expects social landlords to be working to understand the potential costs of making carbon reduction improvements to our assets. An interim Net Carbon Zero Strategy will be launched in 2023 be developed to accompany the HRA Asset Strategy. The interim strategy will layout the steps that need to be taken to introduce a full Retro-fit Strategy in 2024, to support the prioritisation and delivery of Net Zero work packages.

## **2.8 Building Safety Act 2022**

2.8.1 The Government passed the above Act in April 2022 and is in effect its response to the Grenfell Tower fire tragedy in 2017.

2.8.2 The Act requires the Council to register its in-occupation, high-rise buildings with a newly established Building Safety Regulator (BSR). All buildings over 18m in height or

with 7 or more storeys are captured in the scope of the Act. The Council's Principal Accountable Person must register each high rise building, provide each building's key information and a building safety case report. The building safety case report will show how building risks are being proactively managed and residents kept safe. High rise buildings will be split into three tranches, with building safety cases for tranche one, buildings over 50m in height, required for March 2024. Gateshead has three tranche one properties with a fourth likely to be included.

## **2.9 Fire Safety Act 2021**

2.9.1 The Act makes amendments to the Regulatory Reform (Fire Safety) Order 2005 ("the FSO") and extends the provisions of the FSO to the following parts of a multi-occupied residential buildings:

- the building's structure, external walls and any common parts. The external walls include doors or windows in those walls, and anything attached to the exterior of those walls, e.g. balconies and cladding.
- all doors between the domestic premises and common parts.

2.9.2 Under Article 3 of the FSO, the "responsible person" of a premise (either a building or any part of it) is the person who has control of the premises ("the Responsible Person"), which may include building owners, leaseholders or managers.

2.9.3 The Council will take a pro-active approach to ensure compliance with the provisions. This has included a full and intrusive survey of the construction of the external wall system of each building, and an ongoing fire door inspection programme.

## **3. LOCAL POLICY CONTEXT**

3.1 The HRA Business Plan is set within a wider strategic context of the overall ambitions of the Council and those of the Housing Service.

### **3.2 Strategic Approach**

3.2.1 The Council's strategic approach, Making Gateshead a Place Where Everyone Thrives provides a framework to demonstrate how the Council will work and make decisions.

3.2.2 Thrive is underpinned by five key pledges:

- Putting people and families at the heart of everything we do;
- Tackling inequality
- Supporting our communities to support themselves and each other;
- Investing in our economy to provide sustainable opportunities for employment, innovation and growth; and
- Work together and for a better future for Gateshead Council

3.2.3 The HRA Business plan supports the delivery of these pledges.

### **3.3 Health and Wellbeing Strategy**

- 3.3.1 The Health and Wellbeing Strategy identifies clear outcomes to support the delivery of “Gateshead Thrive”. Housing is identified as one of the wider determinants of health and can play a vital role in the long-term health and wellbeing of an individual.

### **3.4 Housing Strategy**

- 3.4.1 The Housing Strategy identified clear housing objectives and priorities, puts forward a vision for housing in Gateshead, and sets a framework for how the Council will deliver services and interventions, and work in partnership with others, in a way that will help achieve those objectives. It includes three overarching strategic objectives:
- Sustainable housing and economic growth
  - Sustainable neighbourhoods
  - Improved Health and Wellbeing

### **3.5 HRA Asset Management Strategy**

- 3.5.1 The HRA Asset Management Plan sets out the Council’s approach to managing the housing related assets held in the Housing Revenue Account. It covers a range of activities that will ensure that the housing stock meets the needs of residents and the standards required, both now and in the future. Its five key aims are;
- Delivering Decent Homes
  - Maximising Energy Efficiency
  - Ensuring Compliance
  - Regeneration of Estates and Assets
  - Investment in IT Infrastructure
  - Developing New Homes

### **3.6 Homelessness and Rough Sleeping Strategy**

- 3.6.1 The Council’s Homelessness and Rough Sleeping Strategy aims to eradicate rough sleeping in Gateshead, make homelessness a rare and one-off occurrence, and achieve positive outcomes for anyone who is homeless. The HRA will help to support delivery of this strategy through the provision of much needed new affordable homes, and in contributing to the delivery services to support and realise sustainable tenancy solutions for those who may be at risk of homelessness.

### **3.7 Housing Development Strategy**

- 3.7.1 The Housing Development Strategy confirms priority actions to be undertaken over the next five years to maximise housing supply on existing and new sites. This strategy also aligns with the Council’s medium-term position and investment plan.

### **3.8 Tenancy Strategy and Allocations Policy**

- 3.8.1 The Tenancy Strategy which was recently approved in October 2022 together with the Allocations Policy will help to deliver on the strategic aims of the Housing Strategy. It will ensure statutory and regulatory compliance by ensuring our properties are let in a fair, transparent and efficient way, make best use of our stock, reduce the amount of

time properties are empty, address under occupation and overcrowding and to meet our strategic housing needs, including homelessness.

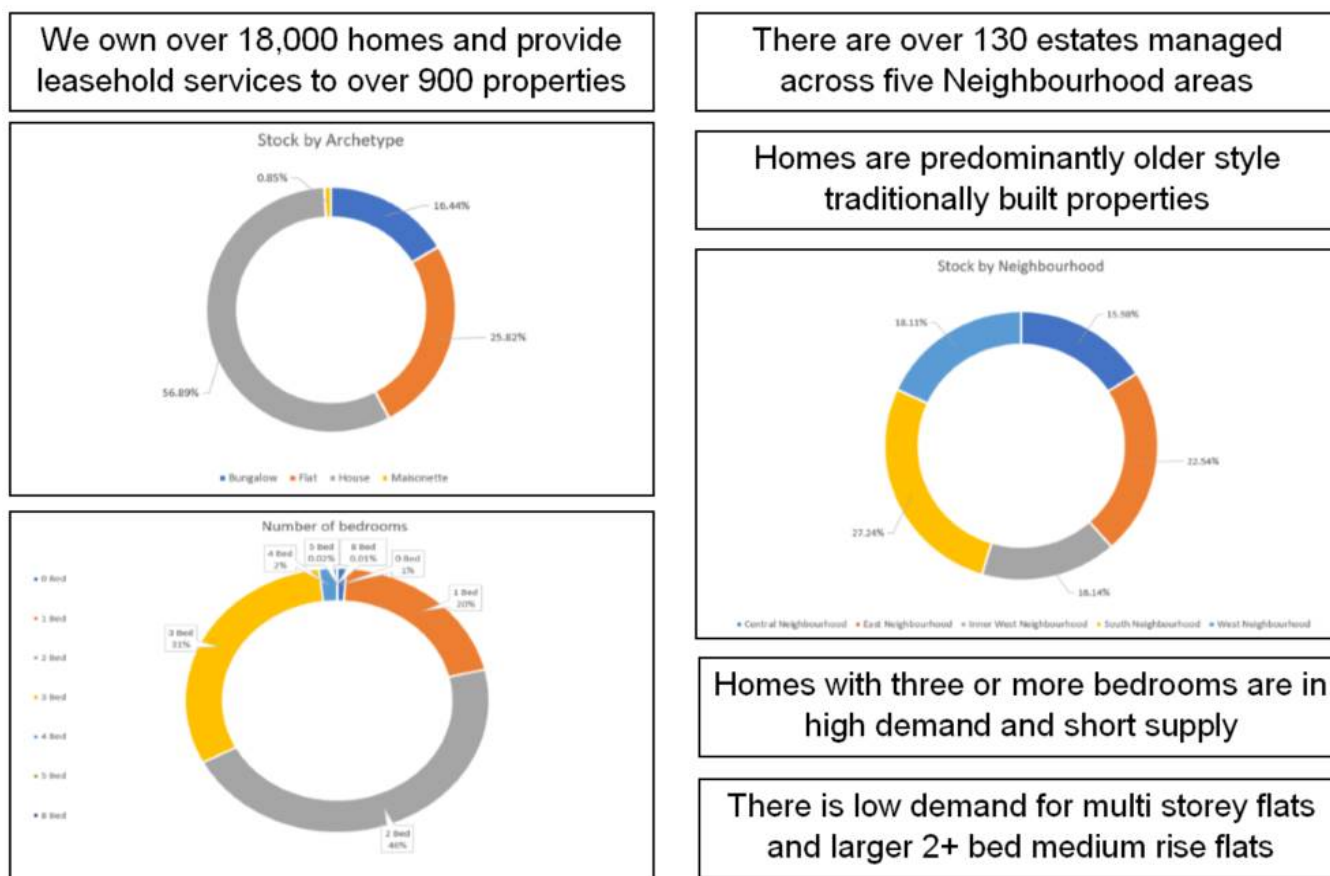
### 3.9 Resident Influence Strategy

3.9.1 The Resident Influence Strategy and Framework has been developed within the context of a national regulatory framework. The Regulator of Social Housing sets four Consumer standards that applies to all registered social landlords including local authorities. The Tenant Involvement and Empowerment standard is one of the four Consumer standards. It sets out clearly the requirement that registered providers shall ensure that tenants are given a wide range of opportunities to influence and be involved influencing decisions, shaping policies, and recommending service improvements.

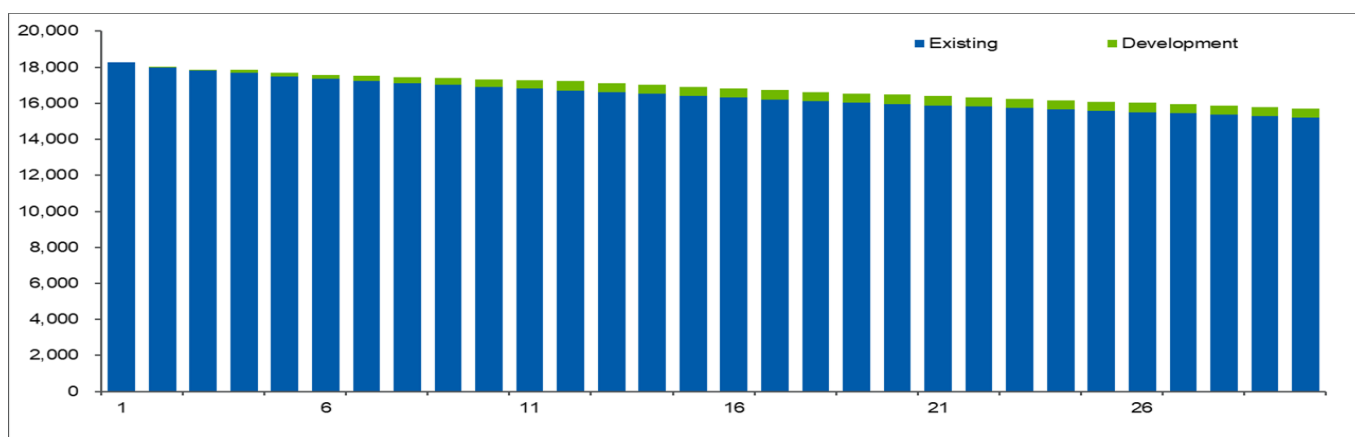
## 4. HOUSING INVESTMENT PLAN

### 4.1 Dwelling Stock Profile

4.1.1 The following graphs outline the profile of the HRA dwelling stock within Gateshead.



4.1.2 The predicated 30 year stock position is shown in the graph below. Accounting for the predicted sales of properties through Right to Buy, the potential impact of stock options and predicted development opportunities housing stock is predicted to be 15,645 by year 30 of the plan.



## 4.2 Other HRA Assets

4.2.2 The HRA also owns a number of non-domestic assets, which are predominantly made up of garages, lounges, shops, land and play equipment. Reviews of the status of non-domestic assets has commenced. These are exploring how these assets are used and whether disposal, demolition or a change of use would bring more value to the HRA to better help, support and sustain neighbourhoods & communities.

## 4.3 Investment Priorities

4.3.1 The capital investment included in the plan is based on the stock condition surveys of the current stock, and also includes the following:

- Progress towards Net Zero & the mitigation of damp, mould & condensation
- Ensuring compliance with building safety measures
- Investment in garage sites and the HRA public realm
- Investment in IT Infrastructure and digitally enabled blocks
- Investment in the commercial stock
- Investment in communal areas and the wider environment
- Continued investment in disabled adaptations
- Support to increase the opportunities for Fostering within the social housing portfolio

## 4.4 General Stock Investment

4.4.1 Since the end of the Decent Homes Programme the balance of responsive repairs verses planned works have shifted and excessive responsive repair interventions are being delivered. As part of the Construction Services review work has commence to address the split between responsive and planned so that more work is delivered in a planned way, ensuring value for money and the efficiencies associated with programmed works.

4.4.2 A tool has been developed that will analyse estate-based repairs to gain insight into the numbers of repairs and the type of work being delivered, then assessing it against stock condition data. This tool will be embedded and used to identify trends and drivers for expenditure to aid planning and deliver an appropriate balance of reactive repairs and planned investment and ensure this is aligned with our understanding of stock condition and asset sustainability.



## **4.5 Net Zero Carbon**

- 4.5.1 The HRA will need to invest c.£265 million into insulation measures, ventilation and new heating technologies. Investment costs average around £16,000 property and in some cases are as much as £37,000. The HRA business plan includes some allowances for costs for energy efficiency measures and improvements but support from public funding will be required to meet our obligations around energy improvements and net zero carbon. A Retro-fit Strategy is being developed to steer how, where, and when works are delivered, maximising the impact of work and the prioritising the interventions that will have the most impact for residents.

## **4.6 Building Safety Measures**

- 4.6.1 The Council is committed to ensuring tenant safety and the intention is to ensure that assets meet all applicable health and safety requirements so that all residents and visitors are confident that they are in a safe and secure environment. There has been significant investment into strengthening the safety of our assets over the last two years, and the necessary investment will be maintained to continue to ensure all assets are compliant.
- 4.6.2 As part of the consolidation of housing services into the Council new and strengthened governance and scrutiny processes have been introduced to protect customers and the sustainability of the HRA.
- 4.6.3 A robust and resourced Building Safety Team continues to be developed to manage the Council's approach to this critical area of safety-based work and assurance. Strong condition data, process drive IT systems, robust building assessments and maintenance information will help protect the HRA from unplanned high cost and non-compliance.
- 4.6.4 As a building owner of higher risk residential buildings, such as high-rise buildings, we will compile and maintain safety case files and have appointed a building safety manager to support the management of our assets.

## **4.7 Garage Sites**

- 4.7.1 Garages make up the largest proportion of non-domestic assets. These are assets that are formed of blocks or individual units that are not tied to or let as part of a domestic tenancy.
- 4.7.2 There are just over 3,600 garages currently in the HRA making up 510 garage block sites. All garage blocks have been stock condition surveyed and sites have also been appraised to assess their potential future use. Almost £1 million has been allocated in the business plan to start delivering on the garage review over the next five years. The first phase of non-viable sites have been decommissioned and demolished, work on phase two is underway. Work is also progressing an external partner to explore the prospect of changing the use of some sites to provide domestic accommodation.

## **4.8 Investment in IT Infrastructure**

- 4.8.1 The current IT systems are structurally fit for purpose; however, there is insufficient interfacing or linkages to ensure a 360 view of all business intelligence. To strengthen

the approach to data and ensure a robust and resilient approach a systems a review has been undertaken. It has assessed the existing IT strategy and future organisational need. The recommendations from the review are now being worked through to ensure the HRA is supported by a robust IT infrastructure.

#### **4.9 Investment in Commercial Stock & the Wider Environment**

- 4.9.1 There are also a small number of fixed play equipment sites that fall within the management of the HRA. These sites carry with them inspection and compliance requirements as well as ongoing maintenance costs. In partnership with communities these sites will be reviewed.
- 4.9.2 It is recognised that there is a need to review the status of non-domestic assets to explore how they are used and whether a change of use would bring more value to the HRA and better help support and sustain neighbourhoods & communities.

#### **4.10 Disabled Adaptations**

- 4.10.1 The Council recognises its social responsibility to support vulnerable and disabled residents to remain independent in their home. There is an annual budget for the provision of minor works, like handrails, through to major adaptations such as adapted bathrooms or property alterations.
- 4.10.2 Demand for adaptations in council homes remains high, with a large proportion of residents defining themselves as having a disability. The approach to adaptations must remain sustainable and viable, make the 'best use' of our stock by ensuring that properties are allocated appropriately, that investment is only made into sustainable adaptations, and that value for money is achieved.

#### **4.11 Stock Options**

##### **4.11.1 High Rise Blocks**

1. The analysis of the future pressures on the HRA highlights high rise blocks as a key area of concern. The high-rise stock is commonly characterised as a liability to the HRA resulting from high investment cost, low demand and high management requirements.
2. Redheugh & Eslington Courts were deemed unviable and are currently being decommissioned, with residents being decanted and will be demolished when empty.
3. Warwick Court is undergoing a decommissioning process and a review of potential alternative uses for the block is being established.
4. Decommissioning work in Sir Godfrey Thomson Court is continuing well. Demolition work should begin before the end of 2023/24, with a contractor anticipated to be appointed before the end of the calendar year 2023.
5. The strategic roadmap, subject to the decision-making process and consultation, is to undertake further options appraisals in line with the priorities laid out in the HRA Asset Strategy 2022-27.

#### 4.11.2 Older Person's Housing

1. Gateshead has seven older persons' purpose-built housing blocks. They include over 200 sheltered 1-bedroomed and 2-bedroomed flats. Angel Court is the only modern purpose-built scheme.
2. There is also a disproportionate spread of blocks across the borough. The East, Central and West Neighbourhoods have one block each, while in the South there are four schemes. It is proposed to undertake a specific Older Persons' purpose-built block review starting in 2023.

#### 4.12 New Development

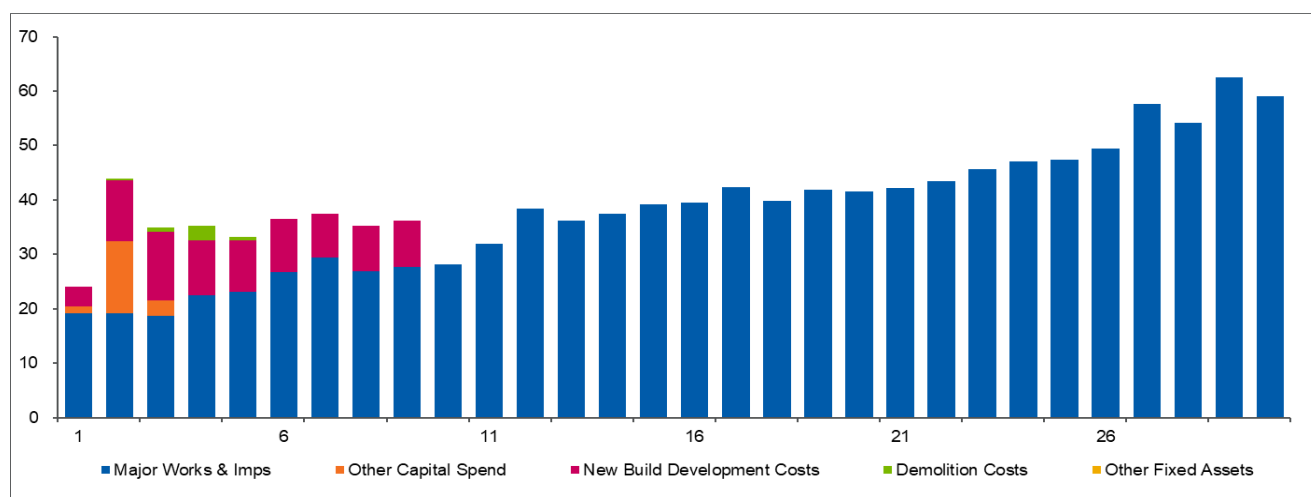
- 4.12.1 The plan includes the continued development of new social housing units to reach 400 by 2033 as from 2022/23 and it has been assumed that the Treasury share of Right to Buy receipts will be used to fund the units first and then there will be an opportunity to bid for Homes England grant funding to support the delivery of the remaining units not funded from the receipts.

### 5. HRA FINANCIAL PLAN

- 5.1 The Financial Plan shows how both the Council Housing Investment Programme and the day to day Council housing services will be funded.
- 5.2 Overall, the revised HRA plan is fully costed and does not breach a minimum £3 million balance during the life of the plan (30 years). However, to incorporate the cost pressures and anticipated capital investment, including new social housing stock, borrowing will need to rise significantly above the current levels.
- 5.3 A copy of the HRA Operating Account 2023/24 to 2052/53 is attached at Appendix 1.
- 5.4 The plan requires as a minimum savings of £3.859 million which has been phased as follows:

Year	Total Annual Savings £000	Total Cumulative Savings £000
2024/25	1,542	
2025/26	1,022	2,564
2026/27	773	3,337
2027/28	522	3,859
2028/29	-	3,859
<b>Total</b>	<b>3,859</b>	

- 5.5 The capital investment included in the 30-year plan is £1.242 billion the split of which is detailed in the following graph:

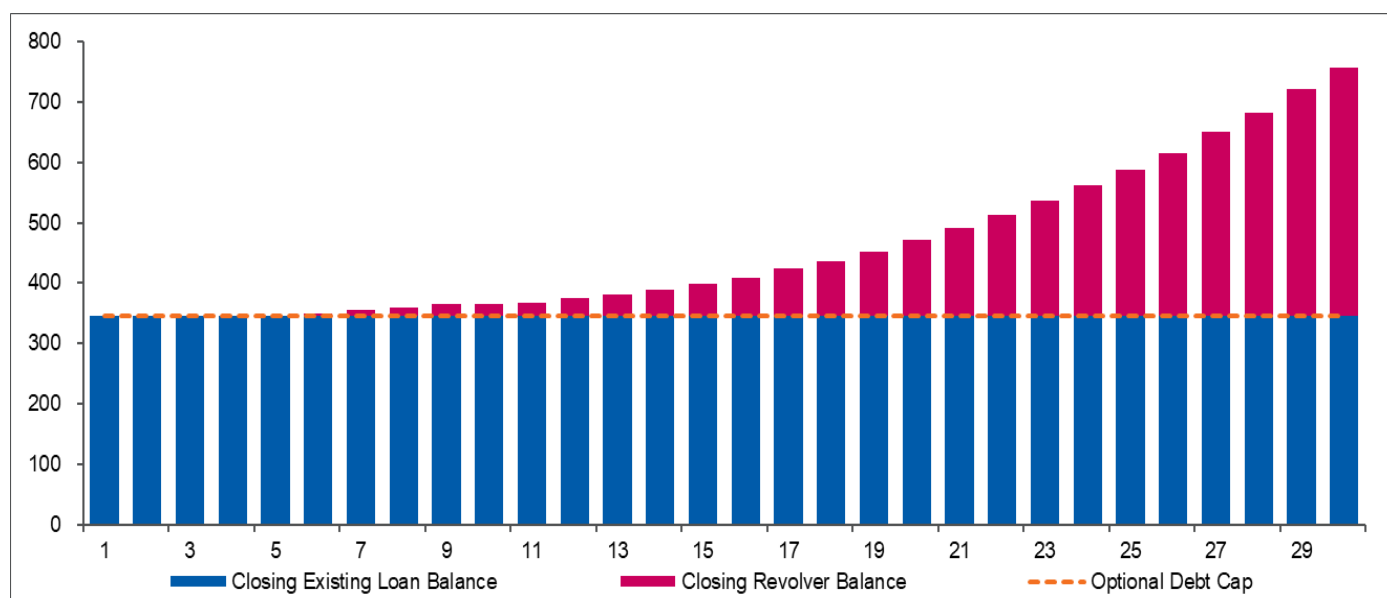


5.6 A summary of the planned 5-year 2023/24-2027/28 capital programme is shown in appendix 2.

## 5.7 Borrowing Requirement

5.7.1 The proposed plan shows that by year 30 borrowing will increase to £757.018 million which is £411.513 million higher than the current underlying loan debt. Borrowing will however not rise to a level above this until year 6 (see the following graph).

5.7.2 Whilst the borrowing is affordable within this plan debt needs to be managed in the overall context of affordability for the Council. The risks associated with borrowing will therefore need to be kept under review.



## 5.8 HRA Reserve Balances

5.8.1 The HRA can budget for a deficit in a particular year, but the HRA total reserve balance must not be negative. The business plan is set to assume that if the assumptions resulted in the reserve balance falling below the minimum required of £3 million in any year, then borrowing will be required. Borrowing can only be for capital

purposes. Where revenue reserves are exhausted due to revenue expenditure exceeding income, then mitigating action is required.

5.8.2 The plan shows that over 30 years, the surplus carried forwards stays above the minimum balance.

5.8.3 The plan also shows that there are years where reserves will be used to fund predicted peaks in the capital programme due to lifecycle replacements. This minimises borrowing and reduces the level of interest charges that would be incurred.

## 5.9 Key Assumptions

- 5.9.1 The financial plan is based on a number of key assumptions to mitigate against risks or changes that may occur over the life of the Business Plan.
- 5.9.2 The assumptions used for the next 5 years over the medium-term period 2024/25 -2028/29 are outlined in the table below. As the HRA plan is over 30 years future assumptions have been made in respect of the key items listed.

Assumptions	2024/25	2025/26	2026/27	2027/28	2028/29
CPI	5.4%	2%	2%	2%	2%
RPI	8.1%	3%	3%	3%	3%
Rent increase	6.4%	2%	2%	2%	2%
Service Charges	6.4%	2%	2%	2%	2%
Energy Increase – included in management non-staff costs	8.1%	3%	3%	3%	3%
Pay Inflation	5.4%	2%	2%	2%	2%
Repairs and Maintenance – non staff costs	8.1%	3%	3%	3%	3%
Supervision and Management non-staff costs	8.1%	3%	3%	3%	3%
Capital Works Costs – except certain fixed elements	8.1%	3%	3%	3%	3%
Void Rates	1.5%	1.5%	1.5%	1.5%	1.5%
Bad Debt Rates	0.95%	0.95%	0.95%	0.95%	0.95%
Interest Rates on Borrowing	4.75%	4%	3.5%	3.5%	3.5%
Right to Buy Sales	115	115	115	115	115

Area of Business Plan	Comments	Assumptions	Risk
<b>Stock Numbers</b>	The number of dwellings drives the level of income and costs which vary with the number of properties. This includes right to buy numbers, demolitions, remodelling of stock and new developments.	Proposed numbers are as outlined in table 1 above.	There is a risk that the number of successful right to buy applications increase and or there are barriers to new development resulting in a variation to the stock base. Any variation will impact both income and costs.
<b>Inflation CPI/RPI</b>	On 21 June May ONS announced CPI annual inflation for May of 8.7% (unchanged from April) and RPI of 11.3%. OBR forecasts for future years predict CPI at 5.4% (Q3 2023) for 2024/25 and average 2% over future years. RPI at 8.1% (Q3 2023) for 2024/25 and average 3% over future years	CPI and RPI rates have been taken for each year as shown in table 1 above.	Hyper-inflation has exacerbated the uncertainties of accurate modelling but is the most accurate in line with current information. OBR are the best estimates for this purpose however this will be kept under review. CPI impacts on both costs and income.
<b>Minimum Working Balance</b>	The HRA has an agreed minimum balance requirement to ensure there is adequate reserves cover.	£3m assumed throughout the plan	There is a risk that this is insufficient and there are unforeseen events that cannot be met.
<b>Salary Increases (Pay award)</b>	This cost pressure relates to the cost of pay award agreed for employees of the Council as well as agreed pay increments. Local Authority pay awards are determined through the national bargaining process rather than being mandated by Government. However, the messaging and government resource allocations for the future are likely to influence that national bargaining process.	Previously an uplift of 1.75% was applied to salaries. However, the 2022/23 pay award was significantly higher than anticipated. The assumption has therefore been increased for this refresh of the plan using CPI forecasts.	Pay increases which are agreed could be much higher than expected. This is unknown given pay uplift for 2023/24 is not yet agreed and is held in contingency.  Alternative scenarios can be run regarding pay. There may be some cross over with the job evaluation cost pressure.
<b>Revenue Repairs</b>	2022/23 outturn included £3m one off investment for backlog of repairs. This has not been carried forward into the 2023/24 budget.	Inflation assumption using RPI.	There is a risk that the void work cost and turnover rate does not enable delivery within budget. There is also a balance between void loss and cost of repairs and timing of major estate works.

Area of Business Plan	Comments	Assumptions	Risk
<b>Rent Increases</b>	Rent policy is CPI + 1%. Cap on rent of 7% for 2023/24 but no indication at this stage of a similar position for 2024/25.	CPI is forecast to be 5.4% and there for CPI+1% is assumed in the business plan reverting to CPI only thereafter.	There is a risk of Government intervention and a cap on rent increases lower than presumed in the plan but as the forecast CPI +1% is lower than the 2023/24 cap it is considered a lower risk. A 1% variation on the rental increase would result in £4.1m less income over the medium term and £29.1m over 30 years. This in turn would bring borrowing would need to rise by a further £76m.
<b>Service Charge Increases</b>	Charges are based on full cost recovery however impact assessments are completed, and stepped charges applied where appropriate. Service charge increase should be broadly comparable to rent increases although this does not preclude full cost recovery.	For the purposes of financial modelling charges have been increased by CPI + 1% for 2024/25 and CPI thereafter.	Actual costs may be far higher than charges modelled which could result in a disparity between income and expenditure.
<b>Void Rates</b>	Void rates vary depending upon the stock and within the plan for modelling purposes the stock has been divided to enable different void rates to be applied. This is most important for those subject to demolition or remodelling where void rates will increase as they are decanted.	Void rates used in the plan are outlined in table 1 above. The current void loss (month 3) is 3.33% against a budget of 2%.	There is a risk that void rates increase in areas where properties are more difficult to let or are unachievable and this will impact the level of income.
<b>Bad Debt Rate</b>	This is the value of the increase required to maintain the bad debt provision at an adequate level. Increasing current debt will have little impact as the debt profiling increases the risk of it becoming uncollectable with age.	Bad debt rates used in the plan are outlined in table 1 above. The 2022/23 actual was 0.96%	Income collection rates decrease but there is a lag in the impact on the provision due to the methodology used in maintaining the provision.



Area of Business Plan	Comments	Assumptions	Risk
<b>Other Income</b>	Non dwelling rents such as garages have experienced a reduction in demand and for the purposes of financial modelling have been maintained at the current budget for the life of the plan. The stock loss over the plan does not directly vary other income so this has been managed through inflation	Non dwelling rent not inflated and Water Commission RPI to 2027/28 but no further inflation applied due to reduction in stock so assumed a level of offset.	Positive risk that non-dwelling rents can be increased without impacting demand.
<b>Capital Receipts</b>	There is an accumulated reserve of £16.6m which is estimated to be used over the next 5 years. Receipts received in year will be used to fund the capital programme. In 2022/23 the Government introduced for a period of two years the ability to retain the Treasury share. This has specific constraints to its use around new properties and this is included in the development assumptions.	Current average RTB value £96,282 (2022/23). Projected to increase with CPI.	The sales are higher or lower than modelled which could impact the amount available to fund the capital programme.
<b>Homes England Grant Funding</b>	It is assumed new developments will attract funding The Council has a good track recorded of securing Homes England Funding.	£35,000 per property assumed after using the Treasury retained RTB receipts as you cannot combine the use of them.	There is a lower value of grant awarded There may need to be a conscious decision to not bid for grant and utilise the receipts if the Government were to extend the ability to retain the Treasury share.
<b>Major Works</b>	The HRA capital programme is reflective of the agreed 2023/24 programme with slippage from 2022/23 incorporated. Stock condition information has been updated and reflect the most up to date forecasts.	Based on stock condition survey and rise with RPI except for extensive exceptional works such as net zero carbon, aids and adaptations and estate works (non-dwelling works) which are cash limited in the early years of the plan. Fees are aligned to pay increases. Most works vary with the stock numbers which is built into the business plan.	There is a risk that costs increase at a level above the forecast RPI.

Area of Business Plan	Comments	Assumptions	Risk
<b>Depreciation</b>	Depreciation is a real cost in the HRA and is used to fund major repairs (capital). In 2022/23 the level of depreciation was £3.229m higher than originally budgeted which was due to a change in valuation methodology. This has been factored into the revised plan.	Following advice from the Council's Valuers charged in line with actual 2022/23 for 2023/24 but restricted to not increase with inflation but vary with stock numbers.	There is a risk that the depreciation charge is higher than modelled in the plan which would have an impact on the HRA balances as use of receipts would need to reduce, this will need to be kept under review. Undertaking an annual review will assist in mitigating this risk.
<b>Interest rates on Borrowing</b>	Borrowing rates are currently unpredictable and reflective of the consecutive increases in the Bank of England base rate. The rates for borrowing also take account the term of the borrowing and therefore rates can vary.	Interest rates for new borrowing for 2023/24 are estimated at 5% with future years outlined in table 1 above.	There is a risk interest rates increase further however there could be a positive risk of rates reducing for new borrowing.
<b>HRA Debt</b>	The opening HRA CFR is £345,505m. Each HRA loan is separately identified, and debt profiled based on known interest rates. It is assumed that when debt matures it is refinanced.	The level of additional debt accrued over the 30-year plan is significant at £757.018m.	The HRA plan is affordable over the long term however an annual refresh will enable the level to be monitored.

## 6. Risk Assessment

- 6.1 A comprehensive financial risk assessment has been undertaken to ensure that all risks and uncertainties affecting the council's HRA financial position are identified. These will be reviewed each year as part of the refresh of the HRA Business Plan. The key strategic financial risks to be considered are as follows:

Risk	Risk Management	Likelihood	Impact
<b>Inflation (Negative Risk)</b> Rent increases linked to CPI with the majority of other costs linked to RPI.	HRA Balances are risk assessed and budget contingency built into the annual cost to ensure variations in inflation rates can be managed. Service Charges based on actual cost recovery but linked to the rent increases in the plan.	Moderate	Medium
<b>Interest rate increases (Negative Risk)</b> The impact on the cost of borrowing and therefore assessment of affordability of the capital programme.	Interest rates in the plan have been forecast to decrease over the medium term assuming they will not stay at the current higher rates.	Moderate	Medium
<b>Rent and Service Charges (Negative Risk)</b> The Government could impose further limits on rent increases beyond 2023/24. Service charges may not be fully recovered.	Lower than anticipated rent increases would require reductions in spending plans within the plan and need to reassess the assumptions. Service charge costs are set based on forecast actual costs any increase above the forecast would be considered in the following year with the same applying if there are reductions.	Unlikely	High
<b>Stock Investment (Negative Risk)</b> Investment needs exceed planned expenditure due to unforeseen investment requirements or changes to the prescribed standards.	HRA Asset Management Strategy to be considered alongside this plan. The investment plan is based upon stock condition information. Stock viability assessments are undertaken. There is additional coverage in the plan to deal with cost increases or additional expectations.	Moderate	High
<b>Right to Buy Sales (Negative/Positive Risk)</b> External factors mean that RTB sales in terms of numbers or value are either higher or lower than forecast without a corresponding change to stock through acquisition or new build.	RTB assumptions are adjusted annually based on the prior year trend. There is a tapering assumption built into the plan. The new build in the plan is not a direct replacement for the RTB sales and therefore it is unlikely plans would be altered dependent on the RTB sales.	Moderate	Low

Risk	Risk Management	Likelihood	Impact
<b>Anticipated Savings/ efficiencies are not achieved (Negative Risk)</b> The plan includes efficiency savings required to ensure investment plans are sustainable.	Regular monitoring and reporting takes place. The cumulative impact over the medium term may make savings in the later years more challenging. Non achievement of savings/efficiencies will require a reassessment of investment priorities.	Moderate	High
<b>Welfare Support (Negative Risk)</b> Tenants and leaseholders impacted by welfare changes have insufficient income to pay the rent/service charges. There could also be an increase in the need for Council housing services.	The impact of the welfare support changes continues to be planned for and monitored through the Council Scrutiny Framework.	Likely	Medium
<b>Legislative Change (Negative Risk)</b> New legislation/regulation is introduced which results in increased financial pressures.	Ongoing tracking and horizon scanning in relation to emerging policy and legislation and an annual review through the business plan updated.	Moderate	High
<b>Inspection Outcome (Negative Risk)</b> Inspection outcomes are poor and impact on the reputation of the Council, potentially the imposition of financial penalties.	Creation of an inspection team and self / external assessment against the consumer standards to identify areas for improvement. Improved assurance through reporting to Members and tenants as appropriate. Delivery and embeddedness of the Housing Improvement Programme.	Unlikely	High

## 7. Conclusion

- 7.1 The revised HRA business plan together with the HRA Asset Management Strategy ensure that the HRA investment plans are sustainable over the medium and longer term. This plan confirms the priority given to ensuring the Council's homes are safe and fully compliant with building legislation and regulation and will make a significant contribution to the Housing Development Programme with a planned HRA funded development programme of 400 new homes by 2033.
- 7.2 Despite this there are still challenges within this plan and assumptions made regarding future costs that will need to be kept under constant review. Savings outlined in the plan will need to be delivered to ensure the sustainability of the HRA and therefore robust savings plans will be developed to underpin their delivery.

## HRA Operating Account 30 Years

Year	Year	Rental Income	Service Charge Income	Void Losses	Non-Dwelling Rents	Charges For Services	Other Income	Total Income	Supervision and Management	Repairs and Maintenance	Depreciation	Debt Mgmt Expenses	Bad Debts	Total Expenditure	Net Cost of HRA Services	Interest Charges	Surplus / (Deficit) in Year on HRA Services	Revenue Contributions to Capital	Surplus / (Deficit) for the Year	HRA Reserve Opening Balance	HRA Reserve Closing Balance
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1	2023/24	81,939	2,862	-1,822	1,297	2,905	1,094	88,274	-29,803	-27,090	-19,264	-78	-804	-77,039	11,235	-12,218	-984	0	-984	19,561	18,577
2	2024/25	88,038	2,951	-1,805	1,297	2,421	1,183	94,085	-30,520	-27,069	-18,980	-82	-863	-77,515	16,570	-12,486	4,084	-8,672	-4,588	18,577	13,990
3	2025/26	87,792	2,928	-1,904	1,297	2,469	1,218	93,800	-31,014	-27,021	-18,834	-86	-861	-77,815	15,985	-12,606	3,379	-4,934	-1,555	13,990	12,435
4	2026/27	89,317	2,998	-1,726	1,297	2,519	1,255	95,659	-31,663	-26,925	-18,822	-87	-876	-78,372	17,287	-12,713	4,574	-9,095	-4,521	12,435	7,914
5	2027/28	90,454	3,010	-1,511	1,297	2,569	1,292	97,112	-32,251	-26,817	-18,667	-89	-887	-78,711	18,402	-12,718	5,683	-8,145	-2,462	7,914	5,452
6	2028/29	91,802	3,051	-1,789	1,297	2,620	1,331	98,312	-33,026	-27,359	-18,525	-91	-900	-79,900	18,412	-12,909	5,503	-7,955	-2,452	5,452	3,000
7	2029/30	93,387	3,098	-1,819	1,297	2,673	1,371	100,007	-33,820	-27,927	-18,461	-93	-915	-81,217	18,790	-13,042	5,748	-5,748	0	3,000	3,000
8	2030/31	96,919	3,211	-1,887	1,297	2,726	1,412	103,678	-34,637	-28,514	-18,393	-94	-950	-82,588	21,089	-13,160	7,929	-7,929	0	3,000	3,000
9	2031/32	96,689	3,199	-1,882	1,297	2,781	1,454	103,538	-35,468	-29,120	-18,340	-96	-948	-83,973	19,565	-13,304	6,261	-6,261	-0	3,000	3,000
10	2032/33	98,349	3,250	-1,914	1,297	2,836	1,498	105,317	-36,324	-29,739	-18,277	-98	-964	-85,402	19,915	-13,466	6,449	-5,671	779	3,000	3,779
11	2033/34	100,037	3,303	-1,946	1,297	2,893	1,543	107,127	-37,200	-30,372	-18,214	-100	-981	-86,867	20,260	-13,522	6,738	-7,517	-779	3,779	3,000
12	2034/35	101,602	3,356	-1,978	1,297	2,951	1,589	108,818	-38,099	-31,019	-18,151	-102	-996	-88,367	20,451	-13,733	6,718	-6,718	0	3,000	3,000
13	2035/36	105,092	3,479	-2,048	1,297	3,010	1,637	112,466	-39,024	-31,680	-18,045	-104	-1,030	-89,883	22,583	-13,967	8,616	-8,616	0	3,000	3,000
14	2036/37	104,482	3,466	-2,039	1,297	3,070	1,686	111,962	-39,965	-32,355	-17,940	-106	-1,024	-91,391	20,571	-14,159	6,412	-6,412	0	3,000	3,000
15	2037/38	105,948	3,522	-2,070	1,297	3,132	1,737	113,564	-40,934	-33,046	-17,835	-108	-1,039	-92,961	20,603	-14,473	6,130	-6,130	0	3,000	3,000
16	2038/39	107,430	3,578	-2,102	1,297	3,194	1,789	115,187	-41,927	-33,751	-17,729	-111	-1,053	-94,571	20,615	-14,832	5,783	-5,783	0	3,000	3,000
17	2039/40	108,929	3,636	-2,134	1,297	3,258	1,842	116,829	-42,945	-34,473	-17,624	-113	-1,068	-96,222	20,607	-15,255	5,352	-5,352	0	3,000	3,000
18	2040/41	110,528	3,697	-2,168	1,297	3,323	1,898	118,575	-43,988	-35,223	-17,519	-115	-1,084	-97,929	20,646	-15,722	4,924	-4,924	0	3,000	3,000
19	2041/42	114,474	3,835	-2,248	1,297	3,390	1,955	122,703	-45,062	-36,003	-17,440	-117	-1,123	-99,745	22,957	-16,265	6,692	-5,488	1,204	3,000	4,204
20	2042/43	113,959	3,825	-2,240	1,297	3,457	2,013	122,312	-46,156	-36,802	-17,361	-120	-1,118	-101,556	20,756	-16,871	3,885	-0	3,885	4,204	8,089
21	2043/44	115,710	3,891	-2,276	1,297	3,527	2,074	124,222	-47,281	-37,619	-17,282	-122	-1,135	-103,438	20,783	-17,573	3,210	-0	3,210	8,089	11,299
22	2044/45	117,487	3,957	-2,314	1,297	3,597	2,136	126,160	-48,435	-38,454	-17,203	-125	-1,153	-105,369	20,791	-18,306	2,485	-0	2,485	11,299	13,784
23	2045/46	119,287	4,025	-2,352	1,297	3,669	2,200	128,127	-49,618	-39,310	-17,124	-127	-1,170	-107,348	20,779	-19,098	1,681	-0	1,681	13,784	15,465
24	2046/47	121,113	4,095	-2,390	1,297	3,742	2,266	130,123	-50,831	-40,184	-17,045	-130	-1,188	-109,378	20,746	-19,948	797	-0	797	15,465	16,263
25	2047/48	125,422	4,248	-2,478	1,297	3,817	2,334	134,640	-52,079	-41,079	-16,966	-132	-1,231	-111,487	23,153	-20,816	2,337	-0	2,337	16,263	18,599
26	2048/49	124,842	4,236	-2,469	1,297	3,894	2,404	134,204	-53,350	-41,995	-16,887	-135	-1,225	-113,592	20,612	-21,728	-1,116	-0	-1,116	18,599	17,483
27	2049/50	126,745	4,309	-2,509	1,297	3,972	2,476	136,289	-54,658	-42,932	-16,808	-138	-1,244	-115,780	20,510	-22,819	-2,310	-0	-2,310	17,483	15,174
28	2050/51	128,674	4,383	-2,550	1,297	4,051	2,550	138,405	-56,000	-43,891	-16,729	-140	-1,263	-118,023	20,382	-23,989	-3,607	-0	-3,607	15,174	11,567
29	2051/52	130,630	4,459	-2,592	1,297	4,132	2,627	140,552	-57,376	-44,872	-16,650	-143	-1,282	-120,323	20,229	-25,235	-5,006	-0	-5,006	11,567	6,561
30	2052/53	135,262	4,626	-2,687	1,297	4,215	2,706	145,418	-58,792	-45,876	-16,571	-146	-1,328	-122,713	22,706	-26,267	-3,561	0	-3,561	6,561	3,000

## Appendix 2

Housing Capital	Description	2023/24	2024/25	2025/26	2026/27	2027/28	Total
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Improvement Works</b>							
Aids & Adaptations	To carry out identified adaptations to Council Dwellings to enable people to live safely and independently within their home.	1,500	1,665	1,664	1,662	1,710	8,201
Communal Mechanical & Electrical works	Essential works to upgrade communal services in accordance with stock condition, building safety & compliance needs.	718	529	541	813	566	3,167
Digital Transformation	Transformational upgrade work to block building management services such as CCTV and door entry services	650	700	700	847	849	3,746
Environmental & Estate Improvement	Improvements to the public realm in and round estates	202	103	100	716	719	1,840
Garage Improvement Programme	Essential works to improve sustainable garage blocks, demolish unviable stock and investigation conversion & change of use where practicable	200	200	220	340	309	1,269
Block communal improvements	Improvements to the communal areas and spaces in blocks	805	649	668	1,180	709	4,010
<b>Building Safety</b>							
Building safety improvements	Essential work to meet building safety and compliance obligations	598	1,079	1,022	458	419	3,577
Safety & Security	Work to install and renew smoke and CO detection.	59	63	65	89	91	367
HRA Commercial Property Improvements	Targeted interventions in the HRA commercial portfolio to meet landlord obligations	79	50	50	50	10	239
<b>Major Future Works</b>							
Energy & Carbon Net Zero	Delivery of work packages to improve insulation, install green technology and energy solutions that will support achieving Net Zero.	80	2,000	2,000	4,088	4,211	12,379
Major Investment Scheme	Targeted Transformation investment work	328	978	0	0	8	1,314
Domestic Heating Improvements	Replacement of failed and obsolete heating systems, upgrading them with more efficient solutions to help address fuel poverty issues.	2,837	2,379	2,434	2,814	2,549	13,013
Door & Window replacements	Continuation of the window replacement door replacement programme. Focused on medium rise blocks, but also picking up 'one off' whole house replacements	876	921	757	333	341	3,229
Decent Homes	Continuation of planned estate-based improvement work to the Council's housing stock in accordance with decent homes and building safety principles, prioritised using stock condition data.	7,958	5,208	5,762	6,318	7,827	33,072
Contractual Obligations	Preliminary costs associated with schemes	1,700	2,108	2,150	2,193	2,237	10,388
Fixed Budget Fees	Continuation of the rolling programme of condition surveys to enable effective asset management, options appraisals and the development of future investment schemes.	550	580	591	603	615	2,939
<b>Expectational Works</b>							
Regeneration and Demolition	Delivery of option appraisal outcomes - acquisition / conversion / demolition of unsustainable HRA assets.	1,259	13,290	3,428	2,684	635	21,296
<b>Housing Developments</b>							
New Build/Acquisition - Various	Investment to create new Council homes.	3,651	11,178	12,582	10,092	9,450	46,953
<b>Other Capital</b>							
ICT Refresh	Replacement of IT Hardware & Software licences	40	298	168	12	0	518
<b>Total Housing Capital Budget</b>		<b>24,090</b>	<b>43,977</b>	<b>34,904</b>	<b>35,292</b>	<b>33,255</b>	<b>171,517</b>



**COUNCIL MEETING**

**20 July 2023**

## **TREASURY ANNUAL REPORT 2022/23**

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**Sheena Ramsey, Chief Executive**

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### **EXECUTIVE SUMMARY**

1. The purpose of this report is to seek approval of the Treasury Annual Report 2022/23.
2. In line with best practice and CIPFA's Code of Practice on Treasury Management, 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 2022/23.

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**TITLE OF REPORT:** Treasury Annual Report 2022/23

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

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### **Purpose of the Report**

1. Cabinet is asked to recommend to Council the attached Treasury Annual Report for 2022/23.

### **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 (2021). 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 20 June 2023.

### **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 to Council the Treasury Annual Report for 2022/23.

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.

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**CONTACT:** John Chirnside, ext. 2713

## 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 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 2022/23 (including investment and borrowing strategies);
  - Treasury Management approach to risk;
  - Outturn 2022/23 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 2022/23.

## **Consultation**

6. Consultation on the production of the Treasury Annual Report has taken place with the Council's treasury advisors Link Treasury 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 2022/23 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 (2021)
- CIPFA's Code of Practice on Treasury Management (2021)
- Council's approved Treasury Policy & Strategy Statements 2022/23 to 2026/27
- Council's approved Treasury Management Practice Statements

## Treasury Management Annual Report 2022/23

### The Strategy for 2022/23

1. The 2022/23 to 2026/27 Treasury Management Strategy was approved by Council on 24 March 2022.
2. The formulation of the 2022/23 to 2026/27 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 2022/23 to 2026/27 anticipated interest rates to increase from 0.50% to 1.25% by March 2023 as part of a prolonged economic recovery. During the 2022/23 financial year the Bank of England Monetary Policy Committee (MPC) increased the base rate as follows:

Date	Bank Base Rate
5 May 2022	1.00%
16 June 2022	1.25%
4 August 2022	1.75%
22 September 2022	2.25%
3 November 2022	3.00%
15 December 2022	3.50%
2 February 2023	4.00%
23 March 2023	4.25%

## **Borrowing Strategy**

7. The borrowing strategy for 2022/23 was as follows:

- Current (February 2022) long term PWLB rates (50 years) are around 2.11%. It is forecast that there will be little upward movement in PWLB rates over the next two financial years, being 2.30% Q1, 2.30% Q2, 2.40% Q3 and 2.40% Q4. Should interest rates fall below these targets borrowing should be considered, with preference 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 – 2.40%
  - 25 years – 2.55%
  - 50 years – 2.35%
- 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 23 December 2022 concluded that Treasury Management control systems and procedures are working well. All funds were safeguarded in 2022/23.

## **Outturn 2022/23 – 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 2022/23 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 18 July 2023 as part of the Capital Monitoring process. None of the approved Prudential Indicators set for 2022/23 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 2022/23 Treasury Management Strategy was that Bank Rate would gradually increase during the financial year to 1.25% in March 2023. During the financial year the MPC significantly increased the base rate, with eight rate increases leaving the bank base rate at 4.25% at year-end 31 March 2023. The increases were made as a direct response to significant changes in the global economic environment, the conflict in Ukraine and the increase in inflation to 10.1% CPI by March 2023.
  - **Longer-term interest rates** – Investment returns increased significantly during 2022/23 as a direct result of the of economic factors mentioned above and the increases in bank base rates. Due to ongoing global inflationary pressures and the conflict in Ukraine it is anticipated increases in the base rate may follow throughout the current financial year before starting to reduce.

## 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.
13. The most significant challenge for treasury management in 2022/23 has been to consider the spread of and return on investments in an environment where regular increases in bank rates have generated additional returns, whilst ensuring the security of investments. Due to the difference between the cost of borrowing and potential to generate investment interest the Council has continued to use investment balances to temporarily fund the capital programme. This has delivered a saving on borrowing costs and increased interest received on investments.
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 2022. 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 £2.899m (2021/22 £0.307m) with an average interest rate of 2.25% (2021/22 0.25%). Interest earned on loans to third parties, agreed as part of the capital programme and £0.814m accrued interest on loan notes, in respect of Newcastle International Airport, increased total interest to £4.433m, £2.353m more than the original budget of £2.080m.
16. The overall return for the year of 2.25% matches the accepted benchmark for 2022/23, which was the SONIA (Sterling Overnight Index Average) of 2.25%. The average rate of return for new investments made in 2022/23 was 2.76%.

17. Furthermore, the Council is a member of Link Treasury 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 2.25% on its investments for 2022/23, this is slightly above the risk adjusted expectations defined in the LINK Benchmarking Report for our group.

## Borrowing Performance

18. The total external borrowing at 31 March 2023 was £684.966m, which was within the operational borrowing limit of £895.000m. This is a net increase of £18.894m from the opening figure of £666.072m.

<b>External Borrowing at 31 March 2022</b>	<b>£666.072m</b>
Add New Borrowing	£20.00m
Less Maturity of existing borrowing	(£1.106m)
<b>External Borrowing at 31 March 2023</b>	<b>£684.966m</b>

19. Investment returns/interest rates increased significantly during 2022/23 and rose to levels closer to 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).
20. At the end of the financial year 2022/23 the Council had internal borrowing of £73.680m. This comprised of £48.642m General Fund under borrowing and £27.038m 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 lower.
21. 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:

<b>Capital Financing Requirement (excluding PFI)</b>	<b>31 March 2022 Actual £m</b>	<b>31 March 2023 Actual £m</b>
General Fund	386.191	415.141
HRA	345.505	345.505
<b>Total Capital Financing Requirement excluding PFI</b>	<b>731.696</b>	<b>760.646</b>

22. At 31 March 2023 £636.966m of the total borrowing was from the PWLB and £48.000m was in the form of market loans. The average interest rate on current borrowing has decreased from 3.564% in 2021/22 to 3.523% during 2022/23 due to the maturing of higher rate borrowing.
23. No short-term borrowing was taken during 2022/23. Long-term borrowing of £20.000m was taken during 2022/23, all HRA.
24. The overall revenue cost of borrowing for 2022/23 was £24.250m, as a result of the application of the Treasury Management Strategy this was £1.075m 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.
27. The council has some borrowing through LOBO and market loans. No calls have been made on the LOBO borrowing.

## Summary of Treasury Management Performance for the Year 2022/23

28. Total interest income was £2.413m above budget, the main variances from budget was due to the significant increases in bank base rates during the financial year and the receipt of interest from Newcastle Airport.
29. Overall Treasury Management performance against budget for 2022/23 generated net savings of £3.488m, this is summarised in the following table:

		<b>2022/23</b>		
		<b>Budget</b>	<b>Actual</b>	<b>Saving</b>
		<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>General Fund</b>	Cost of Borrowing	13.316	12.179	(1.137)
	Interest Income	(2.080)	(4.433)	(2.353)
	<b>Net Position</b>	<b>11.236</b>	<b>7.746</b>	<b>(3.490)</b>
<b>HRA</b>	Cost of Borrowing	12.009	12.071	0.062
	Interest Income	(0.060)	(0.120)	(0.060)
	<b>Net Position</b>	<b>11.949</b>	<b>11.951</b>	<b>0.002</b>
<b>Combined</b>	Cost of Borrowing	25.325	24.250	(1.075)
	Interest Income	(2.140)	(4.553)	(2.413)
	<b>Net Position</b>	<b>23.185</b>	<b>19.697</b>	<b>(3.488)</b>

Treasury Management was challenging throughout 2022/23 as the economic environment frequently changed during the financial year. The investment rate increases meant the Council was faced with the challenge of being pro-active in the investment of surplus cash. The Council's cashflow projections were monitored to allow the appropriate balance between maintaining cash for liquidity purposes and "laddering" deposits on a rolling basis to lock in rate increases.

The report highlights the way in which the Council 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

	2021/22	2022/23
Number of investments made in 2020/21 maturing in 2021/22	14	n/a
Number of investments made in 2021/22 maturing in 2021/22	50	n/a
Number of investments made in 2021/22 maturing in 2022/23	n/a	27
Number of investments made in 2022/23 maturing in 2022/23	n/a	54
Total number of investments maturing in year	64	81
Number of investments made in 2022/23 maturing in 2023/24	n/a	19
Average duration of investments (including overnight)	18 days	10 days
Average duration of investments (excluding overnight)	153 days	137 days
Non-specified investments:		
Rated non-high		
Approved limit	25%	25%
Maximum level invested	5.81%	19.57%
Not Rated		
Approved limit	0%	0%
Maximum level invested	0.00%	0.00%
Investments greater than 364 days		
Approved limit	£15m	£15m
Maximum level Invested	£0m	£0m
Treasury Investments held at 31 <sup>st</sup> March	£144.093m	£71.904m

**PRUDENTIAL INDICATORS 2022/23**

The 2022/23 Prudential Indicators were agreed by Council on 22 February 2022 (column 1). This is now compared with the 2022/23 actual outturn position as at the 31 March 2023 (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 2022/23 have been breached.

<b>Capital Expenditure</b>		
	2022/23 £000 Reported Indicator	2022/23 £000 Actual
Non-HRA	124,432	56,745
HRA	22,281	20,625
<b>Total</b>	<b>146,713</b>	<b>77,370</b>
To reflect the reported capital monitoring agreed by Council during the year		

<b>Ratio of Financing Costs to Net Revenue Stream</b>		
	2022/23 Reported Indicator	2022/23 Actual
Non-HRA	17.37%	11.57%
HRA	34.24%	38.69%

<b>Capital Financing Requirement</b>		
	2022/23 £000 Reported Indicator	2022/23 £000 Actual
Non-HRA	481,100	415,141
HRA	345,505	345,505

There were no breaches to the Prudential Indicators set for 2022/23.

<b>Authorised Limit for External Debt</b>	
	2022/23 £000 Reported Indicator
Borrowing	895,000
Other Long Term Liabilities	0
<b>Total</b>	<b>895,000</b>
Maximum YTD 31/03/23 £684.966m	

<b>Operational Boundary for External Debt</b>	
	2021/22 £000 Reported Indicator
Borrowing	880,000
Other Long Term Liabilities	0
<b>Total</b>	<b>880,000</b>
Maximum YTD 31/03/23 £684.966m	

The Council's actual external debt at 31 March 2023 was £684.966m. 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**

	2022/23 £000 Reported Indicator		2022/23 £000 Actual Position	
	Upper Limit	Lower Limit	Actual Percentage	Maximum YTD
Under 12 months	20%	0%	2.09%	2.09%
12 months to 24 months	19%	0%	0.70%	3.65%
24 months to 5 years	26%	0%	8.52%	8.52%
5 years to 10 years	276	0%	10.25%	11.71%
10 years to 20 years	22%	0%	6.50%	6.70%
20 years to 30 years	43%	0%	5.19%	5.19%
30 years to 40 years	46%	0%	30.54%	33.40%
40 years to 50 years	48%	0%	33.29%	37.23%
50 years and above	17%	0%	0.00%	0.00%
All within agreed limits.				

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

	2022/23 £000 Reported Indicator		2022/23 £000 Actual Position	
	Upper Limit	Lower Limit	Actual Percentage	Maximum YTD
Under 12 months	25%	0%	2.92%	3.01%
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**

	2022/23 £000 Reported Indicator	2022/23 £000 Actual Position	2022/23 £000 Maximum YTD
Investments	15,000	0	0

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## COUNCIL MEETING

20 July 2023

### REVENUE BUDGET – FIRST QUARTER REVIEW 2023/24

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**Sheena Ramsey, Chief Executive**

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#### **EXECUTIVE SUMMARY**

1. The purpose of this report is to inform Council of the latest monitoring position on the 2023/24 revenue budget at the end of the first quarter.
2. The original revenue budget for 2023/24, as agreed by the Council on 21 February 2023, was set at £289.903m. The first quarter review now projects a revenue outturn of £1.1m over budget.
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 revenue budget for 2023/24 from £289,902,826 to £281,884,964;
  - (ii) Removal of pandemic budget and the equivalent reserve funding as presented in appendix 2.
  - (iii) A £2.4m increase in the 2023/24 HRA budget to reflect the increase in the depreciation charge funded from the HRA reserve.

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**TITLE OF REPORT:** Revenue Budget – First Quarter Review 2023/24

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

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### **Purpose of the Report**

1. This report sets out the latest monitoring position on the 2023/24 revenue budget at the end of the first quarter. Cabinet is asked to note the contents of the report and recommend the budget adjustments outlined within the report to Council.

### **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.
3. Council agreed the revenue budget for 2023/24 on 21 February 2023. This was set at £289.903m. The budget includes £25.883m of Council financing from the planned use of earmarked reserves.
4. The presentation of the monitoring has been reviewed to reflect the need for the budget to be actively managed by managers to ensure that it is delivered. The new format reinforces this management responsibility by recognising interventions that have a positive impact on the overall service budget.
5. Council agreed an HRA income budget of £88.274m to deliver a surplus budget of £1.456m in 2023/24.

### **Proposal**

6. Funding announcements made after the budget was set in February have resulted in increased funding available in relation to Better Care Funding (£0.416m) and ringfenced public health grant (£0.512m). To reflect this additional funding the expenditure budgets are proposed to be increased by this value to reflect new budget plans. The financing will also be increased to reflect the new funding available.
7. Furthermore as part of a review of reserves during the 2022/23 outturn, the pandemic reserves were merged into the budget sustainability reserve. As such the expenditure base budget of £8.996m in relation to pandemic costs is proposed to be removed along with the equivalent budgeted funding from the pandemic reserve (£8.996m) to reflect the approach to use budget sustainability to support the budget in future. The proposed change will mean that all covid related expenditure will be monitored within the base budgets and it will positively contribute to the planned use of the consolidated budget sustainability reserve to support the budget in future years.

8. It is proposed that Cabinet recommend to Council an amendment to decrease the net revenue budget by £8.017m to £281.885m as presented in appendix 2 to include the additional funding to be received in 2023/24 and removal of pandemic budget and reserve funding to allow for effective budget monitoring.
9. Due to the increasing financial challenges faced by the Council it is more important than ever that budgets are delivered. The forecasts at the first quarter have been challenged and Service Directors have identified interventions to deliver their budget responsibilities. This management activity will continue throughout the year.
10. The projected revenue outturn for 2023/24 at the first quarter following management intervention is £1.1m over budget.
11. It is the intention to deliver within the overall revised budget by the financial year end and progress will be reported at quarter two.

### **Housing Revenue Account**

12. At the first quarter review, in line with the Business Plan assumptions, the HRA budget is projected to be delivered on budget.
13. As outlined in the provisional revenue outturn 2022/23 report in June, an upward revaluation of council properties in 2021/22 has increased the amount of depreciation charged to the HRA and unlike the general fund this is a real charge to the HRA representing investment in the assets. This has resulted in an increase in the depreciation in 2023/24 of £2.440m. This additional budget pressure was identified after the budget was set therefore Cabinet is requested to recommend to Council an increase in the 2023/24 HRA budget to reflect the increase in the depreciation charge funded from the HRA reserve.

### **Recommendations**

14. It is recommended that Cabinet
  - i. Notes the Council's revenue expenditure position at the end of the first quarter, as set out in Appendix 1 and 2;
  - ii. Recommends that Council approves;
    - a. an amendment to the net revenue budget for 2023/24 from £289,902,826 to £281,884,964;
    - b. removal of pandemic budget and the equivalent reserve funding as presented in appendix 2.
    - c. a £2.4m increase in the 2023/24 HRA budget to reflect the increase in the depreciation charge funded from the HRA reserve.
  - iii. Notes the budget virement as set out in the report

For the following reason:

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

## **APPENDIX 1**

### **Policy Context**

1. This report meets the standards required to comply with the Accounts and Audit Regulations 2015 which represent financial management good practice, recommend that councillors should receive regular reports on performance against revenue and capital budgets.
2. 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**

3. This report sets out the latest budget monitoring position on the 2023/24 revenue budget at the end of the first quarter and projects spending and income to the end of the financial year following management intervention.
4. Appendix 2 details the budget for 2023/24 compared to an assessment of the projected outturn for the year. This position is after the application of reserves and planned management intervention in areas facing budget challenges.

### **Key Budget Challenges**

5. The key financial challenges to note are set out below.
  - Continued significant budget pressures in Adult Social Care in provider services and assessments. This is being managed with vacancies and external income.
  - Significant budget pressures in Children's Social Care relating to high Looked after Children (LAC) numbers and increasing placement costs together with increasing Home to School Transport costs. Actions are being taken to address the overspend with a view to identifying management intervention to reduce the projected overspending in the next quarter review.
  - Budget pressures in leisure due to lost income as facilities are not yet fully operational combined with increasing utility costs which is slightly offset by salary slippage.
  - Projected unachieved planning income.
  - Major projects have a significant solar programme income shortfall and Heights (tower blocks) overpend due to utility costs.
  - Significant management intervention is required in locality services due to bed and breakfast costs which are under review by management.
6. It is the intention to deliver within overall budget by the financial year end and progress will be reported at quarter two. Finance Portfolio will also have oversight of progress.

## Corporate Growth – Environmental Standard

7. Allocations for the environmental standard have now been agreed and during quarter two budgets will be moved into the appropriate Service areas as follows;

Priority Area	Responsible Officer	Value £
New Environmental ASB team	Kevin Scarlett	£440,000
New Flood Resilience team	Colin Swinney	£110,000
Planning and highways enforcement team (make permanent)	Anneliese Hutchinson	£140,000
Environmental communications campaign.	Phil Hindmarsh/Anneliese Hutchinson/Kevin Scarlett/Neil Bouch	£65,000
Environmental <i>Street cleansing, graffiti removal, weed control, dog warden, HGV apprenticeship, community development, tree safety team.</i>	Phillip Hindmarsh	£1,245,000
		<b>£2,000,000</b>

## Savings Delivery

8. Cabinet agreed £13m of savings in the 2023/24 revenue budget which will be challenging, financial control and monitoring of budgets is crucial. Progress will be closely monitored and those requiring further consultation and engagement will be the subject of future reports to Cabinet.

## Housing Revenue Account

9. The HRA faces a number of budget pressures however it is forecast overall to be delivered within the original budget set.
10. As outlined in the provisional revenue outturn 2022/23 report in June, an upward revaluation of council properties in 2021/22 has impacted the amount depreciation charged to the HRA and unlike the general fund this is a real charge to the HRA representing investment in the assets. This has resulted in an increase in the depreciation in 2023/24 of £2.440m. As this additional budget pressure was identified after the budget was set this report recommends an amendment to the HRA budget.
11. Construction Services have almost completed all backlog repairs, some of this work has slipped from 2022/23 into the current year but it is anticipated that these costs will be met from the existing repairs budget.
12. Void loss is currently running at 3.33% against a budgetted position of 2%. A plan is in place to reduce the number of void properties undergoing work down to 200 and the number of void properties Ready to Let (RTL) down to 75 by October 2023. The impact of this is factored into the first quarter review.
13. Due to a fall in in-house void completions Construction Services are engaging additional subcontractors to achieve the target number of 200 properties undergoing work. The service has set out a plan to absorb these costs from savings across the service over the course of the year, which includes improving in-house performance to minimise subcontractor spend.

## **Summary**

14. The projected budget position for the Council after applying reserves and planned management intervention at the end of the first quarter is a £1.1m over budget.
15. The reported position assumes all prior year budget savings will be achieved.
16. Senior management will ensure proactive budget management through regular monitoring will continue to take place with accountable intervention with the aim of containing spending within budget.

## **Consultation**

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

## **Alternative Options**

18. There are no alternative options proposed.

## **Implications of Recommended Option**

19. **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. Budget savings proposals will be subject to separate reporting.
- c) **Property Implications** - There are no direct property implications as a consequence of this report. Budget savings proposals will be subject to separate reporting.

20. **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.
21. **Equality and Diversity Implications** - Nil
22. **Crime and Disorder Implications** – Nil
23. **Health Implications** - Nil
24. **Climate Emergency and Sustainability Implications** - Nil
25. **Human Rights Implications** - Nil
26. **Ward Implications** - Revenue spending supports the delivery of services across the whole of Gateshead.

## Appendix 2- Revenue Monitoring Summary 2023/24

Service	Original Budget £'000	Proposed Budget £'000	Projected Outturn After reserves Before Action £'000	Management Intervention £'000	Under/Over Budget £'000
<b><u>Office of the Chief Executive</u></b>	979	979	1,017	(38)	0
<b><u>Integrated Adults and Social Care Services</u></b>					
Adult Social Care	85,838	85,975	86,022	(47)	0
Quality Assurance & Commissioning	5,839	6,118	6,355	(237)	0
<b><u>Children's Social Care and Lifelong Learning</u></b>					
Children's Social Care	46,827	46,827	48,029	0	1,202
Education, Schools and Inclusion	6,605	6,605	7,187	0	582
<b><u>Public Health &amp; Wellbeing</u></b>					
Public Health	17,225	17,787	17,787	0	0
Wellbeing - Leisure / Libraries	3,934	3,934	5,357	0	1,423
Wellbeing - Resilience & Other	161	161	183	(22)	0
<b><u>Housing, Environment &amp; Healthy Communities</u></b>					
Gateshead Construction Services	414	414	601	(136)	51
Property & Assets	3,588	3,588	3,602	(109)	(95)
Locality Services & Housing	1,479	1,479	2,408	(929)	0
Strategic Services & Residential Growth	1,135	1,135	1,680	(545)	0
Highways and Waste	18,287	18,287	16,857		(1,430)
Environment & Fleet Management	3,196	3,196	3,196		0
<b><u>Economy, Innovation and Growth</u></b>					
Business, Employment and Skills	925	925	750		(175)
Planning Policy, Climate Change and Strategic Transport	3,732	3,732	4,240	(40)	468
Major Projects and Corporate Property	(1,142)	(1,142)	(733)	(35)	374
<b><u>Corporate Services &amp; Governance</u></b>					
Legal & Democratic Services	4,325	4,325	4,325	0	0
Human Resources & Workforce Development	1,905	1,905	1,926	(21)	0
Corporate Commissioning & Procurement	621	621	621	0	0
Public Service Reform	339	339	236		(103)
<b><u>Resources &amp; Digital</u></b>					
Financial Management	2,662	2,662	2,708	(46)	0
Customer Experience & Digital	4,433	4,433	4,682	(249)	0
Housing Benefits	200	200	200	0	0
IT	4,207	4,207	4,094		(113)
Commercialisation and Improvement	2,133	2,133	2,055		(78)
School Meals & Catering	900	900	248		(652)
<b><u>Other Services &amp; Contingencies</u></b>	17,340	17,340	17,502	(162)	0
<b><u>Corporate Budget Growth</u></b>	5,700	5,700	5,700		0
<b><u>Pandemic</u></b>	8,996	0	0		0
<b><u>Capital Financing</u></b>	32,818	32,818	31,889		(929)
<b><u>Expenditure Passed outside the General Fund</u></b>	(1,855)	(1,855)	(1,855)		0
<b><u>Traded &amp; Investment Income</u></b>	(5,865)	(5,865)	(5,551)	(154)	160
<b><u>Levies</u></b>	12,022	12,022	12,022		0
<b>NET BUDGET</b>	<b>289,903</b>	<b>281,885</b>	<b>285,340</b>	<b>(2,770)</b>	<b>685</b>
<b><u>Financed By</u></b>					
Settlement Funding Assessment (SFA)	(72,787)	(72,787)	(72,365)		422
Other Grants	(62,450)	(62,866)	(62,866)		0
Public Health	(17,225)	(17,787)	(17,787)		0
Council Tax	(110,473)	(110,473)	(110,473)		0
Collection Fund Deficit	(1,085)	(1,085)	(1,085)		0
Earmarked Reserves	(25,883)	(16,887)	(16,887)		0
<b>TOTAL FUNDING</b>	<b>(289,903)</b>	<b>(281,885)</b>	<b>(281,463)</b>	<b>0</b>	<b>422</b>
<b>PROJECTED (UNDER) / OVER SPEND</b>	<b>0</b>	<b>0</b>	<b>3,877</b>	<b>(2,770)</b>	<b>1,107</b>

## HRA Proposed Budget 2023/24

	Budget	Budget Q1
	£000	£000
Rents - dwellings	(80,604)	(80,604)
Rents - non dwellings	(1,297)	(1,297)
Service charges	(4,953)	(4,953)
Water & Other Income	(1,420)	(1,420)
<b>Total Income</b>	<b>(88,274)</b>	<b>(88,274)</b>
Supervision & Management	30,011	30,011
Repairs & Maintenance	26,868	26,868
Interest on Borrowing	12,231	12,231
Capital Programme Funding	16,824	19,264
Other Expenditure	805	805
Debt Management Expenses	78	78
<b>Total Expenditure</b>	<b>86,818</b>	<b>89,258</b>
<b>Net Operating Cost / (Surplus)</b>	<b>(1,456)</b>	<b>984</b>
<b>HRA Reserves</b>		
Opening Balance	19,561	
Net Operating Cost for the year	984	
<b>Closing Balance</b>	<b>18,577</b>	

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## COUNCIL MEETING

20 July 2023

### CAPITAL PROGRAMME AND PRUDENTIAL INDICATORS 2023/24 – FIRST QUARTER REVIEW

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**Sheena Ramsey, Chief Executive**

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#### EXECUTIVE SUMMARY

1. The purpose of this report is to inform Council of the latest position on the 2023/24 Capital Programme and Prudential Indicators at the end of the first quarter to 30 June 2023. 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 2023/24, as agreed by Council on 23 February 2023, totalled £112.1m. The first quarter review now projects the year-end expenditure to be £113.5m, £89.4m General Fund and £24.1m 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 2023/24 were agreed at Council on 23 February 2023 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

4. It is recommended that Council:
  - (i) approves all variations to the 2023/24 Capital Programme, as detailed in Appendix 2 of the attached report;
  - (ii) approves the financing of the revised programme; and
  - (iii) notes that Cabinet confirms that the capital expenditure and financing requirements have been revised in line with the amended budget and that none of the approved Prudential Indicators set for 2023/24 have been breached.

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**TITLE OF REPORT:** Capital Programme and Prudential Indicators 2023/24 – 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 2023/24 Capital Programme and Prudential Indicators at the end of the first quarter to 30 June 2023. 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 2023/24, as agreed by Council on 23 February 2023, totalled £112.1m. The first quarter review now projects the year-end expenditure to be £113.5m, £89.4m General Fund and £24.1m HRA.
3. The proposed variance in the capital programme at the first quarter comprises of the following movements:

	£m
Slippage of planned capital expenditure from 2022/23	11.118
Other movements	2.942
Re-profiling of capital expenditure to future years	(12.667)
<b>Total Variance</b>	<b>1.393</b>

4. A total of £11.118m of slippage was identified in 2022/23 on several key schemes, which were carried forward into 2023/24 including:
  - £4.394m Transforming Cities Tranche 2 – due to delays in business case sign off
  - £1.187m Sister Winifred Laver PIC – due to construction delays
  - £0.776m Quays Development
  - £1.206m Decent Homes – due to delays in commencing works
5. Other movements of £2.942m due to:
  - £2.028m additional Schools SEN High needs funding identified
  - £3.302m additional confirmed Transport Funding

- £0.960m additional UKSPF funded projects confirmed
- £0.462m consolidation of scheme budgets within HRA
- (£2.500m) reduction in borrowing due to accelerated drawdown in 2022/23 of the loan to the District Energy Company.
- (£0.821m) Blaydon Business Centre Extension project halted.

6. Planned investment has been re-profiled to future financial years on several schemes, amounting to a reduction of £12.667m in 2023/24, the schemes which have slipped include the following:

- (£0.941m) High Street South – anticipated delays in the delivery of the acquisitions
- (£1.500m) Clasper Housing Development – anticipated delays in the procurement of a developer
- (£0.750m) Replacement Fleet and Horticultural Equipment – anticipated delays in the supply chain
- (£7.590m) Schools Basic Need Funding – anticipated delays in construction
- (£1.157m) Technology Plan Infrastructure – anticipated delays in the supply chain

## Proposal

7. The report identifies planned capital expenditure of £113.468m for the 2023/24 financial year. The expected resources required to fund the Capital Programme are as follows:

	£m
Prudential Borrowing	53.763
Projected Capital Receipts	0.750
Capital Grants and Contributions	34.865
Major Repairs Reserve (HRA)	19.264
Capital Grants and Contributions (HRA)	0.822
Right to Buy Receipts (HRA)	4.005
<b>Total Capital Programme</b>	<b>113.468</b>

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 2023/24 were agreed at Council on 23 February 2023 and borrowing and investment levels have remained within these limits. Performance against the indicators for 2023/24 is set out in Appendix 5.

## Recommendations

8. It is recommended that Cabinet:

- Recommends to Council that all variations to the 2023/24 Capital Programme as detailed in Appendix 2 are agreed.
- Recommends to Council the financing of the revised programme set out in this report.

- (iii) Confirms to Council that capital expenditure and financing requirements have been revised in line with the amended budget and none of the approved Prudential Indicators set for 2023/24 have been breached.

For the following reasons:

- (i) To ensure the optimum use of the Council's capital resources in 2023/24.
- (ii) To accommodate changes to the Council's in-year capital expenditure plans.
- (iii) To ensure performance has been assessed against the approved Prudential Limits.

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**CONTACT: Clare Tait**

extension: 3716

### 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 2023/24, as agreed by Council on 23 February 2023, totalled £112.074m. Details of potential future capital schemes for the 2023/24 to 2027/28 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 £113.468m at the end of the first quarter.
4. The £1.393m is due to a combination of slippage from 2022/23, additional capital expenditure and re-profiling of existing schemes to future years. All variations in the programme during the first quarter are detailed in Appendix 2.
5. Appendix 3 summarises the original budget and the projected year end expenditure by Corporate Priority. The budget, projected year end expenditure 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 23 February 2023. Performance against the indicators for 2023/24 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 2023/24.

### 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 Emergency and Sustainability Implications** - The 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, 21 February 2023 (Council 23 February 2023) - Capital Programme 2023/24 to 2027/28.

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## Appendix 2

Reason for movement	Portfolio	Group	Project Title	Variance £000
Other movements	Resources, Management and Reputation	HEHC	Installation of Electric Vehicle charging points in Council Depots	(14)
	Resources, Management and Reputation	HEHC	Health & Safety	(91)
	Environment and Transport	EIG	Local Transport Plan - Planned Maintenance	1,709
	Environment and Transport	EIG	Local Transport Plan - Integrated Transport	1,593
	Environment and Transport	EIG	Gateshead District Energy Scheme - Old Ford/Nest House	187
	Environment and Transport	EIG	Loan to Gateshead Energy Company District Energy extension	(2,500)
	Children and Young People	HEHC	Schools SEN High Needs Funding	2,028
	Children and Young People	CSC&LL	Family Hubs	61
	Economy	EIG	UKSPF	960
	Economy	EIG	Blaydon Business Centre Extension	(821)
	Housing	HEHC	Decent Homes	1,206
	Housing	HEHC	Lift Replacement Programme	590
	Housing	HEHC	Passive Air Units	80
	Housing	HEHC	Digital Transformation	(50)
	Housing	HEHC	Contractual Obligations	(300)
	Housing	HEHC	Building Safety Improvements	(782)
	Housing	HEHC	Major Investment Scheme	(1,642)
	Adult Social Care	IASCS	Social Care System	468
	Adult Social Care	IASCS	Disabled Facilities Grants (DFGs)	261
Other movements Total				2,942
Slippage to future years	Resources, Management and Reputation	EIG	Refurbishment of Metrology Lab	(42)
	Resources, Management and Reputation	HEHC	Replacement of Fleet and Horticultural Equipment	(750)
	Resources, Management and Reputation	R&D	IT Strategic Plan	(35)
	Resources, Management and Reputation	R&D	Technology Plan: Infrastructure	(1,157)
	Resources, Management and Reputation	CSC&LL	Specialist equipment to improve inclusion for Children and Young People - High incidence needs	(15)
	Environment and Transport	EIG	Quays fixed and VMS signage	(50)
	Environment and Transport	EIG	Quays traffic signal upgrades	(61)
	Environment and Transport	EIG	Bensham Road Corridor	(350)
	Culture, Sport and Leisure	PH&W	Virtual Reality Fitness Systems	(120)
	Communities and Volunteering	HEHC	Community Hubs	(6)
	Children and Young People	HEHC	Schools Basic Need Funding	(7,590)
	Housing	EIG	High Street South	(941)
	Housing	HEHC	Clasper Housing Development	(1,500)
	Adult Social Care	IASCS	Technology Enabled Care	(50)
Slippage to future years Total				(12,667)
Slippage from 2022/23	Resources, Management and Reputation	EIG	Gateshead Quays	776
	Resources, Management and Reputation	EIG	Baltic Quarter Enabling Infrastructure	8
	Resources, Management and Reputation	HEHC	Strategic Maintenance	416
	Resources, Management and Reputation	R&D	Technology Plan: Transformation Through Technology & New Ways of Working	131
	Resources, Management and Reputation	R&D	Customer Experience	11
	Environment and Transport	EIG	Transforming Cities (Tranche 2)	4,394
	Environment and Transport	EIG	Greenhomes Chopwell	364
	Environment and Transport	EIG	Riverside Park	37
	Environment and Transport	EIG	Unveiling the Angel	10
	Environment and Transport	HEHC	Traffic Signal Renewal	309
	Environment and Transport	HEHC	Unclassified Road Resurfacing - Micro Asphalt	47
	Environment and Transport	HEHC	Traffic Sign Replacement	25
	Environment and Transport	HEHC	Replacement Bins	3
	Children and Young People	CSC&LL	Children's Three bed Residential Home	237
	Children and Young People	CSC&LL	Extensions and adaptations to the homes of foster carers	150

## Appendix 3

	Approved 2023/24 Allocation £000	Revised Q1 Allocation £000	Variance £000
<b>COMMUNITIES</b>			
Culture, Sport and Leisure	840	720	(120)
Communities and Volunteering	62	56	(6)
Communities - Culture, Sport and Leisure	0	85	85
<b>COMMUNITIES Total</b>	<b>902</b>	<b>861</b>	<b>(41)</b>
<b>PEOPLE</b>			
Children and Young People	14,800	9,686	(5,114)
Adult Social Care	6,053	7,918	1,865
<b>PEOPLE Total</b>	<b>20,853</b>	<b>17,605</b>	<b>(3,248)</b>
<b>PLACE AND ECONOMY</b>			
Environment and Transport	22,732	30,948	8,216
Economy	1,775	2,283	508
Housing	29,885	29,106	(779)
<b>PLACE AND ECONOMY Total</b>	<b>54,392</b>	<b>62,337</b>	<b>7,945</b>
<b>RESOURCES, MANAGEMENT AND REPUTATION</b>			
Resources, Management and Reputation	31,719	30,956	(763)
<b>RESOURCES, MANAGEMENT AND REPUTATION Total</b>	<b>31,719</b>	<b>30,956</b>	<b>(763)</b>

## Appendix 4

	Approved 2023/24 Allocation £000	Revised Q1 Allocation £000	Variance £000
<b>COMMUNITIES</b>			
<i>Culture, Sport and Leisure</i>			
Fixed Play Facility Renewals	720	720	0
Virtual Reality Fitness Systems	120	0	(120)
<i>Communities and Volunteering</i>			
Community Hubs	62	56	(6)
<i>Communities - Culture, Sport and Leisure</i>			
Gateshead International Stadium Investment	0	85	85
<b>PEOPLE</b>			
<i>Children and Young People</i>			
Children's Three bed Residential Home	0	237	237
Extensions and adaptations to the homes of foster carers	160	310	150
School Condition Investment	1,800	1,800	0
Schools Devolved Formula Funding	250	250	0
Schools Basic Need Funding	12,590	5,000	(7,590)
Schools SEN High Needs Funding	0	2,028	2,028
Family Hubs	0	61	61
<i>Adult Social Care</i>			
Disabled Facilities Grants (DFGs)	1,950	2,211	261
Technology Enabled Care	150	100	(50)
Telecare Equipment	75	75	0
Sister Winifred Laver Centre	3,628	4,815	1,187
Social Care System	250	718	468
<b>PLACE AND ECONOMY</b>			
<i>Environment and Transport</i>			
Bensham Road Corridor	676	326	(350)
Flagged Footways	340	340	0
Flood Alleviation Investment	5,483	5,483	0
Local Transport Plan - Integrated Transport	1,233	2,826	1,593
Local Transport Plan - Planned Maintenance	3,288	4,997	1,709
Quays fixed and VMS signage	500	450	(50)
Quays traffic signal upgrades	241	180	(61)
Replacement Bins	130	133	3
Riverside Park	685	722	37
Salix Energy Efficiency Works	150	150	0
Traffic Sign Replacement	150	175	25
Transforming Cities (Tranche 2)	6,904	11,298	4,394
Unclassified Road Resurfacing - Micro Asphalt	500	547	47
Gateshead District Energy Scheme - District Heating connection	0	0	0
Gateshead District Energy Scheme - Old Ford/Nest House	114	301	187
Gateshead District Energy Scheme - Solar Panels	0	0	0
Street Lighting Column Replacement	1,698	1,698	0
Traffic Signal Renewal	350	659	309
Unveiling the Angel	290	300	10
Greenhomes Chopwell	0	364	364
<i>Economy</i>			
Baltic Quarter Remediation	0	88	88
Blaydon Business Centre Extension	821	0	(821)
Broadband Delivery UK	82	82	0
Digital Gateshead	790	869	79
Greensfield Business Centre Refurbishment	62	242	180
High Street North - Future Place	20	42	22

	Approved 2023/24 Allocation £000	Revised Q1 Allocation £000	Variance £000
UKSPF	0	960	960
<i>Housing</i>			
Block Communal improvements	705	705	0
Building Safety Improvements	790	8	(782)
Communal Mechanical & Electrical Works	579	718	139
Contractual Obligations	2,000	1,700	(300)
Decent Homes	5,351	7,958	2,607
Development Site Preparation Works	850	945	95
Digital Transformation	700	650	(50)
Domestic Heating Improvements	2,604	2,837	233
Fixed budget fees	550	550	0
Garage Improvement Programme	200	259	59
High Street South	1,627	686	(941)
HRA Commercial Property Improvements	50	79	29
Major Investment Scheme	1,970	328	(1,642)
Metrogreen	73	99	26
Option Appraisal	0	0	0
Safety & Security	59	59	0
West Askew Road junction improvements	2,786	2,786	0
Clasper Housing Development	2,000	500	(1,500)
Regeneration and Demolition	1,259	1,259	0
Aids & Adaptations	1,500	1,500	0
Basement Improvements	0	100	100
Door & Window replacements	797	876	79
Environmental & Estate Improvement	100	143	43
ICT Refresh	40	40	0
Lift Replacement Programme	0	590	590
New Build/Acquisition - Various	3,295	3,651	356
Passive Air Units	0	80	80
<b>RESOURCES, MANAGEMENT AND REPUTATION</b>			
<i>Resources, Management and Reputation</i>			
Gateshead Quays	20,377	21,153	776
Baltic Quarter Enabling Infrastructure	214	222	8
Customer Experience	112	123	11
Gateshead Quays Multi Storey Car Park	116	116	0
Health & Safety	963	872	(91)
Major Projects - Project Management Costs	290	290	0
Occupational Health Management Software	0	0	0
Refurbishment of Metrology Lab	195	153	(42)
Replacement of Fleet and Horticultural Equipment	2,275	1,525	(750)
Strategic Maintenance	1,485	1,901	416
Technology Plan: Infrastructure	3,840	2,683	(1,157)
Technology Plan: Transformation Through Technology & New Ways of Working	369	500	131
Installation of Electric Vehicle charging points in Council Depots	1,162	1,148	(14)
IT Strategic Plan	261	226	(35)
Specialist equipment to improve inclusion for Children and Young People - High incidence needs	30	15	(15)
Specialist IT equipment for Children and Young People with low incidence needs (hearing and vision impairment)	30	30	0
<b>LOAN</b>			
<i>Environment and Transport</i>			
Loan to Gateshead Energy Company District Energy extension	4,209	1,709	(2,500)
<b>Grand Total</b>	<b>112,075</b>	<b>113,468</b>	<b>1,393</b>

**PRUDENTIAL INDICATORS 2023/24**

The 2023/24 Prudential Indicators were agreed by Council on 23 February 2023 (column 1). This is now compared with the 2023/24 actual Q1 position as at the 30 June 2023 (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 2023/24 have been breached.

<b><i>Capital Expenditure</i></b>		
	2023/24 £000 Reported Indicator	2023/24 £000 Quarter 1
Non-HRA	89,526	89.378
HRA	22,549	24.090
<b>Total</b>	<b>112,075</b>	<b>113.468</b>
To reflect the reported capital monitoring agreed by Council during the year		

<b><i>Ratio of Financing Costs to Net Revenue Stream</i></b>		
	2023/24 Reported Indicator	2023/24 Quarter 1
Non-HRA	15.53%	NA
HRA	40.90%	NA

<b><i>Capital Financing Requirement</i></b>		
	2023/24 £000 Reported Indicator	2023/24 £000 Quarter 1
Non-HRA	423,998	455.414
HRA	345,505	345,505

<b>Authorised Limit for External Debt</b>	
	2023/24 £000 Reported Indicator
Borrowing	865,000
Other Long Term Liabilities	0
<b>Total</b>	<b>865,000</b>
Maximum YTD 30/06/2023 <b>£684.966m</b>	

<b>Operational Boundary for External Debt</b>	
	2023/24 £000 Reported Indicator
Borrowing	850,000
Other Long Term Liabilities	0
<b>Total</b>	<b>850,000</b>
Maximum YTD 30/06/2023 <b>£684.966m</b>	

The Council's actual external debt at 30 June 2023 was £684.966m. It should be noted that actual external debt is not directly comparable to the Authorised Limit and Operational Boundary, since the actual external debt reflects the position at one point in time.

### ***Estimated Incremental Impact on Council Tax and Housing Rents***

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

### ***Adherence to CIPFA code on Treasury Management***

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

<b>Upper / Lower Limits for Maturity Structure of Fixed Rate Borrowing</b>				
	2023/24 £000 Reported Indicator		2023/24 £000 Actual Position	
	<b>Upper Limit</b>	<b>Lower Limit</b>	<b>Actual Percentage</b>	<b>Maximum YTD</b>
Under 12 months	15%	0%	2.09%	2.09%
12 months to 24 months	19%	0%	1.53%	1.53%
24 months to 5 years	22%	0%	9.15%	9.15%
5 years to 10 years	22%	0%	11.71%	11.71%
10 years to 20 years	17%	0%	5.04%	6.50%
20 years to 30 years	41%	0%	5.19%	5.19%
30 years to 40 years	42%	0%	33.46%	33.46%
40 years to 50 years	41%	0%	30.37%	33.29%
50 years and above	11%	0%	0.00%	0.00%
All within agreed limits.				

<b>Upper / Lower Limits for Maturity Structure of Variable Rate Borrowing</b>				
	2023/24 £000 Reported Indicator		2023/24 £000 Actual Position	
	<b>Upper Limit</b>	<b>Lower Limit</b>	<b>Actual Percentage</b>	<b>Maximum YTD</b>
Under 12 months	16%	0%	1.46%	2.92%
12 months to 24 months	11%	0%	0.00%	0.00%
24 months to 5 years	11%	0%	0.00%	0.00%
5 years to 50 years and above	11%	0%	0.00%	0.00%
All within agreed limits.				

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

<b>Upper Limit on amounts invested beyond 364 days</b>			
	2023/24 £000 Reported Indicator	2023/24 £000 Actual Position	2023/24 £000 Maximum YTD
Investments	<b>15,000</b>	<b>0</b>	<b>0</b>

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## COUNCIL MEETING

20 July 2023

### GATESHEAD METROPOLITAN BOROUGH COUNCIL

#### NOTICE OF MOTION

Councillor Gannon will move the following motion:

On the 5<sup>th</sup> July 2023, the Government unveiled plans via the Rail Delivery Group to axe over one thousand railway ticket offices. For the North East, this would mean total closures of the ticket offices at:

- Alnmouth
- Berwick upon Tweed
- Darlington
- Durham
- Eaglescliffe
- Hexham
- Malton
- Middlesbrough
- Morpeth
- Northallerton
- Redcar Central
- Scarborough
- Sunderland
- Thirsk
- Thornaby

This would only leave ticket offices open only at Newcastle, York and Hartlepool, all on reduced opening hours.

Whilst the consultation was announced to run for twenty-one days from 5<sup>th</sup> July, some ticket office staff have already been handed redundancy notices. It is also pertinent to note that despite the consultation itself being aimed at the general public, it has not been released in any kind of paper, easy-read, audio or BSL format, therefore excluding many of the people for whom ticket offices are essential from even having their say.

During the pandemic, the private train operators in the UK made more than £300 million between March 2020 and September 2022. This will rise to £400 million by September 2023. The majority of this funding was a government subsidy direct from the UK taxpayer.

In December 2021, the UK's largest train operator, First Group, handed £500 million to its shareholders for running South Western Railway and TransPennine Express services. As all in the North East will well be aware, this year alone 75% of

TransPennine Express services have been late or cancelled. The CEO of First Group was paid £840,000 during that time and received a 6% pay rise.

Reducing the human presence at our stations is not driven by austerity or government cuts: it is driven by profiteering of the private sector. It will make life more difficult for those who are disabled, have limited mobility, struggle with new technology, feel unsafe around unstaffed stations, and anyone who just needs extra help. The railway in this country is proven to be profitable. The people of this country should benefit from that with at least basic service levels.

**This council resolves to ask that the Leader and Chief Executive:**

- **Respond to the Rail Delivery Group consultation to object in the strongest terms in relation to the proposals for our region;**
- **Write to the Secretary of State for Transport to object to these proposals.**

Proposed by: Councillor M Gannon  
Supported by: Councillor J Adams  
Councillor J Eagle  
Councillor J McElroy