

**Cabinet
(Extraordinary Meeting)**

Monday, 31 January 2022

Present: N Redfearn (Elected Mayor) (in the Chair)
Councillors C Johnson, C Burdis, K Clark, S Cox, S Day,
P Earley, S Graham, A McMullen and M Rankin

In Attendance: Roger Layton (North Tyneside Joint Trades Union
Committee)

Apologies: Toby Bridges (Business Representative)

**CAB88/22 To Receive any Declarations of Interest and Notification of any
Dispensations Granted**

Councillor K Clark declared a registerable personal interest in agenda Item 3: 2022-2026 Financial Planning and Budget Process: Cabinet's Draft Budget proposals (CAB89/22), as she was a Director and Employee at Justice Prince CIC which had contracts with North Tyneside Council funded from the Housing Revenue Account (Working Roots).

**CAB89/22 2022-2026 Financial Planning and Budget Process: Cabinet's Draft
Budget proposals**

Cabinet considered a report on the 2022-2026 draft Budget and Council Tax proposals and final budget proposals for the Housing Revenue Account (HRA) Business Plan and Budget. The report presented proposals to cover a four-year planning period from 2022-2026 for the revenue Budget and a five-year planning horizon for the Investment Plan.

The Authority's 2021/22 Budget and accompanying Medium Term Financial Plan (MTFP) had been agreed by full Council in February 2021. The Budget set in February 2021/22 was balanced, based on a robust set of assumptions in relation to the resources available, and prudent estimates of the expenditure necessary to deliver the Authority's Services.

The Our North Tyneside Plan 2021-2025 (the Council Plan) set out the overall vision and policy context within which the Financial Plan and Budget proposals would operate. The Authority had worked to a clear set of priorities through the Council Plan and these priorities formed the basis of the framework for COVID-19 recovery in North Tyneside during 2020/21 and the early part of 2021/22.

The impact of the COVID-19 pandemic had continued throughout the financial year 2021/22 and it was anticipated there would continue to be implications into future years. Evidence had shown that the inequality gap had grown over the period of the pandemic. As Budget-planning activity progressed, Cabinet was aware there was a significant amount of uncertainty remaining. The recent announcement of the Government's Social Care Reform would have a significant impact for the provision of social care and how it would be funded but the scale of new burdens for social care remained uncertain for local government.

Cabinet's report on 29 November 2021 included details of the Comprehensive Spending

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Review (SR21) which the Chancellor announced on 27 October 2021. The Provisional Local Government Finance Settlement (the Settlement) for 2022/23 was announced on 16 December 2021. Full details of the Settlement were included in Annex A, section 3.

The Settlement confirmed that Core Spending Power (CSP) for local authorities would increase by 6.9% in cash terms for 2022/23. The Government's assumption was that to achieve this increase all authorities would implement the maximum allowed Council Tax increase of 3%: a 2% increase for general Council Tax and a 1% increase for the Adult Social Care Precept. In calculating CSP, the Government had assumed that each authority's Council Tax Base, used to calculate the total level of Council Tax resources, had increased in line with their average Council Tax Base growth since 2017/18.

The Elected Mayor and Cabinet's draft Budget proposals therefore included for consideration, an increase of 1.99% for general Council Tax and 1% for the Adult Social Care Precept.

The SR21 and the Settlement had confirmed some of the assumptions made in the preparation of the draft Budget proposals but there remained a need for ongoing flexibility to respond to changing circumstances, particularly in light of the forecast economic impacts. The MTFP would continue to be updated in light of future Government announcements and as the ongoing impact of COVID-19 became clear.

There were a number of assumptions and judgements built into the figures presented that lay mainly outside the control of the Authority and needed to be finalised. The estimates of amounts would therefore need to be subject to further review before they could be confirmed.

Cabinet, in its report of 29 November 2021, had set out the estimates for all aspects of the Elected Mayor and Cabinet's proposed spending and resource plans for the Housing Revenue Account (HRA) Budget for 2022-2026 and associated Investment Plan 2022-2027 detailed in Annex 1. In addition, the report outlined the proposed changes to housing rent, garage rent and service charges for 2022/23.

Cabinet was now formally asked to approve the proposed spending and resource plans for the HRA Revenue Budget for 2022/23 in accordance with the responsibilities of Cabinet pursuant to the Local Government Act 2000. In addition, Cabinet was also asked to approve the housing element of the 2022-2027 Investment Plan, the proposed 4.1% rent increase from April 2022 (in line with Government policy), and the proposals in relation to housing service charges and garage rents for 2022/23. The proposed spending plans had been updated to reflect the 2021/22 in-year monitoring position for the HRA as reported to Cabinet on 24 January 2022 and the updated balances position now anticipated for the beginning of the 2022/23 financial year.

It was highlighted that the 2022/23 budget engagement approach had been outlined in the Cabinet report of 29 November 2021 and that, despite the challenges of the ongoing COVID-19 pandemic, engagement was carried out both online and face to face throughout December 2021 and January 2022. The budget engagement finished on 23 January 2022 and attention was drawn to the addendum to Appendix F which had been circulated. The final number of people that had engaged in the budget consultation was 218.

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Cabinet's draft budget proposals were based upon available information and judgements at the time of writing the report. There were a number of assumptions and judgements built into the figures presented that were outside of the Authority's control and needed to be finalised. As some external announcements were still to be received, it was recommended that Cabinet authorise the Elected Mayor, in conjunction with the Cabinet Member for Finance and Resources and other Cabinet Members, to work with the Senior Leadership Team to continue their joint review of these proposals and where necessary to make any required amendments.

The Elected Mayor thanked Cabinet Members and Officers for producing the Budget proposals in challenging circumstances.

Cabinet considered the following decision options:

Option 1 – Agree the proposals detailed in the report.

Option 2 – Suggest that further or different options are considered by the Senior Leadership Team and be reported back for further consideration before submission to full Council on 17 February 2022.

Resolved that (a) in relation to the General Fund Revenue Budget, Dedicated Schools Grant and Investment Plan:

(1) the key principles being adopted in preparing the Medium-Term Financial Strategy for the Authority, subject to an annual review, be agreed;

(2) it be noted that Cabinet's estimates of amounts in the setting of the Council Tax requirement will be submitted to full Council for its meeting on 17 February 2022, in accordance with the Authority's Constitution and Budget and Policy Framework Procedure Rules;

(3) it be noted that Cabinet's proposals for the 2022-2027 Investment Plan, including the draft Capital Investment Strategy and Prudential Indicators for 2022-2026, in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA'S) Prudential Framework and the proposed Minimum Revenue Provision (MRP) Policy in line with capital finance regulations, will be submitted to full Council for its meeting on 17 February 2022;

(4) the estimates of amounts in relation to the 2022-2027 Investment Plan, including prudential indicators for 2022-2026 in accordance with CIPFA's Prudential Framework and a proposed MRP Policy in line with capital finance regulations, be agreed;

(5) it be noted that all approved schemes within the 2022-2027 Investment Plan will be kept under review by the Investment Programme Board;

(6) it be noted that Cabinet's proposals for the Treasury Management Statement and Annual Investment Strategy for 2022/23 will be submitted to full Council for its meeting on 17 February 2022;

(7) the Treasury Management Statement and Annual Investment Strategy for 2022/23 be approved;

(8) the draft proposals in relation to the Treasury Management Statement, Annual Investment Strategy for 2022/23 and Treasury Management Practices, be agreed;

(9) it be noted that any implications that affect the information in the report arising from decisions of Cabinet on 31 January and 7 February would be provided as a supplementary report to full Council on 17 February 2022;

(10) the outcomes from the engagement process on both the Council Plan and Budget proposals, be noted;

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- (11) the formal Reserves and Balances Policy for the Authority, subject to review at least annually, be agreed;
- (12) the key aspects of the 2022/23 Provisional Local Government Finance Settlement announced on 16 December 2021 and how these had been incorporated into the Medium-term Financial Strategy and Medium-term Financial Plan of the Authority be noted; in addition, the outstanding information required to allow the Elected Mayor and Cabinet to finalise the proposals be also noted;
- (13) the medium-term financial challenges and financial risks facing the Authority be noted and they be addressed as part of the Efficiency Programme for the Authority, to deliver continued financial stability and prudent management of the Authority's financial resources;
- (14) the estimates of amounts for the 2022/23 setting of the Council Tax requirement, including the General Fund Revenue Budget, thereby calculating the proposed level of Council Tax to be recommended to full Council for approval, including an assessment in relation to the current year's budget monitoring information (2021/22) and indications for the Financial Plan for 2022/23, be agreed;
- (15) the Chief Finance Officer be requested to prepare the appropriate Council Tax Requirement and Budget Resolution document for full Council's consideration at its meeting on 17 February 2022;
- (16) the conclusions of the Overview, Scrutiny and Policy Development Committee's review of the 2022/23 initial Budget proposals and any impact the recommendations may have on the General Fund Budget proposals be noted; and it be also noted that any recommendations of the Overview, Scrutiny and Policy Development Committee in relation to Cabinet's final budget proposals would be considered by Cabinet on 7 February 2022;
- (17) the Provisional Statement by the Chief Finance Officer be noted;
- (18) the Elected Mayor be authorised to make any final amendments to Cabinet's proposals in relation to any outstanding information to enable due consideration to be given to the final level of Council Tax that Cabinet proposes to full Council for approval for 2022/23;
- (19) the Chief Executive, in consultation with the Elected Mayor, Deputy Mayor, Cabinet Member for Finance and Resources and the Senior Leadership Team, be authorised to manage the overall Efficiency Programme and it be noted that decisions made under this delegated authority would be reported to Cabinet as part of the regular budget monitoring information provided; and
- (20) delegated authority be given to the Chief Executive, in consultation with the Elected Mayor and Director of Resources, to authorise the purchase of homes, on the open market, providing value for money is demonstrated and the cost can be contained within existing financial resources of the Authority; this was to ensure the programme of delivery of affordable homes and homes at market rent was progressed in line with Cabinet's priorities.

(b) in relation to the Housing Revenue Account:

- (1) the conclusions of the Overview, Scrutiny and Policy Development Committee's consideration of Cabinet's proposals for the 2022/23 Housing Revenue Account (HRA) Business Plan and Budget proposed by Cabinet on 29 November 2021 be noted;
- (2) the final proposals in relation to the 2022/23 Housing Revenue Account Budget and associated Business Plan be agreed;
- (3) individual housing rents be increased by 4.1% as outlined in Annex 1 HRA to the report and in the HRA section of 29 November 2021 Cabinet report in line with the Government's policy for social rent, based on rent increases of Consumer Price Index (CPI) + 1%;

- (4) service charges for 2022/23 be increased in line with CPI except where reviews of services have taken place to reflect changes in actual costs; for the majority of service charges for 2022/23 the increase will be 3.1%;
- (5) garage rents for 2022/23 be increased by 3.1%;
- (6) the assessment in relation to the current year's budget monitoring information (2021/22), and indications of financial plans for 2022-2026 for the Housing Revenue Account be noted;
- (7) the Capital Investment Strategy (Appendix D (iv)) which sets out the general principles followed by both the General Fund and HRA in relation to the Authority's approach to capital investment be noted; and it be noted that this draft will be due for approval by full Council at its meeting on 17 February 2022 as part of the overall Financial Planning and Budget process; and in relation to the HRA, it be noted that the principles of the Investment Strategy will apply to the updated 2022-2027 Asset Management Strategy for the HRA;
- (8) the draft Treasury Management Statement and Annual Investment Strategy for 2022/23 Appendix E (i) which sets out the general principles followed by both the General Fund and HRA in relation to the Authority's management of investments, cash flows, banking, money market and capital transactions be noted; and the continued policy of paying off existing debt where affordable and appropriate within the HRA Business Plan, which will see an estimated further £102.447m reduction in loans attributed to the HRA over the life of this 30-year Plan be also noted;
- (9) the HRA Investment Plan 2022-2027 (Annex 1 HRA and Appendix D (ii)) be agreed;
- (10) it be noted that 2017/18 saw the end of the 5-year transitional arrangements for the use of a "proxy" for calculating a depreciation charge, and that 2022/23 will see the continuation of the current method to calculate a "true" depreciation charge; and
- (11) the Prudential Indicators which are specific to the Housing Revenue Account as set out in Appendix D (iii) to the report, be approved.

(Due to external information still to be received, Cabinet is not able to finalise setting its proposed Council Tax level for 2022/23 in relation to the General Fund. The report would form the basis of Budget engagement and scrutiny over the next two months, but further work would inevitably be required before final decisions are made on the budgets for next year, hence the authorisation recommendation referred to in paragraph 1.6 of the report.)

CAB90/22 Date and Time of Next Meeting

Monday 7 February 2022 at 6.00pm (Extraordinary meeting).

Minutes published on Thursday 3 February 2022.