

Local Government Act 1972

Borough of North Tyneside

Thursday, 17 February 2022

At the meeting of the Council of the Borough of North Tyneside duly convened and held on Thursday, 17 February 2022 at 6.00 pm in Chamber - Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY at which a quorum of Members were present, that is to say: -

Present

Councillor D Drummond (Chair)
N Redfearn (Elected Mayor)

Councillor L Arkley	Councillor K Barrie
Councillor L Bartoli	Councillor G Bell
Councillor L Bell	Councillor L Bones
Councillor T Brady	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 P Earley
Councillor S Graham	Councillor M Green
Councillor J Harrison	Councillor T Hallway
Councillor Janet Hunter	Councillor John Hunter
Councillor C Johnson	Councillor H Johnson
Councillor C Johnston	Councillor J Kirwin
Councillor F Lott	Councillor W Lott
Councillor G Madden	Councillor A McMullen
Councillor T Mulvenna	Councillor M Hall
Councillor J Mole	Councillor J Montague
Councillor A Newman	Councillor P Oliver
Councillor J O'Shea	Councillor A Percy
Councillor S Phillips	Councillor B Pickard
Councillor M Rankin	Councillor P Richardson
Councillor W Samuel	Councillor J Shaw
Councillor M Thirlaway	Councillor J Walker
Councillor J Wallace	Councillor Westwater
Councillor M Wilson	

Apologies: Councillor S Brockbank, Councillor M Madden, Councillor P McIntyre, Councillor E Parker-Leonard and Councillor J Stirling

C71/21 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 C71/21):

Item 3 – 2022-2026 Financial Planning and Budget Process: Elected Mayor and Cabinet Budget and Council Tax Requirement Resolution for 2022/23

Councillor L Bones - non-registerable personal interest – family member is employed by the Authority.

Councillor K Clark – Registerable personal interest - employed by an organisation that receives funding from the Authority and indicated would withdraw from the meeting.

Councillor J Cruddas – Registerable personal interest - employed by an organisation that receives funding from the Authority and indicated would withdraw from the meeting.

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 P Earley - registerable personal interest – is a trustee of North Tyneside Carers Centre.

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

Councillor Christopher Johnston - registerable personal interest – a member of the Cullercoats Education Trust

Councillor F Lott - non-registerable personal interest – family member is employed by the Authority.

Councillor W Lott - non-registerable personal interest – family member is employed 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 a registerable personal interest - works for a company that has contracts with the Authority.

Councillor M Wilson - registerable personal interest – His company has contracts with VODA who receives funding from the Authority.

C72/21 Arrangements for the Appointment of the Local Auditor (External Auditor)

The Chair informed the meeting that the agenda Item in relation to Public Sector Audit Appointments would be considered first and Council received a report seeking approval to opt-in to the Public Sector Audit Appointments (PSAA) Limited arrangements from 1 April 2023 for the five financial years commencing 2023/24 to 2027/28.

It was moved by Councillor M Rankin and seconded by Councillor C Johnson that Council:

- (1) agree to accept the invitation to become an opted-in authority to the national scheme for the appointment of local auditors, which is managed by Public Sector Audit Appointments (PSAA) Limited;
- (2) agree that the Section 151 Officer (or Deputy Section 151 Officer) completes the required paperwork in order to make the necessary arrangements; and
- (3) note that the length of the compulsory appointing period covers the audits of the five consecutive financial years commencing 1 April 2023 (2023/24 to 2027/28).

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

C73/21 2022-2026 Financial Planning and Budget Process: Elected Mayor and Cabinet Budget and Council Tax Requirement Resolution for 2022/23

(Councillors K Clark, J Cruddas and 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 he would first request Councillor M Rankin 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 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

It was moved by Councillor M Rankin and seconded by Councillor C Johnson that Council agree:

- the recommendations and delegations set down in paragraph 1.5.23 of this report in relation to the 2022/23 General Fund Revenue Account Budget, the 2022/23 Council Tax Requirement and Council Tax Level for 2022/23, being the Elected Mayor and Cabinet's Budget and Council Tax Requirement Resolution.
- the Elected Mayor and Cabinet's proposals for the 2022-2027 Investment Plan, including the Capital Investment Strategy and proposed prudential indicators for 2022-2026, previously agreed at Cabinet on 31 January 2022, attached in the General Fund Annex 1, Appendix D (i), (iii) and (iv) of Appendix A to this report; and
- the Elected Mayor and Cabinet's proposals for the Treasury Management Strategy, Annual Investment Statement for 2022/23, attached in the General Fund Annex 1, Appendix E (i), (ii) of Appendix A to this report.

2022/23 Council Tax Requirement Resolution

- 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 £184.788m in Dedicated Schools Grant, for 2022/23:

	£
General Fund Revenue Budget	166,368,628
Total	<u>166,368,628</u>

- 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	11,881,498
Environment Agency	<u>207,371</u>
Total	<u>12,088,869</u>

- The contingency be set as follows:

	£
Contingency	7,848,371
Total	<u>7,848,371</u>

4. Note that at its meeting held on 24 January 2022, Cabinet agreed the Council Tax base for 2022/23 for the whole Authority area as 62,229 (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 2022/23 is £109,720,306 (as set down in paragraph 1.5.22, Table 4).
6. Agrees that the following amounts now calculated by the Authority for the year 2022/23 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992, as amended (the Act):
 - (a) £359,434,767 Being the aggregate of the amounts which the Authority estimates for the items set out in Section 31A(2) of the Act.
 - (b) £249,714,461 Being the aggregate of the amounts which the Authority estimates for the items set out in Section 31A(3) of the Act.
 - (c) £109,720,306 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) £1,763.17 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) Revised North Tyneside Council Valuation Bands

Council Tax Band	£
A	1,175.44
B	1,371.35
C	1,567.26
D	1,763.17
E	2,154.98
F	2,546.80
G	2,938.61
H	3,526.34

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 2022/23 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	102.56
B	119.65
C	136.75
D	153.84
E	188.03
F	222.21
G	256.40
H	307.68

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

Note that for the year 2022/23 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	58.23
B	67.94
C	77.64
D	87.35
E	106.76
F	126.17
G	145.58
H	174.70

(h) Revised 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 2022/23 for each part of its area and for each of the categories of dwellings shown below:

Council Tax Band	£
A	1,336.23

B	1,558.94
C	1,781.65
D	2,004.36
E	2,449.77
F	2,895.18
G	3,340.59
H	4,008.71

7. The Authority's relevant basic amount of Council Tax for 2022/23 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 £7.849m as pressures incurred during 2021/22 have been recognised as part of the 2022/23 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 Director 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

An Objection was moved by Councillor G Westwater and seconded by Councillor L Bones, 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 C Johnson and seconded by M Rankin that the question be now put.

Councillor C Johnson withdrew the procedural Motion immediately when a member indicated they wished to continue the debate.

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

Votes for the Objection to the Budget

Councillors L Arkley, K Barrie, L Bartoli, L Bones, C Johnston, J Wallace and G Westwater.

Votes the against the Objection to the Budget

N Redfearn, Elected Mayor, Councillors G Bell, L Bell, T Brady, B Burdis, C Burdis, J Cassidy, D Cox, S Cox, N Craven, E Darke, L Darke, C Davis, S Day, D Drummond, P Earley, S Graham, M Green, M Hall, T Hallway, Janet Hunter, John Hunter, C Johnson, H Johnson, J Kirwin, F Lott, W Lott, G Madden, A McMullen, J Mole, J Montague, T Mulvenna, A Newman, P Oliver, J O'Shea, N Percy, S Phillips, B Pickard, M Rankin, P Richardson, W Samuel, J Shaw, M Thirlaway, J Walker and M Wilson.

The Objection, on being put to the meeting, was defeated by 45 votes to 7 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 G Bell, L Bell, T Brady, B Burdis, C Burdis, J Cassidy, D Cox, S Cox, N Craven, E Darke, L Darke, C Davis, S Day, D Drummond, P Earley, S Graham, M Green, M Hall, T Hallway, Janet Hunter, John Hunter, C Johnson, H Johnson, J Kirwin, F Lott, W Lott, G Madden, A McMullen, J Mole, J Montague, T Mulvenna, A Newman, P Oliver, J O'Shea, N Percy, S Phillips, B Pickard, M Rankin, P Richardson, W Samuel, J Shaw, M Thirlaway, J Walker and M Wilson.

Votes against the Elected Mayor and Cabinet's Proposals

Councillors L Arkley, K Barrie, L Bartoli, L Bones, C Johnston, J Wallace and G Westwater

The substantive motion, on being put to the meeting, was approved by 45 votes to 7 votes.

The Chair announced that the Elected Mayor and Cabinet's Budget and Council Tax

Requirement Resolution for 2022/23 had been approved by the Council and therefore the meeting provisionally scheduled for 3 March 2022 was no longer required.

Appendix 1

**North Tyneside
Council
Report to Council
Date: 17 February
2022**

Title: 2022-2026 Financial Planning and Budget Process: Conservative Group Notice of Objection

Report of: The Conservative Group

Wards affected: ALL

Conservative Group Notice of Objection for the 2022/23 General Fund Revenue Budget, the proposed Council Tax Level for 2022/23, the Investment Plan for 2022-2027 and the Treasury Management Statement and Annual Investment Strategy for 2022/23

1.0 Introduction - The Recovery Budget

- 1.1 The budget presented by the Conservative Group is a budget for recovery. All Councillors, whether Conservative, Labour or Independent, should be asking themselves throughout the Budget-setting process “What action can we take to help residents’ finances?”. The Conservative budget answers this question. This is in stark contrast to the Budget presented by the Labour Mayor and Cabinet, which again avoids the major issues, blames the Government and hikes Council Tax for everyone across North Tyneside.
- 1.2 The Labour Mayor and Cabinet have again chosen to hike Council Tax by the legal maximum, this Conservative Budget proposal provides a Council Tax rebate of at least £150 for every household across North Tyneside, paid for by a reallocation of Hardship support for those residents on LCTS. This will help all residents recover from Labour's wilful refusal to freeze Council Tax in recent years.
- 1.3 This budget also includes a discretionary hardship fund of £550,000 to offer additional support with rising energy costs for those on the lowest incomes. Our budget also asks the Mayor and Cabinet to remove the Rent increase for the HRA Tenants for 2022/23 and look for further efficiencies for 2022-23 and beyond that sustain this reduction for Tenants.
- 1.4 At a time when incomes are being squeezed, the Labour Mayor and Cabinet are choosing to spend taxpayers’ money on ludicrous follies. Whether it is £48,000 on giant plasticine men, the chauffeur-driven car used by the Mayor and Cabinet, the

£85,000 set aside for Councillors' expenses, the £1.5 Million Dutch-style roundabout on Rake Lane or the continued publication of the Council Magazine (which the Mayor promised to scrap). The Conservative budget will help North Tyneside recover from this reckless spending.

- 1.5 The Conservative budget brings the Council spending back to basics - fixing our roads and pavements, cleaning up our local environment and dealing with the backlog of tree issues caused by the recent storms. These measures will aid our recovery from almost a decade of Labour neglect.
- 1.6 The Conservative budget will remove charges at recycling centres in North Tyneside to help reduce fly-tipping across the Borough. We have all seen an increase in this in recent months, not only causing public health issues but also making our communities look untidy. Only the Conservatives have a plan to stop this.
- 1.7 Our budget would provide a community warden for each ward in North Tyneside. This would be a seven-day service where wardens would be able to respond rapidly to issues such as graffiti, litter, anti-social behaviour and dog fouling to help our communities recover from Labour's decade of neglect.
- 1.8 Our budget also tackles the skills problem facing North Tyneside. It would introduce a member of staff to oversee Apprenticeship Levy Transfer between businesses in North Tyneside, meaning more funding for apprenticeships in the borough and a more skilled workforce fit for the future.
- 1.9 Bus services in North Tyneside are facing cuts, potentially leaving many residents isolated. The Conservative budget sets aside £80,000 to support our Public Transport, ensuring services are able to recover from Covid and provide essential connectivity across our Borough.
- 1.10 Our coastline is the best in the UK but recently announced plans from Labour make some parts below the standard our residents expect. The Conservative budget includes funding to extend the surface of the Northern Promenade, in the same style as the work already completed. There is also provision to repaint St Mary's lighthouse, undoing years of neglect under the Labour administration which has resulted in the paintwork being discoloured.
- 1.11 The main issue that residents have complained about is the state of our roads and pavements. Under this Labour administration we have seen them worsen, with harrowing stories of pensioners having fallen over with broken bones or worse. Council data shows that only 3% of our footpaths are considered to be 'good'. The Conservative budget is a budget for recovery for our roads and pavements, more than tripling the amount of investment in fixing our roads and pavements with a £4.540m cash injection.
- 1.12 The Conservative budget is balanced. It does not use any of the millions of pounds in reserves held by the Council and contains realistic action to tackle the rising cost of living. The support of the Chancellor, Rishi Sunak, has meant Conservatives in Government are working to tackle the rising cost of living in North Tyneside - and this budget continues that hard work.
- 1.13 Our budget would see our roads and pavements fixed, our local areas maintained by

a seven-day service of community wardens, our tree backlog slashed and an end to fly-tipping across our borough. It sets a plan for recovery from Labour's decade of neglect.

This is a budget to tackle the cost-of-living crisis and help North Tyneside recover. We hope all members will support it.

2.0 2022/23 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 noting the estimated allocation of £184.788m in Dedicated Schools Grant, for 2022/23:

	£
General Fund Revenue Budget	163,512,396
Total	<u>163,512,396</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	11,881,498
Environment Agency	207,371
Total	<u>12,088,869</u>

3. The contingency be set as follows:

	£
Contingency	8,700,371
Total	<u>8,700,371</u>

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

Growth

Item		£m
1.	Extend £150 Energy costs rebate for Council Tax bands E-H, including administration costs	0.940
2.	Invest £0.600m in the Community Wardens for each ward, full time to deal with issues such as ASB	0.600
3.	Double the resourcing of the Arborist Team	0.030
4.	Remove all charges for recycling activities (approx. £0.080m)	0.080
5.	0.5 FTE Post to support the delivery of an Apprenticeship Levy Transfer Scheme	0.026
6.	NEXUS – Local Bus Services	0.080
	If All Objections are accepted the Total Growth will be	1.756

Savings / Income

Item		£m
1.	Sell Civic Car licence registration	(0.001)
2.	Cease publication of the Council magazine	(0.030)
3.	Scrap all expenses for Councillors (approx. £85k)	(0.085)
4	Reduce by 50% the Trade Union Facility time.	(0.120)
5.	Remove £150 Local Council Tax Hardship Support	(1.520)
	If All Objections are accepted the Total Savings will be	(1.756)

5. Note that at its meeting held on 24 January 2022, Cabinet agreed the Council Tax base for 2022/23 for the whole Authority area as 62,229 (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.
6. Agree that the Council Tax Requirement for the Authority's own purposes for 2022/23 is £109,720,306, as set out below:

	£	£
2021/22 Budget Requirement		163,512,396
Financed by:		
Revenue Support Grant	(11,796,682)	
Retained Business Rates	(22,814,043)	
Business Rates Top Up	(20,505,024)	
Council Tax Collection Fund Surplus	1,323,659	
		(53,792,090)
Council Tax Requirement		109,720,306

7. Agrees that the following amounts now calculated by the Authority for the year 2022/23 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992, as amended (the Act):
- (a) £359,434,767 Being the aggregate of the amounts which the Authority estimates for the items set out in Section 31A(2) of the Act.
- (b) £249,714,461 Being the aggregate of the amounts which the Authority estimates for the items set out in Section 31A(3) of the Act.
- (c) £109,720,306 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) £1,763.17 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	1,175.44
B	1,371.35
C	1,567.26
D	1,763.17
E	2,154.98
F	2,546.80
G	2,938.61
H	3,526.34

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 2022/23 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	102.56
B	119.65
C	136.75
D	153.84
E	188.03
F	222.21
G	256.40
H	307.68

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

Note that for the year 2022/23 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	58.23
B	67.94
C	77.64
D	87.35
E	106.76
F	126.17
G	145.58
H	174.70

(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 2022/23 for each part of its area and for each of the categories of dwellings shown below:

Council Tax Band	£
A	1,336.24
B	1,558.94
C	1,781.65
D	2,004.36
E	2,449.77
F	2,895.18
G	3,340.59
H	4,008.72

8. The Authority's relevant basic amount of Council Tax for 2022/23 is not excessive in accordance with the principles approved under Section 52ZB of the Local Government Finance Act 1992, as amended.
9. The Authority's Financial Regulations will apply to the financial management of this Budget.
10. The level of contingencies will be £8.700m as pressures incurred during 2021/22 have been recognised as part of the 2022/23 Financial Planning and Budget process.
11. 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.
12. The Reserves and Balances Policy is adopted as set out and is subject to review at least annually.

13. 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.
14. The Chief Executive, in consultation with the Elected Mayor and Director 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.
15. 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.
16. 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.
17. 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.
18. 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 2022-2027 Investment Plan

- 3.1 The Conservative Group recommends the following amendments to the draft 2022-2027 Investment plan for 2022/23.

Project	2022/23 £000
General Fund	
Draft Investment Plan	36,818
Re-Paving Northern Promenade	350
St Mary's Lighthouse and Island	500
Roads and Pavements	4,540
Total General Fund	42,208
General Fund Financing	
Unsupported Borrowing	(13,763)
Capital Receipts	(254)
Revenue Contribution (use of reserves)	(93)
Grants and Contributions	(22,708)
Amendments Financed by Capital Receipts:	
Sale of Civic Car	(15)
Sell 50% of shares held by the Council in Newcastle	(3,915)

Airport	
Sell surplus employment land 3.08 hectares	(1,425)
Sell artwork held by the Council	(35)
Total Financing	(42,208)

3.2 Draft Prudential Indicators

There are changes to the draft Capital Expenditure Prudential Indicator which is reflected in Appendix A table 4.

4.0 EQUALITIES IMPACT ASSESSMENT

An Equalities Impact Assessment has been completed and no negative impacts have been identified

Appendix A – 2022-2026 - 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 These indicators have been prepared using the current code (2017). A revised Prudential Code has recently been introduced for adoption in 2023/24. There is not expected to be a significant impact for the Authority.
- 1.2 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 B (iii) to this report.
- 1.3 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.

- 1.4 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 2022/23 is included within the annex to this report.
- 1.5 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
- 1.6 Matters of affordability and prudence are primary roles for the Prudential Code.
- 1.7 The revenue consequences of capital expenditure relating to the HRA must to be paid for from HRA resources.
- 1.8 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.
- 1.9 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.
- 1.10 The indicators cover:
 - Affordability;
 - Prudence;
 - Capital expenditure;
 - External debt; and
 - Treasury management.
- 1.11 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.
- 1.12 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.
- 1.13 The following sets down the draft Prudential Indicators as calculated and proposed for North Tyneside Council for 2022–2026. The indicators include those for the Housing Revenue Account.

Prudential Indicators for Affordability

- 1.14 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.
- 1.15 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.
- 1.16 When considering affordability, risk is an important factor to be considered. Risk analysis and management strategies should be taken into account.
- 1.17 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

- 1.18 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

	2021/22	2022/23	2023/24	2024/25	2025/26
	Est.	Est.	Est.	Est.	Est.
General Fund	17.74%	17.52%	14.90%	14.86%	15.12%
HRA	27.88%	27.03%	26.13%	23.31%	23.04%

- 1.19 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 was further 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. Work is ongoing to calculate the actual impact of this change on the cost of borrowing. At this stage an estimate of £4m has been assumed as the cost of borrowing. This will be refined and an updated figure reported as part of the final budget proposals. It should be noted that there is not expected to be a bottom line impact to the revenue budget as a result of this change.

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

	2021/22	2022/23	2023/24	2024/25	2025/26
	Est.	Est.	Est.	Est.	Est.
General Fund	12.36%	11.71%	9.76%	10.18%	10.51%
HRA	5.87%	5.20%	4.81%	0.38%	0.00%

- 1.20 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

- 1.21 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)

- 1.22 This key indicator shows that gross debt is not expected to exceed the total CFR including additional capital requirements for 2021/22 to 2025/26.

Table 3: Gross external debt compared to CFR

	2021/22	2022/23	2023/24	2024/25	2025/26
	Est.	Est.	Est.	Est.	Est.
	£000s	£000s	£000s	£000s	£000s
External Borrowing	439,716	447,776	445,647	442,544	439,681
Other Liabilities (including PFI and Finance Leases)	107,502	179,126	178,238	174,538	170,676
Total Gross debt	547,218	626,902	623,885	617,082	610,357
Capital Financing requirement	610,882	679,539	675,022	665,719	652,828
Internal borrowing	63,664	52,637	51,137	48,637	42,471

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

- 1.23 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.
- 1.24 The Investment Plan for 2022-2027 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

	2021/22	2022/23	2023/24	2024/25	2025/26
	Est. £000s	Est. £000s	Est. £000s	Est. £000s	Est. £000s
General Fund	56,871	42,208	23,494	19,178	15,435
HRA	30,657	27,814	28,100	30,651	32,126
Total	87,528	70,022	51,594	49,829	47,561

- 1.25 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.
- 1.26 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)

- 1.27 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.
- 1.28 The CFR also includes any other long term liabilities eg PFI schemes and finance leases. As outlined in paragraph 1.19 above the new accounting standard for leasing (IFRS16) now comes into force for Local Authorities from 1 April 2022. 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 refine this estimate and the impact of this change on the CFR. This will be reported through part of the final budget proposals.

- 1.29 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

	2021/22 Est. £000s	2022/23 Est. £000s	2023/24 Est. £000s	2024/25 Est. £000s	2025/26 Est. £000s
General Fund	303,220	377,046	377,716	372,230	363,557
HRA	307,662	302,493	297,306	293,489	289,271
Total	610,882	679,539	675,022	665,719	652,828

- 1.30 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

	2021/22 Est. £000s	2022/23 Est. £000s	2023/24 Est. £000s	2024/25 Est. £000s	2025/26 Est. £000s
General Fund	179,145	188,011	190,089	190,693	186,938
HRA	7,171	3,671	274	0	0
Total	186,316	191,682	190,363	190,693	186,938

Prudential Indicators for External Debt

Authorised limit for total external debt

- 1.31 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.
- 1.32 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.

- 1.33 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.
- 1.34 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.
- 1.35 As outlined in paragraphs 1.19 and 1.28 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.
- 1.36 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.
- 1.37 Any such changes made will be reported to the Cabinet at its next meeting following the change.

Table 7: Authorised Limit for External Debt

	2021/22	2022/23	2023/24	2024/25	2025/26
	Est. £000s	Est. £000s	Est. £000s	Est. £000s	Est. £000s
Borrowing	1,040,000	1,020,000	1,010,000	1,000,000	980,000
Other Long Term Liabilities	135,000	235,000	235,000	210,000	205,000
Total	1,175,000	1,255,000	1,245,000	1,210,000	1,185,000

- 1.38 The Chief Finance Officer reports that these Authorised Limits are consistent with the Authority’s current commitments, existing plans and the proposals in this 2022/23 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

- 1.39 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.
- 1.40 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.

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

Table 8: Operational Boundary for External Debt

	2021/22	2022/23	2023/24	2024/25	2025/26
	Est. £000s	Est. £000s	Est. £000s	Est. £000s	Est. £000s
Borrowing	520,000	510,000	505,000	500,000	490,000
Other Long Term Liabilities	115,000	185,000	185,000	180,000	175,000
Total	635,000	695,000	690,000	680,000	665,000

Prudential Indicators for Treasury Management

Adoption of the CIPFA Code of Practice for Treasury Management

1.42 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 2022-2026

1.43 Full Council will be requested to set an upper limit on its fixed interest rate exposures for 2022/23 through to 2025/26 of 100% of its net outstanding principal sums.

1.44 Full Council will be requested to set an upper limit on its variable interest rate exposures for 2022/23 through to 2025/26 of 50% of its net outstanding principal sums.

1.45 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%