

Cabinet

6 February 2023

Budget Scrutiny Sub - group report

Author: Budget Sub-group

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Wards: All

1 Purpose of Report

To provide further views to Cabinet on its 2023-2027 Financial Planning and Budget Process: Cabinet's Final Budget proposals.

2 Background

The Budget sub-group met on the 1 December where the Assistant Chief Executive, Director of Resources and Senior Officers presented the 2023-2027 Cabinets Initial Budget proposals including an update on engagement activities.

The sub-group reported its views of the Cabinets initial Budget proposals to Overview, Scrutiny & Policy Development Committee at its meeting on 16 January 2023, which then were considered by Cabinet at its meeting on the 30 January 2023.

Overview, Scrutiny & Policy Development Committee at its meeting on the 16 January 2023, gave delegation to the Budget Sub-group following its scheduled meeting on 31 January 2023 to make any further recommendations/comments on behalf of the Committee to Cabinet at its meeting on 6 February 2023.

This report notes the views from the meeting of the 31 January 2023 and should be viewed in conjunction with its report to Overview, Scrutiny & Policy Development Committee 16 January 2023.

3 Membership

The following Members attended the meeting:

Councillor Janet Hunter

Councillor John O'Shea

Councillor Liam Bones

Councillor Bruce Pickard

Councillor Louise Marshall

Councillor Willie Samuel

4 Feedback Engagement

The Budget Sub-group was provided with an update on the Budget engagement from the Assistant Chief Executive.

The Authority's engagement approach aimed to reach all residents, customers and groups, including those with protected characteristics.

As with the approach undertaken in previous years, a variety of face-to-face engagement opportunities took place and included site visits, meetings and focus groups with Resident and Tenant Panels, Community and Voluntary sector organisations, the Youth Council, business groups and the forum for young people with additional needs and disabilities and their families. These in-depth sessions provided attendees the opportunity to increase understanding of the Council's budget, to ask questions and provide feedback. It was noted that 599 people provided meaningful feedback.

There was increased exchange in the community by visiting popular community venues across the borough, which resulted in an increase in the number of people who engaged. This was demonstrated through the increase in number of completed surveys.

Engagement opportunities were publicised widely through the magazine, social media, local press and via direct email communications to our community contacts and at the date of 17 January 2023 had received 199 online responses.

There was also provision for those members of the community who may have been digitally excluded to participate by the provision of paper surveys, which were promoted at face-to-face engagement events, throughout Customer First Centres, with adult social care users and at all North Tyneside Living Schemes.

The demographic data of completed surveys, enabled further targeted engagement with groups that had a low reply rate to provide assurance that all groups were offered appropriate engagement opportunities.

The promotion to wider consultation offer resulted in an increase in the amount of completed surveys compared to the previous year. This provided confidence that the engagement with residents would continue to increase in future years, with the Study Group making constructive suggestions as to further social media channels that could be used, especially to target the younger residents of the Borough.

5 Final Budget Proposals

The Sub-group received a presentation from the Director of Resources and Head Finance on Cabinets Final Budget proposals.

The presentation outlined updates following the publication of the Provisional Local government Finance Settlement, (the Settlement) on 19 December 2022. The update included an updated position for the Authority's General Fund, Housing Revenue Account overview and Investment Plan following receipt of the Settlement. The sub-group were provided with explanations and actions undertaken in relation to changes to the General Fund and the Investment Plan since the publication of Cabinets Initial Budget proposals

Provisional Local Government Finance Update

It was acknowledged that the Authority continued to deal with global issues that affected its budget such as inflationary pressures, particularly on energy costs, supply chain issues and the impacted by the war in Ukraine.

The Budget continued to be driven by the key priorities of the Our North Tyneside plan – A thriving, secure, family friendly, caring and green North Tyneside.

It was noted that through its in year monitoring the Authority had identified in-year pressures of £23.511m, roughly a trebling of the pressure expected. The net in-year pressure for 2022/23 was forecast to be £8.6m. To address the pressure the sub-group were advised that the use of the Strategic Reserve would be required.

Following the receipt of the Settlement the Core Spending Power (CSP) increase for the Authority is 9.8%, this represented an increase in cash terms of £19.737m. It was stated that there was an assumption from Government that Local Authority's would apply a 4.99% increase to Council Tax (3% minimum increase in spending power before local decisions).

The settlement was to be used to address further known pressures for 2023/24;

- Pay Award – an extra £5.4m allocated bringing the uplift to 5% for 2023/24
- Pay award risk - £1m contingency for the pay award dependent on the National Pay Agreement for 2023/24.
- Social Care – Addition £7.7m bringing the total increase to £15.4m in 2023/24. The additional funding in line with the settlement allowing for existing pressures which will be allocated in line with grant conditions once these have been announced.
- Inflation and Energy – Energy and Contractual inflation totalling £8.6m.

The sub-group were also notified of an additional one-off grant award of £0.427m which is to support economically vulnerable households with Council Tax payments. This will be used in line with the Governments grant conditions. However, it will form part of the Authority's already established Council Tax Hardship scheme which will continue to provide residents who are entitled to Council Tax Support by providing an additional £150 Council Tax Hardship payment.

It was noted that the Medium-Term Financial Plan (MTFP) for years 2024/25 to 2026/27 included the replenishment of the Strategic Reserve.

Housing revenue Account

The sub-group was updated to the decision of Cabinet in relation to the Housing Revenue Account (HRA).

The key elements were:

- A rent increase for 2023/24 of 7% based on Government's revised rent policy for this year.

- Service charges and garage rents also to rise to 7% - a below inflation rise.
- The approach to debt management to help close the £40m gap in the plan that below inflation rise has caused.
- The introduction support package of financial measures linked to tenancy sustainment totalling £3m over a 3-year period to recognise the impact that the current cost of living crisis is having on tenants.
- Supporting further energy efficiency measures to reduce household budgets

Investment Plan

The sub-group reviewed the updated Investment Plan that included;

- The reprofiling (£10.9m) the current Investment Plan (23 January 2023) Cabinet Report, plus following new/changed schemes
- £12.5m over 5 years – loan to trading company for affordable housing
- £1.9m – latest Disabled Facilities Grant allocation
- £4.1m – St Peter’s Sports Hub following grant award
- £1.8m – additional ICT funding in later years

6 Conclusion

In respect to the updated information received, the sub-group acknowledged that the Settlement provided additional funding to support the increased in year pressures.

The majority of the sub-group also recognised that the Council Tax made up of a 2.99% increase for general Council Tax and a 2% increase for the Adult Social Care Precept was also aligned to what was expected in the Government assumptions for Core Spending Power. One Member asked that their differing view be noted.

It noted that to deliver the Budget in 2022/23 would require use of the Strategic Reserve and acknowledged the importance of holding prudent levels of reserves for such eventualities. It also understood that there was a need to replenish Strategic Reserve during the period of the 2024/25 to 2026/27 MTFP.

In relation to the Housing Revenue Account, it acknowledged that the approach taken:

- Invests in maintaining homes to decent standard.
- Continues to address the Climate Emergency Challenge.
- Continues development of new affordable council housing.
- Is in accordance with the national social rent policy.
- supports our tenants in the difficult economic circumstances.

The approach of the updated Investment Plan was acknowledged and by the majority of the sub-group, with one Member noting their abstention.

The setting of the Council budget is difficult. Cabinet needs to have consideration for all stakeholders and communities that depend on the services delivered by the Authority and its partners.

It was acknowledged that following receipt of the updated information, it was encouraged that Cabinets 2023/24 Budget will continue to provide the support and services needed and would be balanced.

The Sub-group wished to express their gratitude to all officers for their support in the delivery of the budget process.

7 Presenting Officers

The following officers presented to the sub-group:

Jacqueline Laughton – Assistant Chief Executive

Jon Ritchie - Director of Resources

Claire Emmerson – Head of Finance