



Narrative Report 2018/19

Newcastle
City Council 

1. Introduction

The accounts of such a large and diverse organisation as Newcastle City Council are by their nature both technical and complex. This report provides an explanatory narrative to key elements of the statements and sections in the accounts and also provides a summary of the Council's financial performance for 2018/19 and its future financial prospects.

This report provides the reader with:

- A guide to the different financial statements within the Statement of Accounts
- An overview of the activities and significant matters which occurred during the year
- A summary of the Council's financial performance during the year ended 31 March 2019 and its financial position at that date
- A look ahead to 2019/20 and beyond

The Statement of Accounts sets out the financial performance of the Council for the year ended 31 March 2019 and its financial position at that date. They have been prepared in accordance with proper practices as set out in the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Code requires that the accounts give a true and fair view of the financial position of the Council. In line with the Code, suitable accounting policies have been applied, and where necessary prudent judgements and estimates have been made.

The accounts feature four main financial statements:

- Movement in Reserves Statement
- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Cash Flow Statement

The purpose of each of the above statements is described at the end of this report. The actual statements are contained within the accompanying Statement of Accounts document, which also includes detailed notes providing further explanation in relation to specific amounts and balances.

The main statements are supplemented by four further sections:

- Explanatory Notes to the Core Statements
- Housing Revenue Account (HRA)
- Collection Fund
- Group Financial Statements

These statements and accounts collectively provide a comprehensive view of the Council's financial position during the period to which they relate.

The Council seeks to make best possible use of resources available with regard to economy, efficiency and effectiveness. This responsibility is shared by Members and officers of the Council along with the Director of Resources having a specific role in ensuring the adequacy of resources and proper financial administration. Our budget proposals for 2019/20 (Shaping our future together: our medium-term plan 2019/20 to 2021/22) sets out how we are dealing with the continued public sector austerity whilst delivering bold ambitions for the city. It outlines the steps we propose to take over the next three years. The accompanying Statement of Accounts looks back at our performance over the past year. Reviewed together they provide the reader with an understanding of the financial position of the Council.

In order to obtain a wider view of activities, priorities and plans, the Council produces a Council Plan setting priorities for the year ahead and detailing the values that underpin our work. By explaining what the Council will do to improve outcomes for people in the City, it helps staff see how the work they do makes a difference to the lives of people who live, work and learn in Newcastle. The plan informs the allocation of resources through our revenue budget and capital investments, creates the basis for the planning of services across the Council and makes the Council's contribution to city wide issues clear to its partners.

Key points to note from the Statement of Accounts are as follows:

- The Council's underlying financial position is sound, the 2018/19 actual spend was £0.3m less than the agreed net revenue budget of £228.4m.
- The General Fund unearmarked reserve was maintained at £10.1m which represents no movement on the previous year.
- Net assets/total reserves decreased during the year from £360.2m to £297.9m. Within this, General Fund earmarked reserves increased from £94.3m to £102.6m. Note 33 to the accounts on page 87 gives a full breakdown of these reserves. The 'Financial Instruments' reserve has been created to hold the technical accounting adjustments required in response to International Financial Reporting Standard 9 (Financial Instruments).
- Total capital investment during the year was £121.2m (£127.1m in 2017/18) through the capital programme. No assets were acquired through a finance lease during the year. There were PFI related capital enhancements of £0.269m during the year (£0.271m in 2017/18).

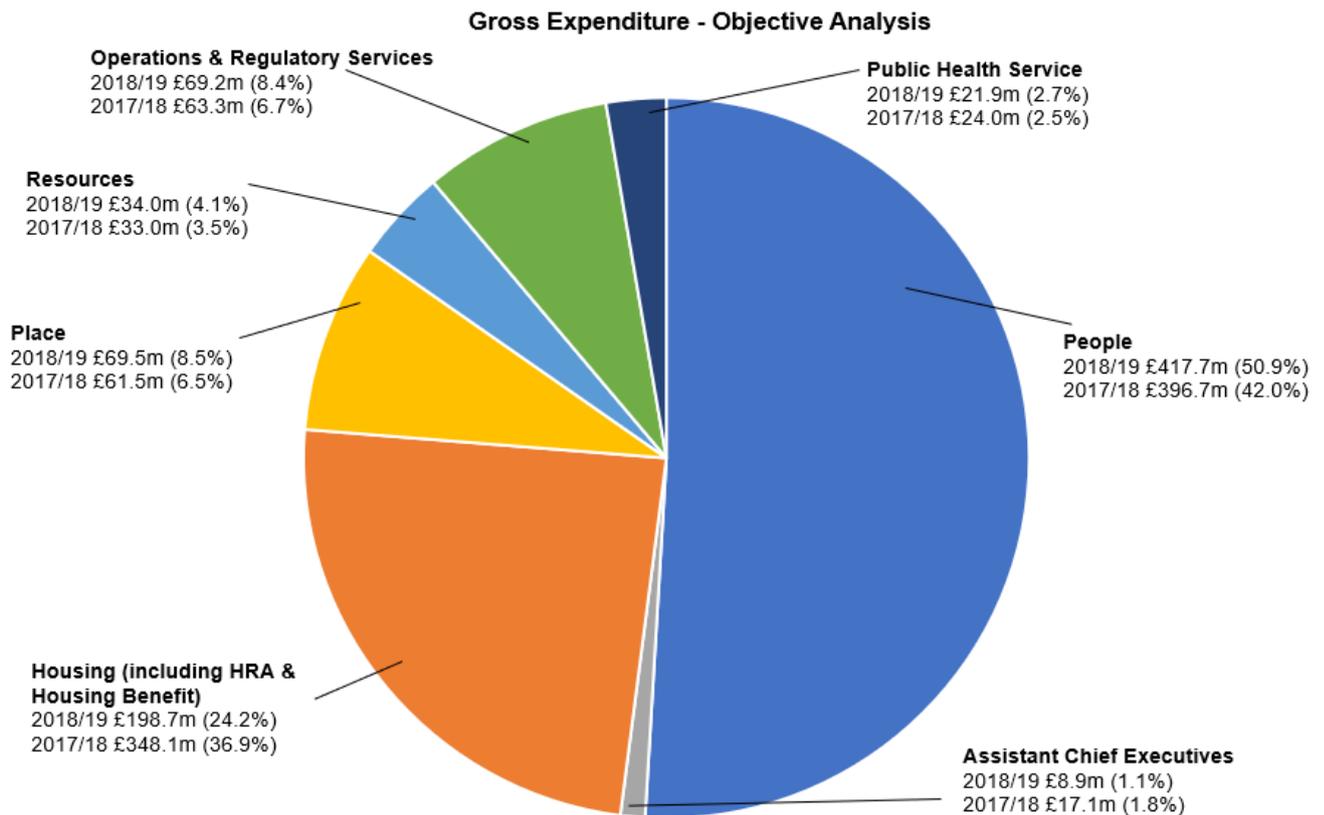
2. Revenue Financial Summary 2018/19

Revenue expenditure covers the cost of the Council's day to day operations and contributions to and from reserves.

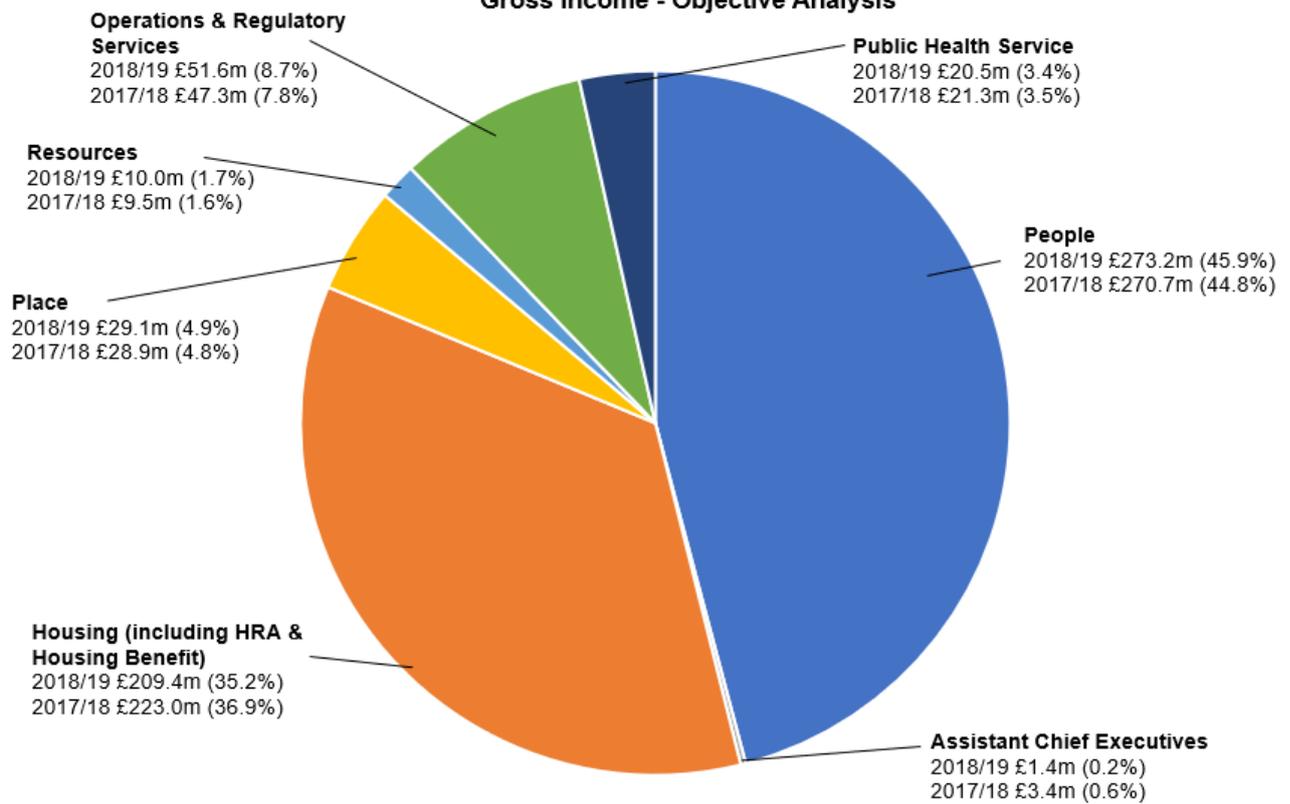
Within the accompanying Statement of Accounts document, the Comprehensive Income & Expenditure Statement (CI&ES, page 19) sets out the Council's financial position for the year before taking account of statutory adjustments required to be made to the accounts. The Movement in Reserves Statement (MIRS, page 18) reflects these statutory adjustments and shows how the financial performance for the year has impacted on the Council's reserves.

The gross cost of services during the year was £877.8m (£918.2m in 2017/18) and this is shown within the CI&ES on page 19 of the Statement of Accounts. This includes both General Fund services and the Housing Revenue Account (HRA). After deducting specific grants and income from fees and charges, the net cost of services was £274.9m (£311.4m in 2017/18) which again is shown within the CI&ES on page 19 of the Statement of Accounts. The year on year movement primarily relates to the Housing Revenue Account which can be seen in greater detail from page 130 of the Statement of Accounts with the main change being the change in treatment of depreciation from 2017/18 in line with recommended accounting practice. This reflected charges for depreciation and reversals of impairments where a change in treatment was required during 2017/18. These charges are reversed out through the HRA Movement in Reserves Statement so they do not have any impact on the underlying level of resources available to the Council.

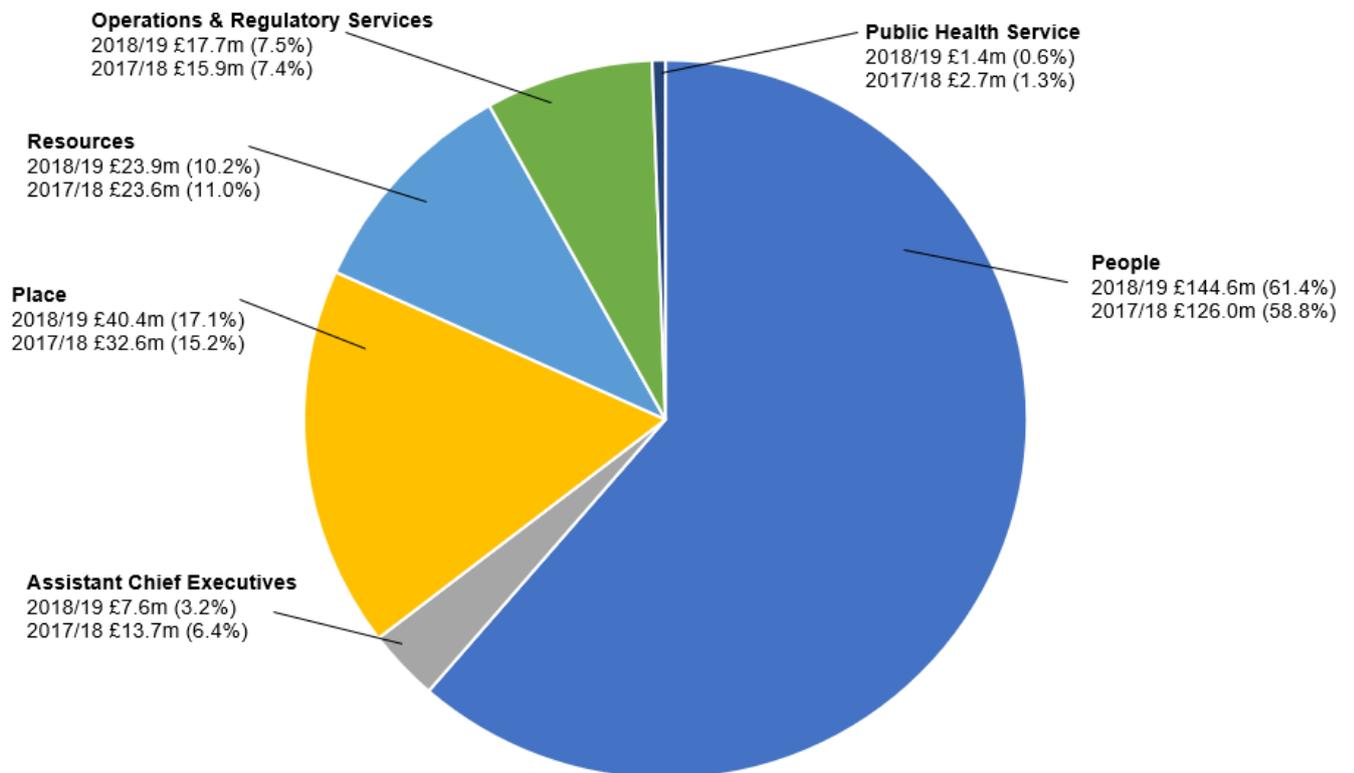
The breakdown of gross expenditure, gross income and net expenditure (General Fund) between the different service areas is shown in the following charts and corresponds to the Comprehensive Income & Expenditure Statement presentation. Corporate costs have been excluded from the analysis on the basis that this includes technical pension adjustments:



Gross Income - Objective Analysis



General Fund Net Expenditure - Objective Analysis



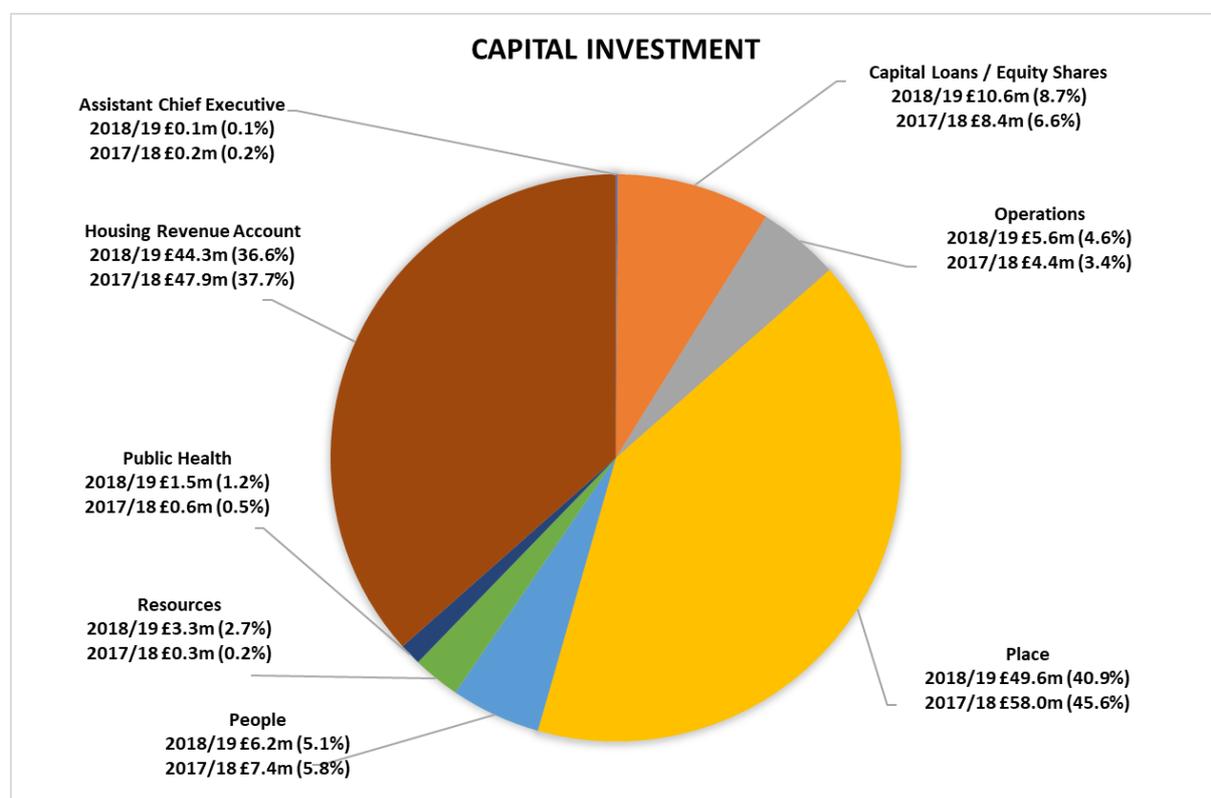
Revenue expenditure covers the cost of the Council's day to day operations and contributions to and from reserves. This expenditure is offset by various types of income received by the Council.

The net cost of service of £274.9m (£311.4m in 2017/18) which can be seen on page 19 of the Statement of Accounts was funded from a range of sources including Revenue Support Grant, Business Rates and Council Tax. The average band D Council Tax for 2018/19 for the Council was £1,771.21 (£1,682.34 in 2017/18), with an average Council Tax per dwelling of £974.39 (£906.03 in 2017/18). This ranked the Council as the 20th lowest out of 325 local authorities for the average Council Tax amount per dwelling (the lower the ranking the lower the level of Council Tax).

The Comprehensive Income & Expenditure Statement on page 19 of the Statement of Accounts shows a net deficit for the year of £61.9m (2017/18 net deficit of £0.4m) which is after re-measurement of the defined benefit pension liability and revaluations of property. These charges are reversed out through the Movement in Reserves Statement (MIRS, page 18) so they do not have any impact on the underlying level of resources available to the Council.

3. Capital Investment

Capital investment during the year totalled £121.2m (£127.1m in 2017/18). This consisted of £110.7m (£118.7m in 2017/18) direct capital expenditure incurred by the Council and £10.5m (£8.4m in 2017/18) capital expenditure via long-term capital loans to third parties. An analysis of capital investment by Directorate and funding source are shown in the following charts:



The significant capital projects / programmes with spend over £1.0m by Directorate were as follows (figures in brackets represent total capital investment, which is funded from a range of sources):

Place

- Acquisition of Bullocksteads sports ground (£1.1m)
- Broadway / Brunton Lane cycle improvements (£1.0m)
- Construction of Biosphere labs building (£10.2m)
- Disabled Facilities Grant (£2.3m)
- Killingworth Road highways improvements (£3.6m)
- Newcastle Helix infrastructure (£2.8m)
- Refurbishment of Civic Centre (£12.8m)

Resources

- IT Technical refresh programme (£3.3m)

Housing Revenue Account

- Adaptions programme (£1.2m)
- Bathroom replacement (£1.1m)
- Boiler replacement (£1.6m)
- Citywide fire doors (£7.6m)
- Citywide smoke alarm replacement (£1.1m)
- Conewood House (£1.4m)
- Roofing programme (£3.1m)
- Voids programme (£6.6m)
- Window and doors (£4.5m)

Operations

- Vehicle replacement programme (£3.2m)

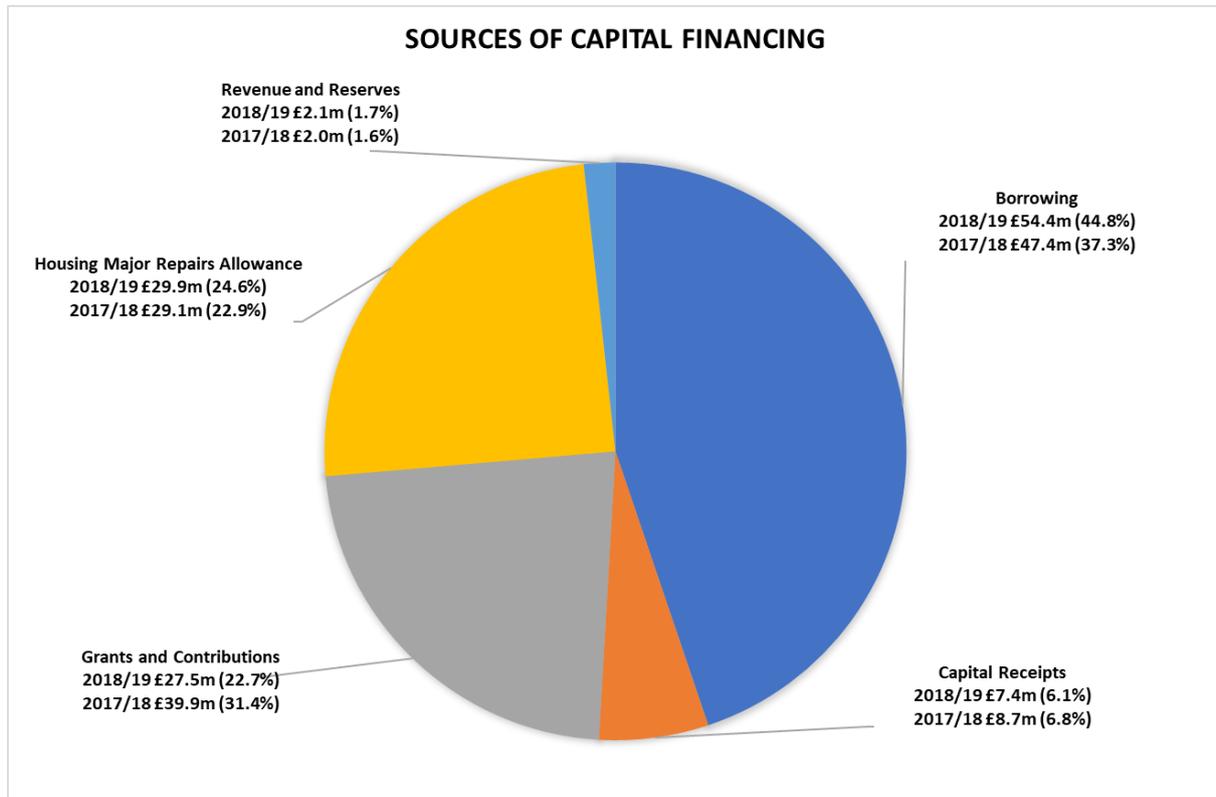
People

- Replacement of Dinnington First School (£2.9m)

Capital Loans / Equity Shares

- Fusion (City Pool & City Hall) (£4.5m)
- Re-Generate Newcastle (£3.1m)
- Riverside Dene Community Stadium (£3.0m)

An analysis of how this capital investment was financed is shown in the following chart:



4. Housing Revenue Account (HRA)

The HRA Income & Expenditure Statement on page 130 of the accounts sets out the financial position for the year before taking account of statutory adjustments required to be made to the accounts. The Statement of Movement on the Housing Revenue Account on page 131 reflects these statutory adjustments and shows how the financial performance for the year has impacted on HRA reserves.

The HRA Income & Expenditure Statement shows a net deficit for the year of £1.7m (net deficit of £136.9m in 2017/18). The movement from 2017/18 largely reflects charges for depreciation and reversals of impairments where a change in treatment was required during 2017/18. These charges are reversed out through the HRA Movement in Reserves Statement so they do not have any impact on the underlying level of resources available to the Council.

5. Treasury Management

The Balance Sheet on page 20 shows external borrowing of £753.5m as at 31st March 2019, which is split between short term borrowing (£41.6m) and long term borrowing (£711.9m). This compares to total external borrowing of £680.6m as at 31st March 2018 (£74.7m short term borrowing and £605.9m long term borrowing). External borrowing is within our agreed Treasury Management authorised limit of £895.7m (excluding PFI).

The Balance Sheet also shows that there were short term external investments at 31st March 2019 of £35.0m which represented short term interest generating bank and investment institution deposits (£15.0m invested with Banks, £10.0m invested with Building Societies and £10.0m invested with other local authorities). The council maintained its investments in line with the limits agreed by City Council in [March 2018](#) (updated in [November 2018](#)) throughout the year.

There were no such external investments as at 31st March 2018.

6. Debtors

The Balance Sheet on page 20 shows short term debtors of £78.0m as at 31st March 2019 compared to £109.3m at the end of the previous year. These balances are analysed in more detail in Note 22 on page 73. The main reasons for the movement during the year include a net decrease in overall balances within 'Other Entities & Individuals' of £32.3m. Within this category the Pension Contributions prepayment reduced from £29.8m in 2017/18 to £12.9m in 2018/19 in line with expectations. Overdraft balances within the Council's bank account belonging to other organisations reduced from £16.9m in 2017/18 to £2.6m in 2018/19.

7. Income Collection

97.1% (96.9%, 2017/18) of Council Tax and 99.1% (99.1%, 2017/18) of Business Rates due in the year were collected, this is consistent with the collection on the previous year. The in-year collection rates for both council tax and business rates are still amongst the highest when compared with Core Cities and other North East local authorities.

99.21% (99.19%, 2017/18) of housing rents due in the year were collected, which is a slight increase on the previous year and reflects YHNs aim to create services that support successful living, and that mitigate against the impact of Universal Credit across the City. This was 0.73% higher than the 98.48% target set by NCC as part of the Management Fee agreement.

89.9% (89.7% in 2017/18) of the number of sundry debt invoices raised and 91.3% (85.9% in 2017/18) of the value raised were cleared within 90 days. The Council is continuing to take proactive measures to improve debt collection rates.

8. School Balances

Individual school balances at the end of the year totalled £9.5m compared to £8.2m at the end of the previous year. These balances will change year on year as schools utilise or increase their balance. Balance levels also change where a school converts to an academy and the retained balance transfers on conversion. Schools hold balances to mitigate against a range of financial risks or to provide for planned large items of one-off expenditure. Schools holding balances need to be able to illustrate that the balance is held for a specific purpose and will be spent within a defined timescale and have been approved by governors. This process is monitored and subject to annual review by the Schools Forum.

Schools also hold balances to address anticipated funding shortfalls, to mitigate against known cost pressures and forecast variations in pupil numbers.

9. Pensions Costs

The Council is a member of the Tyne and Wear Pension Fund (the pension fund), which is part of the Local Government Pension Scheme, which provides defined benefits based on members' final pensionable salary and years of service. In accordance with IAS19, the Council is required to value all pension liabilities that have accumulated at the end of the year consisting of:

- Pension benefits that are being paid out to former employees who have retired
- Pension benefits earned to date by current employees but not yet paid out

IAS19 also requires the Council to value all investments held by the pension fund at market value at the end of the year.

When assets and liabilities at year-end are compared this results in a surplus or deficit.

At the end of the year there was a pension fund deficit of £735.6m and this is disclosed on the Balance Sheet on page 20. This compares with a deficit of £708.5m at the end of the previous year. The level of deficit can vary year on year due to the assumptions made by the pension fund actuary in determining the discount factor used when assessing the fund. This can significantly change the fair value of fund liabilities. The deficit as at 31st March 2019 takes into account the national judgements on McCloud and Guaranteed Minimum Pensions (GMP). The actuary valuation is influenced by a number of economic factors and this includes the potential impact of Brexit. Note 30 to the accounts on page 79 provides further analysis and disclosure of the Pension Fund Liability.

The sustainability of public sector pension schemes is dependent on the funds ability to generate returns (hence the use of equities in the main which tend to out perform other asset classes over the longer term) sufficient to cover the future payments to pensioners. There are a number of factors that cause volatility in the valuation of the pension assets and liabilities which are used by the fund actuary to calculate the accounting values on the fund as follows:

- Equities (shares) which can be very volatile in the short term. This could lead to significant movements in the asset values between years but in the long term equity values generally increase.
- Bond yields can also be very volatile. A decrease in bond yields will increase the value of the liabilities but this is marginally offset by an increase in the fund assets.
- Pension fund liabilities are linked to either pay or price inflation. Higher inflation expectations will lead to an increase in the pension funds liabilities.
- Life expectancy is increasing which means that the future liabilities are increasing in line with the expectations of pension payments to existing and future pensioners.

Assumptions are made by the actuary on all of the above based on information available to them from the pension fund and national data. Being a funded scheme means that any deficits must be picked up by the employers within the fund based on a tri-annual valuation.

10. Material Items of Income and Expenditure

During 2018/19 the following material item of income / expenditure warranted separate disclosure, as detailed below and in Note 6 on page 38.

Pension Liability:

- On an annual basis, each member of the Tyne and Wear Pension Fund is required to re-measure its liability to the fund and account for any changes in its accounts. The changes are determined by an actuary who makes assumptions that cover average life expectancy, inflation which affects pension increases, the ability of investments to generate returns and salary increases which increase member contributions. The scheme actuary has taken into account the national judgements on McCloud and Guaranteed Minimum Pensions (GMP). The change identified is charged against the Pension Reserve with the corresponding entry being recognised in the Comprehensive Income and Expenditure Statement.
- In 2018/19, using the above assumptions, the actuary identified an increase in the pension liability of £27.1m made up from a re-measurement gain of (£39.6m), an adjustment for items relating to retirement benefits charged to the Provision of Services £98.8m and reduced employer pension and direct payments made by Newcastle of (£32.1m). The actuary calculated an increase in pension fund liability of £29.2m in 2017/18.

11. Restatement

There were no circumstances identified which required a prior period adjustment to the accounts.

12. Group Results

The Group Accounts included as part of the Statement of Accounts fully incorporate the results of Your Homes Newcastle Group (YHN). Full details of the relationship can be found in the Group Introduction on page 144 of the Statement of Accounts.

The Group results show a deficit for the year of £55.9m (deficit of £3.7m in 2017/18). The net assets of the Group stood at £284.9m at 31st March 2019 (£341.1m in 2017/18).

Other entities which fall within the potential group boundary, but which are not consolidated into the Group Accounts as they are not considered to be material, are detailed within the Related Parties Note 16 within the Statement of Accounts on page 49.

13. Accounting Developments and critical judgements

In applying the accounting policies set out in Note 43 of the Statement of Accounts (Statement of Accounting Policies) the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are considered to be:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision
- Determining whether an arrangement meets the definition of a service concession within the scope of IFRIC (International Financial Reporting Interpretations Committee)12
- Following a review of the Council's contracts, Private Finance Initiative (PFI) schemes have been recognised on the balance sheet as they meet the criteria of IFRIC12, however no other contracts are within the scope of IFRIC12.
- Determining whether a substantial transfer of risks and rewards has occurred in relation to leased assets
- Determining where ownership and control lies in relation to Voluntary Aided (VA) and Foundation Trust Schools, and whether or not the land and buildings of these schools should be recognised in the Council's Balance Sheet
- Determining the impact of International Financial Reporting Standard 9 (Financial Instruments) on the accounts
- Determining whether the Council is required to produce group accounts

Additional accounting developments have been reviewed and determined to have no impact on the Council, see Note 39 (page 97) within the Statement of Accounts.

14. Financial Planning - Priorities

It is essential the Council is clear on the outcomes to be achieved for residents so that we can prioritise how we use resources accordingly.

The council has five themed priorities – Employment (creating more and better jobs), Education & Skills (the best learning opportunities for all), Environment (a clean, green and safe Newcastle), Health & Social Care (a healthy, caring city) and Housing (building more and better homes). Performance against these priority areas is reported on a quarterly basis to [Cabinet](#).

There is one dashboard for each of our five themed priorities:

- Employment: creating more and better jobs.
- Education and skills: the best learning opportunities for all.
- Environment: a clean, green and safe Newcastle.
- Health and social care: a healthy, caring city.

- Housing: building more and better homes.
There is also a dashboard related to enabling delivery of the themed priorities.

We use a range of indicators within the dashboards to show how we are performing and working towards our ambitions set out in the Council Plan. Each dashboard includes four indicators with explanatory and supporting narrative alongside. This design allows us to review and change the indicators we report each quarter, reporting data as it becomes available.

For some indicators, we are directly responsible for services that impact upon how well we do. Targets relating to these are set out in associated plans, for example, our housing and development plans set out in our Local Development Plan and our local service standards are published on our website.

For other indicators, we are not always directly responsible for the services, they are often led by our partners with whom we work to make a difference. One example of this is the level of crime. For these, it is not appropriate for us to set out targets, but we include these indicators as they provide a measure of how the city is doing and details of how we're working together towards shared plans, such as the Safe Newcastle Plan.

The simple format of the Dashboards makes performance information more accessible, providing a transparent way of understanding the overall state of the city and how we and our partners are making a difference.

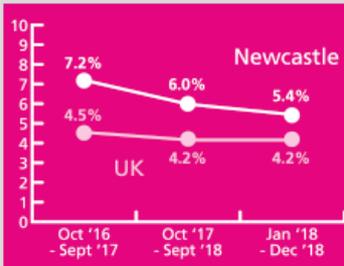
The following pages contain the most recent performance dashboard information (quarter 4).

Employment

Creating more and better jobs

What the city looks like today

Unemployment rate



Source: Office for National Statistics

There is a general downward trend in the unemployment rate in Newcastle over the last two years, which mirrors the national trend. We support a number of initiatives to help residents into work. Skills Hub partners supported 26 people into work and 45 into training between January and March 2019. This brings the totals for the year to 136 people into work and 71 into training. The 800 appointments in quarter 4 has brought the total number for the year to almost 3,000.

The Hub hosts employer events designed to tackle the city's skills shortages. This quarter, some care activities and a retail, hospitality and customer services jobs fair took place with recruiting employers and in partnership with Job Centre Plus, Skills for Care, Newcastle United Football Club and NE1. Job outputs are being collected from employers to report on the impact of all activities, with some positive stories planned to further raise the profile of these sectors.

Newcastle Futures registered 168 new customers

between January and March 2019 and supported 56 people into work. On 1 April 2019 Newcastle Futures will commence delivery of a three-year North of Tyne Working Homes Project in Newcastle alongside Your Homes Newcastle's (YHN) employability team. This new project is the first major North of Tyne employability project. In Newcastle, support is focussed on helping unemployed tenants of YHN and other landlords into work, ensuring that employment support is available to existing tenants as part of a more structured 'earlier help' offer for new tenants who are unemployed and moving into YHN properties. We manage the Generation NE project on behalf of our neighbouring authorities. This gives young people the opportunities and experience they need to kick-start their career and provides impartial, tailor-made support. Between January and March 2019, the project placed nine young people from Newcastle into work, contributing to a total of 500 for the project to date.

Average weekly wage

	Newcastle	Great Britain
2016	£507.90	£541.00
2017	£532.50	£552.70
2018	£536.30	£571.10

Source: Office for National Statistics

The average weekly wage of people living in Newcastle has increased, but the gap between this and the average weekly wage for Great Britain has widened slightly. Wages in London and the South East are rising faster which is driving the increase in the national average wage.

There has been a decrease in zero-hours contracts in the North East, from 3.7% (45,000 people) in April to June 2018 to 3.4% (41,000) in October to December 2018. Office for National Statistics reports that in the same periods, the estimated number of people working on a zero-hours contract in the UK increased from 2.4% to 2.6%

During January to March 2019, the Business and Intellectual Property Centre (BIPC) delivered six business support events attracting 142 delegates. 40 one-to-one IP surgeries were held, in addition to another 45 IP enquiries dealt with by BIPC staff. The 'Experts in residence' programme saw 62 one-to-one appointments being delivered, on a range of business topics.

Events delivered included three 'Masterclasses' delivered via BIPC's European-funded 'Pathways to Innovation' project - 'Social Media strategy', 'Content Marketing' and 'Secrets of SEO'. A new series of five full-day Masterclasses will be launched in April together with shorter social media classes.

Types of occupation

Jan '18 - Dec '18

	Newcastle	Great Britain
Managerial, Professional, Technical	49.1%	46.4%
Administerial, Secretarial, Skilled Trades	20.4%	20.2%
Caring, Sales, Services	15.1%	16.5%
Operatives and elementary jobs	15.4%	16.8%

Source: Office for National Statistics

The proportion of workers in Newcastle holding managerial, professional or technical positions continues to increase, whilst the proportion in caring, sales and services, and operatives and elementary jobs, continues to reduce.

During January to March 2019, a total of 50 new jobs were created as a result of two new investments and one new expansion. 20 of these jobs were in the creative and digital sector while 30 were 'other'.

Successes for the period included new and safeguarded jobs for Alcyomics, which offers pre-clinical safety testing for the pharmaceutical industry (four safeguarded), Marine MTS, a marine management and safety company (10 new), and Oliver Wyman, a management consulting firm (11 new).

The BioSphere at Newcastle Helix opened in December 2018 and several life science companies have now moved in, or are due to move in, to the building. BioCity have been appointed to deliver a life science accelerator programme until September 2019.

Section 106 Funding secured

	2017-18	2018-19
Total funding secured	£4,112,548	£4,890,002
Funding for transport improvements	£870,266	£564,459

Source: Planning Division, NCC

Section 106 (S106) Agreements can be included in planning permissions between local authorities and developers.

The agreements, which are usually in the form of financial contributions, are agreed when it is considered that a development will have significant impacts on the local area. The sums agreed are used to reduce the pressure new developments can place on existing services such as highway infrastructure, schools and outdoor play provision.

In the past year, S106 funding has been used on a number of schemes to improve the highway infrastructure including junction improvements in the outer west of the city, improving cycling facilities, upgrading traffic signals to improve the flow of traffic and facilitate improvements on key corridors linking new housing to employment, education and leisure facilities in the city centre.



Our ambitions: • A city with more and better jobs • A city which helps people to find work • A city with a modern sustainable transport system

Education and Skills

The best learning opportunities for all

What the city looks like today

% of pupils attending 'Good' or 'Outstanding' schools



	% of pupils
Children and young people with Education, Health and Care Plans	92.2
Children and young people in receipt of Special Educational Needs support	75.3
Children and young people without Special Educational Needs or Disabilities	80.5
Total	80.1

Source: Informatics and Insights Team, NCC and Ofsted

Education, Health and Care Plans (EHCP) are legal documents that describe a child or young person's special educational, health and social care needs, and sets out the additional help and support that will be given to meet those needs. Those children and young people who have special educational needs but don't have an EHCP receive support in schools called Special Educational Needs (SEN) Support. This support ensures that a child or young person's needs are clearly understood and appropriate support is given to help them to make good progress.

Data for this indicator is based on inspection results published by Ofsted to the end of March 2019. It shows that the majority of pupils with SEND are attending schools that are rated by Ofsted as 'Good'

or 'Outstanding'.

We continue to support a sector-led improvement model working with schools across the city to establish curriculum networks for senior and middle leaders to share best practice and provide support.

In Newcastle, there is a higher proportion (56.5%) of children and young people with EHCPs attending special schools than the national average and a lower proportion (21.7%) of children and young people with EHCPs attending mainstream schools in comparison with the England averages (39.7% and 40.1% respectively).

However, more recently we have seen proportionately fewer new EHCPs issued for children and young people attending special schools and more for children and young people attending mainstream schools.

Special Educational Needs and Disabilities (SEND) – average progress score

KS1-KS2 average progress score	Newcastle SEND	National SEND
Reading	+0.9	-1.4
Writing	-0.2	-2.3
Maths	+0.9	-1.4

Source: Informatics and Insights Team, NCC and Department for Education

The data shows the average progress scores across Key Stage 2 for pupils with Special Educational Needs in Newcastle, those in receipt of an Education Health Care Plan and those receiving Special Educational Needs support in schools. This measure looks at progress in reading, writing and mathematics at a school level, taking into account individual pupil starting points.

If a school has a progress score of zero, it means that on average, pupils achieved similar results at the end of Key Stage 2 (end of Year 6) to other pupils in other schools with similar results at the end of

Key Stage 1 (end of Year 2). A positive score means that on average pupils made more progress than pupils in other schools with similar Key Stage 1 results.

The data shows that pupils with Special Educational Needs in Newcastle schools have made greater progress between KS1 and KS2, outperforming the national average.

This is a result of strong collaborative work between groups of schools and the local authority to share best practice, challenge weaknesses and ensure consistently strong teaching throughout the primary age range.

Early Help Plans

The number of Early Help Plans starting per year:

2015-16: **887**
 2016-17: **1,029**
 2017-18: **1,182**
 2018-19: **1,360**



Source: Informatics and Insights Team, NCC

This indicator looks at all Early Help Plans starting within the year. Early Help Plans bring together staff from different agencies to provide coordinated support to a family. This includes support in areas such as parenting, school attendance and emotional wellbeing. The support provided through Early Help Plans may mean that a family can be prevented from requiring support from Children's Social Care, or that a family can step down from Children's Social Care with support.

The number of Early Help Plans starting continues to increase, which is positive as it shows we are supporting more families at an early stage to address problems that are arising.

Care Leavers – Keeping in touch

2015-16: **94%**
 2016-17: **94%**
 2017-18: **98%**
 2018-19: **98%**



Source: Informatics and Insights Team, NCC

Newcastle has a high 'Keeping in Touch' rate with care leavers aged 18 and over. We use this information to ensure that care leavers are in suitable, safe and stable accommodation, and to understand the extent to which care leavers are accessing education, training and employment opportunities.

Some young people do not want to receive a service from us because, for example, they are settled and no longer wish to be known as a care leaver. We must accept their decision, but we do offer

to write to them periodically. This can often explain the small proportion of 'not in touch' cases we have.

We are working with partners to increase the number of care leavers in education, training and employment, through access to pre-apprenticeships and apprenticeships with the council. We are also supporting more care leavers to attend further and higher education and are now supporting care leavers on post-graduate courses.

Our ambitions: • A city that gives young people the best start in life • A city which shields the most vulnerable from harm



Environment

A clean, green and safe Newcastle

What the city looks like today

January to March 2019

Refuse and recycling collections

	Apr – Jun '18	Jul – Sep '18	Oct – Dec '18	Jan – Mar '19
Domestic (Green bins)	99.92%	99.92%	99.90%	99.92%
Recycling (Blue bins)	99.89%	99.93%	99.93%	99.89%
Garden (Brown bin)	99.82%	99.87%	99.73%	99.64%

Source: Envirocall, NCC

The number of missed bin collections reported by residents remains relatively consistent and continues to be low in comparison to the total number of collections we carry out.

We have developed an approach to expand our recent recycling pilot undertaken in parts of Blakelaw and Fenham that's helped improve the quality of the material collected. We aim to roll this out to other areas in June 2019.

We are assessing data coming from our recently installed litter bin sensors. This will better inform litter bin provision and collection frequencies in the future.

The Newcastle Waste Strategy was agreed by Cabinet on 18 March 2019. The Strategy recognises the diverse external and internal forces that impact on waste management, from public demand for more recycling to the impact of the global market on waste as a commodity. It also reflects the national Resources and Waste Strategy through focussing on circular economy principles and promoting waste prevention measures, such as more reuse and recycling. The Strategy includes a five-year Action Plan that will drive the focus of the Council's ongoing activity. Performance will be subject to annual review by Cabinet.

Fixed penalty notices issued (litter)

Jul – Sep '18:	1,466
Oct – Dec '18:	1,060
Jan – Mar '19:	841



Source: Public Safety and Regulation, NCC

We believe enforcement is important in encouraging behaviour change and helping to improve the local environment. We have a team of patrol officers who deal with local environmental quality offences and issue fixed penalty notices (FPNs).

The period January to March 2019 has seen a reduction in the number of FPNs issued for littering offences when compared to previous quarters.

Part of the reason for this is the reduced number of officers carried over from the previous quarter and the need for officers to respond reactively to complaints and reports of environmental crimes that take them away from their regular beats and working areas.

Recorded crime

	Newcastle	Core cities average
Apr – Jun '17	122.5	109.7
Jul – Sep '17	130.1	115.6
Oct – Dec '17	138.4	119.6
Jan – Mar '18	143.0	121.2
Apr – Jun '18	149.0	123.3
Jul – Sep '18	150.3	124.5
Oct – Dec '18	153.4	127.9
Jan – Mar 19	153.5	128.8

(Rates per 1,000 population)

Source: Home Office (Police.uk)

Recorded crime increased by 7% overall at the end of 2018-19 compared to the end of 2017-18. This is slightly higher than the force wide figure of a 6% increase. In the main this is due to changes in recording practice that took effect over this time period. More recently, crime in Newcastle has levelled off compared to the previous quarter, and there has been just a small increase in other Core Cities.

Newcastle continues to see the lowest rates of vehicle crime of any Core City and has done so for a number of years.

Overall, levels of violent crime have increased compared to the previous year but have levelled off over the last few months. Working together to tackle violence at all levels, runs throughout the priorities set by the Community Safety Partnership, Safe Newcastle.

In-person museum visits



Source: Tyne and Wear Archives and Museums

Overall visitor performance for the year 2018-19 was very positive for Newcastle museums. Discovery Museum saw a 6% increase in visitor numbers compared to 2017-18 and a 24% increase on 2016-17, whilst Laing Art Gallery saw a 12% increase compared to the previous two years.

Our museums have continued to offer a varied and high-quality programme throughout the year and both venues acted as hosts for the Great Exhibition of the North, which included Stephenson's Rocket as the centrepiece at Discovery Museum. Other highlights at Discovery have included Circus! Show of Shows! featuring items from the fabulous Arthur Fenwick collection, while Laing Art Gallery has continued to produce an ever popular and critically acclaimed exhibitions programme including Glenn Brown, Enchanted Garden and Exposed: the Naked Portrait.

Each year we carry out customer satisfaction surveys with our visitors. The surveys are conducted

independently by Audience Agency and at least 80 responses are received by each venue.

In 2018-19, the Discovery Museum received the following ratings:

- "The whole experience" – 75% rated as 'Very Good'. 25% rated as 'Good'.
- "Value for money of tickets" – 89% rated as 'Very Good'. 11% rated as 'Good'.
- "Quality of the event/exhibition" – 75% rated as 'Very Good'. 24% rated as 'Good'.

In 2018-19, Laing Art Gallery received the following ratings:

- "The whole experience" – 77% rated as 'Very Good'. 22% rated as 'Good'.
- "Value for money of tickets" – 81% rated as 'Very Good'. 16% rated as 'Good'.
- "Quality of the event/exhibition" – 75% rated as 'Very Good'. 24% rated as 'Good'.

Our ambitions: • A well-kept city • A city with cultural vibrancy

let's talk Newcastle

Health and Social Care

A healthy, caring city

www.newcastle.gov.uk

What the city looks like today

January to March 2019

Older people admitted to residential or nursing care



Better Care Fund target: **323** Actual: **308**

Source: Informatics & Insights, NCC / Department of Health & Social Care

The Better Care Fund is a programme of work across local government and the NHS and seeks to join-up health and care services. The aim is that people can manage their own health and wellbeing and live independently in their communities for as long as possible.

This performance indicator measures the total number of people aged 65 or over who have been admitted to residential care on a permanent basis during the year. Research shows that where possible, people prefer to stay in their own homes rather than move into residential care.

We have performed well in this area and ended the year below our target of 323 admissions - a lower number is better. Since 1 April 2018,

we have permanently admitted 308 adults aged 65+ into residential or nursing care in Newcastle, excluding those who have gone on to fund their own care.

This performance is due to:

- A continued focus on sustaining alternatives to residential or nursing care, for example, placements in the community,
- Oversight and scrutiny of all admissions through our panel process, and
- Enabling those who have been previously placed in emergency or temporary residential placements to be able to return home rather than lose their independence within a care environment.

Older people still at home 91 days after discharge from hospital



Better Care Fund target: **83%** Actual: **86.5%**

Source: Informatics & Insights, NCC / Department of Health & Social Care

The reablement service provides short-term support to adults of all ages, but predominantly to those over the age of 65, to regain their independence following a period of instability, such as a stay in hospital. An important measure of this is the proportion of older people, aged 65 and over, who are still at home 91 days after discharge from hospital into rehabilitation or intermediate care services.

Those no longer at home may have returned

to hospital, be accessing residential or nursing care, or died. The most recent data shows that 86.5% of people discharged from hospital into rehabilitation / intermediate care were still living at home 91 days after discharge. This is better than our target of 83%.

Alternative services for adults discharged from hospital but are unsuited for Reablement continue to be delivered, giving us confidence that the people requiring support are able to access services appropriate to their needs.

Delayed transfers of care



Better Care Fund target: **12.2** Actual: **4.4**

Source: Informatics & Insights, NCC / Department of Health & Social Care

We work hard to enable people to live well in their own homes where this is possible. This measure looks at the delays in moving people out of hospital when they are ready to be discharged and who is responsible for the delay.

We have performed well against our target, with only 4.4 delay days per 100,000 population, continuing our downward trend. Of the delay days, 0.1 can be attributed to reasons involving social care, an improvement on last year when the average was 0.4 delay days.

We continue to perform well, both in social care and when working with health colleagues despite increasingly complex needs and an ageing population. Investment from the winter pressures grant funding in 2018-19 ensured that effective support and capacity was available during periods of sustained demand.

We have regular monitoring meetings with health colleagues to ensure awareness of cases and to improve the overall process.

Breastfeeding

% of infants totally or partially breastfed at age 6-8 weeks

	2015-16	2016-17	2017-18
Newcastle	46.6	47.1	46.9
North East	31.4	31.4	32.1
England	43.2	44.4	42.7

	2018-19		
	Apr – Jun	Jul – Sep	Oct – Dec
Newcastle	50.3	48.5	52.1
North East	32.6	33.7	33.2
England	44.9	46.4	46

Source: Public Health England

Breastfeeding provides substantial health benefits and breast milk provides the ideal nutrition for infants in the first stages of life. Breastfeeding can reduce a baby's risk of infections, diarrhoea and vomiting, sudden infant death syndrome, obesity and cardiovascular disease in adulthood. For mothers, breastfeeding can lower the risk of breast and ovarian cancer, osteoporosis, cardiovascular disease and obesity.

The overall rate of breastfeeding sustained to 6-8 weeks has increased in Newcastle, averaging 52.1% between October to December in 2018-19, our highest rate achieved to date. We are exceeding rates for the North East and England and this continued improvement reflects the hard work and support given to women by staff to support breastfeeding.

The multi-agency infant feeding strategy group

has a collaborative action plan across maternity, health-visiting and community services, including peer supporters to ensure seamless delivery of breastfeeding support. Baby Friendly Level 3 accreditation across these services has ensured that staff receive breastfeeding training and families receive consistent advice and support. The services are also committed to the UNICEF Baby Friendly initiative and will be aiming for re-accreditation in 2019.

Services have collaborated to develop Newcastle University's "Feed Finder" app, which offers mothers the opportunity to rate venues on how breastfeeding friendly they are. This is being further developed to provide businesses with support on implementing a breastfeeding policy, ensuring staff are aware of the law and have an understanding of what women want when breastfeeding in public venues.

Our ambitions: • A city with healthy and thriving communities • A city where people can live their lives and age well • A city that protects the vulnerable and responds to their needs



Housing

Building more and better homes

What the city looks like today

January to March 2019

Net new homes

Jan – Mar '18:



of which 130 were affordable

Jan – Mar '19:



of which 9 were affordable

Source: Gazetteer Team, NCC

Using our land, assets and grant funding regimes, we continued to work with a range of house builders, registered providers and Homes England to deliver 1,000 net new homes in 2018-19, including a target that 150 would be classed as affordable.

986 (net) new homes have been provided in 2018-19, just under our overall target, including 273 affordable homes.

Completions between January and March 2019 include:

- 38 units at Brunton Grange, a new development offering 3, 4 and 5 bedroomed homes.
- 13 homes new homes in Havannah Park, Wideopen, all with 3 or more bedrooms.
- 16 homes in Berrington Drive, Westerhope, nine of which have 3 or more bedrooms.

Empty homes brought back into use

Apr – Jun '18:



Oct – Dec '18:



July – Sep '18:



Jan – Mar '19:



Source: Fairer Housing Unit, NCC

There are an estimated 1,500 properties in Newcastle that have been empty for more than six months. Such properties can have a negative impact on their surrounding neighbourhood, attracting crime and affecting the value of nearby properties. Through a system of grants and loans, and working with property owners, we are able to bring empty private sector homes back into use.

A total of 752 homes have been brought back into use during 2018-19, well exceeding our target of 400. This has been made possible by effectively focusing resources to engage early with owners of empty homes before issues with their properties become more difficult to resolve.

Specialist Housing

Number of units provided

2017-18:



2018-19:



Source: Fairer Housing Unit, NCC

Safe, warm, and secure housing is central to a person's health and well-being and their ability to enjoy and take part in community life. Being unable to access appropriate housing can contribute towards isolation, a loss of independence and in some cases can lead to the need for admission to residential care or hospital, or even to homelessness.

The Specialist Housing Delivery Plan adopted by Cabinet at the end of 2017 highlighted the need for specialist and supported housing for suitable a range of people with differing needs. To support the aims of the plan 175 homes for older people and four homes for those with physical and learning disabilities were provided during 2018-19. The target for the year was 154.

Supporting Independence Scheme grants

2016-17

685

2017-18

670

2018-19

670

Source: Active Inclusion Newcastle Partnership



The Active Inclusion Newcastle approach to preventing financial exclusion and homelessness aims to maximise collective resources to help residents maintain the foundations of a stable life; somewhere to live, an income, financial inclusion and employment opportunities.

The Supporting Independence Scheme offers non-repayable grants intended to support vulnerable people to remain in, or return to, the community, or to ease exceptional pressure upon families. The scheme is available to those on low incomes for the provision of household items such as beds, cookers or fridges with the intention

of preventing or relieving homelessness. Demand for the Supporting Independence Scheme remains steady, reflecting continued pressure faced by residents due to the government's welfare reforms and austerity measures. We monitor the success of the Supporting Independence Scheme in terms of how many people remain independent three months after an award has been received. For awards made between April 2018 and December 2018, the proportion of people sustaining independence after receiving an award was 95.8%.

Enabling delivery

A fit for purpose council

What the council looks like today

January to March 2019

Corporate complaints

	Number of complaints	% upheld*
Jan '18 – Mar '18	145	67.6
Jan '19 – Mar 19	67	59.7
% Change	-53.8	-11.67

*at report date

Source: Community Hubs, Libraries and Parks, NCC

A corporate complaint is an expression of dissatisfaction made about the standard of service, actions or lack of action by us, which affects someone using our services.

Excluding those relating to social care services, the number of corporate complaints received between January and March 2019 has reduced significantly when compared to the same period in 2018. This continues the downward trend in the number of complaints received each quarter. The number of upheld complaints has decreased by 11.67% when compared to the previous year.

National regulations set out statutory procedures in relation to a local authority's adult social care or children's social care provision.

375 social care complaints were received between April 2018 and March 2019. This is monitored and reported separately to corporate complaints. The number of social care complaints is increasing; there were 241 social care

complaints in 2017-18, and 206 in 2016-17.

212 of these social care complaints are now closed, with 41% upheld or partially upheld. This compares to 39% of complaints upheld or partially upheld in 2017-18.

The most common themes relate to information and communication issues, delays, and lack of response, action or support. Lessons are being learned from complaints and improvements to practice, policy or procedures are being implemented.

We have low rates of social care complaints in comparison to the volume of social care contacts and activity in 2018-19:

- People receiving Adult Social Care in-house and commissioned services: 10,377.
- Contacts to Children's Social Care: 10,754;
- Assessments undertaken: 4,845.

Web and social media use

	2017-18	2018-19
Facebook likes	25,553	33,499
Twitter followers	38,964	41,706
Website page views	8.2m	8.1m

Source: Communications and Engagement, NCC

Facebook and Twitter are our main social media channels and the number of people engaging with us through these platforms continues to grow. We are also experimenting with Instagram, which is showing good signs of engagement and helping us reach another audience.

We have redesigned our website to make it more vibrant, easier to navigate and reflect the wider city as well as opening up new opportunities to engage and communicate more effectively with Newcastle residents. A test version of the website was launched in March 2019 and received positive feedback. We have made some changes as a result of this feedback to ensure users get the best possible experience.

The new website is now fully live and we will continue to seek feedback for a short period of time so we can address any teething problems and incorporate appropriate suggestions on how the website can be improved.

We now have a new social media analytical tool which is helping to ensure our messages, news and information for residents are better targeted. We will also use this tool to monitor and report on levels of web and social media engagement.

Budget position



Source: Financial Services, NCC

Our overall General Fund was underspent by £0.3 million in 2018-19, although pressures remain in some service areas, particularly Children's Social Care. Areas of overspend were offset by:

- underspend in "corporate items", including a one-off Council Tax surplus of £4.0 million.
- effective treasury management, including restructuring of more expensive loans.
- well-managed reduction in staff numbers.

We have also slightly reduced the overall General Fund earmarked reserves from £72.5 million to £70.1 million. The level of bad debt write-off has reduced compared with previous years.

The Housing Revenue Account is also in a healthy position, underspending by £2.4 million in 2018-19.

We collect Council Tax and business rates to maximise the financial resources available to the council. We again had excellent in-year collection rates; 97.1% for Council Tax and 99.1% business rates.

In 2018-19 we spent £121.2 million on capital projects, for example:

- Replacement of Dinnington First School
- Civic Centre refurbishment
- Construction of Biosphere labs building
- Killingworth Road highways improvements

Staff sickness

	Apr '16 – Mar '17	Apr '17 – Mar '18	Apr '18 – Mar '19
Days lost per FTE	8.76	9.19	9.75
% Staff with no sickness absence	50.36%	51.30%	48.70%



Source: Employee Services, NCC

Levels of staff sickness rose slightly towards the end of 2018-19 but appear to have now plateaued.

Analysis of absence in the 12 months ending March 2019 shows that the highest cause is mental distress / illness (29.2%). This is most commonly related to a combination of stressors. Work-related stressors include workload demands and changes in the workplace, such as working processes or job roles. Personal stressors include caring responsibilities, financial difficulties, breakdown in family relationships and bereavement. Stress related absence makes up 46.6% of mental health related absence.

Both work and personal stressors can be triggered or exacerbated by underlying depression (10.48% of mental health related absence), anxiety (19.54% of mental health related absence) or chronic illness which then affects the employee's wellbeing and can affect their performance and perception of situations at work and outside of work.

We are raising awareness of mental health issues with our staff in a bid to reduce any stigma associated with them. This may have led to an increase in reporting of mental health absence.

Our Occupational Health team are delivering or facilitating an increasing number of face-to-face counselling or cognitive behaviour therapy sessions (6-12 sessions in 51% of cases) picking up a shortfall in NHS counselling due to

excessive waiting times. In negotiation with Gateshead / Newcastle MIND, we have increased the number of appointment slots from 25 to 50 per week. Managers offer support for their employees to enable a return to work or to sustain attendance at work.

For employees likely to have disability-related illness, adjustments can be made to assist them in returning to, and remaining, at work. These include, disability special leave, changes to their role or phased return to work when this can be balanced against service delivery. Self-led support is also available through a 24-hour employee support line / website and other guidance available via the staff intranet.

We continue to build on the support we offer to managers and staff, with proactive and preventive projects such as our Newcastle Manager's Health and Wellbeing workshop and employee toolkit, over 800 general health checks, mental health first aid and advocate training, resilience workshops and Sally Allen talks. Our newly created Workplace Wellbeing Board has started to develop its work programme and a workplace Health and Wellbeing Co-ordinator has been appointed. Their work will focus on improving employee resilience and wellbeing, with a particular emphasis on engaging frontline employees.

Our ambitions: • A city with effective public services • A council that delivers in a co-operative way



15. Looking Ahead / Economic Position

The national context within which the council will work on its 2020/21 – 2022/23 medium term plan is extremely uncertain and extremely challenging. The main source of uncertainty is Brexit and the national political situation. If Brexit remains unresolved into the early-autumn, then it is likely the planned Comprehensive Spending Review will cover one year only rather than the usual four meaning we will not have any greater certainty about government funding for 2021/22 and 2022/23. It is likely the implementation of business rates reform and the fair funding review will be deferred by at least a year from 2020/21 to 2021/22, however, some elements of business rate reform may still be implemented in 2020/21 as originally planned. The next revaluation of the business rates baseline is planned for 1 April 2021 (brought forward from 1 April 2022), which may coincide with the introduction of business rates reform, and whilst this should be cost neutral for the council there could be big changes for individual businesses within the city.

Our budget proposals for 2019/20 (Shaping our future together: our medium-term plan 2019/20 to 2021/22) sets out how we are dealing with the continued public sector austerity whilst delivering bold ambitions for the city. It outlines the steps we propose to take over the next three years to address the anticipated savings requirement of £59 million.

Combined with unavoidable cost pressures arising from increased demand for services and the economic position, it means that savings totalling £17.1m are required in 2019/20, with a further £21.0m required in 2020/21 and a further £20.9m in 2021/22.

The Council's agreed 2019/20 capital programme is £133.1m (£138.1m in 18/19) of which £94.0m is General Fund (£94.3m in 18/19) and £39.1m is HRA specific (£43.9m in 18/19). The anticipated capital programme in 2020/21 is £117.5m of which £80.0m is General Fund and £37.5m is HRA specific. In future years projects are frequently classed as 'Pipeline' where projects which are yet to be fully assessed in detail and approved by Cabinet and are therefore subject to change.

£57.9m of the 2019/20 capital programme will be funded from grants and contributions (£28.7m in 18/19), £10.4m will be financed by capital receipts (£7.3m in 18/19), £5.3m (£31.3m in 18/19) will be financed from revenue (mainly HRA), and up to £59.5m will be financed by borrowing (£70.8m in 18/19). The majority of planned borrowing will be undertaken on a self-financing basis, i.e. the revenue costs associated with the borrowing will be funded by efficiency savings or income generated as a direct result of the capital investment and will not therefore result in a cost pressure on the revenue budget. Looking further ahead into 2020/21 the funding of Pipeline projects will be confirmed as part of the specific Cabinet approval for each approved project.

The medium term financial plan is underpinned by the following key principles:

- Prudent assessment of future resources and unfunded cost pressures.
- Maximisation of income generated across all areas of the council, and prompt collection of all amounts owed to the council / minimisation of bad debts.

- Prudent assessment of provisions required to mitigate potential future liabilities.
- Risk-assessed level of reserves and balances held corporately to mitigate potential financial liabilities / commitments.
- Planned use of reserves to fund transformation expenditure.
- Maximisation of capital receipts from disposals.
- Maximisation of external grant funding that meets our priorities.
- Prudent use of the council's borrowing powers to undertake capital investment that is not funded by capital receipts, grants or contributions from third parties.
- Promotion of 'invest to save' opportunities via detailed assessment of business cases.
- Effective management and forecasting of the council's day to day and longer-term cash flow requirements.
- Minimisation of longer term treasury management risks, including smoothing out the debt maturity profile, by gradually reducing our reliance on short-term borrowing.
- Full integration of revenue and capital financial decision-making processes, to ensure the revenue implications of capital projects are accurately reflected in the medium term financial plan and the annual budget.
- Production of detailed implementation plans for all savings proposals.
- Sign-off of all revenue budgets by the relevant senior manager before the start of the financial year.
- Regular monitoring of budgets and robust management action to address any unplanned variances that arise.

16. The Statement of Accounts

The Statement of Accounts is set out in the accompanying document. They consist of the following statements that are required to be prepared under the Code of Practice:

Movement in Reserves Statement (Statement of Accounts page 18)

This statement shows the movement during the year on the different reserves held by the Council, analysed into usable and unusable reserves. Usable reserves may be used to fund expenditure or reduce local taxation subject to the need to maintain a prudent level of reserves and any statutory limitation on their use (e.g. the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). Unusable reserves usually have a specific legislative or accounting purpose and generally consist of timing differences between accounting requirements and the underlying resource position of the Council. The surplus or deficit on the provision of services shows the full cost of providing services during the year, more detail of which is shown in the Comprehensive Income & Expenditure Statement.

This is different from the amounts required to be charged to the General Fund unearmarked reserve and the Housing Revenue Account unearmarked reserve for Council Tax setting and dwellings rent setting purposes. The statement also shows discretionary transfers to / from earmarked reserves.

Comprehensive Income and Expenditure Statement (Statement of Accounts page 19)

This statement shows the full cost of providing services during the year in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Local authorities raise taxation to cover expenditure in accordance with regulations, which may be different from the cost of services in accounting terms.

The Comprehensive Income & Expenditure Statement on page 19 reflects the current Directorate reporting structure in order to report the service analysis on the basis of the organisational structure under which the local authority operates. The services contained within each Directorate heading are as follows:

People

- Adult Social Care
- Children's Social Care
- Inclusion, Commissioning and Procurement
- Education

Place

- Capital Investment
- Transport
- Development
- Economic Development
- Fairer Housing Unit
- Commercial Development & Property

Resources

- ICT
- Business Management
- Human Resources
- Financial Services
- Audit, Risk & Insurance
- Legal Services

Operations

- Single Point of Leadership (jointly delivered construction / repairs and maintenance service with YHN)
- Community Hubs
- Facilities Services & Civic Management
- Local Services
- Parking
- Regulatory Services
- Resilience Planning

Assistant Chief Executives

- Communities
- Democratic Services
- Museums, Arts and Culture
- Policy, Communications & Performance
- Cooperative Community Services

Public Health

- Public Health

Balance Sheet (Statement of Accounts page 20)

The Balance Sheet shows the value of all assets and liabilities at the start and end of the year. The net assets of the Council (i.e. assets less liabilities) are matched by the Council's reserves.

Cash Flow Statement (Statement of Accounts page 21)

This statement shows the changes in cash and cash equivalents of the Council during the year. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The 'net cash flow from Operating Activities' is a reflection of the extent to which the operations of the Council are funded from taxation, grant income and /or fees and charges. 'Investing Activities' reflects the extent to which the Council has invested in assets that will be used to deliver services over a number of years. 'Financing Activities' reflects the extent to which the Council has sought additional funding to support its capital investment plans.

Housing Revenue Account - HRA (Statement of Accounts pages 130 to 136)

This account reflects the statutory obligation to 'ring-fence' and show separately the major elements of the housing revenue expenditure (repairs and maintenance, administration and capital financing costs) and how this is met by rents, subsidies and other income. Included within the section on the HRA is the Statement of Movement on the HRA, which discloses how the HRA Income & Expenditure Account surplus or deficit for the year reconciles to the movement on the HRA balance for the year.

Collection Fund (Statement of Accounts pages 137 to 140)

This statement summarises the transactions of the Collection Fund, a statutory fund distinct from the General Fund of the Council. The Collection Fund accounts independently for income relating to Council Tax and Business Rates on behalf of those bodies (including the Council's own General Fund) for whom the income has been raised.

The costs of administering the Collection Fund are accounted for in the General Fund. Collection Fund balances are consolidated in the Council's balance sheet.

Group Financial Statements and Notes (pages 142 to 166)

These statements report the financial picture of all activities conducted by the Council, including those delivered through partnership and separate undertakings owned by the Council.

17. Annual Governance Statement

To accompany the Narrative Report and Statement of Accounts, the leadership of the Council prepares an Annual Governance Statement that sets out the principal arrangements that operate to ensure proper governance of the Council's affairs and the stewardship of resources at its disposal. It also outlines the principal arrangements that are in place to ensure that a sound system of internal control is maintained.

18. Statement of Responsibilities

A requirement from the 2018/19 *Code of Practice on Local Authority Accounting in the United Kingdom* is that each local authority should provide a Statement of Responsibilities which sets out the responsibilities of the authority and the chief financial officer in respect of the Statement of Accounts:

The Authority's Responsibilities

The authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Financial Officer (Director of Resources)
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Approve the Statement of Accounts (England and Wales only)

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).

In preparing this Statement of Accounts, the Chief Financial Officer has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the local authority Code

The Chief Financial Officer has also:

- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities

19. Brexit

Extensive planning took place within the council in the months leading up to the original 29 March 2019 deadline, including:

- Systematically reviewing readiness of our own services, with an emphasis on: infrastructure & transport; health & social care services; community cohesion and, citizenship & staffing.
- Assessing potential impacts on the city as a whole, including economic development; food supply and public health. Much of this work was undertaken in conjunction with partners.
- Establishing the organisational infrastructure needed to support implementation of contingency plans if needed, including resourcing and staffing implications, governance and decision-making, and communications and stakeholder liaison.

Council officers engaged actively with partners, government officials and neighbouring authorities (including through the city's '2020 Partnership' and the Local Resilience Forum). Through this we gained confidence that key partners were also putting in place reasonable action and mitigation plans for a potential No Deal Brexit.

The North of Tyne Combined Authority also identified opportunities to promote and support businesses during the Brexit process and particularly in the event of no deal. A Combined Authority business engagement event took place where businesses had the opportunity to highlight Brexit-related issues and concerns. The Combined Authority will continue to engage businesses on Brexit issues.

Further details can be viewed within the [February 2019](#) and [March 2019](#) reports to Cabinet.

Following the Prime Minister's decision to agree an extension with the European Union to 31 October 2019 the council's planning activities were stood down. However, as the 31 October 2019 deadline approaches, we will re-activate the council's planning activities and, if necessary, measures will be implemented to mitigate any potential negative impacts on the council, residents and the business community.

20. Further Information Available to Council Tax Payers

Access to this report, the accounts and the Annual Governance Statement will be made available to the general public via the Council's website. If, however, you wish to purchase copies, a nominal charge of £5.00 will usually be requested to cover printing costs. If this information is needed in another format or language please use the contact details below.

As part of the Council's programme of continuous improvement we are striving to improve our system of reporting back to users of services. If you have any problems understanding this publication, any general enquiries on the accounts or have any suggestions on how it may be improved, please contact:

Anthony Francis
Service Manager - Financial Accounting
5th Floor, Civic Centre
Barras Bridge
Newcastle upon Tyne
NE1 8QH

Tel: (0191) 211 6919
Fax: (0191) 211 4840
e-mail: anthony.francis@newcastle.gov.uk