

CABINET AGENDA

Tuesday, 24 October 2023 at 10.00 am in the Bridges Room - Civic Centre

From the Chief Executive, Sheena Ramsey

Item Business

1 Apologies for absence

2 Minutes (Pages 3 - 10)

Cabinet is asked to approve as a correct record the minutes of the last meeting held on 19 September 2023.

Key Decision

3 Local Plan 2025-2045 - The Start of the Conversation (Pages 11 - 16)

Report of the Strategic Director, Economy, Innovation and Growth

Recommendations to Council

4 Local Government Boundary Commission for England - Electoral Review of Gateshead Council, Part Two (Warding Arrangements) (Pages 17 - 70)

Report of the Strategic Director, Corporate Services and Governance.

5 Corporate Plan 2023-2028 - The strength of Gateshead is the people of Gateshead (Pages 71 - 90)

Report of the Chief Executive

6 Medium Term Financial Strategy 2024/25 - 2028/29 (Pages 91 - 128)

Report of the Strategic Director, Resources and Digital

Non Key Decisions

7 Budget Approach 2024/25 (Pages 129 - 136)

Report of the Strategic Director, Resources and Digital

8 Exclusion of the Press and Public

The Cabinet may wish to exclude the press and public from the meeting during consideration of the following item(s) on the grounds indicated:

Item	Paragraph of Schedule 12A to the Local Government Act 1972
9	3
10	3
11	3

Key Decisions

9 Housing Development Strategy and Delivery Programme (Pages 137 - 158)

Report of the Strategic Director, Housing, Environment and Healthy Communities

10 Disposal of Land at Clayton Terrace, High Spen (Pages 159 - 166)

Report of the Strategic Director, Economy, Innovation and Growth

11 Disposal of land at Hillgate Quay (Pages 167 - 174)

Report of the Strategic Director, Economy, Innovation and Growth

Contact: Kevin Ingledew, Tel: 0191 433 2142, Email:
democraticservicesteam@gateshead.gov.uk, Date: Monday, 16 October 2023

GATESHEAD METROPOLITAN BOROUGH COUNCIL

CABINET MEETING

Tuesday, 19 September 2023

PRESENT: Councillor M Gannon

Councillors: C Donovan, J Adams, M Brain, A Douglas,
L Green, G Haley, J McElroy and M McNestry

Also in attendance: Councillor R Beadle

C46 **APOLOGIES FOR ABSENCE**

An apology for absence has been received from Councillor B Oliphant.

C47 **MINUTES**

The minutes of the last meeting held on 18 July 2023 were approved as a correct record and signed by the Chair.

C48 **0-19 PUBLIC HEALTH NURSING SERVICE - FUTURE COMMISSIONING ARRANGEMENTS**

Consideration has been given to the commissioning options for the 0-19 service delivery post 30th June 2024 when the current contract comes to an end.

The alternative options to those being recommended, but which were discounted, included doing nothing, in-house delivery and open tender process.

- RESOLVED -
- (i) That the development and entering into a Section 75 NHS Act 2006 Partnership agreement with Harrogate and District NHS Foundation Trust for the delivery of the 0-19 Public Health Nursing Service with effect from 1 July 2024 be approved.
 - (ii) That the Public Health Team be authorised to undertake a public consultation engagement exercise on the use of the partnership arrangement as required by Regulation 4(2) of the Partnership Regulations 2000.
 - (iii) That a further report be submitted to Cabinet by April 2024 to update on the consultation engagement exercise and the development of the Section 75 agreement and to include the new 0-19 service delivery model, proposed outcomes and performance framework, length of agreement and financial costings.

The above decisions have been made for the following reasons:

- (A) To ensure the improved delivery of the Council's public health related functions.
- (B) To enable the further development of an integrated prevention and early help offer to improve outcomes for children and families in line with the Family Hubs and Start for Life Programme, and the Gateshead Partnership Early Help Strategy.
- (C) To contribute towards the Council's strategic vision "Thrive" and the priorities of the Health and Wellbeing Strategy.
- (D) To further develop collaborative working recognising the strengths, opportunities and challenges faced by local government and the wider health system.
- (E) To ensure the Council meets its statutory responsibilities to carry out a joint consultation with such persons as appear to be affected by such arrangements.

C49 ANNUAL REPORT OF THE AUDIT AND STANDARDS COMMITTEE 2022/23

Consideration has been given to the Audit and Standards Committee Annual Report for 2022/23.

RESOLVED - That the Council be recommended to endorse the Audit and Standards Committee Annual Report for 2022/23.

The above decision has been made to strengthen the Council's arrangements for oversight by councillors of governance, audit, risk management, the internal control framework, value for money and efficiency.

C50 HEAT NETWORK EFFICIENCY SCHEME GRANT FUNDING FOR EAST STREET FLATS

Consideration has been given to urgent decisions taken to bid for and accept Heat Network Efficiency Scheme grant funding of £0.75m to refurbish the heating system East Street Flats.

RESOLVED - That the urgent action taken by the Strategic Director, Economy, Innovation and Growth in bidding for and accepting the Heat Network Efficiency Scheme grant funding of £0.75m to refurbish the heating system East Street Flats, in accordance with Schedule 5, Part 2 General Delegations to Managers, Paragraph (4) (e) of the Council's Constitution be noted.

The above decision has been made for the following reasons:

- (A) The refurbishment works are required with or without the funding and this will help to reduce the financial cost for the

Council.

- (B) These works will benefit the residents of the flats, with more efficient heating for their homes and resulting in reduced heating bills.
- (C) These works will reduce the energy use and carbon emissions of the blocks, support the Climate Change Strategy.

C51 **PROPOSED DEMOLITION OF FORMER BOWLS PAVILION AT BIRTLEY WELFARE PARK, BIRTLEY**

Consideration has been given to the proposed demolition of the former Bowls Pavilion, Birtley Welfare Park, Birtley.

The alternative option to that being recommended, but which was discounted, included rebuilding the Pavilion.

RESOLVED - That the property be demolished and the land incorporated within the surrounding open space within the park.

The above decision has been made for the following reasons:

- (A) To manage the Trust's assets in line with the objects of the Trust and in line with the Council's Corporate Asset Strategy and Management Plan.
- (B) To mitigate any potential future costs incurred through further acts of vandalism and realise savings for the Trust.

C52 **FUTURE USE OF ST MARY'S HERITAGE CENTRE**

Consideration has been given to the granting of a long lease of St Mary's Heritage Centre to Tyne and Wear Building Preservation Trust to ensure the future sustainability and maintenance of this heritage asset.

The alternative option to that being recommended, but which was discounted, included selling the property on the open market.

RESOLVED - (i) That the grant of a long lease of St Marys Heritage Centre to Tyne and Wear Building Preservation Trust, as set out in the report be approved.

(ii) That the Strategic Director, Economy Innovation & Growth, following consultation with the Strategic Director, Corporate Services and Governance, be authorised to negotiate the detailed terms of the lease.

The above decisions have been made for the following reasons:

- (i) To secure the building's future as an important heritage asset

for Gateshead.

- (ii) To complement regeneration plans at the Quays and the Town Centre.
- (iii) To provide financial savings to the Council.

C53

DECISIONS TAKEN UNDER DELEGATED POWERS DURING SUMMER RECESS 2023

Consideration has been given to a decision made under delegated powers during the summer recess 2023.

RESOLVED - That the decision made under delegated powers during the summer recess as set out in appendix 2 to the report, namely the award of a contract for the removal and replacement inappropriate fire cavity barriers be noted.

The delegated decision has been made to enable the contract to progress and to avoid delay in delivery of the capital programme and its related expenditure.

C54

NOMINATIONS OF LOCAL AUTHORITY SCHOOL GOVERNORS

Consideration has been given to the nomination of a Local Authority School Governor to Swalwell Primary School.

The Chair noted Councillor Beadle's concerns about the current process for nominating Local Authority School Governors.

RESOLVED - That Councillor Dorothy Burnett be nominated for re-appointment as a Local Authority School Governor to Swalwell Primary School, for a period of four years, with effect from 11 December 2023, as stipulated by the School's Instrument of Government.

The above decision has been made to ensure the School Governing Body has full membership.

C55

PETITIONS SCHEDULE

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

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

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

C56

EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED - That the press and public be excluded from the meeting during consideration of the remaining items in accordance with paragraphs 1 and 3 of Schedule 12A to the Local Government Act 1972.

C57

SUPPORTING INDEPENDENT LIVING AND ADAPTATIONS REVIEW

Consideration has been given to proposals to develop a new independent living and adaptations service for Gateshead.

- RESOLVED -
- (i) That the proposals to develop a new independent living and adaptations service for Gateshead as set out in the report be approved.
 - (ii) That the intention to review the current Financial Assistance (Adaptations) Policy to support the development of the new service and to submit a further report to Cabinet on this, be noted.

The above decisions have been made for the following reasons:

- (A) Promoting and enabling people to live independently in Gateshead is at the heart of the Council's Thrive ambition and will support achievement of its Health & Wellbeing aims and objectives.
- (B) To ensure key policies such as the Financial Assistance Policy remain current and fit for purpose.

C58

SPECIALIST AND SUPPORTED HOUSING NEEDS ASSESSMENT AND STRATEGY

Consideration has been given to recommending Council to approve a new Specialist and Supported Housing Needs Assessment and Strategy.

- RESOLVED - That the Council be recommended to:
- (i) Approve the Specialist and Supported Housing Needs Assessment and Strategy as set out in appendices 2 and 3 to the report.
 - (ii) Approve the release of a redacted version of the needs assessment and strategy prior to releasing the full version when related confidential market engagement activity has been completed.
 - (iii) Approve the undertaking of an annual review of the needs assessment by Council Officers to determine if need and demand remains the same or has changed.

- (iv) Agree to receive a future report on the financial plan between health, housing and social care as outlined in paragraph 12 of the report.

The above decisions have been made for the following reasons:

- (A) To enable strategic planning and development of specialist and supported accommodation with internal and external partners to meet assessed need and demand in the borough.
- (B) To meet the expectation set out in the Supported Housing (Regulatory Oversight) Bill for local authorities to create a Supported Housing Strategy following an assessment of need for this provision in their local area.

C59

LOCAL AUTHORITY HOUSING FUND (LAHF) ROUND 2

Consideration has been given to the urgent action taken to enter into a Memorandum of Understanding (MOU) with the Department for Levelling Up, Housing and Communities (DLUHC), to participate in the Local Authority Housing Fund (LAHF) Round 2 programme, including the purchase of additional residential dwellings in the Borough.

- RESOLVED -
- (i) That the urgent action taken by the Deputy Strategic Director, Housing, Environment and Healthy Communities in entering into a Memorandum of Understanding with the Department of Levelling Up, Housing & Communities, to participate in the Local Authority Housing Fund Round 2 programme, in accordance with Schedule 5, Part 2 General Delegations to Managers, Paragraph (4) (e) of the Council's Constitution be noted.
 - (ii) That the Deputy Strategic Director, Housing, Environment and Healthy Communities, in consultation with the Strategic Director, Resources and Digital and the Strategic Director, Corporate Services and Governance be authorised to negotiate the purchase of residential dwellings that meet the criteria for the Afghan Relocation Assistance Policy (ARAP) and the Afghan Citizens Resettlement Scheme (ACRS).
 - (iii) That it be noted Legal and Financial advice will be taken on each purchase or acquisition under (ii) above and the delegation, including authority to approve the signing of the contract for sale and the sealing of the relevant conveyancing document.

The above decisions have been made for the following reasons:

- (A) To contribute towards the Council's housing delivery targets to create new homes including the provision of more affordable homes.
- (B) To secure the LAHF Round 2 grant funding of the amount set out in the report, to support an additional 10 properties.

- (C) The scheme will add the 10 additional family properties and create a lasting supply of affordable housing for the general population, and stock will become available to support wider local authority general housing and homelessness responsibilities after the immediate needs of the eligible cohort have been addressed.
- (D) To deliver the objectives of the Housing Strategy 2019-30.
- (E) To ensure compliance with the Council's Constitution and any limitations on its relevant legal powers.

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

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

Publication date: 20 September 2023

Chair.....

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TITLE OF REPORT: Local Plan 2025-2045 – The Start of the Conversation

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

Purpose of Report

1. To seek approval from Cabinet to start the conversation with our communities on the [Gateshead Local Plan](#) and the independent Sustainability Appraisal. This consultation will take place under Regulation 18 of the Planning and Compulsory Purchase Act 2004 (as amended) and The Town and Country Planning (Local Planning) (England) Regulations 2012 (as amended) (hereinafter referred to as “the Local Planning Regulations”).

Background

2. The Government requires all Councils, as local planning authorities, to have an up-to-date Local Plan which guides decisions on future development proposals and addresses the needs and opportunities of the area. The Local Plan provides confidence and certainty to our communities, businesses and future investors in the Borough and implements Thrive and our other Council strategies - health and wellbeing, the economy and housing.
3. The Core Strategy and Urban Core Plan (CSUCP) forms Parts 1 and 2 of Gateshead’s current Local Plan and was adopted in 2015. Under Regulation 10A of the Local Planning Regulations, local planning authorities are required to review the Local Plan at least once every 5 years to ensure that policies remain relevant and effectively address the needs of the local community. Gateshead’s Local Plan was most recently reviewed in 2020 and the Council concluded that it was up to date. Although the current Local Plan does not expire until 2030, the Council has a duty to ensure that the planning framework is up to date, reflects the ambitions and aspirations of our communities and is based on a robust evidence base. A new Plan, should it be adopted, will replace the CSUCP and will provide a blueprint for regeneration and development which looks ahead to 2045. The document is the start of the conversation with our communities, statutory consultees and stakeholders.

Proposal

4. The proposal is to undertake consultation on the Start of the Conversation document, commencing in November 2023 for a minimum of 8 weeks.
5. Delegated authority is sought for the Strategic Director, Economy, Innovation and Growth, in consultation with the Portfolio Holder for Environment and Transport, to make minor changes necessary to the document prior to release for public consultation.

Recommendation

6. It is recommended that Cabinet:

- i. approves the Gateshead Plan Start of the Conversation document and Sustainability Appraisal for a minimum of 8 weeks public consultation in accordance with Regulation 18 of the Local Planning Regulations and;
- ii. delegates authority to the Strategic Director, Economy Innovation and Growth, in consultation with the Portfolio Holder for Environment and Transport to make minor changes necessary to the documents prior to release for public consultation.


For the following reasons:

- i. An up-to-date Local Plan is essential for Gateshead Council in planning for future growth in a sustainable manner. The Local Plan will help to deliver our health and well-being, economic and housing strategies. Having an up-to-date planning framework reflecting current national policy will be more robust in determining planning applications and more efficient in terms of implementation through decisions on planning applications.
- ii. Public engagement is a key part of local plan preparation and ensuring our communities are involved in shaping the future of Gateshead. Feedback from the public and stakeholders will be considered in preparing the draft Local Plan.

Policy Context

1. An up-to-date Local Plan will provide confidence and certainty to our communities, businesses and future investors in the Borough. It will be a tool in implementing Thrive and our other Council strategies such as health and wellbeing, the economy and housing - the spatial representation of our priorities.

Background

2. The strategic policies in the new Local Plan will shape our communities for the future setting out an overall strategy to make sufficient provision for housing, employment, shops, leisure, and other commercial development, infrastructure, community facilities, conservation of the natural, built and historic environment, and planning measures to address climate change mitigation and adaptation.
3. The Start of the Conversation is a structured way to gather information. It will engage our communities and other stakeholders to assist in the visioning about the future of Gateshead; identifying options and local priorities; confirming evidence requirements and support the development of the next stages of the plan. It also will be an important start to the conversation with our communities and stakeholders including statutory bodies.
4. The document provides a summary of the key issues facing Gateshead that it is considered that the local plan should address. This high-level document is based around principles that will help to determine the overall strategy for the Local Plan. It does not contain details on specific sites, policies or proposals. These will come in later stages once our community and other stakeholders have provided their input, and the overall strategy has been determined.
5. With our communities, setting a strong vision with clear objectives as to how we want Gateshead to evolve is one of the main aims of Starting the Conversation. This will lay the foundations for a plan that is understood and form the basis of the next stages. It will help identify the production of proportionate evidence to demonstrate soundness. Work on the evidence base will commence after the conversation with our communities.
6. Supporting our approach is an independent Sustainability Appraisal, prepared by consultants (AECOM) on the social, environmental, economic, health and equality effects  [Gateshead LP Interim IA Report Oct 2023.pdf](#). This will be integral to the whole plan making process to ensure decisions are made that contribute to achieving sustainable, healthy and equitable development. The Scoping Report includes the collection of baseline information about the area and identifies sustainability issues and challenges. The Council must seek the views of the three statutory environmental consultation bodies – Natural England, the Environment Agency and Historic England.
7. They will have the opportunity to comment on the scope and level of detail of the environmental information contained within the Scoping Report. Local communities and other bodies will also be consulted on the content of the Scoping Report.

8. Public consultation on the 'Issues and Options' is proposed to take place between November 2023 and 2 January 2024. Consultation will be undertaken in accordance with the Council's Statement of Community Involvement (SCI). A [Communications Plan](#) has been produced.

Policy

9. The National Planning Policy Framework requires that local planning authorities (individually or in conjunction with other local planning authorities) prepare a plan that sets out the strategic policies for their area, with non-strategic policies being included in either the same plan or a separate plan.
10. The Core Strategy and Urban Core Plan (CSUCP) forms Parts 1 and 2 of Gateshead's Local Plan and was adopted in 2015. This plan was jointly prepared with Newcastle City Council. Local Plans must be reviewed every 5 years and assessed to identify whether they are up to date. The Council considers that the current Development Plan is up to date, however, given that the current Plan will expire in 2030 we need to commence work on the next Plan, as plans take years to adopt. The new Local Plan will be referred to as the Gateshead Plan.
11. Once adopted, the new Local Plan will supersede and replace the strategic policies in the current Local Plan Part 1 and 2. It will not currently replace the non-strategic policies in the Local Plan Part 3 Making Spaces for Growing Places, which was adopted in February 2021, unless there is a need to do so because of new evidential material or change in national legislation or guidance. The Government is currently consulting on Plan Making Reform. Part 4 of the MetroGreen Area Action Plan will be considered by Cabinet in the new year.

Consultation

12. The following have been consulted on the Issues and Options document:
- Environment and Transport Portfolio
 - Strategic Housing Board
 - Leader and Deputy Leader

Alternative Options

14. The alternative option would be to not progress a new Local Plan or delay preparation and consultation. This would be reputationally damaging and lead to Government intervention to produce a Local Plan for the authority.

Implications of recommended option

15. Resources:

- Financial Implications** - The Strategic Director, Resources and Digital confirms costs of the Local Plan will be met from allocated reserves
- Human Resource Implications** - Currently anticipated to be delivered within existing resources. This will be kept under review alongside other work priorities.

- c. **Property Implications** - There are no direct property implications arising from this report.

16. Risk Management Implications

The risk of not undertaking consultation at this time is that the preparation of the Local Plan will be delayed. This could also mean that meeting the Government's requirement for Gateshead Council to have an up-to-date Local Plan may not be achieved.

There are risks that national changes to planning may impact on the timetable for preparing the Plan. The Government is currently consulting on the content of Local Plans whether it could be streamlined, and some areas of policy set out nationally. A timetable of 30 months may be introduced by government for the preparation of Plans.

Government has advised to continue with the preparation of Plans and not to delay and wait for the planning reforms to provide a framework for addressing housing needs, social and environmental priorities. Whilst there is some uncertainty, it is important to start this early stage which will put the Council in a strong position to proceed with preparation of a draft Local Plan. For the time being the preparation of a new Plan will follow the current legislation national planning policy framework and planning guidance.

17. Equality and Diversity Implications

The Local Plan will be subject to ongoing Equality Impact Assessment.

18. Crime and Disorder Implications

There are no direct crime and disorder implications.

19. Health Implications

The Issues and Options consultation document recognises the Health and Wellbeing Strategy - and is accompanied by an independent sustainability appraisal of the social, environmental, economic, health and equality effects. The SA is integral to the plan making process to ensure decisions are made that contribute to achieving sustainable, healthy and equitable development.

20. Climate Emergency and Sustainability Implications

The Issues and Options consultation document recognises that the Council has declared an emergency, the Climate Strategy is accompanied by an independent appraisal of the social, environmental, economic, health and equality effects. The SA is integral to the plan making process to ensure decisions are made that contribute to achieving sustainable, healthy and equitable development.

21. Human Right Implications

There are no direct human resource implications arising from this report. There are no direct human right implications.

22. Ward Implications

The Issues and Options consultation will cover every ward in Gateshead.

23. Background Information

- [Issues and Options Document](#)
- [Communication Plan](#)
- Sustainability Appraisal

TITLE OF REPORT: Local Government Boundary Commission for England - Electoral Review of Gateshead Council, Part Two (Warding Arrangements)

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

Purpose of the Report

1. Following the report presented to Cabinet in January 2023 regarding the Council's submission to the Local Government Boundary Commission for England (the Commission) on Council size, this report is to update Cabinet on the Council's draft submission to the Commission on Part Two of its review of Gateshead Council (Warding Pattern) and to seek agreement for the Chief Executive to make such amendments as required to the draft (appended to this report) following the Cabinet and full Council meetings.

Background

2. In 2022 the Commission informed the Council of its decision to carry out an Electoral Review, comprising:
 - Council's size (number of elected councillors) and the number of wards
 - Ward boundaries for the Council.
 - Ward names
3. The last electoral review in Gateshead was undertaken in 2002 and resulted in the current Council size (66 Councillors across 22 wards) and the ward boundaries which presently exist across the borough.
4. Following agreement by Cabinet and Council in January 2022, the Council's submission, which proposed the status quo was maintained, was submitted in February 2023.
5. Due to alternative proposals being received by the Commission, there was a period of public consultation before the Commission made a decision on phase one of the electoral review. On 15 August the Commission made a determination that the Council remain at the same size, maintaining the existing 66 Councillors across 22 wards.
6. On 22 August, the Commission opened the public consultation on the new ward boundary arrangements. The Council is required to file its submission, which will propose new ward boundaries and a number of new ward names, by 30 October 2023.

7. In addition to the Council's submission, the Commission also welcomes comments from individuals and community groups.
8. In preparing a proposal on warding arrangements, the Council is required, as far as possible, to develop a warding pattern which fulfils the following:
 - (a) **Delivering electoral equality for local electors:** ideally, this means each ward in Gateshead would have an equal number of electors in it, so that there is equality of representation across the borough, i.e. the same number of electors per Councillor. The electorate in Gateshead is forecast to be 150,899 by 2030 (future housing developments and demolitions have been factored into this electorate forecast). The following electoral quotas refer to the mean number of electors in each ward. In proposing wards, a 10% variance in the electoral quota is acceptable as the Commission recognise that it is unlikely that any local authority will be able to have exactly this number in every ward:
 - i. 66 Councillors in 22 wards with 6,859 electors per ward (6,173 – 7,545 variance)
 - ii. 69 Councillors in 23 wards with 6,561 electors per ward (5,905 – 7,217 variance)
 - iii. 63 Councillors in 21 wards with 7,186 electors per ward (6,467 – 7,904 variance)
 - (b) **Interests and identities of local communities:** The Commission is interested in views on which communities should be part of the same ward, considering the following factors:
 - i. What facilities do people share, such as parks, leisure centres or schools and shopping areas?
 - ii. What issues do neighbouring communities face that they have in common, such as high numbers of visitors or heavy traffic?
 - iii. Have there been new housing or commercial developments that have changed the focus of communities?
 - iv. And are there roads, rivers, railways or other features that people believe form strong boundaries between neighbourhoods?
9. All Elected Members were invited to engagement events in the week commencing 4 September 2023. Initial proposals were considered along the following lines:
 - a. Retaining the same number of wards
 - b. Increasing to 23 wards should this better reflect local communities
 - c. Reducing to 22 wards should this better reflect local communities
10. The consensus of the Elected Members was to support the Council remaining at 66 Councillors, across 22 wards in line with the Commission's initial determination. It was accepted that even in remaining the same Council size, the ward boundaries would need to be redrawn to ensure greater electoral equality in terms of the electorate quota.

11. Given the new complexities of the shared Parliamentary constituency boundaries with three neighbouring local authorities, it was agreed that the new local ward boundaries should be coterminous with their Parliamentary boundaries. There are therefore no proposals for local ward boundaries to cross the Parliamentary boundaries.
12. New proposals were devised based on the feedback from these sessions. All Councillors were given a further opportunity to comment upon and make new suggestions up to 6 October.
13. The attached submission was prepared on the basis of a consensus of Councillors' views.

Proposal

14. Cabinet is requested to consider the content of the attached submission and appendices (maps).
15. Cabinet is requested to endorse the proposed recommendation to the Commission that the Council retains 22 wards based on the new boundary arrangements, together with new suggested names for three wards, and recommends the same to Council for approval.
16. Cabinet may wish to express a view on the content and provide amendments to the proposed submission.

Recommendations

17. Cabinet is requested to recommend that Council:
 - (i) agrees the recommendation of the draft Submission in terms of the Council size remaining the same at 66 Councillors, across 22 wards, based on the new warding pattern, with three new ward names being proposed; and
 - (ii) agrees that the Chief Executive, following consultation with the Leader of the Council, may make any amendments to the draft Submission she deems appropriate prior to it being filed with the Commission on 30 October 2023.

For the following reason:

This is a periodic review undertaken by the Commission that the Council must partake in with a requirement for the Submission to be filed on 30 October 2023.

CONTACT: Angela Simmons-Mather

extension: 2110

Policy Context

1. The Review is a statutory process undertaken by the Commission, and the Council is obliged to participate and provide certain information. However, the warding pattern stage of the review process should also ensure that this aspect of the Council's governance arrangements reflect the needs of the community it serves and its long-term ambitions, thereby enabling the Council to fulfil its policy objectives and particularly its pledges to '*Support our communities to support themselves and each other*' and to '*Work together and fight for a better future for Gateshead*'.

Background

2. This is a review of the Council's structure and electoral arrangements. The revised arrangements will take effect from the local elections in May 2026.

Consultation

3. Initial consultation has taken place between the Commission, officers, political group leaders and Council members in September 2022.
4. All Elected Members were given the opportunity to contribute to the Submission in three engagement sessions which took place in the week commencing 4 September 2023.

Alternative Options

5. There are no alternatives. This is a statutory review being undertaken by the Commission which the Council must take part in.
6. The Commission will welcome alternative submissions on warding patterns from individuals and groups.

Implications of Recommended Option

7. Resources:

- a) **Financial Implications** – The Strategic Director, Resources and Digital confirms there are no financial implications arising directly from this report. Had the proposal recommended the creation of another ward, this would have incurred further expenditure. Conversely, had the proposal recommended a reduction in ward numbers, this would have led to a financial saving on current expenditure. Given there are no changes proposed to the current number of Councillors / wards, there are no financial implications.
- b) **Human Resources Implications** – There are no human resource implications arising directly from this report.

- c) **Property Implications** - The outcome of the review process will result in properties being moved from one ward to another, but there are no other implications for the Council property.
- 8. **Risk Management Implications** – there are no risk management implications arising from this report.
- 9. **Equality and Diversity Implications** – The outcome of the review will result in a more balanced level of representation across the whole Borough
- 10. **Crime and Disorder Implications** – There are no crime and disorder implications arising from this report
- 11. **Health Implications** – There are no health implications arising from this report.
- 12. **Climate Emergency and Sustainability Implications** - There are no climate emergency and sustainability implications arising from this report.
- 13. **Human Rights Implications** - There are no human rights implications arising from this report
- 14. **Ward Implications** - The review process is applicable to all wards

Background Information

- 15. Local Government Boundary Commission for England Guide for Councillors

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Electoral Review of Gateshead Council

Stage 2 – Warding Arrangements

Submission to the Local Government Boundary Commission for England

Cabinet Approval – 24 October 2023
Council Approval – 26 October 2023

Submitted – 30 October 2023

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Introduction

In 2022 the Local Government Boundary Commission for England (LGBCE) informed Gateshead Metropolitan Borough Council of its intention to carry out an Electoral Review of the Council. The last electoral review in Gateshead was undertaken in 2002.

The review process began in mid-2022; any changes that are made regarding council size and ward boundaries will come into effect for the local government elections in May 2026.

In the first phase of the review, the size of the Council was the subject of scrutiny. On 17 February 2023, the Council made a formal submission which supported the size of the Council remaining at 66 councillors, across 22 wards.

On 15 August 2023 the LGBCE made a determination that the Council should remain at the same size, maintaining the existing 66 Councillors across 22 wards.

On 22 August the public consultation on future warding arrangements commenced. This gives the Council, individuals and community organisations the opportunity to provide the LGBCE with views on the positioning of ward boundaries.

It is recognised that the shape and size of existing wards will need to change to reflect the change in population and housing developments (and demolitions) since the last review 20 years ago.

In redrawing the ward boundaries, the intention is that there will be, as far as possible:

- Electoral equality – each councillor represents a similar number of electors.
- Community identity – each ward reflects community ties and identities.
- Effective and convenient local government – each ward has effective representation to address issues within their locality.

This document is Gateshead Metropolitan Borough Council's submission for stage two of the review, which provides the LGBCE with the Council's view on the proposed ward boundary arrangements.

The document concludes that the ward boundary arrangements should be based upon the existing size of the Council, that being 66 councillors across 22 wards (3 members per ward).

The proposed warding pattern is recommended on the basis:

- It retains the current Council size, which the LGBCE has initially recommended.
- It achieves electoral equality within the constraints of the local geography, with no ward over the 10% variance (+/-) of the electoral quota.
- It has been developed using the local knowledge of the Elected Councillors who are well placed to advise on local facilities, community ties and infrastructure which may physically divide neighbourhoods.

Developing the pattern of wards for Gateshead

When starting this process, consideration was given to the newly created Parliamentary constituency boundaries. Whilst acknowledging that the LGBCE are not concerned with Parliamentary boundaries, Gateshead now shares three Parliamentary constituencies with neighbouring councils:

- Blaydon and Consett constituency – cross boundary shared with Durham County Council
- Jarrow and Gateshead East constituency – cross boundary shared with South Tyneside Metropolitan Borough Council
- Washington and Gateshead South constituency – cross boundary shared with Sunderland City Council

Following careful consideration, it was agreed that when drawing up the proposed new ward boundaries, none would cross a Parliamentary boundary. The reasoning was to ensure all electors within the local government boundary understand that they are also within the same Parliamentary boundary. This avoids confusion for the voters and ensures they retain a sense of local identity, all being within the same local / parliamentary boundary.

With the aim of delivering electoral equality, it was important to determine the electorate forecast for Gateshead. This is the number of anticipated electors in the borough in 2029. The proposals in this document are based on a forecast of electorate which takes into account future housing developments and projected demolitions. To guard against over-optimistic forecasting, only sites where development has already started, or which have existing planning permission, can be considered.

Whilst the current number of electors in Gateshead is 142,639, the projection is for an additional 8,260 voters by 2029, with the electorate forecast being accepted by the LGBCE as being **150,899 voters**.

With the proposed **22 wards**, this led to an average of **6,859 voters** per ward. While every effort is taken to achieve the electorate quota, the LGBCE has acknowledged that this is not always possible due to local features, therefore a +/- 10% variance is possible. This means at the lowest, 90% of the quota, there would be 6,173 voters, whilst at the top end, 110% of the quota, this would be 7,545 voters.

The current position:

Ward	Current electorate	Percentage of forecast – 6,859
Crawcrook & Greenside	7257	(+6%)
Ryton Crookhill & Stella	7832	(+14%)
Chopwell & Rowlands Gill	7404	(+8%)
Blaydon	7418	(+8%)
Winlaton & High Spenn	7145	(+4%)
Whickham South & Sunniside	6666	(-3%)

Whickham North	6307	(-8%)
Dunston & Teams	6207	(-10%)
Dunston Hill & Whickham East	7423	(+8%)
Lobley Hill & Bensham	7461	(+9%)
Bridges	6907	(+1%)
Saltwell	6264	(-9%)
Low Fell	7037	(+3%)
Chowdene	6771	(-1%)
Deckham	6429	(-6%)
High Fell	6112	(-11%)
Felling	5983	(-13%)
Windy Nook & Whitehills	7083	(+3%)
Pelaw & Heworth	6534	(-5%)
Wardley & Leam Lane	6337	(-8%)
Lamesley	7530	(+10%)
Birtley	6792	(-1%)

Key:

	100% of Electorate Quota +/- 2%
	Mid-range +/- 3-7%
	Outer limit of variance +/- 8-10%
	Over +/-10% variance

On the Council's current ward structure, two wards, namely Felling (-13%) and High Fell (-11%) are significantly below the electoral quota; and two wards, namely Lamesley (+10%) and Ryton Crookhill & Stella (+14%) are significantly above the electoral quota.

In drawing up these proposals a high priority has been given to the LGBCE's guidance on electoral equality. These proposals will place all 22 wards within the 10% deviation of the electoral quota placing one ward, namely Crawcrook & Greenside, at 110% (+10%) and one ward, namely Felling, at 90% (-10%).

Whilst electorate calculations were part of the review, in developing the proposals, the interests and identities of communities across the borough of Gateshead have been at the forefront of this process. As set out in the earlier submission on Council size, Gateshead is a borough of contrasts. It has a large urban hub centred around the main town centre area in Bridges ward and has a number of smaller urban centres and busy employment areas. However, around two thirds of the borough is rural, consisting of green-belt or countryside land, with numerous small settlements.

It has therefore been important to recognise distinct communities and neighbourhoods and to take into consideration facilities, transport links, community groups, and also the parish of Lamesley, which sits within the ward of Lamesley.

The geographical features of the borough were also important when considering the boundary proposals, including the A1 (Western Bypass), the A184 (Felling Bypass), East Coast Mainline and the Tyne & Wear Metro lines.

The avoidance of unnatural splits within communities has been given precedence in these proposals, even where that means that electoral equality may have been somewhat compromised.

The proposals were considered and developed through three councillor engagement sessions where local knowledge helped move initial considerations forward. The LGBCE's criteria was taken into consideration to help form the final proposals:

- Delivering electoral equality for local electors
- Interests and identities of local communities
- Effective and convenient local government

Finally, consideration was given to the renaming of wards to more accurately reflect the communities within. These proposals have not sought to make changes where there is no reason for them, therefore it is proposed 19 wards will retain their current name, whilst three wards, namely Dunston & Teams, Whickham North and Birtley should have their name adjusted to more accurately reflect the communities within the ward.

Working from west to east on the map, within each Parliamentary constituency, the Council proposes the following twenty-two wards are implemented across the borough of Gateshead.

Proposals for Blaydon and Consett Constituency Wards

Current Wards

There are five wards within this constituency with a combined electorate of 37,056, which would give an average of 7411 electors per ward. This is at the top end of the electorate quota but still within 10%

Ward	Current Electorate	Proposed Electorate
Chopwell & Rowlands Gill	7404 (108%)	7423 (108%)
Crawcrook & Greenside	7257 (106%)	7545 (110%)
Ryton Crookhill & Stella	7832 (114%)	7465 (108%)
Winlaton & High Spen	7145 (104%)	7349 (107%)
Blaydon	7418 (108%)	7274 (106%)

Proposed Changes

Ward 1 – Chopwell & Rowlands Gill Ward

This ward covers the extreme south-west of the Borough. The main centres of population are Chopwell, Highfield, Blackhall Mill and Rowlands Gill. There has been limited elector growth in this area since the previous review (7,391 in 2001).

Due to its location at the outer edge of the Borough and rural geography, this ward remains towards the higher electoral quota variance. It is not possible to reduce its size without dividing established communities.

The proposal is to move Coalburns (ADG 19 electors) from Crawcrook and Greenside ward into Chopwell and Rowlands Gill ward, returning the hamlet to its previous ward:



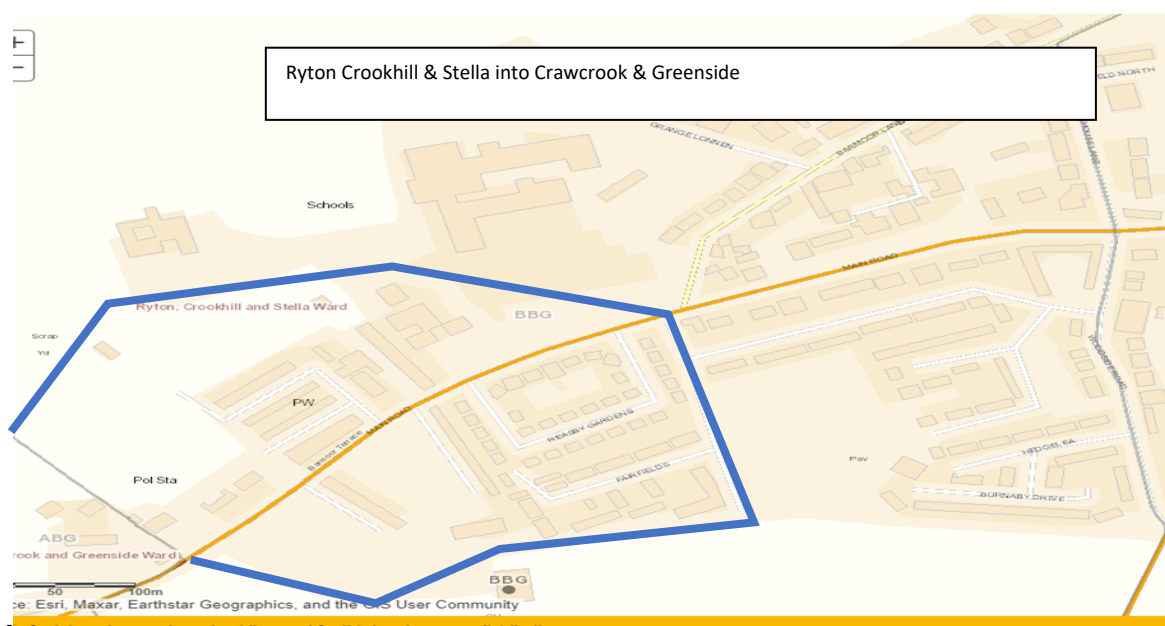
This ward is on the outer west boundary of the Borough, neighbouring Northumberland. There is a considerable amount of rural land in this ward, meaning the communities are largely separated, which can be evidenced through the isolated village of Clara Vale, whose only road link is with Crawcrook. Housing developments in recent years have increased the number of voters within the ward by 8.6% since the last review (6,658 in 2001).

Whilst there is currently an electorate 6% over the electorate quota, it is proposed that 307 voters are moved across from the Ryton, Crookhill and Stella ward to reduce the excess numbers in that ward. The proposal to move these voters does not provide for an unnatural split within that neighbourhood and can be achieved through a relatively straightforward transfer across the ward boundary.

The proposal is to move the following electors from Ryton Crookhill & Stella ward (BBG) into Crawcrook & Greenside ward. It is also proposed that Coalburns be moved from Crawcrook & Greenside ward into Chopwell & Rowlands Gill ward (as above).

Properties to be moved from Ryton Crookhill and Stella ward into Crawcrook & Greenside ward:

PD/Ward	Street	Props	Electors
BBG – Ryton Crookhill and Stella	Barmoor Terrace	8	14
BBG – Ryton Crookhill and Stella	Beverley Gardens	10	17
BBG – Ryton Crookhill and Stella	Fairfields	49	74
BBG – Ryton Crookhill and Stella	North View	23	30
BBG – Ryton Crookhill and Stella	Reasby Gardens	50	72
BBG – Ryton Crookhill and Stella	Reasby Villas	14	23
BBG – Ryton Crookhill and Stella	Seymour Terrace	12	23
BBG – Ryton Crookhill and Stella	Thorp Cottages	13	19
BBG – Ryton Crookhill and Stella	Towneley Cottages	12	27
BBG – Ryton Crookhill and Stella	Tyne Valley Gardens	4	8
Totals		195	307



Ward 3 – Ryton, Crookhill & Stella

Traditionally the core of this ward has been the large village of Ryton, together with Crookhill and Stella.

This ward has grown significantly in voter numbers since the last electoral review, +18.6%, through the housing development on the site of the former Stella power station, which now has a large, modern estate. The current number of voters in the ward is 14% over the electorate quota and therefore, to achieve more even elector representation, the proposal is for voters on the western edge of this ward to move into the Crawcrook & Greenside ward (above), whilst a small number on the eastern boundary move into the Blaydon ward (below). This brings the proposed electorate within the +/- 10% variance (+108%).

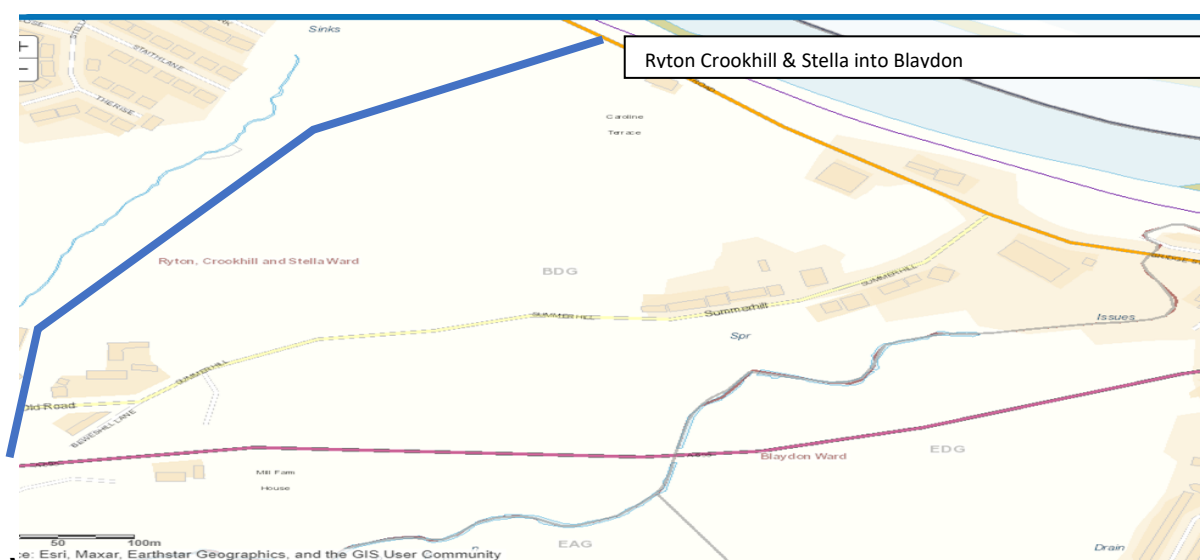
Ward 4 – Blaydon Ward

Blaydon is a distinct community with clear natural boundaries to the west (Blaydon Burn), the north (the River Tyne) and the east (the river Derwent). Blaydon is well served with local amenities and benefits from good transport links.

The electorate has remained fairly stable since the previous electoral review (7,520 in 2001). Whilst there was an initial decline in electorate following the demolition of Bleach Green, the numbers have increased as the subsequent housing developments have been established. Only limited changes are proposed, reducing the electorate by 2%, from 108% to 106% of the electorate quota. As well as moving a small number of electors (60) from the Ryton Crookhill & Stella ward, it is proposed that streets are realigned from the Blaydon ward into the Winlaton & High Spen ward (below). These latter changes more accurately reflect the neighbourhood composition within the Winlaton community.

Move the following electors from Ryton Crookhill & Stella ward into Blaydon ward:

PD/Ward	Street	Props	Electors
BDG - Ryton Crookhill and Stella	Caroline Terrace	6	8
BDG - Ryton Crookhill and Stella	Path Head	12	17
BDG - Ryton Crookhill and Stella	Summerhill	14	27
BDG – Ryton Crookhill and Stella	Stella Road (Nos 4, 6, 8)	3	6
BDG – Ryton Crookhill & Stella	Bewsehill House	1	2
Totals		36	60



Ward 5 – Winlaton & High Spen

This ward was formed at the time of the previous electoral review. There are no proposals to revert to previous arrangements.

Winlaton village forms the north boundary of this ward, with a continuous residential area which blends with the southern boundary of Blaydon ward. It is proposed that a small number of voters (204) are moved from Blaydon ward into Winlaton ward as this more accurately reflects the community identity of the voters living in these streets.

The proposal is to move the following electors from Blaydon ward into Winlaton & High Spennearth ward :

PD/Ward	Street	Props	Electors
EBG – Blaydon	California	39	79
EBG – Blaydon	West Park Gardens	22	31
EBG – Blaydon	Eastlands	38	40
EBG – Blaydon	Parkside Avenue	26	35
EBG – Blaydon	East Park Gardens	10	19
Totals		135	204



Proposals for Gateshead Central and Whickham Constituency Wards

Gateshead Central and Whickham constituency (completely within Gateshead local authority area)

Current Wards

There are eleven wards within this constituency with a combined electorate of 73,584, which would give an average of 6,689 electors per ward. This is well within the Electorate quota.

Ward	Current Electorate	Proposed Electorate
Whickham South & Sunnyside	6666 (97%)	6349 (93%)
Whickham North	6307 (92%)	6716 (98%)
Dunston & Teams	6207 (90%)	6855 (100%)
Dunston Hill & Whickham East	7423 (108%)	6583 (96%)
Lobley Hill & Bensham	7461 (109%)	6721 (98%)
Bridges	6907(101%)	7207 (105%)
Saltwell	6264 (91%)	6584 (96%)
Low Fell	7037 (103%)	6725 (98%)
Chowdene	6771 (99%)	6643 (97%)
Deckham (unchanged)	6429 (94%)	6429 (94%)
High Fell	6112 (89%)	6772 (99%)

Proposed Changes

Ward 6 - Whickham South & Sunnyside

This ward comprises of the southern part of Whickham, the large village of Sunnyside and the smaller villages of Marley Hill and Byermoor. The southern boundary of this ward neighbours Durham. This remains a coherent grouping as all villages are connected by local road links, although all having distinct community identities. The proposal to move voters into the Whickham North and Swalwell ward does not significantly change the electorate quota for this ward allowing it to remain within the +/-10% variance (93%).

Ward 7 – Whickham North Ward (Suggested name Whickham North & Swalwell)

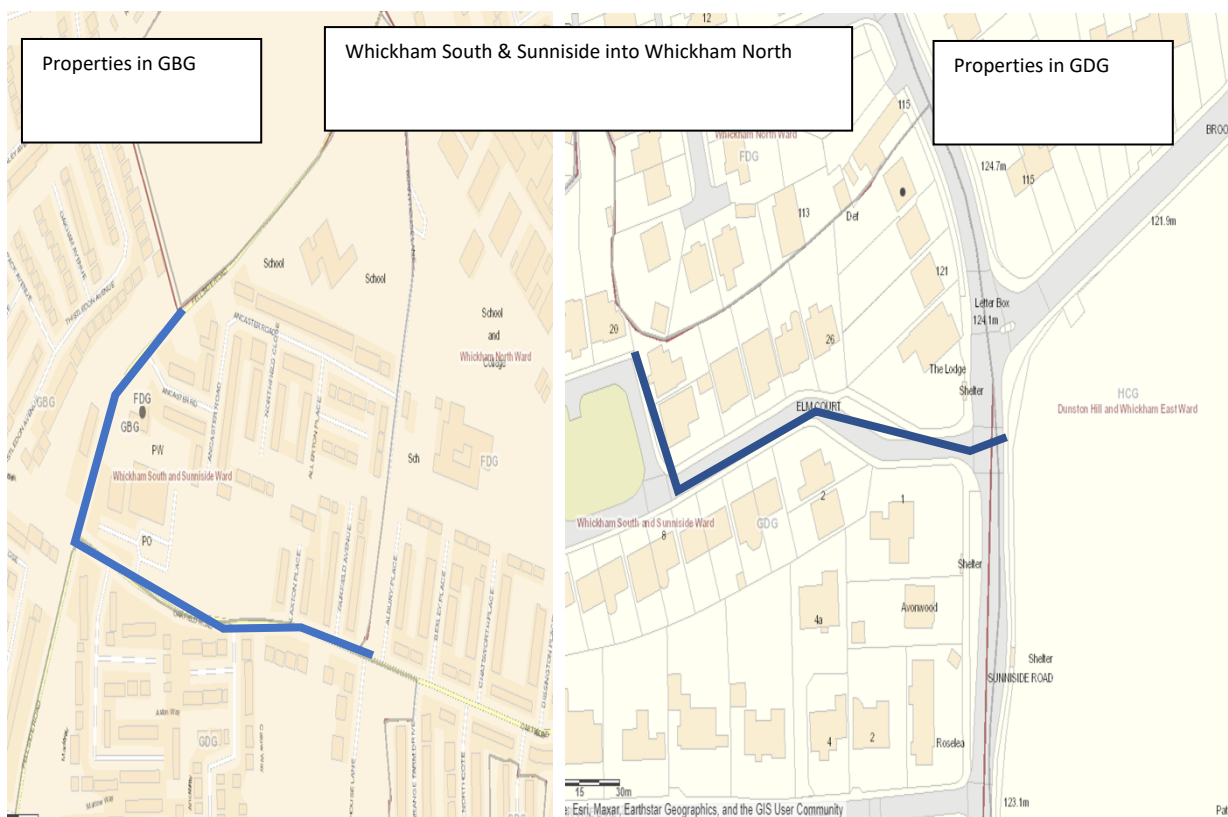
Whickham North covers the eastern community of Whickham and the distinctly identifiable community of Swalwell. As stated above, it is proposed the ward name is changed to recognise the voters who form a large proportion of this ward.

To the east this ward neighbours Dunston Hill and Whickham East ward and to the south boundary, Whickham South & Sunnyside ward. The large urban area shares good amenities across these wards, including the large shopping and leisure facilities at the Metro Centre and recreational areas such as Chase Park and Watergate Park.

There are currently 1000 voters fewer (-14.9%) in this ward than in 2001, giving an electorate of 8% less than the quota. The proposals move voters from both the north boundary of Whickham South & Sunnyside ward and the western extremity of the Dunston Hill and Whickham East ward.

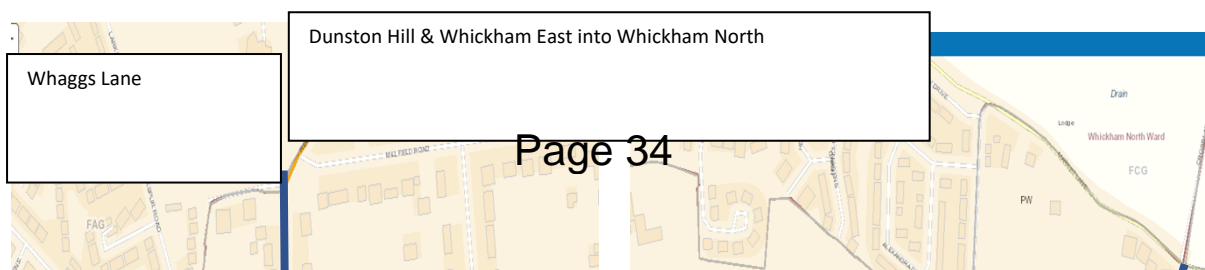
Move the following from Whickham South & Sunnyside ward into Whickham North ward:

PD/Ward	Street	Props	Electors
GBG – Whickham South & Sunnyside	Allerton Place	5	5
GBG – Whickham South & Sunnyside	Ancaster Road	61	103
GBG- Whickham South & Sunnyside	Baxton Place	8	9
GBG – Whickham South & Sunnyside	Fairfield Avenue	17	32
GBG – Whickham South & Sunnyside	Fellside Road	14	25
GBG – Whickham South & Sunnyside	Marston Walk	26	35
GBG – Whickham South & Sunnyside	Northfield Close	10	16
GBG – Whickham South & Sunnyside	Regency Drive	24	34
GDG – Whickham South & Sunnyside	Whaggs Lane	4	7
GDG – Whickham South & Sunnyside	Elm Court	26	51
Totals		195	317



Move the following from Dunston Hill & Whickham East ward into Whickham North ward:

PD/Ward	Street	Props	Electors
HCG – Dunston Hill & Whickham East	Whaggs Lane (Odds 1-51)	24	59
HDG – Dunston Hill & Whickham East	Duckpool Lane North	9	20
HDG – Dunston Hill & Whickham East	Garden House Crescent	4	11
HDG – Dunston Hill & Whickham East	Poachers Pocket	1	2
Totals		38	92



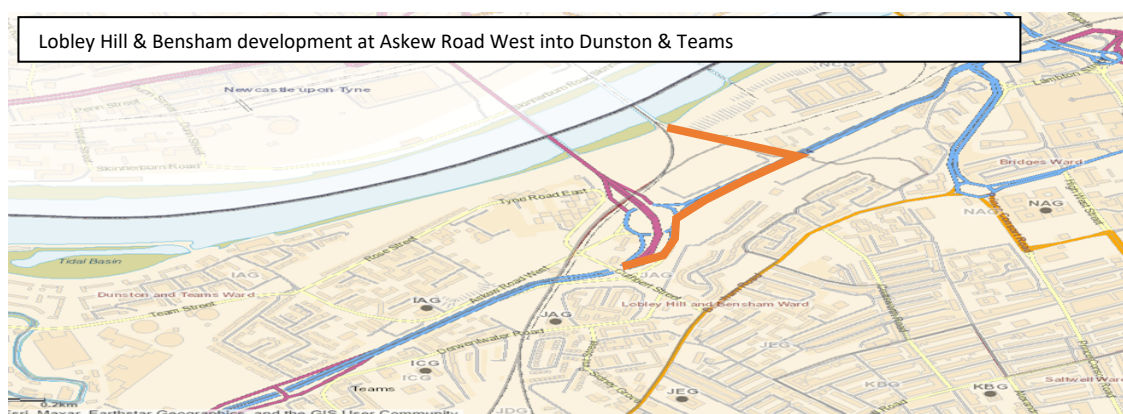
Ward 8 – Dunston & Teams Ward (Suggested name Dunston, Teams & Riverside)

This ward has, until now, consisted of the part of Dunston which lies to the north of the A1 (Western Bypass) moving through to the east, along the River Tyne, to the Teams community, which comprises both east and west of the A184, leading to the Redheugh Bridge.

The current electorate is at the lowest end of the quota (90%). With the current proposals this number will now hit 100% of the quota. This has been achieved by moving a new development site to the north east of the current boundary into the ward. Although this will not have an immediate impact upon the electoral equality, this will be achieved as the development is established.

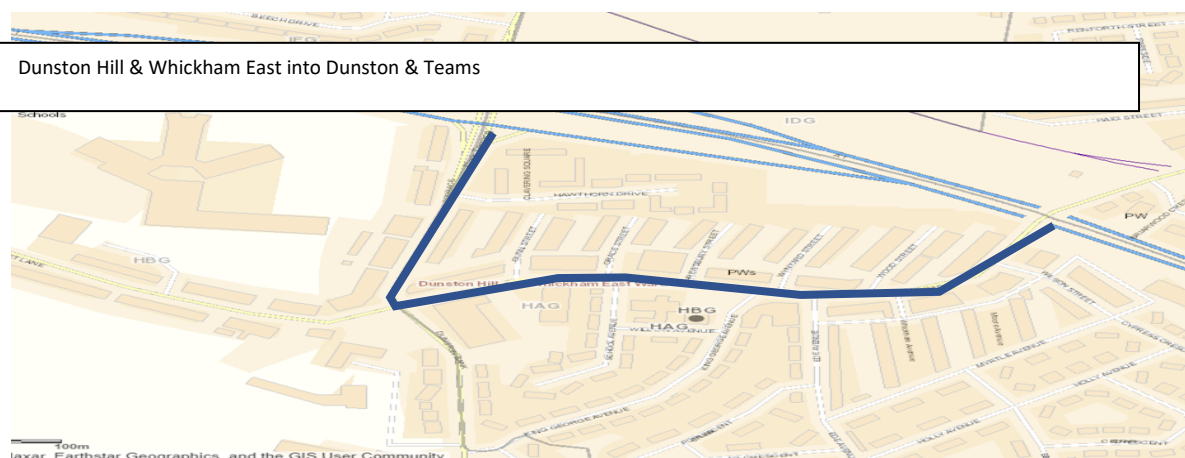
There is also a proposal to move a distinct estate, south of the A1 in Dunston, into this ward. Whilst every effort was taken to respect the geographical features (ie the Western Bypass), these voters identify with living in Dunston and are part of the wider Dunston community.

Move the new development on Askew Road West (190 props, proposed 285 electors) from JAG into Dunston Teams & Riverside so that the ward boundary runs along Askew Road:



Move the following from Dunston Hill & Whickham East ward into Dunston & Teams ward:

PD/Ward	Street	Props	Electors
HAG – Dunston Hill & Whickham East	Park Terrace (Evens)	12	21
HAG – Dunston Hill & Whickham East	Hawthorn Terrace	4	10
HAG – Dunston Hill & Whickham East	Hawthorn Drive	39	55
HAG – Dunston Hill & Whickham East	Clavering Square	26	39
HAG – Dunston Hill & Whickham East	Glebe Terrace	43	60
HAG – Dunston Hill & Whickham East	Gunn Street	39	55
HAG – Dunston Hill & Whickham East	Shrewsbury Street	15	27
HAG – Dunston Hill & Whickham East	Wynyard Street	29	30
HAG – Dunston Hill & Whickham East	Wood Street	31	47
HAG – Dunston Hill & Whickham East	Kensington Terrace	9	19
Totals		247	363



Ward 9 – Dunston Hill & Whickham East

This ward comprises a mixture of residential and countryside land use. It includes areas to the far south of the Dunston community, adjacent to Dunston Hill at the west and Lobley Hill at the eastern boundary. The ward moves along Whickham highway, taking in Watergate Park, Washingwell Woods and Chase Park to the south of the highway. The ward includes residential communities in the “Lakes estate” and “Watergate estate”, off Broom Lane.

The current number of voters within this ward is at the higher limit of the +/- electorate quota (108%) and has required, as referred to above, the movement of voters into the neighbouring wards of Dunston, Teams & Riverside and Lobley Hill & Bensham to ensure greater electoral equality.

Ward 10 – Lobley Hill & Bensham

This ward was created following the last review when the area west of the A1, Lobley Hill and east of the A1, encompassing Festival Park, the Team Valley Trading Estate (with few voters) and the area of Bensham adjacent to the south eastern boundary of the Dunston, Teams & Riverside ward, were combined.

To better reflect the community at the north western boundary, voters have been moved from Dunston Hill & Whickham East ward, however the current electorate was already at the high end of the Electoral Quota (109%). Moving the streets at the north western boundary

has allowed for the movement of voters to neighbouring wards where the electorate quotas are lower than the mean average (Saltwell – 91% and Dunston & Teams – 90%).

A large number of electors have therefore been moved from “The Racecourse” estate in this ward into the Saltwell ward.

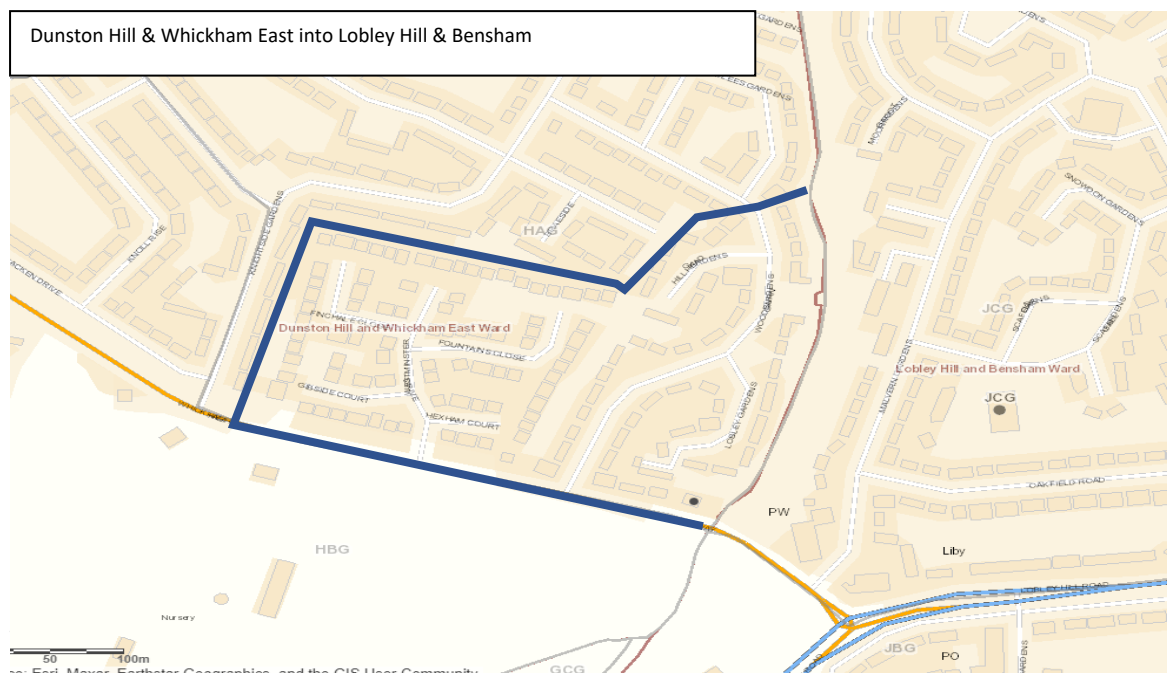
Although not presently built, as set out above, the proposed development at Askew Road has ensured a more cohesive community within the Dunston, Teams & Riverside Ward. The current placement of the development would have been separated from the rest of the Lobley Hill & Bensham ward by the A189.

To the north east boundary, there is a proposed realignment of the streets in the Windmill Hills development from this ward, into the Bridges ward. These changes more accurately reflect the neighbourhood composition within the Bridges community.

These proposals reduce the number of voters from 109% to 98% of the electorate quota.

Move the following from Dunston Hill & Whickham East ward into Lobley Hill & Bensham ward:

PD/Ward	Street	Props	Electors
HAG – Dunston Hill & Whickham East	Lobley Gardens	28	50
HAG – Dunston Hill & Whickham East	Woodburn Gardens	72	106
HAG – Dunston Hill & Whickham East	Hillhead Gardens	21	36
HAG – Dunston Hill & Whickham East	Finchale Close	21	49
HAG – Dunston Hill & Whickham East	Gibside Court	16	37
HAG – Dunston Hill & Whickham East	Westminster Drive	13	23
HAG – Dunston Hill & Whickham East	Hexham Court	13	25
HAG – Dunston Hill & Whickham East	Fountains Close	29	56
HAG – Dunston Hill & Whickham East	Railway Cottages	3	3
Totals		216	385



This ward runs eastward from the adjacent ward of Dunston and Teams, running along the River Tyne from the King Edward Bridge through central Gateshead to the west of Gateshead Stadium. The ward comprises of the urban hub of the Borough, Gateshead Town Centre with the main, regional transport links which includes buses and the Metro trainline. The Civic Centre falls within this ward, together with the Quayside landmarks (Baltic Centre for Contemporary Art and the Glasshouse International Centre for Music) and the proposed Baltic Quay development.

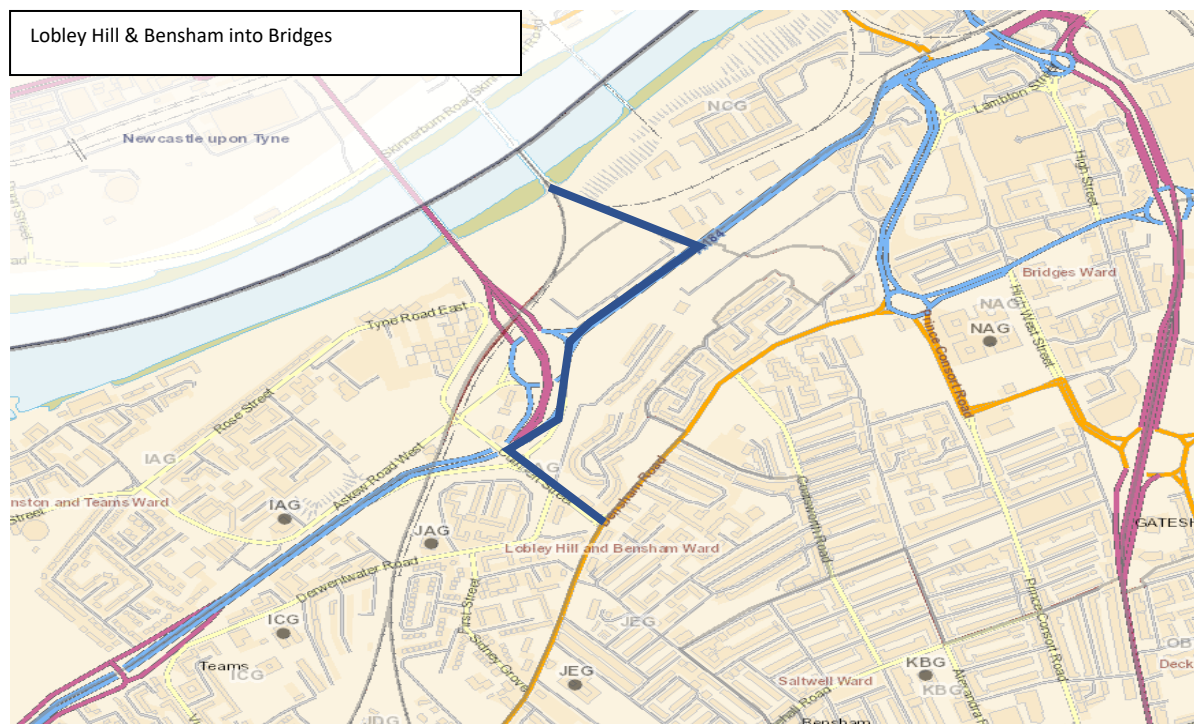
The electorate has increased significantly (+19%) since the previous review (5,709 in 2001) which placed it at 101% of the electorate quota.

Whilst the boundary for this ward could have remained at the same, it is proposed that the Windmill Hills area moves into this ward as this better reflects the geography of the area. Traffic lights at the junction of Bensham Road and Cuthbert Street provide a natural separation between the Bridges ward and the Bensham area of the Borough.

This ward will consist of the current Bridges ward and adding the following from Lobley Hill & Bensham ward.

Move the following from JAG into Bridges:

PD/Ward	Street	Props	Electors
JAG – Lobley Hill & Bensham	Bensham Road	3	3
JAG – Lobley Hill & Bensham	Bridges View	62	77
JAG – Lobley Hill & Bensham	St Cuthberts Court	84	52
JAG – Lobley Hill & Bensham	St Cuthberts Road	51	84
JAG – Lobley Hill & Bensham	Village Heights	12	20
JAG – Lobley Hill & Bensham	Windmill Way	51	64
Totals		263	300



Ward 12 – Saltwell Ward

This ward is made up of the Avenue area of traditional Tyneside flats as well the area around Saltwell Park, the main recreational, green space within central Gateshead.

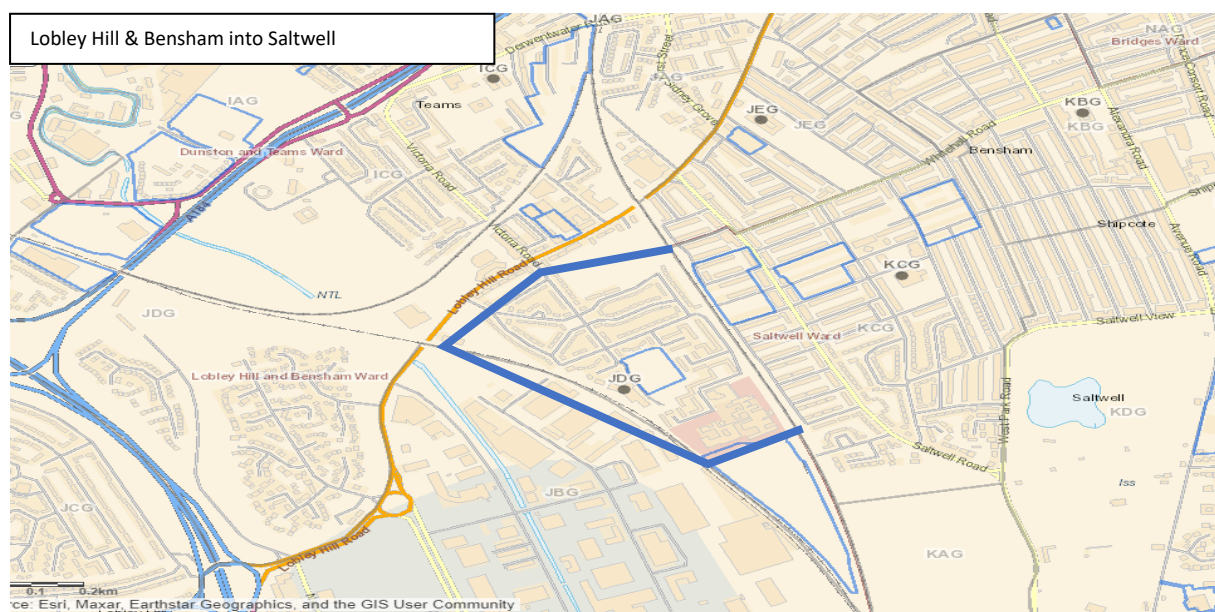
The electorate in Saltwell ward had declined significantly (-13%) since the previous electoral review (7,138 in 2001) and is presently -9% of the electorate quota. These proposals will result in a higher degree of equality (96%).

As stated above “The Racecourse” estate has moved from the Lobley Hill & Bensham ward into this ward. The movement of the entire estate has ensured there are no unnatural divisions within the community. Although the East Coast Mainline has acted as a western boundary to this ward, there is a road link beneath the railway line which connects the estate with the rest of the Saltwell ward.

This ward will consist of the current Saltwell ward minus the properties moving into Low Fell ward and adding the following from Lobley Hill & Bensham ward.

Move the following from JDG into Saltwell

PD/Ward	Street	Props	Electors
JDG – Lobley Hill & Bensham	Aintree Gardens	25	37
JDG – Lobley Hill & Bensham	Armstrong Street	45	70
JDG – Lobley Hill & Bensham	Ascot Crescent	35	59
JDG – Lobley Hill & Bensham	Cartmel Grove	33	39
JDG – Lobley Hill & Bensham	Fontwell Drive	84	68
JDG – Lobley Hill & Bensham	Goodwood Avenue	23	41
JDG – Lobley Hill & Bensham	Kempton Gardens	15	26
JDG – Lobley Hill & Bensham	Newbury Avenue	29	50
JDG – Lobley Hill & Bensham	Sandown Gardens	27	33
JDG – Lobley Hill & Bensham	Victoria Road	68	86
JDG – Lobley Hill & Bensham	Wetherby Grove	24	27
JDG – Lobley Hill & Bensham	York Close	5	4
Totals		413	540

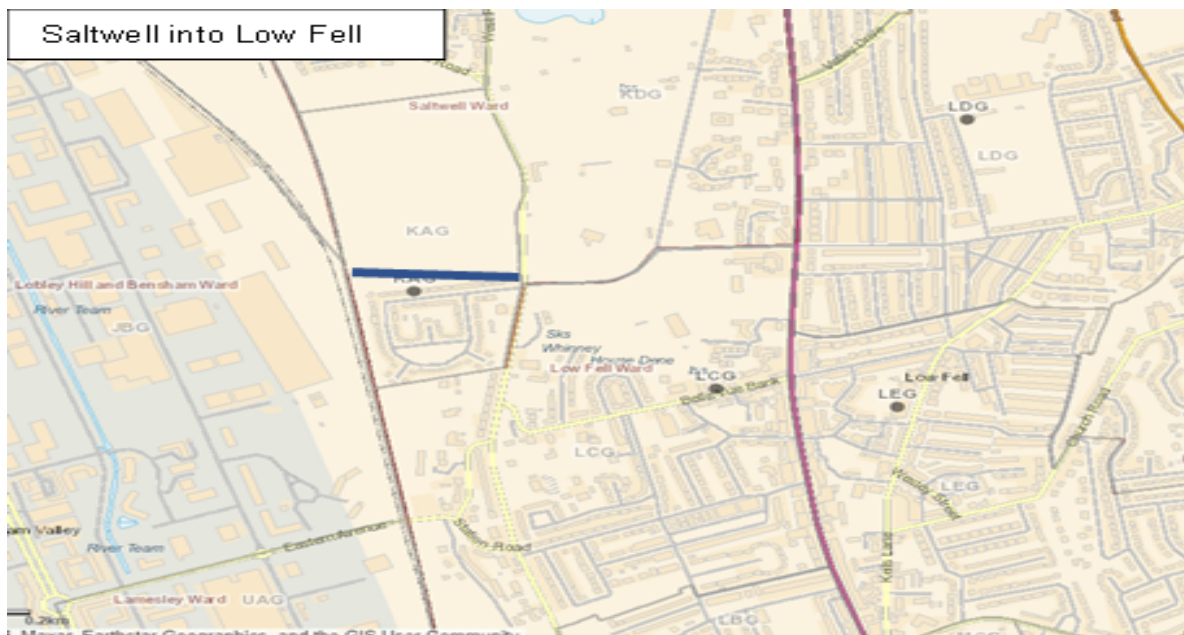


This ward is centred on the commercial, shopping area in Low Fell which straddles the A167 Durham Road as it goes south out of Gateshead. The ward also covers the Dryden Road and Kells Lane areas.

Whilst the electorate has remained fairly stable since the last review (7,067 in 2001), with the current number of voters in the ward slightly above the Electorate quota (103%), there was scope to realign the northern boundary of the ward to return the streets around Ventnor Crescent/Gardens to this ward, whilst moving the boundary to south has realigned the streets within the Chowdene ward to provide for a higher degree of electoral equality.

This ward will consist of the districts LBG, LCG, LDG and LEG from the current Low Fell ward and adding the following from Saltwell ward:

PD/Ward	Street	Props	Electors
KAG – Saltwell	Saltwell Road	1	1
KAG – Saltwell	Ventnor Crescent	87	118
KAG – Saltwell	Ventnor Gardens	54	101
Totals		142	220



Ward 14 – Chowdene Ward

This ward consists of the Lyndhurst and Harlow Green estates to the east of the A1697 Durham Road and the Allerdene estate to the west.

This ward had slightly decreased (-5.6%) in terms of voter numbers since the last electoral review (7,158 in 2001), however it remained at 99% of the electorate quota. Whilst this ward may have stayed unchanged, there was a significant variance in High Fell (-11%) which required addressing. In looking at the communities in the neighbouring wards, Chowdene provided the best alignment for voters to move into the High Fell ward.

This ward will consist of districts MAG, MBG, MCG, MEG MFG and MGG from the current Chowdene ward and add district LAG (532) from Low Fell ward:



Ward 15 - Deckham

This ward extends eastwards from the A167 Durham Road. The eastern part of the ward consists of the area between Durham Road and Old Durham Road, stopping just short of Valley Drive which forms the southern boundary. To the east of Old Durham Road, the ward takes in the Deckham and Carr Hill estates plus the majority of Mount Pleasant.

There are no proposed changes to the boundary for this ward. It maintains 94% of the electorate quota at 6,429 voters.

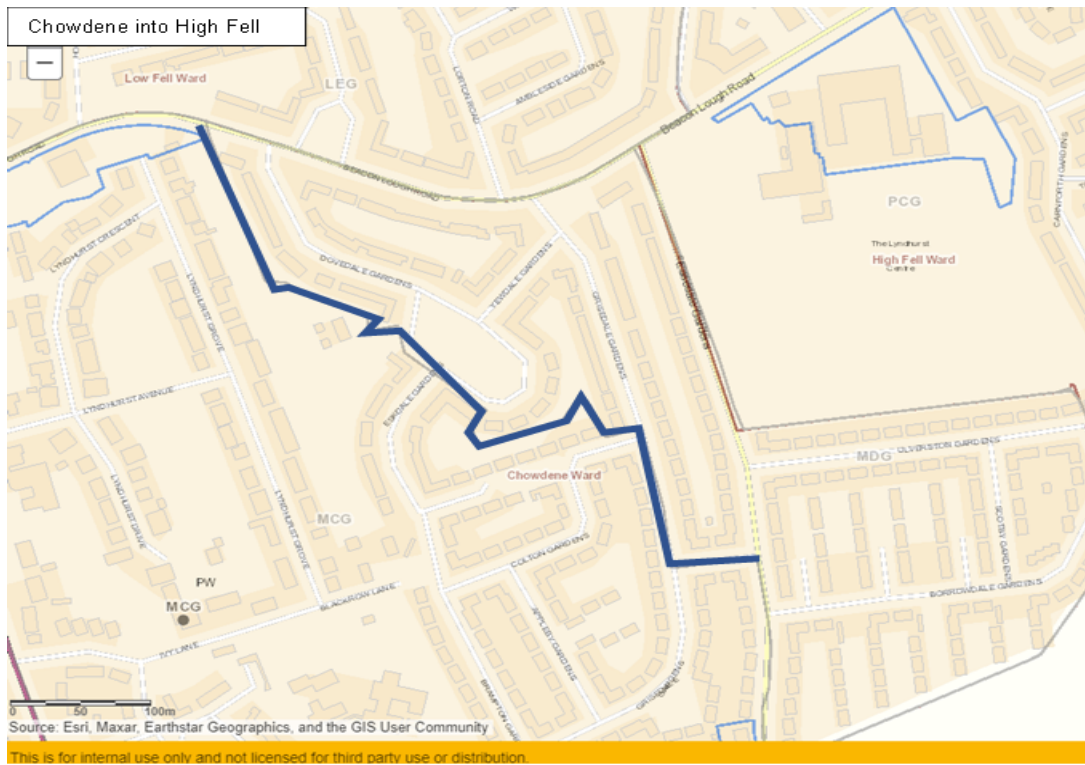
Ward 16 – High Fell Ward

This ward includes the residential areas of Sheriff Hill, Beacon Lough, Wrekenton and Springwell. Old Durham Road runs through the middle of this area with Springwell Road forming its northern boundary.

The number of voters within this ward had declined significantly (-16.8%) since the previous electoral review (7,230 in 2001). As noted above, High Fell had exceeded the +/-10% variance of the quota (89%) and required movement of voters to ensure it achieved greater electoral equality.

The addition of a whole polling district from the Chowdene ward has ensured there are no unnatural divisions within neighbourhoods.

This ward will consist of the current High Fell ward and add district MDG (660) from Chowdene ward:



Proposals for Jarrow and Gateshead East Constituency Wards

Current Wards

There are four wards with a combined electorate of 25,937, which would give an average of 6484 electors per ward. This is well within the quota.

Ward	Current Electorate	Proposed Electorate
Felling	5983 (87%)	6187 (90%)
Windy Nook & Whitehills	7083 (103%)	6510 (95%)
Pelaw & Heworth	6534 (95%)	6426 (94%)
Wardley & Leam Lane	6337 (92%)	6823 (99%)

Proposed Changes

Ward 17 – Felling Ward

The urban area of Felling is a distinct community with its own shopping area. The ward also includes densely populated residential areas around this central hub.

Again, this ward was outside the +/-10% variance of the electorate quota in terms of the current number of voters (87%) and had experienced a significant drop (-15.6%) in the number of electorate compared to the previous electoral review (6,994 in 2001).

This proposal moves voters from the Pelaw & Heworth ward to the east, around Felling cricket club, and Windy Nook & Whitehills ward to the south, next to the former Thomas Hepburn Academy school (now XP Gateshead).

Move the following from Pelaw & Heworth ward into Felling ward:

District	Ward	Street	Props	Electors
SAG	Pelaw & Heworth	Burnside	12	17
SAG	Pelaw & Heworth	Parkin Gardens	24	39
SAG	Pelaw & Heworth	High Heworth Lane (part)	9	18
SAG	Pelaw & Heworth	Wardle Gardens	22	34
Totals			67	108

Move the following from Windy Nook & Whitehills ward into Felling ward:

District	Ward	Street	Props	Electors
RAG	Windy Nook & Whitehills	Fleming Gardens	20	26
RAG	Windy Nook & Whitehills	Sunningdale Close	20	36
RAG	Windy Nook & Whitehills	Squires Gardens	12	12
RAG	Windy Nook & Whitehills	Hall Gardens	14	13
Totals			66	87



Ward 18 - Windy Nook & Whitehills

This ward comprises of mainly housing in Windy Nook and Whitehills. There are 6 schools currently contained within this ward which serve this residential area.

The main area for consideration was the estate at the south western edge of the ward boundary, contained between Wealcroft to the north and Leam Lane to the south. The residents within this estate very much identify with being part of the community in Leam Lane and therefore the suggested new boundary will place these voters within the Wardley and Leam Lane ward.

The current elector numbers took this ward to slightly over the electorate quota (103%). With the proposed moves, this number is reduced to 95% of the quota.

Ward 19 – Pelaw & Heworth

This ward comprises of Pelaw, Heworth and Bill Quay urban areas which have a mixture of residential and industrial land use. The River Tyne acts as the boundary in the north, whilst the Borough boundary with South Tyneside is to the western edge of the ward. The A184 (Felling Bypass) runs through this ward.

The proposal to move a small number of voters into the Felling ward has a limited effect on the electorate quota, moving from 95% to 94%.

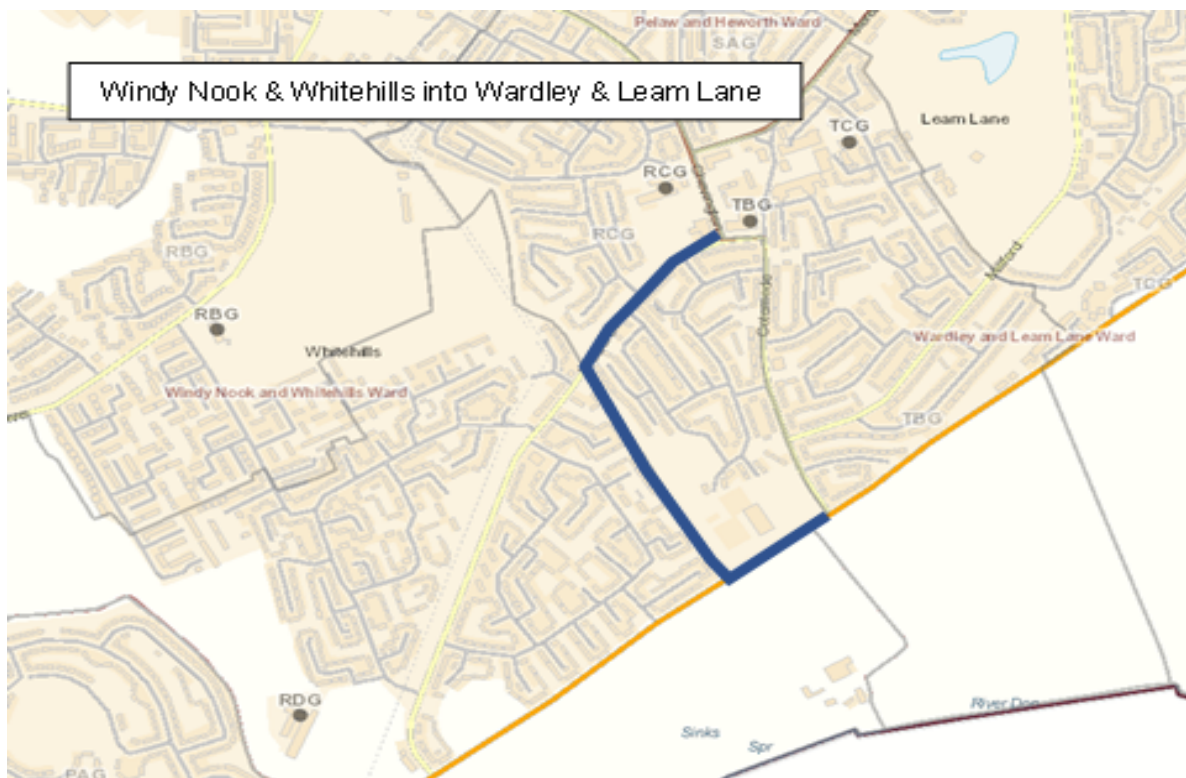
Ward 20 – Wardley and Leam Lane

This ward is bounded to the east and south by the Borough boundary with South Tyneside. To the north, the boundary is the Metro railway line to Sunderland. The main areas of housing are Wardley and Leam Lane.

The number of voters in this ward has remained fairly static since the last electoral review however, the ward is at the low end of the Electorate quota (92%), with these proposals it will rise to 99%.

The proposal is to move the following electors from Windy Nook & Whitehills ward into Wardley & Leam Lane ward:

PD/Ward	Street	Props	Electors
RCG – Windy Nook and Whitehills	Bavington	16	22
RCG – Windy Nook and Whitehills	Belmont	14	16
RCG – Windy Nook and Whitehills	Chevington	140	118
RCG – Windy Nook and Whitehills	Cotemedede	62	78
RCG – Windy Nook and Whitehills	Falstone	54	100
RCG – Windy Nook and Whitehills	Rennington	56	66
RCG – Windy Nook and Whitehills	Wealcroft	43	50
RCG – Windy Nook and Whitehills	Woodwynd (part) 52-82	16	36
Totals		401	486



Proposals for Washington and Gateshead South Constituency Wards
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Current Wards

There are two wards with a combined electorate of 14,322, which would give an average of 7,161 electors per ward. This is above the quota but still within 10%

Ward	Current Electorate	Proposed Electorate
Lamesley	7530 (110%)	7137 (104%)
Birtley	6792 (99%)	7185 (105%)

Proposed Changes

The proposal is to realign the ward boundaries between Birtley and Lamesley so that they form a more natural line so as not to dissect streets between wards.

Ward 21 - Lamesley

This ward covers a large rural area in the south of the Borough. It also encompasses the entirety of the Lamesley parish, of which the main residential area is the village of Kibblesworth. Eighton Banks/Long Bank is also within the ward to the south of Chowdene and High Fell wards. This ward is dissected by the A1.

There has been an increase in voter numbers (+10.3%) in this ward since the last electoral review (6,793 in 2001). This is reflected in the current electorate, sitting at the outer edge of the electorate quota (110%) requiring the ward boundary to be redrawn with Birtley.

The proposal to move 112 voters into Lamesley ward from Birtley is to realign neighbourhoods to ensure streets are not split along unnatural lines.

By moving over 500 voters into the Birtley ward, ensuring complete neighbourhoods within one ward, the proposed electorate quota will be 104%, ensuring parity between the two wards.

Move the following from Birtley into Lamesley:

District	Ward	Street	Props	Electors
VCG	Birtley	Birch Crescent	20	38
VCG	Birtley	Maple Avenue	6	11
VCG	Birtley	Bewicke View	28	63
Totals			54	112

Ward 22 – Birtley (Suggested name Birtley South)

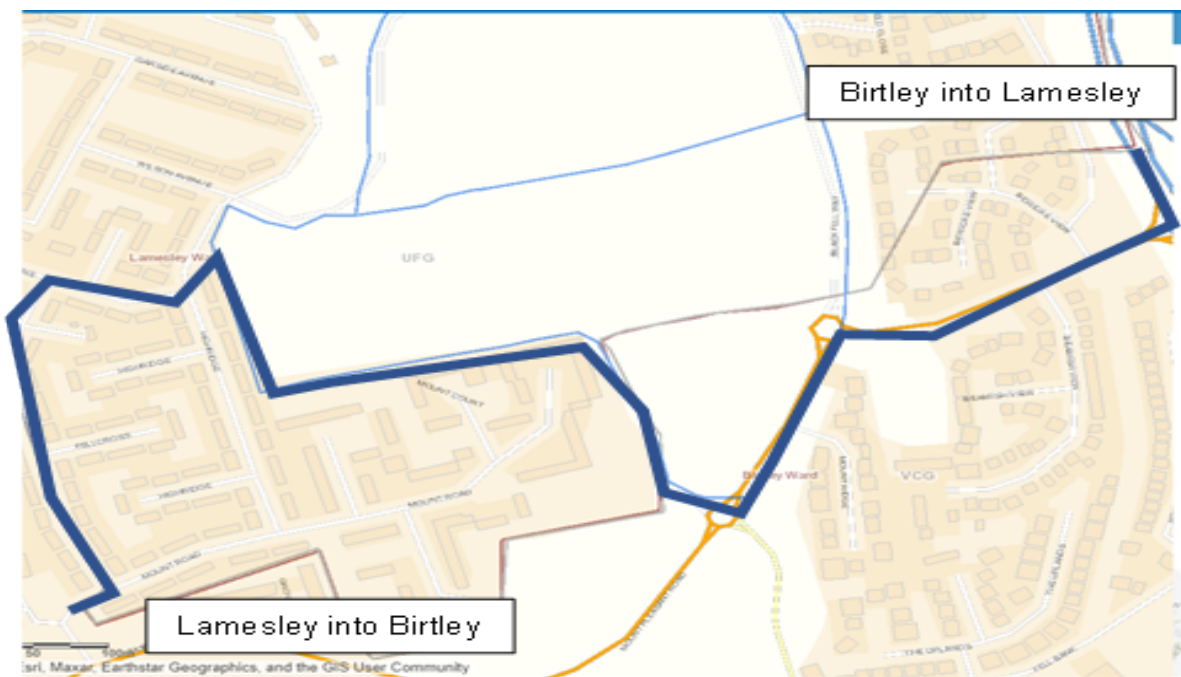
This ward is in the extreme south of the Borough, with Durham to the west and south of the boundary and Sunderland to the east. There are no longer parish councils contained within the ward, with the cessation of the two parish councils, Birtley South and Birtley Central. The main shopping area of Birtley is within the ward, with a trading estate to the west of York Road, running along the western boundary with Durham.

Whilst currently at 99% of the electorate quota, it may have remained within its current boundary, however to achieve elector equality, and to return whole neighbourhoods to the same ward, over 500 voters were moved from Lamesley into this ward, resulting in an

electorate of 105% in this ward. As stated above, it is proposed that a smaller number of voters move from Birtley into Lamesley to create a more natural boundary, which does not spilt streets between wards.

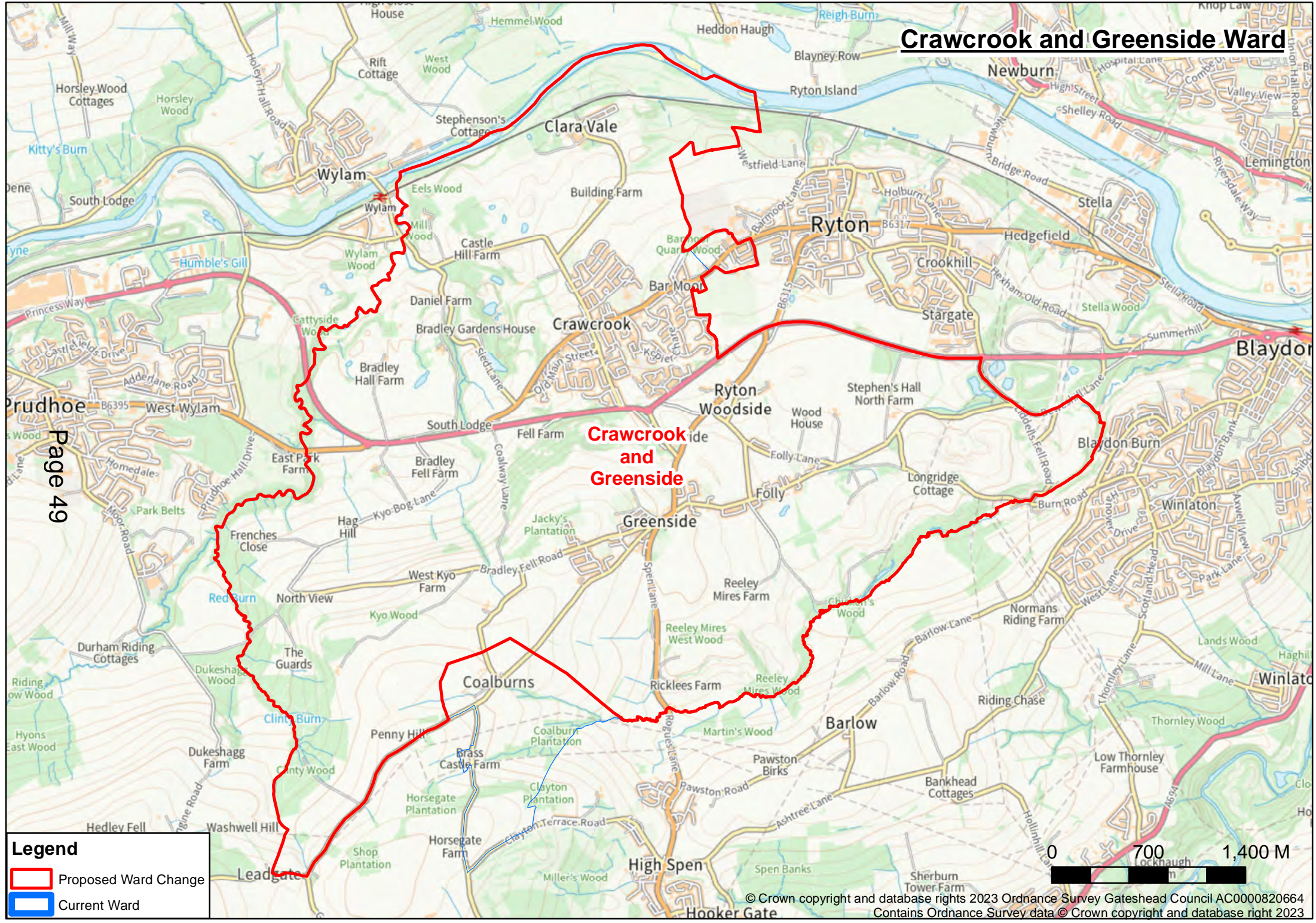
Move the following from Lamesley ward into Birtley ward:

District	Ward	Street	Props	Electors
UFG	Lamesley	Fell Cross	20	31
UFG	Lamesley	Northside	43	92
UFG	Lamesley	Sycamore Crescent	8	9
UFG	Lamesley	Mount Road	141	227
UFG	Lamesley	High Ridge	77	122
UFG	Lamesley	Mount Court	12	24
Totals			301	505





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Crawcrook and Greenside Ward



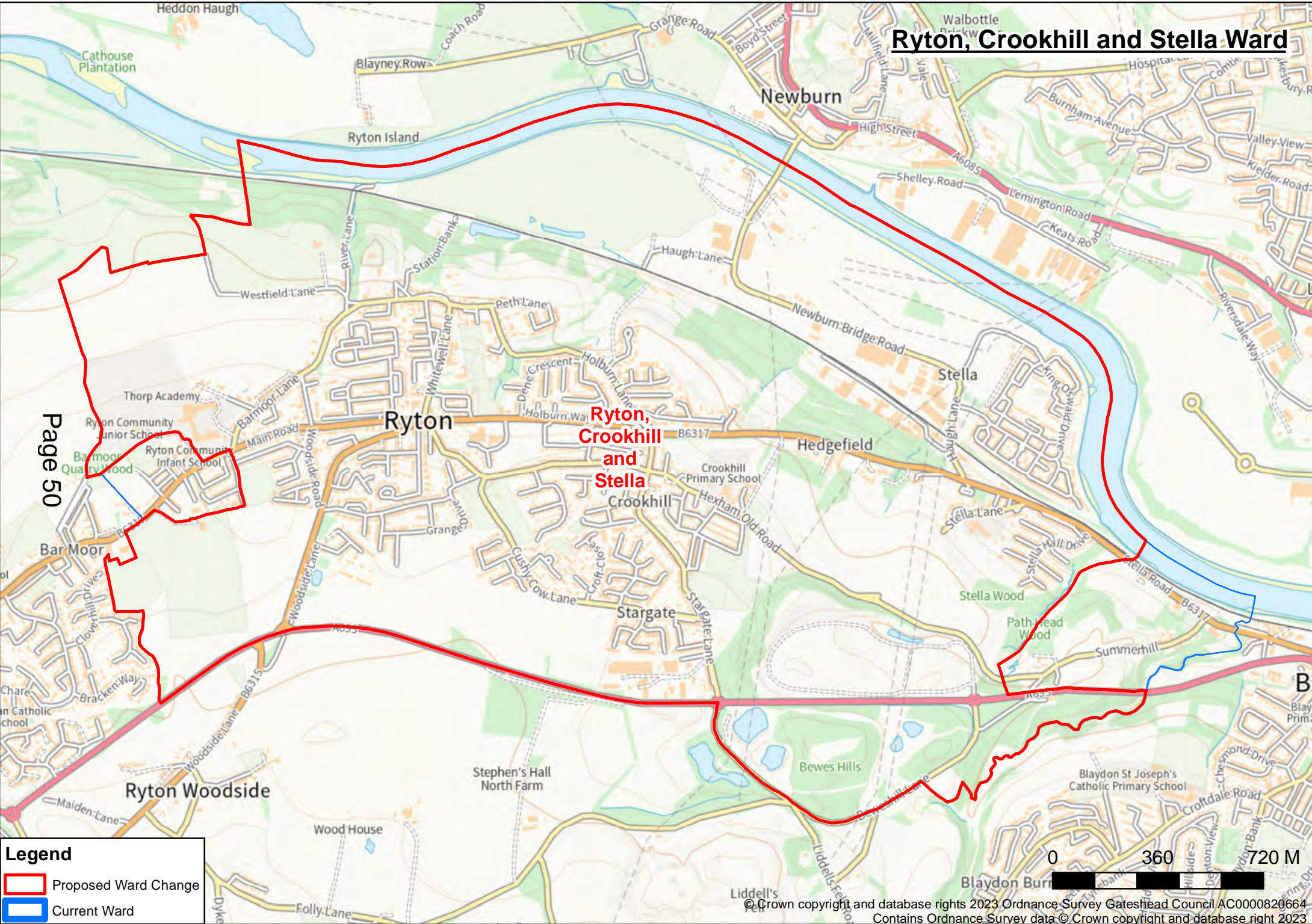
Page 49

Legend

-  Proposed Ward Change
-  Current Ward





Ryton, Crookhill and Stella Ward



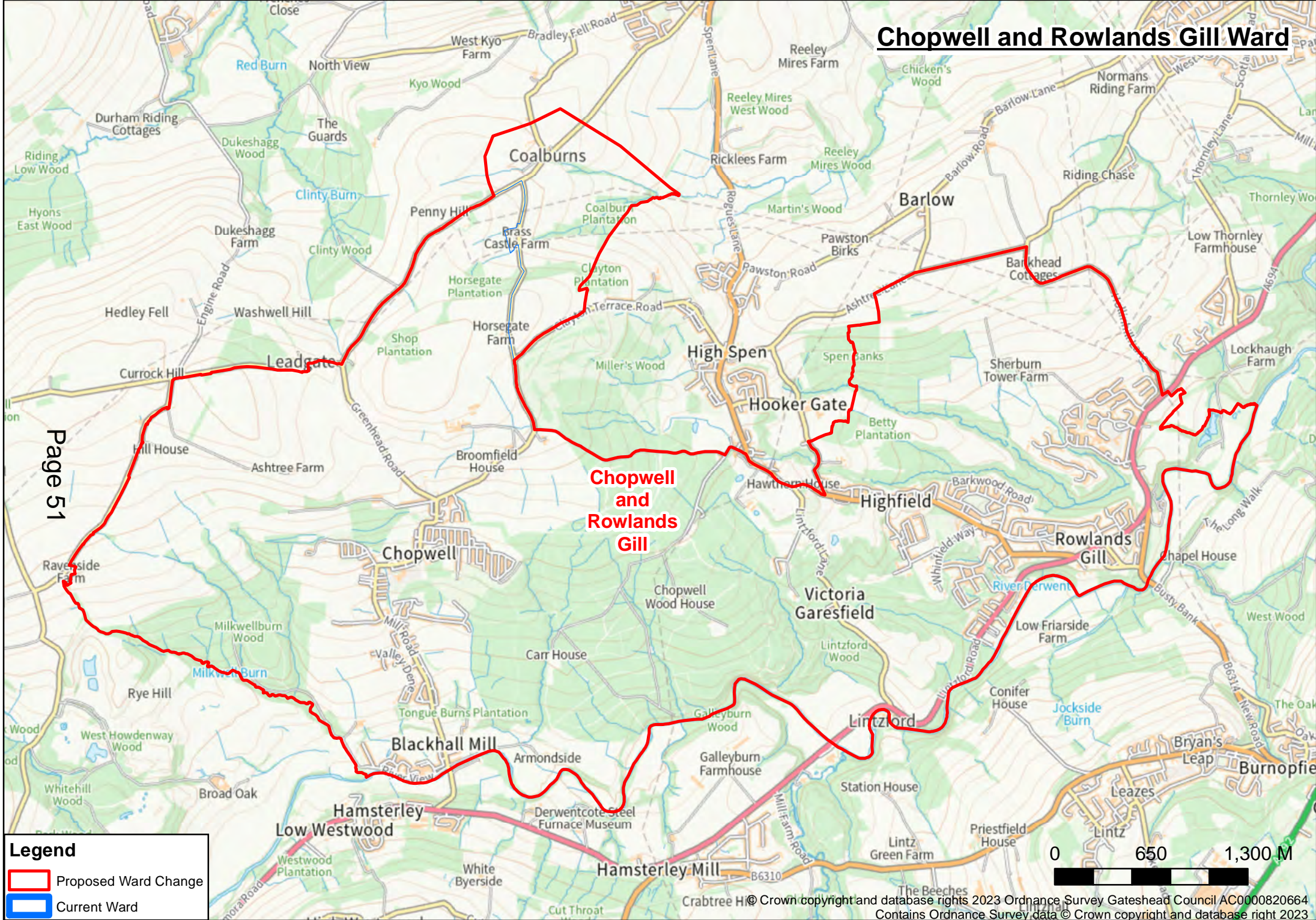
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Chopwell and Rowlands Gill Ward

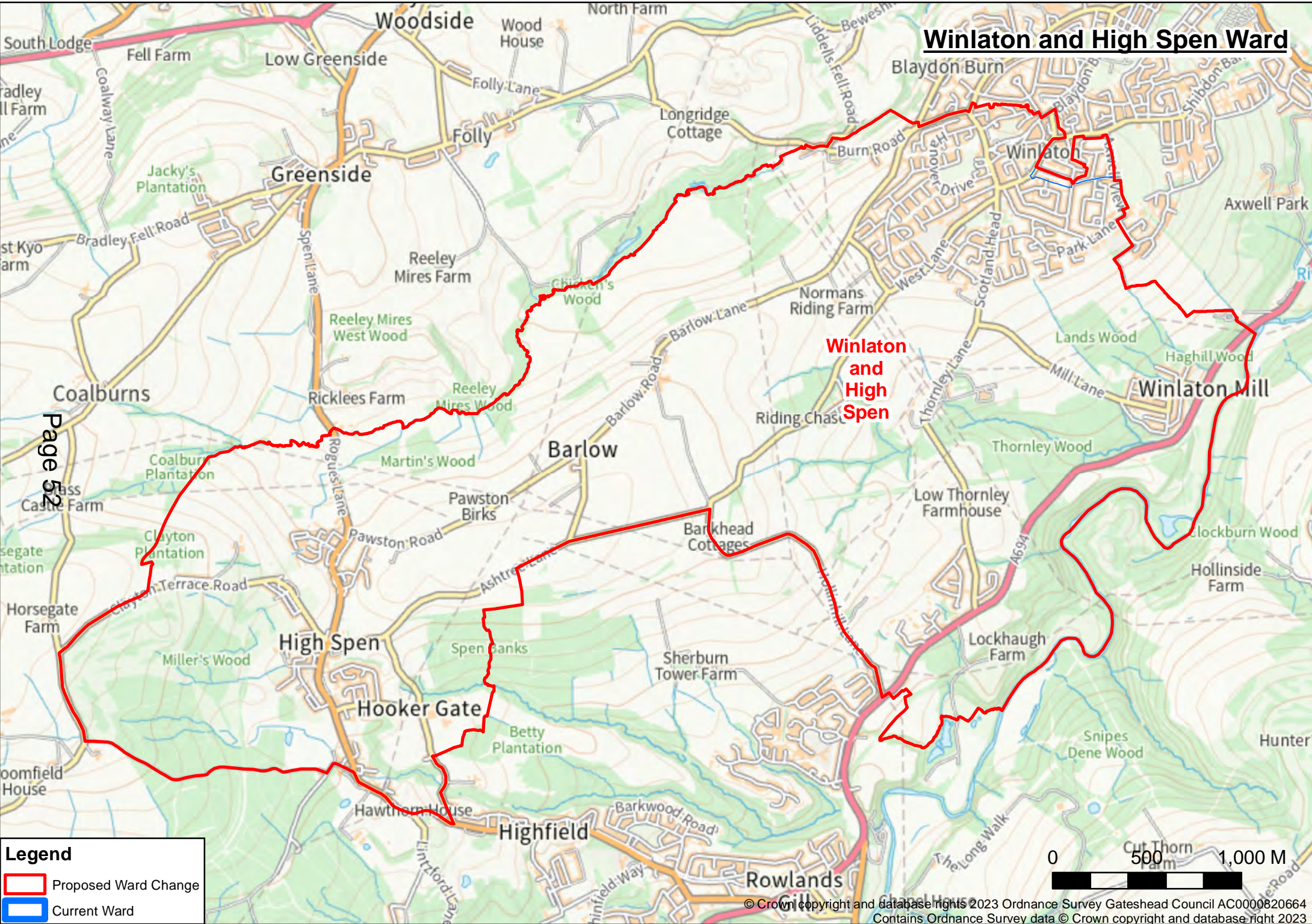


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-  Current Ward

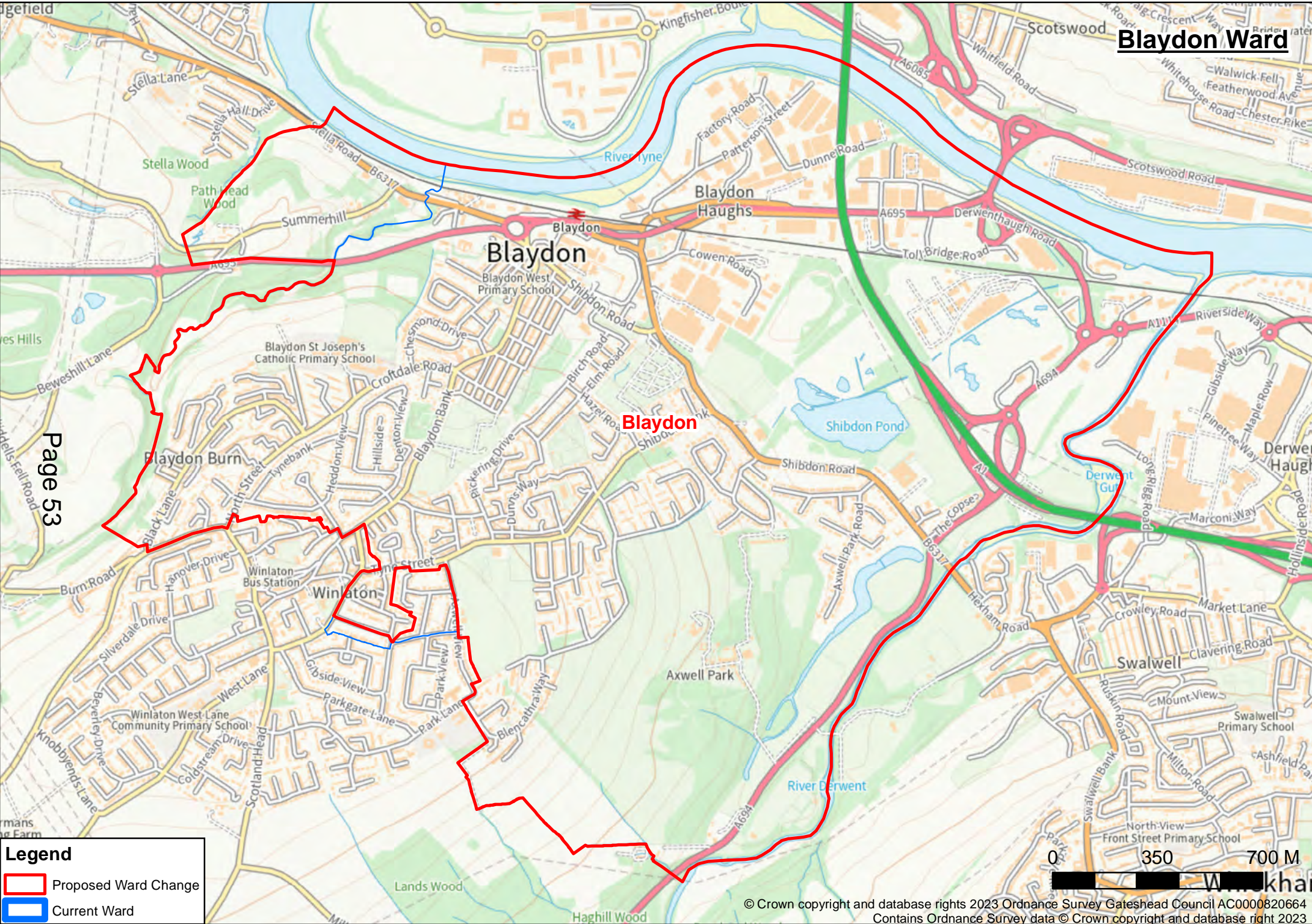
Winlaton and High Spen Ward



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- Proposed Ward Change
- Current Ward





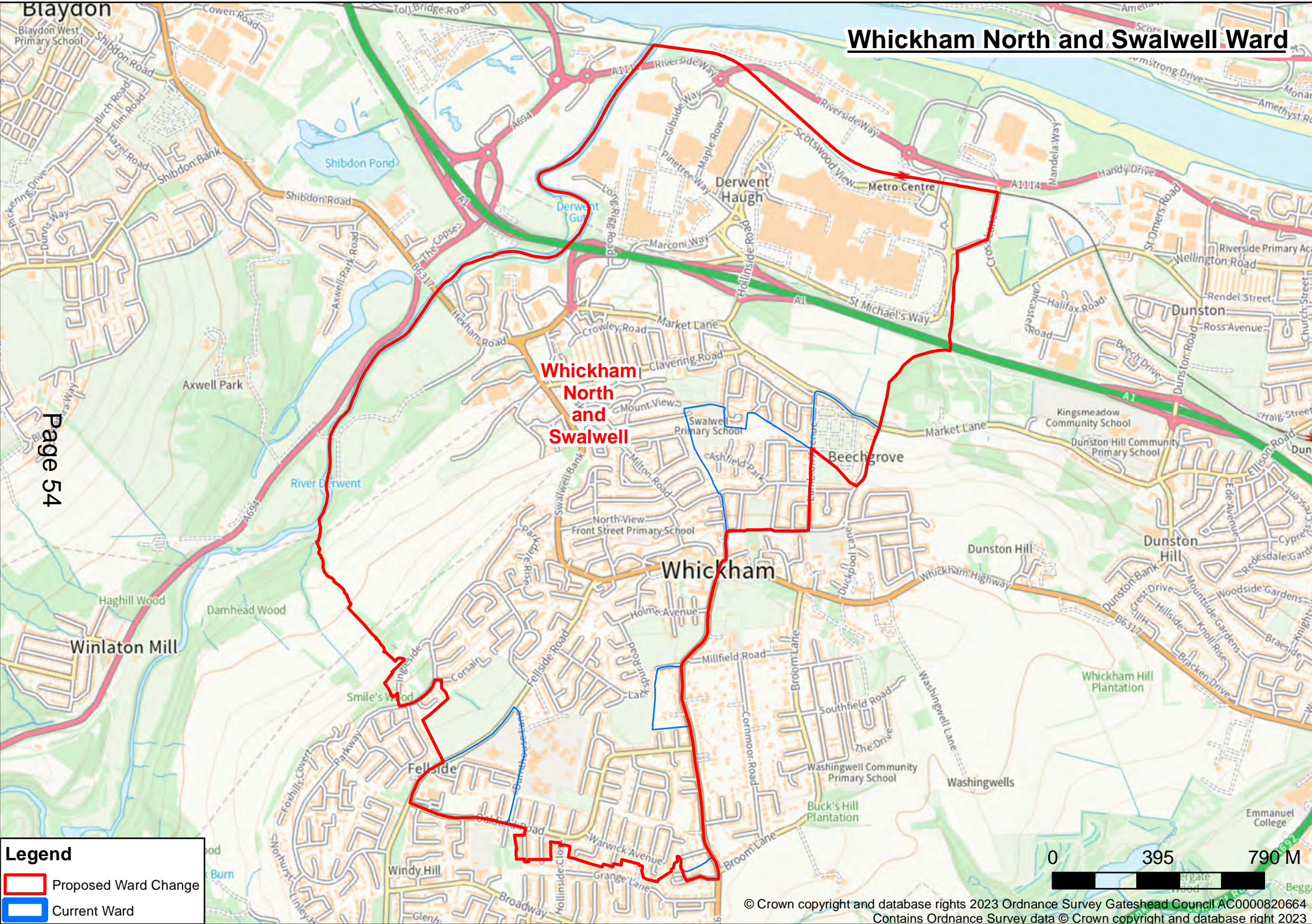
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Whickham North and Swalwell Ward

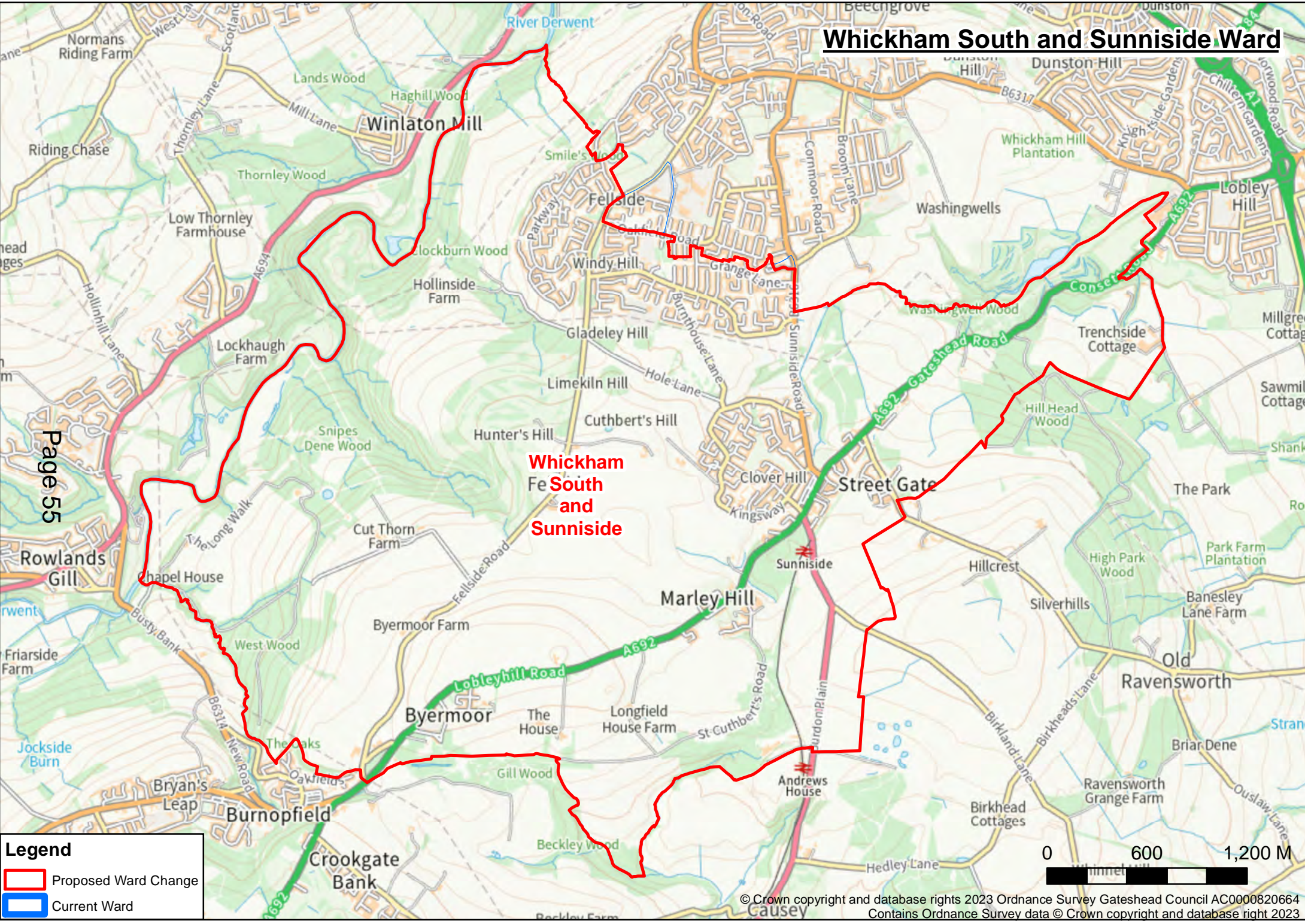


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Whickham South and Sunniside Ward



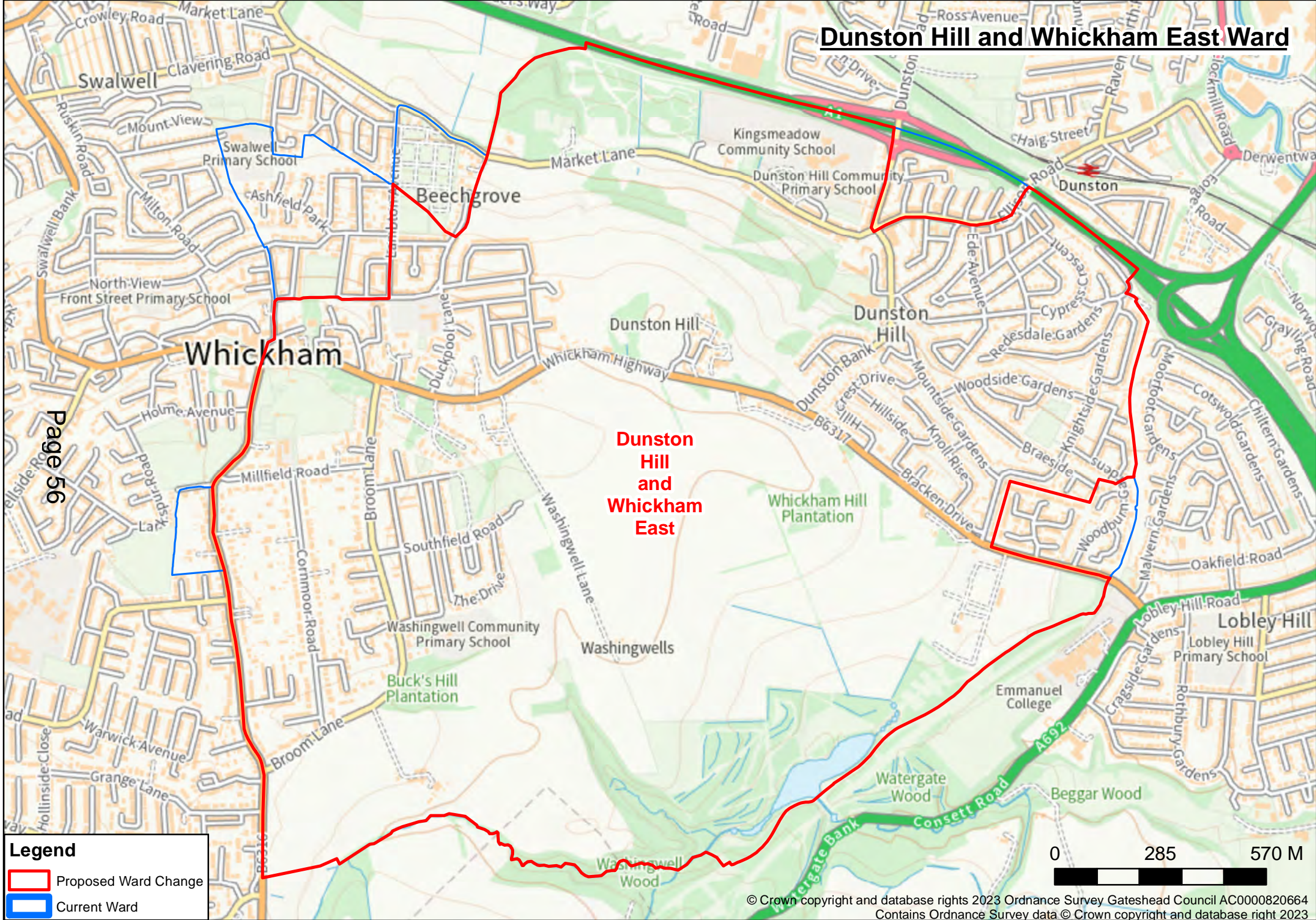
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- Current Ward





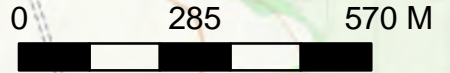
Dunston Hill and Whickham East Ward



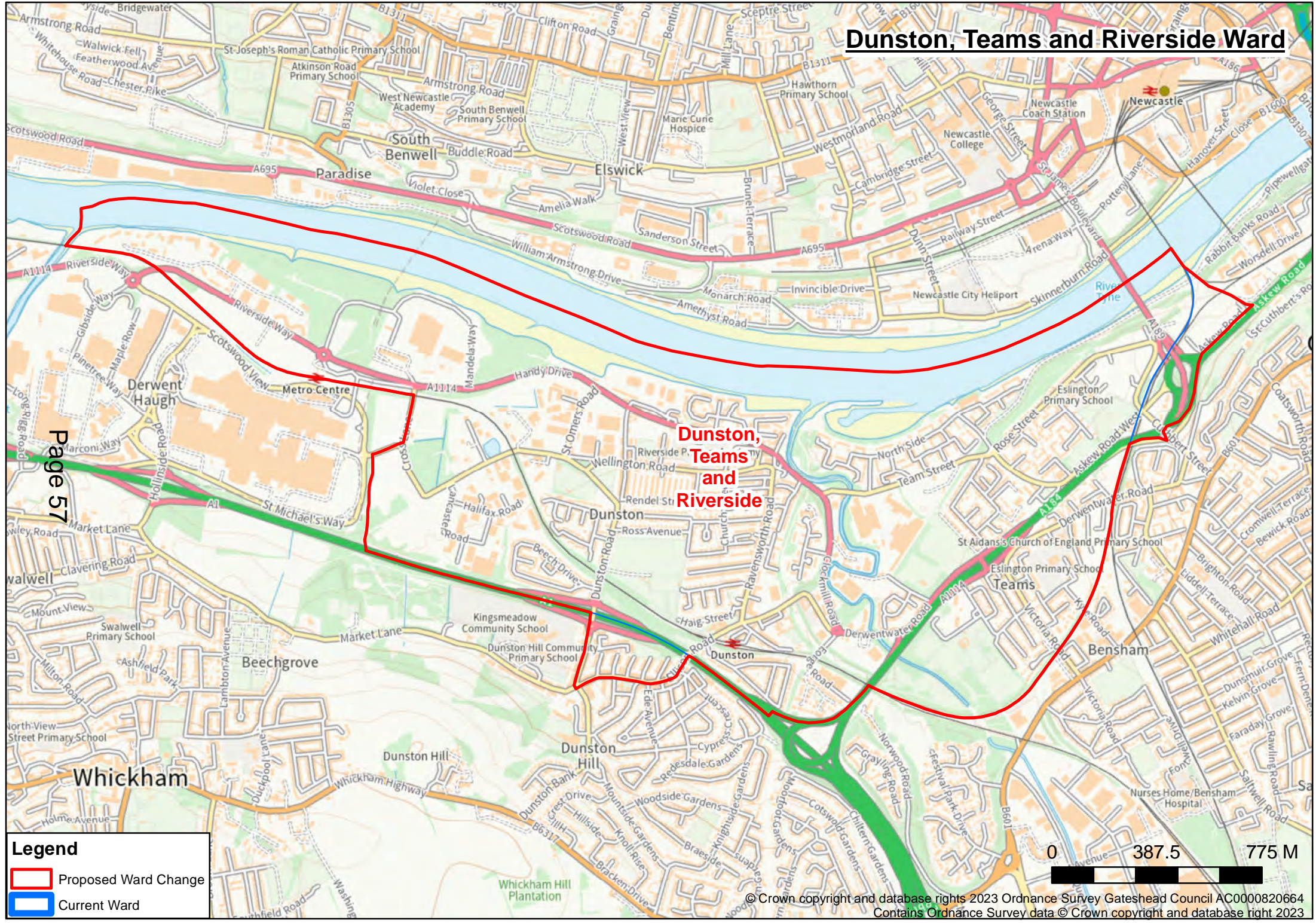
Dunston Hill and Whickham East

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-  Proposed Ward Change
-  Current Ward



Dunston, Teams and Riverside Ward



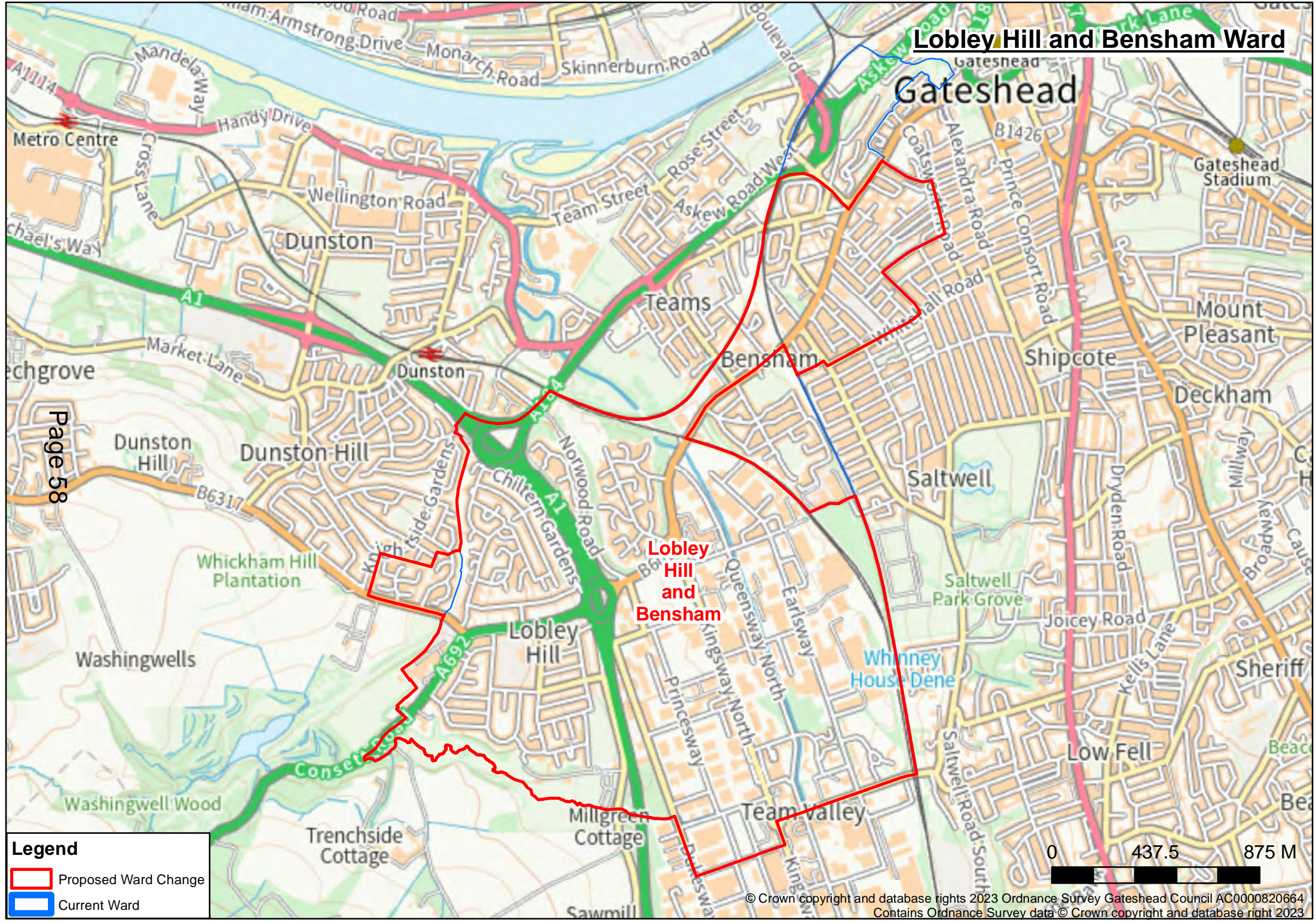
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Lobley Hill and Bensham Ward

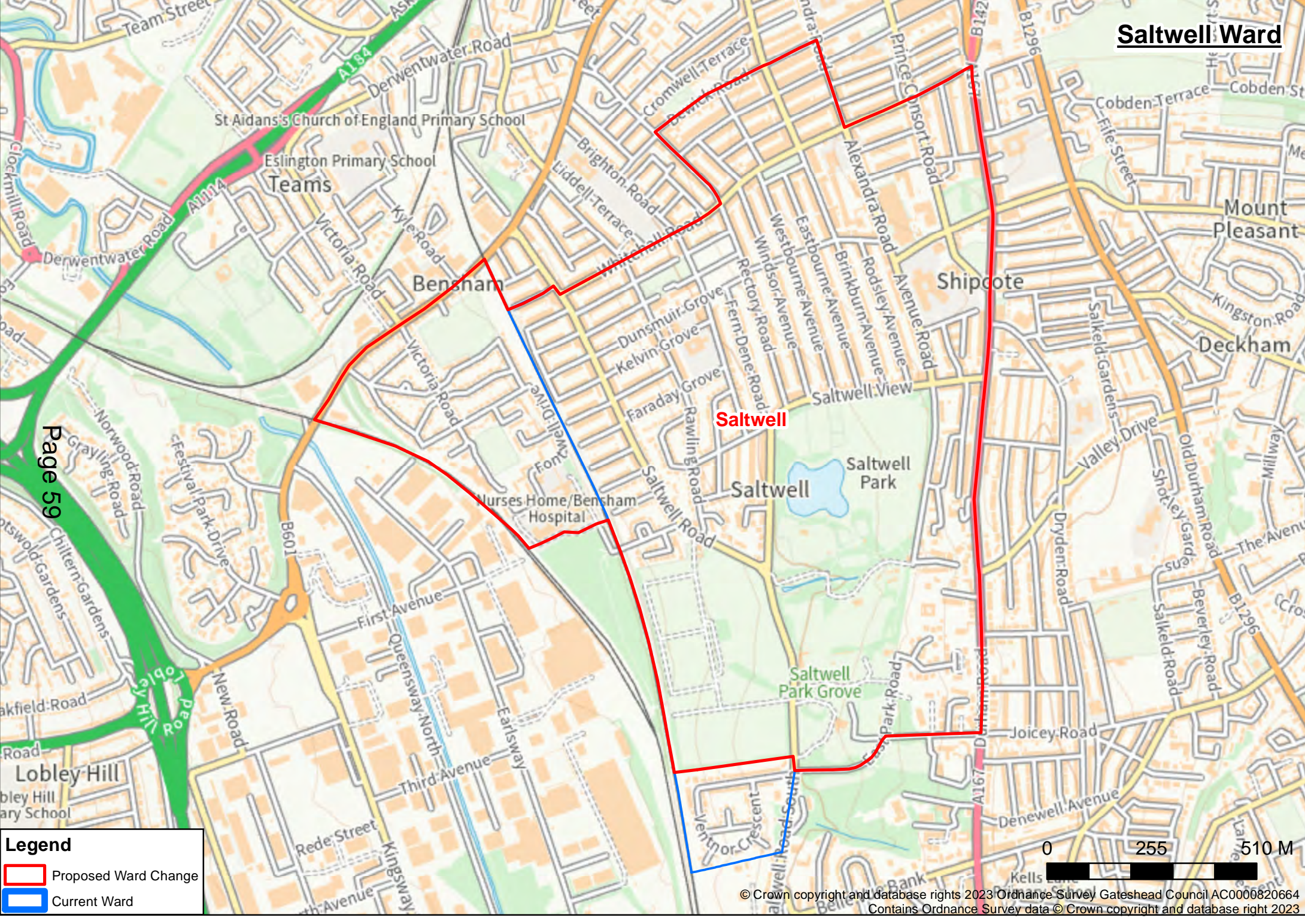


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- Proposed Ward Change
- Current Ward

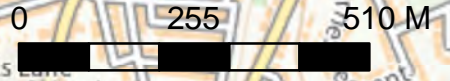


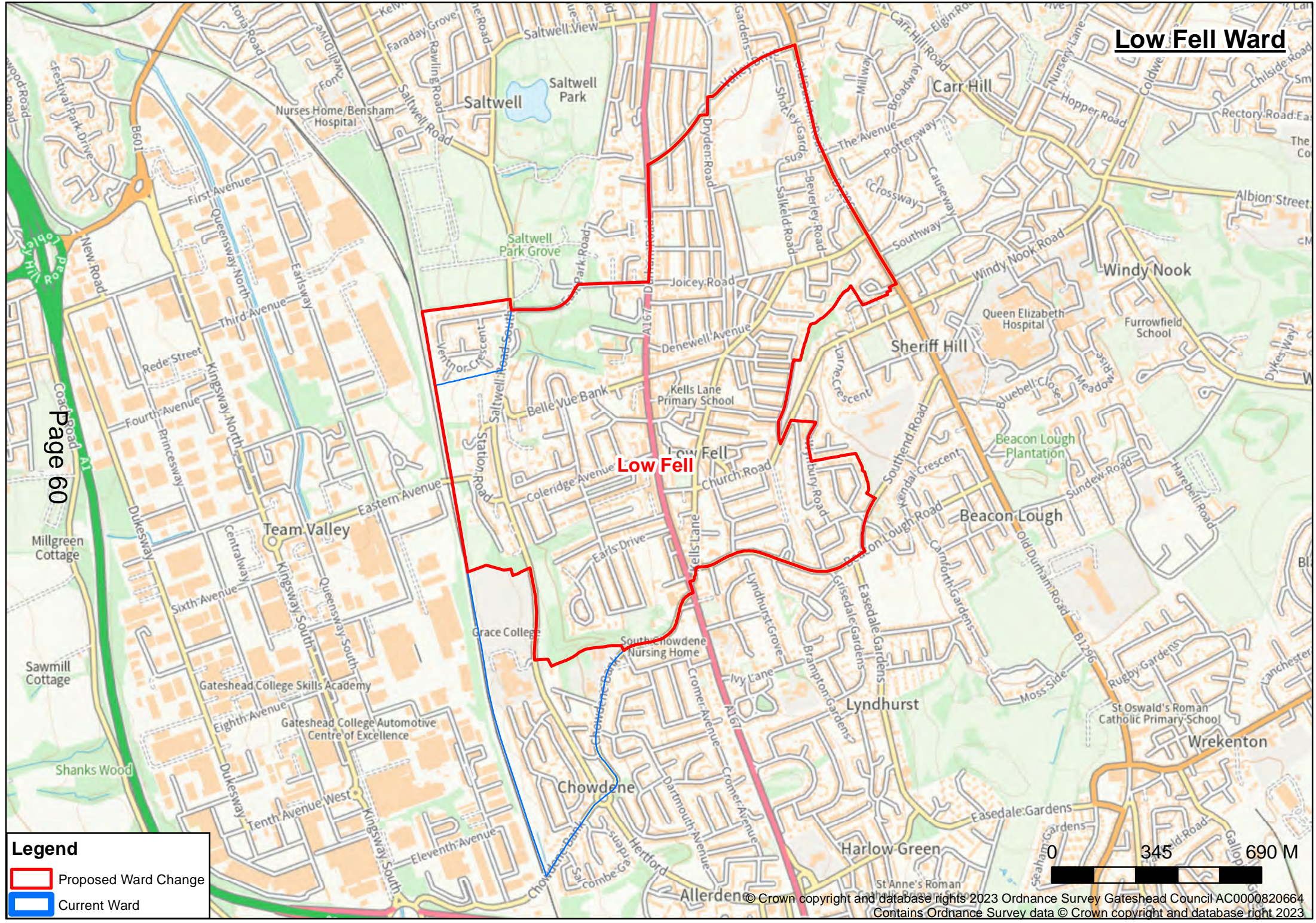


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- Current Ward



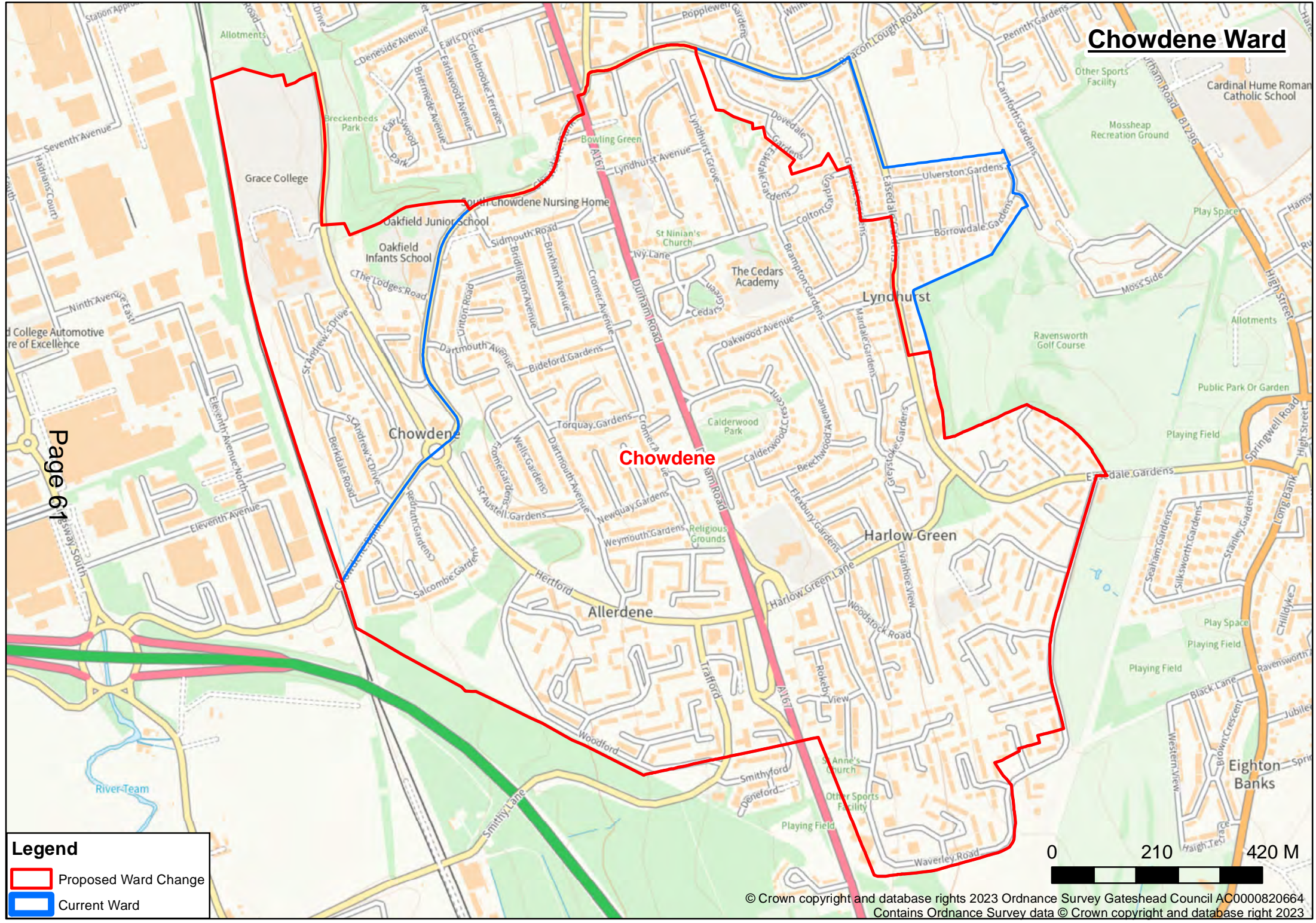


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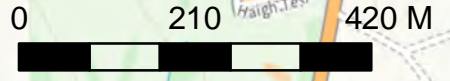
Chowdene Ward

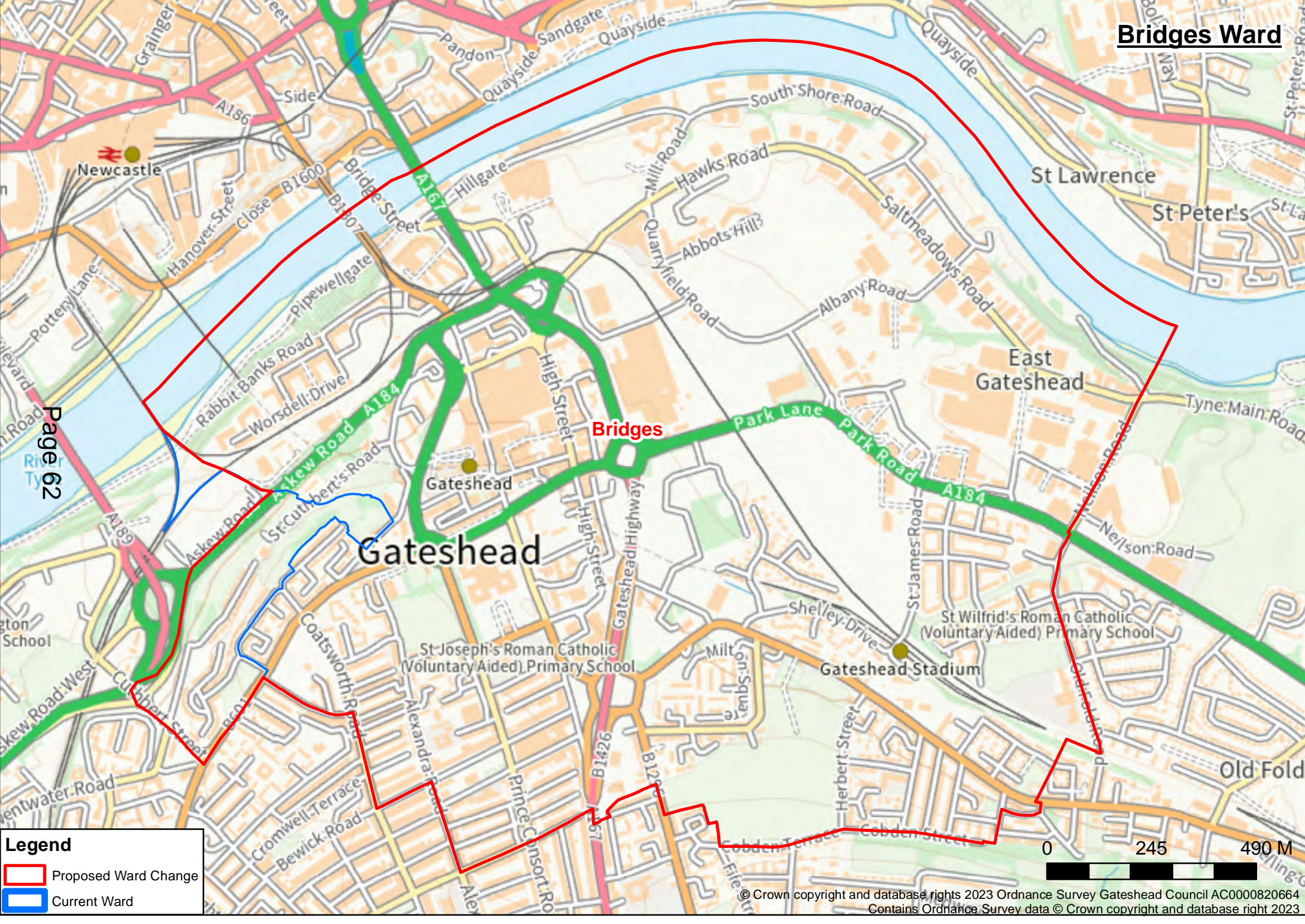


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-  Proposed Ward Change
-  Current Ward





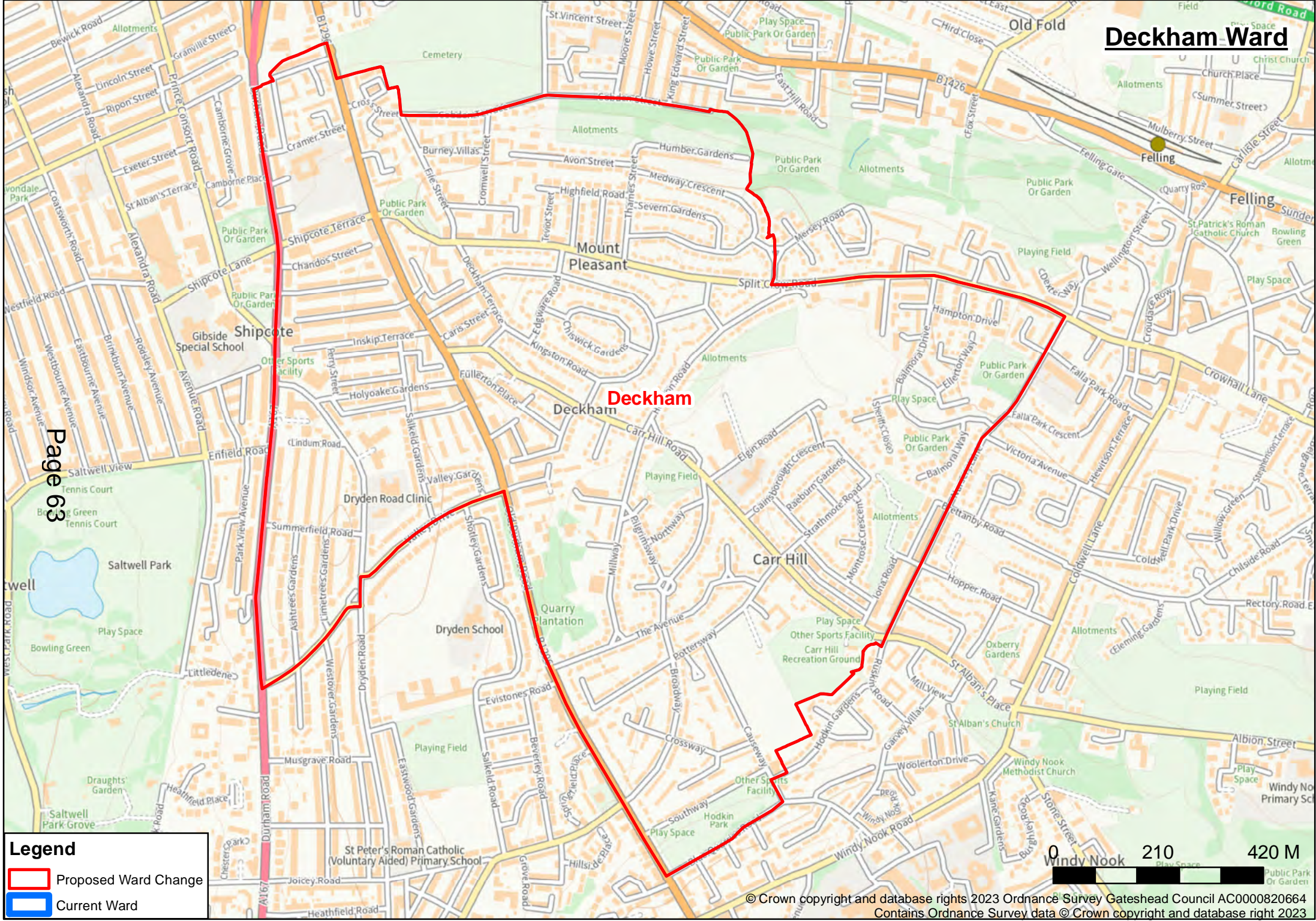
Page 62

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- Current Ward





Deckham Ward

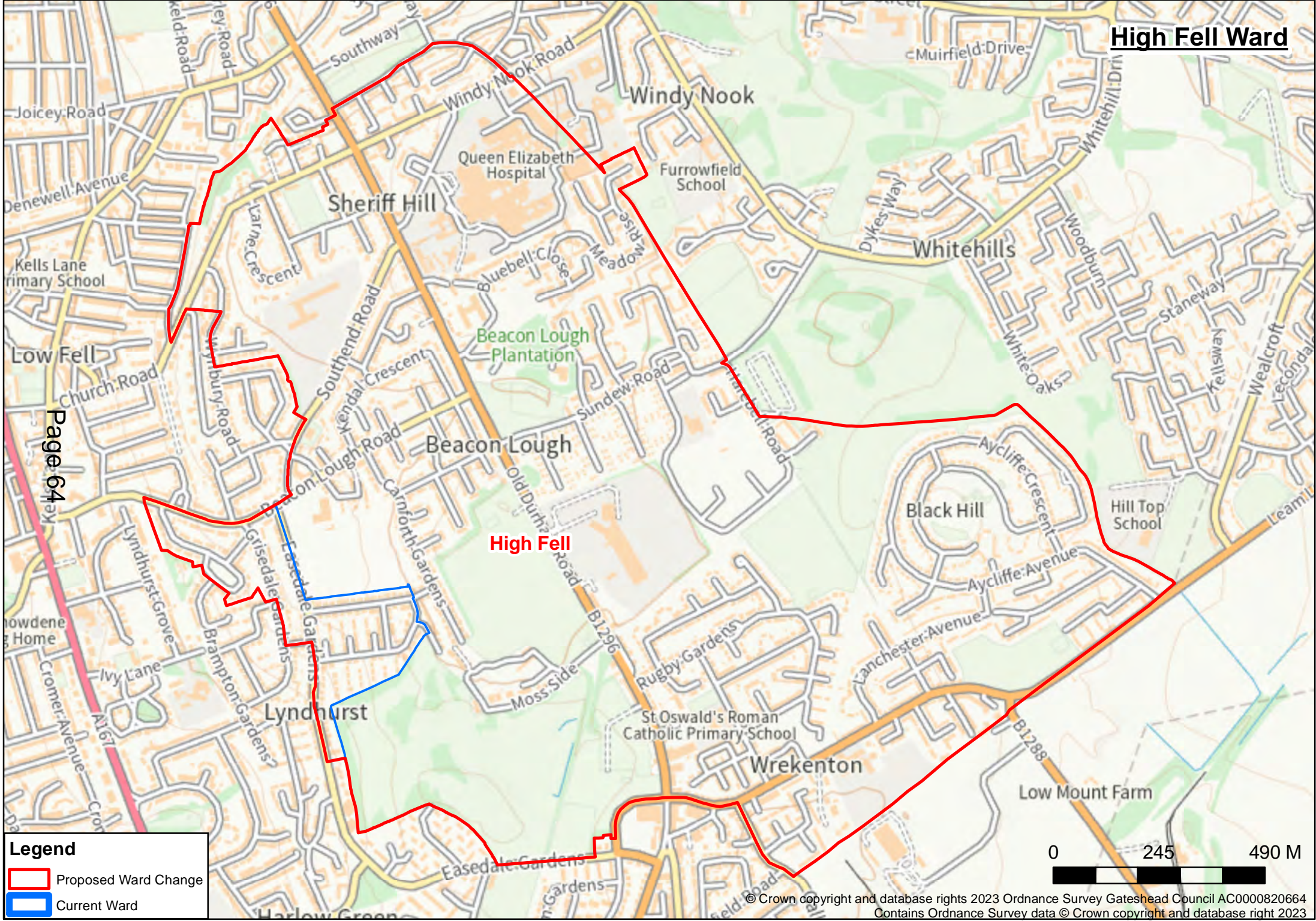


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-  Current Ward

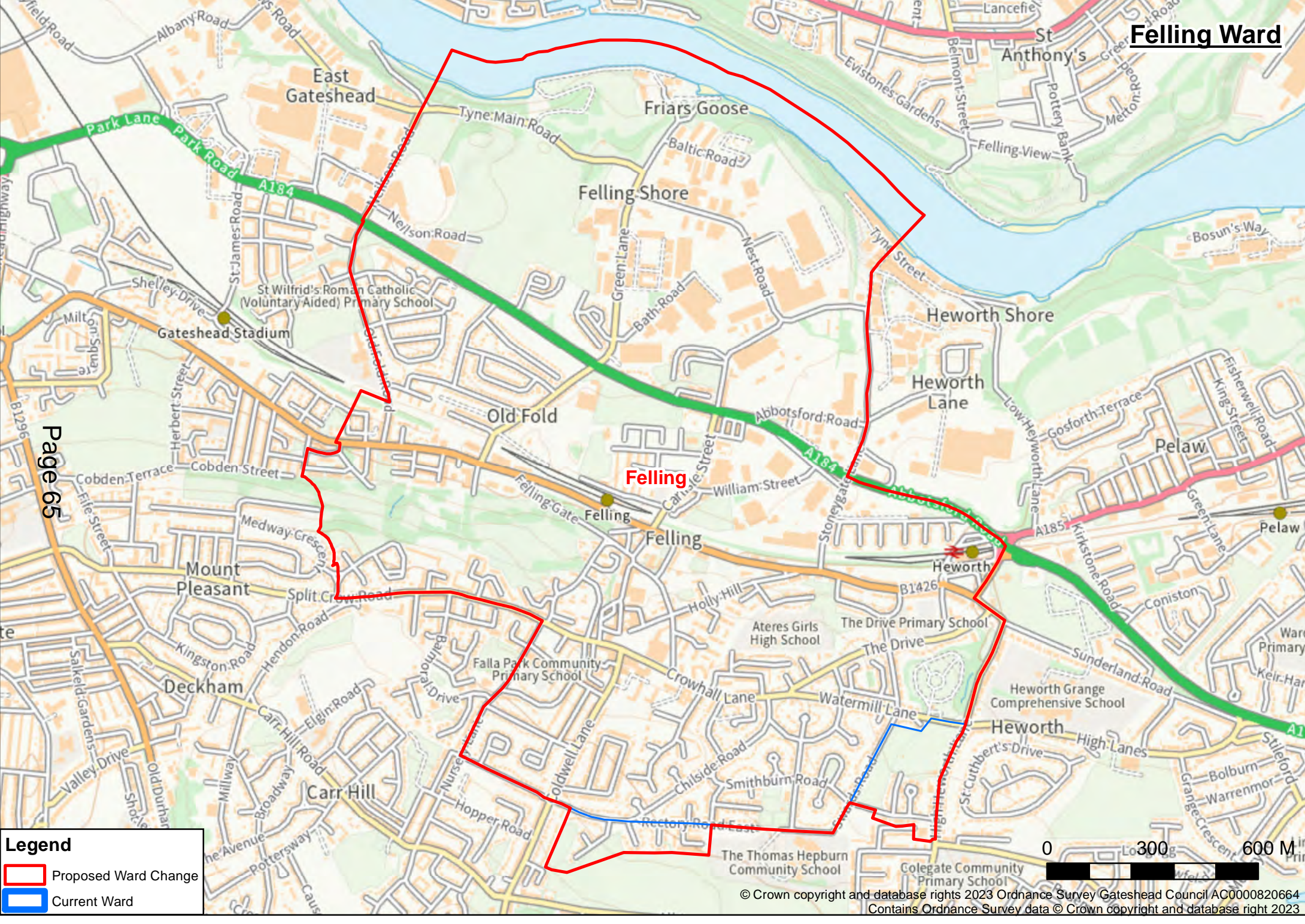




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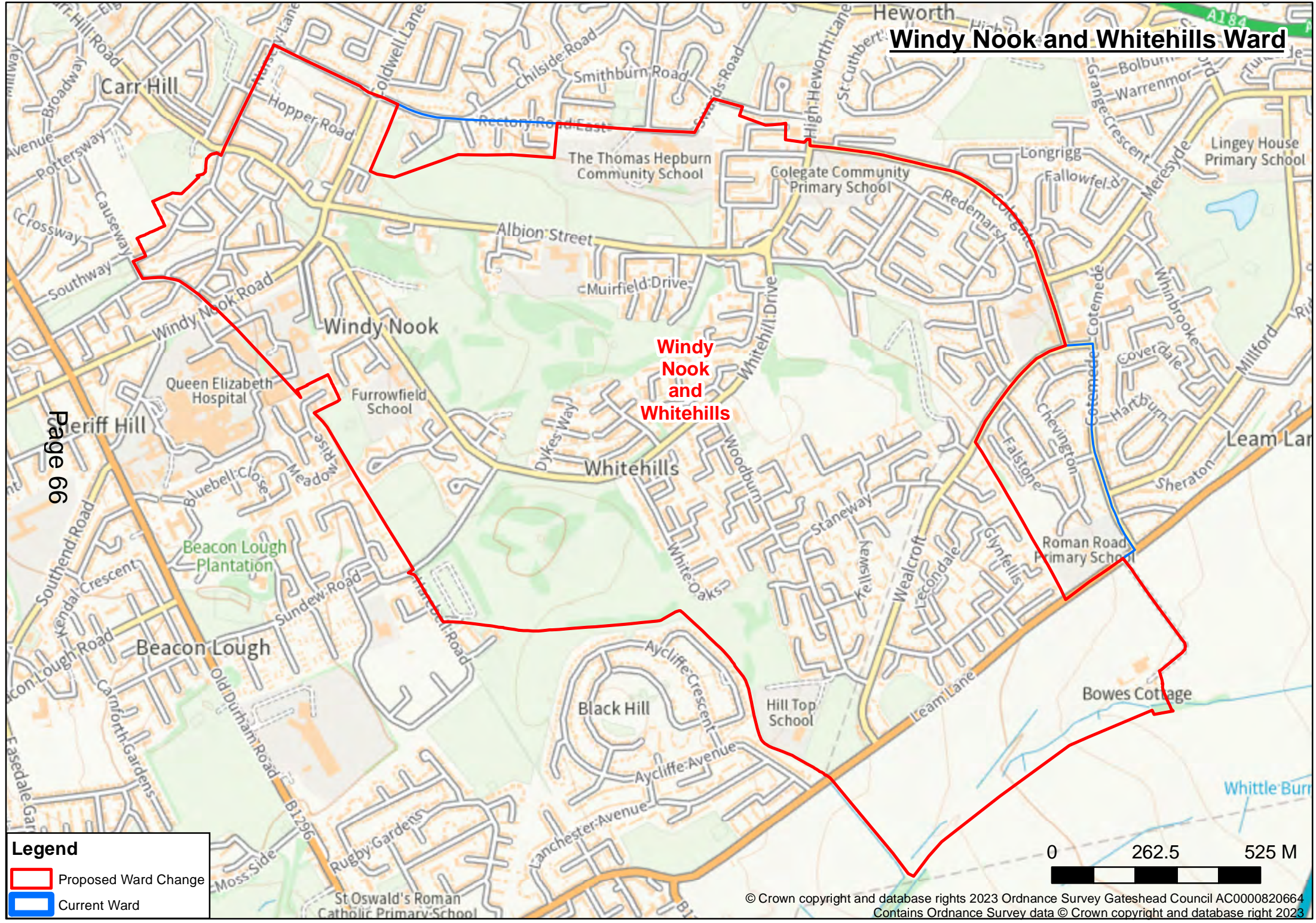


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Windy Nook and Whitehills Ward

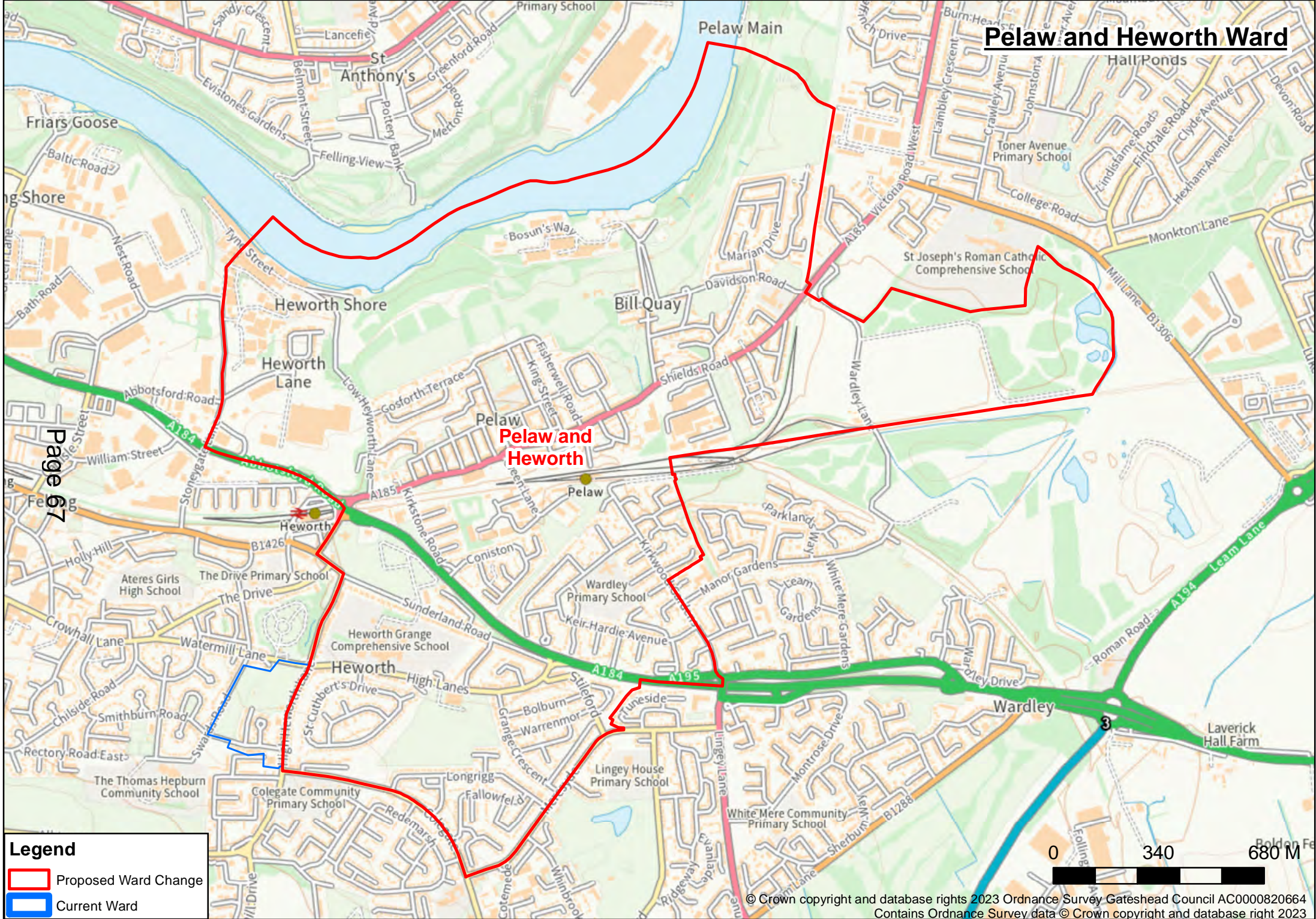


Page 66

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-  Proposed Ward Change
-  Current Ward

Pelaw and Heworth Ward

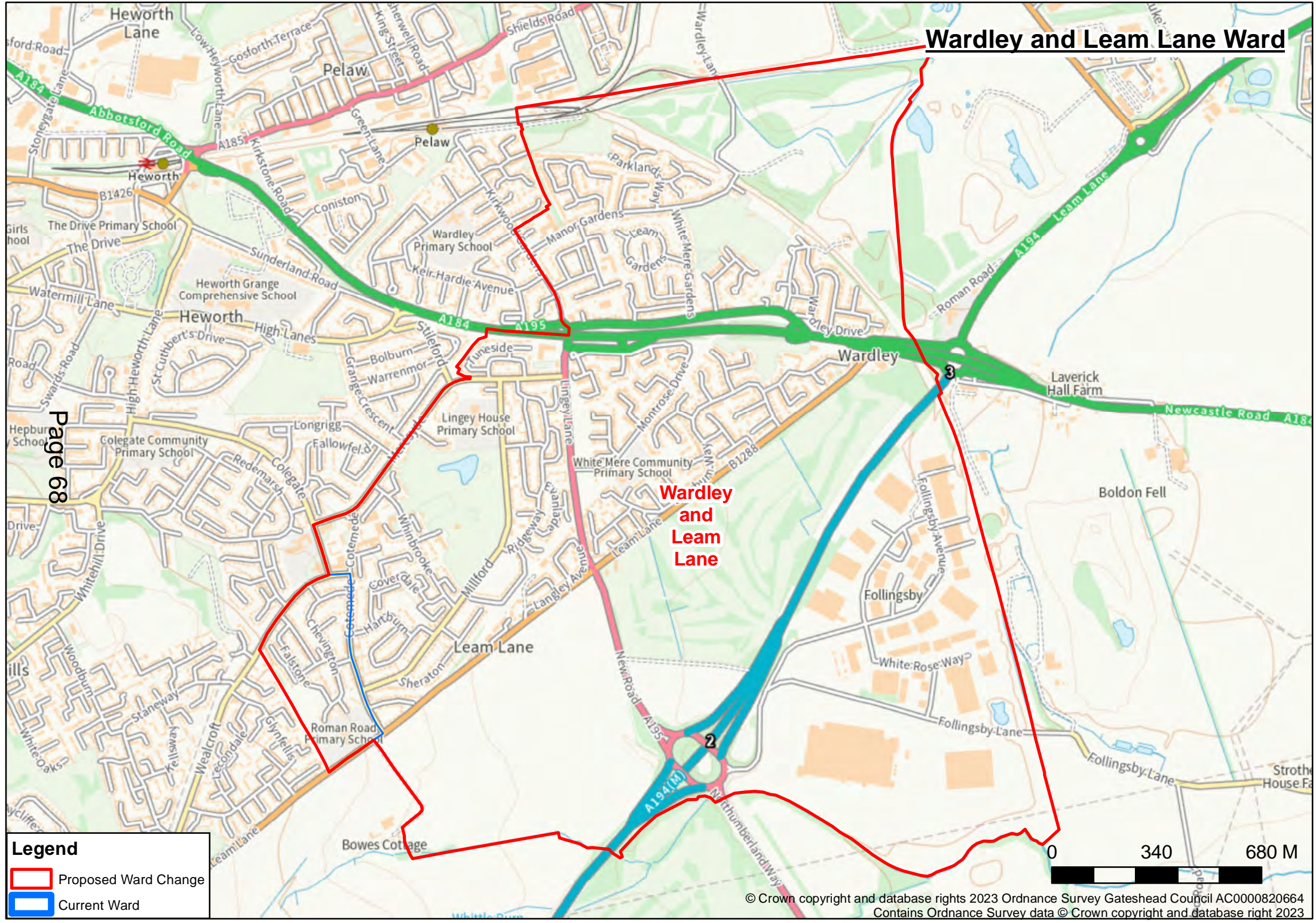


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-  Proposed Ward Change
-  Current Ward

Wardley and Leam Lane Ward



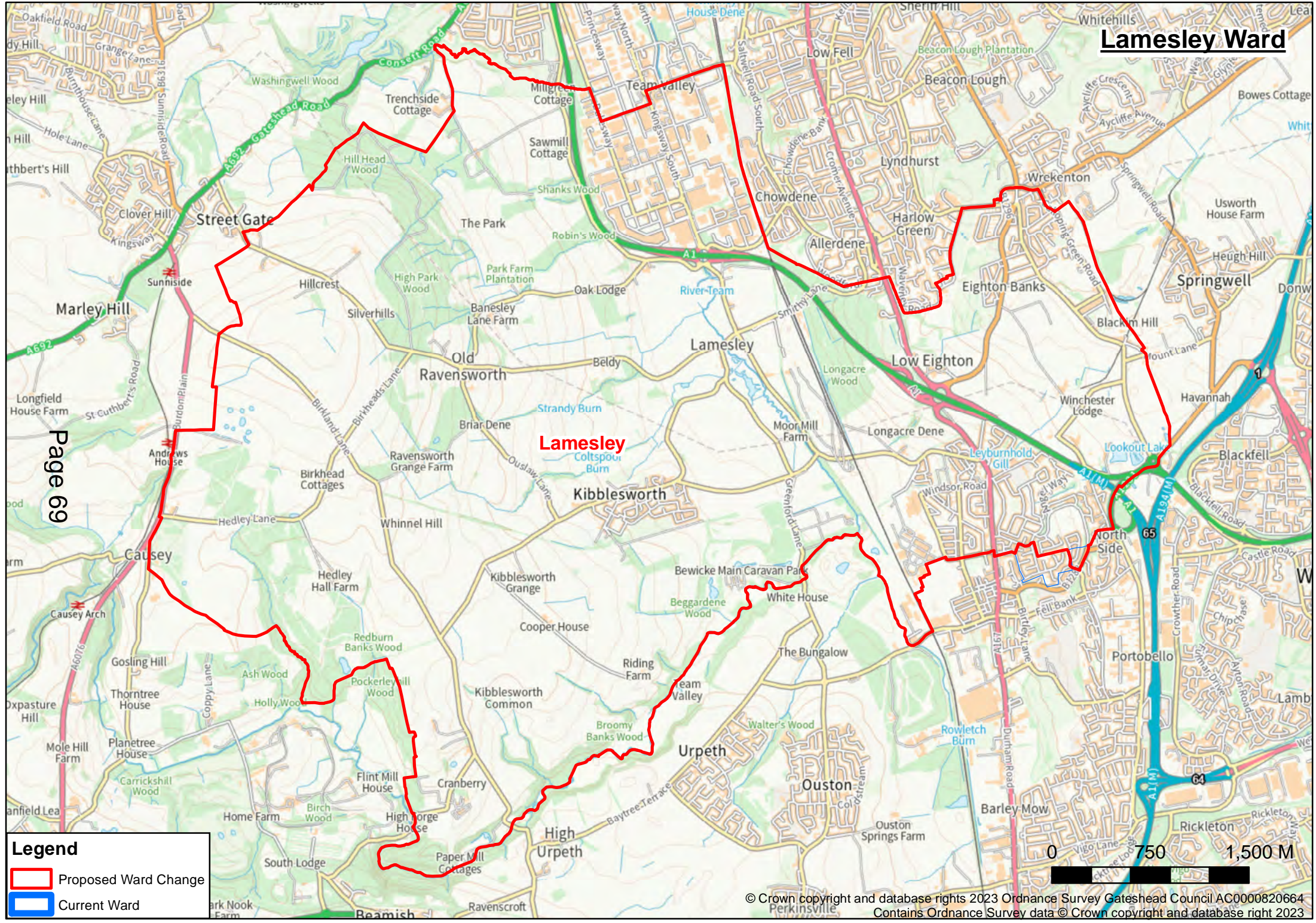
**Wardley
and
Leam
Lane**

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-  Proposed Ward Change
-  Current Ward

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Lamesley Ward

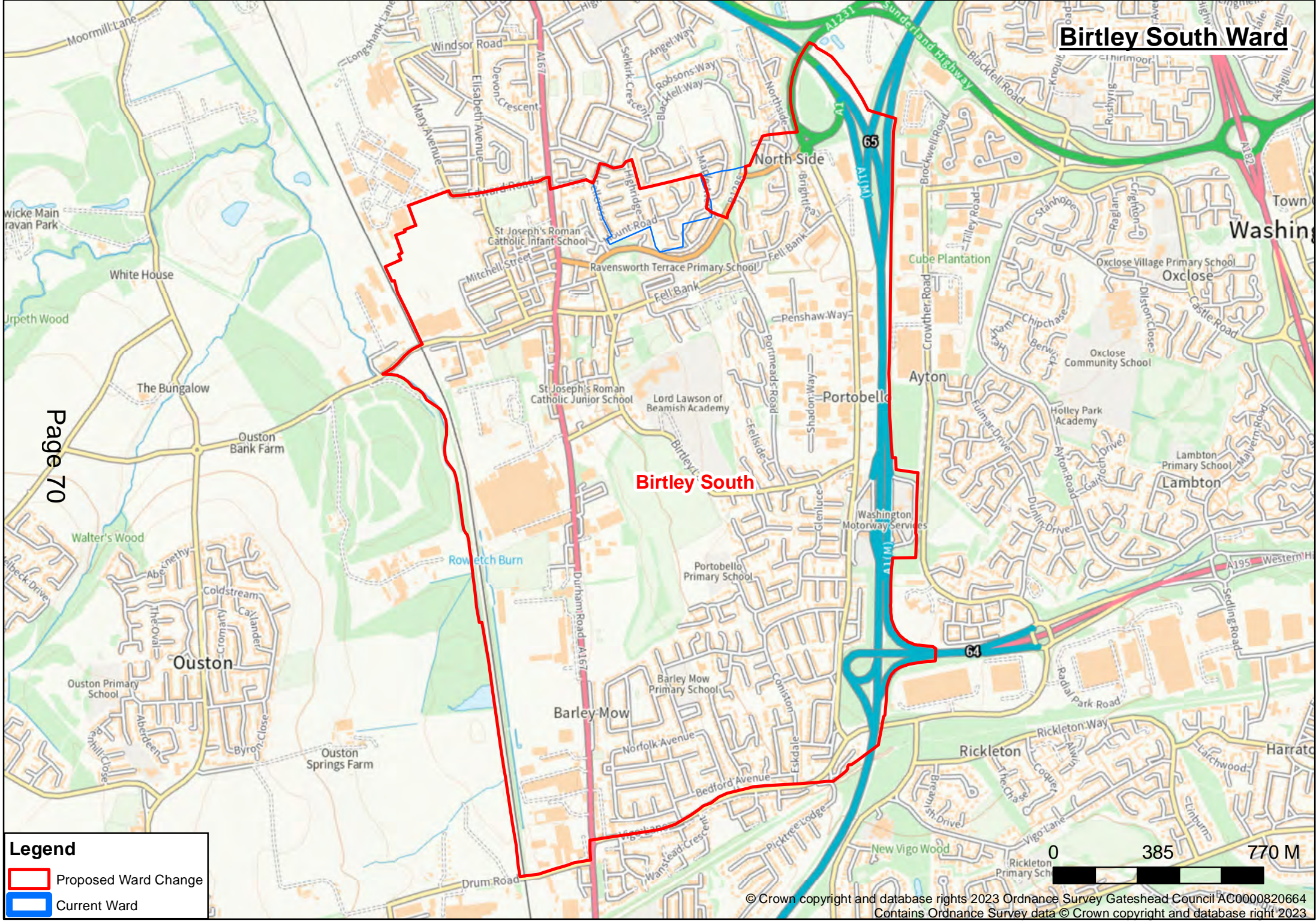


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- Proposed Ward Change
- Current Ward





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- Proposed Ward Change
- Current Ward

TITLE OF REPORT: *Corporate Plan 2023-2028 - The strength of Gateshead is the people of Gateshead*

REPORT OF: **Sheena Ramsey, Chief Executive**

Purpose of the Report

1. Cabinet is asked to recommend to Council *'The strength of Gateshead is the people of Gateshead'* as its Corporate Plan 2023-2028.

Background

2. A corporate plan is a key document for any organisation and sets out priorities, objectives and how its success will be measured. A corporate plan allows the council to set resources against agreed priorities and provides the framework to help prioritise future opportunities.
3. A corporate plan translates policy commitments into deliverable organisational objectives and in effect, it outlines the practical steps that will be taken to turn ambitions into reality. With resources being fully aligned to the organisation's financial strategy.

Proposal

4. Cabinet is asked to recommend to Council *'The strength of Gateshead is the people of Gateshead'* as its Corporate Plan 2023-2028 (Appendix 2).
5. The plan sets out the steps we will take to deliver our agenda for the borough, respond to emerging challenges and ensure the ongoing delivery of good-quality public services.
6. At a high-level, the plan sets out what the council will be doing over the next five years to make Gateshead a stronger place for our communities. It details what we want to achieve and our direction of travel for the next five years, which is both ambitious and reflective of the needs of our great borough.
7. While the plan identifies several priorities it does not aim to capture the enormous range of work going on across the council every day, which impacts and benefits the people, communities, partners, and businesses of Gateshead.
8. Underneath the plan, each area of the council will have an annual group plan that details work in that specific area, with these priorities ultimately feeding through to the workforce's annual appraisal and development process, in recognition that everyone working for the council has a role to play in delivering the corporate plan.

9. We intend to engage with our residents, partners, stakeholders, employees, and trade union colleagues to drive forward the priorities identified within the plan.
10. We will develop an annual action plan to monitor and track our performance in response to the priority areas. This will be aligned to the performance management and improvement framework. There will also be an annual highlight report produced outlining how we have performed each year.

Recommendations

11. Cabinet is asked to recommend that Council:

- i. Agrees '*The strength of Gateshead is the people of Gateshead*' as its corporate plan for 2023-2028.
- ii. Agrees to commence engagement on the corporate plan priorities for 2023-2028 as set out at paragraph 9; and
- iii. Agrees to receive an annual report which reviews performance against the agreed priorities within the plan.

For the following reason:

To prioritise and guide the council's activity in response to borough-wide need. If agreed, the corporate plan will provide an agreed set of priorities which the council will respond to, and which resource can be aligned.

CONTACT: Iain Burns

extension: 2184

Policy Context

1. It is expected that the new corporate plan will have a positive economic, community, social and environmental impact across Gateshead and thereby promote the council's policy framework as set out in '*Making Gateshead a Place Where Everyone Thrives*', and Gateshead's Health & Wellbeing Strategy '*Good Jobs, Homes, Health and Friends*'.
2. Our Medium-Term Financial Strategy (MTFS) will translate the direction set out in the corporate plan into a sustainable financial strategy.
3. The plan will also facilitate closer working across the wider public sector, stakeholders, voluntary and community sector and local enterprise, on integrating functions and services and providing innovative solutions to the challenges faced by the borough and that of reducing financial resources.

Background

4. The corporate plan builds upon our strategic approach '*Making Gateshead a Place Where Everyone Thrives*' and represents the overall strategic and policy direction for the Council.
5. The corporate plan communicates our priorities over the next 5 years. It seeks to achieve this through simplicity, making sense of the complexity of all the connected issues and breadth of the council's strategic role and service delivery, while ensuring sufficient flexibility in approach to respond to rapidly changing external conditions.
6. Our MTFS will translate the direction set out in the corporate plan into a sustainable financial strategy. A separate paper on today's Cabinet agenda provides an update on the MTFS refresh.

Consultation

7. Consultation has been undertaken with all councillors on the approach towards the development of our corporate plan. Following full Council, a communication and engagement plan will support the launch of the plan with residents, partners, stakeholders, employees and trade union colleagues. Collective ownership is needed to deliver the priorities within corporate plan, and we want everyone to play a role in its delivery, embracing that the strength of Gateshead is the people of Gateshead.

Alternative Options

8. The alternative, which has been discounted, is to not have a corporate plan for the council. In the absence of a corporate plan there would be limited scope to guide the work and priorities of the council, and this would mean activity was not prioritised or coordinated in response to the needs of the borough.

Implications of Recommended Option

9. Resources:

- a) **Financial Implications** – The financial implications of the corporate plan will be addressed by the MTFs, emphasising the importance of an integrated approach. Our ongoing work to support the preparation of the MTFs refresh will continue to emphasise the link between available resources, priorities and pressures on both supply and demand.
- b) **Human Resources Implications** – There are no human resource implications arising directly from the recommendations in this report.
- c) **Property Implications** – There are no property implications arising directly from the recommendations in this report.

10. Risk Management Implications – There are no risks arising from the report itself, but an effective corporate plan helps reduce the overall risk of failing to apply council resources in a way that optimises achievement of agreed council outcomes, and key risks around non delivery of the outcomes set out in the corporate plan will be incorporated into the council's Strategic Risk Register.

11. Equality and Diversity Implications – There are no specific equality and diversity implications arising directly from the recommendations in this report. Priorities within the plan should reinforce the council's commitment to embracing equality, diversity, and support inclusion.

12. Crime and Disorder Implications – There are no crime and disorder implications arising directly from the recommendations in this report.

13. Health Implications – There are no health implications arising directly from this report.

14. Climate Emergency and Sustainability Implications - There are no climate emergency and sustainability implications arising directly from this report; however, the green agenda is a critical element of the corporate plan.

15. Human Rights Implications - There are no human rights implications arising from this report.

16. Ward Implications – There are no specific ward implications arising from this report. The plan will have a borough-wide impact.

Background Information

None.

The strength of Gateshead is the people of Gateshead

Corporate Plan 2023 - 2028



Foreword by the Leader of the Council

Welcome to our Corporate Plan for 2023-28. This plan sets out the priorities the Council will focus on over the next five years. The identified priority areas will guide the work of the council and sets out our response to what we believe will deliver good outcomes for the people of Gateshead.

At this stage the plan sets out the council's view of the world and we anticipate that the plan will evolve and be shaped through consultation and engagement with a range of stakeholders.

We believe *'The strength of Gateshead is the people of Gateshead'* because, when faced with adversity - we come together and deliver for one another, working tirelessly for the benefit of the communities of Gateshead, just as we saw throughout the pandemic. We are stronger together and will continue to place people at the heart of everything we do.

Gateshead is unique and different to many other places in the United Kingdom. We are a borough of contrasts, we're two thirds rural and have large expanses of green space. We then have densely populated urban areas and towns. Home to globally recognised icons, such as the Angel of the North, and proud birthplace to the first domestic property in the world to be illuminated by electric light bulb.

We also have different levels of health inequality with life expectancy varying depending upon where you live in the borough. Lives in Gateshead are being cut short. In our poorest areas people's lives are up to 10 years shorter than in our better-off areas. This can be as much as 15 years shorter than the wealthiest parts of England. People in poorer areas also live more of their lives in bad health. This is not right nor should it be acceptable.

Wherever you live or chose to be in Gateshead, we want you to know that the council is relevant to you, it has a role in the life you lead, and that it delivers a good level of service for you.

We provide hundreds of services each day, some of which you'll see and have a direct impact on your life such as bins and local roads, some of

which you'll only need when you request it, such as social care. Some people need the council more, others less so. Whenever you do interact with us though, we want it to be a positive interaction or experience. This isn't saying we'll always say yes or respond in the way you want each time. However, when we do reply, there'll be a clear rationale or reason sat behind the decision.

We're a big, complex organisation and recognise that won't always get things right first time. What we can promise to do though, as a learning organisation, is to listen and take on board your feedback and apply improvements along the way.

As a council we continue to work towards a sustainable budget position. In working towards this, it does mean we have a reduced level of budget available to spend on the services deliver, which means that we cannot deliver everything that we used to, or that you might want us to. We are having to make extremely challenging decisions, but ones that are necessary to ensure we can continue to deliver statutory and essential services for residents.

We launched Thrive in 2018. This was our approach to ensuring we put people at the heart of everything that we do. Thrive is as relevant today as it was then, whilst recognising that the world in which we operate has changed significantly. Our Corporate Plan is the immediate response to prioritising our offer, and ultimately our available budget, to local people. This plan will evolve, and we will look to engage residents and our partners further in the refinement of this. In doing so, reaffirming our commitment to Gateshead and you.



**The Strength
of Gateshead
is the people of
Gateshead**

A handwritten signature in black ink, appearing to read 'Martin Gannon'.

Councillor Martin Gannon, Leader of Gateshead Council

Purpose of this plan

This plan sets Gateshead Council's strategic approach and priorities for 2023-2028 so that employees, councillors, delivery partners and other stakeholders understand:

- The strategic priorities of the council - so that resources, delivery plans, strategies and operational activity can be aligned to them; and
- How the council will continue to transform and drive improvement in services to deliver our priorities and operate as an organisation and partner in the most effective, productive, and impactful way.

Supporting Strategies and Plans

This plan and the priorities in it are supported by a range of strategies and policies (both current and new) which set out how and what the Council will deliver, including:

- **Delivery strategies and policies** – strategies (some of which are statutory plans) that set out detailed actions and outputs which will help deliver priorities e.g. Health and Wellbeing Strategy and many more.
- **Place-based strategies** – for priority areas such as the Local Plan and River Tyne Renaissance

There are also plans and programmes which support and enable the council to deliver priorities in an effective, efficient, and productive way - including:

- The **Budget and Medium-Term Financial Strategy** sets out how the council's financial resources will be deployed. The Budget outlines the council's financial income and expenditure, and the Medium-Term Financial Strategy sets out how the council intends to deploy its financial resources
- Plans to improve the council's effectiveness and modernise its ways of working, for example through its **Workforce Development Strategy**

We will be developing a **Delivery and Performance Plan** which will outline the key actions, activity and metrics that support the delivery of the Corporate Plan priorities.



Gateshead in numbers

Gateshead

has a population of **196,200**



It is projected to increase to around **204,200** in **2043**

Life expectancy

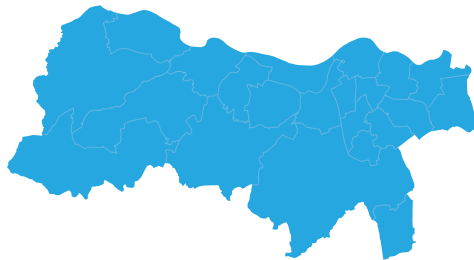
81.5
women



77.4
men



POPULATION



Residents over the age of 65

is projected to grow in future, which means we have an ageing population (**48,733 by 2040**)



Gateshead is ranked 47th most deprived

out of 317 local authorities in England.



Number of jobs

89,000 in jobs



5,610 businesses

trading in Gateshead



55% of residents

are qualified to at least NVQ Level 3 equivalent



ECONOMY

The Sage is anticipated to support more than **1,140 jobs** and attract an extra **296,000 visitors** to the region.



Estimated to boost the regional economy by over **£29.5 million annually**.

Average household income is just over

£37,600 per year



Around 95,500 or 71.7% of working age (16-64)

Gateshead residents are in employment



HOUSEHOLDS



58% of housing is owner occupied, and **19%** is managed by Gateshead Council.



16% of housing is rented

from a private landlord or letting agency and **6%** from a registered social landlord



68 new

affordable homes built in 2021/22



Average house prices in Gateshead approx.

£154,000

(Feb 2023)

61% of people are active per week

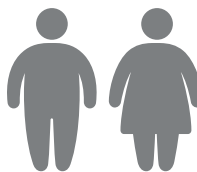


1501 average weekday cycle trips made

average weekday cycle trips made



HEALTH



25% of adults obese

22% of people are limited in day-to-day activities by health



27% of year 6 children classified as obese



8% are in bad health



Gateshead is approx. **two thirds rural**



Around 15% of Gateshead is woodland



23% of household waste is recycled



Carbon emissions from the council have **reduced by 55%** since 2010



Around 17% of Gateshead is protected for wildlife



Gateshead Energy centre

2.5% of employers' energy is provided by our energy centre



Approx **152 Million** journeys are made using public transport in Tyne & Wear



Making Gateshead a place where everyone thrives

Our strategic approach, Making Gateshead a place where everyone thrives, aims to redress the imbalance of inequality, whilst championing fairness and social justice in Gateshead.

As a council we are working with partners and others, to achieve the right outcomes for those people and families who require support. Many of our services are either universal e.g. bins, roads or targeted like social care. People and families need different degrees of support at different times in their lives.

We need our residents, community organisations, partners and stakeholders to join us in our bid to make Gateshead a place where everyone thrives.

The Corporate Plan is our guide and sets our priorities and direction of travel. Each year we will refresh a delivery plan which will set out how we will take our strategy forward in that year and what we expect the impact to be.

We want the Corporate Plan to remain current and relevant and ensure that it is a living document, which everyone plays their part in delivering.



Our Organisational Vision

A great borough, with vibrant communities, where businesses can grow, residents feel supported and live fulfilled lives, and our environmental impact is minimised

We are committed to running an organisation that puts our residents first, delivers value for money, and works with our communities to ensure we focus on what is important.

Our pledges

Putting people and families at the heart of everything we do

Tackling inequalities so people have a fair chance

Supporting our communities go support themselves and each other

Investing in our economy to provide sustainable opportunities for employment, innovation and growth

Working together and fighting for a better future for Gateshead

All underpinned by

Good customer service

Sound financial planning

Inclusivity

Good governance

Continuous improvement

Culture

Putting people and families at the heart of everything we do

Gateshead is a place that offers opportunities for all residents to live healthy and fulfilled lives and achieve their ambitions. This starts by giving all **children the best start in life**.



In doing so improve outcomes and opportunities for all. **We will think long-term and adopt a preventative approach** in determining our response to local need. The aim being to have access to services for those who need them, social care where required, alongside **population health improvements for all**.

This will require the wider Gateshead health system and partners to empower **good health outcomes across the life cycle**.

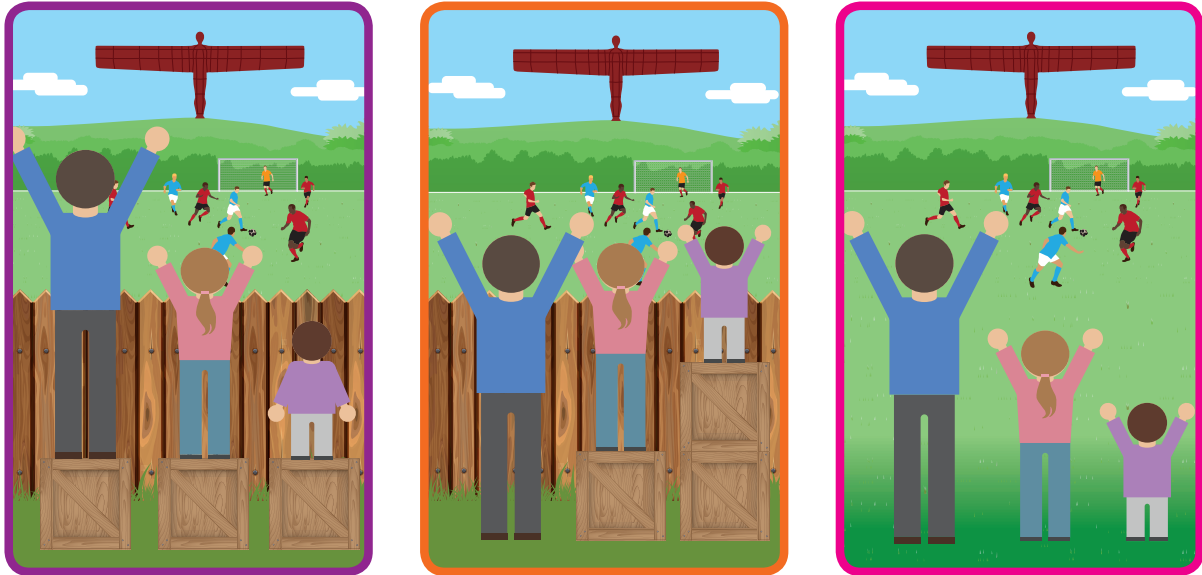
We will provide **integrated and targeted family support** where it is needed and reduce risks of harm to young people.

With an increasing older population, it is essential we ensure people **start life well, live fulfilling lives and enjoy later life in good health**. We will work with health partners and agencies to develop strong delivery plans tailored to local need.

We want residents to be able to make informed decisions over their life and will ensure information and advice if available and accessible. This will **promote independence through enablement; promote independence through technology; be based on strength base practice; all with a home first prioritisation**.



Tackling inequalities, so people have a fair chance



Poverty and deprivation still have too big an impact upon too many of our residents. We want to **tackle those inequalities**, so people have a **fair chance** to achieve their personal goals and ambitions. Our aim is to be a borough with reduced inequalities where residents having improved access to social and economic opportunities, enabling them to live fulfilling lives.

To truly enable our residents to Thrive we must create the conditions for fairness and equality – maximising the wellbeing of our communities.

Over the next two years we aim to further the **actions** set out within our **Health and Wellbeing Strategy**. In doing so strengthening the role of ill health prevention and **ensuring a healthy standard of living for all**.

We all want children to have the best start in life and will champion and support the delivery of **high quality, inclusive education for Gateshead's children**.

Through an integrated, intensive and effective offer, we aim to **reduce the need for children and young people to come into our care**.

Ensure all children and young people in our care have the **best care and stable homes**.

We will also **improve outcomes for children with SEND** through the delivery of strengthened and inclusive services alongside our local partners.



Supporting our communities to support themselves and each other



Ensuring that people are **safe and feel safe** is a wellbeing requirement. The strength and ability for communities to adapt to change and deal with shocks and emergencies is essential. Through being more resilient we can reduce the negative impact on individuals. Reducing the direct intervention needed by the Council to provide a fix.

We cannot achieve the ambitions of Thrive alone and in recognition of the contribution they make, we will **strengthen the support provided by the voluntary, community and social enterprises sector** within Gateshead.

We also recognise the support of Gateshead's **Caregivers** and want to continue to support those who choose to care as both a profession and those who look after relatives, friends or loved ones.

We also want to work with our communities to ensure we have the **range and choice of high-quality homes for children who need care**.

We will support and invest in the development of stronger and more resilient communities, enabling residents and partners to tailor service delivery to the local need – in Gateshead this is **locality working**. Delivering a local range of services in response to the direct needs of our communities. Evidence led and informed by feedback on the ground, we will deliver a range of tailored service in collaboration with our partners.



Investing in our economy to provide sustainable opportunities for employment, innovation and growth

We want Gateshead to have strong local economic outlook, with **more businesses, good jobs, and inward investment**.

With this strong economic outlook, we want to tackle unemployment and ensure residents have **skills and qualifications** to enable them to **access opportunities**.

We will **support regeneration and development opportunities** that come forward and will support investors to do so. Creating a **fairer, green and more resilient economy** at the heart of this work.

It is important to **maximise the visitor and rural offer** that exists within the borough and embrace the wider regional cultural offer.

The council will work with neighbouring councils to support the formation of a North East Mayoral Combined Authority and seek to maximise the opportunities that **Devolution for the North East** provides residents, business and partners.

All of which provides a strong platform for our ambitions to **tackle health inequalities** within Fair Gateshead.



Working together and fighting for a better future for Gateshead

We want Gateshead to have **an aspirational outlook and visionary future**, whilst reflecting the needs of local people and building for our future generations.

We want to ensure that there is a **broad range of homes** available for our residents. We will work with partners to meet housing needs now and for the future. We will **invest £168m to build new council homes and improve our current offer**.

It is important that residents have access to **improved connectivity** within Gateshead and the region, allowing them to travel for both work and pleasure purposes.

We will also look to **protect the environment** as we move towards a low-carbon future, helping the community minimise its carbon footprint and encourage the reduction of borough wide carbon emissions.

We want Gateshead to be a place where people have **pride in their local area** and will work to introduce minimum environmental standards within the borough.

We also want everyone to be an ambassador for the Gateshead – having **civic pride**, where **diversity is embraced**, and people are **proud of their community and home**. Creating a positive outlook for all.

We will **champion the work of the council**, together with encouraging our communities to play their part in **local democracy**. Understanding how they can **influence local decision making** and having a say in local improvements.



Interconnected Priorities

The priorities in this plan are interconnected. Many of the priorities and the outcomes from the pledges are dependent on one another. For example, we know well-paid employment, affordable homes and transport, clean air and access to green spaces can all contribute to good physical and mental health.

Prioritising: Inclusivity

We will:

- embed our organisational values and behaviours.
- promote, champion and advocate diversity.
- demonstrate inclusive leadership, partnership, and a clear organisational commitment to be a leader in equality, diversity, and inclusion.
- involve and enable our diverse communities in our decision-making processes.
- encourage and build a skilled and diverse workforce to build a culture of equity and inclusion in everything we do.

Prioritising: Customer experience

We will:

- put our customers at the heart of everything do.
- provide a consistent quality of service to our customers.
- reflect customer feedback in the design and delivery of services.
- continue to adopt a digital by default approach, enabling self-service where achievable.
- co-design and collaborate with partners where possible, to deliver for local communities.
- effectively communicate and engage residents and partners in the work of the council.

Prioritising: Financial sustainability

We will:

- ensure effective and prudent use of the council's resources.
- provide value for money through efficient and effective service delivery.
- provide services without the use of reserves.
- continue to identify and develop new and appropriate income generating opportunities that are in keeping with our Vision.
- maintain an investment strategy that preserves and improves the financial resources available to the council.
- rigorously manage the council's risks.
- have sound governance arrangements in place.

Prioritising: Culture

We will:

- develop refreshed core values for the council to be incorporated into how we work and everything we do.
- develop a new Equality, Diversity & Inclusion Strategy to be rolled-out across the council.
- promote communication and transparency.
- welcome challenge and learn from our mistakes.

Prioritising: Continuous improvement

We will:

- review and strengthen our performance management framework, including regular reporting and clear accountability.
- develop a clear programme of transformation and improvement activity.
- arrange for a peer challenge in 2024 and act promptly on key recommendations.
- recognise and celebrate good performance and address poor performance through a strengthened Appraisal & Development framework for employees.
- develop a council-wide awareness and culture of continuous improvement in every aspect of council activity.

Prioritising: Good governance

We will:

- review the council's constitution to ensure it is accessible, comprehensive, and meets the needs of the council in the delivery of this Corporate Plan.
- promote awareness of the seven principles of public life ('the Nolan principles') and effective application of the respective codes of conduct for councillors and employees.
- review the council's overview and scrutiny function to ensure it is robust, challenges constructively, and contributes continually to the delivery of this Corporate Plan.
- ensure the revenue budget and capital programme remain balanced and sustainable over a rolling 5 year period.
- maintain a programme of reviews for our services to ensure they are delivered efficiently and effectively.

Engagement with communities

- Focussing on our residents' needs
- Engaging with all our residents, and partners, to understand what matters to them
- Working in partnership to benefit Gateshead
- Providing quality public services that are accessible to all
- Making best use of our resources and look to invest in the future of the borough
- Adopting modern and efficient working practices
- Promoting a culture of fairness, openness and transparency
- Providing equality of opportunity in all our activities and ensure that discrimination does not occur
- Lobbying for Gateshead's interests both regionally and nationally





REPORT TO CABINET 24 October 2023

TITLE OF REPORT: **Medium Term Financial Strategy 2024/25 – 2028/29**

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

Purpose of the Report

1. To request Cabinet to recommend to Council the approval of the Medium Term Financial Strategy (MTFS) 2024/25 to 2028/29 including the proposed MTFS principles and the medium-term financial context as set out in this report and appendix.

Background

2. The Medium-Term Financial Strategy (MTFS) is a key part of the Council's Budget and Policy Framework which aims to ensure that all financial resources are directed towards delivery of Council priorities. The Strategy describes the financial direction of the Council for financial planning purposes and outlines the financial pressures over a five-year period but is reviewed annually to reflect the dynamic nature of local government funding.
3. A three-year Budget Approach was agreed in December 2021 for planned use of reserves of £20m to allow time to identify cuts and efficiencies required over the three-year planning. 2024/25 is the final year of this three-year approach and this report proposes an extension to the planned use of reserves for a further two years to 2026/27.
4. On 6 February 2023 a one-year financial settlement was received for 2023/24. The settlement for 2023/24 included some high level figures in relation to 2024/25 social care grants, but there is still a great deal of uncertainty for funding beyond the current years settlement. Medium term financial planning continues to be challenging given the current financial climate. There is continued uncertainty in relation to the level of future funding, stubbornly 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. As such, the assumptions in the refreshed MTFS have been completely reviewed.
5. Funding of local authorities and demand pressures is a national issue with a growing number of local authorities reporting significant financial issues and failures. The challenges that the Council is facing should not be underestimated but the starting point for the refresh of the MTFS is built on the solid foundation of:

- A strong track record of delivering Revenue Outturn within budget. The 2022/23 Revenue Outturn was positive but there were a number of one-off issues that masked overspending in some areas. The positive outturn remains a significant achievement given the financial pressure faced by services and enables the Council's sound financial position to be maintained with an extremely challenging economic and financial context;
 - The 2023/24 Finance Settlement was considered to be more positive than anticipated. However, the impact of inflation has eroded the spending power which has a cumulative impact over the MTFS;
 - Despite the funding challenge, the Council agreed £13.5m of budget cuts for 2023/24 to achieve a legally balanced budget, recognising active management of the funding position and that use of reserves cannot be the solution to the funding gap;
 - The active management of reserves has enabled some flexibility on the current 3-year approach to enable a 5-year position to be proposed;
 - The funding assumptions in the refreshed MTFS are considered to be a more realistic estimate. Nonetheless, the caveat of significant uncertainty remains; and
 - The 2023/24 base budget includes capacity to deliver on the transformation challenge. In addition, this is strengthened by a proposal to add a further £2m in 2024/25.
6. Despite the 2023/24 Finance Settlement awarding some areas of funding for 2024/25 in relation to social care, and confirmation of council tax referendum principles, it remains the case that there is significant uncertainty about funding beyond the current year. Many government funding sources are short term or come with additional burdens. Economic conditions remain turbulent impacting on cost pressures and funding sources such as business rates.
7. The Council has a strong track record of delivering a balanced budget and managing within resources, however it is important to remember that the 2022/23 and 2023/24 budgets were balanced using £5.8m and £10m of Budget Sustainability reserve. The use of reserves is a one-off solution and only postpones the need to make permanent cuts rather than preventing them being needed. The scale of the challenge to agree a sustainable financial position over the medium-term without reliance on reserves remains significant.
8. There are many assumptions that will need clarification between now and February, in particular:
- The Local Government Finance Settlement expected late December;
 - Confirmation of retained business rates and associated relief grants at the end of January;
 - The impact of the pay award in 2023/24 and assumptions for 2024/25;
 - Confirmation of Council Tax Support Scheme;
 - Confirmation of the Collection Fund surplus or deficit in mid-January;
 - Council tax base to be reported to Cabinet in January;
 - Agreed Capital Programme;
 - Devolution budget implications;
 - Agreed increase in Council Tax in line with referendum principles; and
 - Delivery of the 2023/24 budget.

9. The process is iterative as these areas become known and ultimately impact on the level and timing of interventions and budget cuts required, as well as the level and profiling of reserves usage. Notwithstanding this uncertainty, the Council still needs to develop an approach to the 2024/25 legally balanced budget based on the latest set of assumptions set out in the proposed MTFS. A proactive budget approach to financial resilience will be to develop a pipeline of interventions and potential budget cuts to help mitigate the uncertainty, reported elsewhere on this agenda.

Proposal

10. The refresh of the MTFS estimates that a funding gap of £49.7m by year 4 will need to be closed by delivering demand management interventions in social care totalling £11.5m. Alongside proposed corporate interventions totalling £6m, there remains a requirement to identify a pipeline of savings totalling £32.2m by year 4 of the MTFS to achieve sustainability. This can be summarised below:

2023/24 £m	Indicative Budget Forecasts	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
281.885	Estimated Base Budget	308.070	323.426	342.445	352.570	359.413
(264.998)	Estimated Funding Resources	(281.012)	(287.447)	(295.062)	(302.890)	(309.885)
16.887	Funding Gap (before Reserves)	27.058	35.979	47.383	49.680	49.528
(4.524)	Pandemic Reserves	(2.000)	(2.000)	(2.000)	0.000	0.000
(10.000)	Budget Sustainability Reserve	(9.175)	(5.000)	(2.000)	0.000	0.000
(2.363)	Reserves - Other	0.000	0.000	0.000	0.000	0.000
(16.887)	Total Reserves	(11.175)	(7.000)	(4.000)	0.000	0.000
0.00	Minimum Cumulative Funding Gap	15.883	28.979	43.383	49.680	49.528
0.00	Minimum Annual Funding Gap	15.883	13.096	14.404	6.297	(0.152)
	Options to close gap:					
	Adults Social Care Interventions	(2.189)	(1.728)	(2.201)	(2.224)	(2.227)
	Children's Social Care Interventions	(0.394)	(1.105)	(1.244)	(0.392)	(0.392)
	Corporate Interventions	(5.666)	(0.292)	0.000	0.000	0.000
	Unidentified to Balance Budget	(7.634)	(9.971)	(10.959)	(3.681)	0.000
	Provisional Balanced Budget	0.000	0.000	0.000	0.000	(2.771)

(32.245)

11. The Council continues to operate in the context of an unprecedented period of financial and economic uncertainty. Set against the backdrop of over a decade of austerity, cuts to funding, increasing demand, spiralling inflation, and delays to reforms and continuing uncertainty over sustainable funding. Notwithstanding this context, the Council must be proactive in its approach to financial planning that allows for services that support residents in the borough. The need for an organisational plan to achieve a sustainable financial position without the reliance on reserves is vital and has led to a review in the approach to the presentation of the MTFS.
12. Preventative interventions and demand management will be key components of a sustainable budget strategy. However, these will often have a long lead in time and possibly require pump-priming support. The MTFS now sets out the financial context of the levels of demand management and cuts that will possibly be required to balance the budget over the medium term. This will provide a planning framework for an approach to budget setting.
13. The Council's new Corporate Plan and Group Plans should be the conduit for allocating resources to priority areas in a collaborative approach. Given the current

financial context, this will require an assessment of relative priorities, with some difficult decisions to be made.

14. The positive 2022/23 outturn has informed the review of reserves and it is proposed that the planned use of reserves is extended to a 5-year approach to 2026/27. Crucially this should only be supported where there is confidence the organisation can deliver against reduced demand and budgets through active interventions and transformation to preventative strategies for service delivery. This approach extends the significant use of reserves to continue to smooth the timing of interventions and transformation necessary to deliver a sustainable budget over the MTFS period. The risk of continuing to use reserves of this magnitude is significant and it is therefore critical that the outcome of this approach enables the Council to deliver, secure, and maintain a sustainable position in the medium-term without further reliance on reserves.
15. The MTFS reflects a balance between long-term and short-term planning; the longer-term transformational and demand management interventions alongside the short-term immediacy of a legally balanced budget for 2024/25.
16. In summary, the MTFS strategy is built upon on the following approach:
 - **Intervention of demand / cost pressures** - The MTFS outlines significant demand and cost pressures, particularly in social care. A fundamental approach to a sustainable budget is to propose positive interventions and transformation to manage down the demand. The approach must be underpinned by credible delivery plans with clear timescales.
 - **Planned Use of Reserves** - Recognising the timing required to achieve this approach, it is proposed to actively manage the volatile financial position and continue to use reserves to allow time for these interventions to be delivered. 2024/25 is the final year of the 3-year approach agreed by Cabinet in December 2021. Following the 2022/23 Revenue Outturn, and review of reserves, it is proposed that the use of reserves is extended for a further two years into 2026/27. The proposed timing of the application of Budget Sustainability Reserve in the MTFS is aligned to options to close the gap to minimise cuts while permanent solutions to the funding gap are found. The extension is predicated on the following:
 - The impact that high inflation is having on the MTFS since the original strategy was agreed in December 2021;
 - The active management of reserves that allows this flexibility;
 - The current Capacity Fund and a further £2m in 2024/25 to drive through to sustainability;
 - A budget approach to identify a pipeline of unidentified budget cuts estimated at £32m over the next 4 years;
 - The identification and delivery of £21.2m in budget cuts over the previous 3 years; and
 - Replenishment of reserves – the MTFS forecast includes budget growth of £5m in 2026/27 to replenish reserves as part of the strategic approach to achieve a sustainable budget.

- **Fundamental Review of Base** – this was agreed as part of the 3-year approach to budget in December 2021. This approach has commenced in social care, aligned to transformation. The framework will commence in other Service areas. Even with interventions and use of reserves, there is still an estimated funding gap of £32.245m over the four years 2024/25 to 2027/28, including £7.634m in 2024/25 after use of reserves, which will need to be closed to achieve a legally balanced budget. It is proposed that all Council Service areas are subject to fundamental review over the four years to 2027/28.

17. The proposed MTFS for 2024/25 to 2028/29 is attached at Appendix 2. This presents a continuing challenging financial position over the medium term due to continued uncertainty on funding and increasing demand.

18. To assist in meeting the financial challenges ahead the principles which underpin the MTFS have been reviewed and these are proposed as follows:

- The overall financial strategy will be to ensure that the Council's resources are directed to the thrive agenda framework. Financial sustainability will be achieved and maintained through targeted investment, demand management interventions, reducing costs and more efficient ways of working. The Council's MTFS will be reviewed on at least an annual basis.
- The Council will consider a range of delivery mechanisms and funding sources to support capital investment to deliver thrive priorities, including the use of prudential borrowing, and will ensure that the full costs associated with financing the investment are considered when investment decisions are taken.
- The Council will maintain its general reserve at a minimum of 3% of the net revenue budget to cover any major unforeseen expenditure. The Council will aim to balance its revenue budget over the period of the MTFS without reliance on the use of the general reserve.
- The Council will maintain earmarked reserves for specific purposes which are consistent with achieving its key priorities. The use and level of earmarked reserves will be reviewed at least annually.
- Overall Council spending should be contained within original estimates. If following monthly revenue monitoring, service budgets are projected to exceed original estimates, accountability plans should be prepared setting out the actions required to ensure spending at the end of the year does not exceed original budget estimates.
- The Council recognises the impact of increases in council tax levels and fees and charges in an area of relatively low income and low wealth and will therefore balance the need for increases against the delivery of the thrive framework and the need for services.
- The Council will meet its financial obligations and maintain financial sustainability through the setting of a balanced budget and the delivery of outturn within the overall budget each year.

19. A detailed review of the reserves will be undertaken as part of the budget and council tax setting. General Reserves and Strategic Earmarked Reserve balances as at 31 March 2023 can be found in appendix 1. Full breakdown of reserves can be found in the full MTFS document at appendix 2.
20. The Council recognises that usage of reserves is one-off in nature and must be linked with expenditure and income plans to support financial sustainability in the medium term. Therefore, using reserves in this way means that it is essential to have a planned pipeline of budget cuts and efficiencies to achieve a balanced budget in future years and reinvest to achieve thrive priorities. The Investment Plan and HRA Business Plan will also be aligned and prioritised to ensure affordability and to manage risks.

Recommendations

21. Cabinet is requested to recommend to Council:

the approval of the Medium-Term Financial Strategy for 2024/25 to 2028/29 and the medium-term financial context as set out in this report and appendix including:

- (i) the MTFS principles;
- (ii) the approach to demand / cost interventions in social care;
- (iii) extending the planned use of reserves from 3 to 5 years; and
- (iv) a plan to replenish reserves to a sustainable level.

for the following reason(s)

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

CONTACT: Darren Collins extension: 3582

Policy Context

1. The Medium-Term Financial Strategy (MTFS) includes financial projections analysis and context that supports the Council's policy approach 'Making Gateshead a Place Where Everyone Thrives'. The Council recognises there are huge financial pressures on not just Council resources, but those of partners, local businesses and residents. To deliver on the policy approach over the next five years, the Council will remain resolute in its determination to make Gateshead a place where everyone thrives. This means the Council's decision-making including resource allocation through the budget will be policy and priority led and driven.

Background

2. The MTFS establishes the best estimates of the level of revenue resources available to the Council over the medium term and estimates the financial consequences of the demand for Council services. It assists financial planning and strategic financial management through providing the financial context within which the Council budget will be set. A Budget Approach is reported elsewhere on this agenda.
3. Medium term financial planning continues to be challenging given the current climate. There is continued uncertainty in relation to the level of future funding, stubbornly 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.
4. A three-year Budget approach was agreed in December 2021 for planned use of reserves of £20m to allow time to identify cuts and efficiencies required over the three-year planning. 2024/25 is the final year of this three-year approach and this report proposes an extension to the planned use of reserves for a further two years to 2026/27.
5. Other than some national allocations of some areas of social care funding for 2024/25, as with previous years there continues to be no guidance from Government on future funding and financial reforms which is a significant barrier to effective financial planning for the Council. The changing landscape to accessing funding has recently seen Local Authorities having to bid for additional funding.
6. The current context is exceptional and the unknown impacts alongside the level of risk to finances mean that forecasts will need to be closely monitored and potentially refreshed more frequently than usual as further consequences become clear.
7. The funding estimated to be received from Government and from council tax and business rate payers over the next five years is not sufficient to cover current level of spend plus new budget pressures. Local authorities are legally obliged to set a balanced budget each year and to ensure they have sufficient reserves to cover any unexpected events. Therefore, to legally balance the budget the Council must make spending plans affordable by matching it to the estimated funding available over that

time. Staying the same is not an option. The Council is required to change to deliver its priority outcomes within the limited funding available.

8. The Council will ensure that resources are used to maximum effect and allow the Council to continue to deliver new and better ways of working and invest to improve the efficiency of services provided. However, without an increase in the quantum of funding for local authorities alongside a fairer distribution, it is evident the estimated funding gap will have an inevitable impact on both the nature and scope of services that the Council is able to deliver. The Council will aim to manage the process of change to its services effectively through the Budget Approach reported elsewhere on this agenda.
9. The Council will continue to have significant revenue and capital budgets to invest and deliver services consistent with the delivery of key priority outcomes of “Making Gateshead a Place where Everyone Thrives”. The Council will retain its vision for the future of the Borough through promoting development and economic growth and this will assist in maintaining the medium-term financial sustainability of the Council.

Reserves Summary

10. A breakdown of each reserve available to support the budget, and balances as at 31 March 2023 are outlined below;
 - **Council General Reserve £11.9m**- This is a statutory fund that acts as a contingency and allows the Council to meet any unforeseen costs. If the council overspend in a year this fund will meet that liability. The minimum balance on the reserve is 3% of the net revenue budget which meets the MTFS principles.
 - **Financial Risk and Resilience £19.2m**- This reserve is held in respect of key financial risks identified through risk management process. Balances include; Insurance £4m, grant clawback £3m, workforce development costs £3.5m, commercial risk £2.6m, Schools PFI £3.7m, ASC Direct Payments £0.8m, Highways maintenance £0.6m, Volunteering and Community Capacity £0.5m. and budget flexibility £0.5m.
 - **Thrive £7.5m** -This reserve is held to support the Council Thrive priorities of Economic, Housing and Environmental Investment (£3.3m), Poverty, Health and Equality Investment (£3.7m), and Discretionary Social Fund £0.5m.
 - **Budget Sustainability £36.7m** – Agreed in December 2021 an agreed approach to help support the timings of achieving significant budget savings and Thrive outcomes whilst still dealing with pandemic impacts over three-year period. £14.5m is committed in 2023/24 with the remaining £22.2m proposed to be used in this MTFS. A plan to replenish this reserve forms part of the MTFS.

11. The proposed use of reserves relies upon a planned pipeline of budget cuts and efficiencies over the period to achieve a balanced budget that is sustainable in future years.

Consultation

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

Alternative Options

15. There are no alternative options.

Implications of Recommended Option

16. Resources:

- a) **Financial Implications** – the Strategic Director, Resources and Digital, confirms that financial context is contained within the report and appendices. Any direct implications will form part of the budget planning framework and identification of budget proposals.

The Council is legally required to set a balanced budget annually and should plan to achieve this using a prudent set of assumptions. As such, the Government's decisions about 2024/25 funding will be hugely significant and could have a material impact on the level of budget cuts to be identified, and the wider budget process.

- b) **Human Resources Implications** – The need to support Council employees as much as possible through changes is recognised. Any direct implications will

form part of the budget planning framework and identification of budget proposals.

- c) **Property Implications** - No direct property implications. Any direct implications will form part of the budget planning framework and identification of budget proposals.

17. **Risk Management Implication** - Risks arising from the direct impacts of this strategy will form part of the Council's approach to the budget planning framework.
18. **Equality and Diversity Implications** - An equality impact framework has been developed to assess budget proposals.
19. **Crime and Disorder Implications** – No direct crime and disorder implications. Direct implications arising from the impacts of this strategy will form part of the Council's approach to the budget planning framework and consultation process.
20. **Health Implications** - No direct health implications. Direct implications arising from the impacts of the Health and Wellbeing Strategy this will form part of the Council's approach to the budget planning framework and consultation process.
21. **Climate Emergency and Sustainability Implications** - The MTFS provides a framework with the express objective of achieving a sustainable financial position over the medium term. Addressing climate change remains a priority of the Council and the MTFS frames the resources available.
22. **Human Rights Implications** - No direct human rights implications.
23. **Ward Implications** - All areas of the Borough are covered by the principles set out in this strategy.

Background Information

- Provisional Revenue Outturn 2022/23 - 20 June 2023
- Revenue Monitoring 2023/24 Q1 – 18 July 2023

Medium Term Financial Strategy 2024/25 - 2028/29

1. Summary

This Medium-Term Financial Strategy (MTFS) sets out the estimated financial resources that are needed and available for the Council to deliver its key priorities of the Thrive agenda and the new Corporate Plan. Since the last MTFS was agreed by Council in October 2022, a number of factors continue to affect the financial outlook for the Council. Following on from over a decade defined by the Government's austerity measures and underfunding, the war in Ukraine and the global pandemic has led to inflation increasing beyond the provisions in the previous MTFS, with the cost-of-living crisis notably around food, fuel and utility prices across the country impacting on residents and Council budgets. Although the rate is on a slow downward trend, the forecast for inflation remains stubbornly high and still well above the Bank of England target. As such, the assumptions on both cost pressures and assumed funding have been completely refreshed since the last MTFS in October 2022.

Work is continuing to identify and address the cost pressures that the Council is facing and to progress the final year of the three-year budget approach agreed by Cabinet in December 2021. This approach was in line with the agreed approach for the planned use of reserves of £20m to allow time to identify cuts and efficiencies required over a three-year planning period. Following the 2022/23 Revenue Outturn reported to Cabinet on 20 June 2023 which included a review of reserves, this updated MTFS assumes that the use of reserves is extended for a further two years to allow more time for transformational change. This strategy also includes a plan to replenish reserves in years 3 to 5 of the MTFS, which is considered good financial management.

The medium-term financial outlook remains uncertain and is subject to a high level of volatility characterised by the triple impact of historic underfunding, increasing demand and more recently high inflation. Based on estimates outlined in this report, the Council estimates that overall, it will need to close a cumulative financial gap of £49.7m by year 4 of the MTFS. The MTFS assumes positive interventions to manage demand and cost pressures in social care totalling £11.5m by year 4 and proposed use of reserves of £22m over years 2024/25 to 2026/27 to allow smoothing of transformation work to deliver these interventions. Alongside proposed corporate interventions totalling £6m, this leaves unidentified savings of £32m to deliver sustainability within the MTFS, summarised as follows:

2023/24 £m	Indicative Budget Forecasts	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
281.885	Estimated Base Budget	308.070	323.426	342.445	352.570	359.413
(264.998)	Estimated Funding Resources	(281.012)	(287.447)	(295.062)	(302.890)	(309.885)
16.887	Funding Gap (before Reserves)	27.058	35.979	47.383	49.680	49.528
(4.524)	Pandemic Reserves	(2.000)	(2.000)	(2.000)	0.000	0.000
(10.000)	Budget Sustainability Reserve	(9.175)	(5.000)	(2.000)	0.000	0.000
(2.363)	Reserves - Other	0.000	0.000	0.000	0.000	0.000
(16.887)	Total Reserves	(11.175)	(7.000)	(4.000)	0.000	0.000
0.00	Minimum Cumulative Funding Gap	15.883	28.979	43.383	49.680	49.528
0.00	Minimum Annual Funding Gap	15.883	13.096	14.404	6.297	(0.152)
	Options to close gap:					
	Adults Social Care Interventions	(2.189)	(1.728)	(2.201)	(2.224)	(2.227)
	Children's Social Care Interventions	(0.394)	(1.105)	(1.244)	(0.392)	(0.392)
	Corporate Interventions	(5.666)	(0.292)	0.000	0.000	0.000
	Unidentified to Balance Budget	(7.634)	(9.971)	(10.959)	(3.681)	0.000
	Provisional Balanced Budget	0.000	0.000	0.000	0.000	(2.771)

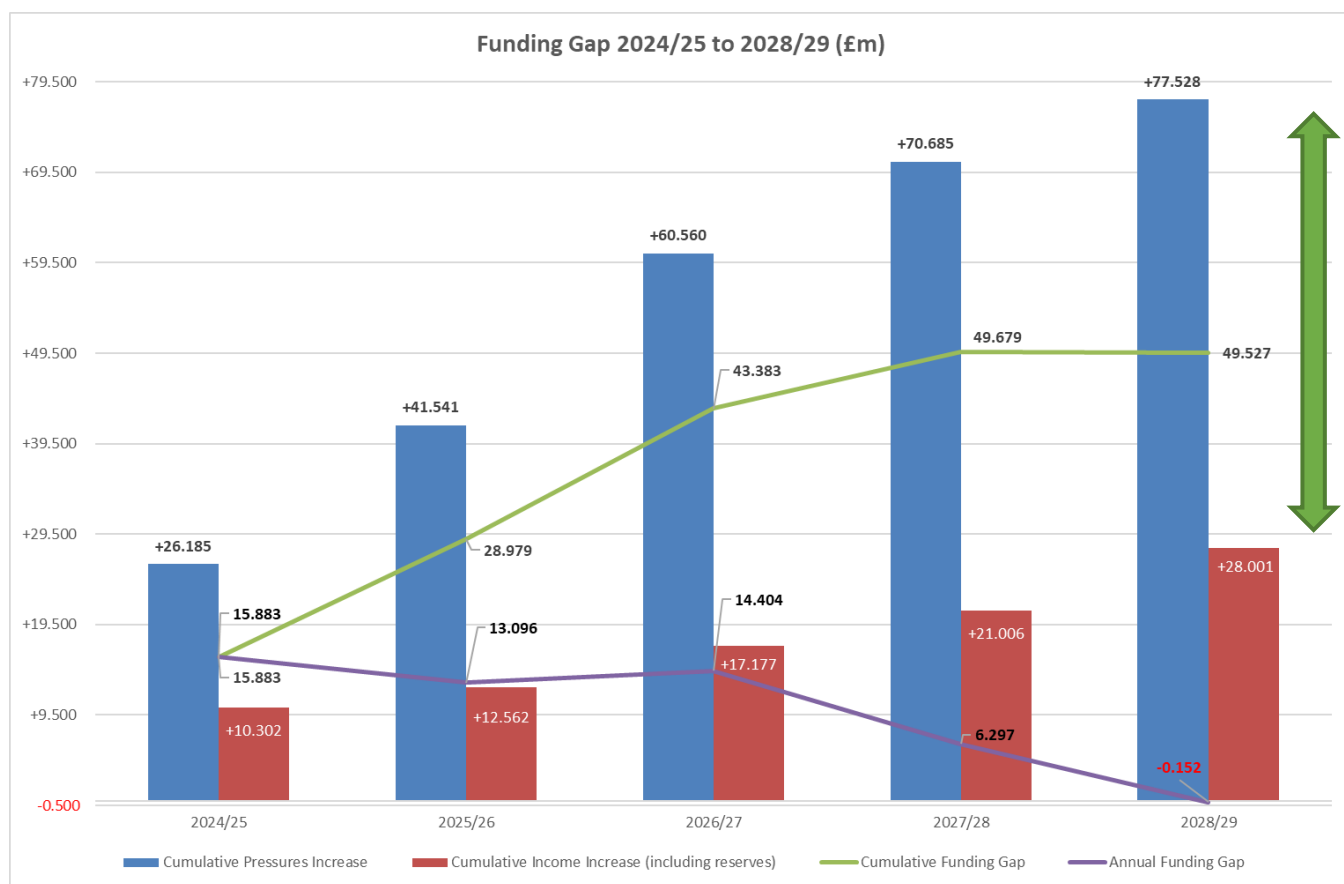
(32.245)

The budget gap is predominantly driven by the significant ongoing impact from demand pressure for social care and inflation on the Council’s cost base. This is forecast to increase core costs by £77.5m over the period of the MTFS with £26.2m in 2024/25. Funding is forecast to increase by £28m over the 5-year period leaving a cumulative gap of £49.5m with £15.9m in 2024/25. After the social care demand interventions, and the corporate interventions, there is a requirement to identify further budget savings of £32.2m by year 4 of the MTFS to achieve financial sustainability. Securing savings to support closure of a gap at this level is a significant challenge but will be assisted by the emerging work on the delivery of the budget approach and through the delivery of change to align resources to priorities to enable residents of Gateshead to thrive.

Despite the 2023/24 finance settlement awarding some areas of funding for 2024/25 in relation to social care, and confirmation of council tax referendum principles, it remains the case that there is significant uncertainty about funding beyond the current year. Many government funding sources are short term or come with additional burdens. The MTFS makes some assumptions about inflationary increases in grants and assumes that the grants continue (except for New Homes Bonus), but until the Local Government Finance Settlement expected late December, these cannot be clarified with any certainty.

Economic conditions remain turbulent impacting on cost pressures and funding sources such as business rates.

The cumulative funding gap represents the shortfall between the estimated increase in costs less the estimated increase in funding. This can be presented graphically as follows:



Since the start of the Government’s austerity measures in 2010, the Council has made substantial cuts and responded to demand pressures to deliver £190m budget savings. Despite ongoing financial challenges, the Council has delivered against its revenue budget since 2012/13 showing strong and stable financial management with an outstanding record of budget delivery.

The budget gap as estimated within this MTFS will continue to present a significant financial challenge that will be met by a Council wide approach driven by the delivery of the Thrive agenda and underpinned by transformation and prioritisation to maximise the efficient and effective use of our resources.

2.The Purpose, Priorities and Principles of the Medium Term Financial Strategy (MTFS)

What is the Medium Term Financial Strategy?

The Medium-Term Financial Strategy outlines the approach to setting out the Council’s financial future over the next five years (2024/25 to 2028/29). It estimates the additional costs and pressures that the Council is facing due to inflation, demand, and policy changes, alongside the estimated change in funding. The difference is the funding gap which must be closed to achieve a legally balanced budget.

Purpose and priorities

The MTFS is a key part of the Council’s Budget and Policy Framework which aims to ensure that all financial resources are directed towards the delivery of Council priorities. The Strategy describes the financial direction of the Council for financial planning purposes and outlines the financial pressures over a five-year period but is reviewed annually to reflect the dynamic nature and continuing uncertainty of local government funding.

The MTFS establishes the estimated level of revenue resources available to the Council over the medium term and estimates the financial consequences of the demand for Council services. It improves financial planning and strategic financial management through providing the financial context within which the Council budget will be set.

The review also allows for consideration of the Council’s reserves policy and level of reserves to ensure there is adequate protection against unforeseen events.

In the current financial climate, the Council’s principal financial aim is to continue to effectively align scarce resources to support Council priorities.

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 in the future which will be policy and priority-led and help resource the impact being made on delivery of the Health and Wellbeing Strategy. It is predicated on the following Council pledges:



Our Challenges

Put people and families at the heart of everything we do

Tackle inequality so people have a fair chance

Support our communities to support themselves and each other

Invest in our economy to provide opportunities for employment, innovation and growth

Work together and fight for a better future for Gateshead

The Council's MTFS sets out the financial context for the Council's resource allocation process and budget setting. The Council's Performance Management Framework supports the aims within the Strategy by aligning performance with the overall approach to the budget to support the financial sustainability for the Council ensuring that resources are deployed on the outcomes for making Gateshead a Place Where Everyone Thrives.

There are huge financial pressures on not just Council resources, but those of partners, local businesses, and residents. The Council will continue to work with partners, other organisations, residents and communities to deliver positive outcomes within a reduced budget envelope.

To remain affordable and deliver sustainable public services, the MTFS has three main objectives: -

- Consider the scale of financial challenges over the medium term and take appropriate actions and interventions to achieve financial sustainability and a balanced budget year on year.
- Ensure the Council aligns its limited funding to deliver against priorities.
- Prioritise capital schemes based on deliverability of tangible outcomes whilst considering the context of the overall capital and revenue affordability.

Approach and principles

The MTFS is consistent with the priorities the Council is pursuing. The principles underlying the MTFS 2024/25 to 2028/29 are as follows:

- The overall financial strategy will be to ensure that the Council's resources are directed to the Thrive agenda framework. Financial sustainability will be achieved and maintained through targeted investment, demand management interventions, reducing costs and more efficient ways of working. The Council's MTFS will be reviewed on at least an annual basis.
- The Council will consider a range of delivery mechanisms and funding sources to support capital investment to deliver thrive priorities, including the use of prudential borrowing, and will ensure that the full costs associated with financing the investment are considered when investment decisions are taken.
- The Council will maintain its general reserve at a minimum of 3% of the net revenue budget to cover any major unforeseen expenditure. The Council will aim to balance its revenue budget over the period of the MTFS without reliance on the use of the general reserve.
- The Council will maintain earmarked reserves for specific purposes which are consistent with achieving its key priorities. The use and level of earmarked reserves will be reviewed at least annually.
- Overall Council spending should be contained within original estimates. If, following monthly revenue monitoring, service budgets are projected to exceed original estimates, accountability plans should be prepared setting out the actions required to ensure spending at the end of the year does not exceed original estimates.
- The Council recognises the impact of increases in council tax levels and fees and charges in an area of relatively low income and low wealth and will therefore balance the need for increases against the delivery of the thrive framework and the need for services.
- The Council will meet its financial obligations and maintain financial sustainability through the setting of a balanced budget and the delivery of outturn within the overall budget each year.

3.External (Cost) Pressures

The Council is facing numerous financial challenges from external factors which it needs to overcome if it is to remain on a sustainable financial footing. (Also see PESTEL analysis in supporting information).

The Local Government Association (LGA) estimates that¹:

- Local authorities face £1.4 billion in additional costs and demand pressures, such as inflation and demographic growth, in 2023/24, and a further £2.4 billion in 2024/25.
- The cost to local authorities of delivering their services at current levels will exceed their core funding by £2 billion in 2023/24 and £900 million in 2024/25.
- If inflation fails to fall in line with the March 2023 budget, and instead is in line with the more recent inflation projections from the Bank of England, this would add £740 million in cost pressures in 2023/24 and £1.5 billion in 2024/25.

The MTFS assumes CPI to fall to 2% in 2025/26. If it remained at anticipated Q3 levels of 5.4%, this would add a further £2m to the MTFS funding gap in 2025/26.

Inflationary Pressures (Unavoidable)

Since February 2022, the war in Ukraine has led to inflationary increases, notably around food, fuel and utility prices, which are affecting the economy generally. Annual headline CPI inflation eased to 8.7% in April, down from 10.1% in March and a peak of 11.1% in October 2022. Inflation has been on a slow downward trend after its peak of 11.1%. The rate dropped again on 20 September to 6.7% in the year to August, down from 6.8% in the year to July and from 7.9% in the year to June. The reductions are predominantly driven by last year's rise in energy costs falling out of the comparison but remains higher than the Bank of England's expectations of 2%. Whilst remaining at a high level in 2023/24, CPI is forecast to fall to approximately 5% by the end of the year and is expected to fall further still in future years as the position stabilises.

Pay Award / National Living Wage (NLW)

This cost pressure relates to the cost of pay awards agreed for employees of the Council as well as social care fees. Local Authority pay awards are determined through the national bargaining process rather than being mandated by Government. Pay award 2023/24, (offer status) made by the National Employers is in line with the previous year and has been factored into contingency estimates. Any pay award or NLW increases is unfunded from Government and must be met from settlement funding which puts additional pressure on the Council's budget.

Cost of Borrowing

On 3 August 2023, the Bank of England (BoE) increased its rate from 5% in June 2023 to 5.25% in response to rising inflation and this rate was maintained in September's review. This was the fourteenth consecutive increase, and is the highest rate since March 2008, as part of the BoE's monetary policy which looks to reduce inflation to 2% and provide certainty in the financial markets. Any increase in the base rate or further uncertainty in the economy could translate into increased cost of borrowing.

Gateshead Context

Over the years all local authorities have faced significant cuts to their funding from central government because of the Government's austerity measures, at a time when pressure on core service delivery has increased, particularly in Children's Services and Adult Social Care. Many Councils have been forced to abandon spend on preventative measures to fulfil their statutory duties.

- **Cost of living Crisis**

Current financial outlook in terms of high inflation and interest rates as well as cost of living risks, notable around food, fuel and utility prices that our residents and businesses are facing.

- **Lack of Funding Reform to Address Areas with High Needs/Low Tax Bases**

Longer-term reform of local government funding has been delayed until the next Parliament and a structural solution is needed to meet the many statutory duties and demands placed on local authorities.

Over the last decade, Government strategy to reduce reliance on grant and localise funding has resulted in moving ever-larger amounts of funding away from councils who have the highest need to those who can grow the most resource locally. The change of emphasis in how funding has been allocated has benefited councils with low needs, a large and growing council tax base, and a thriving business estate, by comparison to authorities like Gateshead with high needs and low council tax and business rate base. The link between need and funding has been eroded. The Council will continue to lobby the Government for a fairer and sustainable system for local government funding.

- **Social Care Funding**

Adult Social Care is the Council's largest budget with significant demand and cost pressures supporting some of the most vulnerable residents in the borough. Whilst the Council has welcomed additional funding for Adult Social Care in 2023/24 and 2024/25, including new grants such as the Market Sustainability and Improvement Fund and the Discharge Fund, the duration and level of this funding is unknown as it is re-purposed funding intended for social care reforms which have been delayed. This lack of clarity around the future funding for social care beyond 2024/25 makes it difficult to plan strategically and resource effectively without risk to the Council.

- **Brexit Impacts**

The medium and long-term implications of Brexit remain unclear and are still emerging and will continue to do so for some time to come, but they can be summarised as shortage of labour, shortage of goods and materials including longer lead in times and price increases.

- **Thirteen Years of Austerity**

An early consequence of over a decade of funding cuts has been cuts to preventative spend. As funding reduced and demand for services increased, many councils have been forced to abandon spend on preventative measures to fulfil their statutory duties. The cumulative impact of years of cuts has a significant impact on communities. The Council has consistently lobbied the Government over the disproportionate cuts to funding which impact unfairly on local authorities with high levels of deprivation, and low tax bases.

- **Short-term and Late Funding Settlements /One-off tranches of Funding**

Councils' ability to mitigate the funding uncertainty and demand pressures has been hampered by a financial framework characterised by one-year and late funding settlements, the proliferation of one-off funding pots, and continuing delays to funding reforms.

One-year local government settlements hinders councils' ability to strategically plan over the period of the MTFS, something which is crucial to deliver investment, valued local services and support to vulnerable residents. This situation is compounded by the lateness of financial settlements in the budget setting timetable with major grant funding announcements as late as February and some made after the budget is set in February.

Whilst additional funding is always welcome, short term annual funding leaves councils and partners unable to plan service delivery over the medium/long term. It hinders the ability to recruit and put long term stabilising measures into action.

The changing landscape to accessing funding has recently seen Local Authorities having to bid for additional funding. Furthermore, many of these specific grants are competitive, ringfenced, lower value which are then resource intensive to bid for and manage. Gateshead has been successful in the bid to the UK Shared Prosperity Fund; however, there is an expectation costs will offset the funding therefore not included in the MTFS forecast.

Overall, the increasingly fragmented approach to local government funding challenges the Council's ability to plan effectively over the medium to long term.

- **Pressure on Reserves**

Reliance on use of reserves for permanent budget requirements is not a prudent and sustainable approach in the long-term but can be used, where appropriate, to pump prime 'invest to save' initiatives or in a planned approach to bring permanent budget savings through transformation. A plan to replenish reserves forms part of this MTFS.

- **Devolution**

The leaders of County Durham, Gateshead, Newcastle, Northumberland, North Tyneside, South Tyneside and Sunderland councils have agreed in principle to a devolution deal which the Government has confirmed it is 'minded to' approve. A devolution deal for the region means unlocking £4.2 billion of investment, over 30 years, and seeing additional powers transferred from Whitehall to local people with better knowledge and experience of our communities. It is expected to create 24,000 extra jobs, generate 70,000 courses to give people the skills to get good jobs and leverage £5.0 billion of private sector investment. The new authority, which would cover an area which is home to around 2 million people, will have the power to make decisions on areas such as transport, skills, housing, finance, and economic development. The deal includes:

- An investment fund of £1.4bn, or £48m a year, to support inclusive economic growth and support our regeneration priorities.
- An indicative budget of around £1.8bn, or £60m a year, for adult education and skills to meet local skills priorities and improve opportunities for residents.
- A £900m package of investment to transform our transport system, with £563m from the City Regional Sustainable Transport Fund, on top of funding already announced for our buses and metro system.

- £69m of investment in housing and regeneration, unlocking sites to bring forward new housing and commercial development.

The impact of the new arrangements will continue to be reviewed throughout the period of the MTFS.

4. Council's Current Financial Position

Revenue Outturn 2022/23

Council agreed the £254.3m revenue budget for 2022/23 on 24 February 2022. The overall provisional 2022/23 revenue outturn position results in an overall Council positive balance of £3.4m, after the application of agreed reserves funding to support financing of the budget and is the net addition to the Council's general fund reserves. Further information is available in the Provisional Revenue Outturn 2022/23 reported to Cabinet on 20 June 2023. The report included a review of strategic reserves and included a proposal to merge the two Earmarked Pandemic Reserves into the Budget Sustainability Reserve to support the budget over the MTFS period. The active management of reserves will enable the continuation of planned use of reserves to allow time to find significant permanent budget savings to achieve financial sustainability.

The positive year-end position is a testament to the collective approach taken by groups and services to keep pressures under review within the financial year and ensuring that action was taken in a timely manner to ensure outturn within budget. Effective financial management has ensured that all covid funding resources and time limited funds have been maximised alongside consideration of setting aside funding for future pressures and lost income.

Although the overall outturn is positive, the position includes several one-off transactions and masks overspends in some services. 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. The Council has a strong and stable financial base with an outstanding record of budget delivery. Since the start of austerity, the council has made significant cuts and responded to demand pressures to deliver £190m of budget savings.

Revenue Budget 2023/24

On 21 February 2023 the Council agreed a revenue budget of £289.903m which was balanced through planned use of £25.883m of reserves. This approach was in line with the agreed three-year approach for planned use of reserves to allow time to identify cuts and efficiencies.

Funding announcements made after the budget was set in February have resulted in increased funding available in relation to Better Care Fund (£0.416m) and Public Health Grant (£0.562m). To reflect this additional funding the expenditure budgets and financing have both been increased in the 2023/24 base budget. Within the current financial year, the expenditure base budget of £8.996m in relation to pandemic costs has been removed along with the use of budgeted funding in relation to the pandemic reserve (£8.996m) to reflect the approach to use Budget Sustainability to support the budget in the future. This results in a net reduction to the 2023/24 base budget of £8.018m to £281.885m.

Given high inflation and demand there is an expectation that delivery of the budget will be under significant pressure. Notwithstanding the positive outturn in 2022/23, the challenge that the Council faces should not be underestimated.

5. Financial Challenge Beyond 2023/24

Medium term financial planning remains extremely difficult due to significant uncertainty amidst international issues, the national economic and cost of living crisis, coupled with the continuing delays to finance reforms, which are not anticipated until 2025/26 at the earliest.

As part of the 2023/24 finance settlement, the Government confirmed that reforms to the local government funding regime will not be implemented in the current Spending Review period. This exacerbates the short-term approach to funding which is a hindrance to longer-term strategic planning. While the Council will continue to lobby the Government in relation to delays to funding reform, unfairness of the current regime which has no correlation to need, and the short-term nature of settlements, it's likely that the Council will be operating in this environment for the foreseeable future.

Other than some national indications of social care funding for 2024/25, the level of funding beyond 2023/24 has not been specified by Government resulting in greater risks in relation to the localisation of business rates and the local council tax scheme. The delays to the reform of local government funding means that it is unlikely that the 2024/25 finance settlement will provide any sort of multi-year allocation which would enable the Council to develop the MTFS with greater certainty. The unknown impacts alongside the level of risk to finances mean that all forecasts will need to be closely monitored and potentially refreshed more frequently than usual as consequences become clear. Staying the same will not be an option for the Council. The Council will be required to change to deliver its priority outcomes within the estimated funding assumptions. The budget setting for 2024/25 and beyond is set to remain highly challenging.

In response to the impact on the economy that the inflationary pressure is causing, the Bank of England has increased its base rate from 5% in June 2023 to the current rate of 5.25% on 3 August 2023.

Any increase in the base rate or further uncertainty in the economy could translate into increasing the cost of borrowing should the Council need to borrow for the Capital Programme. This will have a corresponding impact on the revenue budget and business cases for projects included in the Capital Programme.

For planning purposes, provision is included for the impact of pay awards and estimated impacts of the National Living Wage which are unfunded by government.

Savings proposals may have staffing implications. These will be managed through the Council's Redundancy Policy and Procedure as necessary. At this stage it is proposed that any cost of redundancy payments and the release of pensions (if applicable) as required by the Local Government Pension Scheme Regulations will be met from within the overall corporate resource position at outturn each year, should the position allow. This position will be kept under review and updated as part of the budget proposals to Cabinet.

Economic Growth

Local economies are linked to national economic growth. Our vision for Gateshead is of a fairer, greener and more resilient economy that enables everyone to thrive and delivers good jobs, growing businesses and great places to live and work. The Council aims to promote a strong and sustainable local economy leading to wellbeing and prosperity for residents, communities and businesses. This will be supported by a planned approach to investment to boost local economic growth such as improving local infrastructure and wider transport links. Success in this area will enable the Council to have a stronger medium- and long-term financial position and allow redirection of resource to activities which protect the most vulnerable.

The Council faces challenges with additional burdens relating to Planning and Building Control due to the changes in legislation with the new Building Safety Act 2022 coming into effect early 2023.

From a financial perspective the Council will look to invest resources to generate economic growth that may result in increased business rates and council tax income to the Council. This may contribute to closing the financial gap.

Significant Challenges in Social Care

The social care demand and cost pressures estimated at £28.5m (excluding expenditure matching ring-fenced grant funding) over the period of the MTFS represents the biggest cost of the estimated funding gap. Part of the strategy to deliver a sustainable financial position will be to manage this demand through interventions and service transformation.

Adult Social Care	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
External fees	5.121	2.294	2.392	2.511	2.631
Demands	1.065	1.134	1.806	1.762	1.681
Total Pressures	6.186	3.429	4.198	4.273	4.313
BCF additional funding	0.440	0.164	0.168	0.171	0.174
MSIF additional funding	1.336	-	-	-	-
Discharge Fund additional funding	1.054	-	-	-	-
Total	9.016	3.593	4.366	4.443	4.487
Demand Interventions	(2.189)	(1.728)	(2.201)	(2.224)	(2.227)

Childrens Social Care	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
External fees	1.545	0.646	0.662	0.678	0.694
Demands	-	-	-	-	-
Home to School Transport	1.889	-	-	-	-
Total Pressures	3.434	0.646	0.662	0.678	0.694
Demand Interventions	(0.394)	(1.105)	(1.244)	(0.392)	(0.392)

Adult's Social Care

An ageing population means that a greater number of people in Gateshead are likely to be living with long term conditions and becoming frail in the years ahead, this will increase demand on both health and social care services.

It is difficult to predict future needs of vulnerable groups. However, the Joint Strategic Needs Assessment (JSNA) forms the evidence base for strategic planning which predicts that the number of people aged 65+ with selected conditions/needs which may impact on their physical and mental wellbeing both now and in the future will increase significantly by 2040.

The Integrated Adults and Social Care Services Living Thriving Lives Plan 2023-2028 sets out a five-year strategy for the service outlining areas of focus, direction and ambitions. The Strategy is underpinned by an action plan and will support the delivery of the Medium Term Financial Strategy by managing the demand for services. The Strategy has 5 main areas of focus:

- Prevent, reduce, and delay the need for support;
 - Information and Advice – good and accessible information and advice, supporting people to make good decisions about their care and support and what is available to them.
 - Promoting Independence through Enablement – enablement gives people the opportunity to live their most independent life. The ambition is to strengthen services and seek opportunities to expand and diversify and embedding an enablement approach in all areas of practice.
 - Promoting Independence through Technology – creating a Technology Enabled Care strategy, working with the market and developer for solutions and working with partners to co-design solutions.

- Strength Based Practice – Gateshead has a wealth of community assets that can support people at all stages of their life. These community services may help to prevent the need for formal care, or improve the wellbeing offer for people with support needs.
 - Home First – continue to explore the existing and future needs of our population and develop housing options including extra care and other alternatives and embedding technology solutions. Ensure a vibrant domiciliary care market focusing on enablement, making direct payments more accessible and working with partners to ensure caregivers needs are embedded in discharge processes.
- Caregivers
Commitment to improving and developing services to better support unpaid caregivers to help them to continue caring and support their health and wellbeing.
 - Workforce
Continue to be a good employer to retain our existing colleagues but to also attract new colleagues into the service, and we strive to create a culture of continuous learning and create opportunities for development amongst our teams.
 - Commissioning
Effective commissioning will be driven by a data led, evidence-based approach which also promotes collaboration, integration, and innovation across the Gateshead System to meet identified current and future needs, as well as any gaps in provision. The ambition is to provide a high quality, high performing market through support and collaborative service design with people, providers, and communities.
 - The Voice of People and Communities
The ambition is to be a learning organisation that views people and communities as experts in their care and how they can be best supported to improve and maintain their wellbeing.

To deliver the aims of this Strategy will require a review of how people access adult social care, domiciliary care market transformation and investment, a review of and improved access and infrastructure for direct payments, a review of the approach to hospital discharge, a partnership approach to service delivery, development of alternative provision such as expansion of extra care and a refocus of in-house services.

Through Gateshead Cares, a multi-agency alliance of health and social care organisations in Gateshead, there are strong joint working arrangements across system partners which are well embedded to deliver an integrated approach to health and care in Gateshead.

The Better Care Fund (BCF) is part of a wider programme of work to integrate health and care across Gateshead Place for the benefit of local people and their communities. The programmes and services funded through the BCF are focused on shifting the balance of services towards community support with a focus on prevention, early help and self-help to avoid hospital admissions; developing integrated care and treatment for people with health and care needs; minimising the length of stay in acute settings and supporting home first discharge arrangements where feasible.

In addition, the Service intends to adopt the locality working principles to support the Thrive agenda and develop accessible services that support people at place. In delivering all of the outcomes described it will be necessary to create a new social care delivery pathway that puts localities, prevention and people at the heart of what we do and is built on the foundation of strengths based practice and person centred delivery.

Children's Social Care

In Gateshead the numbers of children in care have increased significantly over the last two years from 439 at March 2021 to 529 at March 2023. This is exacerbated by an increase in the complexity of need and a market which is unable to meet the demand. The current cost of living crisis on the back of a global pandemic has had significant and long-lasting impacts on child poverty which is critical to the local context.

There is a lack of placement sufficiency locally, regionally, and nationally resulting in increased cost pressures from children living in higher cost placements.

The frequency of cases of children with complex behaviors is having an impact on the capacity and availability of mental health services. There is a very limited market to accommodate these children and therefore the cost of doing so is significant.

A combined strategy that addresses a reduction in the overall number of children in the looked after system alongside a focus on ensuring that children can live within family units wherever possible and as locally as possible, either within extended family units or with Gateshead's foster carers is in place.

There is a focus on reducing the need for children to come into the care system with a range of strategies and approaches focused on children on the edge of care.

The Pre-birth service was set up in 2022 to work with families who are expecting a baby where there are known safeguarding risks to provide intensive support to prevent the child coming into the care system. As a result of this strategic approach there has been a reduction in children under the age of 1 in the system in the 12 months from 51 in March 2022 to 39 in March 2023.

The edge of care service focused on preventing teenagers coming into care is being refreshed alongside the new contextualised safeguarding team. They are working in collaboration with the new Trusting Hands Team with investment from the Integrated Care Board (ICB) to support older children to remain living at home with support.

Where children do need to come into the care of the Council, a refreshed sufficiency strategy has been developed which is focused on ensuring children can live with extended family on kinship care arrangements where possible, or with our own foster carers.

There has been a significant growth in the use of Independent Fostering Association (IFA's) places in the last year which has risen by 60%, from 57 to 91 placements, due to a lack of in house availability. IFA placements cost twice as much as in house foster placements.

As a result, a refreshed marketing and communication strategy is in place to ensure that the Council recruits as many foster carers into Gateshead as possible as this is better for children and a more cost effective way to care for children. During 2022/23, 20 additional fostering households have been recruited and there is an annual target of a further 30 fostering households each year for the next three years. A regional pathfinder project was launched in early 2023 with funding from the Department for Education (DfE) to support a collaborative approach to recruitment across the North-East.

Two new children's homes have opened in Gateshead in the last five years and a further two are scheduled to open in 2023. The two most recent homes will provide four more places for children. There is a strategy in place to move children in external residential homes back to live locally in Gateshead within our own provision or within externally commissioned provision within Gateshead. Whilst the average cost of a commissioned home is approximately £4,781 per week, this can include costs of over £20,000 per week for children with the most complex needs.

A new commissioning and tendering exercise for supported living provision will go live in October 2023 which will increase the sufficiency of places for older young people which will support independence and provide cost effective living options for young people who do not require care.

The commissioning service have a refreshed approach to market shaping and supporting the market. This will include supporting private providers in Gateshead to care for Gateshead's children; ensuring that relationships with the Local Authority are strong and that wrap around support incentivises private providers to care for local children.

Home to School Transport is also an area of significant financial pressure and one which has seen significant growth in recent years and this is expected to continue. There are a number of reasons for the increase in costs including, complexity of need, location of provision, availability of drivers and appropriately accessible vehicles and fuel prices. Further growth of £1.80m has been factored into the MTFs in 2024/25 in recognition of the overspend last financial year and forecast overspend in the current financial year.

Looking Ahead Threats

- ▶ Cost of living crisis and high inflation rates if these continue to rise or do not reduce to BoE estimates;
- ▶ Any unachieved budget savings in the agreed savings programme leading to pressure the following financial year;
- ▶ Continued growth in demand in Adult and Children's Social Care Services and funding reforms and interventions are insufficient to address this;
- ▶ Unfunded pay pressures such as public sector pay award and the Government's National Living Wage aspirations, which also impacts on negotiations with care providers and commissioning costs;
- ▶ The performance of traded and investment income linked to wider economy;
- ▶ Continuing uncertainties on the pandemic impact on income from business rates and council tax and fees and charges;
- ▶ Challenges in recruitment and reductions/shift in work force from working in social care, linked to competing industries such as retail and hospitality;
- ▶ Addressing the health, employment, and poverty inequalities that the pandemic has added to;
- ▶ Increased demand for welfare, mental health services and debt advice;
- ▶ Increased demand for business advice and support.

Looking Ahead Opportunities

- ▶ Fundamentally review all Council services to focus resources on the delivery of priority outcomes and shaping the Council to how it needs to be in the future to withstand other pressures and delivery priorities;
- ▶ Continue to embrace and embed new ways of working arising from the pandemic such as putting the customer first, more efficient working practices, staff resilience and adaptability;
- ▶ Opportunity to accelerate climate change targets through reduced building use and travel;
- ▶ Accelerating and building on working with communities in locality hubs alongside the voluntary sector and other partners;
- ▶ Embracing the move to self-service and online services to provide a quick and streamlined service;
- ▶ Opportunities to rationalise Council buildings and assets through the Corporate Asset Management Strategy;
- ▶ Working closer in partnership with key partners such as the voluntary sector, health partners and the Police and Crime Commissioner to help residents to thrive;
- ▶ Following the housing review, the ability to drive forward housing delivery and provide a good service to tenants.

6.MTFS Estimates

Stubbornly high inflation continues to exacerbate the uncertainties of accurate modelling, adding pressure to the current year as well as forecasting for the future years impact, substantial pay awards and increased uncertainty around funding.

The MTFS has been prepared on best estimates using the current information we have to date amidst significant uncertainty about international issues, the national economy and cost of living crisis. Given the high uncertainty the impact of any changes to some of these assumptions and key risks are included in the supporting information. The table below shows the estimated financial gap over five years with the proposed use of reserves. These are shown in more detail within the review of reserves section.

2024/25 is the final year of the 3-year agreed budget approach which includes planned use of reserves agreed by Cabinet in December 2021. However, following the 2022/23 Revenue Outturn reported to Cabinet in June 2023, alongside active management of reserves agreed at Q1 Revenue Monitoring reported to Cabinet in July, an updated and reprofiled use of reserves is proposed in this MTFS. It is proposed that the use of reserves is extended for a further two years into 2026/27, with £11.175m in 2024/25, £7m in 2025/26, and £4m in 2026/27 to smooth the impact of cuts over the next 4 years. Significant use of reserves can only be justified on the following two fundamental outcomes:

- **Permanent savings must be delivered to close the estimated funding gap without further reliance on reserves beyond the MTFS period; and**
- **There must be a plan to replenish reserves to a prudent level over the MTFS period.**

The extension on the planned use of reserves from 3 to 5 years is predicated on the following:

- The impact that high inflation is having on the MTFS since the original strategy on use of reserves was agreed in December 2021;
- The active management of reserves that allows this flexibility;
- The current Capacity Fund and a further £2m proposed in 2024/25 to drive through to sustainability;
- A budget approach to identify and deliver a pipeline of budget cuts of £32m over the next 4 years; and
- A proposed plan to replenish reserves from 2026/27.

This remains an extremely challenging medium-term forecast. Using reserves in this way means that it is crucial to plan and deliver a pipeline of savings, efficiencies, and reinvestment to achieve a balanced budget in future years and to achieve Thrive priorities.

The financial gap can be summarised as follows:

2023/24 £m	Indicative Budget Forecasts	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
289.903	Net Revenue Budget	281.885	308.070	323.426	342.445	352.570
(8.996)	Base Adjustments	(1.563)	0.000	0.000	0.000	0.000
	General Inflation	0.209	1.600	0.599	0.543	0.326
	Contractual Inflation	0.286	0.292	0.298	0.304	0.310
	Corporate Pay Pressures	8.193	4.998	5.058	3.619	3.681
	Corporate Pressures - Capacity Fund	2.000	0.000	0.000	0.000	0.000
	Corporate Pressures - Replenish Reserves	0.000	0.000	5.000	0.000	0.000
0.416	Adults Social Care pressures	9.016	3.593	4.366	4.443	4.487
	Children's Social Care Pressures	3.434	0.646	0.662	0.678	0.694
0.562	Public Health	0.239	0.361	0.368	0.375	0.383
	Strategic Economic Investment (Capital)	4.371	3.867	2.669	0.162	(3.038)
281.885	Revised Base Budget	308.070	323.426	342.445	352.570	359.413
	Revenue Support Grant	(18.733)	(19.107)	(19.489)	(19.879)	(20.277)
	Retained Business Rates	(34.796)	(35.492)	(37.213)	(38.989)	(39.768)
	Top Up Grant/Equalisation	(23.196)	(23.660)	(24.134)	(24.616)	(25.109)
	Council Tax Base & Growth	(116.826)	(120.834)	(124.962)	(129.213)	(133.592)
	Other Grants (inc Public Health)	(87.460)	(88.353)	(89.264)	(90.192)	(91.140)
(264.998)	Total Funding Resources	(281.012)	(287.447)	(295.062)	(302.890)	(309.885)
16.887	Funding Gap (before Reserves)	27.058	35.979	47.383	49.680	49.528
(4.524)	Pandemic Reserves	(2.000)	(2.000)	(2.000)	0.000	0.000
(2.363)	Other Reserves					
(10.000)	Budget Sustainability Reserve	(9.175)	(5.000)	(2.000)	0.000	0.000
0.000	Total Reserves	(11.175)	(7.000)	(4.000)	0.000	0.000
	Minimum Cumulative Funding Gap	15.883	28.979	43.383	49.680	49.528
	Minimum Annual Funding Gap	15.883	13.096	14.404	6.297	(0.152)
	Options to close gap:					
	Adults Social Care Interventions	(2.189)	(1.728)	(2.201)	(2.224)	(2.227)
	Children's Social Care Interventions	(0.394)	(1.105)	(1.244)	(0.392)	(0.392)
	Corporate Interventions	(5.666)	(0.292)	0.000	0.000	0.000
	Unidentified to Balance Budget	(7.634)	(9.971)	(10.959)	(3.681)	0.000
	Provisional Balanced Budget	0.000	0.000	0.000	0.000	(2.771)

(32.245)

Rates used within the MTFs 2024/25 to 2028/29 assumptions

Assumptions	2024/25	2025/26	2026/27	2027/28	2028/29
CPI	5.41%	2.00%	2.00%	2.00%	2.00%
Pay Inflation	5.41%	2.00%	2.00%	2.00%	2.00%
Council Tax Increase (core)	2.99%	1.99%	1.99%	1.99%	1.99%
Council Tax Increase (ASC Precept)	2.00%	1.00%	1.00%	1.00%	1.00%

Council tax assumptions for planning purposes and not agreed until February 2024

Capital investment must also be kept under review and clearly aligned to priorities and financial sustainability to ensure affordability and to manage risks. This will include a strategic investment plan to underpin the prioritisation of capital investment.

The starting point for the MTFs forecast is the 2023/24 net budget of £289.903m approved by Council in February 2023, adjusted to reflect amendments agreed by Cabinet as part of Q1 Revenue Monitoring, resulting in a revised 2023/24 starting base of £281.885m. The MTFs forecast assume delivery of this budget and ongoing costs are incorporated into the projections.

Inflation

Inflationary Pressures – The inflationary pressures identified in 2023/24 will have a cumulative effect across the MTFs period. It is anticipated that levels of inflation will not reduce significantly by the end of 2023/24 and therefore there is likely to be ongoing pressures during 2024/25.

CPI assumption is based on current Office for Budget Responsibility (OBR) forecasts for 2024/25 and is thereafter based on the Government target of maintaining inflation at 2%. CPI impacts on both costs and funding.

Energy Costs – Energy costs are set within a North-East Procurement Organisation (NEPO) framework. 2022 was an unprecedented year in relation to energy costs with +100% increase in both Gas and Electricity costs. Early estimates indicate that this will rise further in 2023/24 by c.15% for gas and 20% for electricity, before falling by c.20% in 2024/25. Fluctuations in the volatility of energy costs are managed through Contingency.

Fuel Costs – Fuel cost rose significantly in 2022, although recently costs have started to reduce. This is however still high cost compared to 2021 with uncertainty as to future years.

Pay Pressures – the current pay award offer for 2023/24 made by the National Employers is in line with 2022/23 at an increase of £1,925 per employee. This has yet to be confirmed. Assumed 5.41% pay award for 2024/25 and 2% thereafter in line with CPI. For planning purposes provision is included for the impact of pay awards and estimated impacts of the National Living Wage which are unfunded by government.

Contractual Inflation – Rising costs to existing contracts.

Inflation	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Utilities Increase	0.000	0.000	0.100	0.100	0.100
Other Costs (NNDR & insurance)	0.209	0.213	0.217	0.221	0.226
Pay Award	7.693	2.998	3.058	3.119	3.181
Investment interest tapering	0.000	1.387	0.282	0.222	0.000
Contractual Inflation	0.286	0.292	0.298	0.304	0.310
Total	8.188	4.890	3.955	3.966	3.817

Corporate Pressures

Job evaluation review has commenced in 2023/24 and it is expected to be finalised in 2025/26. It requires a fundamental review of the whole pay and grading structure to tackle recruitment and retention issues and market pressures facing the Council.

Strategic Economic Investment

The Council's capital investment plans are set out in the capital strategy and programme, with the latest approved programme covering the period between the 2023/24 to 2027/28 financial years. The effective use of capital resources, including asset management, is fundamental to the Council achieving its medium- and long-term strategic objectives. Capital investment has a significant impact upon the local economy and helps to ensure that the Council can continue to provide the best possible services and outcomes within Gateshead.

All capital investment decisions will have implications for the revenue budget. The revenue costs over the lifetime of each proposed capital project are considered when the project is being developed to ensure that the impact can be incorporated within the Council's financial plans and to demonstrate that the capital investment is affordable. Revenue implications may include the costs associated with supporting additional borrowing as well as any changes to the running costs associated with the asset or wider benefits to the Council such as the delivery of ongoing revenue budget savings or additional income through the generation of business rates, council tax or energy revenues.

The Council continues to explore external funding possibilities when developing capital projects to minimise the borrowing requirement as far as possible. Within the MTFs, assumptions have been made around the level of external funding in the future, but detailed work programmes will not be committed to until the allocations have been confirmed. Projects and investment plans may therefore be re-prioritised depending on the availability of external funding.

The generation of capital receipts can help to provide resources to support additional capital investment or can help to reduce the borrowing requirement and therefore the cost to the revenue budget. The generation of capital receipts to support the capital programme has historically been challenging, representing low land values and high remedial costs due to land contamination. It is currently assumed that £0.75m p.a. will be achieved through capital receipts and further consideration is needed into how the few potentially higher value sites can be brought forward to achieve improved capital receipts to support the delivery of capital schemes.

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

- Investing in assets to enable the Council to meet its key objective of Making Gateshead a Place Where Everyone Thrives.
- Investment in housing to ensure the supply of housing best meets current and future needs and aspirations to create thriving, mixed communities throughout Gateshead.
- Investment to achieve the Council's climate change aspirations.
- Continuing to regenerate the Gateshead Quays and Baltic Business Quarter area as part of the Council's Accelerated Development Zone, working with our development partner to build upon the successful delivery of iconic projects such as the Sage Gateshead and Baltic to create a significant new mixed-use development to help unlock economic growth and generate additional business rates and raise the profile of Gateshead.
- Continuing to support the regeneration of Gateshead Urban Core to deliver a centre with the stature and vibrancy of a city and continuing to invest in improvements to local centres across Gateshead.
- Improving the Council's corporate ICT infrastructure, equipment and systems to improve connectivity, security and resilience and ensure that the Council remains fit for the future and can provide services as efficiently and effectively as possible.
- Investing in strategic infrastructure to support growth within Gateshead. This includes investment in areas such as transport infrastructure to provide an integrated transport system which meets demand and improves connectivity and accessibility as well as investment in the Council's schools to help increase capacity.
- Investing in the provision of energy infrastructure to support the expansion of the District Energy network to provide lower cost, lower carbon energy to support regeneration and economic development, generate income and provide long term resilience against rising energy prices.
- Meeting essential health and safety and mandatory obligations, such as Equality Act improvements, to improve the accessibility and sustainability of Council owned assets.

The financial planning framework provided by the MTFs will provide the context for a Council Investment Plan that will inform the allocation of resources within the capital programme.

Resources - Other Grants

Regarding funding changes, for the Public Health Grant an indicative allocation for 2024/25 was published in March 2023 with an increase of 1.3% on 2023/24 levels. From 2025/26 inflationary increases in grant are anticipated. It should be noted if any funding formula are changed this could result in significant changes and potential reduction to grant. However, Government Departments may seek to mitigate the extent of any reductions to Councils that are adversely affected by formula changes by providing transitional arrangements.

For the Better Care Fund, the Council has received inflationary increases in previous years and expects this to continue.

There are well documented national pressures on Social Care and additional funding has recently been granted to support Social Care reforms, most notably the Market Sustainability and Improvement Fund and the Discharge Fund. Although the increase in funding is significant, it is coupled with new burdens, and therefore this funding does not help to reduce the Council's funding gap. Furthermore, the duration of this funding is uncertain, with Government announcements referring to 2023/24 and 2024/25 only, making the ability to efficiently plan and implement long term strategies extremely difficult.

The Council also received an increase for the Social Care grant in 2023/24 and assumed increases in 2024/25 based on the announcement about the national allocation. Beyond 2024/25, this has been assumed cash flat for future years.

The New Homes Bonus scheme was a key funding source for the Council and was due to be phased out by now. The Council received a small allocation for 2023/24 but no further funding has been included in the MTFS on the assumption that this grant will cease.

In 2023/24 the Council received a Services Grant which is anticipated will continue in some form of distribution to the Council.

The MTFS projections assume all grants will continue beyond 2023/24, with the exception of New Homes Bonus.

2023/24 £m	Funding / Grants	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
(17.787)	Public Health	(18.026)	(18.386)	(18.754)	(19.129)	(19.511)
(7.771)	Better Care Fund	(8.211)	(8.375)	(8.543)	(8.714)	(8.888)
(11.387)	Improved Better Care Fund	(11.387)	(11.387)	(11.387)	(11.387)	(11.387)
(19.543)	Social Care Grant	(22.433)	(22.433)	(22.433)	(22.433)	(22.433)
(2.654)	ASC MSIF	(3.990)	(3.990)	(3.990)	(3.990)	(3.990)
(1.596)	ASC Discharge Fund	(2.650)	(2.650)	(2.650)	(2.650)	(2.650)
(17.455)	S31 Business Rates	(18.399)	(18.767)	(19.142)	(19.525)	(19.916)
(0.094)	New Homes Bonus	0.000	0.000	0.000	0.000	0.000
(2.365)	Services Grant	(2.365)	(2.365)	(2.365)	(2.365)	(2.365)
(80.652)	Total	(87.460)	(88.353)	(89.264)	(90.192)	(91.140)

Council Resources

There is still no clarity from Government on funding beyond the current year and finance reform has been delayed until the next parliament. The Settlement will not be known until mid to late December and is likely to only be for one year.

On 12 December 2022 the Government announced changes to referendum limits for Council tax. As a result, following consultation the Council was able to increase Council tax by 2.99% and the Adult Social Care Precept by 2% for 2023/24. The Government have confirmed that the same principles will apply in 2024/25 but it's unclear how long these limits will remain in place. Each 1% increase results in approximately £1.1m of additional income. For forecast purposes, from 2025/26 onwards the MTFS assumes the rate returns to the previous levels of 1.99% maximum increase in council tax and 1% maximum increase in Adult Social care precept. These assumptions are for planning purposes only and Council Tax rates will be agreed by Council each year in February. A revised Council Tax and Business Rates base will be updated and agreed by Cabinet in January 2024, in advance of setting the Council Budget in February 2024.

The Council receives Section 31 compensation from Government when they decide to freeze the business rates multiplier which is applied against the rateable value of business properties.

7.Housing

The Council's Housing Strategy recognises that the future success of Gateshead is dependent on ensuring that all its different neighbourhoods thrive and are great places to live and visit. This requires the right mix of safe and secure housing that people can afford, together with good schools, parks, sports and cultural facilities, roads and transport links, and streets and

public spaces free of litter and anti-social behaviour. This will be brought together in the development of the next Gateshead Local Plan which is currently underway.

The Council acknowledges that the scale of new housing development needs to increase. A new Housing Development Programme aims to build 3500 new homes over the next 5 years. This programme will be delivered by working with a range of partners, developers, and funders. The housing led regeneration of key places such as High Street South, Felling, Beacon Lough and Chopwell will continue to be a priority. Both the Housing Development Programme and housing led regeneration priorities and plans will align with the Council's medium-term position and investment plan.

The Housing Revenue Account (HRA) Business Plan and associated Asset Management Strategy ensures affordable 5 and 30 year financial and investment plans. The plan makes a significant contribution to the Housing Development Programme, with a planned HRA funded development programme of 400 new homes over the next 10 years. The HRA Business Plan has also been refreshed to ensure it continues to be financially viable and investment is affordable.

8.Schools

Schools are funded through ring-fenced resources, mainly Dedicated Schools Grant (DSG) and several other grants including the Pupil Premium. Children's services funding is included within the core council funding known as the Settlement Funding Assessment.

The Government introduced a National Funding Formula (NFF) for mainstream schools from 2018/19, with some local discretion available within formula. Government have recently sought views on the approach to completing further reforms to the NFF and how to transition away most effectively from local formulae to all mainstream schools' funding allocations being determined directly by the NFF in the years ahead.

At 31 March 2023 the overall reserves balances for all maintained schools in Gateshead totalled £8.28m, a decrease of £0.67m from March 2022. This position demonstrates that overall position of schools is declining with the number of schools with projected deficits increasing. The current turbulent times and the additional cost pressures for utilities, food, and pay awards makes the position difficult to estimate going forward.

To support with the pandemic impacts schools are receiving additional grants such as Recovery Premium and National Tutoring Programme aimed at helping children recover lost education resulting from the pandemic. It is uncertain how long this funding will continue. The National Tutoring Programme funding is reducing and is at risk of claw back if schools do not spend it in line with the very specific conditions of grant.

The impact of future wage inflation is also not known with higher than expected pay offers for teachers and a flat rate offer for non-teaching staff. The Department of Education (DfE) provided an additional grant in 2023/24 for additional costs, but it is unclear if this will cover actual costs. The 2022/23 additional grant was mainstreamed into the DSG for 2023/24.

The impact of the Supreme Court ruling on Harpur Trust V Brazel for part time, term time only workers will also have a financial impact on schools. Whilst schools have set aside a provision for this, the full consequences are not yet fully known until the outcome of the Government consultation and further information is released.

It is also thought that the full impact of the pandemic and the current economic situation on pupil's characteristics is not fully known with increased numbers of pupils eligible for Free School Meals (FSM) which will impact on the funding to schools. The percentage of FSM pupils in state funded schools has increased each year from 15.4% January 2019 to 23.8% January 2023. The cost of the provision of school meals has been heavily impacted by inflationary increases presenting a significant financial issue.

The number of Education Health and Care Plan (EHCP) requests continues to increase, and even with the creation of additional special school and additionally resources mainstream school (ARMs) places, the waiting list for special school places and specialist provision continues to increase with demand outstripping supply.

9. Reserves

Local authorities must consider the level of reserves needed to meet estimated future expenditure when calculating the budget requirement. The Strategic Director, Resources and Digital is required, as part of the budget setting process each year, to provide a statement on the adequacy of reserves that is subject to an external audit review to assess value for money and a going concern opinion.

The Council keeps a level of reserves to protect against the risk of any uncertainties or unforeseen major one-off events. This is considered best practice and demonstrates sound financial planning. The use of financial reserves will not in itself resolve a budget problem, but it can allow for smoothing of impacts or allow the Council time to address issues.

The Statement of Accounts 2022/23 (subject to audit) shows all the reserves balances held by the Council, but it should be noted that not all of these can be used to support the budget.

Reserves can be:

- Held for accounting purposes. These are not true cash balances and are unable to be used to support the budget and are classed as unusable in the Council's statement of accounts and therefore will not be detailed in the sections below.
- The General Fund is split between a General Reserve and reserves attributable to schools (LMS Budget Share Reserve).
- Strategic earmarked reserves the Council has chosen to hold for a specific purpose.
- Ring fenced reserves which can only be used for a specific purpose and are not available to support council tax or budget setting of general Council services.

Reserves Policy

The Council's policy on reserves is as follows:

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

Review of Reserves

A review of reserves was undertaken as part of the 2022/23 Revenue Outturn and covered:

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

The balances at 31 March 2023 remain subject to audit.

A breakdown of each reserve and the reason it is needed is outlined below;

Reserve	Why Needed	Available to support Council budget	Balance as at 31 March 2023
Council General Reserve	This is a statutory fund that acts as a contingency and allows the Council to meet any unforeseen costs. If the Council overspends in a year this fund will meet that liability. The minimum balance on the reserve is 3% of the net revenue budget	Yes (subject to minimum levels being maintained)	£11.9m
Schools Balances	Use of this reserve is ring-fenced to schools and there is a duty to report planned use to Schools Forum. The balance is for schools collectively, but this includes both surplus and deficit balances of individual schools	No – ringfenced to schools	£8.3m

The Strategic Director, Resources and Digital has reviewed the level of the general reserve and it is considered that a 3% minimum level should be retained given the current level of risk and uncertainty.

Reserve	Why Needed	Available to support Council budget	Balance as at 31 March 2023
Financial Risk and Resilience	This reserve is held in respect of key financial risks identified through the risk management process and the savings required as part of the Council MTFs. This includes Insurance (£4m), grant clawback (£3m), workforce development costs (£3.5m), commercial risk (£2.6m), Schools PFI (£3.8m), ASC Direct payments (£0.8m), Highways maintenance (0.6m), Volunteering and Community Capacity (£0.4m) and budget flexibility (£0.5m)	Yes	£19.2m
Thrive	This reserve is held support to Council thrive priorities of Economic, Housing and Environmental Investment (£3.3m) Poverty, Health and Equality Investment (£3.7m), and Discretionary Social Fund (£0.5m)	Yes	£7.5m
Budget Sustainability	This reserve was created in 2021 to help support the timings of achieving significant budget savings and Thrive outcomes whilst still dealing with pandemic impacts. As part of the 2022/23 Revenue Outturn, the Pandemic Reserve was consolidated into this reserve. £14.5m of this is committed within the 2023/24 budget with a further £22m proposed in this MTFs meaning this reserve will be fully utilised by March 2027. A plan to replenish this reserve forms part of the MTFs.	Yes	£36.7m

Ringfenced Reserves

Ringfenced reserves balances are shown in the table below for information.

Reserve	Why Needed	Available to support Council budget	Balance as at 31 March 2023
Developers' Contributions	This reserve consists of developer contributions in respect of agreed regeneration schemes following Section 38 and 106 agreements. The movement on the reserve will fluctuate depending on the use of the contributions to support regeneration schemes such as play areas in new housing developments.	No	£2.2m
Unapplied Revenue Grants	This reserve was created to comply with accounting rules where unspent grants and contributions, without grant conditions are to be used in the following years.	No	£1.4m
Public Health Reserve	The responsibility for Public Health transferred to local authorities on the 1 April 2013. The funding is for future Public Health use.	No	£3.8m
Dedicated Schools Grant Reserve	This is for schools use and cannot be used for other priorities within the Council. Use of this reserve will be agreed by Schools Forum.	No	£4.0m
Housing Revenue Account	This fund is statutory to maintain a revenue account for local authority Council housing provision. It contains the balance of income and expenditure as defined by the Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.	No	£19.6m
Capital Receipts Reserve	This reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end use and may be earmarked for use in the Council's capital programme.	No, unless approved by Government for transformation	£19.0m
Capital Grants Unapplied	This reserve holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the funds, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms.	No	£12.7m

For financial resilience the Council may need to consider replenishment of the general reserve over the MTFS period.

The overall level of financial resources available to the council is finite and therefore the continued use of reserves above a certain level cannot be sustained in the longer term without placing the Council's financial position at risk. The MTFS recognises that the Council's financial reserves are maintained at a prudent level to protect present and future Council services and includes a plan to replenish reserves in years 3 to 5 of this MTFS.

The Council accepts that while balancing the annual budget by drawing on general reserves can be in certain circumstances a legitimate short-term option it is not considered good financial management to finance recurrent expenditure in this way in the medium to long term. The Council recognises that usage of reserves is one-off in nature and must be linked with expenditure and income plans to support financial sustainability in the medium term.

10. Community Wealth Building / Social Value

The Council has agreed to implement a Community Wealth Building (CWB) model as one of the tools to support the Thrive agenda. Through community wealth building, Gateshead is advancing its Thrive agenda aspirations to be an inclusive economy where the wealth is not extracted but broadly held and generative, with local roots, so that income is recirculated, communities are put first, and people are provided with opportunity, dignity and well-being. The Council's Corporate Commissioning and Procurement service work to ensure that Council priorities, community wealth building and social value are incorporated into all commissioning and procurement activity. In November 2021, Cabinet agreed all contracts with a value over £100,000 would have a weighting of 20% against Social Value. To date the Council has received £4.1m in Social Values offers including apprenticeships, work placements, donations in kind including donations to the Mayor's charities and awards schemes.

11. Conclusion

The factors and assumptions outlined above result in a forecast cumulative gap of £49.7m within the MTFS driven mainly by Social Care demand pressures and additional inflationary costs.

Achieving sustainable finances represents a formidable challenge for the reasons outlined in this report and some tough choices will need to be taken to achieve long term sustainability. It is essential that the delivery of Council priorities and achievement of priority outcomes is linked to resource allocation in a sustainable way.

Sound and responsible financial management will provide a strong foundation to deliver against the challenges outlined above. The Council has a strong track record of financial performance and will continue to use resources in the best possible way to help residents of the borough thrive.

The Medium Term Financial Strategy of the Council will be kept under review to ensure that the financial context within which the Council operates is understood and informs effective decision making in a dynamic environment.

Supporting Information

Sensitivity Analysis for 2024/25 figures

= current assumptions built into MTFS

Pay Inflation

Employee costs represent the biggest area of the Council's spend and so pay inflation is a significant cost for the Council. The base assumption is pay inflation of 5.41%. Each percentage costs c.£1.5m

Pay Inflation	1%	2%	3%	4%	5.41%	5%	6%
Cost (£m)	1.485	2.971	4.456	5.941	7.693	7.427	8.912
Additional/(reduced) cost from MTFS	(6.208)	(4.722)	(3.237)	(1.752)	-	(0.266)	1.219

Council Tax

Following changes to referendum limits, the base assumption is a Council Tax core increase of 2.99% plus 2% for ASC precept. Each 1% of Council Tax generates c.£1.1m of income.

Council Tax	0%	1%	2%	3%	4%	4.99%	6%
Income Generated (£m)	0.000	(1.110)	(2.219)	(3.329)	(4.439)	(5.538)	(6.658)
(Additional)/reduced income from MTFS	5.538	4.428	3.318	2.208	1.099	-	(1.121)

Assumptions used for planning purposes and not approved until February 2024. Note for anything over 4.99% (2024/25, including ASC Precept) the Council must hold a local referendum before implementing any increase.

Funding

The base assumes CPI increase on Revenue Support Grant. Each 1% increase/decrease is a funding impact of £0.180m.

Revenue Support Grant	0%	2%	4%	5.41%	6%	8%	10%
Income Generated (£m)	-	(0.355)	(0.711)	(0.961)	(1.066)	(1.422)	(1.777)
(Additional)/reduced income from MTFS	0.961	0.606	0.251	-	(0.105)	(0.460)	(0.816)

Risk Assessment of Key Threats

A series of potential changes in the inflationary outlook, the Spending Review, Local Government Settlement, Business Rate reform and the results of the fair funding review inevitably means there are many uncertainties and sources of risk attached to the forecast.

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

Risk	Likelihood	Impact	Risk Management
1. Future available resources are less than assumed.	Possible	High	Annual review of reserves and reserves policy to identify future resources. Assumptions on funding for 2024/25 and beyond are based on best estimates at this time. A prudent approach has been adopted based on previous years' experience as well as using regional network contacts to inform modelling.
2. Volatility of Business Rates funding including uncertainty around impact of appeals	Likely	High/ Medium	Volatility of funding stream outside of council control but impact mitigated by the financial monitoring framework. Modelling of potential impacts is used to inform internal financial planning. Dependency on government funding in this area.
3. Public Health funding is insufficient to meet responsibilities	Possible	Medium	Funding confirmed for 2023/24 and an indicative allocation has been given for 2024/25, however funding in future years is unknown. The lack of certainty of continuation of grant going forward is a significant risk of circa £17.5m. Public Health responsibilities were to be rolled into the new system under the move to 75% rate retention. Networks and regional lobbying to ensure a sustainable transition of funding is agreed.
4. Pay Awards, fee increases and price inflation higher than assumed	Possible	Medium	Impact of potential increases mitigated by central contingency budget for pay, price increases and care fees. Where pay awards have been agreed these are factored into the estimates where affordable. With current high inflation and cost of living crisis the potential impacts can be seen within the sensitivity analysis.
5. Future spending plans are underestimated	Possible	Medium	Service planning process identifies future budget pressures, and these have informed the indicative budget forecasts. An effective budget monitoring framework is in place to identify in year and potential future cost pressures.
6. Anticipated savings/ efficiencies are not achieved	Possible	High	Regular monitoring and reporting take place but the size of the funding cuts increase the likelihood of this risk. Non-achievement of savings requires compensating reductions in planned spending within services. Greater scrutiny of savings will take place with senior management oversight.
7. Revenue implications of capital programmes are not fully anticipated	Unlikely	Low	Capital bid approval framework identifies revenue implications and links to Council priorities. Full analysis of revenue implications assessed and considered in the MTFS projections.
8. Income targets are not achieved	Possible	Medium	Current economic climate likely to impact. This forms part of the regular monitoring and reporting that takes place. Full review of fees and charges is undertaken on an annual basis. Reduced income requires compensatory reduction in spending plans. Some budgets rebased as part of the 2023/24 budget.
9. Budget monitoring not effective	Possible	High	Regular monitoring and reporting in line with corporate framework. Action plans including positive interventions developed to address problem areas. Regular reports to CMT and Cabinet. Track record of delivering budget.
10. Exit strategies for external funding leasing/tapering not met	Unlikely	Medium	Regular monitoring and reporting.
11. Loss of principal deposit	Unlikely	Medium	Limited by the controls in the Treasury Management Strategy which prioritise security of deposit over returns. Impact limited due to the strategy of a diverse portfolio with top rated institutions.

Risk	Likelihood	Impact	Risk Management
12. Collection rates for retained business rates and council tax lower than anticipated	Possible	High	Impact mitigated by the review of bad debt provisions. Proactive approach to stimulating economic growth. Monitoring of Collection Fund is formally incorporated into the revenue monitoring process and key performance indicators.
13. Changes to Government policy including Health and Social Care changes	Likely	Medium/High	Best estimates of impact of government policy on funding factored into MTFs. Estimates are prudent and based on recent experience. Specific areas of uncertainty identified and subject to focussed actively, close monitoring and review. Risks of Better Care Fund are managed through the joint Council/ICB Better Care Fund Programme Board. The impacts of welfare reform continue to be planned for and monitored through the Council Scrutiny Framework. Charging reform implementation of 18 (3) of the Care Act is managed by an operational working group.
14. All MTFs risks not adequately identified	Unlikely	Low	Council's Risk Management Framework ensures all operational and strategic risks are identified as part of the annual service planning process. Regional networks such as SIGOMA provide ability to assess and compare strategies to ensure assumptions are comprehensive.

PESTEL analysis

This is a strategic tool to evaluate the external environment of an organisation by breaking down opportunities and threats into several factors. The table below highlights some considerations impacting on the Councils medium term strategy and plans.

Political

- Change in Government policy direction and regulation including social care and NHS can impact on social care models and shared funding arrangements and without adequate funding can be an added pressure
- Labour laws /National Living Wage can impact on legal views and costs
- Environmental laws impact on planning, council buildings and costs
- Stability of political parties will ensure policies do not change regularly
- National infrastructure and transport links decisions can impact on local economy
- PWLB rates can have a significant impact on capital projects and affordability
- Brexit - Uncertainty of European Grants and unknown impacts on the economy
- Welfare reform/Housing demands /Universal Credit- Governments changes are likely to have an impact in relation to potential bad debt of council tax income and housing rents and the services needed by residents
- Local Government Funding Reform – the aim to making councils more self-sufficient and less reliance on grants.

Economic

- National and local economic growth rates
- Energy prices increasing or decreasing
- Price pressures/ supply chain pressures
- Labour market availability and shifts
- Exchange rates
- Inflation rates both CPI and RPI - Levels of inflation and medium-term trajectories of it have an impact on capital and revenue investment projects on rising costs and contractual commitments.
- Interest rates on investments, borrowing and debt
- National and local Unemployment rates
- The Council plays a strong role in creating a strong and vibrant local economy which can in turn lead to better jobs and skilled local people.

- Levels of employment influence the need for resident welfare support as well as other type of local government support.

Socio-cultural

- Local health indices
- Deprivation levels - Gateshead is currently ranked 47th out of 317 local authorities in England in the overall IMD 2019, where one is the most deprived (rank of average score).
- Local population demographics – having a young, healthy workforce or aging population with complex needs changes service needs
- Child poverty can influence the levels of looked after children and family support
- Health of local workforce

Technological

- Pace of change impacts on upgrades to systems and customer expectations for accessing services
- Level of digital skills locally will determine who can access online services and who need more support such as telephone or face to face service provision.
- Appetite for innovation can influence service adaptation to customer needs
- New technology improves ability to introduce/improve agile working – making workforce more flexible.

Environmental

- Weather and impacts
- Local Climate Change Agendas
- Government Climate Change Aspirations
- Local Pollution
- Aspirations to be Environmentally Friendly
- Environmental impacts ripple through everything the Council does and as such all reports to Cabinet must consider these implications

Legal

- Discrimination law
- Consumer law
- Employment law
- Health & Safety laws
- Changes in regulation and legislation in relation to local government
- Licenses and permits

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TITLE OF REPORT: Budget Approach 2024/25 – 2028/29

REPORT OF: Darren Collins, Strategic Director, Resources & Digital and
Borough Treasurer

Purpose of the report

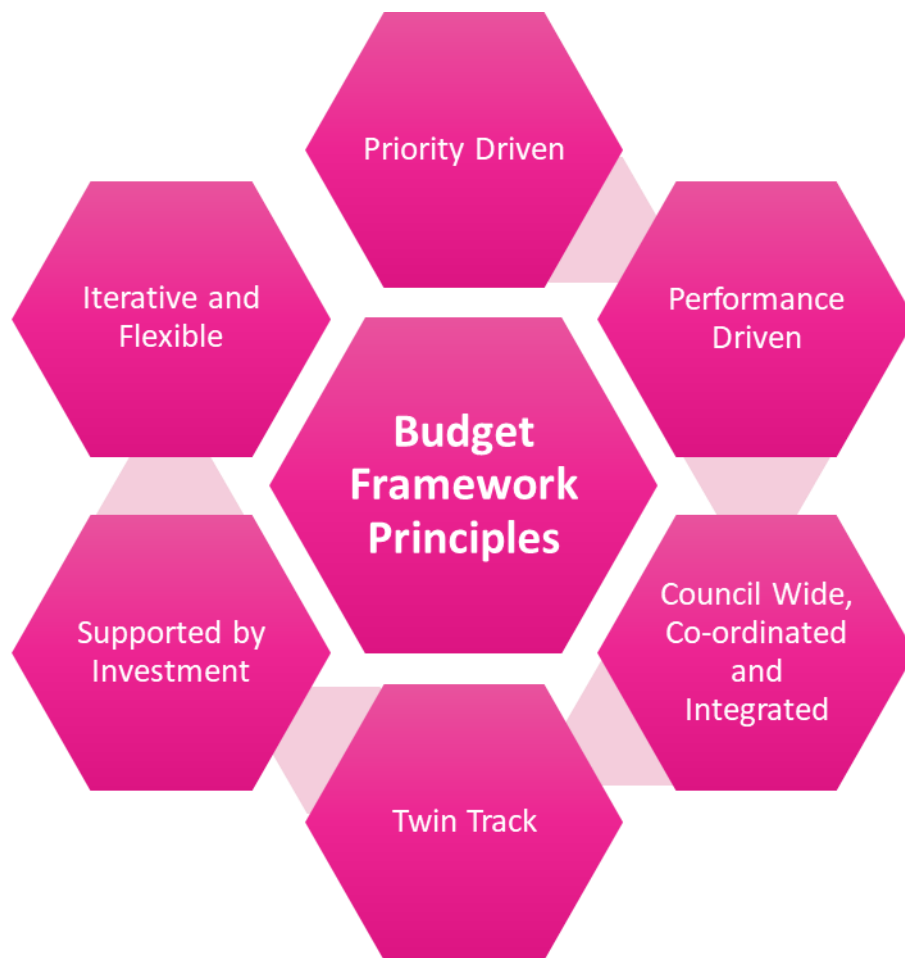
1. The purpose of this report is to update Cabinet on the Council's Budget Approach 2024/25 to 2028/29 including a high-level timeline that will support the delivery of a balanced budget for 2024/25 and approval of the budget in February 2024.

Background

2. On 14 December 2021 Cabinet approved the Budget Approach 2022/23 to 2024/25. The 2024/25 budget is the final year of the 3-year approach.
3. The Medium Term Financial Strategy (MTFS) has been refreshed and updated and is reported elsewhere on this agenda. It outlines a cumulative funding gap of £49.7m by year 4 of the MTFS to 2027/28 with £27m in 2024/25 before use of reserves. The MTFS reflects the amended 2023/24 budget, demand and cost pressures, the latest economic forecasts, and the latest assumptions on 2024/25 funding and beyond.
4. The MTFS outlines that the Council continues to operate in the context of an unprecedented period of financial and economic uncertainty set against the backdrop of over a decade of austerity, disproportionate cuts to funding, delays to funding reform, increasing demand and more recently high inflation. The Local Government sector is increasingly reporting local authorities in financial difficulty including some which are now subject to Government interventions.
5. It remains critical that the Council has a robust approach to budget setting and a plan for uncertainty including the delivery of demand management interventions in social care, alongside additional savings estimated at £32m to achieve financial sustainability, without reliance on reserves, by the final year of the MTFS.

Proposal

6. The budget approach will be set within the context of the 5-year rolling MTFS. This report outlines the high-level framework over the period 2024/25 to 2027/28, alongside a broad timeline to achieve the immediacy of a legally balanced budget for 2024/25 and a balanced position without reliance on reserves by 2028/29.
7. The Council developed a set of core principles in November 2019. These have been updated to build on the previous work as the context for the approach to budget 2024/25 to 2028/29. Specifically, the approach will be delivered in the context of the MTFS framework and will be:



- **Priority Driven** – the Council will focus on what matters most as outlined in the new Corporate Plan;
- **Performance Driven** – a focus on management of outcomes;
- **Council Wide, Co-ordinated and Integrated** - rather than service focus, the Council's new Corporate Plan and Group Plans will be the conduit for allocating resources to priority areas in a collaborative and co-ordinated approach. Covering all aspects of the Council's budget including revenue, capital, housing, and schools.
- **Twin Track** - approach over an extended rolling 4-year time horizon to enable effective planning, reflecting the **short-term** immediacy of a legally balanced budget for 2024/25 against the **longer-term** demand management intervention and transformation required to achieve sustainability by the final year of the MTFS;
- **Supported by Investment** - to allow capacity to deliver; and
- **Iterative and Flexible** - reflecting the dynamic nature of the operating environment and the uncertainty of funding assumptions.

Approach

8. The approach will be underpinned by:

- Chartered Institute of Public Finance and Accountancy (CIPFA) Financial Management Code;
- Government lobbying;
- Clear delivery plan;
- Capacity to deliver; and
- Financial awareness training.

CIPFA Financial Management Code

9. The CIPFA Financial Management Code (the Code) emphasises that good financial management is an essential element of good governance and longer-term service planning, which are critical in ensuring that local service provision is sustainable and that excellent financial management is the responsibility of the whole of the Council's leadership team.
10. The six principles of the Code are:
 - **Organisational leadership** – a clear strategic direction based on a vision in which financial management is embedded in the organisational culture.
 - **Accountability** – medium term financial planning that drives the annual budget process.
 - **Transparency** – meaningful and understandable financial management data, frequently reported with evidence of officer action and member decision making.
 - **Standards** – adherence to professional standards is promoted by the leadership team and evidenced.
 - **Assurance** – sources of assurance are recognised as an effective tool mainstreamed into financial management.
 - **Sustainability** – this should be at the heart of all financial management processes evidenced by prudent use of public resources.
11. While the statutory local authority budget setting process continues to be on an annual basis, a longer-term perspective is essential if local authorities are to demonstrate their financial sustainability. Short-termism runs counter to both sound financial management and sound governance.
12. Reflecting on the importance of longer term financial planning, one of the objectives of the Code is to support organisations to demonstrate that they have the leadership, capacity and knowledge to be able to plan effectively. This must be balanced against retaining the integrity of the annual budget preparation process when the need to make difficult decisions may threaten its integrity.
13. The Council's self-assessment against the Code is currently being refreshed. Compliance with and areas of action will underpin the budget approach to financial sustainability.
14. Consistent with the principle of flexibility, officers have set a 2024/25 stretch target of £10m as a minimum, to allow the Council an element of choice. This is above the MTFS estimated "unidentified" budget cuts of £7.6m for 2024/25 but allows for the uncertainty of the Local Government Finance Settlement which may be different to the MTFS assumptions. As such the requirement for cuts could be more than outlined in the MTFS. Similarly, a more favourable settlement could mean a reduced package of cuts, but this would need to be considered in the context of opportunities for growth, or re-profiling use of reserves consistent with an iterative approach.
15. The proposed budget approach will build upon work already underway and incorporate the following activities:
 - **Fundamental Transformation review areas** – extending the areas beyond social care and including other areas of Council activity.
 - **Review of Delivery of services** - Partnerships, Voluntary sector, and Council owned companies.
 - **Review of workforce** – including sickness and vacancies.
 - **Grants and external funding** – maximisation of current, and potential new areas.
 - **Capital Programme and Capital Financing** – Minimum Revenue Provision (MRP) policy, capital receipts.

- **Review of the Collection Fund (CF)** – including council tax base, council tax collection, surplus / deficit on the CF, and business rates base.

16. The activity areas will be driven by a clear timeframe with accountability for delivery. Active management and leadership will enable timely decision making. A clear framework and timeline will engender a robust process with appropriate and timely engagement and challenge from both senior management and Councillors. Embedding strategic financial awareness will enhance corporate budget ownership, challenge, and the engagement process.
17. The MTFS is not the budget but an estimate of the funding gap. There are many moving parts and assumptions which will become clear over the budget period. As such the process will need to be iterative and dynamic. Crucially, the provisional finance settlement will not be received until late December and confirmed late January/early February, and the retained business rates confirmed at the end of January, so some key areas of clarity on funding will be received very late in the budget process. Other areas of uncertainty which can have a significant impact of the base budget are assumptions in relation to the 2024/25 pay award which is unlikely to be agreed before the budget is set.

Timeline

18. The 2024/25 Revenue and Capital budgets will be proposed by Cabinet on 20 February 2024 and agreed by Council on 22 February 2024. The proposed timeline assumes a consultation report to Cabinet in November on the 2024/25 proposals.
19. The high-level timeline is shown at Appendix 2.

Next Steps

20. It's important that the approach to budget is delivered against a timeline that allows effective and timely decision making, whilst recognising that the position will be fluid until funding is confirmed very late in the process. As such, the approach to budget needs to be developed based on the best estimate of the MTFS funding gap, which can then be modified on clarification of the funding envelope alongside active management of demand pressures.
21. Further reports will be considered throughout the period of the MTFS as areas of work are clarified and progressed.

Recommendations

22. It is recommended that Cabinet:
- a. Approves the approach to budget 2024/25 to 2028/29 contained in this report; and
 - b. Agrees to receive update reports as the activity progresses and options to deliver priority objectives and a sustainable financial position are developed.

For the following reasons:

- To contribute to the good financial management practice of the Council;
- To assist the financial sustainability of the Council over the medium to long term; and
- To support delivery of the Council's Corporate Plan priorities and the Thrive objectives.

Policy Context

1. Making Gateshead a Place Where Everyone Thrives and the new Corporate Plan provides the policy direction for the Council, setting out the priorities over the next five years.
2. The Council recognises there are huge financial pressures on not just Council resources, but those of partners, local businesses and residents. To deliver on the strategic approach the Council will need to continue to be resolute in its determination to make Gateshead a place where everyone thrives. This means the Council's decision-making including resource allocation through the budget process will be policy and priority led and data driven.
3. The Council is responsible for approving a budget following recommendations from Cabinet, in line with the budget and policy framework outlined within Gateshead Council's constitution.

Background

4. The Council's MTFS sets out the financial context for the resource allocation process and budget setting. The Council's Performance Management Framework and Investment Plan support the aims within the strategy.
5. As a Council, there is a need to focus scarce resources on priority areas which will deliver the biggest impact and achieve the best possible outcomes for residents of Gateshead. Important and increasingly difficult decisions need to be made about the relative priority of different services and the balance between what can be afforded using the scarce resources at our disposal. The Council will need to continue to challenge not only how services are delivered but also what is being delivered. Crucially, these decisions need to be taken in the context of ensuring that they meet the Council's strategic aims, but also with a clear understanding of the statutory requirements of service delivery.
6. Although the financial planning takes place over a longer timeframe, local authorities are legally obliged to set a balanced budget each year and to ensure they have sufficient reserves to cover any unexpected events. Therefore, to legally balance the budget the Council must make spending plans affordable by matching these to the estimated funding available in that financial year.
7. The Council will ensure that scarce resources are used to maximum effect. It is evident however that increases in demand alongside the continuing financial challenges will have an impact on both the nature and scope of services that the Council is able to deliver. The Council will continue to manage the process of challenge to its services effectively but in the context that change is inevitable.

Proposed Approach

8. Responding to the challenge will continue to be a difficult journey. There is a requirement for absolute clarity on priorities and a need for an understanding on the relative importance of key service areas. The approach should seek to mitigate the estimated funding gap through cost and demand interventions, reassessment of priorities, service redesign and better targeting of resources.
9. The budget approach will need to identify a pipeline of budget savings / cuts. As a minimum, the approach will identify potential budget cuts totalling £10m for 2024/25

as part of a clear delivery plan. This is a stretch target above the estimated budget cuts requirement for 2024/25 reflecting the flexibility needed if the finance settlement requires a greater ask than that outlined in the MTFs estimates. Similarly, a more favourable settlement could allow these areas to be postponed to a later year, unless it is considered appropriate to still take the saving and realign the use of reserves. Areas identified for years 2025/26 to 2027/28 can be considered concept areas or work in progress and will need delivery plans worked up and ready to be taken the following year.

10. It is proposed that each Group will contribute towards the closing the estimated funding gap, aligned to the Group plans and investment / disinvestment objectives.
11. Consistent with the principle of the approach being iterative, following confirmation of the 2024/25 budget in February, the MTFs will be immediately refreshed to prepare for the next 4 years of the budget approach. Future years targets will be considered at this point based around organisational priorities and a strategic approach.

Consultation

12. The Leader of the Council has been consulted and supports the approach proposed to the budget.

Alternative Options

13. There are no alternative options proposed. Local authorities are legally obliged to set a balanced budget each year and to ensure they have sufficient reserves to cover any unexpected events. Therefore, to legally balance the budget the Council must make spending plans affordable by matching these to the estimated funding available over that time.
14. Options to close the funding gap will be considered following the provisional Local Government Finance Settlement expected late December and confirmed late January/early February, and when the budget is set alongside potential increases in Council Tax.

Implementation of Recommended Option

15. Resources:

- a) **Financial Implications** – The Strategic Director, Resources and Digital confirms that

The Council will deliver a balanced budget consistent with legislation that is driven by Council policy and which achieves priority outcomes. To achieve this, the Council must close an estimated funding gap of £49.7m that is identified in the Medium Term Financial Strategy.

The Council's provisional financial settlement will not be known until late December, and this is then be expected to be confirmed in late January/early February, at which point assumptions around the Council's funding envelope will be confirmed.

- b) **Human Resource Implications** – There are no direct HR implications arising from this report. Any implications arising from the budget approach will be the subject of future reports.

c) **Property Implications** – There are no direct property implications arising from this report. Any implications arising from the budget approach will be the subject of future reports.

16. **Risk Management Implications** – There are no direct risk implications arising from this report. The use of reserves over the period of the MTFS carries a significant risk to the Council's financial sustainability if savings are not identified and delivered. Any implications arising from the budget approach will be the subject of future reports.

17. **Equality and Diversity Implications** – There are no direct equality and diversity implications arising from this report. Any implications arising from the budget approach will be the subject of future reports.

18. **Crime and Disorder Implications** – There are no direct crime and disorder implications arising from this report. Any implications arising from the budget approach will be the subject of future reports.

19. **Health Implications** – There are no direct health implications arising from this report. Any implications arising from the budget approach will be the subject of future reports.

20. **Climate Emergency and Sustainability Implications** – There are no direct climate emergency and sustainability implications arising from this report. Any implications arising from the budget approach will be the subject of future reports.

21. **Human Rights Implications** – There are no direct human rights implications arising from this report. Any implications arising from the budget approach will be the subject of future reports.

22. **Ward Implications** – All Wards are covered by the approach set out in this report.

23. **Background Information**

- 14 December 2021 - Budget Approach 2022/23 to 2024/25
- 24 October 2023 - Medium Term Financial Strategy 2024/25 – 2028/29

	Date	Meeting	Action
	24 October	Cabinet	<ul style="list-style-type: none"> • Medium Term Financial Strategy 2024/25 to 2028/29 • Budget Approach 2024/25 to 2028/29
	21 November	Cabinet	<ul style="list-style-type: none"> • Budget Consultation on proposals for 2024/25 • Local Council Tax Support Scheme
	19 December	Cabinet	
	Late December		Provisional Local Government Finance Settlement 2024/25
	End of January		NNDR1 confirmation of Retained Business Rates and associated S31 grants
	23 January	Cabinet	<ul style="list-style-type: none"> • Council Tax and Business Rates Base 2024/25
	20 February	Cabinet	<ul style="list-style-type: none"> • Budget and Council Tax 2024/25 • Fees and Charges 2024/25
	22 February	Council	<ul style="list-style-type: none"> • Budget and Council Tax 2024/25 • Fees & Charges 2024/25

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