

**Newcastle 2020:  
Investing for a fairer future**

**February 2017**

**Newcastle City Council's  
budget proposals for 2017-20**

**let's talk  
Newcastle**

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## Foreword

### Leader of the Council, Cllr Nick Forbes



#### We're on our own: a plan for independence

Newcastle is about to reach the inevitable outcome of years of unfair and disproportionate Government cuts. In 2010 the council received Government support of more than £164 million a year, to go alongside money raised from Council Tax.

Between 2010 and 2016, a combination of Government grant cuts and unfunded cost pressures saw a cumulative £221 million cut from our budget.

From 2020 onwards, we will be almost entirely reliant on Council Tax and retained business rates to fund all council services.

This means that, by the time we get to the end of the three year budget outlined here, the Government will have washed its hands of responsibility for supporting any local service. The central Government grant which, as part of the post-war consensus, paid for bin collections, school crossings, trading standards, pest control, libraries, social workers, foster parents, street cleaning, tree planting, tourist information, road and pavement repairs, community centres, lunch clubs and much more, will have been removed entirely.

The Government has made it clear. After 2020 we are on our own.

Going it alone does not mean we lessen our ambition for the city. I am determined that Newcastle will continue to grow as both the regional capital and as one of the great cities of the north. To match that ambition, we need investment. Government spending rules mean we cannot borrow money to pay our day to day costs. But we can use prudential borrowing to invest in projects which will bring jobs, growth and a financial return for the city.

We have also, despite the unprecedented level of cuts we have faced, done our utmost to shield the most vulnerable in our city from the impact of austerity. We have used our limited flexibilities to support people affected by the Bedroom Tax, provided financial advice for those in crisis and have built a new refuge for women fleeing domestic violence.

Our transformational approach to public services – using every penny wisely to target resources where they are needed the most – has been done in close collaboration with other public sector partners and the voluntary sector.

The next three years, in this respect, are no different. We will continue to target our increasingly limited resources where they have the greatest social impact.

We will continue to invest in creating jobs, because good quality employment is the best route to social justice.

And, given the changes in local Government finance, everything we do now to help businesses grow, will save much-needed public services in the future.

This budget proposes, as suggested by the Government, an additional Adult Social Care precept as well as a 1.95% rise in Council Tax. Both of these increases were assumptions made by Government in their 2016 spending review last year and local government finance settlement.

These proposals have been subject to extensive consultation with residents and stakeholders across the city. And I would like to thank all those residents and stakeholders who took time to contribute their ideas and views.

In response to issues raised through this consultation, we have amended our proposals to increase support for carers; secure the future of the Byker Lodge dementia care facility for at least another two years; maintain bed spaces for those at risk of homelessness and support transformation of our neighbourhood cleansing services.

We will also invest in the long-term future of our city through a new Life Chances fund, to support residents in disadvantaged areas to take advantage of economic opportunity; provide additional support for new affordable housing; and establish a fund to attract the major events which put our city on the global map and attract visitors and jobs.

We now move to implement this plan.

We call on businesses, residents and the voluntary sector to engage and work with us, to ensure that we meet our twin goals of shielding the vulnerable and investing for a better future.

## Statement from Chief Executive, Pat Ritchie

This three year plan follows six years in which the council has radically reshaped its role in the city and its approach to service delivery in response to ongoing financial constraints. Through this difficult period we have worked in partnership with residents and with voluntary, public and private sector organisations across the city.



Together we have worked to ensure financial challenge does not constrain our ambitions for the city: by thinking carefully about what the council should do and where other partners are better placed to lead; by commercialising the expertise and assets of the council wherever possible; and by using innovative data-led approaches to target resources effectively, we have continued to provide quality services wherever possible.

Newcastle is now seeing consistent improvement in economic conditions, with employment in the city at 131,600 – its highest level since current records began in 2004 – and major new investments demonstrating confidence in Newcastle’s future.

New homes are being built across the city to serve the needs of our growing population. These developments are particularly important as the city prepares to raise all its own revenues through business rates and Council Tax from 2020, making it essential to ensure the city continues as an attractive destination for business and families.

We will build on the approach we have taken over the past six years as we face a further three years of financial constraints.

This report sets out how our role and services will evolve to ensure we live within budgets over the next three years. In some ways this budget will be familiar: the financial context remains challenging, and there are difficult choices to be made.

But this budget is also different. Unlike in the past, we have certainty over expected funding allocations from central Government up until 2020, allowing us to plan for the long-term.

This three year plan sets out our proposals for ambitious transformation of services.

We will review issues such as how the city produces and disposes of waste; how we can improve our offer to communities by bringing together council services with those of other partners; how we can use new investment in the social care estate to redesign how we support our vulnerable residents; how digital approaches can help people to help themselves; and whether the council can become still more efficient through sharing services with partners.

We know from our experience over the past six years that working with residents and partner organisations will bring in new ideas to make our plans even better.

Our plans have already changed in response to issues raised by residents and partners through consultation on the budget.

As we move to implementing this ambitious plan, we want to work with the city not just on individual proposals, but on how whole areas of the system, such as the entire waste chain in the city or our approach to community engagement and customer contact, can be improved.

The continued financial challenges have made the past six years a difficult and uncertain time for council staff. Despite this backdrop, they have continued to work tirelessly to serve the city, and it is their commitment and creativity which have enabled us to develop new and innovative solutions.

Bringing together this three year plan has involved considerable effort by staff across the council and from partner organisations. I would like once again to thank them all for their hard work and dedication.

## Financial Assurance Statement

### Director of Resources, Tony Kirkham

The council must set a balanced budget each year. As the council's designated finance officer, I have a legal duty to report to City Council in March 2017 on the robustness of the council's budget and the adequacy of reserves.



In 2012, the council set out a three year budget which left the council better prepared to support the city through a prolonged period of reduction in public sector spending. With the financial pressures unlikely to ease in the years ahead, we are now looking forward to 2020 to set out our approach to adapting to budget reductions over the medium term.

My current assessment is that the council will achieve the tough budget limits for 2016-17, and that the proposals set out can secure a balanced budget for 2017-18, and provide a firm basis for the development of the budget for future years.

Reserves, whilst relatively low, are adequate for the risks we face and can support the transformation programme which is being set out. However, the reserves are not sufficient to avoid making permanent cuts in services.

I am also confident that, subject to the approval of individual business cases, the proposals outlined in the budget for capital investment can be funded through available capital receipts and resources, and the income or cost reductions from those investments.

## What is this report for?

This report and its appendices set out Newcastle City Council's proposed budget for financial year 2017-18, together with indicative plans for the next two years.

It explains the context, challenges and opportunities facing the council and the city; what we can control and change and where our choices are constrained; and how we raise and spend money now and where this will change over the next few years. Our plans are ambitious, but as in previous years, they involve difficult decisions to live within declining budgets imposed by central Government.

The council is legally required to set a balanced budget and to meet statutory duties to provide services such as social care and environmental services. Within these constraints, we continue to welcome views as we move towards implementation of the plans set out here. We know from previous years that working in collaboration to harness the energy in our communities, voluntary sector and with businesses helps us improve our proposals and find innovative solutions.

By setting out this three year plan and an efficiency plan, we were able demonstrate how the council will balance its budget in 2020, and by doing so, we have secured certainty from Government over our funding for the next three years.

Securing this gives us time to work with partners and residents to develop new and innovative approaches to delivering within lower budgets in 2020. The full report shows how we will take advantage of this certainty.

Our financial context remains challenging, and there are difficult choices to be made in order to make £70m of savings over the next three years - on the back of six consecutive years of cuts which have required us to save over £220 million.

This report was first published in October for consultation with residents and partners and this updated version reflects the feedback received and our latest position. Over 3,460 people and organisations gave us their thoughts on our proposals, while over 50,000 viewed the 'People's Budget' online interactive budget simulator tool. The box overleaf sets out key changes in this report since the version published for consultation in October. As we move from planning to implementation, we will continue to work with partners across the city to deliver transformational change in services.

This report should be read alongside a number of supporting documents, all available on the council's website ([www.newcastle.gov.uk/budget](http://www.newcastle.gov.uk/budget)):

- Appendix 1 – Revenue and capital plan
- Appendix 2 – Summary of service proposals
- Appendix 3 – Cumulative impact assessment
- Appendix 4 – Consultation report
- Integrated impact assessments for changes to services in 2017-18

## Changes since the report was published in October 2016

Between October and December 2016 the council engaged in extensive discussions with residents and partners about the plans set out here. This included the 'People's Budget' online budget simulator, themed stakeholder events, the Let's Talk Newcastle website and numerous conversations with partners about specific proposals. Overall we received 690 responses, from 3,463 individuals and organisations of which 2,769 were signatures on petitions.

The People's Budget tool showed a clear recognition of the need for the city to raise Council Tax, with over half of respondents proposing to raise Council Tax by 3.9% and a further quarter setting higher increases.

In general, those who used the tool also supported shielding the most vulnerable through relative protection of education, social care and children's services.

Feedback on individual proposals included concerns about cumulative impact of changes on the most vulnerable in the city, questions around changes to support for carers, and mixed views on the roll out of communal bins. Proposals on school crossing patrols and reductions in support for Newburn and Kenton Park Leisure Centres received the largest number of responses.

Since the budget report was first published in October, a number of developments have impacted on the financial context of our plans.

These include confirmation of the National Minimum Wage at a marginally lower level than originally anticipated; a revaluation of the council's pension fund; and receipt of a one-off dividend of £3.9 million from the council's shareholding in Newcastle International Airport Limited.

The provisional Local Government Finance Settlement also announced a one-off Adult Social Care Grant for 2017-18, and offered councils new flexibility on timing of implementation of the Adult Social Care Council Tax precept.

While these developments do not alter the need for the council to make savings of £70 million by 2020, they do provide some additional short-term flexibility to support the transformation necessary to live within more constrained budgets in future.

Our approach has been to focus any additional short-term funding to support transformation and deliver long-term impact. The alternative of using one-off flexibilities to support revenue budgets in the short-term, would simply delay difficult decisions by a year or two, and squander an opportunity to achieve lasting change.

Key changes since the October report was published include:

- Dedicating £1 million to test approaches identified by the waste strategy and to support the resulting transition.
- With support from health partners, securing the future of Byker Lodge for the next two years, allowing time to continue to work with health partners to identify a sustainable approach for the long-term.
- Protecting the most vulnerable in the city through maintaining bed spaces for people at risk of exclusion and homelessness at current levels for a further two years, and ensuring the future of the multi-agency safeguarding hub focussed on individuals at risk of exploitation.
- Responding to concerns raised on the impact of our proposals on carers by maintaining the Carer's Support Allowance for the next two years and boosting the Carer's Wellbeing Fund.
- Investing the one-off Airport Dividend in the future growth of the city through £2 million as additional support to deliver specialist housing; creation of a new £0.9 million Great North City Fund to attract major sporting and cultural events; and dedicating £1 million to a Life Chances Fund to ensure access to economic opportunity for the most deprived communities of the city.
- As proposed by central Government, increasing the Adult Social Care Council Tax precept by 3% in 2017-18 and 2018-19, but cancelling the proposed increase in 2019-20. Overall the impact on Council Tax across the three years is unchanged from our October plans

## Budget summary

- **We are ambitious for the city and its residents.** Newcastle is the Great North City: a vibrant, fair, safe, economically successful place where benefits of growth are shared fairly and there is opportunity for all.
- **Newcastle again faces unfair funding pressures.** Government-imposed budget reductions and cost pressures require the council to save around another 30% of its budget by 2020, while demand for services is rising. Our financial context remains challenging, and there are difficult choices to be made in order to make £70m of savings over the next three years - on the back of six consecutive years of cuts which have required us to save over £220 million.
- **We will meet this challenge by working collaboratively with residents and partners to transform how we deliver services.** Over the next few years there will be fundamental changes to local government across England. Councils will shift from a provider role to become champions and conveners in their areas. Certainty on our funding to 2020 gives time for a conversation with the city on how and by whom services can be delivered in this new world.
- **We will continue to work to shield the most vulnerable, improve wellbeing and health for all, invest for the future and innovate to do more with less.**

### What does this mean for the city?

- **A working city: We will invest in the future of the city to attract businesses and generate jobs.**
  - Newcastle is growing and creating jobs. In the past two years 12,700 more residents have found work.
  - Our ongoing Re-newcastle programme of capital investment in regeneration, transport and broadband is building the infrastructure needed to attract new jobs and businesses to the city: nearly 400 new jobs at the Tyne North Bank site including recent investments by JDR Cables and IHC Engineering Business; 96% occupation in The Core on Science Central, and securing a £15 million commitment from Government to a new National Institute for Smart Data Innovation on the site expected to generate a further 1,000 jobs in the digital sector.
  - We are ensuring these investments benefit young people in the city – 145 young people from the city have been supported into work by the Generation NE programme so far this year, alongside 85 employed apprentices in schemes provided by the council, with a further 28 on pre-apprenticeship programmes.
  - We will build on this track record with a further £370 million capital programme investing in key development sites at East Pilgrim Street and on the North Bank of the Tyne, and further improving transport connectivity across the city.
  - We will establish a £0.9 million Great North City Fund to attract major events which support the visitor economy and enhance the city's national and international reputation.

- **Decent neighbourhoods: We will invest in housing suitable for all the city's residents including the most vulnerable; and maintain a clean, green and attractive city in which everyone shares responsibility for keeping their neighbourhood looking good.**
  - In the past year nearly 1,000 new homes have been built across the city. Over the next three years we expect to see another 3,000 new homes in Newcastle, including around 450 affordable homes, and we will explore options to continue to improve standards in the private rented sector.
  - We will maintain the Byker Lodge dementia care facility for at least the next two years, allowing time to continue to work with health partners to identify a sustainable approach for the long-term.
  - We will develop a new waste strategy, working with residents and businesses to reduce waste generation, increase recycling and reduce the amount of waste we send to landfill, and dedicating £1 million to test and implement the new strategy.
  - We will make Newcastle a green city through investing £2.6 million in flood defences for a further 228 properties, appointing a long-term energy partner to deliver low-carbon district heating systems in the city, and continuing to invest in cycling infrastructure across the city.
  - New 'one stop shop' local services hubs, built around the core values of public library services, will bring together information, digital and literacy support and services from the council, public, voluntary, community and business partners in one place, saving time and effort for residents.
- **Tackling inequalities: We will support and protect our vulnerable residents, helping people help themselves and intervening early to stop situations escalating.**
  - Investing in new, purpose built accommodation for young people in care, adults with learning disabilities and older people with specialised care needs - ensuring everyone in the city has a safe place to live.
  - Helping older people get the support they need quicker through rolling out the 'Your Equipment Newcastle' digital approach to supporting residents to remain in their own homes longer.
  - Building on previous work, we will continue to transform our children's services to improve links with Early Help and adult social services, to support families in resolving problems and reduce the need for more intensive support.
  - Targeting our resources where they are most needed by ensuring our support changes as people's needs change over time.
  - Supporting young people with the costs of education and training through the Newcastle Bursary scheme, which helped 269 young people with the cost of their studies last year.
  - Pursuing our public health mandate of improving health for all but with a focus on improving that of the most disadvantaged fastest, by tackling the major causes of disability and death in the city.

- Protecting the most vulnerable in the city by maintaining beds spaces for those at risk of homelessness or exclusion at current levels for a further two years, and ensuring the future of the multi-agency safeguarding hub focused on individuals at risk of exploitation.
- Establish a new £1 million a Life Chances Fund to ensure access to economic opportunity for the most deprived communities of the city.
- **A fit for purpose council: We will become even more efficient and make it easier for residents to access services in a convenient time and place.**
  - We have already reduced the cost of the council's central services by 50% over the past three years. Over the next three years, we will save almost a further 10% through sharing IT and exchequer services with local partners.
  - Identifying a further £0.5 million savings in senior management, adding to £1.5 million of management savings already delivered.
  - We will put our assets to work for the city; assessing whether things we own bring benefit to communities or income for the council, or if disposing of them and reinvesting the proceeds would bring greater benefits.
  - Continuing to commercialise council expertise and assets in highways, waste management and property to bring in an additional £5 million over the plan period.
  - An increased digital and self-service offer will allow residents to access services when and how suits best, while face to face contact will continue for those with the most complex needs.

## 1. Our plan in context

### 1.1 Our vision for Newcastle

**We are ambitious for our city and its residents.** We want Newcastle to be a fair, prosperous, outward-facing, innovative and vibrant city. Our city has beautiful green spaces, a thriving arts and cultural scene, dynamic businesses, great universities, a significant retail centre, and an active community and voluntary sector. It benefits from strong national and international transport links. But too many of our residents are not able to share in and benefit from the opportunities the city offers. We want this to be a city where everyone has the opportunity to succeed, and feels they have a stake in the future of the city – a city which acts as an exemplar for inclusive growth.

Achieving this vision will involve not just the council but partners across the public, private and voluntary sectors as well as residents from across the city. Local government is undergoing a profound change across the country. We will be directly responsible for fewer services. Instead we will act as champion for the city, bringing together partners to access new resources to deliver jointly, and championing the city at national and international level. This three year plan is an example of our approach; we know that working in collaboration with the city will improve our plans and are keen to continue these conversations as we move to implementation of the plan.

### 1.2 A change in how councils are funded

The years to 2020 will be a time of transition for the council and councils up and down the country. Government funding for councils has been decreasing steadily, with the combined impact of funding reductions and rising costs seeing Newcastle needing to identify £221 million in savings over the past six years. These reductions have been accompanied by restrictions on councils' revenue raising ability, forcing councils including Newcastle into painful cuts to services.

From financial year 2020-21, Government intends to abolish the core grant to councils completely, with councils instead being funded through retaining all of its business rates income rather than returning around half to central Government as at present. Government hopes that this change will incentivise councils to promote growth as attracting new businesses will enable them to increase their income. At the same time, Government plans to transfer new responsibilities to councils to 'use up' the extra business rate revenues which will no longer be returned to the centre. These changes amount to the biggest shake up to local government financing in a generation.

Newcastle has long argued for greater financial independence for local authorities, and the change could mean greater freedom to decide our spending priorities, the nature of growth in the city and the opportunity to earn additional income for the. However there is a risk that the change simply rewards areas which already experience high growth, and entrenches regional differences in wealth rather than overcoming them.

If the new responsibilities handed to councils are for services where demand and need are very different across the country, then some areas will lose out. And the new system may fail in its objective of incentivising growth, as some high value economic sectors such as digital and advanced manufacturing pay low levels of business rates.

Newcastle will be at the forefront of national debate on this change, making the case for a fair approach, which recognises different levels of need and growth potential in different parts of the country, and in which councils are incentivised to grow in ways which add jobs and long-term value for local economies.

Considerable uncertainty remains on how the new funding system will operate. But it is clear that pressure on councils to attract new businesses will grow. For example in Newcastle, a single new retail business in the city centre could bring in hundreds of thousands of pounds a year in additional business rates. To put this in context, each extra £100,000 of income, could provide home to school transport for 30 children with special educational needs and disabilities, support five fostering placements in the city for a year, or pay for two school nurses.

The decision to leave the European Union will also provide both opportunity and risk over the next few years. As one of the most export focused regions of the UK, and as a significant beneficiary of EU funding, the North East has a vital interest in our future relationship Europe. Equally our city's economic assets and international ties mean we are well placed to take advantage of new opportunities opened up by the decision to leave the EU.

It is clear that the next three years could be a time of significant change. We need to use this period to prepare for our city's future as a self-sufficient, vibrant economy able to support quality services for residents and where economic success is shared by all.

### **1.3 The financial context remains challenging**

The financial context imposed by central Government remains challenging.

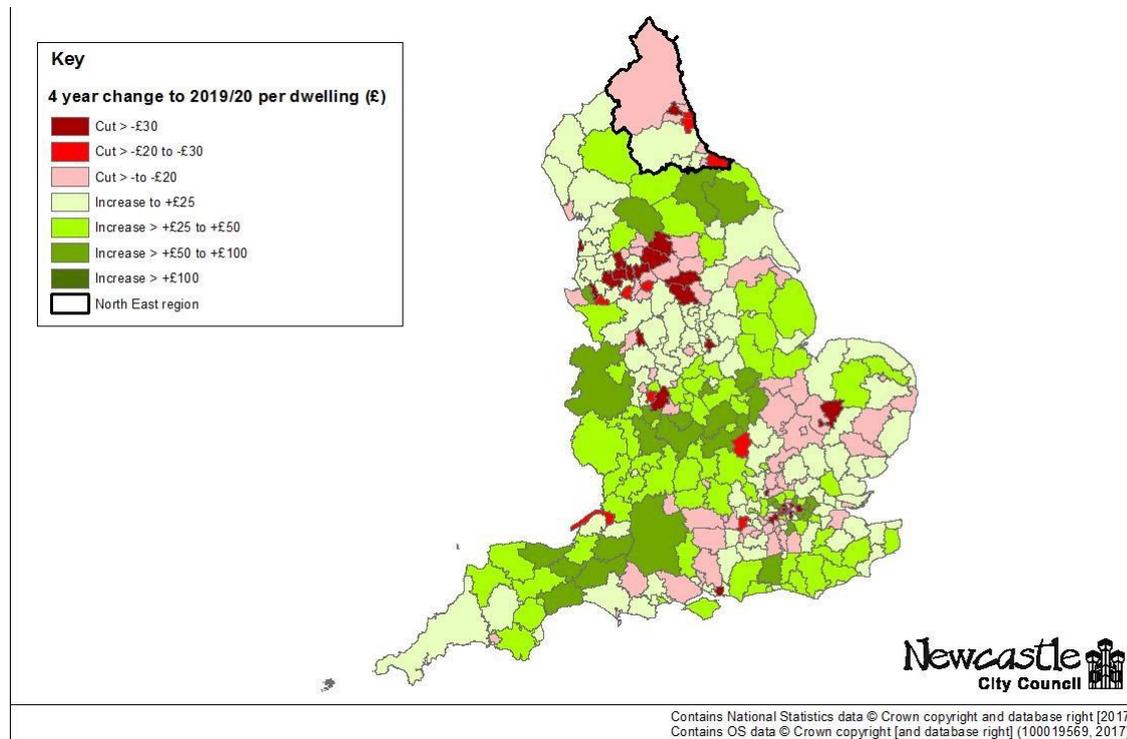
The majority of the council's funding comes from Government grant or redistributed business rate income – less than a fifth of the council's gross spending is raised from Council Tax.

Over the past five years, Newcastle has faced funding cuts, cost pressures and new burdens forcing savings of £221 million over this period.

Newcastle's spending power has been cut by £603 per household over this period, compared to a national cut of £294 per household.

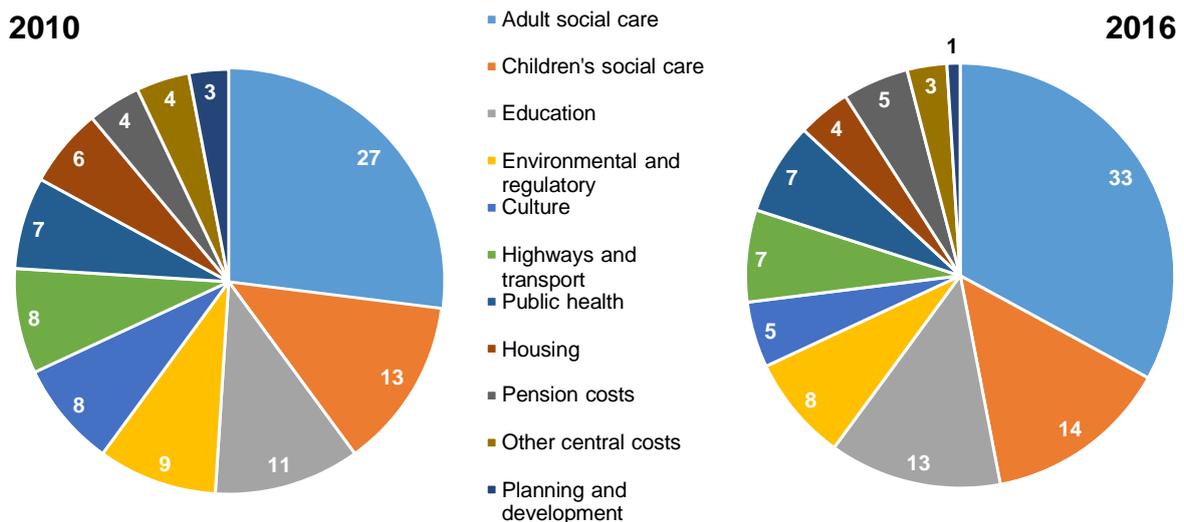
These cuts have arisen from changes to the council funding formula which mean it no longer adequately reflects the needs of areas with higher deprivation, large student populations and a low Council Tax base, as shown in the 'heat map'.

Chart illustrates change in area spending power from 2016-17 to 2019-20 (significant definitional changes in 2016-17 mean that comparison with previous years is not possible)



These financial pressures have had an impact on how each council pound is spent.

The pie charts below show how many pence in each council pound are spent on different areas of council services and how this has changed over recent years.



We are proud that we have succeeded in maintaining excellent services through this period. But Government decisions will force us to make yet more savings over the coming three years.

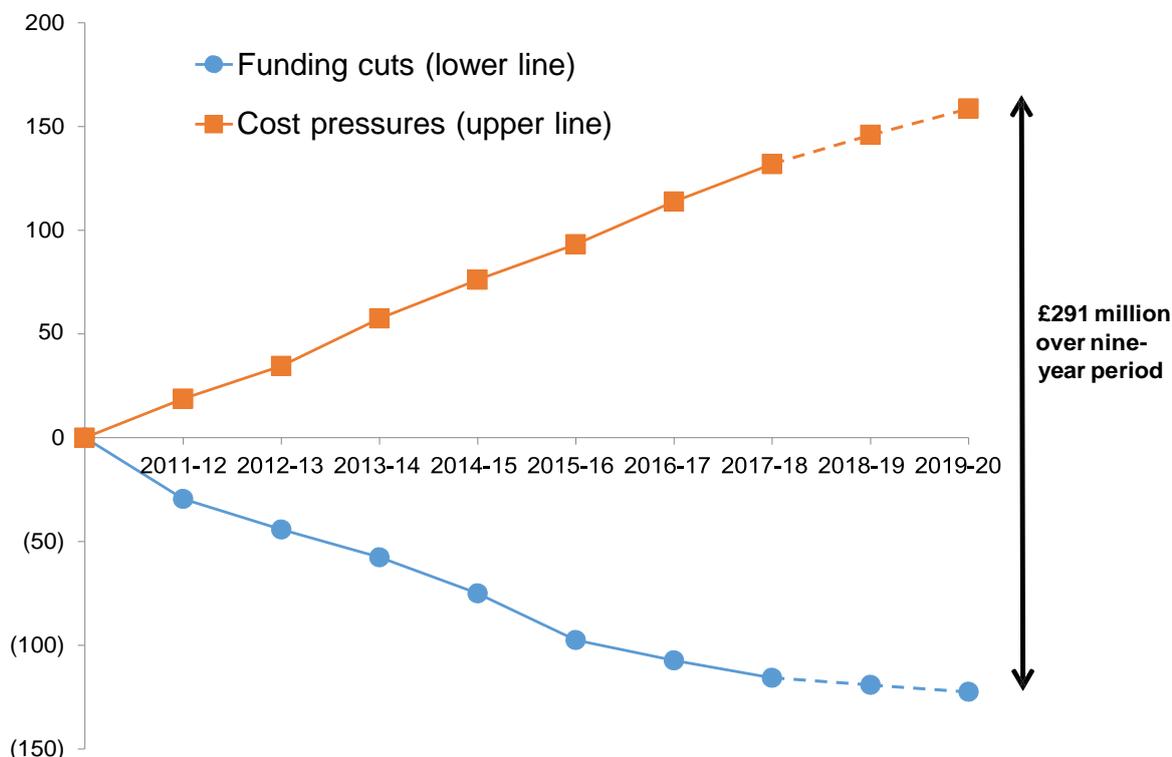
The council faces a continued reduction in the grant and business rate funding from Government. Over the four year period from 2016-17 to 2019-20, the council’s spending power will fall by 3.2%, whereas the England average will increase by 0.4%. By 2019-20 funding for Newcastle will be less than the average across England – despite high levels of need in the city.

In calculating Newcastle’s spending power, Government assumes that the city will raise Council Tax, including introducing the full 3% Council Tax precept towards the costs of adult social care. Without these increases, Newcastle’s spending power would fall still further.

On top of funding reductions, the council will also face increasing cost pressures, due both to greater demand for services (for example larger numbers of older people requiring support to stay independent), and new burdens imposed by Government without corresponding funding.

The following chart shows the combined impact of these funding cuts and cost pressures, which will require the council to save around a further £70 million over the next three years.

**Chart – savings achieved / required from 2011-12 to 2019-20 (cumulative)**



Increasing costs in adult social care are particularly significant.

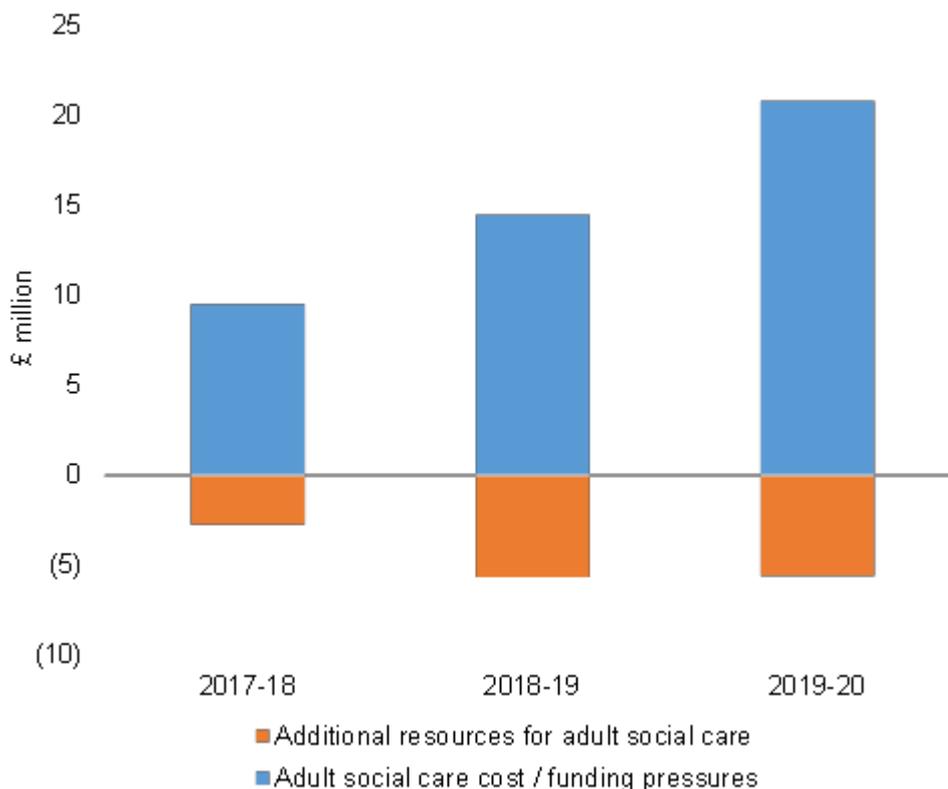
In Newcastle, the social care precept imposed by Government to make up for their underfunding of social care will raise around £2.6 million a year – yet this is less than a half of the additional cost burden of the national living wage in 2017-18, let alone the extra costs associated with the growing needs of an ageing population.

The council committed in 2012 to being a Living Wage employer and has introduced the Newcastle Living Wage across its own workforce. Although the new ‘national living wage’ is lower than that recommended by the Living Wage Foundation, its introduction provides a welcome wage boost to low-paid workers across the care sector. However, Government has provided councils with no extra resources to cover the increased long-term costs, and additional short-term funding still falls short of what is needed.

The additional funding outlined in the provisional Local Government Settlement, including the option of raising the Adult Social Care Council Tax precept by 3% in 2017-18 and 2018-19 and introduction of a one off Adult Social Care Grant, are both sourced from local taxpayers rather than representing additional dedicated funding from central Government.

Moreover, the approach used to distribute the one-off Adult Social Care Grant across local authorities strongly favours county councils over urban councils, such as Newcastle with low Council Tax bases.

This mismatch between social care funding pressures and the additional resource provided is illustrated in the chart below:



It is clear that Newcastle will again be forced to make difficult choices. These choices are unwelcome, and not of our making.

However the three year budgetary certainty we have secured gives us time to work with residents and partners to seek new approaches to overcome the worst impacts of Government cuts.

We know from the city's response to these cuts that working in partnership to harness the creativity and energy of residents and partners cross the city will enable us to mitigate the impact of the most difficult decisions.

In making decisions about the next three years, the council will continue to seek to shield the most vulnerable and prioritise early intervention to prevent crises emerging. We will be rigorous in exploiting all opportunities to earn income from the council's assets and expertise.

The decisions we make are constrained by restrictions on how councils can use funding.

The council is required to separate capital investment such as spending on new buildings or roads from ongoing spend such as staff costs. Some funds, such as the Housing Revenue Account or Dedicated Schools Grant, are 'ring-fenced' for specific purposes and savings cannot be used to meet other needs.

In some areas the council's future funding is uncertain.

Changes to housing policy, including restrictions on rents and a new levy imposed by Government to fund the right to buy in social housing, will impact on the Housing Revenue Account. However Government has not yet provided full clarity on policies, leaving the council uncertain of the overall impact.

Similarly changes, in education policy are expected to lead to significant changes in council responsibilities in education and related funding; but Government has still to provide key details of how the new system will work. So, some aspects of our plans may need to be revisited in future years when the picture on education and housing is more certain.

As explained previously, Government's allocation of funding to councils assume that councils will raise Council Tax, including using the Adult Social Care precept to make up for Government's underfunding of social care.

The challenging financial context set out above, means that Newcastle along with the majority of councils up and down the country, will need to raise Council Tax each year of this three year plan.

Even with the increases assumed by Government, by 2020 Newcastle will have less to spend per household than the average across England as a whole.

The combined impact of the proposed 1.95% increase in Council Tax and 3% social care precept will be to add £71.04 to the annual bill for a band D property and £47.36 for band A. Our existing Council Tax Reduction scheme will continue, providing support for those residents who find it most difficult to afford the charge.

## 2. Our approach

The challenges the council faces require innovation and leadership in response. In putting together this three year plan we have been guided by five key themes which have helped build a better budget in previous years:

- **Fairness: shielding the most vulnerable from the impact of service changes wherever possible.** Government’s funding approach is forcing changes and reductions in services across the city. In making these cuts we aim to shield the services on which our most vulnerable citizens rely. This approach is guided by principles of the Fairness Commission’s summer 2012 report “Fair Share; Fair Play; Fair Go; Fair say”. [see City success – Active Inclusion Newcastle on page 21]. The cumulative impact assessment published alongside this report sets out how we have ensured our proposals have due regard for the needs of different communities in the city, and sets out how we are mitigating impacts on vulnerable groups.
- **System leadership: working with partners to realise a shared vision for the future of the city.** The role of councils is changing radically. They will no longer be the primary service providers in their areas but will move to a convening role, bringing together public, voluntary and private sector partners to access new resources and find ways of delivering jointly for the city. Newcastle is well-placed to make this transition. As a collaborative council working in partnership is core to all we do, and the engagement and enthusiasm of citizens and partners is one of Newcastle’s key strengths. This three year plan sets out how we will work with partners and communities to achieve better outcomes. [See City success – new approaches to leisure assets on page 30].
- **Income generation: putting assets to work for the benefit of the people of the city and building the city’s tax base.** Raising new or additional income allows us to offset some of the reductions we face in funding from central Government. We can raise new income in two ways: generating income from sale or commercialisation of council assets and capabilities; or encouraging new families or businesses to settle in the city and contribute through Council Tax or business rates. Both will become increasingly important as we move to keeping all the business rates raised in the city [see City success – Science Central on page 25].
- **Innovative: using creative and digital approaches to transform the effectiveness of our services.** Newcastle has a significant track record in exploring new and innovative ways of delivering services and supporting residents, with a particular focus on using data analytics to target and improve services. In many cases these new approaches have enabled the council to secure additional funding, such as the £2.7 million secured from the Department for Education to support our Family Insights work on reform to children’s services. We will continue to innovate and seek to attract additional funding through our approaches. The planning certainty offered by a three year budget will enable us to be still more innovative through ‘invest to save’ approaches.

This enable modernisation and redesign of services to meet our budgetary constraints in 2019-20 [see City success – evidence based innovation on page 22].

- **Financially responsible: acting as effective stewards of the city’s funding and assets.** Newcastle has a strong track record in financial management while ensuring the city is prepared for the unexpected. Further detail is set out in the accompanying Revenue and Capital Plan.

In addition, the three year certainty available this year enables us to adopt transformative approaches to ensure services are financially sustainable from 2020 onwards. We will make prudent use of reserves to support the costs of transforming services and to sustain services over the first two years of this plan while new approaches are developed.

The next chapters set out how we have implemented these approaches in making decisions in the four priority areas: a working city; decent neighbourhoods; tackling inequalities; and a fit for purpose council.

When we make difficult decisions about the funding of services, it is really important that we understand how the choices we make will impact on the people who use our services, our communities and the city as a whole. That is why we continue to have an honest conversation with local people through our Let’s Talk Newcastle approach to consultation and engagement. We make better choices when they are informed by what local people think. This year we have created an innovative way to engage our communities on difficult budget choices. Our online budget calculator, the People’s Budget, has helped us to understand the choices that residents would make. By the end of the consultation period, over 50,000 people had accessed the calculator and 380 had submitted their own budgets. Feedback from the budget consultation as a whole is set out in full in the accompanying consultation report.

### City success: Active Inclusion Newcastle

The Active Inclusion Newcastle (AIN) partnership approach was developed during the last three year budget setting process for 2013 to 2016, in response to growing demand for financial inclusion and homelessness prevention support in a time of constrained resources. AIN was developed in the context of the Government’s welfare reforms, which will affect around 36,000 Newcastle residents who will collectively lose an estimated £134 million annually by 2020-21. AIN provides governance arrangements, policy and sector leadership to improve coordination and consistency among the 94 individual services and organisations involved in the partnership. This partnership approach enables best use of council and others’ resources in helping residents maintain the foundations of stable LIFE: somewhere to Live, an Income, Financial inclusion and Employment opportunities. By sharing data and ideas across the partnership, it also enables continual improvement in the response to residents in financial or housing crisis.

This coordinated and systematic approach enabled the following improvements for residents:

- **Prevention of homelessness** – 3,775 cases of potential homelessness prevented, no bed and breakfast accommodation used since 2006 and evictions from council housing reduced by 76% since 2008 to 48 cases out of 27,000 tenancies.
- **Financial inclusion** – credit union membership up 65% since 2011 to reach 8276 members; debt advice provided to 4,269 residents.
- **Employment support** – 650 residents supported into employment.
- **Benefit gains** – 18,697 vulnerable residents helped to gain over £27 million in benefits in 2015-16; 38% reduction in proportion of Jobseeker's Allowance claimants being sanctioned.

The strength of Newcastle's approach was recognised in 2016 as AIN was a finalist in the Local Government Chronicle Partnership of the Year award, and the Department for Communities and Local Government (DCLG) asking Newcastle to be one of three areas to be an earlier adopter 'trailblazer' in preventing homelessness. This success demonstrates how working in partnership can help mitigate resource constraints to enable improved outcomes.

We have also been awarded £1.5 million from the DCLG for the development of a Social Impact Bond for entrenched rough sleepers. The council led a partnership with Gateshead Metropolitan Borough Council and Newcastle Gateshead Clinical Commissioning Group and the application was supported by 14 local partner agencies. The award recognised the strength of our understanding of the needs of the most vulnerable and our partnership responses, to better support people with complex needs where a single service response has not been effective. This award provides opportunities to build on our people-centred approach to providing holistic responses to residents with complex needs.

### City success: Evidence-based innovation

In recent years the council, with partners, has successfully led transformative change that better supports the most vulnerable. At the heart of our approach has been a clear understanding of needs, a focus on the impact of existing services, and a commitment to evidence based models. Recent projects include:

- **Parent Infant Partnership and Parents under Pressure** – as a city Newcastle is committed to earlier intervention and targeting how we support vulnerable groups. Based on clear identification of need and robust modelling of longer term financial impact, the council and partners secured £2.7 million from Government's Transformation Challenge Award to invest in these two proven programmes.

- **Family Insights** – children’s social work services in Newcastle are good but we want to be better. This project sought to transform long-term social work, so that social workers were better equipped to understand and respond to the needs of different families in the city. Our level of ambition and innovation led to the Department for Education investing £2.75 million in the Family Insights approach. Evidence to date indicates that we are better meeting the needs of children and their families first time, and that our structure better enables productive relationships with partners.
- **Young people not in education, employment or training (NEET)** - in Newcastle the vast majority of our young people make a successful transition to adulthood. However, partners in the city wanted to better support those that struggle. Through ground breaking data analysis we were able to zero-in on those young people that are most vulnerable - essentially targeting our resources to have most impact. We found that 67% of our NEET population is drawn from the 25% of our young people known to children’s social care.

These same young people tend to spend longer NEET than their peers, and go on to have much worse longer term outcomes for example homelessness, mental health, crime and anti-social behaviour. Supporting young people to cope with dysfunction at home has a material impact on their ability to achieve and move successfully in to adulthood. The robustness of this analysis, allied to our ambition to innovate has led to interest from partners, including Government and philanthropists in our approach.

The council has a track record of designing and successfully implementing innovative new services and attracting additional resources a result. By working in this way we can improve outcomes for the most vulnerable in the city, and seek to mitigate the effects of budget reductions.

### 3. A working city

The city is growing and creating new jobs for residents. From 2009 to 2014 Newcastle grew faster than any major city other than London and Bristol; and nearly 13,000 more residents are in work than two years ago. We will continue to champion city growth in all we do. This is all the more important as we move to raising more of the money we spend through retaining business rate income. From 2020 every new business we attract to the city will not only bring jobs but also help fund our ambitions for the city.

The council is driving growth through our extensive capital infrastructure programme; attracting new businesses and investment into the city; ensuring Newcastle is prepared for environmental change; and working with partners to create the conditions for more and better jobs for our people.

#### 3.1 Investing in infrastructure for the future

Our ongoing Re-newcastle programme of capital investment in regeneration, transport and digital projects is building the infrastructure needed to attract new jobs and businesses. This will secure and build upon Newcastle's reputation as a modern, globally attractive city in which to live and work.

The last major investment in Newcastle's roads was over 30 years ago and as a result the current network struggles to cope, with roads and junctions carrying significantly more traffic than they were designed for at peak times. Over the past three years, our biggest ever capital programme has delivered improvements in traffic flow across the city centre, through Gosforth and at Cowgate Roundabout - reducing journey times by nearly four minutes for thousands of commuters, improving cycling infrastructure and making the city cleaner, greener and safer.

As well as physical infrastructure, the council is investing in the digital infrastructure needed to support the industries of the future. Our Go Digital programme has already delivered new or faster broadband connections to over 400 Newcastle small and medium enterprises.

Over the next three year period, we will sustain capital investment with a further programme in the region of £370 million, including:

- A programme of works to improve the Northumberland Street area, delivered in partnership with property owners, businesses and retailers.
- Completing transport works to connect key junctions in the north of the city at Blue House and Haddricks Mill.
- Progressing phase 2 of the Central Gateway project to improve connectivity around Central Station.
- Upgrading the traffic light system in the city centre.
- Ongoing investments on the North Bank of the Tyne.
- Continuing the development of Science Central with our partners, including putting in place the infrastructure for the next phase and the delivery of a district heating centre.

The council has received revenue through the enforcement of bus lanes in the city, and will be engaging with the public on plans for that funding during 2017. The money can only be spent on the administration of the lanes, and on projects that improve our city's highways.

### 3.2 Attracting new businesses and jobs

As well as investing in the infrastructure the city needs, we are continuing to invest in specific developments sites aimed at attracting new businesses and jobs to locate in the city. Over the past year we have:

- Secured Legal & General as a long-term investment partner for Newcastle Science Central, one of the biggest urban regeneration sites in Europe, unlocking a further £300 million investment, and expected to lead to around 2,000 new jobs.
- Worked alongside Newcastle University to secure £15 million in Government funding for a new £30 million National Innovation Centre for Data, which will create a further 1,000 jobs in our booming digital sector.
- Secured 23 new investment projects and created or safeguarded over 450 jobs through our support in Invest Newcastle, alongside 600 new jobs created through Convergys' investment in the Rocket building in Stephenson Quarter, and nearly 400 new jobs at the North Bank of the Tyne.

#### City Success – Science Central

Science Central, located on the former Newcastle Brewery site, is the new urban quarter for the city which we intend to be an exemplar of sustainable urban development. The site will become Newcastle's landmark location for science, business, living and leisure, delivered through a dedicated partnership between Newcastle City Council and Newcastle University.

It spans 24 acres of prime city-centre development land and is one of the biggest urban regeneration sites in Europe, set to create over 4,000 jobs, 500,000 square foot of office space and 450 new homes.

Our aim is to attract leading scientific and technology organisations into a mixed community encompassing a variety of research and development, educational, business and residential uses. This will help grow the city by attracting new businesses and creating new jobs, enhancing Newcastle's international reputation as an innovative, modern city and providing assets and expertise to enable high growth sectors to thrive in the region. The landmark building, The Core, opened in November 2014 and is already full to capacity, with The Key following in February 2016 providing the first research labs on-site for Newcastle University.

The past year has seen further major successes. In one of the biggest deals seen in Newcastle in decades the partnership has secured Legal & General as a long-term investment partner.

Legal & General have initially invested £65 million which will accelerate completion of two further buildings offering 200,000 square foot of Grade A office space, expected to create around 2,000 jobs, and will help unlock further investment in commercial and residential plots.

In addition the council and university have successfully made the case for £15 million in Government funding for a new National Innovation Centre for Data which will be located on the site. This will be Science Central's third national centre of excellence, alongside the National Innovation Centre for Ageing and the National Centre for Energy Systems Integration.

Together these investments form a major vote of confidence in Newcastle's economic future and show how the council, working with partners, can act as a catalyst for change in the city.

Over the next three years we will continue to prioritise bringing new jobs to the city, including through:

- Maintaining our funding for Newcastle Gateshead Initiative's highly successful Invest Newcastle inward investment activity, with the aim of attracting at least a further 400 jobs.
- Build on our track record in creating space for new businesses and attracting tenants to these sites with a further investment of at least £40 million in Science Central, East Pilgrim Street and the North Bank of the Tyne.
- Developing the next stage of the Science Central site, including construction of the Newcastle Laboratory building on Science Central to provide 7,571m<sup>2</sup> of high quality lab and office spaces for companies involved in the application and commercialisation of life sciences research and development activity. It is expected that this new cutting edge facility will help create 270 jobs over the next six years.
- Actively supporting the Airport Site B Development, within the land surrounding the airport identified as one of the North East's key employment locations, with potential to deliver 10,000 direct and indirect jobs, plus an additional 3,800 direct new jobs associated with the business park.

The Airport Dividend, a product of regional growth and strong stewardship of the airport, provides an example of the benefits to the council's long-term finances of investing in the city's economy. We will reinvest this dividend in attracting further growth to the city by establishing a £1 million Great North City Fund to attract major events which support the visitor economy and enhance the city's national and international reputation.

### 3.3 Championing good quality jobs and access to employment

Ensuring all residents of the city are able to access the employment opportunities created by a growing city is essential to our Working City plan. As one of the largest employers in the city, we have championed fair pay through our commitment to the Newcastle Living Wage, established and introduced by the leadership of Newcastle City Council on 1 November 2012 at the then prevailing Foundation Living Wage rate of £7.20 per hour. It was paid as an additional supplement to the nationally agreed pay scales. This action was based on the recommendation of the Living Wage Independent Advisory Panel commissioned by the council. This included a recommendation to implement a Living Wage for council employees and for this to be adopted by schools and voluntary sector partners where possible. Over 1,800 employees benefited as a result of this action including cleaners, kitchen assistants and school based supervisory assistants.

The current Newcastle Living Wage rate of £8.25 per hour already exceeds the Government's Statutory Living Wage of £7.20 per hour which was introduced in April 2016, and which only applies to employees aged 25 and over. The Newcastle Living Wage has no age criteria attached to it. As a council we have also worked with commissioned providers to understand how they handle a range of interrelated workforce pressures, including the living wage and zero hours contracts, and have increased our fee levels in response to the findings.

Alongside supporting job quality and opportunity for the council's own workforce, the council's support for Newcastle Futures has helped around 500 unemployed residents to find work in the city. This support is targeted on those who may find it hardest to access the workplace such as lone parents or the long-term unemployed. Ensuring the city's young people are supported in the transition from school or college to the workplace is particularly important. The council's capital investment programme and approach to planning conditions provides apprenticeships for young people across the city, alongside 85 apprenticeships provided by the council directly. In addition 145 young people from the city have been supported into work by the Generation NE programme so far this year.

The wider policy landscape for tackling worklessness is shifting. Although Government has imposed significant cuts on the Work Programme and Job Centre Plus, Government has also been willing to offer greater control and powers to local areas through devolution arrangements. The decision to leave the EU has implications for the future of European funding for employment and skills in the region, which could both pose risks to the level of resources whilst potentially offering opportunities in terms of increased flexibility. At the same time, new jobs are being created in the city, leading to a significant reduction in unemployment across all age groups.

In this context we plan a phased reduction in core council funding to Newcastle Futures, although it will continue to be supported through the Housing Revenue Account. This will enable Newcastle Futures to continue its work, albeit at a targeted level.

In parallel, we plan to undertake a fundamental review of worklessness and the role of the council and other partners in tackling it, looking to develop an integrated approach to the whole system of employment and skills, taking account of potential new opportunities. The council is also actively seeking alternative sources of support for Newcastle Futures work, and has worked with partners to secure provisional approval for funding from the EU's Community Led Local Development programme.

### **3.4 Making our city greener**

A clean, green, healthy city with efficient public transport will be a key element in attracting new investors and jobs. Our aim is to make Newcastle a carbon neutral city by 2050. We are investing in new flood defences for the city; trialling new traffic light systems to optimise traffic flow and improve air quality; and continuing to develop cycling infrastructure through the final phases of our £16.1 million investment programme. We will continue to 'green' the city and help people make the right choices over the next three years through:

- We will use delivery of our transport schemes support people in switching their commute to active routes such as walking and cycling.
- Continuing to reduce congestion and improve air quality.
- Take an aggressive approach to waste reduction and reduce the environmental impacts of our waste disposal through our planned waste strategy, and dedicating £1 million one-off funding to test approaches identified by the strategy and to support the resulting transition.
- Establishing a district energy systems and other low carbon energy solutions in our developments across the city.

## 4. Decent Neighbourhoods

We want Newcastle to be the best place in the UK to live. That means communities that are attractive and safe and where people, particularly the most vulnerable, get the help they need.

### 4.1 Housing

Having a home in a safe, attractive neighbourhood is a fundamental ambition for residents. The council is committed to ensuring suitable housing for local people. Between now and 2018-19, we will continue to invest in the council housing stock, undertaking the necessary replacement programmes, restructuring our housing offer and building new properties. Our ambitious Local Development Framework will enable around 3,000 new homes in the city over the next three years, enabling us to attract new families and talent to the city. The council continues to bid for and secure external funding to support expansion of extra care housing as an alternative to institutional care, and to provide specialist properties for individuals and families who experience disabilities and diversify tenure options. The council has been awarded £11.8 million capital investment by the Homes and Communities Agency from the national 2016-2021 programme, the largest allocated in the North East and significantly higher than other core cities across the UK. We will also use an additional contribution from the recent Airport Dividend to contribute to the delivery of our ambitious housing programme.

New homes in the city also help the council financially through extra Council Tax payments, New Homes Bonus and payments by developers through the Community Infrastructure Levy in some areas. We are also exploring how to increase the level of return on land which we own and will be used in the future for new housing. In addition to new homes, the council continues to support owners of vacant properties to return them to occupation through a dedicated grant and loan scheme.

The Government's response to the challenge of ensuring everyone has the home they need is geared to London and the South East of England. Here in Newcastle, their approach risks constraining the council's ability to invest in new and existing housing through reducing income and imposing a new levy of uncertain size on the Housing Revenue Account, to fund Right to Buy elsewhere. Capping of housing benefit rates to align with the Local Housing Allowance will cause further hardship to council tenants. To prepare for these, the council and Your Homes Newcastle have established a joint working group to identify the scale of the challenge and scope options for mitigation, including further efficiencies through joint working. We will consult tenants on these issues as the Government makes further detail available.

Newcastle is fortunate to host two universities and a further education college. Their continued growth and success helps to support the local economy. However, meeting the accommodation needs of the student population and existing communities can be challenging.

The council has been operating a successful policy since 2011 to seek to control the growth in the shared student houses, known as houses of multiple occupation (HMOs). In the last few years, we have seen a significant increase in the growth of purpose built student blocks in the city centre, and we are currently looking at the impacts of these developments on the urban core and existing communities.

## 4.2 Parks and culture

Newcastle's vibrant city centre, rich cultural life and green spaces are key assets for the city. Over the past year, the city has continued to attract exciting events including hosting the second consecutive year of Magic Weekend, following the success of the previous year as well as the Rugby World Cup in 2015. More recently NewcastleGateshead has been selected to host the Great Exhibition of the North in 2018. Creative engagement programmes which ensure that the residents of all neighbourhoods have access to a broad range of cultural activity that continue to flourish and attract third-party investment.

Transfers of leisure assets to new partners have proved a success: the City Hall is now managed by Newcastle Theatre Royal Trust, the refurbished City Pool due to re-open in spring 2018, and the future of most of the council's leisure estate has been secured at significantly reduced cost, through transfer to North Country Leisure. These examples show that a vibrant cultural scene does not need to be wholly dependent on the council: through early stage investment and promoting and championing the city, the council can bring in new partners to take on and grow cultural assets.

### City success: new approaches to leisure assets

The council's three year budget for 2013 to 2016 set out the need to transfer responsibility for many of the city's parks and leisure assets to alternative managers. These proposals understandably raised significant concerns at the time. However the strong response from community, voluntary and private partners across the city has enabled the overwhelming majority of facilities to be maintained or enhanced through involvement of new operators. Management of Eldon Leisure, the Gosforth, West Denton and East End pools, the All Saints Sports Centre, Centre for Sport and Walker Activity Dome have all passed to North Country Leisure (NCL), a not-for-profit charity based in the North East, in partnership with Greenwich Leisure. North County Leisure is committed to investing further in these sites and attracting more visitors to add to the range of experiences available. The City Hall and City Pool have been leased to Fusion Lifestyle Ltd, who have sub-leased the City Hall to the Newcastle Theatre Royal Trust. This will enable City Hall's continued use as a concert and entertainment venue alongside the Theatre Royal, with a joint Box Office and programming ensuring a great range of top shows across the two venues. The City Pool building will be renovated, including restoration of the historic Turkish baths, to create a new health and wellbeing destination for visitors and residents, which is expected to open in Spring 2018.

These great outcomes for leisure in the city show how working with partners to resolve the financial challenges we face can lead to new and better solutions. Over the next three years, the council will explore whether the transfer of other assets to new management would be appropriate, including the Baltic 39 contemporary art and creative industries facility and potentially a new model to sustain the city's parks.

The ongoing budget pressures on the council mean that over the coming years we will need to continue to seek new partners or approaches to supporting the city's leisure and cultural assets:

- The council will continue to fund Tyne and Wear Archives and Museums (TWAM) to run the Laing Art Gallery and Discovery Museum in the city and maintain council archives. TWAM are highly regarded museum custodians delivering strong value for money; council funding enables TWAM to secure match-funding from Arts Council England, and the museums have also succeeded in doubling commercial income over the past four years. Over the coming three years, council financial support for TWAM will reduce in expectation of further commercial income. The museums will remain free for all visitors.
- The Baltic 39 contemporary art and creative industries facility provides incubator, studio and gallery space, and acts as a hub for the contemporary visual arts within the city. The building is owned by the council and is managed in partnership with BALTIC Centre for Contemporary Art, anchor tenants Northumbria University and the Stand. The gallery is licensed to BALTIC. The centre is now well established, with 85% occupancy and a thriving gallery. The council is exploring new ownership and management arrangements, and financial models which will enable the facility to continue to develop and thrive.
- Over the past few years, Newcastle Gateshead Initiative's (NGI) destination promotion arm, which markets the city as a tourism and convention destination, has been highly successful. This activity has helped support and grow the tourism sector, now worth £1.3 billion to the local economy. This success has also enabled NGI to generate further income from private sector member organisations and through commercial activities. We will make a further modest saving in our contribution to the destination marketing arm of NGI, working with them to explore alternative funding and new ways to market the city.
- Parks are another area where a different model of support, built around community involvement and community needs, may be the best means to maintain parks for the long term. The council is working collaboratively with the National Trust, Social Finance, Sheffield and Liverpool councils, and health partners to develop a new approach to management of parks - ideally through a new social enterprise with mutual values - which will sustain these as assets for the city for the long-term, and potentially act as a template for other authorities to follow.
- Difficult issues remain – the consultation process showed considerable concern at withdrawal of council support for Kenton and Newburn leisure centres announced last year in the 16-17 budget.

The council will continue to work with both organisations to support development of business plans which would enable the centres to be financially sustainable without council support.

Newcastle's strong tourism and culture offer support an extensive visitor economy and vibrant events programme. Maintaining and enhancing the city's status as a globally attractive city will be increasingly important as the UK transitions to a new set of international trading relationships. The council will therefore dedicate £0.9 million of the one-off funds received from the Newcastle Airport dividend to a new Great North City Fund to attract major sporting and cultural events such as the 2015 Rugby World Cup. Events of regional, national and international significance raise the profile of the city and support thousands of jobs and boost the local economy. Events can also help create desirable and sustainable communities by promoting integration, health and well-being. The fund will be targeted at new events which will enhance the city's current programme, bring long-term benefit to the visitor economy, and simultaneously providing a wide spectrum of social and community benefits and a lasting legacy.

### **4.3 Community service hubs**

The council's customer service offer is in transition from a traditional face to face model to a more modern, flexible digital offer. This transition will continue over the next three years, with new digital services being developed and rolled out, enabling residents to access services when and how it suits them best.

Face to face contact will continue for those with the most complex needs, but how this is delivered will need to change. Budgetary constraints mean the network of libraries and customer service centres across the city cannot be sustained in its current form. However, the council is not the only partner to be facing financial challenges. Our vision is to work together with public, voluntary, community and business partners to develop 'one stop shop' local hubs bringing together information and services from a range of partners in one place.

These hubs will be built around the traditional core values of the public library service – equal access to information; traditional and digital literacy support; safe and neutral space; and expert guidance.

As well as saving time and effort for residents, this approach will enable local partners to work together more effectively for the needs of their community. For example, local primary care services co-located with voluntary groups and council staff would allow GPs to develop new approaches to social prescribing, or enable council staff to signpost residents to community groups able to support them. By working together with partners in this way, we are confident we can share the cost of continuing to provide face to face contact and services, and a strong community presence across the city, albeit in a new way.

These community service hubs will also enable the council to take a new approach to community development.

The council's communities team will play a key role in transition to the new model, working with wards and communities to ensure service hubs respond to individual community needs. Over time the team would move to be based in key hubs, working with local people and partner organisations to increase active citizenship and build more resilient and sustainable communities.

We plan to implement the community service hubs and any changes to services by 2019-20. Throughout 2017 we will embark on a consultation process with residents, members, stakeholders and potential partners to work through what the model could be. Information gathered through this exercise will be used to help further develop the proposal and draft an impact assessment.

#### **4.4 Local services**

Newcastle produces significant quantities of waste – more per resident than some other UK cities. To address this we will develop a new waste strategy involving a fundamental review of how we reduce, process, use and dispose of the city's waste. By working with communities to support people to produce less waste and recycle more waste, we will be able to make savings in costs of collection and disposal by 2020. We will also review our waste disposal sites and processes to reduce the amount of waste we send to landfill, and look to commercialise waste streams wherever possible, contributing to our objective of becoming a zero carbon city by 2050.

Over the past few years Newcastle has modernised and updated our environmental services to maintain the city to a high standard, including continuing to improve efficiency through IT tasking and tracking technologies and generating income wherever possible to support services. The council's residents' survey shows that over the three years from 2012 to 2015, resident satisfaction with their local area, the way the council runs things and the value for money provided by the council have all increased.

Collecting and disposing of waste from homes, businesses and public bins across the city takes up the majority of resources in environmental services. There is limited scope for further efficiencies through IT or changes to working practices. Our waste strategy will enable us to further improve efficiency and achieve better environmental outcomes by addressing both the quantity and type of waste produced in the city.

Achieving the transformative change in waste production and disposal envisaged by the waste review will not happen overnight. In the interim while the waste review is ongoing, we will build on previous successful approaches to improve efficiency in waste collection. Communal bins will be rolled out in further areas of the city where appropriate. This will make it easier to recycle, improve the appearance of back lanes and allow them to be serviced more effectively.

We will also dedicate £1 million to test approaches identified by the waste strategy and to support the resulting transition.

Part of achieving a shift to a low-waste city will be to get tough on the small minority of residents who dump rubbish illegally, through re-deployable CCTV coverage of problem areas and taking enforcement action where appropriate.

This greater enforcement action will form part of a wider shift to require homeowners and landowners to take greater responsibility for the condition of their own properties, for example through stopping cutting grass on non-council land.

Last year's budget explained that the council has no statutory duty to provide school crossing patrols, with parents or carers responsible for ensuring their children reach school safely. It set out then the risk that the council might no longer be able to continue providing school crossing patrols, except in those areas formally assessed as being high risk, and explained our intention to seek alternative sources of funding from schools and sponsors. Unfortunately no funding has yet been forthcoming, so the council is now obliged to end funding for all but two crossings, therefore we will be withdrawing patrols from 53 sites at the end of the school year.

Children's safety remains of paramount importance. In preparation for this change, the council has conducted a risk assessment of all school patrol areas, in addition to seeking alternative sources of funding from schools and sponsors. Our assessment of the existing 55 school crossing sites across the city shows that only two are classed as high risk.

A number of crossings are on existing zebra crossing or traffic light controlled crossings. Some infrastructure changes are required due to developer agreements and the installation of new cycling facilities. The Road Safety Team will continue to work with the schools and communities.

We will also continue our investment in a range of road safety training and education initiatives for schools. A programme of engagement will be undertaken between now and the end of the school year to ensure support if provided to schools, parents and carers in advance of the removal of these patrols. The Road Safety Team will continue to work with interested parties who wish to support the school crossing patrol service and road safety initiatives.

We understand that the withdrawal of this valued service will be a concern, and this has been clear through the feedback we have received through consultation. The council has excellent relationships with schools regarding road safety, providing training to children of all ages, liaising on highways issues and working with schools to develop school travel plans.

## 4.5 Adult Social Care

Caring for older and vulnerable adults in our community is key to building the decent neighbourhoods we want for the city. Over the past few years we have been forced to increase the targeting of our services and do more to help people help themselves, in response to Government cuts. The situation is set to become still more acute.

Here in Newcastle, the social care precept imposed by Government to make up for their underfunding of social care will raise around £2.6 million a year – yet this is less than a half of the additional cost burden of the national living wage in 2017-18, let alone the extra costs associated with the growing needs of an ageing population. Nevertheless, we are determined to make the budget reductions we need to make in adult social care in a fair way, shielding the most vulnerable wherever we can, and using our evidence-led approach to ensure that services are focused on what works, with successful innovations in one area of social care being rolled out to another. Use of the People’s Budget simulator endorsed this approach, with respondents generally imposing the smallest budget reductions in adult and children’s social care.

Over the three year plan period we will:

- Improve information, advice and self-service support to individuals and their carers to reduce the numbers requiring direct support from council services. For example, initial testing of the ‘My Equipment Newcastle’ online portal to help people identify the equipment they need to stay well at home, has already led to a 14% reduction in referrals for new adaptation equipment.
- Invest in new, purpose-built accommodation for adults with learning disabilities, autism and complex needs, working with individuals and their families to design the new facilities. This will enable us to make savings by delivering care more effectively.
- Ensure high quality, person-centred care for older people with mental health problems such as dementia by developing new ‘extra care’ housing as an alternative to residential care for those who do not need such intense support. Alongside this, we will work with health partners to secure the future of the Byker Lodge specialist dementia care services for at least a further two years, allowing time for work with health partners to identify a sustainable long-term solution.
- We have responded to concerns raised on the impact of our proposals on carers by maintaining the Carer’s Support Allocation, and boosting the NHS Carer’s Wellbeing Fund to support carers who may not be eligible for a Carer Support Allocation, both for a further two years. We will also work to ensure that new systems to support carers in their caring role are developed and implemented within this timescale.
- Ensure we provide the ‘right care at the right time’, providing support packages which flex as individuals needs evolve. This will involve a dynamic review of support packages to ensure that needs are met at the best of times, with contingencies in place to support people in more difficult times, extending this approach from adults with learning disabilities to adults with more complex needs.

- Work with health partners to provide better integrated services to those needing support from both the health and care system. This will include reviewing our support for those at risk of requiring hospital admission or returning home from a hospital stay, to help people stay independent and safe at home.

## 5. Tackling inequalities

Tackling inequalities in wealth, health and opportunity is key to our city's future – growth that is unequally distributed will not be sustainable in the long-term. There is increasing recognition nationally of our approach, with growing consensus that growth cannot be tackled in isolation from inclusivity and equality. Intervening early to tackle problems before they escalate is a key component of our approach. Overall, we are tackling inequalities through our work in children's social care, through education and skills, through our Life Chances programme including the Active Inclusion Newcastle partnership approach, and through public health.

### 5.1 Children's social care

Over the past few years we have been implementing our ambitious transformation programme for children's social care: intervening early to reduce demand, and targeting social work interventions on the needs and characteristics of each family, supported by rigorous use of data. Over the three year plan period, we will continue this approach of reducing the need for and intensity of support through identifying and resolving problems earlier by:

- Redesigning our Initial Response Services to improve links with Early Help services in order to reduce the need for referrals in to social care.
- Improving our approach to 'Child in Need' referrals to support children and families in resolving problems and reducing the need for more intensive support.
- Working with a range of specialist services to identify parents in need of support, in order to get families off to a good start and reduce the risk that more intensive social care support could be required later.
- Working with our Clinical Commissioning Group partners to ensure the needs of vulnerable children are prioritised for mental health support through the Expanding Minds and Improving Lives programme.
- Reviewing placements to identify changing circumstances and the capacity of families to reunite, reducing the risk of placement breakdown but also avoiding providing more intensive support than is needed.
- Matching our resourcing to the anticipated reduction in numbers of children in care due to children ageing out of the system and the impact of our early intervention approaches.

At the same time we will invest in a transformational programme to ensure every child in our care has a safe place to live, releasing savings over the long-term, by:

- Bringing looked after children currently cared for outside Newcastle back to the city. We will do this by investing in building up fostering capacity in the city - known to give the best outcomes for children in many cases – avoiding more expensive interventions.
- Investing in our existing children's homes and building an additional dedicated residential unit for children with complex needs. This will enable us to again improve the quality of care we provide, and avoid out of area residential care which may take children far away from family and friends.

Alongside these new facilities for young people we will work with Your Homes Newcastle to develop a new approach to housing placements for young people aged over 16, ensuring they can remain in the city close to their support networks while preparing for independence.

## 5.2 Inclusion

Everyone deserves a fair chance to live a happy and productive life. Yet we know that some people face barriers to this, particularly due to experiences in childhood and youth that affect lifelong outcomes. Based on our recent research that has generated national interest, our Life Chances programme aims to address these barriers - both because addressing inequality is one of our political priorities, and because improving outcomes across the life course means we can save money on responding to and preventing crisis. Our Life Chances programme includes projects across the life course, examining and transforming:

- early years services
- early help for families, to reduce the need for involvement of children's social care
- early intervention during the school years and to support transition to adulthood
- services for excluded adults
- our response to welfare reform.

Our response to welfare reform is built on a well-developed partnership approach: the success of Active Inclusion Newcastle is set out in [see City success – Active Inclusion Newcastle on page 21]. A further example of the city's inclusion approach in action is The Skill Mill social enterprise, established in 2013 to support and rehabilitate young offenders and already attracting national and international interest

### City success: The Skill Mill

The Skill Mill was formed as a social enterprise in September 2013 with the aim of reducing repetition of criminal behaviour among young offenders, supported by a range of public and private sector partners including the Environment Agency, Northumbrian Water Ltd, The Esh Group, Northumbria University, Tyne Rivers' Trust, Northumberland Wildlife Trust, Royal Haskoning DHV and Transmit Enterprise Community Interest Company, alongside Newcastle's Youth Offending Team. The Skill Mill provides flood and land management services such as watercourse clearance and habitat management, reducing flood risk and improving local environments. Young ex-offenders who have completed reparations to the community undertake six months paid work with The Skill Mill, providing practical experience and the opportunity to gain a nationally recognised qualification and progression into further employment in the wider labour market.

By providing high quality work of value to communities, The Skill Mill aims to increase engagement, participation and employability of the young people involved.

A recent evaluation by Northumbria University found that The Skill Mill participation significantly reduced the number of offences committed by young people, and concluded that the initiative had a strong positive impact on the ability of young ex-offenders to desist from crime. The success of the model has already led to the establishment of Skill Mill teams in Leeds, Liverpool and Tallinn, Estonia.

Over the course of this three year plan we will:

- Work with the NHS to make sure that our collective resources are used to best effect, ensuring an amazing start for city's children.
- Support public and voluntary sector partners to embed our new Early Help Assessment to ensure coordination and added value for families needing help, and to safely reduce the need for children's social care involvement. This will build on evidence-based interventions such as Multi Systemic Therapy, Parent Infant Partnership, Parents Under Pressure, Pause, signs of safety and closer working with adult services to deliver a whole family model of intervention. Together this should impact on the demand for social care services, safely reducing it.
- Build on our nationally recognised analysis on what contributes to young adults becoming not in education, employment or training (NEET) to understand how we and our city partners can develop more holistic interventions to help young people avoid poor long term outcomes such as homelessness, unemployment and offending.
- Establish a new £1 million Life Chances Fund with the aim of securing lasting change in the lives of residents in the most deprived communities of the city.

Our original proposal to reduce spend on crisis response, would have resulted in fewer bed spaces in services for people at risk of exclusion and homelessness. The consultation process revealed significant concern about this change. Over the period, the direction of Government's future policy on supported housing has also become clearer, with a commitment to devolve some funding that is currently housing benefit to councils from 2019-20. We will therefore withdraw our original proposals. Instead we will use the flexibility offered by the one off Adult Social Care Grant provision, and work with providers to increase revenue from other income streams. This will allow bed space numbers to be maintained at current levels through to 2019, with implementation of any new approach postponed until funding is devolved in 2019-20.

### 5.3 Education

There are major changes happening in national education policy and a lot of uncertainty about the future role of local authorities in education, and in future levels of funding for schools and councils. Further Government consultation and legislation expected in the near future.

The Government's education White Paper was abandoned in summer 2016 and, to date, there has been no confirmation of what local authorities' future role and responsibilities for education are. However a recently announced grant to local authorities to carry out some school improvement functions, indicates that there is a growing realisation by central Government that a school and academy-led education system is not yet possible.

The Newcastle Schools Forum have agreed to fund a number of key areas of education provision where the central Government grant had ceased. This will enable the council to maintain sufficient staff to provide a number of the duties that it currently carries out on behalf of schools. However, there is still a shortfall in the education budget which can only increase as central Government's funding to councils to support education is reduced, and more schools convert to academy status and their funding, previously with the council, follows them. The current and proposed levels of Government funding for children and young people with special educational needs and disabilities has failed to keep pace with the growing demands made on this high needs budget and, as a consequence and necessity, the council is extensively reviewing this budget in order to provide evidence to respond to the forthcoming Government proposals. We must look to reshape our provision and services to meet the sharply rising special needs, while keeping within the available resources for the future. What is clear, however, is that in future, the Department for Education will take the decisions affecting the council's education finance rather than the local Newcastle Schools Forum.

Ensuring young people across Newcastle have the opportunity to fulfil their potential remains a priority and is essential to the city's future. This means making sure that all children and young people have access to high quality education that will provide them with the knowledge and skills to secure employment and be active and responsible citizens. In order to achieve this, there are a number of key educational challenges that have to be tackled in the city:

- We need to increase the rate of attendance in our primary schools as it has been below the national average for a number of years. The council will refocus its work with schools to ensure that they are fully supported in their attempts to raise primary school attendance in the city.
- We need to improve both pupil attainment in our secondary schools as measured by the GCSE examination, and improve the academic progress that pupils make as they move through their secondary years. Both of these have been broadly average or lower in recent years, and need to be better if all of our pupils are to have the best possible opportunity to succeed in adult life.
- We need to increase the number of 19 year olds in the city who have a Level 3 (A-level or vocational equivalent) qualification. The number of young people in Newcastle with a Level 3 qualification is currently significantly below the national average, which puts them at a serious disadvantage when either looking to progress to higher education or entering employment.

Our primary schools have been particularly academically successful in 2016. By the end of their Reception year, 69.6% of our five year olds had achieved the national indicator of 'a good level of development', which was just above the national average and was a 9% improvement on the 2015 figure. By the end of Key Stage 1 in 2016, performance by Newcastle's seven year olds generally matched the national average in each of reading, writing and mathematics. Performance in Key Stage 2 was particularly strong with 57% of 11 year olds achieving the expected standard in each of reading, writing and mathematics, which was 4% above the national average. Progress through Key Stage 2 from age seven to 11 was also above the national average in each of these subjects, leading to Newcastle's primary school outcomes being some of the highest in the country.

Performance at GCSE in Newcastle's secondary schools overall was disappointing, although some individual schools once again posted excellent results. The proportion of 16 year olds gaining five good GCSE passes, including English and mathematics, was 56%, which was below the 2016 national average of 57.4%. Two new measures of pupil achievement at age 16, Attainment 8 and Progress 8, were introduced in 2016. These are seen as a fairer measure of pupil achievement as they take pupils' starting points at age 11 into account, when measuring both progress and attainment. Newcastle's Attainment 8 score of 48.6 is below national average (49.9). The Progress 8 score for Newcastle (-0.07) is just below the national average (-0.03). As both of these are new accountability measures, there is no comparative data with 2015.

OFSTED outcomes for schools in Newcastle continued to be strong in the academic year 2015-16, although only a small number of schools were inspected. Schools have generally found the OFSTED inspections carried out in the autumn term 2016 more challenging. However, a number of them have dropped one or two inspection grades when compared to their previous OFSTED inspection. With substantially less funding available from Government to enable local authorities to support schools in their area, the council is working closely with the schools in the city to develop strategies that will enable schools to both support and challenge each other, with the council fulfilling its statutory responsibility of identifying and working with those schools who need it most.

We want to ensure that all young people get a fair chance to use their talent. Increasing proportions of young people aged 16-18 are remaining in education or progressing to employment or training. To support this, the Newcastle Bursary scheme provides financial help to young people who face financial barriers in continuing their studies, in return for a commitment by young people to agreed standards of behaviour and attendance. Over the past year, 269 young people in Newcastle secondary schools or academies received Bursary funding. The challenge now is to ensure that, having decided to remain in education or progress to employment or training, many more of our young people achieve good Level 3 qualifications at age 19 that will help them prepare for adult life.

Capital investment in Newcastle schools continues, including the expansion of nine good and outstanding schools to create places for the growing pupil population.

We are instigating an investment programme of around £80 million in new and expanded schools to support housing growth in the west of the city. In addition, the significant growth in the number of schools in Newcastle converting to academy status; the development of a University Technical College in the city; the continuing growth of the existing free schools and the expectation of more to come, all highlight the range and diversity of Newcastle's educational provision. The challenge for the council is to ensure that, throughout all this dynamic change, the children and young people of the city receive a world-class education that will stand them in good stead for the rest of their lives.

#### **5.4 Public health**

We are determined to tackle the social gradient in health and wellbeing which means that healthy life expectancy can vary by as much as a decade between different parts of the city. Newcastle's vision of public health is one that improves the health of the whole population, while narrowing the gap across the city and with the rest of the country. Public health is integrated into our decisions on planning, transport and parks to ensure Newcastle is a city which supports people in making choices which improve their health – for example, we already invest public health funds in our parks and leisure services, and we aim to develop their function with a focus on delivering greater wellbeing benefits.

Over this three year plan period, we will take the opportunity through re-commissioning of services to increase the efficiency and cost effectiveness of school nursing and health visiting, drugs and alcohol support and in sexual health services, aiming to make significant savings while maintaining levels of service.

We currently work with specific communities within the city to support them in accessing appropriate health care services. We believe that by working with the NHS and community groups to improve understanding of mainstream health care providers of the needs of specific groups, we will be able to establish a service that is fit for purpose while reducing costs.

Working closely with our partners in the NHS, we propose also to develop provision in the city for 'secondary prevention' – that is, alternative approaches to treatment and help for people with established medical conditions such as heart disease, diabetes and stroke. Our aim is to integrate these with communities, established services and the voluntary and community sector so that they can work in synergy with general health improvement.

## 6. A fit for purpose council

A fit for purpose council underpins all our work. We are a cooperative council: financially responsible, efficient, customer-focused, creative and collaborative in all that we do.

### 6.1 A commercial approach

The council is legally obliged to balance the books each year and keep certain reserves against future contingencies. Despite facing some of the highest funding reductions in the country, Newcastle has maintained strong financial stewardship over the past five years. Our more commercial approach of putting the council's assets and expertise to work where possible, and being ambitious in pursuit of external funding opportunities have contributed to this. Over the past few years Newcastle has succeeded in securing over £70 million in additional grants for specific projects, as well as over £10 million a year in new commercial revenues. The city has also over-delivered on its asset sales programme, raising a total of £64 million for reinvestment against an initial target of £50 million.

Over this three year plan, the council will continue to raise revenue through commercial activities and make our assets work harder for us. We will ensure our trading services deliver a fair return for the council, by making sure that charges cover the full costs to the council of providing a service, and reflect current market conditions. In addition we will continue to review the council's assets to ensure all are put to best use for the city, taking account of community and social value as well as financial return. To support this work we will develop a new set of criteria to determine whether assessing things we own bring benefit to communities or income for the council, or if disposing of them and reinvesting the proceeds would bring greater benefits. The criteria will be incorporated in the council's next capital investment plan.

### 6.2 Shared services

Over the past four years the council has reduced the costs of central services such as finance and HR by over 50% through consolidation of functions and adopting new systems. To achieve further savings the council will pursue opportunities to share services, where this is in the best interest of service users and based on a sound business case. Our focus at present is on sharing with other public sector partners. Ensuring a shared service develops into a stable, long-term partnership with benefits to all takes time; some potential partners will be limited in their scope to share through existing contractual arrangements with external providers, while others may have different service requirements which would add complexity to joint arrangements. The council is actively progressing targeted discussions with partners in a number of service areas including sharing financial services and the associated ICT with Northumberland County Council, with the aim of saving around 10% of the costs of these services by 2020.

The council is also making savings through sharing services and reducing office accommodation through its investment in the civic centre and wider corporate estate.

This creates space that will generate new rental revenue from sharing facilities with other public sector partners and potentially create new jobs, as well as enabling an additional £32 million savings over the next 25 years. The council has already secured ACAS, Northumbria Police Occupational Health and the Insolvency Services as tenants, and we are confident that further major tenants will be secured.

### **6.3 The impact on our staff**

The size of the council has reduced from 9,954 contracted employees in 2010 to 6,599 in 2016. One third of our employees have left the organisation in that time. It has been a very difficult time for council staff, with many facing uncertainty about their future, and others experiencing considerable change and new responsibilities. This will not change in the foreseeable future. Our employees are proud of their work and continue to provide high quality services, and make a real difference to Newcastle. They have shown remarkable resilience and are playing an important role in helping the council to innovate and transform our services and change in the face of financial challenges. They remain great staff, doing great things for a great city.

In an effort to save approximately £2.5 million, protect front line services and keep job losses to a minimum, the council reluctantly took the difficult decision to enter negotiations with our trade unions to explore some changes to premium payments. The proposals would have involved ending premium payments for weekend working and shift allowance, replacing these with plain-rates of pay. The night premium would have been retained but this would start at 10pm rather than 8pm. It was expected that the proposals would affect approximately 1,800 employees, amounting to about 30% of the workforce.

As part of the consultation process, the council examined a range of alternative options to mitigate these proposals. Significantly, the announcement in the Chancellor's Autumn Statement of a lower than anticipated increase in the Statutory Living Wage rate reduced cost pressures in social care. In addition, it was announced that the pension fund had recently been performing better which resulted in improved repayment terms. A senior management review also proposed an organisational restructure with associated reductions in management posts resulting in further budgetary savings. These savings along with revised financial forecasting have helped mitigate the proposed reductions in premium payments.

Unfortunately our financial pressures mean that further job losses are inevitable in the year ahead. Our latest estimate is that around 100 full time equivalent posts will be lost in the next year. The council remains committed to avoiding compulsory redundancy wherever possible, and has an excellent track record in supporting staff through change and those at risk of redundancy. Positive relationships with our trade unions remain an essential element of effective change, and we will continue to work closely and constructively with our trade unions to support their members through these challenging times.