



North Tyneside Council

# Cabinet

## (Extraordinary Meeting)

31 January 2020

**Monday, 10 February 2020** 0.02 Chamber - Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY **commencing at 6.00 pm.**

### Agenda Item

Page(s)

1. **Apologies for Absence**

To receive apologies for absence from the meeting.

2. **To Receive any Declarations of Interest and Notification of any Dispensations Granted**

You are invited to **declare** any registerable and/or non-registerable interests in matters appearing on the agenda, and the nature of that interest.

You are also invited to **disclose** any dispensation in relation to any registerable and/or non-registerable interests that have been granted to you in respect of any matters appearing on the agenda.

Please complete the Declarations of Interests card available at the meeting and return it to the Democratic Services Officer before leaving the meeting.

3. **2020-2024 Financial Planning and Budget Process: Consideration of Scrutiny Recommendations on the Cabinet's Proposals**

5 - 18

To consider any recommendations of the Overview and Scrutiny Budget Study Group following their review of the Cabinet's 2020/21 final budget proposals.

4. **Date and Time of Next Meeting**

Members of the public are welcome to attend this meeting and receive information about it.

North Tyneside Council wants to make it easier for you to get hold of the information you need. We are able to provide our documents in alternative formats including Braille, audiotape, large print and alternative languages.

For further information about the meeting please call (0191) 643 5320.

Monday, 24 February 2020 at 6.00pm.

**Circulation overleaf ...**

**Circulated to Members of Cabinet: -**

N Redfearn (Elected Mayor)  
Councillor B Pickard (Deputy Mayor)  
Councillor G Bell  
Councillor C Burdis  
Councillor S Cox  
Councillor S Day  
Councillor P Earley  
Councillor R Glindon  
Councillor C Johnson  
Councillor M Hall

**Young and Older People's Representatives and Partners of  
North Tyneside Council.**

This page is intentionally left blank

## North Tyneside Council Report to Cabinet Date: 10 February 2020

**Title: 2020-2024 Financial Planning and Budget Process: Cabinet's Draft Budget and Council Tax Requirement Proposals**

### **Budget Scrutiny Sub-group report to Cabinet**

---

<b>Portfolio(s):</b>	<b>Elected Mayor</b>	<b>Cabinet Member(s):</b>	<b>Mrs Norma Redfearn</b>
	<b>Finance and Resources</b>		<b>Councillor Ray Glindon</b>
	<b>Housing</b>		<b>Councillor Steve Cox</b>

---

**Report from Service Area:** **Senior Leadership Team**

**Responsible Officer:** **Janice Gillespie, Head of Resources (Chief Finance Officer)** **Tel: 643 5701**

**Wards affected:** **All**

---

### **PART 1**

#### **1.1 Executive Summary:**

The purpose of this report is to provide Cabinet with any recommendations made by the Budget Scrutiny sub-group in relation to Cabinet's Final Budget Proposals as part of the 2020-2024 Financial Planning and Budget Process.

This report should be viewed in conjunction with its report to Overview, Scrutiny & Policy Development Committee of 13 January 2020.

#### **1.2 Recommendation(s):**

1.2.1 Cabinet are recommended to note the report.

#### **1.3 Forward Plan:**

Twenty eight days' notice of this report has been given and it first appeared on the Forward Plan that was published on 23 December 2019.

## **1.4 Council Plan and policy framework:**

- 1.4.1 The Budget and Policy Framework Procedure Rules are set out in Part 4.7 of the Authority's Constitution. The Budget is guided by paragraph 4.7.3 covering the process for the preparation, consideration and final approval of the Authority's Council Tax requirement and Council Tax level. The statutory and constitutional requirements for preparing, considering and approving these issues drive the timetable for the Financial Planning and Council Tax setting process of the Authority.
- 1.4.2 The development of the Financial Plan and Budget has followed the same timetable as in previous years. The proposals have been presented to Overview and Scrutiny during the course of the Budget setting process.
- 1.4.3 The Financial Planning and Budget process is a fundamental part of the overall governance and assurance framework of the Authority. This in turn provides assurance that is considered as part of preparing the Annual Governance Statement each year.

## **1.5 Information:**

- 1.5.1 The Budget Scrutiny sub-group met on 16 December 2020 where the Head of Resources and Senior Officers presented the 2020-2024 Financial Planning and Budget Process: Cabinets Initial Budget proposals.

The sub-group reported its views to Overview, Scrutiny & Policy Development Committee at its meeting on the 13 January 2020, which were then considered by Cabinet at its meeting on 3 February 2020.

Overview, Scrutiny & Policy Development Committee at its meeting on the 13 January 2020, gave delegation to the Budget Scrutiny sub-group to make any further recommendations to Cabinet as a result of its meeting on the 4 February 2020. Any recommendations were to be put forward to Cabinet at its meeting on 10 February 2020.

## **1.6 Decision options:**

- 1.6.1 The following decision options are available for consideration by Cabinet:

### Option 1

Cabinet to note the report from the Budget Scrutiny sub-group.

### Option 2

Cabinet can disagree with the report.

Option 1 is the recommended option.

## **1.7 Reasons for recommended option:**

- 1.7.1 Option 1 is the recommended option as the Budget proposals have been worked through with all Cabinet Members and have taken due consideration of the Budget Engagement suggestions. The reasons for recommendations are mainly legal in nature, as stated in paragraphs 2.1 and 2.2 of this report.

## **1.8 Appendices:**

Appendix A: Report of the Budget Scrutiny sub-group of the Overview, Scrutiny and Policy Development Committee

## **1.9 Contact officers:**

Janice Gillespie, Finance Service  
Tel No 643 5701

Claire Emmerson, Finance Service  
Tel No 643 8109

Cathy Davison, Finance Service  
Tel No 643 5727

Amar Hassan, Finance Service  
Tel No 643 5747

Jacqueline Laughton, Corporate Strategy  
Tel No 643 7070

Bryn Roberts, Law and Governance  
Tel No 643 5339

## **1.10 Background information:**

The following background papers and research reports have been used in the compilation of this report and are available at the offices of the author:

- (a) Overview, Scrutiny & Policy Development Committee – Budget Scrutiny sub-group report, 13 February 2020

<https://democracy.northtyneside.gov.uk/documents/s2016/Budget%20Sub-Group%20report%20Jan%202020.pdf>

- (b) 2020-2024 Financial Planning and Budget Process: Cabinet's draft Budget proposals, Cabinet 3 February 2020

<https://democracy.northtyneside.gov.uk/documents/g373/Public%20reports%20pack%2003rd-Feb-2020%2018.00%20Cabinet.pdf?T=10>

- (c) 2020-2024 Financial Planning and Budget Process: Cabinet's initial Budget proposals, Cabinet 25 November 2019

<https://democracy.northtyneside.gov.uk/ieDecisionDetails.aspx?ID=197>

- (d) 2020-2024 Financial Planning and Budget Process, incorporating the Council Plan and associated Budget Engagement Strategy, Cabinet 9 September 2019. The report items are as follows: 5b

<https://my.northtyneside.gov.uk/sites/default/files/meeting/related-documents/5b%20Budget%20and%20Financial%20Plan%20Process%20Report.pdf>

- (e) Local Government Finance Settlement, letter to Chief Executive / Chief Finance Officers from the Ministry of Housing Communities and Local Government

- (f) Provisional Local Government Financial Settlement

<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2020-to-2021>

- (g) State of the Area Report 2019

<https://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/State%20of%20the%20Area%20Report%202019.pdf>

- (h) CIPFA local authority reserves and balances

<http://www.cipfa.org/policy-and-guidance/technical-panels-and-boards/local-authority-accounting-panel/laap-bulletins/laap-99>

- (i) 2019/20 Financial Management Report to 30 November 2019 – Cabinet 20 January 2020. The report items are as follows: Agenda item 6, pages 7 – 66

<https://democracy.northtyneside.gov.uk/documents/g372/Public%20reports%20pack%2020th-Jan-2020%2018.00%20Cabinet.pdf?T=10>

- (j) Local Council Tax Support Scheme 2019/20

<https://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/North%20Tyneside%20Council%202019-20.docx.pdf>

- (k) Budget Proposals

- (l) General Fund Budget Summaries

- (m) [MHCLG's Guidance on Local Government Investments](#)

- (n) CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017

- (o) CIPFA Treasury Management Guidance Notes 2018



## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and other resources**

- 2.1.1 Any financial implications arising from this report are appraised as part of the decisions made about what will be included in the Authority's Financial Plan, incorporating the 2020/21 Budget setting process. Decisions on the Budget in relation to the General Fund, Housing Revenue Account, Dedicated Schools Grant (DSG), Capital Investment Plan, Treasury Management Statement and Annual Investment Strategy need to be made within the overall context of the resources available to this Authority and within the legal framework for setting budgets. The Authority will need to examine closely the links with its key funding partners and their proposed financial plans, including an assessment of the impact of any grant fall-out over the proposed four-year resource planning period.
- 2.1.2 Cabinet and full Council need to have due regard to the Chief Finance Officer's advice in relation to the levels of reserves and balances proposed as part of the four-year Financial Plan for 2020-2024, as issued in guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) in July 2014.

### **2.2 Legal**

- 2.2.1 The Local Government Finance Act 1992 (Section 32: Calculation of Budget Requirement) requires the Council to set a balanced budget in the context of the resources available, including Central Government Grants, Business Rates and Council Tax income. The Localism Act 2011 inserted a new Section 31 into the Local Government Finance Act 1992, which requires the calculation of a Council Tax requirement by billing authorities, rather than a budget requirement calculation, as previously. The Localism Act 2011 also abolished Council Tax capping in England. It instead introduced new provisions into the 1992 Act, making provision for Council Tax referendums to be held in England if an authority increases its Council Tax by an amount exceeding the principles determined by the Secretary of State. The current principles for local authorities with responsibility for social care (county and unitary authorities) provide that a referendum is required if general Council Tax is to increase by 2% or more.
- 2.2.2 The Local Government Act 2003 imposes duties on local authorities in relation to budget setting. The Act requires that, when an authority is deciding its annual Budget and Council Tax level, Members and officers must take into account a report from the Chief Finance Officer on the robustness of the budget and the adequacy of the authority's financial reserves. The Government has a back-up power to impose a minimum level of reserves on an authority that it considers to be making inadequate provisions.
- 2.2.3 The 2020-2024 Financial Planning and Budget process has been prepared to comply with the time scales required within the Budget and Policy Framework Procedure Rules contained in the Authority's Constitution and legislative requirements that the Council Tax requirement is determined before 11 March in any year.

2.2.4 In accordance with the above and the Local Government Act 2000 (and the Regulations made under that Act), Cabinet is responsible for considering and determining the issues raised in this report.

## **2.3 Consultation / Community engagement**

### **Internal consultation**

2.3.1 Each Cabinet Member has been consulted on the individual proposals put forward in this report, with regular discussions held between the Chief Executive, Head of Resources, Heads of Service, the Elected Mayor and Cabinet.

### **Community engagement**

2.3.2 The 2020/21 Budget Engagement Strategy was agreed at Cabinet on 9 September 2019. The Authority's overall approach to engagement ensures that the public should have opportunities to have their say throughout the year. Engagement on Cabinet's initial Budget proposals and 'Our North Tyneside Plan' priorities took place from 26 November 2019 to 21 January 2020. The Budget proposals have been shaped in the context of the refreshed 'Our North Tyneside Plan' 2020-2024.

2.3.3 This engagement gave residents the opportunity to have their say online, via social media, and through face to face sessions including both through delivering drop-in sessions at Customer First Centres and at events. There have also been meetings with key groups of stakeholders, including the Residents Panel, Staff Panel, businesses, schools, young people, community and voluntary sector, Trade Unions and North Tyneside Strategic Partnership, to discuss the Budget proposals and the changes to the refreshed 'Our North Tyneside Plan' 2020-2024.

## **2.4 Human rights**

2.4.1 All actions and spending plans contained within the Budget are fully compliant with national and international Human Rights Law. For example, Article 10 of the European Convention on Human Rights guarantees freedom of expression, including the freedom to 'hold opinions and to receive and impart information and ideas'. Article 8 of the Convention guarantees the right to respect for private and family life.

## **2.5 Equalities and diversity**

2.5.1 In undertaking the process of the Budget setting, the Authority's aim will always be to secure compliance with its responsibilities under the Equality Act 2010 and in particular the Public Sector Equality Duty under that Act.

To achieve this, an Equality Impact Assessment has been carried out on the Budget Engagement process. The aim is to remove or minimise any disadvantage for people wishing to take part in the engagement programme. Specific proposals on how services will seek to meet budgetary requirements have been subject to Equality Impact Assessments. A cumulative impact assessment (CIA) of all of these has been undertaken. It found that the proposals do not have any

cumulative impact on either employees or residents with characteristics protected under the Equality Act 2010.

## **2.6 Risk management**

2.6.1 Individual projects within the Financial Plan and Budget are subject to full risk reviews. For larger projects, individual project risk registers are / will be established as part of the Authority's agreed approach to project management. Risks will be entered into the appropriate operational, strategic, corporate or project risk registers and will be subject to ongoing management to reduce the likelihood and impact of each risk.

## **2.7 Crime and disorder**

2.7.1 Projects within the Financial Plan and Budget will promote the reduction of crime and disorder within the Borough. Under the Crime and Disorder Act 1998, local authorities have a statutory duty to work with partners on the reduction of crime and disorder.

## **2.8 Environment and sustainability**

2.8.1 The 'Our North Tyneside' Plan states that "We will reduce the carbon footprint of our operations and will work with partners to reduce the Borough's carbon footprint". A number of the proposals will contribute to this including those to reduce the Authority's energy consumption. The environmental and sustainability aspects of individual proposals will be assessed in detail as and when agreed and implemented.

### **PART 3 - SIGN OFF**

- Chief Executive  X
- Head of Service  X
- Mayor/Cabinet Member(s)  X
- Chief Finance Officer  X
- Monitoring Officer  X
- Head of Corporate Strategy and Customer Service  X

This page is intentionally left blank

# Budget Scrutiny Sub - group report to Cabinet

---

**Author:** Budget Sub-group

**Tel:** 0191 643 5318

**Wards:** All

---

## 1 Purpose of Report

To provide further views to Cabinet on its 2020-2024 Financial Planning and Budget Process: Cabinet's Draft Budget and Council Tax Requirement Proposals and Final Budget proposals for the Housing Revenue Account (HRA) Business Plan and Budget.

## 2 Background

The Budget sub-group met on the 16 December where the Head of Resources and Senior Officers presented the 2020/24 Financial Planning and Budget Process: Cabinets Initial Budget proposals and Business Cases.

The sub-group reported its views to Overview, Scrutiny & Policy Development Committee at its meeting on the 13 January 2020, which then were considered by Cabinet at its meeting on the 3 February 2020.

Overview, Scrutiny & Policy Development Committee at its meeting on the 13 January 2020, gave delegation to the Budget Sub-group following its meeting on the 4 February 2020 to make any further recommendations/views on behalf of the Committee to Cabinet Final Budget Proposals that will take place on 20 February 2020.

This report details the views from the meeting of the 4 February 2020 and should be viewed in conjunction with its report to Overview, Scrutiny & Policy Development Committee 13 January 2020.

## 3 Membership

The following Members attended the meeting:

Councillor S Graham

Councillor P Richardson

Councillor K Barrie

Councillor Willie Samuel

Councillor J O'Shea

Councillor Judith Wallace

## 4 Final Budget Proposals

The Budget Sub-group was provided a presentation from the Head of Resources on Cabinets Final Budget proposals. The Sub-group had been provided the full report in advance of the meeting.

The presentation outlined the changes to the budget from November 2019 to January 2020, with explanations and actions undertaken, in relation to Provisional Government Finance

Settlement, changes to the General Fund Revenue and Investment Plan since the November Cabinet meeting.

## **Provisional Government Finance Settlement**

### **Business Rates**

In relation to the Business Rates Retention Scheme the multiplier based on September consumer price index (CPI) will increase from 49.1p to 49.9p in 2020/21, an increase of 1.7%. There would also be a continuation of the compensation for under indexation of the Business Rates multiplier in 2020/21.

### **Council Tax**

In the spending round 2019 (SR19), the chancellor proposed a £2.9bn increase in local government core spending power, to come from an extra £1.2bn in social care grant funding for local authorities. The £1.7bn is expected to come from an increase in Council Tax, the Social Care Precept and Business rates. The sub-group was informed that the Council Tax thresholds would see a maximum general increase in Band D of 1.99% in 2020/21. This was lower than the threshold in previous 2 years.

There would also be a continuation of the Adult Social Care Precept, maximum flexibility of 2% in 2020/21.

At the time of the meeting the Police and Crime Commissioners precept had not been announced.

### **New Homes Bonus (NHB)**

The national baseline for NHB would remain 0.4% for 2020/21, with a change that would see amounts earned in year 10 will only attract a NHB reward for one year (2020/21). In 2021/22 rewards will only be paid in respect of years 8 and 9 and in 2022/23 only for year 9.

### **Social Care Grants**

Previous grants announced in 2018 Autumn Budget will continue in 2020/21 and Winter pressures funding of £1.031m will be received, grant rolled into IBCF.

Of the Social Care Support Grant, the Authority will receive £1.761m and £4.446m of Social Care Grant for lifetime of the parliament.

In relation to the Public Health Grant, where a real terms increase was announced in SR19. The Authority is yet to receive National total or individual authority allocations for 2020/21.

Former Independent Living Fund Recipient Grant will continue in 2020/21 and the Authority will receive £0.612m.

### **Poverty Intervention Fund**

The sub-group was informed of the Poverty Intervention Fund, which would support residents experiencing poverty and financial hardship due to the impact of welfare reforms.

The fund would provide focus and direction on targeted support for residents and would be led by the Deputy Mayor and Cabinet Member for Finance. The proposal would be supported by £1.000m, earmarked from Strategic Reserve.

### **Investment Plan Movement**

The sub-group were informed of awarded £0.207m School Nursery Capital funding 2020/21 and details of reprogramming of £7.758m from 2019/20 to 2020/21 that was reported as part of 20 January 2020 Financial Management report to Cabinet and £0.400m to be reported to Cabinet on 30 March 2020.

### **Member Discussion**

A member sought to increase the level of income arising from assumptions in the Council Tax calculations, and queried the level of prudence currently applied to those calculations.

Officers informed the sub-group that the assumptions, prior to council tax increases were based on an estimate on information at the time based on planning approvals, and a prudent assessment is taken as there is uncertainty when planning approval would be made, or indeed when following approval houses would actually built. It was emphasised that this is always an estimate figure.

A further member stated and was supported by other members of the sub-group that they understood that it would be difficult to know when planning approvals would be made and supported the S151 officer's prudent management and assessment and the proposed budget should retain the figures given.

A member referred to the proposal to introduce free pest control for Council tenants and enquired as to the viability of an expanded service across the borough.

A member raised that Council tenants would receive this service funded from the HRA through rent management payments and the proposal put forward would need to come from the General Fund.

In response, the member suggested that any additional cost could be provided through the provision of further shared services, together with reduced staff travel costs and increased offence-based income.

It was questioned if the proposal funding would cover all cost if the scheme was widened across all tenures.

The member indicated that the impact of the suggested alterations would best be calculated by the Finance service, but that a previous estimate of the necessary additional expenditure was in the region of £115k.

It was asked if all the recommendations that would be put to cabinet would need to be agreed by the sub-group.

Advice given was that if recommendations proposed were not unanimous then all views would be noted within the report to Cabinet, this would allow Cabinet the opportunity to understand and consider the differing views of the scrutiny sub-group.

The sub-group understood that Cabinet would receive the range of views put forward.

A member sought clarification as to the status of non-DSG payments to schools.

Advice was given that the Pupil Premium was given to schools directly and not the responsibility of the authority. Further advice was given to the responsibility that the Authority plays in the management of the Dedicated Schools Grant and hence in the budget papers.

A member sought further clarification in relation to achieving further savings through changes to treasury management.

Officers provided advice to how the figure of treasury management savings was carried out and stated that it was an assessment made whilst taking into consideration of the risks around borrowing rates. The assumptions were made for both short- and long-term borrowing, and all risks needed to be considered. An example was given where members were informed that a 1% in-year increase had taken place in relation to Public Works Loan Board (PWLB) without notice in 2019/20 which had an impact on the Authority budget, and immediately increases the rate at which the authority can undertake both short and long term borrowing

Another member stated that the current cautious approach had been successful for several years and supported the S151 officer in this approach.

It was asked and the sub-group were informed how Treasury Management was monitored and that the Authority approach had not been endorsed without challenge, and interest projections were based on external advice and information from a number of sources.

A member raised the feasibility of further staffing-related reductions with associated savings, together with printing reductions, and alterations to some on-street parking arrangements.

The member went on to suggest that such savings could be applied to additional staffing and capital- and revenue-based costs, and to offset revenue-based income.

A member expressed the view that any staffing-related reduction which impacted upon Trade Union facility time would amount to a reduction in support to Council employees, which in their opinion was the Authority greatest resource and it would be a retrograde step for the Authority.

The Chair reminded the sub-group that a similar proposal was made in previous years and Council heard that through working with staff through their trade unions had saved jobs and services.

A view was also put forward that any printing changes which led to a reduction in the number of editions of the Council Magazine would be adverse, and stated that it was the only contact and resource for information that some residents had available to them about the services of the Council.

A member sought clarification in relation to elements of unplanned staffing costs for the forthcoming financial year.



Officers stated that there was no expressed allowance made for such costs and the Authority does not plan for these to happen. If they do arise, consideration is given of what would be needed to change within the authority.

A member raised and it was confirmed that if the Council Tax was not applied as set out in the Budget then the Authority would see an increased cumulative impact of the funding gap for future years.

## **Feedback Engagement**

The sub-group were provided an update to the outcome of the engagement that had been undertaken. Around 250 people took part in the process this year, with the majority of the feedback for the Council Plan and the initial budget proposals being positive.

There was strong support that the North Tyneside Council Plan and the budget approach was the right approach and aligned it its priorities.

## **5 Conclusion**

In respect to the updated information received the sub-group was reassured that there were no fundamental changes since the September Spending Round (SR19) and the assumptions made by the Cabinet and officers were in line with the SR19.

The majority also recognised that the Council Tax increase of 1.99% and 2% (precept for social care) and increase in business rate baseline funding inline with inflation was also aligned to with what was expected in the Chancellors Spending Round (SR19). It noted that the level of precept for the Police and Crime Commissioners had not been announced.

Local Government has had to manage austerity measures for a number of years, and it was recognised that many difficult decisions have been made in North Tyneside to maximised the opportunities and services to its residents, businesses, visitors and it's staff.

The sub-group were informed of the many facets of consideration needed for good treasury management. It would like to thank those professional officers whose responsibility it is to ensure that this activity is undertaken in a prudent manner and the advice given to Cabinet, especially in a time when many assumptions to what future funding levels is uncertain.

The Sub-group acknowledged that it was a difficult activity to draft a budget based on many assumptions due to elements outside the Authority's control. However, following receipt of the updated information it was encouraged that the outcome of the proposed 2020/21 Budget was a balanced Budget.

## **6 Presenting Officers**

The following officers presented to the sub-group:

Janice Gillespie - Head of Resources

Claire Emmerson - Senior Manager Financial Planning and Strategy

Cathy Davison - Principal Accountant (Corporate Accounting and Investment)

David Dunford - Senior Business Partner

This page is intentionally left blank