

**Cabinet
(Extraordinary Meeting)**

Monday, 30 January 2023

Present: Dame N Redfearn DBE (Elected Mayor) (in the Chair)
Councillors C Johnson, C Burdis, K Clark, S Graham,
J Harrison, H Johnson, A McMullen, S Phillips and
M Rankin

In Attendance: Roger Layton (North Tyneside Joint Trades Union
Committee)
D McNally (Age UK, North Tyneside)

Apologies: T Bridges (Business Representative)
S Rennison (Northumbria Police)

**CAB90/23 To Receive any Declarations of Interest and Notification of any
Dispensations Granted**

Councillor J Harrison declared a registerable personal interest in agenda Item 3: 2023-2027 Financial Planning and Budget Process: Cabinet's Final Budget proposals (CAB89/23), as he was appointed as co-opted Governor of Northumbria Healthcare NHS Foundation Trust.

Councillor K Clark declared a registerable personal interest in agenda Item 3: 2023-2027 Financial Planning and Budget Process: Cabinet's Final Budget proposals (CAB89/23), 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).

**CAB91/23 2023-2027 Financial Planning and Budget Process: Cabinet's Final
Budget proposals**

Cabinet considered a report on the 2023-2027 final 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 2023-2027 for the revenue Budget and a five-year planning horizon for the Investment Plan.

On 19 September 2022, the Elected Mayor and Cabinet agreed its 2023-2027 Financial Planning and Budget Process incorporating the associated Engagement Strategy. This report represented a key milestone in the development of the 2023/24 Budget and 2023-2027 Medium-Term Financial Plan (MTFP), as it sets out Cabinet's draft Budget proposals for the next financial year and beyond.

The Budget was driven by the Authority's key priorities that made up the Our North Tyneside Plan – a thriving, secure, family friendly, caring and green North Tyneside. North Tyneside Council has a very clear and ambitious plan to ensure anyone who needs support can access it, to help the most vulnerable members of the community and to continue investment in all parts of the Borough.

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The Authority's Budget was already challenging following years of Government funding cuts and uncertainty, with the long-term impact of the covid pandemic, general demand for services, rising energy costs, inflation and the long-term impact of the war in Ukraine exacerbating this. However, the Authority has a robust and fair approach to Budget-setting meaning that wherever possible, these challenges had been foreseen and provided for as the Authority headed into the current financial year.

The Medium-Term Financial Plan (MTFP) position had been updated to include the impact of the Provisional Local Government Finance Settlement (the Settlement) for 2023/24, which was announced on 19 December 2022. Full details of the Settlement were included in Annex A, Section 3 to the report. The allocation from the Settlement had been included in Table 2 of this report and noted the movement to income and expenditure since the last report to Cabinet in November.

The Settlement confirmed that Core Spending Power (CSP) for local authorities would increase nationally by 9.9% in cash terms for 2023/24. The Government's assumption to achieve this increase was that all authorities would implement the maximum allowed Council Tax increase of 4.99%, made up of a 2.99% increase for general Council Tax and a 2% increase for the Adult Social Care Precept. In calculating the 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 2.99% for general Council Tax and 2% for the Adult Social Care Precept in line with the Government's assumptions. However, the current level of support to residents to pay Council Tax was maintained at £1.520m. For 2023/24 the Government announced an additional one-off Council Tax Support Fund grant of which the Authority would receive £0.427m, this would be used to partially fund the additional support to vulnerable residents.

In its report of 28 November 2022, Cabinet set out the estimates for proposed spending and resource plans for the Housing Revenue Account (HRA) Budget for 2023-2027 and associated Investment Plan 2023-2028. In addition, the report outlined the proposed changes to housing rent, garage rent and service charges for 2023/24.

Cabinet was now formally asked to approve the proposed spending and resource plans for the HRA Revenue Budget for 2023/24 in accordance with the responsibilities of Cabinet pursuant to the Local Government Act 2000. Cabinet was also asked to approve the housing element of the 2023-2028 Investment Plan, a proposed 7% rent increase from April 2023 (in line with Government policy), and the proposals in relation to housing service charges and garage rents for 2023/24.

The proposed spending plans had been updated to reflect the 2022/23 in-year monitoring position for the HRA as reported to Cabinet on 23 January 2023 and the updated balances position now anticipated for the beginning of the 2023/24 financial year. In recognition of the impact that a 7% rent increase could have on tenants not supported via the Benefits system, Cabinet's proposals also included the creation of a £3m budget to support tenants facing financial hardship over the next 3 years.

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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 16 February 2023.

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 16 February 2023, in accordance with the Authority's Constitution and Budget and Policy Framework Procedure Rules;

(3) it be noted that Cabinet's proposals for the 2023-2028 Investment Plan, including the draft Capital Investment Strategy and Prudential Indicators for 2023-2027, 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 16 February 2023;

(4) the estimates of amounts in relation to the 2023-2028 Investment Plan, including prudential indicators for 2023-2027 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 2023-2028 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 2023/24 will be submitted to full Council for its meeting on 16 February 2023;

(7) the Treasury Management Statement and Annual Investment Strategy for 2023/24 be approved;

(8) the proposals in relation to the Treasury Management Statement, Annual Investment Strategy for 2023/24 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 30 January and 6 February would be provided as a supplementary report to full Council on 16 February 2023;

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

(11) the formal Reserves and Balances Policy for the Authority, subject to review at least annually, be agreed;

(12) the key aspects of the 2023/24 Provisional Local Government Finance Settlement announced on 19 December 2022 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

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deliver continued financial stability and prudent management of the Authority's financial resources;

(14) the estimates of amounts for the 2023/24 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 (2022/23) and indications for the Financial Plan for 2023/24, 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 16 February 2023;

(16) the conclusions of the Overview, Scrutiny and Policy Development Committee's review of the 2023/24 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 6 February 2023;

(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 2023/24;

(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 2023/24 Housing Revenue Account (HRA) Business Plan and Budget proposed by Cabinet on 28 November 2022 be noted;

(2) the final proposals in relation to the 2023/24 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) the creation of funding totalling £3.0m over the next 3 years to create a temporary package of measures which would address some of the difficulties being faced by tenants during the current cost of living crisis be agreed;

(5) the Director of Housing and Property Services, in consultation with the Lead

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Member for Housing, be authorised to develop and agree full package of measures and criteria to be implemented within above temporary funding; as part of the process, Tenant engagement representatives would be fully involved and consulted in developing the package of measures;

(6) service charges for 2023/24 be increased in line with the rent increase, reducing from the previous approach of increasing by CPI which would have seen a 10.1% increase in service charge;

(7) a fundamental review of service charges in view of the increasing costs being experienced in heating and communal energy costs be agreed; in addition, with the return of the Sheltered Housing Officer (SHO) service into Housing and Property Services from Health, Education, Children's and Safeguarding (Adults), there is also a need to review the SHO service charge to ensure that the costs of the service are being recovered appropriately;

(8) garage rents for 2023/24 be increased by 7.0%;

(9) the assessment in relation to the current year's budget monitoring information (2022/23), and indications of financial plans for 2023-2027 for the Housing Revenue Account be noted;

(10) 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 16 February 2023 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 2023-2028 Asset Management Strategy for the HRA;

(11) the draft Treasury Management Statement and Annual Investment Strategy for 2023/24 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 £71.500m reduction in loans attributed to the HRA over the life of this 30-year Plan be also noted;

(12) the HRA Investment Plan 2023-2028 (Annex 1 HRA and Appendix D (ii)) be agreed;

(13) 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 2023/24 will see the continuation of the current method to calculate a "true" depreciation charge; and

(14) the Prudential Indicators which are specific to the Housing Revenue Account as set out in Appendix D (iii) to the report, be approved.

(Reason for decision: Due to external information still to be received, Cabinet is not able to formally finalise its proposed Council Tax level for 2023/24 in relation to the General Fund. However, information is suitably advanced to allow the budget proposals to be set out for the General Fund revenue and Investment Plan for consideration by Overview, Scrutiny and Policy Development Committee.

The recommendations also include the proposals to agree the final rent, service charge and other elements in relation to HRA to allow updates to tenants billing to commence in advance of the new financial year.)

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CAB92/23 Date and Time of Next Meeting

Monday 6 February 2023 at 6.00pm (Extraordinary meeting).

Minutes published on Friday 3 February 2023.