

## **Finance Sub Committee**

**Tuesday, 7 February 2023**

Present: Councillor D Cox (Chair)  
Councillors N Craven, T Neira, M Murphy, B Pickard and  
J Wallace

### **F24/22 Appointment of Substitute Members**

There were no substitute Members appointed.

### **F25/22 Declarations of Interest and Notification of any Dispensations Granted**

There were no declarations of interest or dispensations reported.

### **F26/22 Minutes**

**Resolved** that the minutes of the previous meeting held on 12 December 2023 be confirmed and signed by the Chair.

### **F27/22 2022/23 Financial Management Report to 30 November 2022**

The sub-committee was presented with a report, which had been considered by Cabinet on 23 January 2023, relating to the financial position of the Authority as 30 November 2022 in the context of its policy priorities set out in Our North Tyneside Plan.

The Authority continued to see areas of pressure across Adults' and Children's Social Care and significant impacts on income particularly across Sport and Leisure Services, Home to School Transport and Catering Services. The 'cost of living crisis' was further increasing demand on the Authority's services and increasing costs, adding significant financial strain to the Authority's budgets. Consequently, it was reported that as of 30 November 2022 the Authority was facing a total pressure on its budget of £23.511m. The sub-committee examined details of various mitigations to be applied within the current financial year which together would reduce the in-year pressure to £8.625m. It was expected that future actions to review activity and performance across the organisation, reducing non-essential spend and controlled vacancy management, should see the pressure reduce in the coming months.

The report also included details of a small forecast underspend of £0.090m in the Housing Revenue Account, details of the additional grants received by the Authority since the Budget was set, the position so far on the 2022/23 schools' budgets and schools' funding, delivery of the Authority's Investment Plan, the Collection Fund position for 2022/23 and information on Treasury Management.

The sub-committee paid particular attention to the forecast revenue outturn for Children's

Services of £34.840m, which represented a variance of £13.477m over the budget of £21.363m. Members asked to be provided with a more detailed explanation of the long-term underlying causes for the financial pressures within the Children's Services and whether these pressures could continue to be managed within the Authority's existing financial plans. It was suggested that, in co-ordination with the Children, Education and Skills Sub-Committee, the Interim Director of Children's Services be invited to attend the next meeting of the sub-committee to examine these issues in more detail.

Members also examined the actions taken to recruit a Head of Law and to restructure the legal service to attract and retain permanent staff in the service thereby reducing a reliance on locums which resulted in increased staff costs.

It was **agreed** that (1) the 2022/23 Financial Management Report to 30 November 2022 be noted; and

(2) in co-ordination with the Children, Education and Skills Sub-Committee, the Interim Director of Children's Services be invited to attend the next meeting of the sub-committee to examine the long-term underlying causes for the financial pressures within the Children's Services and whether these pressures can continue to be managed within the Authority's existing financial plans.

## **F28/22            Section 106 Funding - Overview and Update on Spend and Project Delivery**

The sub-committee received the latest in a series of reports setting out details of the current balances, commitments and spend in relation to Section 106 agreements.

The Authority had the power under Section 106 of the Town and Country Planning Act 1990 to require developers to make financial contributions towards the delivery of a range of services including highways, affordable housing, sport and leisure facilities, health services and play sites where these contributions would make a development proposal acceptable in planning terms and mitigate the impact of the development on an area.

The sub-committee noted that on 31 December 2022, the Authority had received £20.266m in contributions of which £6.609m had been spent. A balance of £13.656m remained in the budget but £3.910m was committed.

At its previous meeting the sub-committee had agreed to invite those officers responsible for the delivery of projects to be funded from Section 106 contributions to attend future meetings to explain the reasons why these sums were not yet committed or spent. In accordance with this decision the Head of Environment & Safer Neighbourhoods, Kim Pye, attended the meeting to present a detailed analysis of developer contributions received, spent and committed for the improvement of parks together with emerging plans to use the remaining balances.

Members of the sub-committee asked a series of question of officers when the following issues were examined and officers were asked to provide supplementary information:

- a) Members expressed concern that the spreadsheet did not contain an end date for two financial contributions. Officers indicated that work was progressing to confirm an end date but in the meantime the use of the funding had been committed and approved for

improvements to Chirton Dene Park and Benton Quarry Park.

- b) It was noted that a number of developer contributions had not been spent prior to the expiry of the Section 106 legal agreement or “end date” and rated as red in the spreadsheet presented to the sub-committee. Members expressed concern that funding which appeared to have been received up to 10 years ago remained unspent and now at risk of repayment to developers. Members asked that they be provided with an explanation of the reasons why each of the financial contributions which had reached its end date had not been spent prior to that date.
- c) With reference to the financial contributions received from Bellway Homes, associated with the Moorhouses Reservoir development, it appeared that the funding had been secured without a clear plan as to how it would be spent. The sub-committee asked that they be provided with an explanation as to the Authority’s approach to identifying and developing projects to be funded from Section 106 contributions. Members also asked that they be provided with a more detailed breakdown of the dates on which the contributions had been received to provide a clearer indication of how long the funding had been available.
- d) As many of the contributions had been ear marked for delivery of the Regeneration Killingworth Master Plan, the sub-committee asked that they be provided with details of the proposed improvements to parks contained within the plan.
- e) A residual amount of £540 received from development of 16 John Street, Cullercoats was to be transferred for the management of the Section 106 process. Members asked officers to confirm whether the amount could be used to supplement the budgets for play sites which they understood was currently £500 per playsite.

The sub-committee considered which areas of Section 106 spending it wished to examine at its next meeting. It was suggested that the relevant officers responsible for the delivery of projects to improve sports facilities and play sites be invited to attend the meeting. To aid the sub-committee’s understanding of how the Authority identifies and develops projects to be funded from Section 106 contributions, it was suggested that officers be invited to comment on the extent to which the Authority adopts a strategic approach to pooling contributions together to deliver longer term programmes of improvements.

It was **agreed** that (1) the current balances, commitments and spend in relation to Section 106 agreements be noted;

(2) the sub-committee be provided with the following supplementary information:

- i) an explanation of the reasons why each of the financial contributions which had reached its expiry or end date had not been spent prior to that date;
- ii) an explanation as to the Authority’s approach to identifying and developing projects to be funded from Section 106 contributions;
- iii) a more detailed breakdown on the dates on which each of the financial contributions were received to provide a clearer indication of how long the funding had been available;
- iv) details of the proposed improvements to parks contained within the Killingworth Master Plan; and
- v) confirmation as to whether the residual amount of £540 received from development of 16 John Street, Cullercoats could be used to supplement the budgets for play sites; and

(3) the relevant officers responsible for the delivery of projects to improve sports facilities and play sites be invited to attend the next meeting to explain the reasons why financial contributions received from developers remain unspent or uncommitted and they be asked to comment on the extent to which the Authority adopts a strategic approach to pooling contributions together to deliver longer term programmes of improvements.

**F29/22 Exclusion Resolution**

**Resolved** that under Section 100A(4) of the Local Government Act 1972 (as amended), and having applied a public interest test as defined in Part 2 of Schedule 12A of the Act, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act.

**F30/22 Business and Technical Partnerships - Risk Management**

The sub-committee considered a report that detailed the monitoring on the risks rated as high within the Strategic and Operational Risk Registers of the Business and Technical Partnerships with Equans (Business) and Capita (Technical).

It was **agreed** that the Strategic and Operational Risk Registers of each partnership be noted.