

Narrative Report 2020/21



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 2020/21 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 2021 and its financial position at that date
- A look ahead to 2021/22 and beyond

2. Financial Impact of Covid-19

As reported to Cabinet in September, Covid-19 and the lockdown restrictions had a devastating impact on our ability to implement and deliver our 2020/21 General Fund revenue proposals. We estimated the combined financial pressure to be well over £60 million. The projection at the end of the first quarter was that we needed to reduce expenditure by £32 million to meet our legal requirement to set and operate within a balanced budget. Cabinet approved a range of in-year management actions to address this.

We have closely monitored the implementation and impact of the in-year management actions and at the end of the financial year, our net expenditure in 2020/21 was £234.2 million. When compared with the net revenue budget of £234.6 million, this represents an underspend of £0.4 million.

The financial outturn against the revenue budget was presented to Cabinet in [June 2021](#). The following table summarises the position by Directorate (figures in brackets represent an underspend):

Directorate (all figures in £m)	Budget	Outturn	Variance
Adult Social Care & Integrated Services	82.1	101.5	19.4
Children, Education & Skills	51.5	47.4	(4.0)
City Futures	3.9	3.6	(0.2)
Operations & Regulatory Services	17.8	31.3	13.5
Place	(3.3)	10.6	13.9
Resources	23.8	23.0	(0.9)
JTC levy	16.1	16.1	(0.0)
Corporate items / reserves	42.7	0.7	(42.0)
TOTAL	234.6	234.2	(0.4)

Key factors to note from this outturn position are as follows:

Adult Social Care & Integrated Services

- Adult Social Care overspent against budget by £20.4m due mainly to additional costs incurred as a result of the Covid-19 lockdown and higher than expected demand across all the main client groups but primarily in relation to learning disability and physical disability commissioned services.
- Integrated Services underspent against budget by £1.0m due mainly to lower than expected staffing costs within in-house care services.

Children, Education & Skills

- Children's Social Care underspent against budget by £4.0m. Although the service has seen increasing numbers of looked after children as a result of the Covid-19 lockdown, this has been managed using in-house fostering and residential placements.

Operations & Regulatory Services

- Facilities Services & Civic Management overspent against budget by £0.7m due mainly to income shortfalls due to the Covid-19 lockdown.
- Local Services overspent against budget by £0.8m due mainly to income shortfalls arising from the Covid-19 lockdown.
- Operations overspent against budget by £0.6m due mainly to income shortfalls arising from the Covid-19 lockdown.
- Parking overspent against budget by £11.9m due mainly to income shortfalls arising from the Covid-19 lockdown.

Place

- Commercial Development & Property Services overspent against budget by £12.1m due to the slowdown in the retail sector in the previous year and further property rental income shortfalls arising from the Covid-19 lockdown.
- Development Management overspent against budget by £0.4m due mainly to planning fee income shortfalls arising from the Covid-19 lockdown.
- Transport overspent against budget by £1.2m due mainly to income shortfalls arising from delays to capital schemes as a result of the Covid-19 lockdown.

Corporate items / reserves

Corporate items consists of a range centrally managed budgets such as treasury management, historic pensions costs, severance costs and insurance costs.

Corporate items underspent by £40.2m as shown in the following table:

Corporate items:	£m
Covid-19 grant funding	(27.1)
Income guarantee scheme	(10.8)
Corporate items (e.g. treasury management, severances, pension costs etc.)	(12.7)
Transfer to transformation reserve	4.8
MTP use of reserves	3.8
TOTAL	(42.0)

3. Economic recovery from Covid-19

During 2020/21 the Council received £147.9m in grant funding relating to the Covid-19 pandemic. Of this total, the Council acted as an agent for £86.3m (58%), where the Council distributed grant monies to eligible recipients and had no control over the amount allocated. The Council acted as Principal for the remaining £61.6m (42%), having discretion over who receives the grant.

Residents, industry experts, businesses and community groups will work together on Newcastle's plans for economic recovery. They will be part of a shared vision for the future that will shape the city as a place to live, work and do business.

On behalf of the city and together with a broad range of stakeholders, Newcastle City Council will create a ten-year plan, which will look to reinvent and accelerate their ambitions for an inclusive, green, and prosperous economy.

Working in partnership with NewcastleGateshead Initiative (NGI) the council will embark on an extensive engagement process, to gather insight on how best to recover, build new partnerships and identify projects and opportunities for collaboration. This builds on previous dialogue with the city's public and private sector businesses, with intelligence and insight informing the development of a plan that will take the city forward to 2030.

Led by NGI, a series of stakeholder workshops will facilitate discussions around key themes, challenges, and ambitions for the future. As part of this process, and to make sure everyone's voice is heard, all residents can give their views online and participate in virtual citizen panels.

This ten-year vision for recovery, will set out how the city will support the wellbeing of their people and communities, drive innovation and create jobs, continue to transform the city centre and neighbourhoods, and invest in infrastructure to meet future needs. All underpinned by a commitment to net-zero and creating a more inclusive and equal society.

4. Guide to the Statement of Accounts

The Statement of Accounts sets out the financial performance of the Council for the year ended 31 March 2021 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. 2021/22 is the third year of the Council medium term plan which was approved by City Council as a basis for planning in March 2019. As so much has changed, particularly in response to Covid-19, a two year medium term plan (Build Forward Better) was agreed by City Council and published in March 2021. The accompanying Statement of Accounts looks back at our performance over the past year (2020/21). 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:

- Our net revenue expenditure in 2020/21 was £234.2m (2019/20 £226.8m). When compared with the net revenue budget of £234.6m (2019/20 £227.1m), this represents an underspend of £0.4m (2019/20 underspend of £0.3m).
- 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 £273.4m to £82.3m. Within this, General Fund earmarked reserves increased from £99.9m to £198.3m. Note 32 to the accounts on page 90 gives a full breakdown of these reserves.
- Total capital investment during the year was £80.7m (£149.4m in 2019/20) through the capital programme.

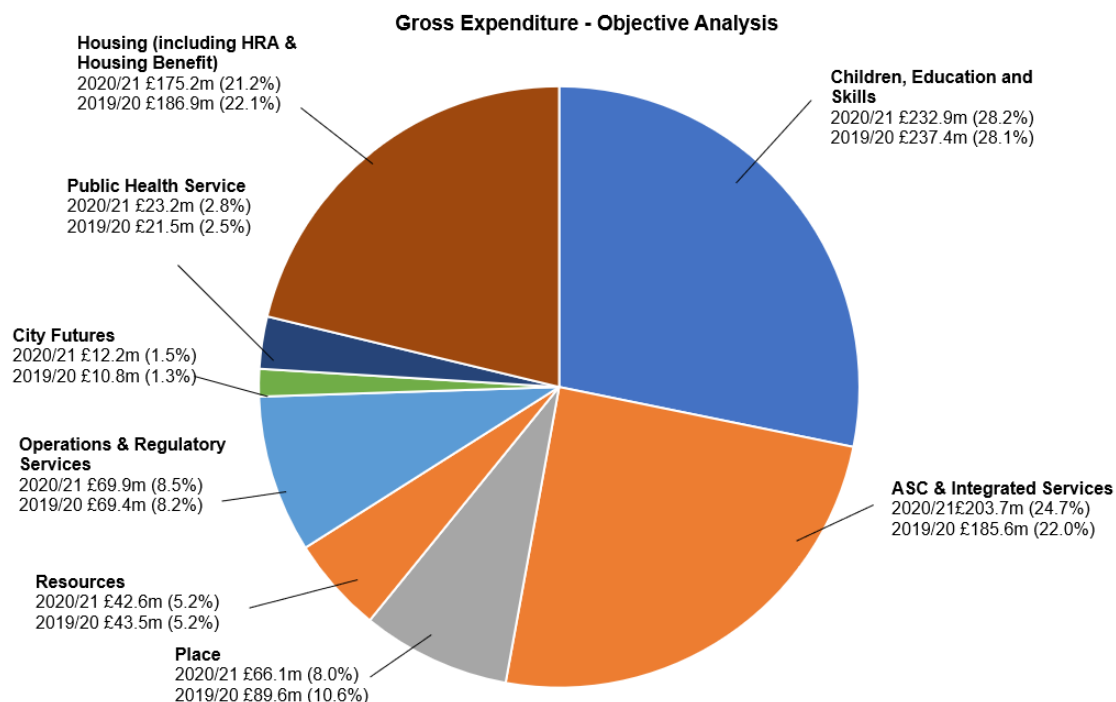
5. Revenue Financial Summary 2020/21

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

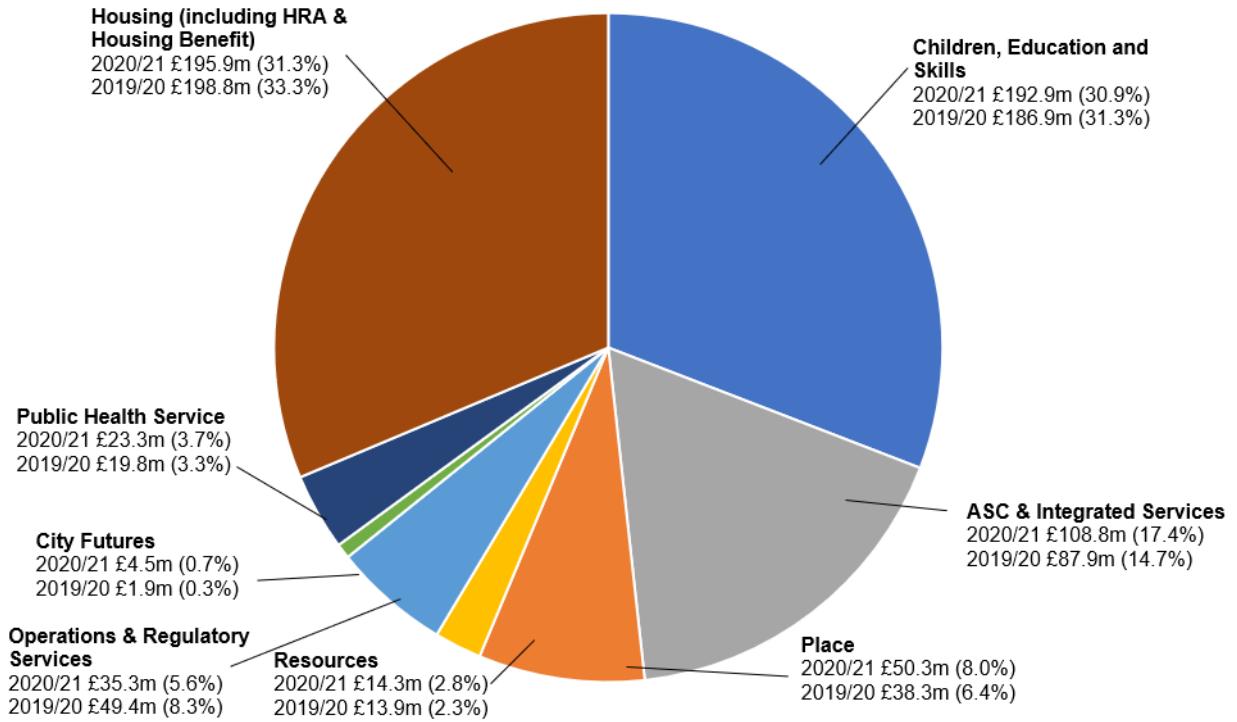
Within the accompanying Statement of Accounts document, the Comprehensive Income & Expenditure Statement (CI&ES, page 12) sets out the Council's financial position for the year before taking account of statutory adjustments required to be made to the accounts. The Movement in Reserves Statement (MIRS, page 11) 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 £832.3m (£871.9m in 2019/20) and this is shown within the CI&ES on page 12 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 £201.8m (£268.5m in 2019/20) which again is shown within the CI&ES on page 12 of the Statement of Accounts.

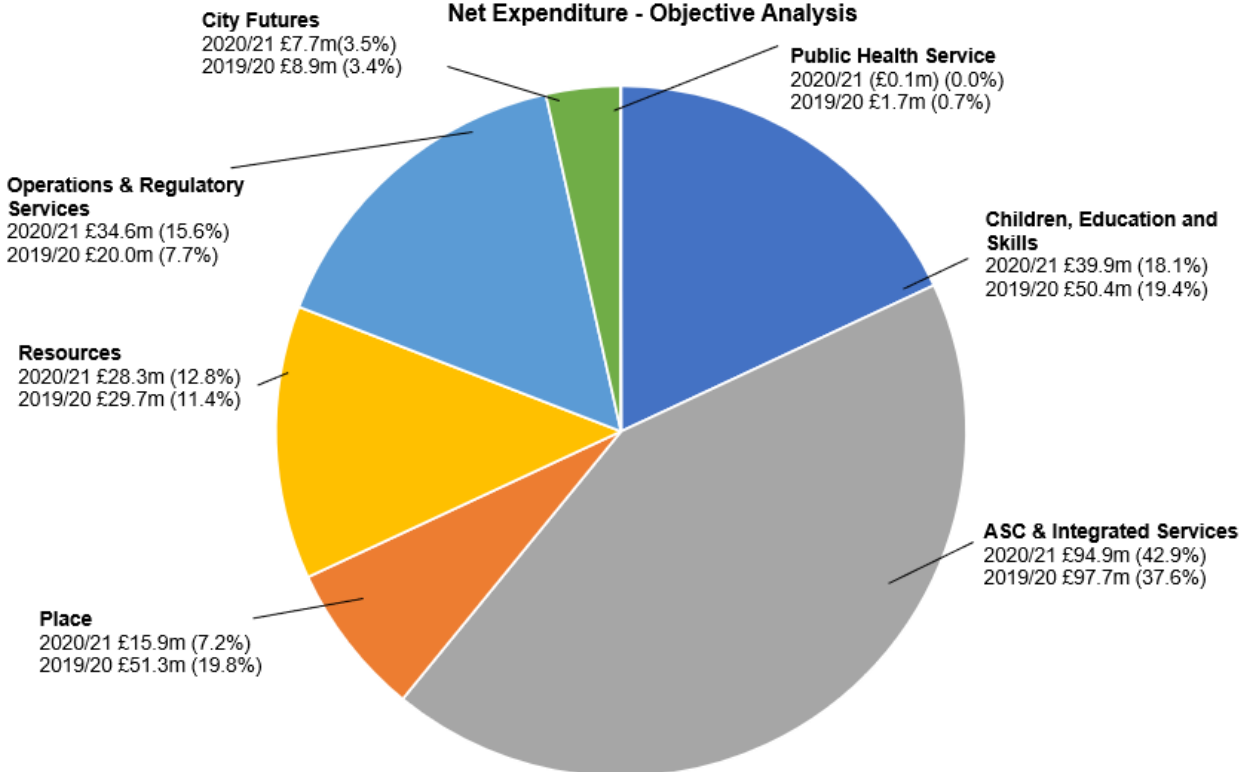
The breakdown of gross expenditure, gross income and net expenditure (General Fund) between the different service areas is shown in the following charts and corresponds to the Comprehensive Income & Expenditure Statement presentation. Corporate costs have been excluded from the analysis on the basis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



Gross Income - Objective Analysis



Net Expenditure - Objective Analysis



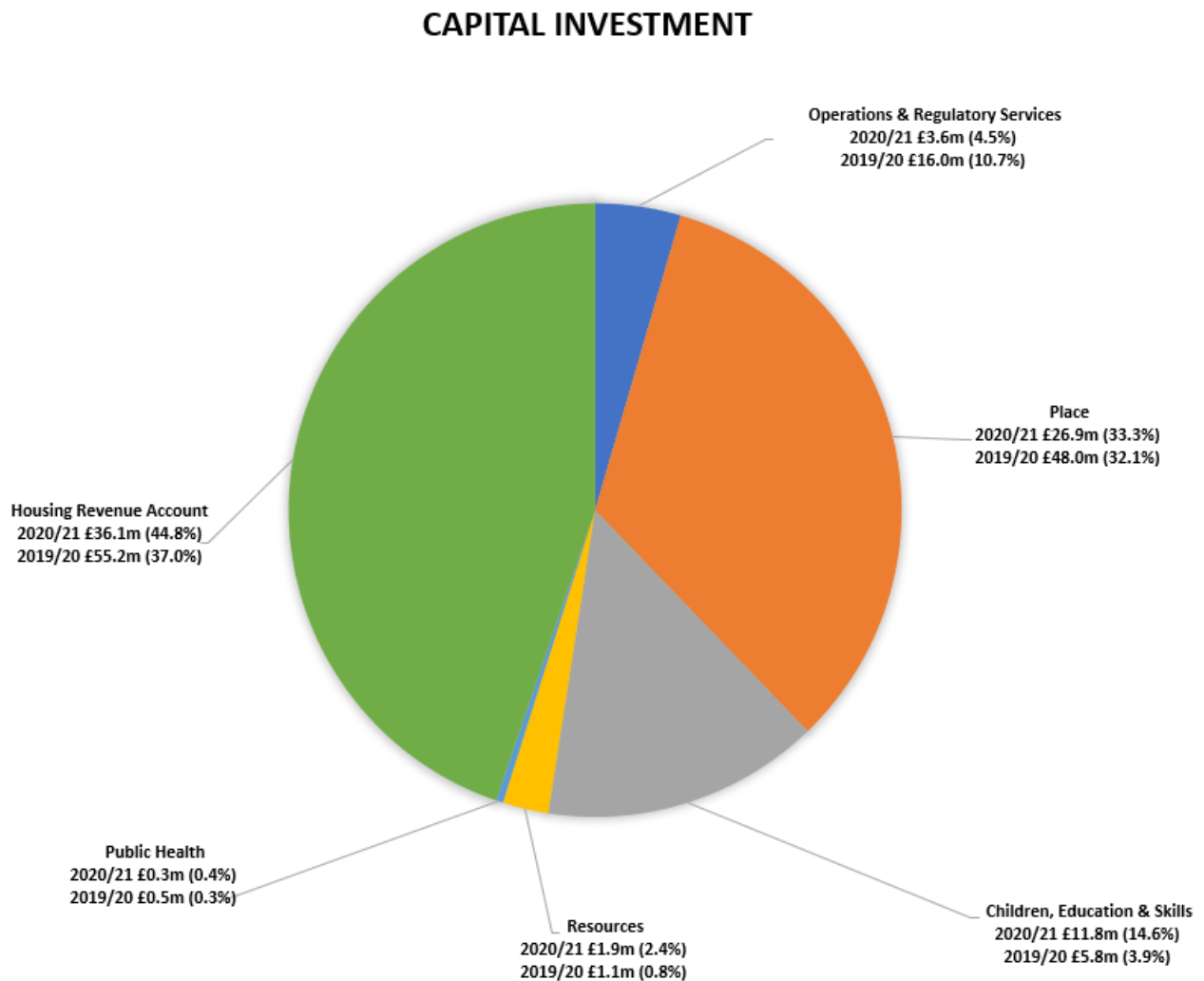
Revenue expenditure covers the cost of the Council's day to day operations and contributions to and from reserves. This expenditure is offset by various types of income received by the Council.

The net cost of service of £201.8m (£268.5m in 2019/20) which can be seen on page 12 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 2020/21 for the Council (excluding precepts) was £1,929.24 (£1,860.03 in 2019/20), with an average Council Tax per dwelling (excluding precepts) of £1,065.76 (£1,028.17 in 2019/20). This ranked the Council as the 297th lowest out of 314 local authorities for the average Council Tax amount per dwelling.

The Comprehensive Income & Expenditure Statement on page 12 of the Statement of Accounts shows a net deficit for the year of £191.1m (2019/20 net deficit of £24.5m) 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 11) so they do not have any impact on the underlying level of resources available to the Council.

6. Capital Investment

Capital investment during the year totalled £80.7m (£149.4m in 2019/20). This consisted of £80.7m (£126.8m in 2019/20) direct capital expenditure incurred by the Council and £Nil (£22.6m in 2019/20) 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):

Children, Education and Skills

- Simonside Primary School (£6.6m)

Operations & Regulatory Services

- Park Trust (£1.7m)

Place

- Annuity Lease Back Model (£2.1m)
- Disabled Facilities Grant (£1.7m)
- LED Replacement – Streetlights (£3.9m)
- Loadman Street Groundworks (£1.5m)
- Office Accommodation Refurbishment (£1.4m)
- Road & Footpath Maintenance (£2.2m)

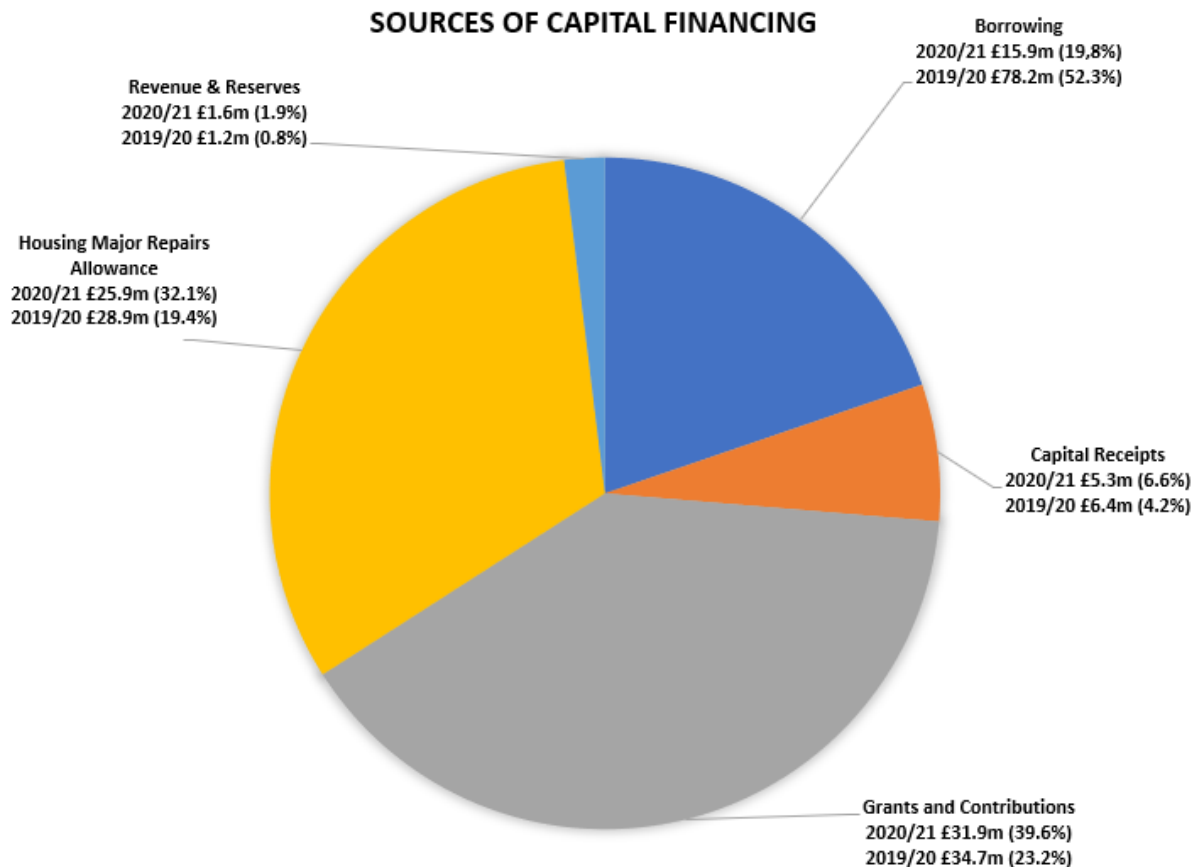
Resources

- IT Technical refresh programme (£1.2m)

Housing Revenue Account?

- Adaptations Programme (£1.0m) – installation of disabled adaptations to HRA properties
- AIn Crescent / Broomyhill Road New Build (£1.0m) – new build of 16 units
- Bathroom Replacement (£1.7m) – lifecycle replacement of bathrooms in HRA properties
- Boiler Programme (£1.0m) – lifecycle replacement of boilers in HRA properties
- Fire Door Replacement (£6.3m) – upgrade of fire doors to meet health & safety standards in multi-storey HRA blocks
- Hartburn / Reestones New Build (£2.2m) – new build of 46 units
- Roofing Programme (£2.0m) – lifecycle replacement of roofs to HRA properties
- Scotswood Extra Care New Build (£4.5m) – new build of 54 units (Addison Court)
- Shieldfield Communal (£1.1m) – refurbishment and upgrade of communal areas in HRA blocks at Shieldfield
- Smoke Alarm Replacement (£1.8m) – lifecycle replacement of smoke alarms in HRA properties
- Voids Programme (£2.4m) – capitalisation of reinstatement works to void HRA properties
- Windows & Doors Replacement (£2.1m) – lifecycle replacement of windows and doors in HRA properties

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



7. Housing Revenue Account (HRA)

The HRA Income & Expenditure Statement on page 137 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 138 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 surplus for the year of £5.839m (net deficit of £0.049m in 2019/20).

8. Treasury Management

The Balance Sheet on page 13 shows external borrowing of £781.0m as at 31st March 2021, which is split between short term borrowing (£12.7m) and long-term borrowing (£768.3m). This compares to total external borrowing of £792.2m as at 31st March 2020 (£42.4m short term borrowing and £749.8m long term borrowing). External borrowing is within our agreed Treasury Management authorised limit of £948.8m (excluding PFI).

The Balance Sheet also shows that there were short term external investments at 31st March 2021 of £33.0m which represented £5.0m invested with another local authority and £28.0m invested with the UK Debt Management Office (Treasury) generating a fixed interest return. The council maintained its investments in line with the limits agreed by City Council in March 2020 (updated in November 2020) throughout the year.

9. Debtors

The Balance Sheet on page 13 shows short term debtors of £138.1m as at 31st March 2021 compared to £97.7m at the end of the previous year. These balances are analysed in more detail in Note 21 on page 73.

10. Income Collection

Council Tax collection is 95.55% which is 1.47% lower than in 2019/20 at 97.02%; this still remains the highest collection rate in the core cities benchmarking group. In 2020/21 restrictions were in place that suspended recovery and enforcement work in Council Tax with only one recovery cycle being instigated up to liability order and enforcement work was completely suspended. In 2021/22 our full recovery and enforcement cycles have resumed to pick up all arrears from 2020/21.

Business Rates collection is 94.24% which is 4.82% lower than in 2019/20 at 99.06%; this still remains the highest collection rate in in the core cities benchmarking group. In 2020/21 all recovery and enforcement work in Business Rates was suspended and this is due to be reviewed in July once Covid-19 reliefs end and new bills are issued.

During 2020/21 100.2% of housing rents due in the year were collected, which is an improvement on the previous year where 98.8% of housing rents due in the year were collected. With a lot of uncertainty due to the global Covid-19 pandemic the YHN Income Collection Service changed from a reactive service to a proactive support service identifying and understand people's circumstances before taking recovery action. Over the course of the year we saw an increase in Universal Credit claimants (over 3,000) and further increases in the number of customers failing to meet their agreed direct debit payments (over 4,500). The introduction of a Financial Inclusion Service in September 2019 paved the way for our improved performance, with the team helping customer claim over £2.2m in entitled benefits.

Sundry debt collection in 90 days at the end March 2021 was 87.5% which is slightly lower than in March 2020 (90.0%), no official recovery of sundry debt took place between April and September due to restrictions however in 2021/22 full recovery cycles have resumed and it is therefore anticipated that performance will improve. There is no benchmark comparison with other councils as performance measures differ somewhat in this area.

11. School Balances

Individual school balances at the end of the year totalled £14.5m compared to £10.3m 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.

12. Pension 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 £878.4m and this is disclosed on the Balance Sheet on page 13. This compares with a deficit of £693.0m 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 2021 takes into account the national judgements on McCloud and Guaranteed Minimum Pensions (GMP). The actuary valuation is influenced by a number of wider economic factors. Note 29 to the accounts on page 80 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 outperform 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.

13. Material Items of Income and Expenditure

During 2020/21 the following material item of income / expenditure warranted separate disclosure, as detailed below and in Note 6 on page 33.

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 change identified is charged against the Pension Reserve with the corresponding entry being recognised in the CI&ES.
- The McCloud / Sargeant ruling on judges pension and fire fighter schemes identified a requirement for these pension funds to ensure that members pension benefits are not affected by Government reforms to the pension schemes. This has implications for other public sector pension schemes reformed at the same time. In addition the Lloyds Bank High Court case ruling states that all pension schemes need to equalise Guaranteed Minimum Pensions between male and female employees. The actuary has now factored in the impact on the pension scheme of these high court judgements.
- 2020/21 saw the introduction of the Goodwin ruling, highlighting changes required to public service pension schemes where provisions for survivors benefits of a female member in an opposite sex marriage are less favourable than for a female in a same sex marriage or civil partnership, and that treatment amounts to direct discrimination on grounds of sexual orientation. These changes are yet to be reflected in the LGPS regulations so are not included in pension calculations as at 31st March 2021.
- In 2020/21, using the above assumptions, the actuary identified an increase in the pension liability of £185.5m, largely made up of a remeasurement gain of

£252.4m on assets offset by £428m actuarial losses based on financial assumptions. This compares to the 2019/20 assumptions when the actuary identified a decrease in the liability of £42.7m. The reason for the change derives mainly from movements caused by Actuarial views of assumptions used when calculating the pension liability.

Provisions:

- The Collection Fund NDR appeals provision at 31 March 2021 was £32.5m. 51% (£16.6m) of the provision lies with MHCLG and the Tyne and Wear Fire Rescue Authority (TWFR) and has therefore been transferred to the NDR agency debtor/creditor account. The Councils short term provisions have reduced by the transferred amount. This compares to 26% of the provision in 2019/20, during which the Council took part in a one year NNDR pilot scheme for increased rates retention. Other grant income from MHCLG was reduced accordingly during 2019/20.

Asset Transfers:

- Walbottle Campus Technology College converted to academy status on 1st September 2020, at a net book value of £32.2m. This has been treated as a disposal in the 2020/21 financial statements.

Material Revaluation Decrease

- In 2020/21 material revaluation losses on Eldon Square shopping centre have been charged to CIE&S totalling £44m.

Covid-19 Grants:

- During 2020/21 the Council received £147.9m in grant funding relating to the Covid-19 pandemic. Of this total, the Council acted as an agent for £86.3m (58%), where the Council distributed grant monies to eligible recipients and had no control over the amount allocated. The Council acted as Principal for the remaining £61.6m (42%), having discretion over who receives the grant.

14. Restatement

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

15. 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 151 of the Statement of Accounts.

The Group results show a deficit for the year of £212.6m (deficit of £30.6m in 2019/20). The net assets of the Group stood at £36.2m at 31st March 2021 (£248.8m at 31st March 2020).

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 15 within the Statement of Accounts on page 46.

16. Accounting Developments and critical judgements

In applying the accounting policies set out in Note 42 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
- 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 IFRS9 on the accounts (see Note 19)
- Determining the impact of IFRS 15 on the accounts
- Determining whether the Council has to produce group accounts
- Property valuations have been conducted in line with all current RICS guidance in relation to Covid-19. The Covid-19 virus is likely to affect the work carried out by RICS Regulated Members in a variety of ways, with varying impacts. The exact consequences of the Covid-19 outbreak are unknown but inspecting property is likely to be difficult either through a firm's own internal procedures, government imposed restrictions or unwillingness of occupants to grant access. Access to evidential data such as comparables may also be less freely available
- 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.

Additional accounting developments have been reviewed and determined to have no impact on the Council, see Note 38 (page 101) within the Statement of Accounts.

17. 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. 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.

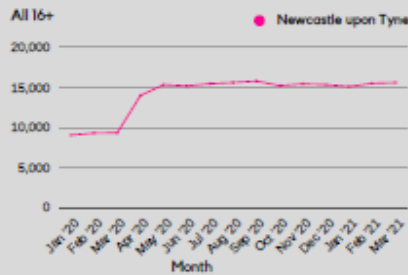
The following pages contain the most recent performance dashboard information (quarter 4).

Employment

Creating more and better jobs

What the city looks like today

Claimant count



Source: Office for National Statistics

We have seen a steep rise in the number of people claiming out of work benefits, rising from 9,050 at the start of the year and peaking at 15,790 in September 2020. This impact was particularly significant for younger people, with a 92% increase in the claimant count amongst 18-24 year olds. The estimated unemployment rate in December 2020 was 6.7% compared to 6.4% for the North East and 4.6% nationally.

During January to March 2021, 189 residents accessed Newcastle Futures and their digital service, Tyme Online. Of those, 156 registered on a project and 60 people entered employment. Throughout 2020-21, there were 604 registrations and 220 people entered employment.

We have used North of Tyne Combined Authority funding to enhance the Skills Hub offer to provide a jobs-matching service known as Jobs@SkillsHub. During January to March 2021, the service engaged with a further four employers and 243 individuals from the North of Tyne area, predominantly from within Newcastle. The total for the year was 723 individuals and 62 businesses.

A Removing Barriers Fund has also supported 77 out of work residents with travel costs, food or clothing to enable them to complete work experience placements or take up a job offer.

Average weekly wage

	Newcastle	Great Britain
2016	£507.90	£541.00
2017	£532.50	£552.70
2018	£536.30	£571.10
2019	£563.00	£587.00
2020	£545.00	£587.10

Source: Office for National Statistics



The average gross weekly pay for full-time workers in Newcastle was £545 in 2020, compared to £523 in the North East and £587 for Great Britain. This is a slight fall from the 2019 average of £563, which has increased the gap between the Newcastle average and the national average to £42 per week.

In Newcastle, over 20,000 employees were on 'furlough' in July, a rate of 17% of eligible employees. This fell to under 10,000 (8%) by October. A further 7,700 people accessed the Self Employment Income Support scheme which closed in July 2020, 77% of the estimated total eligible cohort. 7,100 people accessed the second tranche of support between August and November 2020.

Between January and March 2021, we administered around £36 million in COVID-19 grants to businesses impacted by the lockdown restrictions. This brought the total of grants distributed to local businesses during 2020-21 to around £90 million.

The Business and Intellectual Property Centre (BIPC) provides business support and expertise. During January to March 2021, 20 IP surgeries were delivered (109 in total during the year), 28 patent enquiries were handled (136 over the year) and an additional 114 email enquiries were handled (451 over the year). Citylife Business Support has proven to be popular, supporting 106 small and medium enterprises (206 over the year), safeguarding 122 jobs (292 over the year). The 'Experts in Residence' programme delivered a further 122 one-to-one appointments (470 in total over the year).

Types of occupation

Jan '20 - Dec '20	Newcastle	Great Britain
Managerial, professional, technical	50.4%	50.2%
Administrative, secretarial, skilled trades	12.5%	19.3%
Caring, sales, Services	19.3%	15.7%
Operatives and elementary jobs	17.8%	14.8%

Source: Office for National Statistics



The occupational split of the city reflects its role as a regional capital, with a relatively high concentration of managerial, professional and technical roles. The proportion of employment in the city that is managerial, professional and technical has increased from just over 40% three years ago to just under 50%. The latest figures show a small increase in the proportion of higher-level occupations and a fall in the proportion of administrative and service roles.

During January to March 2021, Invest Newcastle added 38 new projects to the pipeline of potential new businesses. Ten new investments and ten expansions were facilitated with support from Invest Newcastle, creating 363 new jobs and safeguarding 650. Throughout 2020-21, the team identified a total of 158 potential new projects, secured 28 new investments, supported 18 expansion projects and supported the creation of 2,539 new jobs and helped to safeguard 904.

Training and Employment Management Plans are secured through planning agreements and conditions so that opportunities provided by these developments are targeted to local residents. Development training contributions are also secured, which have supported residents to gain qualifications and move closer to work. To date, 74 residents have accessed the fund, achieving 73 qualifications and 31 have secured employment.

Metro patronage

	Journey Estimates
Apr - Jun '20	833,189
Jul - Sep '20	3,341,830
Oct - Dec '20	3,314,842
Jan - Mar '21	1,898,347

Source: NEXUS



Metro usage for the year reflects the various Coronavirus restrictions that have been in place with the number of journeys reduced during periods when only essential travel was permitted.

Metro have implemented all COVID-secure measures required for public transport. Trains are being treated with a new anti-microbial sanitiser throughout the passenger areas, in addition to regular daily cleaning regimes. This sanitiser provides protection for up to 30 days. A new device that uses ultraviolet light to sanitise has been fitted to escalators to sanitise handrails. Hand sanitisers have been installed at the entrance to the busiest stations and cleaning teams regularly treat ticket machines, handrails and other touch points around stations.

Metro has undertaken considerable market research during the year with the public, an Insight Panel and businesses, the outcome of which is an expected reduction in commuter journeys of up to 40%. In addition, a reduction in journeys undertaken by shoppers is also expected in the future as online retailing takes an increased market share.

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



www.newcastle.gov.uk
January to March 2021

What the city looks like today

Good schools



% of pupils attending schools judged as Good or Outstanding:

- 88.3% of pupils with an Education, Health and Care Plan
- 75.8% of pupils in receipt of Special Educational Needs support
- 76.7% of pupils without Special Educational Needs
- 77.0% of all pupils

Source: Ofsted/Informatics and Insights, NCC

Education, Health and Care Plan (EHCP) are legal documents that describe a child or young person's special educational, health and social care needs and set 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 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.

All four of Newcastle's maintained and academy special schools are judged to be Good or Outstanding.

We work directly with Special Needs Co-ordinators in schools to support their provision for children and young people with special educational needs and disability. We also work with school leaders in all schools that have been judged by Ofsted to be less than good. All of our most recent visits by inspectors to these schools have highlighted positive steps to improve.

Attendance

	Week commencing	Newcastle	National
Overall	15 Mar	94% ¹	91% ²
	22 Mar	93%	90%
Children with an EHCP	15 Mar	88%	85%
	22 Mar	89%	84%
Children with a Children's Social Care Plan	15 Mar	86%	82%
	22 Mar	84%	82%

Source:
1 Data taken from schools' daily attendance registers – Newcastle state-funded schools
2 Data taken from DfE benchmarking data published weekly

During the lockdown weeks between January and March, overall attendance and the attendance of vulnerable groups including children with an Education Health and Care Plan (EHCP) and those open to Children's Social Care was above comparable national benchmarks reported through the Department for Education daily attendance tracker.

From 8 March, all children were welcomed back to school. In the two full weeks of 'return for all' where national benchmarks were available, school attendance in Newcastle was above these published benchmarks.

Overall, girls' and boys' attendance were equivalent.

The positive attendance in March reflects the strong attendance of vulnerable groups through periods of lockdown restrictions. We supported schools through single points of contact for Social Care and Attendance officers, together with clear communications and guidance. As a result, parents received consistent messages and were encouraged to send their children to school.

Early Help Plans



2019-20 total	1,625
Apr – Jun '20	388
Jul – Sep '20	422
Oct – Dec '20	426
Jan – Mar '20	404
2020-21 total	1,640

Source: Informatics and Insights, NCC

Early Help Plans are assessments and plans undertaken with the family and a range of professionals to provide the best support to them.

The number of plans starting can fluctuate throughout the year as support can evolve into a plan over a period of time.

At the start of 2020-21 there was a noticeable drop in the number of Early Help Plans started in April and May as various agencies responded to the pandemic, but families continued to be supported by services.

However, in June and July 2020, we saw a dramatic increase in the number of plans starting so the overall figure for the year is in line with the previous year.

Supporting care experienced young people - Keeping in touch

Proportion kept in touch with:

Newcastle 2020-21:	97%
Statistical neighbours 2019-20*:	97%
England 2019-20*:	93%

*2019-20 latest comparable data available

Source: Informatics and Insights, NCC

As part of our keeping in touch with care experienced young people, we monitor the suitability of their accommodation and access to education and training. Both of these indicators are in line with or above comparators:

- In suitable accommodation; Newcastle 93%, statistical neighbours average 89%, England average 85%,
- In education, employment or training; Newcastle 55%, statistical neighbours average 55%, England average 53%.

At the end of the period, 33 care leavers were in higher education.

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

Refuse and Recycling collections

Collections taking place as planned

	Domestic (Green bins)	Recycling (Blue bins)	Garden (Brown bins)
Apr - Jun '20	99.87%	99.91%	99.69%
Jul - Sep '20	99.91%	99.93%	99.77%
Oct - Dec '20	99.94%	99.95%	99.90%
Jan - Mar '21	99.93%	99.91%	99.81%

Source: Envirocoll, NCC

The amount of rubbish collected from households increased compared with the previous year, a trend seen nationally due to COVID restrictions. The waste industry responded but struggled to match increases in recovery with the COVID induced increase in household waste resulting in slightly higher levels of landfill when compared to last year. While the amount collected for recycling at the kerbside remains at record levels, the total percentage of recycling is slightly lower than last year due to the higher levels of rubbish collected overall.

We have brought the management of Brunswick Household Waste Recycling Centre (HWRC) under our direct control, ensuring that a consistent service is provided at all of our three sites.

The 25% reduction in bulky waste collection charges has been continued to assist residents who cannot access an HWRC during the COVID restrictions. We launched the 2021 Garden Waste scheme in early March. We continue to address recycling quality issues by tagging bins and targeted mailings to residents.

Fixed penalty notices issued (litter)

Period	FPNs
Apr - Jun '18	1,375
Jul - Sep '18	1,469
Oct - Dec '18	1,061
Jan - Mar '19	841
Apr - Jun '19	721
Jul - Sep '19	557
Oct - Dec '19	1,361
Jan - Mar '20	891
Apr - Jun '20	7
Jul - Sep '20	159
Oct - Dec '20	211
Jan - Mar '21	36



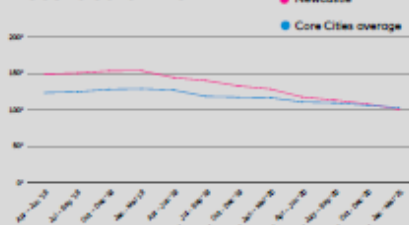
Source: Public Safety and Regulation, NCC

Enforcement of local environmental quality offences is important in encouraging and sustaining behaviour change and helping to improve the local environment, with associated benefits, such as improved public and business confidence and reduction in public realm maintenance costs.

We have a team of patrol officers who deal with such offences and issue fixed penalty notices (FPN) in accordance with national and local guidance.

During periods of lockdown restrictions, the patrol officers reduced face-to-face contact and were redeployed to other duties.

Recorded crime



Rates per 1,000 population

Source: Home Office (www.police.uk)

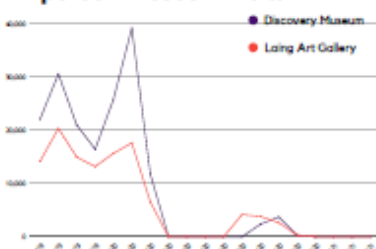
*excluding Greater Manchester Police

Recorded crime in Newcastle continued its downward trend throughout January to March 2021. This is the same trend as seen in six of the seven Core Cities currently providing data.

Lockdown protocols have continued to have a significant impact on high crime areas around the city centre and night-time economy. It is expected that as the lockdown measures continue to ease we will see levels of recorded crime start to increase towards pre-pandemic levels.

Levels of anti-social behaviour (ASB) reported to the police continued to rise between January and March. This increasing trend is seen across the Core Cities but Newcastle has seen higher numbers than all of the other core cities except Nottingham. Over half of the ASB incidents recorded in Newcastle between January and March were recorded as COVID-related. The highest proportion of COVID-related ASB incidents in Newcastle were recorded between April and June 2020.

In-person museum visits



Source: Tyne & Wear Archives & Museums

As a result of COVID-19, Discovery Museum and Laing Art Gallery were either closed or open to restricted numbers throughout 2020-21. During closure periods, the majority of venue staff were redeployed and made a significant contribution to the work of the CityLifeLine, local foodbanks and community testing sites. Those employed by TWAM Enterprises were furloughed.

Our digital offer ensured a range of content was available online, including virtual events, activities 'behind the scenes', our 'Ways to Play' campaign and the 'Must-see Stories' editorial platform (<https://stories.twmuseums.org.uk/>), featuring a focus on the 'Art Deco by the Sea' Exhibition at the Laing. There were 42,848 visits to the Discovery's website and 53,119 to Laing's website as well as engagement on social media platforms. Content was also available in print to ensure it reached those without digital access.

£387,825 emergency funding was secured from the national Cultural Recovery Fund in October 2020, and a further £190,910 in March 2021.

Venues successfully re-opened on 17 May 2021 as part of Step 3 of the government roadmap. Lots of work was undertaken to ensure our venues are COVID-secure and our exciting new programme includes major new exhibitions, 'Challenging Convention and Portrait of an Artist' at Laing and the 'Making Waves' sound exhibition at Discovery. Feedback from visitors has been very positive so far.

- Our ambitions**
- A well-kept city
 - A city with cultural vibrancy

let's talk
Newcastle

Health and Social Care

A healthy, caring city



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January to March 2021

What the city looks like today

Hospital discharges

Average discharges per month:

2019-20

268

2020-21

261



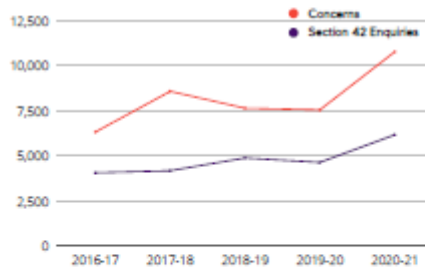
Source: Newcastle upon Tyne Hospital Trust

Our hospital social work teams have always performed well at supporting people to leave hospital quickly and safely once they are fit to do so. This strong performance has continued throughout the COVID-19 pandemic and challenges this has brought:

- Pressure on hospital beds: staff flexibility, hard work and collaborative working continued, including daily meetings between teams across NHS and social care to report on and quickly resolve any delays.
- Change to discharge timescales: a national policy change means that we must now try to support a discharge on the same day that a person becomes medically fit, rather than within three days under the previous guidance.
- Complexity of cases: as non-urgent hospital admissions were postponed for large parts of the year, most of our referrals resulted from unplanned, emergency admissions which made discharge planning much more complex.
- Infection control: we undertook risk assessments and implemented infection control procedures to ensure our teams could continue working safely within hospitals.
- Funding changes: during 2020-21 new NHS funding was introduced to help cover the cost of recovery and support services after someone leaves hospital. While this funding was greatly welcomed, we needed to quickly put in place and co-ordinate new systems and processes across health and social care.

Safeguarding alerts

Volume of Safeguarding Concerns and 542 Enquiries: 2016-17 to 2020-21



Source: Adult Social Care, NCC

Our Safeguarding Team has been at the heart of protecting some of the most vulnerable people in our city from the worst impacts of the pandemic during 2020-21. Their vital role can be seen by a significant increase in demand, which the team has worked extremely hard with partners to address, understand, and prevent.

This year, the team have:

- Responded to a 38% increase in the volume of safeguarding concerns received.
- Responded to a 25% increase in the number of Section 42 enquiries; an official enquiry raised when an adult is experiencing or at significant risk of harm, abuse, or neglect.
- Communicated key messages about safeguarding adults to as many people as possible, recognising that professionals might not have had as much face-to-face contact as they would normally.
- Undertaken in-depth work to understand safeguarding patterns brought about by the pandemic, for example, domestic violence or self-neglect. This has informed work with partners to try to prevent more people being affected and improve things for those already impacted.

The rise in safeguarding concerns is not solely a negative result of the hardship faced by many due to the pandemic, it is also an indicator that people and agencies in our city have confidence in the robustness of response provided through Adult Social Care to safeguarding concerns.

Developing our health and care workforce

Collaborative Newcastle Health and Social Care Academy

Plan: Six courses per year, 20 learners per course

- Of 14 participants who undertook digital course:
- 57% offered employment with home care providers
 - 7% enrolled in further training
 - 14% unemployed

Based on this, aim to support 68 people per year into employment

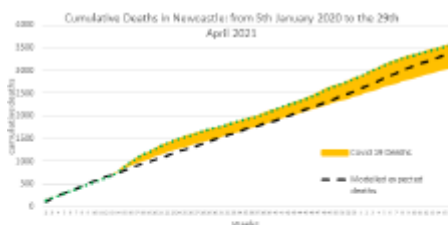
Source: Informatics and Insights, NCC

During 2020-21, pressures on the health and social care workforce became more apparent than ever as the pandemic changed the way we worked and stretched already scarce staffing resource. We worked proactively with our Collaborative Newcastle partners to address this by:

- Developing a Health and Social Care Academy: our innovative academy offers free training and Disclosure and Barring Service checks for people who successfully enrol. It offers people interested about a career in care an opportunity to understand the health and social care system, types of roles available, on-the-job training to see if a role is right for them and interview preparation to help them land a job.
- Creating health and social care apprenticeships: we have developed various brand-new entry-level roles in social care and the NHS which allow people to progress from the academy onto a meaningful career.

We are working with social care providers, NHS partners and local people to roll out these opportunities further during 2021-22 and beyond - supporting people to secure and retain great jobs and supporting local health and care employers to have access to the excellent staff they need to deliver great care.

COVID-19 – Excess deaths



Source: Office for National Statistics

'Excess deaths' are the number of deaths that were above the expected level based on the number of deaths from the previous five years. In Newcastle, there were 94 excess deaths between week 16 2020 and week 16 2021 (week ending 25 April 2021). Without the COVID-19 related deaths, mortality in Newcastle would have been below the expected number of deaths. The lower level of non-COVID mortality also suggests we have seen a reduced mortality from other conditions.

National data shows that some populations have higher levels of excess and COVID-19 related mortality, such as those in more deprived areas and those from black and Asian ethnic backgrounds.

Working with partners and all settings across the city, our Public Health team have a dedicated guidance team, deliver early interventions, lead outbreak control teams working with Public Health England and contribute to regional and national forums to influence policy and share good practice. Our continued collaborative approach is set out within the refreshed Newcastle COVID Control Plan.

Our response to the pandemic is driven by local intelligence, analysis of national data and multiagency collaboration within Newcastle's COVID Control Group. We also work closely with our neighbouring councils, taking a consistent approach across the North East – also help limit the impact of COVID.

We must all do our bit: HANDS – FACE – SPACE – FRESH AIR and get tested if symptomatic.

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

let's talk Newcastle

Housing

Building more and better homes

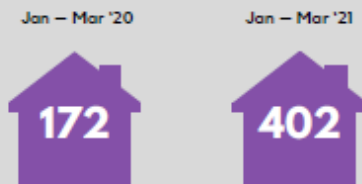


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January to March 2021

What the city looks like today

New homes (net)



Source: Gazetteer Team, NCC

Using our land, assets and grant funding regimes, we are working with a range of house builders, registered providers and Homes England to deliver 1,000 net new homes in 2020-21.

Although the house building programme stalled at the start of the pandemic, developers have been able to resume operations by implementing COVID-secure ways of working.

New housing developments offering a range of different options are continuing across the city. Notably, this period has seen the completion of Hadrian's Tower the city's tallest building, which will provide 162 1,2 and 3 bedroomed luxury apartments over 26 floors in a prime city centre location.

Property licensing

Apr '20 - Mar '21	
Number of applications submitted	6,029
Number of properties pursued for failure to submit a licence	1,287
Number of cases resulting in enforcement action through Prosecution or Civil Financial Penalty	105
Number of cases resulting in enforcement action through Prosecution or Civil Financial Penalty	195

Source: Public Safety and Regulation, NCC

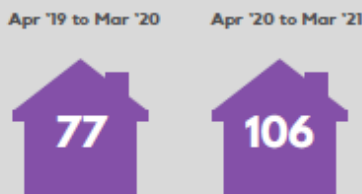
In June 2019 our Cabinet approved the designation of new Additional and Selective Licensing schemes in the city. These new designations commenced on the 6 April 2020 and required approximately 13,000 privately rented properties to be licenced.

By tackling anti-social behaviour (ASB) and improving housing conditions the new licensing schemes provide additional tools and powers to help ensure private rented tenants have a greater choice of safe, quality and well managed accommodation.

The legally designated five-year scheme commenced two weeks after the first national lockdown restrictions started. The lockdown prevented a number of the strategies for the first year from being delivered, however, due to the resilience of the teams involved great progress has still been made. Additional support was provided to engage with landlords in helping them comply with the scheme during the pandemic. Problematic and non-compliant landlords were also regulated through the new powers, with enforcement action taken when necessary.

New ways of working have also been developed to start to change the culture of managing ASB in privately rented accommodation.

Specialist housing



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 highlights the need for specialist and supported housing for suitable a range of people with differing needs. To support the aims of the plan, 95 homes for older people and 11 homes for those learning disabilities and/or autism were provided during 2020-21. The target for the year was 83 in total.

Empty Homes brought back into use



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.

This year our Empty Homes Team have helped bring back in to use a total of 463 properties, a drop of 30% on the previous three year average. There remains strong demand for Empty Homes Grants but owners are taking longer to complete renovations due to the COVID restrictions and supply chain issues. The pandemic has also resulted in a reduction in proactive identification and engagement of empty properties/owners with staff working from home, site visits restricted and proactive marketing reduced.

Our ambitions
• A city with more and better homes



Enabling delivery

A fit for purpose council

What the city looks like today

Corporate complaints

	No. complaints	% upheld*
Jan - Mar '20	20	45.00%
Jan - Mar '21	20	35.00%
% Change	0%	-10.00%

* at reporting date

Source: Libraries and Community Hubs, NCC



The number of corporate complaints received between January and March 2021 has stayed the same when compared to the same period in 2020. This period covering the first three months of 2021 has occurred during a the COVID-19 pandemic from which it would not be possible to draw further comparisons or conclusions.

The overall number of complaints continues to be low and the proportion of upheld complaints has decreased again, demonstrating that we are being found at fault on fewer occasions.

Complaints relating to social care services have a different formal complaint process. 237 statutory social care complaints were received between April 2020 and March 2021. This compares to 292 complaints received during the previous year.

The most common themes related to information and communication issues, delays and lack of response, action or support. Improvements to practice, policy or procedures are implemented based on lessons learned from complaints.

There are low rates of social care complaints in comparison to the volume of social care contacts and activity:

- People receiving Adult Social Care in-house and commissioned services (2020-21): 10,186;
- Contacts to Children's Social Care (2020-21): 11,614
- Number of assessments undertaken by Children's Social Care (2020-21): 4,086

Web and social media use

	Dec '20	Mar '21
Website page views	2,298,871	2,234,226
Facebook likes	41,157	42,188
Twitter followers	48,897	49,735

Source: Communications and Engagement, NCC

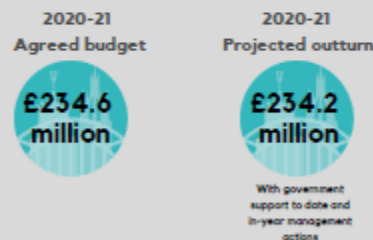
We continue to work closely with our six neighbouring councils with behavioural insights informing the #BeatCovid19 campaign and supported NHS colleagues to communicate the vaccination programme, including busting myths and warning of scams. We have also promoted the roll out of asymptomatic testing.

Following publication of the government's roadmap out of lockdown, we have worked with our partners, communities and businesses to support and promote safe reopening.

We are working with NewcastleGateshead Initiative to set out the city's recovery plan and vision for the future and jointly launched a survey and virtual citizens panels to enable everyone to contribute. We have also created a research working group to gather vital information and research from local businesses and residents to help shape the future of high streets in Newcastle.

Alongside this we have run campaigns encouraging people to complete the Census 2021, register to vote in the May elections and apply to the EU Settlement Scheme ahead of the deadline in June, as well as communicating about the proposals to make savings and set a balanced budget for the coming financial year

Budget position



Source: Financial Services, NCC

The COVID-19 pandemic has significantly impacted on our budget. This has been due to increased pressures on our services, new additional costs such as increased PPE and emergency food, loss in vital income and commercial activity and reduced capacity to implement the savings set out in the budget approved by City Council in March 2020.

We estimate this impact to have been approximately £60 million (including Council Tax and business rates). In 2020-21, we received £28.8 million grant funding from government. We expect to receive a further £10.8 million from government's compensation scheme for fees and charges, and £3.8 million from the compensation scheme for Council Tax and business rates.

We undertook a detailed review of all expenditure and in September 2020, Cabinet approved a range of management actions to ensure we could meet our legal duty to operate within a balanced budget. This included all uncommitted directorate balances and transformation funding, non-essential spend and vacancy controls, alongside savings in corporate budgets such as those for treasury management and severance costs.

In December 2020, we published our draft medium-term plan for 2021-22 and 2022-23 for a period of consultation, and the Chancellor announced the provisional Local Government Finance Settlement. An updated plan reflecting the comments received and changes to our financial position was presented to Cabinet on 22 February and agreed by City Council on 3 March.

Sickness absence: 2020-21

- Average Full Time Equivalent (FTE) days lost per employee: 9.75 days, down nearly 2 days per FTE from 2019-20
- Nearly 65% of all staff had no absence during 2020-2021.
- Mental health remains the most common cause of absence and accounts for 37.5% of all absence and includes reasons such as anxiety, depression, stress and bereavement.
- Musculo-skeletal related absence was the next most common cause of absence at 17.5% of all absences, followed by Infections at 15.5%
- Long term sickness spells (over 28 days) account for nearly 80% of all sickness.

Source: Human Resources and Organisational Development, NCC



Staff sickness absence has improved over a two year period, despite the challenges brought about as a result of COVID-19. This is a credit to the resilience of the staff at a time of critical need for council services.

A supportive case management approach to sickness absence continues to be an effective measure. In addition, a comprehensive Health and Wellbeing (HWB) programme is in place to support staff to stay physically and mentally healthy. Elements of the programme include an Employee Assistance Programme, HWB workshops on topics such as stress management and resilience, an app to support wellbeing and an Employee Mental Health Advocate Service. Promoting the offer to enhance engagement with it is key to ensuring employees access the support available to them.

Long term sickness absence and specifically mental health absence remains a major challenge. This is against a backdrop of longer NHS waiting lists and lead-in times for treatment which could facilitate earlier returns to work.

Our ambitions

- A city with effective public services
- A council that delivers in a co-operative way



18. Looking Ahead / Economic Position / Going Concern

2021/22 is the third year of the Council medium term plan which was approved by City Council as a basis for planning in March 2019. As so much has changed, particularly in response to Covid-19, a two year medium term plan (Build Forward Better) was agreed by City Council and published in March 2021.

As reported to Cabinet in September 2020, Covid-19 and the lockdown restrictions had a devastating impact on our ability to implement and deliver our 2020/21 General Fund revenue proposals. We estimated the combined financial pressure to be well over £60 million. The projection at the end of the first quarter was that we needed to reduce expenditure by £32 million to meet our legal requirement to set and operate within a balanced budget. Cabinet approved a range of in-year management actions to address this.

We have closely monitored the implementation and impact of the in-year management actions and at the end of the financial year, our net expenditure in 2020/21 was £234.2 million. When compared with the net revenue budget of £234.6 million, this represents an underspend of £0.4 million.

The Council's agreed 2021/22 capital programme is £138.6m (£128.8m in 20/21) of which £93.6m is General Fund (£81.8m in 20/21) and £45.0m is HRA specific (£47.0m in 20/21). The anticipated capital programme in 2022/23 is £138.9m of which £93.9m is General Fund and £45.0m 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.

£16.9m of the 2021/22 capital programme will be funded from grants and contributions (£40.2m in 20/21), £4.4m will be financed by capital receipts (£9.8m in 20/21), £3.1m (£37.8m in 20/21) will be financed from revenue (mainly HRA), and up to £9.3m will be financed by borrowing (£41.0m in 20/21). 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 2022/23 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 us / 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.
- Prudent and planned use of reserves to fund permanent expenditure.
- Maximisation of capital receipts from disposals.
- Maximisation of external grant funding that meets our priorities.

- Prudent use of our 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 our 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 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.

As detailed in section 22 of this report Brexit represents a specific challenge and the council has undertaken extensive scenario planning and this will continue over the coming months.

An assessment of future finances and cash flows, twelve months beyond the intended publication of audited financial statements on 30th September 2021 has been undertaken with the conclusion that the preparation of accounts on a going concern basis remains appropriate.

19. 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 11)

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 utilised to fund expenditure or reduce local taxation. This is subject to the requirement to maintain a prudent level of reserves or account for any statutory limitations on their use (e.g. the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). Unusable reserves 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 'Total Comprehensive Income & Expenditure' surplus or deficit is analysed in further detail on the Comprehensive Income and Expenditure Statement which is shown on page 12 of the Statement of Accounts.

The Movement in Reserves statement also shows discretionary transfers to / from earmarked reserves.

Comprehensive Income and Expenditure Statement (Statement of Accounts page 12)

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 12 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:

City Futures

- Communication Services
- Communities
- Economic Development
- Museums, Arts and Culture
- Policy and Performance

Adult Social Care and Integrated Services

- Learning Disability
- Mental Health
- Older People
- Physical Disability
- Other Social Care Services
- Integrated Services
 - Care Services
 - Commissioning
 - Active Inclusion
 - Inclusion and Prevention

Children, Education and Skills

- Children's Social Care
- Education
- Early Help and Family Support

Operations & Regulatory Services

- Repairs & Construction Services
- Community Hubs
- Facilities Services and Civic Management
- Local Services

- Operations
- Resilience Planning
- Parking
- Public Safety & Regulation

Place

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

Public Health Service

- Public Health

Resources

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

Balance Sheet (Statement of Accounts page 13)

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 14)

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 137 to 144)

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 145 to 149)

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 151 to 173)

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.

20. 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.

21. Statement of Responsibilities

A requirement from the 2020/21 *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

22. Brexit

At 11pm on 31st December 2020 the transition period United Kingdom and the European Union transition period ended and the United Kingdom left the EU single market and customs union.

In readiness for Brexit the council undertook extensive scenario planning and this continues as the impacts of Brexit become clearer. Planning to date has included:

- 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 engage 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 Brexit action and mitigation plans.

23. 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

e-mail: anthony.francis@newcastle.gov.uk