

## **Cabinet**

**21 January 2019**

**Present:** Mrs N Redfearn (Elected Mayor) (in the Chair)  
Councillors G Bell, C Burdis, S Cox, S Day, P Earley, R Glindon,  
M Hall, C Johnson and C B Pickard

**In Attendance:** D McTiernan (Deputy Young Mayor)  
A Caldwell (Age UK)  
R Layton (North Tyneside Joint Trade Union Committee)  
T Bridges (Business Representative)  
E Vick (Community and Voluntary Sector)

### **CAB84/01/19 Apologies**

Apologies were received from Poppy Arnold (Young Mayor) and Lesley Young-Murphy (North Tyneside Clinical Commissioning Group).

### **CAB85/01/19 Declarations of Interest and Dispensations**

There were no declarations of interest or dispensations reported.

### **CAB86/01/19 Minutes**

**Resolved** that the Minutes of the previous meeting held on 26 November 2018 be confirmed and signed by the Chair.

### **CAB87/01/19 Report of the Deputy Young Mayor**

The Deputy Young Mayor, Daniel McTiernan, on behalf of the Young Mayor, reported on the following activities in which he, the Young Mayor and Young Cabinet Members and/or Youth Councillors had been involved:

- Some young cabinet members had attended the Bay Food bank to find out more about what they did and how they helped local people, they also took part in bag packing at Whitley Bay Morrisons where shoppers donated £457.66 along with over 58 bags full of groceries. A running total of £1200 had been raised with the final total being presented at the March Youth Council Meeting.
- The Anti Bullying group's creative writing and poetry competition had concluded and a presentation to the winners took place at The Base in Whitley Bay. Many more were on display in North Shields Library for Anti Bullying week. Following a suggestion by the Elected Mayor the group had created a booklet of poems and writing which would be sent to school Heads, Governors and elected members.
- Young cabinet members had presented certificates to the young people who took part in the Junior Civic Award at Wallsend Jubilee Primary School.
- The young mayor and deputy young mayor had attended North Tyneside in Bloom and presented awards to the winning young people and schools that they had judged earlier in the year.

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- Youth councillors had helped to wrap donated gifts for Make Christmas Special after the December youth council meeting.
- The young mayor had taken part in the budget consultation session along with some other youth councillors.
- Several young cabinet members had attended the young people's transport forum when they helped devise a young person's survey to find out from the young people using public transport in the Tyne and Wear.
- Young People's Health and Wellbeing group were working alongside the MH2K group on developing their recommendations.
- The preliminary part of the youth elections had begun to find the next Young Mayor and Member of UK Youth Parliament. The online voting had begun and after 8 February nominated candidates would go forward to the next stage held in high schools, middle school and colleges.

The Elected Mayor thanked the Young Deputy Mayor for his update and congratulated him and all the young people who were involved in the recent Bay Food Bank fund raising and for taking on board her suggestions involving their work on anti-bullying.

### **CAB88/01/19 2018/19 Financial Management Report to 30 November 2018 (All Wards)**

Cabinet considered the fourth monitoring report on the Authority's 2018/19 financial position which provided an update on the expected revenue and capital financial position of the Authority as at 31 March 2019.

The report covered the forecast outturn of the Authority's General Fund and Housing Revenue Account (HRA) revenue budget including management mitigations where issues had been identified; the delivery of 2018/19 approved budget savings plans; 2018/19 schools' budgets and an update on the delivery of the Capital Investment Plan, including details of variations and reprogramming, that were recommended for approval. It also outlined the current performance against the policy priorities in the Our North Tyneside Plan and gave details of additional grants received by the Authority in October and November 2018.

The forecast overall out-turn position was an estimated pressure against the approved net budget of £2.169 million, a £1.430 million improvement on the figures reported to Cabinet at its meeting of 26 November 2018. The improvement had mainly been achieved through the inclusion of North Tyneside's share of the Levy Account Surplus allocation of £0.726 million, additional s31 grant funding of £0.345 million and a dividend received from Kier North Tyneside of £0.250 million. However, there continued to be pressure in Children's Services of £3.697 million and Adult Services of £3.142 million, partly mitigated by the contingency balances that had been created as part of the 2018/19 Budget setting process and were held centrally to reflect the on-going pressures in social care being felt locally and nationally.

Included in this projection was £3.440 million of pressures in Corporate Parenting and Placements, £2.780 million in Wellbeing and Assessment and £1.135 million in Disability & Mental Health. These areas were being reported across England as pressure points with people living longer with more complex needs and the number of children being assessed for entry to the care system increasing dramatically. Within the Authority the drivers for these pressures continued from 2017/18, as outlined in the report.

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Service areas had continued to develop further actions to mitigate identified financial pressures. It was anticipated that the out-turn forecast would continue to improve over the course of the financial year as planned remedial actions began to impact on both expenditure and income.

A new grant of £1.031 million announced in October 2018 to address NHS winter pressures was not yet shown within the position pending discussion with Cabinet members and the Authority's NHS partners regarding its use.

The HRA was forecast to have year-end balances at 31 March 2019 of £6.203 million, which was £3.533 million higher than the budget. The higher than forecast balances were partly as a result of higher opening balances due to the impact of the previous year's financial performance (£1.443 million) but there was also an in-year estimated underspend of £2.090 million, against an in-year budget of £1.970 million, due to additional income of (£0.950 million) and a reduction in forecast expenditure of £1.140 million, mainly due the progress of the Construction Options Project (£0.758 million).

Universal Credit had been fully implemented across North Tyneside on 2 May 2018. As of 26 November 2018, 1,391 North Tyneside Homes tenants had moved on to Universal Credit and a team was working proactively with tenants to minimise arrears. This position continued to be closely monitored as the year progressed to identify any adverse impacts on the budget position.

The Annex to the report included an update in respect of work in progress with regard to school funding. The first set of monitoring for the 2018/19 year had been completed in October 2018 and the results showed an overall improved position against budget plans of £0.936 million. The October monitoring results were however, still forecasting a significant overall deficit position. A further improvement was anticipated at the second budget monitoring visits in January 2019, but the level of balances was still a cause for concern.

Schools Forum had met on 19 December 2018 to consider its response to a consultation with all schools completed during November 2018 on key decisions relating to the application of the local formula for distributing funding to schools in 2019/20. This consultation had also sought views on a potential transfer to support the High Needs Block.

The 2018-2021 Investment Plan, adjusted for proposed programming, totalling £164.840 million (£82.603 million 2018/19) was detailed in the Annex to the report. The Annex also set out delivery progress to date, planned delivery for 2018/19, reprogramming and other variations identified through the Investment Programme governance process.

New revenue grants totalling £3.010 million had been received during October and November 2018, further details of which were set out in the report.

In terms of delivery of the Council Plan the area under most financial pressure was Health, Education, Care and Safeguarding.

In Adult Social Care, the focus remained on providing support which allowed people to live independent lives by providing preventative services and keeping people living at home for as long as possible. There was an increase in short term placements to residential care and reablement in-house provision, as a result of a lack of capacity in the local domiciliary care

market and this was driving some of the cost pressure within Adult Social Care.

In Children's Services good progress continued to be made on engaging with children in the early years of life to ensure that they were ready for school. Safeguarding vulnerable children and maximising their educational attainment remained key priorities.

The Authority was forecasting a pressure of £3.440 million in Corporate parenting and Placements (2017/8, £3.817 million). The new model for children had been designed in part to address these financial pressures, more details were set out in the Annex to the report.

The report also outlined the findings of the Hudson Report on the operation of the business rates retention system.

The Mayor and Deputy Mayor congratulated officers for their efforts in achieving an improvement in the budget position since the previous report.

Cabinet considered the following decision options: either to approve the recommendations as set out in paragraph 1.2 of the report, or alternatively, to not approve the recommendations.

- Resolved** that (1) the forecast budget monitoring position for the General Fund, Schools' Finance and Housing Revenue Account as at 30 November 2018, as set out in the Annex to the report, be noted;
- (2) the receipt of £1.979 million new revenue grants from the Education and Skills Funding Agency and £1.031 million from the Ministry of Housing, Communities and Local Government relating to the Adults Social Care Winter Funding, as set out in the Annex to the report, be approved;
- (3) the Authority's Investment Plan spend of £39.657 million to 30 November 2018 and the financing of the Plan to the end of the year, be noted; and
- (4) the variations of £0.459 million within the 2018-2021 Investment Plan be approved.

(Reason for decision: It is important that Cabinet continues to monitor performance against the budget, especially given the current level of financial pressures faced by the public sector.)

### **CAB89/01/19 Calculation of the 2019/20 Council Tax Base for North Tyneside Council (All Wards)**

Cabinet considered a report which provided an explanation of how the proposed North Tyneside Council Tax Base for 2019/20 had been calculated and requested approval of the calculation for 2019/20.

The 2019/20 Council Tax Base was based on the North Tyneside Council Local Council Tax Support Scheme for 2018/19 agreed by full Council at its meeting held on 18 January 2018 (Previous Minute C62/01/18.)

The detailed Council Tax Base calculation for North Tyneside for 2019/20 was attached as Appendix A to the report, together with an explanation of the specific elements that formed part of the calculation. Within the calculation, adjustments had been made to reflect the effect of exempt properties, disabled relief and discounts. Applying the adjustments had the effect

of reducing the total number of properties to a common base for each band, in terms of full year equivalents.

The Council Tax Base Regulations ensured that the Council Tax Base for an area took into account the effect of disability reductions in respect of dwellings which fell within Band A. They had introduced an additional 'alternative valuation band' to allow Band A properties to qualify for a disabled reduction. Previously, properties adapted to meet the needs of a disabled person were charged at a rate equal to the next lowest valuation band, so for example a qualifying Band D property would be charged at a Band C rate, but this had not applied to Band A properties. Instead of paying the normal Band A charge (six-ninths of the Band D) a qualifying Band A property was now charged five-ninths of the Band D charge. For the purpose of the Council Tax Base calculation it was now necessary to show Band A properties which qualified for a disabled reduction as if it were an additional valuation band. Deductions were then made for exempt dwellings and the estimated impact of the Council Tax Support scheme for 2019/20.

In order to arrive at the Council Tax Base calculation for 2019/20, the number of dwellings within each of the Council Tax Bands, A – H, had been converted to their Band D equivalents, using the appropriate proportions. The result of this calculation for 2019/20 was to produce a total number of properties prior to an allowance for non-collection and contributions in lieu of 61,045.

The next stage of the Council Tax Base calculation involved making a deduction for the non-collection of Council Tax. This non-collection element of the calculation was made in respect of the amounts that were legally due, but which, for varying reasons, may not be collected. The assumed Council Tax collection rates for North Tyneside had improved significantly since 1993/94, when the assumed collection rate was 95%. The assumed North Tyneside Council Tax collection rates for each year from when Council Tax was introduced in 1993/94 were detailed in the report.

A fundamental issue for the Council Tax Base calculation was the assumed percentage Council Tax collection rate to apply. The Authority's performance on Council Tax collection had been improving for many years, reaching a peak of 99.20% in setting the Council Tax Base for 2012/13. However, since 2013/14, a lower collection rate of 98.50% had been proposed and agreed. This lower rate of 98.50% was set to reflect the estimated impact of the Council Tax Support Scheme, the estimated impact of other Welfare Reform changes and changes to Exemptions and Discounts applied from 2013/14.

Council Tax in year collection remained steady. Council Tax collection had remained consistent in each of the last three financial years. This was only however an approximate indicator of the assumed council tax performance, given the significant time lag effect between in year and ultimate council tax collection performance.

Having considered various issues in relation to the collection rate for 2019/20, which were detailed in the report, it was proposed that an assumed Council Tax Collection Rate of 98.50% be set as part of the 2019/20 Council Tax Base calculation. This was felt prudent as the risk of setting a Council Tax collection rate too high was that this could result in a deficit position for the Council Tax element of the Collection Fund, which in turn would have to be funded by the Authority's General Fund. This calculation was reviewed on an annual basis.

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The final stage of the Council Tax Base calculation involved adding an estimated amount in respect of contributions in lieu of Council Tax to be made to the Authority, which was expressed in terms of the number of Band D equivalent properties. For 2019/20 this figure for North Tyneside Council which related to Ministry of Defence properties is 50 Band D equivalent properties.

The 2018/19 Council Tax Base for the whole of North Tyneside after the allowance for non-collection and payments in lieu was 60,179 Band D equivalent properties. This equated to an increase of 1,131 Band D equivalent properties compared to the 2018/19 figure.

Cabinet considered the following decision options:

Option 1 - set the 2019/20 Council Tax Base for North Tyneside Council using a assumed council tax collection rate of 98.50%; and note the Council Tax Support Scheme agreed at the full Council meeting held on 18 January 2018.

Option 2 - The only available option for Cabinet following the decision to leave the Local Council Tax Support scheme by full Council at the same rate as 2018/19, were options for Cabinet to amend the assumed Council Tax collection rate. The current collection rate of 98.50% was proposed to remain unchanged for 2019/20. An increase in the collection rate would increase the Council Tax Base and a reduction in the collection rate would reduce the Council Tax Base. The impact of different Council Tax collection rates was detailed in the report. For 2019/20 each 0.1% change to the collection rate would change the Council Tax Base by approximately 61 Band D equivalent properties which would equate to a change in resources of approximately £0.095m.

**Resolved** that the report on the calculation of North Tyneside's Council Tax Base for 2019/20 be noted; and the assumed Council Tax collection rate for 2018/19 remain at 98.50% and therefore the amount calculated by North Tyneside Council as its Council Tax Base for 2019/20 shall be 60,179 Band D equivalent properties.

(Reason for decision: The proposed 98.50% Council Tax collection rate, representing no change on the 2018/19 collection rate is felt to be prudent for the reasons set out in paragraph 1.5.14 of the report. The risk of setting a Council Tax collection rate too high is that this can result in a deficit position for the Council Tax element of the Collection Fund, which in turn will have to be funded by the Authority's General Fund. This collection rate is reviewed as part of the annual Council Tax Base calculation, and the 98.50% collection rate will be reviewed in determining the Council Tax Base for 2020/21.)

### **CAB90/01/19 2019-2023 Financial Planning and Budget Process: Cabinet's Draft Budget and Council Tax proposals and Final HRA Business Plan and Budget (All Wards)**

The Cabinet considered a report on the 2019-2023 draft Budget and Council Tax proposals and final budget proposals for the Housing Revenue Account (HRA) Business Plan and Budget.

North Tyneside Council continued to operate in a very difficult financial climate. Resources continued to reduce in both the General Fund and the Housing Revenue Account and costs

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continued to rise; particularly the need to continue to deliver statutory social care services for adults and children.

The report presented the progress so far with regard to Cabinet's draft Budget proposals, to cover a four-year planning period from 2019-2023 for the General Fund Revenue Budget and a four-year planning horizon for the Capital Investment Plan. The 2019/20 financial year was the final year of the Government's financial settlement offer, which had provided the Authority with a degree of certainty regarding the level of funding the Authority was due to receive. Budget planning beyond 2019/20 was therefore extremely difficult to predict with any accuracy at this stage.

There was significant uncertainty in relation to the level of funding beyond 2020, due to the changes in the Local Government finance system resulting in greater risks to the localisation of business rates and the Local Council Tax Support Scheme. The unknown impacts, alongside the level of risk to finances, meant that current budget forecasts would need to be closely monitored and potentially refreshed more frequently than usual, as implications became clear.

An Efficiency Statement had been submitted to the Government on 14 October 2016 to secure the multi-year financial settlement offer, has been revised. This reflected how the Authority was planning to address the reduction in resources to ensure the Authority could meet the anticipated savings that would be needed over the medium-term of the financial plan. The current savings requirement was estimated to be £27.181m over the period 2019-2023. The Efficiency Statement was included as a background paper to the report.

It was important to appreciate these proposals were based on several years of cumulative effort to respond to reducing resources and rising costs. They necessarily contained greater cumulative risk and required close attention to ensure delivery.

A number of assumptions and judgements were built into the figures presented that lay mainly outside the control of the Authority and needed to be finalised. The estimates of amounts would therefore need to be subject to further review before they could be confirmed.

Cabinet had worked to consider options to meet the financial challenges and had considered proposals that would meet the projected funding gap in the region of £27.181m over the next 4 financial years. Sustained cuts in government funding and unfunded pressures, together with unfunded new burdens, meant that since 2011/12, the Authority, along with other local authorities, had already made substantial efficiency savings of £120m. These sustained cuts came at a time when demand for some of the Authority's most costly services, such as support to vulnerable Adults and Children's Social Care, was increasing.

As part of the 2016 Spending Review, the Government had included assumptions regarding the increase in levels of Council Tax when determining the Settlement Funding Assessment (SFA) for each Local Authority. At that time the Government's assumptions were based on a 1.99% increase but with an allowed maximum increase of 3%. These draft proposals included a 2.99% increase in Council Tax for 2019/20.

As part of the 2017 Local Government Finance Settlement, to address the pressures faced by Adult Social Care Services, the Government had introduced a social care precept of up to 6% across the period 2017/18 through to 2019/20. The full Adult Social Care precept of

6% had been applied in 2017/18 and 2018/19. No further precept had been anticipated or included within these draft proposals. In addition to this, an improved Better Care Fund had been made available as part of the 2017 Spring Budget. These draft proposals were based on the assumption this funding is applied to local authority's spend on Adult Social Care services. When the impact of the Government's assumed increase in Council Tax and the improved Better Care Fund are taken into consideration, the resulting net efficiency requirement is in the region of £27.181m.

The Authority was experiencing an incredibly difficult period and it was faced with relentless pressure on reduced budgets. In light of this challenge, the Authority had engaged with residents and had developed a clear plan. The draft Budget proposals in the report aimed to protect essential services for the people of North Tyneside, invest in the future of the borough grow the local economy and create more jobs and opportunities in an Authority which worked better for residents.

With so many competing demands to pay for services, the Elected Mayor and Cabinet had carefully scrutinised the Authority's finances. With the scale of the funding reductions, very difficult decisions have had to be made and more lay ahead if the Authority was to manage within available resources. These draft proposals aimed to protect essential services and make sure that the Authority operated as efficiently as possible to provide excellent value for money for local taxpayers.

The 'Our North Tyneside' Plan reflected the priorities of the Elected Mayor and Cabinet and residents. The draft Budget proposals set out in the report had therefore been developed in the context of the 2018-2020 'Our North Tyneside' Plan and reflected the Plan priorities. The overall direction was outlined in Annex 1 to the report.

Between July and September 2018, there was an extensive programme of public engagement throughout the borough through the Big Community Conversation. The feedback from this programme, and other activity throughout the year, including the State of the Area event, had informed the draft Cabinet Budget proposals. Further engagement on Cabinet's initial Budget proposals had taken place from the end of November 2018 to January 2019. It had involved information and feedback through the Authority's website as well as focus group activity with staff, residents, businesses and strategic partners. Full details of the engagement that had been carried out was included in Annex 1, which included the results of this engagement.

Annex 1 to the report set down in detail the Cabinet's 2019-2023 draft Budget proposals for the General Fund Revenue Budget, Dedicated Schools Grant, Housing Revenue Account, 2019-2023 Investment Plan, the 2019/20 Treasury Management Statement and Annual Investment Strategy.

The HRA had faced significant challenges from new legislation, particularly linked to the Welfare Reform and Work Act 2016 and the Housing and Planning Act 2016. The Authority continued the implementation of the Government's policy to reduce rent by 1% as enacted in the Welfare Reform and Work Act 2016 for all housing stock including PFI sheltered accommodation homes. However, 2019/20 represented the last year of the rent reduction and from 2020/21 the Government had announced that social rents would return to the previous policy of being based on the Consumer Prices Index (CPI) plus 1% for at least 5 years to give greater certainty for longer term planning. In terms of the Housing and Planning



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Act, the Government had also announced that it would not be implementing the High Value Asset levy that would have required the Authority to sell off a proportion of its stock each year, removing another risk to HRA resources. The Authority was also facing the impact of the continued roll-out of Universal Credit and other welfare reforms.

In September 2017, Cabinet had agreed that it would not extend the Authority's Joint Venture partnership with Kier North Tyneside beyond March 2019. This had given rise to a challenge to create a fit for purpose construction and maintenance operation, to best meet the needs of the Authority's tenants and residents, whilst delivering greater efficiency and value for money.

In the October Spending Review, the Government had decided to remove the HRA borrowing cap. It would now be for the Authority to determine the level of unsupported borrowing it wished to undertake to fund new build housing in line with the Prudential Code, which already applied to the rest of the Authority's borrowing strategy. This would need to be assessed against the levels of rental income that could be raised to support such borrowing and against a background of no guaranteed additional grants to support the build, the availability of suitable sites, and no proposed cessation of the Right to Buy scheme or changes to the levels of discounts available to tenants.

These challenges continued to be considered as part of the updating of the 30-year plan, which aimed to ensure the long-term viability of the HRA in line with the policy direction of the Elected Mayor and Cabinet and the needs of tenants. For the purposes of the current Financial Planning and Budget process, a four-year revenue plan had been developed in line with the approach adopted for the General Fund. All projections after 2019/20 were only indicative at this stage.

Housing Revenue Account tenants had been consulted on these draft proposals and the final HRA Budget was presented in the Annex to the report.

The Cabinet Member for Finance and Resources thanked Cabinet Members and Officers for their work in drawing up the proposals.

The Cabinet Member for Community Safety and Engagement stated that she was pleased to support the report and thanked officers for their hard work in engaging with the public.

The Elected Mayor thanked Cabinet Members and Officers for producing the Budget proposals and stated that the Authority had listened to residents and the budget proposals and plans ensured that the Authority would continue to focus on things which were important to residents.

Cabinet considered the following decision options:

Option 1 – Agree the proposals detailed in the report.

Option 2 – Agree a selection of proposals and suggest that further or different options are considered by the Senior Leadership Team before submission to full Council on 7 February 2019.

Option 3 – Reject the proposals.

**Resolved** that (a) in relation to the General Fund Revenue Budget, Dedicated Schools Grant and Investment Plan:

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- (1) the progress made in relation to this year's Financial Planning and Budget process be noted;
- (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 the 7 February 2019, in accordance with the Authority's Constitution and Budget and Policy Framework Procedure Rules;
- (3) it be noted that Cabinet's proposals for the 2019-2023 Investment Plan, including the Capital Investment Strategy and Prudential Indicators for 2019-2023, in accordance with the Chartered Institute of Public Finance and Accountancy's Prudential Framework and the proposed Minimum Revenue Provision Policy in line with capital finance regulations, will be submitted to full Council for its meeting on 7 February 2019;
- (4) the estimates of amounts in relation to the 2019/2023 Investment Plan, including prudential indicators for 2019-2023 in accordance with the Chartered Institute of Public Finance and Accountancy's Prudential Framework and a proposed Minimum Revenue Provision Policy in line with capital finance regulations, be agreed;
- (5) it be noted that all approved schemes within the 2019-2023 Investment Plan will be kept under review by the Investment Programme Board;
- (6) the Treasury Management Statement and Annual Investment Strategy for 2019/20 be approved;
- (7) it be noted that Cabinet's proposals for the Treasury Management Statement and Annual Investment Strategy for 2019/20 will be submitted to full Council for its meeting on the 7 February 2019;
- (8) it be noted that any implications that affect the information in the report arising from decisions of Cabinet on 21 and 28 January will be provided as a supplementary report to full Council on 7 February 2019;
- (9) the key messages that have emerged from the Budget Engagement process and how the results of this have influenced the draft Financial Planning and Budget proposals for 2019/20 and future years, be noted;
- (10) the formal Reserves and Balances Policy for the Authority, subject to review at least annually, be agreed;
- (11) the key aspects of the 2019/20 Provisional Local Government Finance Settlement announced on 13 December 2018 and how this has 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;
- (12) the key principles being adopted in preparing the Medium-term Financial Strategy for the Authority, subject to an annual review as agreed at Cabinet on 26 November 2018, be 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 deliver continued financial stability and prudent management of the Authority's financial resources;
- (14) the estimates of amounts for the 2019/20 setting of the Council Tax requirement including the General Fund Revenue Budget and Dedicated Schools Grant, thereby calculating the proposed level of Council Tax to be recommended to full Council for approval, including the assessment in relation to the current year's budget monitoring information (2018/19) and indications for the Financial Plan for 2019/20, 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 21 February 2019;
- (16) the conclusions of the Overview, Scrutiny and Policy Development Committee's

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review of the 2019/20 initial Budget proposals and any impact the recommendations may have on the General Fund Budget proposals be noted; and it be noted that any recommendations of the Overview, Scrutiny and Policy Development Committee in relation to Cabinet's Final Budget proposals will be considered by Cabinet on 28 January 2019;

(17) the Provisional Statement by the Chief Finance Officer be noted;

(18) the Elected Mayor be authorised to make any final amendments to Cabinet proposals in relation to that information which is still outstanding to enable due consideration to be given to the final level of Council Tax that Cabinet proposes to full Council for approval for 2019/20;

(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 Plan and it be noted that decisions made under this delegated authority will be reported to Cabinet as part of the regular budget monitoring information provided;

(20) the Elected Mayor, in consultation with the Deputy Mayor, Cabinet Member for Finance and Resources, the Chief Executive and the Head of Resources, be authorised to consider any further comments received from residents after the drafting of this Cabinet report to the conclusion of the Budget Engagement process and present these as an addendum to the report to full Council on 7 February 2019 and 21 February 2019;

(21) the Chief Executive, in consultation with the Elected Mayor and Head of Resources, be authorised 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 is to ensure the programme of delivery of affordable homes and homes at market rent is progressed in line with Cabinet's priorities; and

(22) the Head of Resources, in consultation with the Head of Commissioning and Asset Management, the Cabinet Member for Children, Young People and Learning and the Cabinet Member for Finance and Resources, be authorised to undertake resource allocations to schools for 2019/20 in line with the school funding arrangements set out in the report; and

(b) in relation to the Housing Revenue Account:

(1) the conclusion of the Overview, Scrutiny and Policy Development Committee's consideration of Cabinet's proposals for the 2019/20 Housing Revenue Account (HRA) Business Plan and Budget agreed by Cabinet on the 26 November 2018 be noted;

(2) the final proposals in relation to the 2019/20 Housing Revenue Account Budget and associated Business Plan be agreed;

(3) individual Council Housing rents be reduced by 1% as outlined in section 4 of Annex 1 to the report and in the HRA section of the 26 November 2018 Cabinet report in line with the Government's policy for social rent as laid out in the Welfare Reform and Work Act 2016;

(4) a freeze in existing service charges for 2019/20 be agreed;

(5) it be agreed to freeze the indexation element of garage rents for 2019/20, as per Annex 1 as part of a new charging structure over the next 2 years;

(6) the assessment in relation to the current year's budget monitoring information (2018/19), and indications of financial plans for 2019-2023 for the Housing Revenue Account, be noted;

(7) the draft Capital Investment Strategy, 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 the principles of the Investment Strategy will apply to the updated 2019-2023 Asset Management Strategy for the HRA;

(8) the draft Treasury Management Statement and Annual Investment Strategy for 2019/20 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 for HRA Business Plan which will see an estimated £163.414m reduction in loans attributed to the HRA from the start of self-financing to the end of this 30-year plan be also noted;

(9) the HRA Investment Plan 2019-2023 be agreed;

(10) 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 2019/20 will see the continuation of the current method to calculate a "true" depreciation charge; and

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

(Reasons for decision: the Budget proposals have been worked through with all Cabinet Members and have taken due consideration of the Budget Engagement suggestions. The reasons for recommendations are mainly legal in nature, as stated in paragraphs 2.1 and 2.2 of the report.)

### **CAB91/01/19 Cabinet Response to Capita Sub-Group Report from Overview, Scrutiny and Policy Development Committee (All Wards)**

Cabinet considered a report seeking approval to the proposed responses to the recommendations of the Capita Sub-Group in relation to a review of the partnership with Capita who delivered the Authority's technical services.

The report and recommendations had been presented to Cabinet at its meeting on 26 November 2018 (Previous Minute CAB73/11/18).

As part of the Overview Scrutiny, and Policy Development Committee work programme 2017/18, Members had agreed to set up a sub group to carry out a review of the partnership with Capita to see if the Authority and its residents were receiving the service specified at its inception and to gain a clearer understanding of the partnership and its operation.

A series of meetings had taken place where officers had presented information on aspects of the contract and following consideration of the information received the sub-group had made nine recommendations, as set out in the report.

The proposed responses to those recommendations were set out at Appendix 1 to the report.

The Deputy Mayor thanked the Chair of the Overview, Scrutiny and Policy Development Committee and members of the Capita sub group for their report.

Cabinet considered the following decision options: to accept the recommendations set out in paragraph 1.2 of the report; or alternatively, to not accept the recommendations; or to accept, reject or amend any of the proposed responses at Appendix 1.

**Resolved** that the proposed responses to the recommendations from the Overview, Scrutiny and Policy Development Committee in relation to its study into the Technical Services strategic partnership arrangement with Capita, as set out in Appendix 1 to the report, be approved.

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(Reason for decision: to support recommendations made by the Study Group of Overview, Scrutiny and Policy Development Committee and to provide confidence that the strategic partnership arrangement with Capita to deliver technical services is appropriately accountable.)

### **CAB92/01/19 Equality and Diversity Policy (All Wards)**

Cabinet received a report seeking approval for the refreshed Equality and Diversity Policy and the revised Corporate Equality Objectives.

On 15 October 2018 Cabinet (Previous Minute CAB51/10/18) had agreed to amend the Authority's Equality and Diversity Policy to include the International Holocaust Remembrance Alliance's (IHRA) definition of Antisemitism and its supporting guidelines.

Cabinet also recognised that the policy was subject to regular review to ensure it provided the guidance and assurance necessary for the Authority to meet its statutory obligations, and that a working group had begun to review the policy in August 2018. It had been agreed that a report would be submitted to Cabinet in January 2019 to approve the refreshed policy following appropriate consultation.

Details of the consultation undertaken on the policy were set out in the report. The feedback received had been positive and informed both the amendments made to the policy highlighted in Appendix 1 to the report or the actions underpinning the proposed new Corporate Objectives.

The Public Sector Equality Duty (PSED) required local authorities to set and publish equality objectives 'at least every four years'. The Authority's current six equality objectives had been agreed in 2016, as listed in Appendix 2 to the report, and either had expired or were about to expire. The outcomes for four of the objectives were outlined in the report.

The final two objectives, to increase submission by employees of their equality data on the Authority's Business Management System (BMS) and to increase employee take up of equality training, were not due to report until 2020.

Given the status of the current objectives, the requirements of the PSED and the review of the Equality and Diversity Policy, it was timely to update the Corporate Equality Objectives. The Corporate Equality Group had established an officer working group, including trades union representation. The new objectives developed, and the key actions identified were outlined in paragraph 1.5.15 of the report:

Performance measures and full action plans would be developed for each of the equality objectives. These would inform service planning. Delivery of the objectives would enable implementation of the Equality and Diversity Policy. The objectives would be reviewed every year and performance reported on an annual basis to Cabinet in the Annual Equality and Diversity Review. Both the policy and the Annual Equality and Diversity Review would be published on the Authority's website and promoted widely.

In response to an expression of support made by Mr Layton on behalf of the North Tyneside Joint Trade Unions for the work done in developing the Equality and Diversity Policy, the Deputy Mayor thanked the Joint Trade Unions for their contributions.

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Cabinet considered the following decision options:

Option 1 - to approve the proposed Equality and Diversity Policy and Corporate Equality Objectives as set out in paragraph 1.2 of the report.

Option 2 - to approve the Equality and Diversity Policy, but not the Corporate Equality Objectives.

Option 3 - to approve the Corporate Equality Objectives, but not the Equality and Diversity Policy.

Option 4 - to not approve the proposed Equality and Diversity Policy and Corporate Equality Objectives.

Option 5 - to request changes to the Equality and Diversity Policy or Corporate Equality Objectives, prior to further consideration by Cabinet.

**Resolved** that (1) the refreshed Equality and Diversity Policy, set out at Appendix 1 to the report, be approved; and  
(2) the revised Corporate Equality Objectives and key actions identified in paragraph 1.5.15 of the report, be approved.

(Reasons for decision: to ensure the Authority has a current equality and diversity policy that reflects both current legislation and the context within which the Authority is operating. The proposed Corporate Equality Objectives will enable implementation of the Equality and Diversity Policy and ensure compliance with the Public Sector Equality Duty.)

### **CAB93/01/19 Step up to Social Work Regional Programme (All Wards)**

Cabinet received a report seeking approval for the Council to act as the lead authority for, and to accept and administer the funding for the Step up to Social Work Regional Programme on behalf of, the North East partnership and to then implement the Programme in line with the Department for Education funding requirements

In January 2016 the Department for Education (DfE) had confirmed its intention to run a sixth cohort of the Step Up To Social Work programme, starting in January 2020. All twelve of the North East authorities had submitted a bid to the DfE to take part in cohort 6 by accommodating 54 funded students across the region, with North Tyneside Council ('the Authority') acting as the lead authority for the project on behalf of all of the 12 North East Local Authorities. The Authority, acting as the lead authority had now received written confirmation from the DfE that the bid had been successful.

The Programme provided an accelerated entry route into social work for high-achieving graduates and career changers. The Programme was delivered through the development of a bespoke work based 14-month postgraduate diploma programme, delivered by the 12 local authorities working in a regional partnership and a contracting process involving a higher education institution. Award of the diploma enabled candidates to apply for registration as a qualified social worker. The scheme targeted high calibre individuals who already had experience of working with children and young people and who wanted to train as social workers.

The 12 Local Authorities had been successful in securing grants from the DfE to deliver this accelerated route into social work since 2015 and this would be the region's third cohort. Since 2015 the region had supported a total of 80 students to undertake the Step Up to

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Social Work programme. Evaluation of cohort 4 showed an average 80% conversion rate to social worker posts on completion of the programme and very positive views about the quality of the training. Cohort 5 students were currently still on programme and due to complete in June 2019.

The Step up to Social Work Programme complemented the DfE's reform programme and its commitment to raising the quality of social work practice, with a focus on the practice of child and family social workers undertaking statutory social work. Regionally, the programme helped address and support the recruitment and retention issues facing all authorities within the region as it provided a pipeline of new social workers to the profession. The majority of students from the previous cohorts had secured permanent posts within authorities in the region.

As lead authority for the North East region, the Authority would appoint a Project Coordinator to manage the delivery and administrative tasks of the Project.

Step Up to Social Work was funded via a "Social Work Programme Grant Agreement" which was allocated through the Authority, as the lead authority for the North East partnership. To enable the North East partnership to implement the Step Up To Social Work programme the DfE would provide funding as detailed in the report. The proposed timescales for the implementation may be subject to changes from the DfE.

Cabinet considered the following decision options: either to approve the recommendations as set out in paragraph 1.2 of the report, or alternatively, to not approve the recommendations and request officers to consider other options.)

**Resolved** that (1) approval be given to accept funding from the DfE in respect of the Programme submission made on behalf of the 12 local authorities detailed in the report; and (2) the Director of Children's and Adults, in consultation with the Senior Manager Legal Services and the Head of Resources, be authorised to manage all financial and delivery aspects of the Programme on behalf of the 12 North East local authorities.

(Reasons for decision: to enable the Authority to commence implementation of the Programme in line with the Department for Education's Grant Funding Agreement. If the preferred option is not approved, the Authority will be unable to undertake the proposed implementation of the Programme on behalf of the 12 local authorities.)

### **CAB94/01/19 Date and Time of Next Meeting**

Monday 28 January 2019 at 6.00pm (Extraordinary meeting).  
Monday 25 February 2019 at 6.00pm (Ordinary meeting).

### **Minutes published on Thursday 24 January 2019.**

**Unless called in by 3 Non-Executive Members for consideration by the Overview, Scrutiny and Policy Development Committee, the decisions contained within these Minutes may be implemented immediately following the expiry of the call-in period; i.e. 5.00pm on Thursday 31 January 2019.**