

Local Government Act 1972

Borough of North Tyneside

Thursday, 18 February 2021

At the Extraordinary meeting of the Council of the Borough of North Tyneside duly convened and held on Thursday, 18 February 2021 at 6.00 pm at which a quorum of Members were present, that is to say: -

Present

Councillor W Lott (Chair)
N Redfearn (Elected Mayor)

Councillor J Allan	Councillor A Austin
Councillor K Barrie	Councillor L Bartoli
Councillor G Bell	Councillor L Bell
Councillor T Brady	Councillor S Brockbank
Councillor B Burdis	Councillor C Burdis
Councillor J Cassidy	Councillor K Clark
Councillor D Cox	Councillor S Cox
Councillor N Craven	Councillor J Cruddas
Councillor E Darke	Councillor L Darke
Councillor C Davis	Councillor S Day
Councillor D Drummond	Councillor P Earley
Councillor R Glindon	Councillor S Graham
Councillor M Green	Councillor J Harrison
Councillor Janet Hunter	Councillor John Hunter
Councillor N Huscroft	Councillor C Johnson
Councillor J Kirwin	Councillor K Lee
Councillor F Lott	Councillor G Madden
Councillor M Madden	Councillor P McIntyre
Councillor A McMullen	Councillor T Mulvenna
Councillor M Hall	Councillor J Mole
Councillor A Newman	Councillor P Oliver
Councillor J O'Shea	Councillor E Parker-Leonard
Councillor A Percy	Councillor S Phillips
Councillor B Pickard	Councillor M Rankin
Councillor P Richardson	Councillor W Samuel
Councillor J Stirling	Councillor M Thirlaway
Councillor J Walker	Councillor J Wallace
Councillor M Wilson	

Apologies: Councillor F Weetman

C95/20 To receive any Declarations of Interest

The Chair reminded all Members of the Council about the position with regard to interests in Council meetings of the Council that dealt with the Budget proposals.

In relation to a Registerable Personal Interest held where a Member had been appointed by the Authority to an outside body or bodies, dispensations had been granted to allow them to participate and vote at any meeting. Where Members had been granted such dispensations, they were not required to declare these registerable personal interests or the grant of dispensations at this meeting.

A list of the appointments to the Authority's Outside Bodies and dispensations granted to Members in respect to appointments had been circulated to all Members.

Members who had any further interests were invited to declare them.

The following additional declarations of interest were made in relation to the item below (Minute C96/21):

Item 3 – 2021-2025 Financial Planning and Budget Process: Elected Mayor and Cabinet Budget and Council Tax Requirement Resolution for 2021/22

Councillor T Brady - non-registerable personal interest – received support through the pandemic from the Business Factory.

Councillor C Burdis – non-registerable personal interest – family member is employed by the Authority and would withdraw from the meeting.

Councillor B Burdis – non-registerable personal interest – family member is employed by the Authority and would withdraw from the meeting.

Councillor K Clark – registerable personal interest - employed by an organisation that receives funding from the Authority.

Councillor J Cruddas – non- registerable personal interest – family member is employed by North Tyneside Partner Engie and registerable personal interest – employed by an organisation that receives funding from the Authority.

Councillor C Davis – non-registerable personal interest – family member is employed by the Authority.

Councillor D Drummond – non-registerable personal interest – and is employed by the Tyne & Wear Fire Authority and a family member is employed by North Tyneside Citizens Advice Bureau.

Councillor J Harrison – registerable personal interest - a public governor on Northumbria NHS Foundation and indicated would withdraw from the meeting.

Councillor G Madden - non-registerable personal interest – family member is employed by the Authority.

Councillor M Madden - non-registerable personal interest – family member is employed by

the Authority.

Councillor T Mulvenna - non-registerable personal interest – family member is employed by the Authority.

Councillor A Newman - non-registerable personal interest – family member is employed by North Tyneside Partner Engie.

Councillor P Oliver - non-registerable personal interest – family member receives support provided by the Authority.

Councillor M Rankin - non-registerable personal interest – family member is employed by the Authority.

Councillor W Samuel - non-registerable personal interest – family member is employed by the Authority.

Councillor M Thirlaway - non-registerable personal interest – family member is employed by the Authority and works for a company that has contracts with the Authority.

C96/20 2021-2025 Financial Planning and Budget Process: Elected Mayor and Cabinet Budget and Council Tax Requirement Resolution for 2021/22

(Councillor JLL Harrison withdrew from the meeting and took no part in the discussion or voting on this item).

The Chair explained the procedure for the meeting and indicated that she would first request Councillor Glindon to move the Elected Mayor and Cabinet Proposals. Once those proposals were seconded, Members would then have the opportunity to ask questions relating to matters of principle.

The report of the Head of Resources (Chief Financial Officer) had been circulated to all Members of the Council.

The report set out the Elected Mayor and Cabinet's proposals for the 2021/22 General Fund Revenue Budget, Council Tax Requirement and Council Tax level, the 2021-2026 Investment Plan and the Treasury Management Strategy and Annual Investment Strategy for 2021/22.

The following additional documents had been also circulated to all Members of the Council:

- Notification of Final Amendments made under Delegated Authority of the Mayor
- Conservative Group Notice of Objection
- List of the Authority's appointments to outside bodies and dispensations granted

In relation to the Conservative Group Notice of Objection, a letter signed by the Head of Resources and the Head of Law and Governance had been circulated to all Members in the light of the statutory duty of the Section 151 Officer to report on the robustness of estimates and adequacy of reserves under section 25 of The Local Government Act 2003. In regard to this requirement the Section 151 Officer had considered the risks in relation to the financial position of the Authority at this point in time and also in the medium term.

In the light of the risks to the Authority identified by the Section 151 Officer, as outlined in the letter, and in the professional view of the Section 151 Officer when addressing her duty to report on the robustness of estimates and adequacy of reserves, the Notice of Objection from the Conservative Group presented an additional significant risk to the Authority's financial position by failing to take the opportunity to increase Council Tax resulting in the use of reserves. In the view of the Section 151 Officer, should such an Alternative Budget Proposal ultimately be adopted as the Authority's budget for 2021/22, this brought into question the financial sustainability of the Authority.

Counsel's advice, which had also been circulated to all Members, was that any objection that was presented as an alternative budget proposal must take into account the longer term financial planning requirements of the Authority and not just propose a budget that was balanced for the forthcoming financial year. In addition when full Council received any objection to the Cabinet's proposals and the Section 151 Officer, in exercising their professional judgement, considered that the objection, although providing a balance budget for one year, did not provide robust estimates or adequate reserves for the longer term, this was a matter on which advice to full Council should properly be given.

It was moved by Councillor R Glindon and seconded by Councillor B Pickard that:

Council agree:

- (a) the recommendations and delegations set down in paragraph 1.5.24 of the report in relation to the 2021/22 General Fund Revenue Account Budget, the 2021/22 Council Tax Requirement and Council Tax Level for 2021/22, being the Elected Mayor and Cabinet's Budget and Council Tax Requirement Resolution;
- (b) the Elected Mayor and Cabinet's proposals for the 2021-2026 Investment Plan, including the Capital Investment Strategy and proposed prudential indicators for 2021-2025, previously agreed at Cabinet on 1 February 2021, attached in the General Fund Annex 1, Appendix D (i), (iii) and (iv) of Appendix A to the report; and
- (c) the Elected Mayor and Cabinet's proposals for the Treasury Management Strategy and Annual Investment Strategy for 2021/22, attached in the General Fund Annex 1, Appendix E (i), (ii) of Appendix A to the report.

2021/22 Council Tax Requirement Resolution

1. The recommended Budgets of the Authority be approved as noted below, subject to the variations listed in paragraphs 2 and 3 below and noting the estimated allocation of £179.473m in Dedicated Schools Grant, for 2021/22:

	£
General Fund Revenue Budget	150,154,079
Total	<u>150,154,079</u>

2. The following levies be included in the Budget Requirement:

	£
The Tyne and Wear element of the Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland	

Combined Authority Transport Levy	11,129,066
Environment Agency	200,346
Total	<u>11,329,412</u>

3. The contingency be set as follows:

	£
Contingency	5,576,959
Total	<u>5,576,959</u>

4. Note that at its meeting held on 25 January 2021, Cabinet agreed the Council Tax base for 2021/22 for the whole Authority area as 60,941 (Item T), in the Formula in Section 31B of the Local Government Finance Act 1992, as amended (the “Act”) and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.
5. Agree that the Council Tax Requirement for the Authority’s own purposes for 2021/22 is £104,329,773 (as set down in paragraph 1.5.23, Table 4).
6. Agrees that the following amounts now calculated by the Authority for the year 2021/22 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992, as amended (the Act):
- (a) £374,093,548 Being the aggregate of the amounts which the Authority estimates for the items set out in Section 31A (2) of the Act.
 - (b) £269,763,775 Being the aggregate of the amounts which the Authority estimates for the items set out in Section 31A (3) of the Act.
 - (c) £104,329,773 Being the amount by which the aggregate at 6(a) above exceeds the aggregate at 6(b) above, calculated by the Authority in accordance with Section 31(A)(4) of the Act, as its Council Tax Requirement for the year (Item R in the formula in Section 31B of the Act).
 - (d) £1,711.98 Being the amount at 6(c) above (Item R), all divided by Item T (4 above), calculated by the Authority, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year.
 - (e) North Tyneside Council Valuation Bands

Council Tax Band	£
A	1,141.32
B	1,331.54
C	1,521.76
D	1,711.98
E	2,092.41
F	2,472.86
G	2,853.30
H	3,423.96

Being the amounts given by multiplying the amount at 6(e) above by the number which, in the proportion set out in Section 5(1) of the Act 1992, is applicable to dwellings listed in a

particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Authority, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

(f) Police and Crime Commissioner for Northumbria Valuation Bands

Note that for the year 2021/22 the Police and Crime Commissioner for Northumbria have issued the following amounts in precepts to the Authority, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings in the Authority's area, as indicated below:

Council Tax Band	£
A	95.89
B	111.88
C	127.86
D	143.84
E	175.80
F	207.77
G	239.73
H	287.68

(g) Tyne & Wear Fire and Rescue Authority Valuation Bands

Note that for the year 2021/22 the Tyne and Wear Fire and Rescue Authority have issued the following amounts in precepts to the Authority, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings in the Authority's area, as indicated below:

Council Tax Band	£
A	57.09
B	66.61
C	76.12
D	85.64
E	104.67
F	123.70
G	142.73
H	171.28

(h) Total Valuation Bands

That, having calculated the aggregate in each case of the amounts at 6(e), 6(f) and 6(g) above, the Authority, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2021/22 for each part of its area and for each of the categories of dwellings shown

below:

Council Tax Band	£
A	1,294.30
B	1,510.03
C	1,725.74
D	1,941.46
E	2,372.88
F	2,804.33
G	3,235.76
H	3,882.92

7. The Authority's relevant basic amount of Council Tax for 2021/22 is not excessive in accordance with the principles approved under Section 52ZB of the Local Government Finance Act 1992, as amended.
8. The Authority's Financial Regulations will apply to the financial management of this Budget.
9. The level of contingencies will be £5.577m as pressures incurred during 2020/21 have been recognised as part of the 2021/22 Financial Planning and Budget process.
10. ***It is proposed that virement levels and approvals for virement shall be in accordance with the rules set down in the Authority's Financial Regulations in force at the time.***
11. The Reserves and Balances Policy is adopted as set out and is subject to review at least annually.
12. The Chief Executive, in consultation with the Elected Mayor, Deputy Mayor, Cabinet Member for Finance and Resources and the Senior Leadership Team to manage the overall Efficiency Programme and note that decisions made under this delegated authority will be reported to Cabinet as part of the regular budget monitoring information provided.
13. The Chief Executive, in consultation with the Elected Mayor and Head of Resources, to authorise the purchase of properties, on the open market, providing value for money is demonstrated and the cost can be contained within existing financial resources of the Authority. This is to ensure that the programme of delivery of affordable homes and homes at social rent is progressed in line with the Cabinet's priorities.
14. The Chief Finance Officer be authorised to serve notices, enter into agreements, give receipts, make adjustments, institute proceedings and take any action available to the Authority to collect or enforce the collection of Non-Domestic Rates and Council Tax from those persons liable.

15. The Chief Finance Officer be authorised to disburse monies from funds and accounts of the Authority as required for the lawful discharge of its functions.
16. Agree that the Police and Crime Commissioner for Northumbria and the Tyne and Wear Fire and Rescue Authority receive payment from the Collection Fund in 12 equal instalments on the last working day of each month.
17. Payments from the Collection Fund to be made to the Authority's General Fund in 12 equal instalments on the last working day of each month.

Conservative Group Objection

(Councillors B Burdis and C Burdis withdrew from the meeting and took no part in the discussion or voting on the Conservative Group Notice of Objection).

An Objection was moved by Councillor S Brockbank and seconded by Councillor L Bartoli, as set out in Appendix 1 to these minutes.

The Chair invited Members to ask questions and then to speak to the Objection.

Following questions and debate on the Objection a procedural Motion was moved by Councillor R Glindon and seconded by N Redfearn, Elected Mayor that:

the question be now put.

Votes for the Procedural Motion

Councillors J Allan, A Austin, K Barrie, L Bartoli, G Bell, L Bell, J Cassidy, K Clark, D Cox, J Cruddas, E Darke, L Darke, C Davis, D Drummond, M Hall, Janet Hunter, John Hunter, C Johnson, J Kirwin, F Lott, G Madden, A McMullen, J Mole, A Newman, J O'Shea, E Parker-Leonard, A Percy, B Pickard, M Rankin, J Stirling, J Walker, J Wallace and M Wilson.

Votes against the Procedural Motion

None.

Council agreed that as a majority of those present had now voted in favour of the procedural motion, there was no need to continue with the remainder of the recorded vote.

The procedural motion, on being put to the meeting, was approved.

The Chair asked that a recorded vote be taken on the Conservative Group Objection.

Votes for the Objection to the Budget

Councillors A Austin, K Barrie, L Bartoli, S Brockbank, P McIntyre and J Wallace.

Votes the against the Objection to the Budget

N Redfearn, Elected Mayor, Councillors J Allan, G Bell, L Bell, T Brady, J Cassidy, K Clark, D Cox, S Cox, N Craven, J Cruddas, E Darke, L Darke, C Davis, S Day, D Drummond, P Earley, R Glindon, S Graham, M Green, M Hall, Janet Hunter, John Hunter, N Huscroft, C Johnson, J Kirwin, K Lee, F Lott, W Lott, G Madden, M Madden, A McMullen, J Mole, T Mulvenna, A Newman, P Oliver, J O'Shea, E Parker-Leonard, A Percy,

S Phillips, B Pickard, M Rankin, P Richardson, W Samuel, J Stirling,
M Thirlaway, J Walker and M Wilson.

The Objection, on being put to the meeting, was defeated by 48 votes to 6 votes.

The Chair announced that as the Council had not agreed the Conservative Group objection, Members were invited to ask questions and then to speak on the Elected Mayor and Cabinet's proposals (the substantive motion).

The Chair asked that a recorded vote be taken on the Mayor and Cabinet's proposals.

Votes for the Elected Mayor and Cabinet's Proposals

N Redfearn, Elected Mayor, Councillors J Allan, G Bell, L Bell, T Brady,
B Burdis, C Burdis, J Cassidy, K Clark, D Cox, S Cox, N Craven, J Cruddas, E Darke, L
Darke, C Davis, S Day, D Drummond, P Earley, R Glindon,
S Graham, M Green, M Hall, Janet Hunter, John Hunter, N Huscroft,
C Johnson, J Kirwin, K Lee, F Lott, W Lott, M Madden, A McMullen, J Mole,
T Mulvenna, A Newman, P Oliver, J O'Shea, E Parker-Leonard, A Percy,
S Phillips, B Pickard, M Rankin, P Richardson, W Samuel, J Stirling,
M Thirlaway, J Walker and M Wilson.

Votes against the Elected Mayor and Cabinet's Proposals

Councillors A Austin, K Barrie, L Bartoli, S Brockbank, P McIntyre and
J Wallace.

The substantive motion, on being put to the meeting, was approved by 49 votes to 6 votes.

(Note: Councillor G Madden was not present at the time the vote was taken).

The Chair announced that the Elected Mayor and Cabinet's Budget and Council Tax Requirement Resolution for 2021/22 had been approved by the Council and therefore the meeting provisionally scheduled for 4 March 2021 was no longer required.

Appendix 1

North Tyneside Council Report to

**Title: 2021-2025
Financial Planning
and Budget
Process:
Conservative
Group Notice of
Objection**

Council

**Date: 18
February 2021**



Report of: The Conservative Group

Wards affected: ALL

Conservative Group Notice of Objection for the 2021/22 General Fund Revenue Budget, the proposed Council Tax Level for 2021/22, the Investment Plan for 2021-2025 and the Treasury Management Statement and Annual Investment Strategy for 2021/22

1.0 Introduction - The People's Budget: 2021 – 2022.

These are the proposals of the Conservative Group in response to the budget published by the Elected Mayor and her cabinet. These proposals are intended to provide Council with a choice and is incumbent upon us to advocate for an alternative for our residents, which we believe is possible.

This proposal starts with the premise that as elected, local politicians who are assisted by Officers of the Council in implementing decisions, it is for us to set the policy agenda and for Officers to set this in motion. Naturally, we value and respect the advice of Officers so this proposal should not be read or construed as anything other than an attempt deliver services in another way, than proposed by the Elected Mayor.

Our proposals are set against an international and national backdrop of unprecedented times. The global health pandemic has made us re-imagine how we perform daily tasks and this should also be applied to how we deliver our services to residents, and how best to support them. Nationally, we have the opportunities afforded to us by leaving the grip of the European Union, indeed, we have seen the benefits in the extraordinary roll out of the Covid-19 vaccine that others believed we would never have been able to do.

We recognise in the context of the changing nature of national need, economic reality and unknown future challenges for North Tyneside Council. However, the proposed rise in Council Tax is unacceptable at a time when residents are feeling the pressures of the pandemic, social isolation and changes in how people work, if they can do so.

Council Tax is for the delivery of services. It is paid for by the residents of the Borough. It is not unreasonable for residents to expect that their money is used to meet their needs and at this time of national need, it falls to us to depart from the oft-tread path of the budget setting exercise and ask ourselves – what do our residents need and want the most?

The Conservative Group contends that a freeze in Council Tax can be achieved as a one-off measure to ease the financial burden on residents by drawing on the reserves, which are un-ringfenced and available to spend.

We recognise that the use of reserves is often resisted but we pose a very simple question – if reserves are to be used in emergencies, then what exactly is the health pandemic? It is no longer good enough to save ‘for a rainy day’ and instead, the residents’ money should be used to support residents.

We propose a freeze in the proposed rise in Council Tax which will be paid for in saving from the following-

- Savings to be made from the disposal of the civic car;
- Abolition of the Council Magazine;
- Acceptance by all Councillors that they would take 80% of the allowance available to them in common with workers on furlough;
- Reduction in the time provided to union officials, paid for by the Council, by one post; and
- Use of the Local Council Tax Support Grant from central government to freeze tax rises for all residents.

This is a budget to meet the needs of our residents; it is a People’s Budget and we urge all members to support it.

2.0 Conservative Group Resolution: Setting the Council Tax 2021/22

2021/22 Council Tax Requirement Resolution

2.1 The Conservative Group recommends that:

1. The recommended budgets of the Authority, be approved as noted below subject to the variations listed in paragraphs 2 and 3 below and notes the estimated allocation of £176.473m in Dedicated Schools Grant, for 2021/22:

	£
General Fund Revenue Budget	150,154,079
Total	<u>150,154,079</u>

2. The following levies be included in the net budget requirement:

	£
The Tyne and Wear element of the Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority Transport Levy	11,129,066
Environment Agency	200,346
Total	<u>11,329,412</u>

3. The contingency provision be set as follows:

Contingency Provision	£ 5,576,959
Total	<u>5,576,959</u>

4. The following individual objections are proposed to be incorporated within the Authority's Budget.

Growth

Item	£
Free Holiday Activities and Healthy Food for Disadvantaged Children during 2021	709,000
Domestic Abuse Safe Accommodation	421,000
Low Carbon Skills Fund	135,000
Increase in contingency for councillor allowances	164,584
Increase in contingency as a result of final levies	36,000
If All Objections are accepted the Total Growth will be	1,465,584

Savings/Income

Item	£
Free Holiday Activities and Healthy Food for Disadvantaged Children during 2021	709,000
Domestic Abuse Safe Accommodation	421,000
Low Carbon Skills Fund – Decarbonisation Project Revenue Savings	135,000
Reduction in growth no longer needed after final levies	36,000
Reduce Trades Union Facility Time	118,818
Remove the Council magazine	28,387
Reduction in Councillor allowances	164,584
Remove the Civic car	11,259
Use of the Local Council Tax support grant for LCTS residents	1,562,873
Use of Reserves	3,236,823
If All Objections are accepted the Total Savings will be	6,423,744

2021/22 Council Tax Requirement for North Tyneside Council

	£	£
2021/22 Budget Requirement		145,195,919
Financed by:		
Revenue Support Grant	(11,442,883)	
Retained Business Rates	(13,449,485)	
Business Rates Top Up	(20,505,024)	

Council Tax Collection Fund Surplus	(426,914)	
		(45,824,306)
Council Tax requirement		99,371,613

Note that at its meeting held on 25 January 2021, Cabinet agreed the Council Tax base for 2021/22 for the whole Authority area as 60,941 (Item T), in the Formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act") and the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

5. Agree that the Council Tax Requirement for the Authority's own purposes for 2021/22 is £99,371,613 (as set down in the table above).
6. Agrees that the following amounts now calculated by the Authority for the year 2021/22 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992, as amended (the Act):
 - (a) £374,093,548 Being the aggregate of the amounts which the Authority estimates for the items set out in Section 31A(2) of the Act.
 - (b) £269,763,775 Being the aggregate of the amounts which the Authority estimates for the items set out in Section 31A(3) of the Act.
 - (c) £99,371,773 Being the amount by which the aggregate at 6(a) above exceeds the aggregate at 6(b) above, calculated by the Authority in accordance with Section 31(A)(4) of the Act, as its Council Tax Requirement for the year (Item R in the formula in Section 31B of the Act).
 - (d) £1,630.62 Being the amount at 6(c) above (Item R), all divided by Item T (4 above), calculated by the Authority, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year.
 - (e) North Tyneside Council Valuation Bands

Council Tax Band	£
A	1,087.07
B	1,268.26
C	1,449.43
D	1,630.61
E	1,992.96
F	2,355.33
G	2,717.68
H	3,261.22

Being the amounts given by multiplying the amount at 6(e) above by the number which, in the proportion set out in Section 5(1) of the Act 1992, is

applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Authority, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

(f) Police and Crime Commissioner for Northumbria Valuation Bands

Note that for the year 2021/22 the Police and Crime Commissioner for Northumbria have issued the following amounts in precepts to the Authority, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings in the Authority's area, as indicated below:

Council Tax Band	£
A	95.89
B	111.88
C	127.86
D	143.84
E	175.80
F	207.77
G	239.73
H	287.68

(g) Tyne & Wear Fire and Rescue Authority Valuation Bands

Note that for the year 2021/22 the Tyne and Wear Fire and Rescue Authority have issued the following amounts in precepts to the Authority, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of the dwellings in the Authority's area, as indicated below:

Council Tax Band	£
A	57.09
B	66.61
C	76.12
D	85.64
E	104.67
F	123.70
G	142.73
H	171.28

(h) Total Valuation Bands

That, having calculated the aggregate in each case of the amounts at 6(e), 6(f) and 6(g) above, the Authority, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the following

amounts as the amounts of Council Tax for the year 2021/22 for each part of its area and for each of the categories of dwellings shown below:

Council Tax Band	£
A	1,240.05
B	1,446.75
C	1,653.41
D	1,860.09
E	2,273.43
F	2,686.80
G	3,100.14
H	3,720.18

7. The Authority's relevant basic amount of Council Tax for 2021/22 is not excessive in accordance with the principles approved under Section 52ZB of the Local Government Finance Act 1992, as amended.
8. The Authority's Financial Regulations will apply to the financial management of this Budget.
9. The level of contingencies will be £5.778m as pressures incurred during 2021/22 have been recognised as part of the 2021/22 Financial Planning and Budget process.
10. ***It is proposed that virement levels and approvals for virement shall be in accordance with the rules set down in the Authority's Financial Regulations in force at the time.***
11. The Reserves and Balances Policy is adopted as set out and is subject to review at least annually.
12. The Chief Executive, in consultation with the Elected Mayor, Deputy Mayor, Cabinet Member for Finance and Resources and the Senior Leadership Team to manage the overall Efficiency Programme and note that decisions made under this delegated authority will be reported to Cabinet as part of the regular budget monitoring information provided.
13. The Chief Executive, in consultation with the Elected Mayor and Head of Resources, to authorise the purchase of properties, on the open market, providing value for money is demonstrated and the cost can be contained within existing financial resources of the Authority. This is to ensure that the programme of delivery of affordable homes and homes at social rent is progressed in line with the Cabinet's priorities.
14. The Chief Finance Officer be authorised to serve notices, enter into agreements, give receipts, make adjustments, institute proceedings and take any action available to the Authority to collect or enforce the collection of Non-Domestic Rates and Council Tax from those persons liable.
15. The Chief Finance Officer be authorised to disburse monies from funds and

accounts of the Authority as required for the lawful discharge of its functions.

16. Agree that the Police and Crime Commissioner for Northumbria and the Tyne and Wear Fire and Rescue Authority receive payment from the Collection Fund in 12 equal instalments on the last working day of each month.
17. Payments from the Collection Fund to be made to the Authority's General Fund in 12 equal instalments on the last working day of each month.

3.0 Investment Plan 2021-2026

3.1 The Conservative Group recommends that the investment plan is updated to include the Low Carbon Skills Fund Decarbonisation project within the 2021-2026 Investment Plan.

3.2 Draft Prudential Indicators

Updated prudential indicators are attached as Appendix A.

4.0 Equality Impact Assessment

An Equality Impact Assessment has been completed and no negative impacts have been identified. This is attached as Appendix B.

Appendix A

2021-2025 Prudential Indicators

Introduction

- 1.0 The Local Government Act 2003 requires the Authority to adopt the CIPFA Prudential Code and produce prudential indicators. The framework established by the Prudential Code is designed to support local strategic planning, local asset management planning and proper option appraisal. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital expenditure plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the organisation. In exceptional cases the Prudential Code should provide a framework which will demonstrate that there is a danger of not ensuring this, so that the local authority concerned can take timely remedial action.
- 1.1 The Prudential Code requires authorities to look at capital expenditure and investment plans in the light of overall organisational strategy and resources and ensure that decisions are being made with sufficient regard to the long run financing implications and potential risks to the authority. Effective financial planning, option appraisal, risk management and governance processes are essential in achieving a prudential approach to capital expenditure, investment and debt. The Capital Investment Strategy is included as Appendix D (iii) to this report.
- 1.2 To demonstrate that local authorities have fulfilled these objectives, the Prudential Code sets out the indicators that must be used, and the factors that must be taken into account. The Prudential Code does not include suggested indicative limits or ratios. These will be for the local authority to set itself.

Each indicator either summarises the expected capital activity or introduces limits upon that activity, and reflects the outcome of the Authority's underlying investment appraisal systems.

- 1.3 Within this overall prudential framework there is an impact on the Authority's treasury management activity as it will directly impact on borrowing and investment activity. The draft Treasury Management Strategy for 2021/22 is included within the annex to this report.
- 1.4 The Prudential Code requires the following matters to be taken into account when setting or revising the prudential indicators:
 - a) Service Objectives – e.g. strategic planning for the Authority
 - b) Stewardship of assets – e.g. asset management strategy
 - c) Value for money – e.g. options appraisal
 - d) Prudence and sustainability – e.g. implications of external borrowing
 - e) Affordability – e.g. impact on Housing rents
 - f) Practicality – e.g. achievability of the forward plan
- 1.5 Matters of affordability and prudence are primary roles for the Prudential Code.
- 1.6 The revenue consequences of capital expenditure relating to the HRA must to be paid for from HRA resources.
- 1.7 Capital expenditure can be paid for through capital receipts, grants etc, but if these resources are insufficient then any residual capital expenditure will add to the HRA's borrowing need.
- 1.8 The key risks to the plans are that the level of funding, such as capital receipt levels or revenue contributions may change as capital receipts are reliant on an active property market.
- 1.9 The indicators cover:
 - Affordability;
 - Prudence;
 - Capital expenditure;
 - External debt; and
 - Treasury management.
- 1.10 Prudential indicators are required to be set as part of the Financial Planning and Budget process. Any revisions must be reported through the financial management process.
- 1.11 The prudential indicators for the forthcoming and future years must be set before the beginning of the forthcoming year. They may be revised at any time, following due processes and must be reviewed, and revised if necessary, for the current year when the prudential indicators are set for the following year.
- 1.12 The following sets down the draft Prudential Indicators as calculated and proposed for North Tyneside Council for 2021–2025. The indicators include those for the Housing Revenue Account.

Prudential Indicators for Affordability

- 1.13 The fundamental objective in considering affordability of the Authority's Investment Plan is to ensure that the total capital investment of the Authority remains within sustainable limits, and in particular to consider the impact on the "bottom line" and hence Council Tax and Housing rents. Affordability is ultimately determined by a judgement on acceptable Council Tax or housing rent levels.
- 1.14 In considering the affordability of its Investment Plan, the Authority is required to consider all the resources that are currently available and estimated for the future, together with the totality of the Investment Plan, revenue income and revenue expenditure forecasts for the forthcoming year and following two years (as a minimum). The Authority is also required to consider known significant variations beyond this timeframe. This requires the development of rolling revenue forecasts as well as capital expenditure plans. In line with the Financial Plan and the Investment Plan, four-year forecasts have been provided for the prudential indicators.
- 1.15 When considering affordability, risk is an important factor to be considered. Risk analysis and management strategies should be taken into account.
- 1.16 Looking ahead for a four year period, the following is a key prudential indicator of affordability:
- the ratio of financing costs to net revenue stream for both the Housing Revenue Account (HRA) and non-HRA services.

Ratio of financing costs to net revenue stream

- 1.17 This indicator identifies the trend in the cost of capital (predominately external interest and MRP) as a proportion of the net revenue budget for the General Fund and housing income for the HRA and is shown in Table 1 below:

Table 1: Ratio of Financing Costs to Net Revenue Stream

	2020/21	2021/22	2022/23	2023/24	2024/25
	Est.	Est.	Est.	Est.	Est.
General Fund	16.82%	19.47%	15.97%	15.67%	15.60%
HRA	28.91%	27.90%	27.33%	26.49%	23.68%

- 1.18 The above indicator shows costs for all borrowing, both supported and unsupported. It also includes the financing costs of PFI schemes and leases. A new accounting standard for leasing (IFRS16) was due to come into force for Local Authorities from 1 April 2020 due to the Covid-19 pandemic this has been delayed until 1 April 2022. Under this new standard leases that have previously been treated as operating leases and expensed to the revenue account on an annual basis, will now be required to be added to the authority's balance sheet. An initial estimate of the impact of this change (£4m pa) to the cost of capital has been added to the above calculation. Work is ongoing to calculate the actual impact of this change on the cost of borrowing. This will be reported through the Financial Management reports to Cabinet. It should be

noted that there is not expected to be a bottom line impact to the revenue budget.

To enhance the information available for decision-making we have also provided a local indicator to show the proportion of the budget that is spent on unsupported borrowing. This is shown in Table 2 below:

Table 2: Ratio of Financing Costs for prudential (unsupported) borrowing to Net Revenue Stream

	2020/21	2021/22	2022/23	2023/24	2024/25
	Est.	Est.	Est.	Est.	Est.
General Fund	11.82%	13.97%	10.98%	10.61%	10.70%
HRA	6.88%	5.85%	5.23%	4.85%	0.38%

- 1.19 The cost of capital related to past and current capital programmes has been estimated in accordance with proper practices. Actual costs will depend on the phasing of capital expenditure and prevailing interest rates, and will be closely managed and monitored on an ongoing basis. Any reprogramming in the Investment Plan, whether planned or unplanned, may delay the impacts of debt financing costs to future years.

Prudential Indicators for Prudence

- 1.20 A key indicator of prudence is that, over the medium term, gross debt will only be used for a capital purpose. Under the Code the underlying need to borrow for a capital purpose is measured by the Capital Financing Requirement (CFR). Gross debt includes external borrowing and also other liabilities including PFI schemes and Finance Leases.

Gross debt and Capital Financing Requirement (CFR)

- 1.21 This key indicator shows that gross debt is not expected to exceed the total CFR including additional capital requirements for 2020/21 to 2024/25.

Table 3: Gross external debt compared to CFR

	2020/21	2021/22	2022/23	2023/24	2024/25
	Est.	Est.	Est.	Est.	Est.
	£000s	£000s	£000s	£000s	£000s
External Borrowing	460,187	462,724	459,148	454,330	452,175
Other Liabilities (including PFI and Finance Leases)	111,241	107,979	179,603	178,715	175,016
Total Gross debt	571,428	570,703	638,752	633,046	627,191
Capital Financing requirement	632,184	625,551	688,356	677,868	660,149

Prudential Indicators for Capital Expenditure**Estimate of capital expenditure**

- 1.22 This indicator requires reasonable estimates of the total capital expenditure to be incurred during the current financial year and at least the following three financial years.
- 1.23 The Investment Plan for 2021-2026 is included in the annex to the report and the figures below are based on that report. A full breakdown of individual projects is shown in Appendix D (i).

Table 4: Capital Expenditure

	2020/21 Est. £000s	2021/22 Est. £000s	2022/23 Est. £000s	2023/24 Est. £000s	2024/25 Est. £000s
General Fund	43,589	42,249	17,262	15,458	15,988
HRA	25,227	26,362	26,043	27,400	29,949
Total	68,816	68,611	43,305	42,858	45,937

- 1.24 There is a risk of cost variations to planned expenditure against the Investment Plan, arising for a variety of reasons, including tenders coming in over/under budget, changes to specifications, slowdown/acceleration of project phasing. There is also the possibility of needing to bring urgent and unplanned capital works into the Investment Plan. These risks are managed by project officers on an ongoing basis, by means of active financial and project monitoring, they will be overseen by the Investment Programme Board and any changes will be made in accordance with Financial Regulations.
- 1.25 The availability of financing from capital receipts, grants and external contributions also carry significant risks. These risks are particularly relevant to capital receipts, where market conditions are a key driver to the flow of funds, causing problems in depressed or fluctuating market conditions. There is a much reduced reliance on capital receipts in the proposed plan.

Estimate of Capital Financing Requirement (CFR)

- 1.26 The CFR can be understood as the Authority's underlying need to borrow money long term for a capital purpose. The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. The CFR will increase annually by the amount of capital expenditure which is not immediately paid for by grants, contributions, direct revenue funding or capital receipts. The General Fund CFR will also be reduced each year by the amount of Minimum Revenue Provision (MRP) that is set aside in the revenue budget. In addition, the CFR may be reduced by additional voluntary contributions in the form of capital receipts or revenue contributions. The HRA business plan includes provision to reduce the HRA CFR in this way.
- 1.27 The CFR also includes any other long term liabilities eg PFI schemes and finance leases. As outlined in paragraph 1.18 above the new accounting standard for leasing (IFRS16) now comes into force for Local Authorities from 1 April 2021. This means

that leases that have previously been treated as operating leases and expensed to the revenue account on an annual basis, are now required to be added to the authority's balance sheet. An initial estimate of the impact of this change (£75m) has been added to the CFR. Work is ongoing to calculate the actual impact of this change on the CFR. This will be reported through the Financial Management reports to Cabinet.

- 1.28 In accordance with best professional practice the Authority does not associate borrowing with particular items or types of expenditure. The Authority has a number of daily cash flows, both positive and negative, and manages its treasury position in terms of its borrowing and investments in accordance with the approved Treasury Management Strategy. In day to day cash management no distinction can be made between revenue cash and capital cash. Over the long term external borrowing may only be incurred for capital purposes.

Table 5: Capital Financing Requirement

	2020/21 Est. £000s	2021/22 Est. £000s	2022/23 Est. £000s	2023/24 Est. £000s	2024/25 Est. £000s
General Fund	316,454	315,208	383,182	377,881	363,979
HRA	315,730	310,343	305,174	299,987	296,170
Total	632,184	625,551	688,356	677,868	660,149

- 1.29 The above indicator shows the total borrowing requirement, both supported and unsupported. To enhance the information available for decision-making we have provided a local indicator to show the Capital Financing Requirement for unsupported borrowing. This is shown in Table 6 below:

Table 6: Capital Financing Requirement for Unsupported Borrowing

	2020/21 Est. £000s	2021/22 Est. £000s	2022/23 Est. £000s	2023/24 Est. £000s	2024/25 Est. £000s
General Fund	181,285	188,002	185,368	181,852	179,048
HRA	11,002	7,171	3,671	274	0
Total	192,287	195,173	189,039	182,126	179,048

Prudential Indicators for External Debt

Authorised limit for total external debt

- 1.30 For the purposes of this indicator the authorised limit for external debt is defined as the authorised limit for borrowing plus the authorised limit for other long term liabilities.

- 1.31 This indicator requires the Authority to set, for the forthcoming financial year and following years, an authorised limit for total external debt, separately identifying borrowing from other long term liabilities such as PFI and Finance Leases.
- 1.32 The authorised limit represents the maximum amount the Authority may borrow at any point in time in the year. It has to be set at a level the Authority considers is “prudent” and has to be consistent with the plans for capital expenditure and financing.
- 1.33 This limit is based on the estimate of the most likely, but not worse case, scenario with additional headroom to allow for operational management, for example unusual cash movements.
- 1.34 As outlined in paragraphs 1.18 and 1.27 above the new accounting standard for leasing (IFRS16) comes into force for Local Authorities from 1 April 2022. An uplift has been applied to the external and operational boundaries to allow for this change. Work is ongoing to calculate the actual impact of the change. This will be reported through the Financial Management reports to Cabinet.
- 1.35 Full Council will be requested to approve these limits and to delegate authority to the Chief Finance Officer, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities, in accordance with option appraisal and best value for money for the Authority.**
- 1.36 Any such changes made will be reported to the Cabinet at its next meeting following the change.**

Table 7: Authorised Limit for External Debt

	2020/21 Est. £000s	2021/22 Est. £000s	2022/23 Est. £000s	2023/24 Est. £000s	2024/25 Est. £000s
Borrowing	1,100,000	1,040,000	1,020,000	1,000,000	980,000
Other Long Term Liabilities	150,000	135,000	235,000	235,000	210,000
Total	1,250,000	1,175,000	1,255,000	1,235,000	1,190,000

- 1.37 The Chief Finance Officer reports that these Authorised Limits are consistent with the Authority’s current commitments, existing plans and the proposals in this 2021/22 budget report for capital expenditure and financing, and in accordance with its approved Treasury Management Policy Statement and Practices.**

Operational Boundary for total external debt

- 1.38 The proposed operational boundary is based on the same estimates as the authorised limit. However, it excludes the additional headroom which allows for unusual cash movements.
- 1.39 The operational boundary represents a key management tool for in year monitoring by the Chief Finance Officer. Within the operational boundary, figures for borrowing and other long term liabilities are identified separately. Full Council will be requested to

delegate authority to the Chief Finance Officer, within the total Operational Boundary for any individual year, to effect movement between the separately agreed figures for borrowing and other long-term liabilities, in a similar fashion to the Authorised Limit.

1.40 Any such changes will be reported to the Cabinet at its next meeting following the change.

Table 8: Operational Boundary for External Debt

	2020/21 Est. £000s	2021/22 Est. £000s	2022/23 Est. £000s	2023/24 Est. £000s	2024/25 Est. £000s
Borrowing	550,000	520,000	510,000	500,000	490,000
Other Long Term Liabilities	130,000	115,000	185,000	185,000	180,000
Total	680,000	635,000	695,000	685,000	670,000

Prudential Indicators for Treasury Management

Adoption of the CIPFA Code of Practice for Treasury Management

- 1.41 The Authority has an integrated Treasury Management Strategy and has adopted the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. North Tyneside Council has, at any point in time, a number of cash flows, both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved Treasury Management Strategy and Practices.

Upper limits on interest rate exposure 2021-2025

- 1.42 Full Council will be requested to set an upper limit on its fixed interest rate exposures for 2021/22 through to 2024/25 of 100% of its net outstanding principal sums.
- 1.43 Full Council will be requested to set an upper limit on its variable interest rate exposures for 2021/22 through to 2024/25 of 50% of its net outstanding principal sums.
- 1.44 The proposals to set upper and lower limits for the maturity structure of the Authority's borrowings are as follows:

Table 9: Amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate

	Upper Limit	Lower Limit
Under 12 months	50%	0%
12 months to 2 years	50%	0%
2 years to 5 years	50%	0%
5 years to 10 years	75%	0%
10 years to 20 years	100%	25%

20 years to 30 years	100%	25%
30 years to 40 years	100%	25%
40 years to 50 years	100%	25%

Appendix B

Equality Impact Assessment for Conservative Notice of Objection 2021/22 – Council 18 February 2021

Equality Impact Assessment (EIA)

The separate EIA guidance notes outline what should be included for each section. Please read them before you begin. If you have any queries, contact your Corporate Equality Group rep, or the Engagement Team on 643 2828.

1. **Author, service area, date**

Claire Emmerson, 16.02.21

2. **Who else has been involved in writing this EIA?**

Janice Gillespie, Head of Finance

3. What proposal is this EIA assessing?

The Conservative Notice of Objection 2021/22

4. What is the purpose of your proposal and what is it expected to achieve?

To consider whether the Conservative Notice of Objection 2018/19 has any relevance to the aims of the public sector equality duty. This consideration will help inform Council as to whether the Conservative Notice of Objection should be approved.

5. Is there any relevance to the aims of the public sector equality duty? Write your answers in the table

Aim	Yes, No, or N/A	Details if 'yes'
Eliminate unlawful discrimination, victimisation and harassment	N/A	
Advance equality of opportunity between people who share a protected characteristic and those who do not	N/A	
Foster good relations between people who share a protected characteristic and those who do not	N/A	

6. Analysis by characteristic Write your answers in the table

Protected characteristic	Potential positive or negative impact?	Explanation and evidence
All protected characteristics	No	See below
Age	No	No potential impact based on age
Disability	No	No potential impact based on disability
Gender	No	No potential impact based on gender

Gender reassignment	No	No potential impact based on gender reassignment
Marriage and civil partnership status	No	No potential impact based on marriage and civil partnership status
Pregnancy and maternity	No	No potential impact based on pregnancy and maternity status
Race	No	No potential impact based on race
Religion or belief	No	No potential impact based on religion or belief
Sexual orientation	No	No potential impact based on sexual orientation

Have you carried out any engagement in relation to this proposal? If so, what?

- *No, engagement will follow if the Notice of Objection is approved at the Council meeting of 18 February 2021 prior to consideration by Cabinet.*

Is there any information you don't have that you need to find?

No

What actions are already in place, or will be taken, to remove or reduce potential negative impacts? (add more lines to the table if you need to). *Write your answers in the table*

Action	Responsibility
None, as no negative impacts identified to remove or reduce	

0. Are there any potential negative impacts that cannot be removed or reduced? If so, why is this?

No

1. Based on your conclusions from this assessment, what are your next steps?

Council will consider the Notice of Objection on 18 February 2021

2. How will the impact of this proposal be monitored after it is introduced?

Through the Council's usual monitoring processes

3. When will this EIA be reviewed?

This will be reviewed annually if the proposals are agreed by Council