



**North Tyneside Council**

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**To: All Members and Co-opted Members of the Council**

Dear Councillor or Co-opted Member,

**2022-2026 Financial Planning and Budget Process**

**Notification of Final Amendments made under Delegated Authority to the Elected Mayor**

Cabinet, at its meeting on 31 January 2022 granted delegated authority to the Elected Mayor to make any final amendments to the Cabinet's proposals in relation to that information which was still outstanding. This was to allow due consideration to be given to the final level of Council Tax the Cabinet wishes to put forward to Council for approval for 2022/23 (delegation 1.2.1 (r) in the original Cabinet report refers).

The outstanding information reported to Cabinet related to the following items:

1. The Final Local Government Finance Settlement announcements for 2022/23, including Capital announcements and Specific Grants;
2. Police and Crime Commissioner for Northumbria and Tyne and Wear Fire and Rescue Authority Precepts;
3. The retained Business Rates position of the Council as set out in the 2022/23 NNDR1 Return;
4. Tyne and Wear Joint Service Budgets;
5. Youth Justice Board grant allocations;
6. Northumberland Inshore Fisheries and Conservation Authority Levy;
7. Environment Agency Levy; and
8. Tyne Port Health Authority Levy.

Information has now been received / is anticipated as follows:

**1. The Final Local Government Finance Settlement announcements for 2022/23, including Capital announcements and Specific Grants final detailed information)**

**(a) The Final Local Government Finance Settlement**

The Final Local Government Finance Settlement for 2022/23 was announced on 7 February 2022. There are three items of note to the final Settlement figures for 2022/23; these being:

- The most significant change compared to the provisional settlement is the use of RPI (4.9%) rather than CPI (3.1%) to calculate the business rates cap compensation grant. This had been flagged in the provisional settlement and the RPI-based fraction was used in the NNDR1 2022/23 which was submitted to the Department for Levelling Up, Housing and Communities on 31 January 2022. The financial impact of the NNDR1 submission is included in section 3 below; and
- Updating the cap compensation fraction has knock-on effects on the Lower Tier Services Grant (LTSG). The allocation for North Tyneside Council being £0.006m.

Since the 31 January Cabinet report was prepared, the Authority has received the following confirmations of grant funding awarded:

- Public Health grant - The overall grant allocation is £3.417m, an increase of 2.81%, with all authorities receiving the same uplift in grant in 2022/23. The allocation for North Tyneside Council being £0.354m;
- Supporting Families grant - Allocations of £202m have been announced, out of a total of £695m for the Supporting Families programme overall. Distribution is based on the Authority's Index of Multiple Deprivation (IMD) score and the population of families with dependent children (NOMIS, 2017). These are the maximum allocations available to each authority, with actual amounts based on payment by results for achieving successful outcomes with families. The allocation for North Tyneside Council being £0.034m; and
- Electoral Services Grant - £0.028m reduction, this grant has been removed in 2022/23.

The government have recently announced measures to help households from rising energy costs by way of a £150 payment for households in Council Tax bands A-D, this has been estimated to be in the region of £14.128m for the Authority. This will be fully funded through a grant to the Authority. In addition a grant award of an estimated £0.550m will be made to the Authority to operate a discretionary fund for those households in need who would not otherwise be eligible.

**Dedicated Schools Grant (DSG)**

On 28 January 2022 the Authority received notification from the Education Skills and Funding Agency (ESFA) of an indicative £4.130m allocation through the schools supplementary grant. This will form part of the Schools block funding of the DSG for 2022/23 and the remainder of the current spending review period. This funding is intended to provide support to schools for the costs of the Health and

Social Care Levy and wider costs. Table 1 below sets out the revised 2022/23 DSG allocations.

**Table 1: Revised DSG allocations**

|                | Schools Block<br>£m | CSS Block<br>£m | Early Years Block<br>£m | High Needs Block<br>£m | Total DSG 2022/23<br>£m |
|----------------|---------------------|-----------------|-------------------------|------------------------|-------------------------|
| DSG Settlement | 143.403             | 1.724           | 13.971                  | 29.820                 | 188.918                 |

**(b) 2022-2027 draft Investment Plan**

Since the 31 January Cabinet report was prepared, the Authority has received further confirmation of grant funding awarded:

(a) Keeping Families Connected Phase 2 - £0.201m

On the 7 February the Authority received a letter confirming the allocation of grant funding of £0.201m in respect of providing a short break Children's Home to support children on the edge of care and, solo/emergency provision.

This adjustment has been included in the draft Investment Plan in 2022/23 as BS031 Children's Homes.

Table 2 below sets out the revised 2022-2027 draft Investment Plan.

**Table 2: Summary of draft Investment Plan 2022-2027**

| Spend        | 2022/23<br>£000s | 2023/24<br>£000s | 2024/25<br>£000s | 2025/26<br>£000s | 2026/27<br>£000s | Total<br>£000s |
|--------------|------------------|------------------|------------------|------------------|------------------|----------------|
| General Fund | 36,818           | 23,494           | 19,178           | 15,435           | 17,312           | 112,237        |
| Housing      | 27,814           | 28,100           | 30,651           | 32,126           | 34,046           | 152,737        |
| <b>Total</b> | <b>64,632</b>    | <b>51,594</b>    | <b>49,829</b>    | <b>47,561</b>    | <b>51,358</b>    | <b>264,974</b> |

A full breakdown of the plan is attached to the amendment as Appendix A.

**Capital Financing**

Table 3 below summarises the revised financing of the 2022-2027 draft Investment Plan:

**Table 3: Summary of Financing 2022-2027**

| <b>Spend</b>                           | <b>2022/23<br/>£000s</b> | <b>2023/24<br/>£000s</b> | <b>2024/25<br/>£000s</b> | <b>2025/26<br/>£000s</b> | <b>2026/27<br/>£000s</b> | <b>Total<br/>£000s</b> |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|------------------------|
| <b><u>General Fund</u></b>             |                          |                          |                          |                          |                          |                        |
| <b>Council contributions:</b>          |                          |                          |                          |                          |                          |                        |
| Unsupported borrowing                  | 13,763                   | 13,546                   | 11,776                   | 8,223                    | 10,100                   | 57,408                 |
| Capital receipts                       | 254                      | 0                        | 0                        | 0                        | 0                        | 254                    |
| Revenue contribution (Use of reserves) | 93                       | 0                        | 0                        | 0                        | 0                        | 93                     |
|  | 14,110                   | 13,546                   | 11,776                   | 8,223                    | 10,100                   | 57,755                 |
| Grants and contributions               | 22,708                   | 9,948                    | 7,402                    | 7,212                    | 7,212                    | 54,482                 |
| <b>Total General Fund Resources</b>    | <b>36,818</b>            | <b>23,494</b>            | <b>19,178</b>            | <b>15,435</b>            | <b>17,312</b>            | <b>112,237</b>         |
| <b><u>Housing – HRA</u></b>            |                          |                          |                          |                          |                          |                        |
| Capital receipts                       | 1,354                    | 1,584                    | 1,700                    | 1,851                    | 1,956                    | 8,445                  |
| Revenue contribution                   | 10,281                   | 10,185                   | 12,632                   | 13,160                   | 15,992                   | 62,250                 |
| Major Repairs Reserve                  | 15,404                   | 15,916                   | 16,189                   | 17,035                   | 15,968                   | 80,512                 |
| Grants and contributions               | 775                      | 415                      | 130                      | 80                       | 130                      | 1,530                  |
| <b>Total HRA Resources</b>             | <b>27,814</b>            | <b>28,100</b>            | <b>30,651</b>            | <b>32,126</b>            | <b>34,046</b>            | <b>152,737</b>         |
|  |                          |                          |                          |                          |                          |                        |
| <b>Total Resources</b>                 | <b>64,632</b>            | <b>51,594</b>            | <b>49,829</b>            | <b>47,561</b>            | <b>51,358</b>            | <b>264,974</b>         |

### **2022-2026 Prudential Indicators**

The capital expenditure indicator has been updated as per tables 2 and 3 above the revised Prudential Indicators are attached as Appendix B. No other Prudential Indicators require adjustment.

## **2. 2022/23 Council Tax Requirement Resolution**

### **North Tyneside Council Valuation Bands**

Since the publication of the report to Council an amendment has been made to Band B for North Tyneside Council valuation bands, report reference section 1.5.23, 6 (e). The Council Tax band for Band B has reduced by £0.01p to £1,371.35. The final valuation bands for the Authority are included in table 4 below.

### **Police and Crime Commissioner for Northumbria and Tyne and Wear Fire and Rescue Authority Precepts**

The final amendments to the Fire and Police Precepts for 2022/23 are as follows:

(a) Tyne & Wear Fire and Rescue Authority

Precept increase of 1.9967% over the 2021/22 level was approved on 14 February 2022. The final Tyne and Wear Fire and Rescue Authority valuation bands are included in table 5 below; and

(b) Police and Crime Commissioner for Northumbria

Precept increase of £10 for Band D (6.95%) was approved on 8 February 2022. No changes to the Police and Crime Commissioner valuation bands are required.

**Table 4: Revised North Tyneside Council Valuation Bands**

| <b>Council Tax Band</b> | <b>£</b> |
|-------------------------|----------|
| 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 |

**Table 5: Revised Tyne and Wear Fire and Rescue Authority Valuation Bands**

| <b>Council Tax Band</b> | <b>£</b> |
|-------------------------|----------|
| A                       | 58.23    |
| B                       | 67.94    |
| C                       | 77.64    |
| D                       | 87.35    |
| E                       | 106.76   |
| F                       | 126.17   |
| G                       | 145.58   |
| H                       | 174.70   |

**Table 6: Revised Total Valuation Bands**

| <b>Council Tax Band</b> | <b>£</b> |
|-------------------------|----------|
| 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 |

### 3. The Assessment of the Final Collection Fund Position of the Authority

#### North Tyneside Council Business Rates Taxbase

Under the Business Rates Retention Scheme, from 1 April 2013 each local authority retains a percentage of the rates it collects locally. It is now an obligation for the Authority to formally calculate the value of Business Rates (the Business Rates Taxbase, based on the multiplier set by Central Government) it anticipates collecting each year and pass this information to the Government and precepting authorities by 31 January. The Business Rates Taxbase is dependent on the information included in the final National Non-Domestic Rates (NNDR1) Form for each local authority.

Under the Business Rates Retention Scheme, the percentage share of Business Rates for North Tyneside Council shown in table 7 below:

**Table 7: 2022/23 North Tyneside Council Business Rates Calculation**

|   | <b>Share</b> |
|---|--------------|
| Share to Central Government                                 | 50%          |
| Distribution to the Tyne and Wear Fire and Rescue Authority | 1%           |
| Retained by North Tyneside Council                          | 49%          |

The 2022/23 NNDR1 Form for North Tyneside Council ultimately calculates the total amounts due to be retained by the billing authority, its major precepting authorities and central government in 2022/23. The NNDR1 Form for North Tyneside Council was submitted to the Department for Levelling Up, Housing & Communities on 31 January 2022. The final NNDR1 results are the figures shown in table 8 below for North Tyneside Council.

**Table 8: 2022/23 North Tyneside Council Business Rates Calculation**

|  | <b>2022/23<br/>£m</b> |
|--|-----------------------|
| Central Government Share                       | 23.280                |
| Tyne and Wear Fire and Rescue Authority Share  | 0.466                 |
| North Tyneside Council Retained Business Rates | 22.814                |
| <b>Total</b>                                   | <b>46.560</b>         |

Following completion of the Governments Council Tax phasing tool – year 2. A minor adjustment of £0.023m has been made to the collection fund Council Tax deficit.

### 4. Tyne and Wear Joint Service Budgets

The Tyne and Wear Joint Service Budgets for 2022/23 are yet to be received. For Budget setting purposes these are assumed to be in line with our projections. Any material changes will be reported as part of the regular Budget monitoring process.

**5. Youth Justice Board Grant Allocations**

The Final Youth Justice Board allocations for 2022/23 are yet to be received. For Budget Setting purposes, these are assumed to be in line with our projections. Any material changes to this grant will be reported as part of the regular Budget monitoring process.

**6. Northumberland Inshore Fisheries and Conservation Authority Levy**

The final Northumberland Inshore Fisheries and Conservation Authority Levy for 2022/23 is yet to be received. For Budget setting purposes this is assumed to be in line with our projections. Any material changes will be reported as part of the regular Budget monitoring process.

**7. Environment Agency Levy**

The final Environment Agency Levy for 2022/23 is £0.207m, an increase of £0.005m.

**8. Tyne Port Health Authority Levy**

The final Tyne Port Health Authority Levy for 2022/23 is £0.056m, a reduction of £0.001m based on 2021/22.

**Effect of Amendments to the 2022/23 General Fund Revenue Budget**

The effect of the above amendments is set down in table 9 below:

**Table 9: Effect of Amendments to 2022/23 General Fund Revenue Budget**

| <b>Item</b> | <b>Change in Spending Power since 31 January 2022</b>   | <b>Change<br/>£000s</b> |
|-------------|---|-------------------------|
|             | <b>Spending Changes</b>   |                         |
| 1.          | Public Health Grant   | +354                    |
| 1.          | Supporting Families   | +34                     |
| 1.          | Council Tax Energy "payment"  | +14,128                 |
| 1.          | Discretionary Energy Support  | +550                    |
| 1.          | Keeping Families Connected Phase 2  | +201                    |
| 7.          | Environment Agency Levy   | +5                      |
| 8.          | Tyne Port Health Authority Levy   | -1                      |
| 9.          | Levies growth not required  | -20                     |
|             | <b>Total Spending Changes</b>   | <b>+15,251</b>          |
|             | <b>Resource Changes</b>   |                         |
| 1.          | Public Health Grant   | -354                    |
| 1.          | Supporting Families Grant   | -34                     |
| 1.          | Keeping Families Connected Phase 2 Grant  | -201                    |
| 1.          | Adjustments from the Provisional to Final Settlement – Lower Tier Services grant                | -6                      |
| 1.          | Fall out of the Electoral Services grant for 2022/23  | +28                     |
| 1.          | Council Tax Energy Payment Grant  | -14,128                 |
| 1.          | Discretionary Energy Support Grant  | -550                    |
| 3.          | Decrease in resources as a result of the Final NNDR1 form for 2022/23                           | +2,838                  |
| 3.          | Increase in Section 31 grant as a result of the the Final NNDR1 form for 2022/23                | -3,718                  |
| 3.          | Decrease in resources as a result of the updated Council Tax projection for the 2021/22 deficit | +23                     |
|             | <b>Total Resource Changes</b>   | <b>-16,102</b>          |
|             | <b>Change in Spending Power since 31 January 2022</b>   | <b>-851</b>             |



Note: Additional resources are shown as a negative (-) and reduced resources are shown as a positive (+).

## 9. Final Proposals for the 2022/23 General Fund Revenue Budget

In accordance with the delegation, the Elected Mayor has given due consideration to the impact of the change in available resources in determining the Council Tax level for 2022/23. The amendments to the levies, shown in table 9 above, allow for a reduction in the amount of growth required of (£0.016m), this is offset by a reduction in Electoral Services grant and the increase Lower Tier Services grant leaves net growth of £0.006m. Following submission of the NNDR1 2022/23 and other resource changes as outlined in table 10, the net increase in resources is (£0.857m). It is proposed to allocate the total of both changes £0.851m to contingencies to meet the growing inflation risk to the Authority .

**Table 10: Changes**

| <b>Changes</b>            | <b>Change<br/>£000s</b> |
|---------------------------|-------------------------|
| Increase in Growth        | +6                      |
| Increase in Resources     | -857                    |
| Increase in Contingencies | +851                    |
| <b>Net Change</b>         | <b>0</b>                |

## 10. Council Tax Setting Resolution

It is important that all Members of the Council are made aware of these changes in advance of the Council meeting in order that you may properly exercise your duty to consider the Cabinet's final budget proposals. This has no impact on the consideration of Notices of Objection on 15 February 2022.

There is no new budgetary information to be included in the Resolution that Members have not already received.

Yours sincerely



**Janice Gillespie**  
**Director of Resources**  
**(Chief Finance Officer)**

Copies to: Elected Mayor  
Paul Hanson, Chief Executive  
Jackie Loughton, Assistant Chief Executive  
Senior Leadership Team (SLT)  
Employee Joint Consultative Forum via Paul Wheeler, Democratic Services

Sent via E-mail and Courier to all addressees